



Dave Yost • Auditor of State

CITY OF LORAIN
LORAIN COUNTY

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**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor	Federal	
<i>Pass Through Grantor</i>	CFDA	
Program Title	Number	Disbursements
U.S. Department of Housing and Urban Development		
<i>Direct Funding</i>		
Community Development Block Grant Cluster:		
Community Development Block Grant	14.218	\$3,068,803
Community Development Block Grant Cluster - Neighborhood Stabilization	14.218	\$237,104
ARRA Community Development Block Grant	14.253	665
Total Community Development Block Grant Cluster		<u>3,306,572</u>
Community Development Block Grant - Section 108 Loan Guarantees	14.248	2,071
HOME Investment Partnership Program	14.239	354,435
ARRA Homelessness Prevention and Rapid Re-Housing Program	14.257	3,930
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	277,444
Total U.S. Department of Housing and Urban Development		<u>3,944,452</u>
U.S. Department of Transportation		
<i>Direct Funding</i>		
Economic Adjustment Assistance	11.307	2,570,228
<i>Passed Through Ohio Department of Public Safety</i>		
State and Community Highway Safety Grant	20.600	38,106
Total U.S. Department of Transportation		<u>2,608,334</u>
U.S. Department of Health and Human Services		
<i>Direct Funding</i>		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1,062,842
<i>Passed Through Ohio Department of Health</i>		
CDC Investigations, Technical Assistancess and Affordable Care Act Projects	93.283	73,935
HIV Prevention Program	93.940	32,419
Total U.S. Department of Health and Human Services		<u>1,169,196</u>
U.S. Department of Justice		
<i>Direct Funding</i>		
Bulletproof Vest Partnership Program	16.607	25,092
ARRA Public Safety Partnership and Community Policing Grant (COPS)	16.710	308,424
Congressionally Recommended Awards	16.753	40,690
Equitable Sharing Program	16.922	7,345

(continued)

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor	Federal	
<i>Pass Through Grantor</i>	CFDA	
Program Title	Number	Disbursements
<i>Passed Through Lorain County</i>		
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	22,986
Total U.S. Department of Justice		<u>404,537</u>
U.S. Department of Homeland Security		
<i>Direct Funding</i>		
Assistance to Firefighters Grant	97.044	958,968
Total U.S. Department of Homeland Security		<u>958,968</u>
U.S. Environmental Protection Agency		
<i>Direct Funding</i>		
Brownsfield Assessments and Cleanup Cooperative Agreements	66.818	182,330
<i>Passed Through Ohio Environmental Protection Agency</i>		
Capitalization Grants for Clean Water State State Revolving Funds	66.458	7,470,568
Total U.S. Environmental Protection Agency		<u>7,652,898</u>
U.S. Department of Energy		
<i>Direct Funding</i>		
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	189,375
Total U.S. Department of Energy		<u>189,375</u>
U.S. Department of Commerce		
<i>Direct Funding</i>		
Habitat Conservation	11.463	1,014,134
Total U.S. Department of Commerce		<u>1,014,134</u>
U.S. Department of the Interior		
<i>Direct Funding</i>		
Fish and Wildlife Management Assistance	15.608	102,031
Total U.S. Department of the Interior		<u>102,031</u>
Total Federal Disbursements		<u>\$18,043,925</u>

The accompanying notes are an integral part of this schedule.

**CITY OF LORAIN
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

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

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

These loans are collateralized by mortgages on the properties.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$9,189,136
Loans made	702,429
Loan principal repaid	606,761
Loans written off during year	59,724
Ending loans receivable balance as of December 31, 2012	<u>\$9,225,080</u>
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$1,111,560
Administrative costs expended during 2012	\$54,243

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2012, the City estimates \$891,775 to be uncollectible. The beginning loans receivable balance has been restated.

NOTE D - ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) REVOLVING LOAN PROGRAM

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses for the purpose of enhancing the City's ability to compete economically by stimulating private investment. The federal Department of Commerce (DOC) office of Economic Development Administration grants money for these loans to the City. Subsequent loans are subject to the same compliance requirements imposed by the DOC as the initial loans.

These loans are collateralized by mortgages on the properties.

**CITY OF LORAIN
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2012
(Continued)**

**NOTE D - ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) REVOLVING LOAN PROGRAM
(Continued)**

Activity in the EDA revolving loan fund during 2012 is as follows:

Ending loans receivable balance as of December 31, 2012	\$3,448,753
Cash Balance	864,947
Administrative Expenses	55,950
Subtotal	<u>\$4,369,650</u>
Federal Participation Rate	58.82%
Federal Awards Expended	<u><u>\$2,570,228</u></u>

NOTE E - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, Lorain County, Ohio (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 27, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2012-01 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-01.

Entity's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 27, 2013



Dave Yost • Auditor of State

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

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Lorain's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Lorain's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Assistance to Firefighters

As described in finding 2012-02 in the accompanying schedule of findings, the City did not comply with requirements regarding reporting applicable to its Assistance to Firefighters major federal program. Compliance with this requirement is necessary, in our opinion, for the City to comply with requirements applicable to this program.

Qualified Opinion on Assistance to Firefighters

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Assistance to Firefighters* paragraph, the City of Lorain complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Assistance to Firefighters* for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, City of Lorain complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2012.

Other Matters

The City's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2012-02 to be material weakness.

The City's response to our internal control compliance finding is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lorain (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated August 27, 2013. We conducted our audit to opine on the City's basic financial statements. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

August 27, 2013

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CITY OF LORAIN
LORAIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Reporting – Assistance to Firefighters Grant Unqualified – All other requirements
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant Cluster – CFDA #14.218 and 14.253; Assistance to Firefighters – CFDA #97.044; Clean Water Revolving Fund – CFDA #66.458; Public Works and Economic Development Cluster – CFDA #11.307; Public Safety Partnership and Community Policing Grants – CFDA #16.710
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 541,318 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012
(Continued)**

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

FINDING NUMBER 2012-01

Significant Deficiency/Noncompliance Finding

Ohio Revised Code Section 5705.14 states no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise. Exceptions to this are specified in Ohio Revised Sections 5705.14 (A) through (H).

Ohio Revised Code Section 5705.15 and .16 indicates that in addition to the transfers Ohio Revised Code Section 5705.14 authorizes, the taxing authority of any political subdivision, with the approval of the Court of Common Pleas may transfer from one fund to another any public funds under its supervision, except the proceeds or balances of:

- loans,
- bond issues,
- special levies for the payment of loans or bond issues,
- proceeds or balances of any license fees imposed by law for a specified purpose; and
- proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

During the audit period transfers totaling \$50,000 were made from the Water and Water Pollution Control Fund; respectively to the Economic Development Fund (which is included in the General Fund for reporting purposes). City Council authorized these transfers via Ordinance No. 28-09 dated March 30, 2009. Management further indicated that as a result of the Economic Development activity (i.e. business expansion) the Water and Water Pollution Control Funds would benefit from the increased water and sewer fees.

However these transfers are not permitted per Ohio Revised Code Section 5705.14 and the Council did not request or receive approval of the Court of Common Pleas to make such transfers. Under Ohio Revised Code Section 5705.16, approval of the Tax Commissioner is also required in certain circumstances.

Based on the aforementioned the Economic Development Fund (which is included in the General Fund for reporting purposes) should return the \$50,000 illegal transfers to the Water and Water Pollution Control Fund; respectively.

We recommend Council and management carefully review and adhere to the above mentioned Ohio Revised Code Sections.

Officials' Response:

The City is in process of petitioning the Lorain County Court of Common Pleas and the Tax Commissioner of the State of Ohio, in the manner provided for by Ohio Revised Code Section 5705.16, for approval of the transfers as required. In the event the Tax Commissioner and/or Court of Common Pleas object to the transfers then the City will make full restitution from the Economic Development Fund to the Water Works and Water Pollution Control Funds (the funds from which the transfers were made) for the 2012 transfers and no future transfers will be made without the proper approval.

CITY OF LORAIN
LORAIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Noncompliance and Material Weakness - Reporting

Finding Number	2012-02
CFDA Title and Number	#97.044 Assistance to Firefighters Grant
Federal Award Number / Year	2012
Federal Agency	United States Department of Homeland Security
Pass-Through Agency	None

44 CFR Section 13.41 set forth financial reporting requirements for the Homeland Security federal grants. Further, the *Assistance to Firefighters Grants Guidance and Application Kit Section II, Part I D (1)* requires that the grantee must complete an on-line, semiannual financial status report to meet FEMA requirements. Semiannual financial reports are due within 30 days of the end of every six month period for the life of the grant.

The semiannual financial status report indicates these reports are on the cash basis of accounting. During our testing of the City's semiannual financial reports for the periods ending June 30, 2012 and December 31, 2012, the City reported revenues from the drawdown as their cash disbursements. These revenues were advances for expenditures the City planned on expending. The City should have reported cash basis disbursements actually made.

This resulted in an overstatement of current year expenditures on the semiannual financial status reports by \$216,032 (19%) and \$61,210 (55%) for FEMA program numbers EMW-2010-FH-00904 and EMW-2011-FO-09189; respectively.

Incorrect reporting of disbursements could result in the City spending and requesting more funds than are allowed in the grant agreement and not meeting matching requirements. Incorrect reporting could also result in a loss of funding and fewer opportunities for grants in the future.

We recommend the City establish and implement controls to ensure the accuracy of information reported to grantor agencies prior to submission.

Officials' Response:

The grant was officially completed as of March 31, 2013. The incorrect reporting resulting from timing differences between when the grant draws were requested and when the payroll was paid will be eliminated with any future grants with proper training of the staff responsible for the administration of the grant funds.

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**CITY OF LORAIN
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-1	<p>The City is in process of petitioning the Lorain County Court of Common Pleas and the Tax Commissioner of the State of Ohio, in the manner provided for by Ohio Revised Code Section 5705.16, for approval of the transfers as required. In the event the Tax Commissioner and/or Court of Common Pleas object to the transfers then the City will make full restitution from the Economic Development Fund to the Water Works and Water Pollution Control Funds (the funds from which the transfers were made) for the 2012 transfers. No future transfers will be made without the proper approval.</p>	12/31/13	Ronald L. Mantini, Lorain City Auditor
2012-2	<p>The grant was officially completed as of March 31, 2013. The incorrect reporting resulting from timing differences between when the grant draws were requested and when the payroll was paid will be eliminated with any future grants with proper training of the staff responsible for the administration of the grant funds.</p>	6/30/13	Ronald L. Mantini, Lorain City Auditor

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**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	CFDA #97.044 Assistance to Firefighters Grant: Cash Management – Noncompliance, Material Weakness and Questioned Cost. The City requested reimbursements based on budgeted amounts rather than actual amounts	Yes	
2011-02	CFDA #97.044 Assistance to Firefighters Grant: Reporting – Noncompliance and Material Weakness. The City understated expenditures on the semi-annual reports to the grantor.	No	Not Corrected; See Finding Number 2012-02

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

Ronald L. Mantini
Lorain City Auditor

City of Lorain, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
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The City of Lorain, Ohio
Ronald L. Mantini, Auditor

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

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

August 27, 2013

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, 2012.

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

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

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Office of the Auditor of State has issued an unmodified ("clean") opinion on the City of Lorain's financial statements for the year ended December 31, 2012. 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 auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal, and should be read in conjunction with it.

Profile of the City

The City of Lorain, incorporated in 1874, is located in Lorain County in northeastern Ohio on the shore of Lake Erie, approximately 30 miles west of Cleveland and 90 miles east of Toledo. It was founded on July 16, 1834 when a group of settlers had a plat of a 40-acre town drawn up and submitted to the Lorain County recorder as Charleston village. It currently occupies 24.25 square miles and serves a population of 64,097 based on the most recent data from the United States Census Bureau for the year 2010. The City is the largest City in the County and the 10th most populous City in the State.

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

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

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

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

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

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

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

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

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

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

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

Local Economy

The economy of the City continues to slowly improve as evidenced by the reduction of the City's unemployment rate from a high of 11.2 percent in 2010 to 8.8 percent in 2012 although there are still challenges present. The City has a relatively diverse base with a mix of service oriented and manufacturing businesses. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Mercy Regional Medical Center, the City's largest employer, is a full service hospital affiliated with Cincinnati, Ohio based Catholic Health Care Partners, one of the largest not-for-profit healthcare systems in the United States and the largest in Ohio; Lorain City School District; Lorain Tubular, a division of United States Steel Corporation (U.S. Steel), is a leading manufacturer of seamless steel pipe; Industrias CH, S.A. (Republic Steel) is North America's leading supplier of high quality bar steel; CAMACO Inc., an automotive seating systems supplier; Grace Management Services which operates the Sprenger Health Care Systems; Wal-Mart; The Nord Center, a health care facility; Superior Medical, a comprehensive primary care medical facility; K-mart, Kohl's Department Store, Home Depot, Lowe's, Lorain National Bank and Emerson Network Power, a major global telecommunications service provider.

Mercy Regional Medical Center announced the elimination of eighteen positions in May 2013 in response to a posted \$1.8 million loss as a result of fewer patients and declining Medicare spending and other revenues. It is the second time in two years that Mercy has eliminated positions but still remains the City's top employer.

In May 2012 Republic Steel broke ground on the new electric arc furnace which is part of a planned \$85.2 million investment in its Lorain facilities. Republic makes highly engineered steel at the plant which has the strength needed for automotive and industrial applications. The additional capacity created by the furnace is expected to create an estimated 449 new jobs at the Lorain facility. Republic began taking applications in April 2013 for workers in anticipation of starting the new furnace in the summer of 2013 when construction is expected to be completed. In addition, Republic has an agreement with U.S. Steel, Tubular Products Division (Lorain Tubular) to supply steel rounds to the operation starting in 2014. The supply agreement could commence once the arc furnace is completed and operating.

Lorain Tubular, a division of United States Steel Corporation (U.S. Steel) and the City's third largest employer, is considering a \$100 million expansion to increase the range of outside diameter of the pipes made for use in the oil and gas industry. The expansion would coincide with the supply agreement with Republic Steel. The agreement is expected to have significant benefits including reduced transportation costs as well as increased flexibility in the ordering and receipt of the steel rounds used in the pipe making process. In addition U.S. Steel and Republic Steel are also working on a joint study for a potential direct reduced iron, or DRI, joint venture that would be located at Lorain and primarily feed the electric arc furnace that Republic is building. DRI is processed iron ore that is iron-rich enough to replace scrap metal when steel is made in an electric arc furnace.

In relation to the Republic Steel investment, FirstEnergy Corporation broke ground in May 2012 for a substation and associated transmission lines in Lorain designed to support the new electric arc furnace. The Black River substation will provide 138 kilovolt (or 138,000 volts) power to support future operations at Republic Steel's Lorain plant including the new arc furnace. FirstEnergy put the new substation online in April 2013 and is expecting to retire the existing Edgewater substation and transmission lines along the Lake Erie waterfront in the summer of 2013.

Emerson Network Power announced it would be opening an Advanced Engineering Center at its Lorain facility in early 2013. The center will be responsible for accelerating next-generation power and controller technology for all forms of communications networks. The center will add 30 or more highly-skilled engineering, marketing, and service positions by 2014.

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

- *Lighthouse Village:* The Lighthouse Village Urban Renewal Plan area is a development site of approximately 65 acres controlled by Lighthouse Village, LLC. The approximately 500,000 square foot retail facility is anchored by Kohl's Department Store, Home Depot, an Applebee's Restaurant and a super Wal-Mart. In 2012, construction was completed on a new 34,181 square foot building. Six new businesses were opened in early December 2012 – Rue 21 clothing store, Radioshack, Payless ShoeSource, Gamestop video game store, Fantastic Sam's hair salon and Famous Footwear. Dots Fashion clothing store opened in February 2013. In May 2013 construction began on two new buildings. One building (6,260 square feet) will have a Starbucks coffee shop with a drive-through window and the other building will have a Pet Supplies Plus store as an anchor tenant with room for five additional stores. Lighthouse Village Partners, LLC continues to negotiate with other retailers and restaurants to locate on this site. Currently 600 jobs have been created with an annual payroll of approximately \$11.7 million. Additional development is anticipated in the coming years as the economy continues to improve.
- *Lorain Lakefront Development:* The City of Lorain and the Lorain Port Authority have signed a cooperative agreement to market the development of the City's lakefront property along with additional property along the Black River that is owned by the Port Authority. Progress is being realized on the relocation of the Black River wastewater treatment plant at the mouth of the Black River with the commencement of construction on phase I of the Black River Storage and Conveyance Tunnel. Phase I of the tunnel project is expected to be completed in 2015. In addition, the City borrowed \$6.89 million in April 2013 for the purpose of acquiring certain interests in real property, including but not limited to easement rights that encompasses 1.73 miles of the existing transmission lines and towers along the lakefront, from the FirstEnergy Corporation. The transmission lines and towers will be decommissioned and removed once the new Black River substation and the associated transmission lines are complete and brought on line. The removal of the lines and 23 towers will remove a major obstacle to future development of the City's waterfront and is expected to occur in the second half of 2013. The City continues to make progress in its efforts to strengthen its economic base and community development by removing obstacles that have long stood in the way of development.

New residential projects are starting to show signs of improvement with the Lorain Planning Commission's approval of preliminary plans for 75 new lots on the City's west side in February 2013. The plans call for 60 to 70 new homes to be built on the lots in 2013. Similar to other political subdivisions in Ohio and throughout the nation, the demand for new housing construction has considerably decreased since the housing market and the national and global economy slowed in late 2008 but is showing some signs of progress.

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. In 2012 the City forecasted a reduction in 2013 revenues of over \$1.2 million due to the elimination of Ohio's estate tax (\$300,000), reduced collections from real estate taxes (\$154,000) as a result of the sextennial reappraisal in 2012, and the anticipated cuts in local government fund revenue (\$783,000) from the State. As a result of this forecast, the City, in July 2012, passed legislation which amended the City's income tax regulations to permanently increase the municipal income tax by one half (0.5) percent. The ordinance was subsequently forwarded to the Lorain County Board of Elections and passed by voters on the November 6, 2012 general election ballot. The measure became effective January 1, 2013. One quarter (0.25) percent of the increase is restricted for the streets fund for general street repair and maintenance and one quarter (0.25) percent is levied for general fund purposes. The additional .25 percent in the General Fund is expected to generate approximately \$1.8 million in additional income tax revenue in 2013 and

approximately \$2.2 million annually thereafter. Also in an attempt to avert any unforeseen future shortfalls, the City 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 four years. As of December 31, 2012 the City has reserved \$525,000 and a reservation of \$250,000 has been included in the 2013 budget. The City is also committed to the sound fiscal policy of maintaining a balanced budget for all City funds in 2013 and all future years.

Major Initiatives

Lorain Street Department As a result of the passage of the .25 additional income tax in November 2012 restricted for street purposes, the administration has instituted a comprehensive plan to repair and or/replace many of the roads within the City in an effort to upgrade and update the City's aging infrastructure. In the first half of 2013 the City issued over \$5.1 million in bonds and received over \$5 million in loans to jumpstart the progression of the plan. Construction plans for 2013 include seventeen local roadway rehabilitation projects, Washington and Reid Avenue improvements, Oberlin Avenue reconstruction, State Route 611 resurfacing, and the widening and improvement of Jaeger Road next to the Lighthouse Village shopping center.

Lorain Utilities Department The utilities department commitment to upgrade the City's aging infrastructure progressed in 2012 with the completion of the Pearl Avenue water main, continued work on the 28th Street waterline replacement project, and the commencement of phase I of the Black River wastewater storage and conveyance tunnel project. The department is undertaking in 2013 an expansive waterline replacement program in conjunction with the roadway repair program being undertaken by the street department. The department has received over \$17 million in loans from the Ohio Water Development Authority in the first half of 2013 for the replacement of an estimated 30 miles of waterlines in the City.

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, 2011. This was the eighteenth consecutive year that the City has achieved this prestigious award.

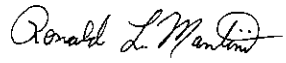
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The CAFR is judged by an impartial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

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Ronald L. Mantini".

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, 2011

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.



Christopher P. Morill
President

Jeffrey R. Emer
Executive Director

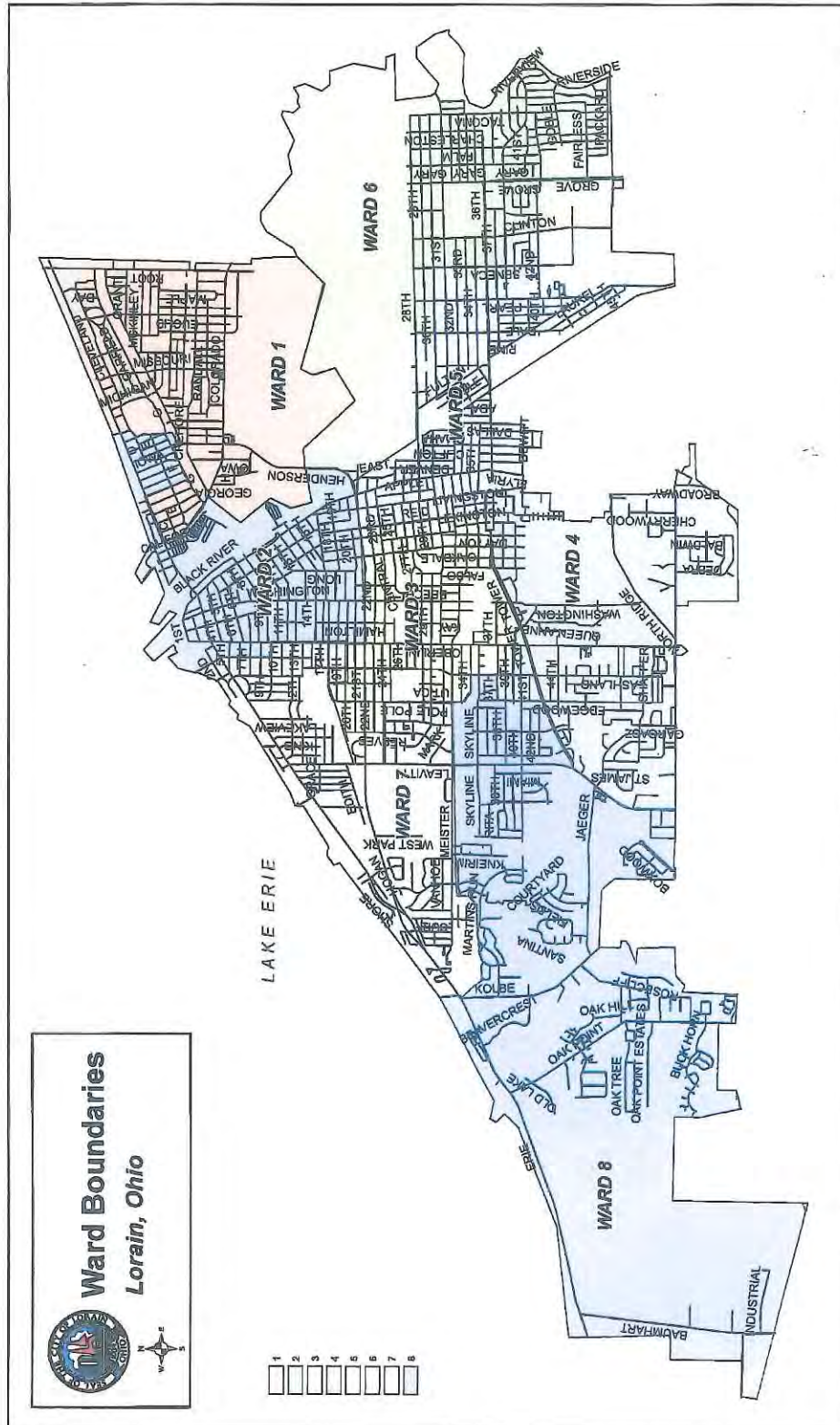
CITY OF LORAIN, OHIO
ELECTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Mayor	Chase Ritenauer	1	3
City Auditor	Ronald L. Mantini	13	13
City Treasurer	Karen Shawver	3	26
Director of Law	Patrick D. Riley	4	4
Clerk of Courts	Lori Maiorana	7	32
Judge	Mark Mihok	11	24
Judge	Thomas Elwell	9	9
<i>Members of Council:</i>			
Council President	Joel Arrendondo	5	5
Council at Large	Mitchell Fallis	5	5
Council at Large	Daniel Given	7	19
Council at Large	Anne Molnar	5	13
1 ST Ward	Brian Gates	3	3
2 nd Ward	Dennis Flores	1	3
3 rd Ward	Tim D. Howard	5	5
4 th Ward	Bret Schuster	7	7
5 th Ward	Eddie Edwards	15	15
6 th Ward	Richard Lucente	3	3
7 th Ward	Myroslaw Silecky	7	7
8 th Ward	Craig Snodgrass	7	7

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 /Service	Robert Fowler	1	1
Police Chief	Celestino Rivera	18	42
Fire Chief	Thomas Brown	7	25
Director of Utilities	Corey Timko	9	12
Director of Community Development	Vacant		
Public Property Manager	Harold Kendrick	1	1
Building Inspector	Richard Klinar	5	19
City Engineer	Dale Vandersommen	2	18
Chief Deputy Auditor	Anita Harper	13	13
IT Director	David Comer	19	19
Clerk of Council	Nancy Greer	18	21

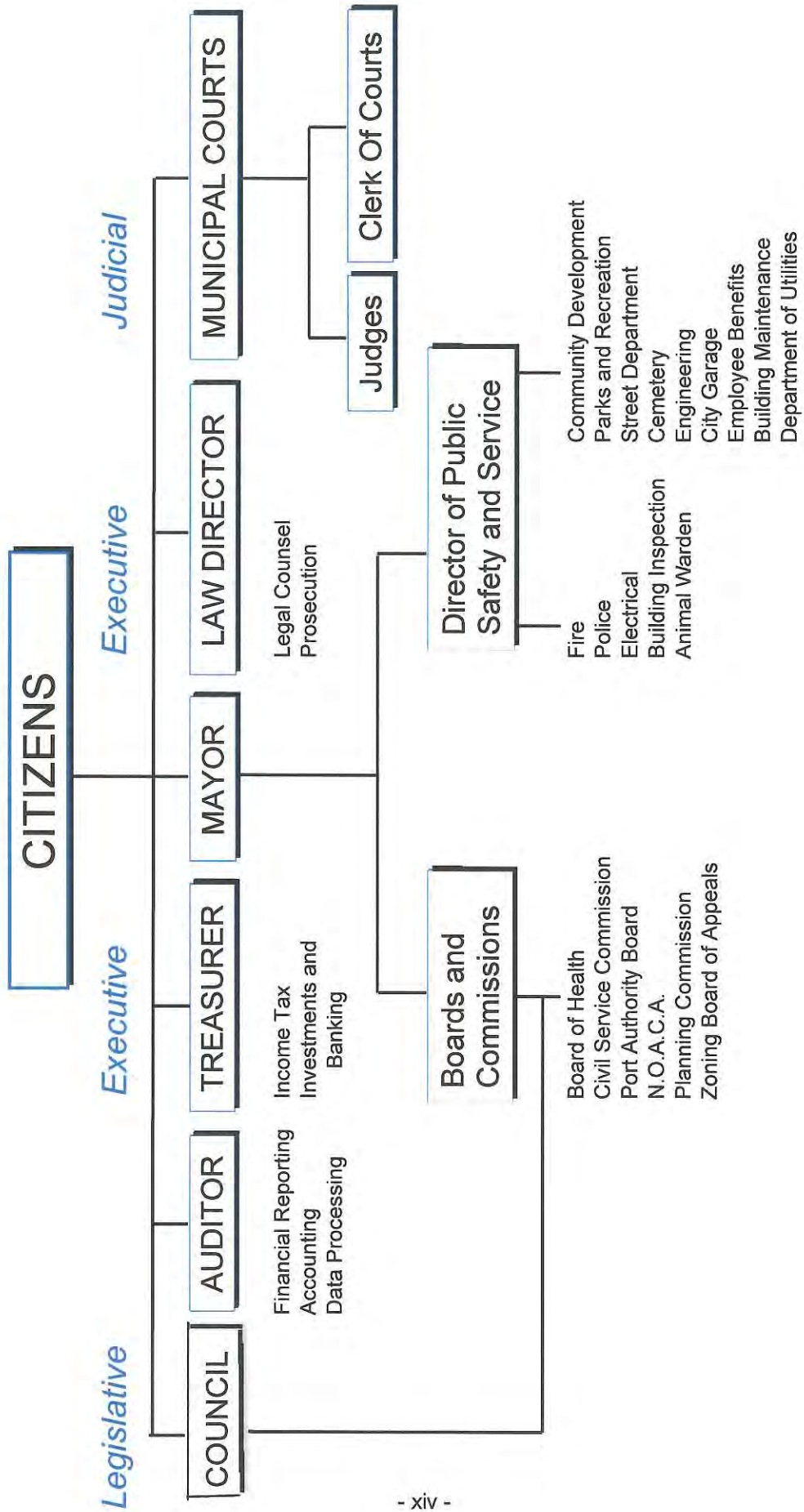
City of Lorain Voting Wards

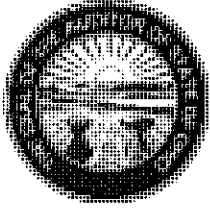


ENGINEERING DEPARTMENT

NOT TO SCALE

City of Lorain - Organizational Chart





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Community Development funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

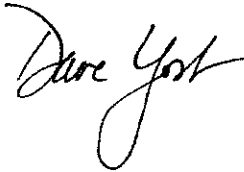
Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules 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, and other additional procedures 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 27, 2013

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City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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, 2012. 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 2012 are:

- The City passed legislation permanently increasing income tax rate by .5 percent. The ordinance was forwarded to the Lorain County Board of Elections and the measure was passed by voters on November 6, 2012 and becomes effective January 1, 2013.
- \$5,545,000 in general obligation bonds were refinanced to take advantage of the reduced interest rates available.
- The first phase of the Black River wastewater storage and conveyance tunnel construction began.
- The City entered into capital leases totaling over \$4.18 million for new equipment for various departments of the City.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business. The *statement of net position* 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 look at the City's most significant funds with all other nonmajor funds presented in one total column.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found starting on page 21 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

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

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Proprietary Funds

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

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

The proprietary fund financial statements can be found beginning on page 30 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 34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide financial statements and disclosures that include GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. Please see the Statement of Net Position concerning data reporting these changes and the further clarification of Deferred Outflows of Resources and Deferred Inflows of Resources. The notes to the financial statements can be found on pages 35 through 76 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual detailed budgetary comparisons for all nonmajor funds. This information can be found starting on page 77 of this report.

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

City of Lorain, Ohio
Management's Discussion and Analysis
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Unaudited

Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position at December 31, 2012 as compared to December 31, 2011.

TABLE 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$51,497,799	\$50,127,716	\$15,752,339	\$13,767,317	\$67,250,138	\$63,895,033
Capital Assets,						
Non-Depreciable	15,502,383	14,298,893	38,085,407	31,630,481	53,587,790	45,929,374
Capital Assets,						
Depreciable, Net	78,408,842	86,671,488	74,726,791	74,402,314	153,135,633	161,073,802
<i>Total Assets</i>	<u>145,409,024</u>	<u>151,098,097</u>	<u>128,564,537</u>	<u>119,800,112</u>	<u>273,973,561</u>	<u>270,898,209</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding	203,955	216,728	0	0	203,955	216,728
Liabilities						
Current and Other Liabilities	3,375,362	4,351,918	3,235,999	1,747,373	6,611,361	6,099,291
Long-Term Liabilities:						
Due Within One Year	6,103,011	5,307,579	4,078,857	4,221,798	10,181,868	9,529,377
Due in More Than One Year	54,896,035	49,841,397	51,245,898	46,847,928	106,141,933	96,689,325
<i>Total Liabilities</i>	<u>64,374,408</u>	<u>59,500,894</u>	<u>58,560,754</u>	<u>52,817,099</u>	<u>122,935,162</u>	<u>112,317,993</u>
Deferred Inflows of Resources						
Property Taxes	2,980,441	3,547,463	0	0	2,980,441	3,547,463
Net Position						
Net Investment in Capital Assets	54,637,305	59,846,248	59,864,311	56,147,460	114,501,616	115,993,708
Restricted:						
Capital Projects	1,450,090	811,105	0	0	1,450,090	811,105
Debt Service	3,262,703	2,869,661	0	0	3,262,703	2,869,661
Replacement and Improvement	0	0	0	0	0	0
Utility Reserve	0	0	1,877,887	1,338,599	1,877,887	1,338,599
Capital Leases	1,634,491	0	836,875	0	2,471,366	0
Other Purposes	18,314,881	21,263,384	0	0	18,314,881	21,263,384
Unrestricted (Deficit)	(1,041,340)	3,476,070	7,424,710	9,496,954	6,383,370	12,973,024
<i>Total Net Position</i>	<u>\$78,258,130</u>	<u>\$88,266,468</u> *	<u>\$70,003,783</u>	<u>\$66,983,013</u>	<u>\$148,261,913</u>	<u>\$155,249,481</u>

* = Restated. See Note 3.

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. The largest portion of the City's net position 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 position decreased from 2011 to 2012. The growth in current and other assets is essentially the result of increases in cash and cash equivalents from operations and capital financing activities. The increase includes \$2,471,366 held in escrow for the purchase of equipment through a capital lease agreement. Total liabilities increased from 2011 to 2012 as a result of the rise in long-term liabilities especially outstanding debt.

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Table 2 shows the changes in net position for the years ended December 31, 2012 and 2011 and corresponds to the Statement of Activities on page 22.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services and Assessments	\$5,870,986	\$6,372,000	\$22,434,511	\$22,030,081	\$28,305,497	\$28,402,081
Operating Grants and Contributions	6,669,460	12,308,149	0	0	6,669,460	12,308,149
Capital Grants and Contributions	1,702,509	70,872	2,393,244	3,612,676	4,095,753	3,683,548
<i>Total Program Revenues</i>	<u>14,242,955</u>	<u>18,751,021</u>	<u>24,827,755</u>	<u>25,642,757</u>	<u>39,070,710</u>	<u>44,393,778</u>
General Revenues:						
Property Taxes	3,127,011	3,686,028	0	0	3,127,011	3,686,028
Municipal Income Taxes	18,227,982	19,023,037	0	0	18,227,982	19,023,037
Payments in Lieu of Taxes	1,008,778	743,321	0	0	1,008,778	743,321
Grants and Entitlements not Restricted to Specific Programs	3,915,101	5,614,431	0	0	3,915,101	5,614,431
Franchise Fees	651,413	625,031	0	0	651,413	625,031
Investment Earnings	23,096	21,653	0	17	23,096	21,670
Gain on Sale of Capital Assets	0	0	700	0	700	0
Miscellaneous	850,886	539,638	57,614	47,187	908,500	586,825
<i>Total General Revenues</i>	<u>27,804,267</u>	<u>30,253,139</u>	<u>58,314</u>	<u>47,204</u>	<u>27,862,581</u>	<u>30,300,343</u>
Total Revenues	<u>42,047,222</u>	<u>49,004,160</u>	<u>24,886,069</u>	<u>25,689,961</u>	<u>66,933,291</u>	<u>74,694,121</u>
Program Expense:						
General Government	10,393,507	10,869,025	0	0	10,393,507	10,869,025
Security of Persons and Property	22,770,490	20,983,753	0	0	22,770,490	20,983,753
Transportation	9,539,291	10,920,414	0	0	9,539,291	10,920,414
Public Health	2,263,408	2,355,372	0	0	2,263,408	2,355,372
Community Environment	380,767	469,293	0	0	380,767	469,293
Economic Development	3,889,164	2,813,491	0	0	3,889,164	2,813,491
Leisure Time Activities	671,450	566,774	0	0	671,450	566,774
Interest and Fiscal Charges	2,227,483	3,241,289	0	0	2,227,483	3,241,289
Water Works	0	0	8,276,927	7,447,722	8,276,927	7,447,722
Water Pollution Control	0	0	13,508,372	13,420,975	13,508,372	13,420,975
Total Expenses	<u>\$52,135,560</u>	<u>\$52,219,411</u>	<u>\$21,785,299</u>	<u>\$20,868,697</u>	<u>\$73,920,859</u>	<u>\$73,088,108</u>

(continued)

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Table 2
Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Increase (Decrease) in Net Position Before Transfers	(\$10,088,338)	(\$3,215,251)	\$3,100,770	\$4,821,264	(\$6,987,568)	\$1,606,013
Transfers	80,000	100,000	(80,000)	(100,000)	0	0
Increase (Decrease) in Net Position	(10,008,338)	(3,115,251)	3,020,770	4,721,264	(6,987,568)	1,606,013
Net Position, January 1 - Restated (See Note 3)	88,266,468	91,381,719	66,983,013	62,261,749	155,249,481	153,643,468
Net Position, December 31	\$78,258,130	\$88,266,468	\$70,003,783	\$66,983,013	\$148,261,913	\$155,249,481

Program revenues declined in 2012. This decrease is primarily reflected in operating grants and contributions and corresponds to a decline in receipts from various grants that are in their last stages or are expiring. Additionally, there was a reduction in loan repayment revenue in the community development fund. While program revenues provide considerable assistance in the provision of governmental services, the burden of governmental support is met by general revenues such as municipal income taxes, property taxes, and unrestricted grants and entitlements. Although the City saw a modest increase of approximately \$600,000 in payments in lieu of taxes, miscellaneous revenues, franchise fees, and investment earnings, the general revenues were reduced by over \$2.4 million from the prior year. The preponderance of this decrease, almost \$1.7 million, is attributable to a decline in local government grants and entitlements revenue received. The balance of the decrease is resultant of reduced collections of income taxes of roughly \$795,000 and real estate taxes of a little over \$559,000.

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 2012. In July 2012, Council passed legislation which amended the City's income tax regulations to permanently increase the municipal income tax by .5 percent. The ordinance was subsequently forwarded to the Lorain County Board of Elections to be placed on the November 6, 2012 general election ballot. The measure was passed by voters and will become effective January 1, 2013. One half of the increase, or .25 percent, is restricted for use by the streets fund for general street repair and maintenance and the remaining .25 percent is levied for general fund purposes. 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 2012, the revenue from income taxes decreased as the tax credit reduction in effect for part of 2010 resulted in the additional income tax revenue collected in 2011 for the 2010 tax year. The tax credit reduction (credit reduced from a maximum of 2 percent on wages and other income earned by residents outside the City to 1 percent) that went in to effect on January 1, 2010 was subsequently reversed in November 2010 by a vote of the people of the City. The reversal was not retroactive resulting in a maximum tax credit of 1.083 percent for the 2010 tax year. The income tax credit in effect for 2012 and future years is 100 percent of the tax paid to another city up to the City's total current tax rate of 2 percent.

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The second largest source of revenue in governmental activities, Operating Grants and Contributions, saw a decline in 2012 due to reduced funding from federal and state grants. This includes the Federal Emergency Management Association (FEMA) Assistance to Firefighters grant, the Substance Abuse Mental Health Services Administration (SAMHSA) grant, an Ohio Department of Development Clean Ohio Revitalization Fund (CORF) grant, a U. S. Department of Justice Office of Community Oriented Policing Services (COPS) grant, and two National Oceanic and Atmospheric Association (NOAA) Habitat Conservation grants.

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.

The City executed a loan guarantee with the State of Ohio, Department of Development (ODOD) in 1999 to guarantee repayment of 25 percent of a \$2,770,000 urban redevelopment loan the State made to the South Shore Community Development Corporation (SSCDC). The purpose of the loan was for the renovation of the former St. Joseph's Hospital building into a community resource center. In the event of a default by South Shore Community Development Corporation on the loan the City would be liable for \$692,500, or twenty-five percent, of the loan. In 2012, City Council passed legislation authorizing a settlement agreement with the State for relief from the obligation. As a result of this agreement \$425,000 was paid to ODOD to release the City from all of the terms and conditions of the loan.

Charges for services decreased slightly in 2012 as a result of declining collections of fines, fees, and building permits.

Total governmental program expenses for 2012 were down slightly as compared to 2011. 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 2012 the police department purchased new equipment for the police training room, in-car cameras for police vehicles, and ordered 16 new vehicles.

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 2012, the fire department purchased three new vehicles and four thermal imagers.

Transportation expenses were for the depreciation, maintenance and repairs to the City's roads and infrastructure. Expenditures for transportation were down in 2012 due to a decrease in infrastructure projects undertaken and reduced depreciation expense. The City paid for these projects from general revenues, license plate fees, and State gas taxes.

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

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Business-Type Activities

Utility services for water and water pollution control saw a slight amount of growth in charges for services due mainly to an increase in the utility rates. The City closely monitors the utility rate structure to insure it meets its operating needs including debt.

The Utilities Department began construction on phase one of the Black River wastewater storage and conveyance tunnel. Phase one of the tunnel project is estimated to cost approximately \$66 million and is financed through the Ohio Water Development Authority. This is the final phase of the Citywide sanitary sewer overflow (SSO) elimination program and the first step in moving the Black River Wastewater Treatment plant located at the mouth of the Black River. Work continued on the Black River Restoration project during the year. This \$6.3 million project is designed to improve the river's habitat and water quality. The restoration project was awarded an additional \$250,000 in 2012 from the U.S. Forest Service for the Lower Black River Heron Rookery Restoration Project. In addition, the Pearl Avenue water mains replacement was completed and work continued on the 28th Street waterline replacement project in 2012.

The City's Funds

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

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the City's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 24. These funds are accounted for using the modified accrual basis of accounting.

As of the end of the current year, the City of Lorain's governmental funds reported combined ending fund balances of \$31,860,236, an increase of \$4.5 million in comparison with the prior year. Nonspendable fund balance of \$387,613 includes material and supplies inventory, prepaid expenses, and unclaimed monies. Fund balance in the amount of \$27,417,201 is restricted to indicate that it is not available for new spending because it has already been restricted by parties outside of the City or pursuant to enabling legislation. It is restricted for economic development, inventory held for resale, debt service, police and municipal court operations, and capital projects. Fund balance in the amount of \$884,380 is committed to storm sewer maintenance and improvements and contractual obligations. Assigned fund balance includes \$763,477 for general governmental purchases on order in various departments. There is a surplus of \$2,407,565 that constitutes unassigned fund balance or all balances not previously classified.

The General Fund is the main operating fund of the City. The increase in fund balance is the result of various efforts by the City to reduce spending and increase revenues. Efforts by management included zero wage increases for all non-bargaining and bargaining units of the City and continued close monitoring of revenue receipts and expenditures.

The Community Development Fund accounts for State and Federal grants restricted for the issuance of loans to individuals and businesses for acquisition and rehabilitation of real property, economic development, administrative costs, and public facilities. 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.

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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, bond proceeds, transfers in and various other financing sources used for the construction of various improvements of 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 economic development and capital projects are funded with General Fund dollars. By ordinance, these funds are transferred from the General Fund to various special revenue and capital improvement funds of the City where the revenue and expenditures for the projects are tracked and monitored.

During the course of 2012, the City amended its General Fund budget numerous times. The actual revenue amount was less than the final budget. Contributions and donations revenue came in under the final amended budget by roughly \$230,000 as a result of anticipated donations not being received by year end and accounts for the largest negative variance in the revenue budget. Real estate taxes collected were under expected receipts by approximately \$176,000 and accounted for the second largest negative variance in the revenue budget. In 2012 amendments of approximately \$1.7 million were made to the original budget to account for the receipt of various federal grants for police and fire personnel and equipment, a capital lease for the purchase of equipment, a state grant for brownfield remediation at the old ford plant site, various reimbursements, and other unanticipated miscellaneous receipts. The municipal income tax excess was due to the City realizing larger than anticipated tax collections and accounts for the largest positive variance in revenue.

Corresponding amendments based on the above revenue enhancements were made to the original appropriation budget in various departments.

In an effort to prevent future economic downturns from negatively affecting general fund operations, City Council passed an ordinance in March 2010 to create and maintain a reserve balance for budget stabilization. The reserve balance was set at a minimum of \$1,000,000 and is to be funded by setting aside \$250,000 per year beginning in 2012. The City set aside \$25,000 in 2010, \$250,000 in 2011, and \$250,000 in 2012. The budget stabilization reserve currently has a balance of \$525,000 and is not available for appropriation in 2013. 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.

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

Capital Assets and Debt Administration

Capital Assets

Table 3
Capitals Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$9,519,239	\$9,513,239	\$669,368	\$660,071	\$10,188,607	\$10,173,310
Construction in Progress	5,983,144	4,785,654	37,416,039	30,970,410	43,399,183	35,756,064
Buildings and Improvements	15,422,019	15,716,734	23,144,892	23,912,014	38,566,911	39,628,748
Machinery and Equipment	10,212,555	9,979,752	7,126,235	6,445,016	17,338,790	16,424,768
Furniture and Fixtures	202,714	218,288	0	0	202,714	218,288
Infrastructure:						
Streets and Sidewalks	52,571,554	60,756,714	0	0	52,571,554	60,756,714
Water Lines	0	0	16,719,583	15,294,476	16,719,583	15,294,476
Sewer Lines	0	0	27,736,081	28,750,808	27,736,081	28,750,808
<i>Total Capital Assets</i>	<u>\$93,911,225</u>	<u>\$100,970,381</u>	<u>\$112,812,198</u>	<u>\$106,032,795</u>	<u>\$206,723,423</u>	<u>\$207,003,176</u>

The most significant increase in governmental capital assets was in construction in progress. This includes the recognition of various street and other infrastructure projects begun, the purchase and partial installation of a new court case management system for the City's municipal courts, and the partial completion of heavy equipment purchases which, by the nature of their construction, encompass a variety of vendors and processes to complete. Major equipment purchases include three new vehicles and four thermal imagers for the fire department for search and rescue operations, a robotic survey system for the engineering department, sixty dash mounted in-car cameras, training room projectors and smart tech interactive display systems for the police department, five zero turn mowers for the parks department and two street sweepers and an asphalt roller for the street department. The largest decrease in governmental capital assets is in infrastructure which is attributed to depreciation.

Business-type activities saw additions to construction in progress, the most significant of which were for phase one of the Black River tunnel construction and the relining of the East Erie Avenue sewer line both of which began in 2012, the 28th Street waterline replacement, and the partial completion of heavy equipment purchases. The water and sewer departments purchased a number of new vehicles for meter readers and service personnel and large equipment in 2012 including a new Caterpillar hydraulic excavator and a Caterpillar backhoe/loader and trailer. Construction in progress completed during the year includes the completion of the \$1.8 million Pearl Avenue water main replacement project.

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

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See Note 10 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 and special assessment bonds, loans (OWDA, HUD Section 108, ODOD, OPWC, ODOT, and installment), capital leases, a long term note, pollution remediation, claims and judgments, and compensated absences.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$36,699,993	\$32,876,524	\$2,569,975	\$3,296,542	\$39,269,968	\$36,173,066
Special Assessment Bonds	1,509,770	1,566,747	0	0	1,509,770	1,566,747
OWDA Loans	0	0	49,706,750	46,587,258	49,706,750	46,587,258
HUD Section 108 Loans	2,506,000	3,635,000	0	0	2,506,000	3,635,000
ODOD Loan	2,045,488	2,247,401	0	0	2,045,488	2,247,401
OPWC Loans	2,568,667	2,501,327	0	0	2,568,667	2,501,327
ODOT Loans	1,707,674	1,898,248	0	0	1,707,674	1,898,248
Installment Loans	1,366,872	869,896	0	0	1,366,872	869,896
Capital Leases	3,210,621	1,277,126	1,522,326	74,318	4,732,947	1,351,444
Long Term Note	180,000	240,000	0	0	180,000	240,000
Pollution Remediation	854,891	846,427	282,243	0	1,137,134	846,427
Claims and Judgments	235,085	0	0	0	235,085	0
Compensated Absences	8,113,985	7,190,280	1,243,461	1,111,608	9,357,446	8,301,888
<i>Total</i>	<u>\$60,999,046</u>	<u>\$55,148,976</u> *	<u>\$55,324,755</u>	<u>\$51,069,726</u>	<u>\$116,323,801</u>	<u>\$106,218,702</u>

* = Restated. See Note 3

The sixteen general obligation bonds include the Riverfront, Heritage, and Lighthouse Village urban renewal bonds, an energy conservation bond, the Pellet Terminal bond issued for the purchase and improvement of the old pellet terminal site located on the Black River, the Health Claims bond issued to defer the cost of the City's self insurance claims and various purpose refunding bonds issued to refinance the City's 1995 Various Purpose, 1999 Accrued Pension Fund Liability, 1995 Water Revenue bonds, and the 2002 Safety/Service bond. The remainder of the bonds were issued for various purposes including infrastructure improvements dating back to 1998. The interest and principal on the general obligation bonds of the governmental activities are paid from real estate taxes and payments in lieu of taxes in the case of the urban renewal bonds. Interest and principal for business-type activities general obligation bonds are paid from water and sewer user fees.

The four special assessment bonds consist of various street improvement projects. The debt service on these bonds are paid from real estate assessments on those property owners who benefitted from the improvements.

The seventeen Ohio Water Development Authority (OWDA) loans are for water and sewer projects dating back to 2000. The major loans are for waterline replacements and projects related to the sanitary sewer overflow (SSO) project mandated by the Environmental Protection Agency.

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The HUD Section 108 Loans are Community Development loans for the Head Start building, Riverbend Commerce Park infrastructure, expansion of the City's existing business development revolving loan fund and for acquisition of property and professional services for future economic development for the City.

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

The nineteen Ohio Public Works Commission (OPWC) loans represent interest free loans obtained to finance road improvement projects throughout the City. These loans are paid from monies transferred into the General Obligation Debt Service fund from the General Fund.

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

The installment loans are for improvements to one of the City's fire stations, engineering services performed by the Lorain County engineer for planned future road construction projects, the purchase and installation of a court case management system, 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, police cruisers, and a high pressure jet truck for the water pollution control department. In 2012 the City entered into a lease for the purchase of street sweepers, dump trucks with snow removal equipment, a grader, roller, forklift, a stake bed truck, a pickup truck, and an equipment trailer for the street department, a Class A pumper, a command vehicle, fleet car, mechanics truck with snowplow, self contained breathing apparatus, and other miscellaneous equipment for the fire department, an aerial tower truck and a platform truck for the electrical department, a robotic survey system for the engineering department, mobile radios, mobile data computers, and in-car cameras for the police department, and utility vehicles, dump trucks, a forklift, backhoe with trailer, an excavator with trailer, and a sewer cleaning truck for the water and water pollution control departments at a cost of \$4,171,460. In addition the City entered into a lease for the purchase of copier/printers for the police department, municipal courts, and water department in the amount of \$10,119. The minimum lease payments required are paid from the general fund, streets, health services and police levy special revenue funds, general sewer capital projects fund, and the water works and water pollution control funds.

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

The pollution remediation includes the estimated costs associated with the cleanup of environmental contamination on various sites along the Black River.

The claims and judgments is the result of a settlement agreement with the US Department of Justice pertaining to the violation of certain competitive bidding requirements involving US Housing and Urban Development Agency funds.

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 15 to the basic financial statements.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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, 2011 and reaffirmed on July 26, 2012.

See Notes 12, 13 and 14 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 2012 unemployment rate for the City was 8.8 percent while the unemployment rate for Lorain County was 7.2 percent and the State of Ohio was 6.7 percent (based on the Ohio Job & Family Services, Office of Workforce Development).

The City's overall financial condition in 2012 has improved slightly over 2011 and continues to require constant and unrelenting attention to maintain a positive financial position especially in the General Fund. The General Fund unassigned balance went from \$3,666,804 in 2011 to \$3,003,372 in 2012 due largely to the decrease in local government revenue funding from the State. In an effort to reduce the effect of probable future funding cuts from the State, an anticipated reduction in estate tax revenue due to the expiration of the estate tax in Ohio, and the expectation that real estate tax collections will be diminished due to the decrease in valuation as discussed below, the City passed an ordinance to increase the City's permanent income tax rate by .5 percent, one-half of which (.25 percent) will go towards general operations. There continues to be a concerted effort on the part of City Council and the City's administration to curtail spending wherever possible without compromising City services when possible.

The City's residential/agricultural real estate property values decreased 16 percent, from 2011 to 2012 as a result of the County's sexennial reappraisal to adjust the true value of real property to reflect the current market values. Commercial/industrial/public utility real estate property values also saw a 5 percent reduction in value. Public utility tangible personal property values increased a very slight 1 percent but translates into an increased investment in plant and equipment by the public utilities.

Below are some of the current developments affecting three of the City's top employers and one of the City's principal real property taxpayers:

- Mercy (formerly Community Health Partners) is the City's largest employer. In October 2012 Mercy laid off 20 employees in an effort to save money after Mercy suffered a cut in reimbursement for patient care compared to 2011 largely due to Medicare rule changes. In 2010 Mercy Regional Medical Center embarked on a \$20 million capital improvement project to update their facilities. Construction began in the fall of 2011 and was completed by the end of 2012.
- 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 October 2012 Lorain Tubular laid off 40 employees due to economic conditions.
- In May 2012 Republic Steel, the City's fourth largest employer, broke ground on a planned \$85.2 million investment in its Lorain facilities which will go toward installing a new electric arc furnace and supporting equipment. Republic makes highly engineered steel at the plant which has the strength needed for automotive and industrial applications. The additional capacity created by the furnace is

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

expected to increase production by one million tons of steel per year and create an estimated 449 new jobs at the Lorain facility and add more than \$1 billion in annual economic activity to Ohio.

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

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

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

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 Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$13,488,212	\$10,100,309	\$23,588,521
Cash and Cash Equivalents:			
In Segregated Accounts	109,472	0	109,472
With Fiscal Agents	1,905,118	836,875	2,741,993
Accounts Receivable	716,074	3,587,256	4,303,330
Inventory Held for Resale	2,039,416	0	2,039,416
Materials and Supplies Inventory	1,207,577	757,089	1,964,666
Internal Balances	599,277	(599,277)	0
Intergovernmental Receivable	10,399,339	717,533	11,116,872
Prepaid Items	100,076	54,231	154,307
Municipal Income Taxes Receivable	2,352,157	0	2,352,157
Property Taxes Receivable	3,745,900	0	3,745,900
Payments in Lieu of Taxes Receivable	705,843	0	705,843
Special Assessments Receivable	1,669,005	0	1,669,005
Loans Receivable	12,460,333	298,323	12,758,656
Nondepreciable Capital Assets	15,502,383	38,085,407	53,587,790
Depreciable Capital Assets, Net	78,408,842	74,726,791	153,135,633
Total Assets	145,409,024	128,564,537	273,973,561
Deferred Outflows of Resources			
Deferred Charge on Refunding	203,955	0	203,955
Liabilities			
Accounts Payable	999,104	633,899	1,633,003
Contracts Payable	74,507	1,463,549	1,538,056
Accrued Wages and Benefits	556,369	233,445	789,814
Matured Compensated Absences Payable	191,689	27,506	219,195
Vacation Benefits Payable	12,843	0	12,843
Intergovernmental Payable	788,553	219,193	1,007,746
Retainage Payable	20,216	525,245	545,461
Accrued Interest Payable	223,806	6,976	230,782
Claims Payable	502,495	0	502,495
Claims and Judgements Payable	5,780	126,186	131,966
Long-Term Liabilities:			
Due Within One Year	6,103,011	4,078,857	10,181,868
Due In More Than One Year	54,896,035	51,245,898	106,141,933
Total Liabilities	64,374,408	58,560,754	122,935,162
Deferred Inflows of Resources			
Property Taxes	2,980,441	0	2,980,441
Net Position			
Net Investment in Capital Assets	54,637,305	59,864,311	114,501,616
Restricted for:			
Capital Projects	1,450,090	0	1,450,090
Debt Service	3,262,703	0	3,262,703
Utility Reserve	0	1,877,887	1,877,887
Community Development	15,612,821	0	15,612,821
Capital Leases	1,634,491	836,875	2,471,366
Police	1,391,854	0	1,391,854
Municipal Courts	713,081	0	713,081
Streets	452,012	0	452,012
Other Purposes	145,113	0	145,113
Unrestricted (Deficit)	(1,041,340)	7,424,710	6,383,370
Total Net Position	\$78,258,130	\$70,003,783	\$148,261,913

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$10,393,507	\$3,386,134	\$58,087	\$6,000
Security of Persons and Property	22,770,490	1,023,281	99,777	150,363
Transportation	9,539,291	78,167	2,623,284	1,500,001
Public Health	2,263,408	695,622	937,242	46,145
Community Environment	380,767	658,404	0	0
Economic Development	3,889,164	14,536	2,945,320	0
Leisure Time Activities	671,450	14,842	5,750	0
Interest and Fiscal Charges	2,227,483	0	0	0
<i>Total Governmental Activities</i>	<u>52,135,560</u>	<u>5,870,986</u>	<u>6,669,460</u>	<u>1,702,509</u>
Business-Type Activities				
Water Works	8,276,927	8,128,920	0	0
Water Pollution Control	13,508,372	14,305,591	0	2,393,244
<i>Total Business-Type Activities</i>	<u>21,785,299</u>	<u>22,434,511</u>	<u>0</u>	<u>2,393,244</u>
 <i>Total</i>	 <u>\$73,920,859</u>	 <u>\$28,305,497</u>	 <u>\$6,669,460</u>	 <u>\$4,095,753</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

Transfers

Total General Revenues and Transfers

Change in Net Position

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

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activity	Total
(\$6,943,286)	\$0	(\$6,943,286)
(21,497,069)	0	(21,497,069)
(5,337,839)	0	(5,337,839)
(584,399)	0	(584,399)
277,637	0	277,637
(929,308)	0	(929,308)
(650,858)	0	(650,858)
(2,227,483)	0	(2,227,483)
<u>(37,892,605)</u>	<u>0</u>	<u>(37,892,605)</u>
0	(148,007)	(148,007)
<u>0</u>	<u>3,190,463</u>	<u>3,190,463</u>
<u>0</u>	<u>3,042,456</u>	<u>3,042,456</u>
<u>(37,892,605)</u>	<u>3,042,456</u>	<u>(34,850,149)</u>
1,911,656	0	1,911,656
219,477	0	219,477
219,478	0	219,478
776,400	0	776,400
15,974,811	0	15,974,811
2,253,171	0	2,253,171
1,008,778	0	1,008,778
3,915,101	0	3,915,101
651,413	0	651,413
23,096	0	23,096
0	700	700
850,886	57,614	908,500
<u>27,804,267</u>	<u>58,314</u>	<u>27,862,581</u>
<u>80,000</u>	<u>(80,000)</u>	<u>0</u>
<u>27,884,267</u>	<u>(21,686)</u>	<u>27,862,581</u>
(10,008,338)	3,020,770	(6,987,568)
<u>88,266,468</u>	<u>66,983,013</u>	<u>155,249,481</u>
<u>\$78,258,130</u>	<u>\$70,003,783</u>	<u>\$148,261,913</u>

City of Lorain, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,957,917	\$2,659,671	\$383,434	\$4,706,274	\$3,539,613	\$13,246,909
Cash and Cash Equivalents:						
In Segregated Accounts	109,472	0	0	0	0	109,472
With Fiscal Agents	621,794	270,627	0	0	1,012,697	1,905,118
Accounts Receivable	177,549	0	412,023	0	126,502	716,074
Inventory Held for Resale	0	2,039,416	0	0	0	2,039,416
Materials and Supplies Inventory	84,129	2,532	0	0	149,717	236,378
Interfund Receivable	680,663	0	0	0	47,430	728,093
Intergovernmental Receivable	2,191,756	5,672,547	90,973	1,386,612	1,057,451	10,399,339
Prepaid Items	70,566	2,806	0	0	26,521	99,893
Municipal Income Taxes Receivable	2,057,922	0	0	0	294,235	2,352,157
Property Taxes Receivable	2,404,132	0	838,604	0	503,164	3,745,900
Payments in Lieu of Taxes Receivable	0	65,008	611,440	29,395	0	705,843
Special Assessments Receivable	258,262	0	0	0	1,410,743	1,669,005
Loans Receivable	0	12,303,414	156,919	0	0	12,460,333
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	51,342	0	0	0	0	51,342
Total Assets	\$10,665,504	\$23,016,021	\$2,493,393	\$6,122,281	\$8,168,073	\$50,465,272
Liabilities						
Accounts Payable	\$467,149	\$197,603	\$0	\$1,560	\$239,065	\$905,377
Contracts Payable	0	0	0	32,621	41,886	74,507
Accrued Wages and Benefits	435,644	14,135	0	0	104,842	554,621
Matured Compensated Absences Payable	134,238	0	0	0	34,370	168,608
Intergovernmental Payable	633,552	24,592	0	0	116,681	774,825
Retainage Payable	0	0	0	20,216	0	20,216
Interfund Payable	53,715	97,005	0	0	560,007	710,727
Claims and Judgements Payable	5,780	0	0	0	0	5,780
Accrued Interest Payable	198	0	0	0	3,565	3,763
Total Liabilities	1,730,276	333,335	0	54,397	1,100,416	3,218,424
Deferred Inflows of Resources						
Property Taxes	1,912,858	0	667,239	0	400,344	2,980,441
Unavailable Revenue	2,110,072	5,609,374	1,030,697	1,416,007	2,240,021	12,406,171
Total Deferred Inflows of Resources	4,022,930	5,609,374	1,697,936	1,416,007	2,640,365	15,386,612
Fund Balances						
Nonspendable	206,037	5,338	0	0	176,238	387,613
Restricted	705,984	17,067,974	795,457	4,651,877	4,195,909	27,417,201
Committed	233,428	0	0	0	650,952	884,380
Assigned	763,477	0	0	0	0	763,477
Unassigned (Deficit)	3,003,372	0	0	0	(595,807)	2,407,565
Total Fund Balances	4,912,298	17,073,312	795,457	4,651,877	4,427,292	31,860,236
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$10,665,504	\$23,016,021	\$2,493,393	\$6,122,281	\$8,168,073	\$50,465,272

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Fund Balances		\$31,860,236
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		93,911,225
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Special Assessments	\$1,669,005	
Delinquent Property Taxes	765,459	
Intergovernmental	8,760,778	
Municipal Income Taxes	348,167	
Payments in Lieu of Taxes	705,843	
Loans	156,919	
Total		12,406,171
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 position.		
Net Position (Deficit)	(3,966,866)	
Capital Assets	(179,719)	
Bonds Payable	4,645,547	
Compensated Absences	70,051	
Internal Balances	539,462	
Total		1,108,475
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(220,043)
Vacation benefits payable is not due and payable with expendable available financial resources and therefore are not reported in the funds.		(12,843)
Long-term liabilities are not due and payable in the current period therefore they are not reported in the funds:		
General Obligation Bonds	(36,699,993)	
Special Assessment Bonds	(1,509,770)	
HUD Section 108 Loans	(2,506,000)	
OPWC Loans	(2,568,667)	
Notes Payable	(180,000)	
Other Loans	(5,120,034)	
Compensated Absences	(8,113,985)	
Capital Leases	(3,210,621)	
Pollution Remediation	(854,891)	
Claims and Judgments	(235,085)	
Deferred Charge on Refunding	203,955	
Total		(60,795,091)
<i>Net Position of Governmental Activities</i>		\$78,258,130

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, 2012

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$2,101,944	\$0	\$841,895	\$0	\$478,251	\$3,422,090
Payments in Lieu of Taxes	0	111,459	472,399	111,881	0	695,739
Municipal Income Taxes	16,064,347	0	0	0	2,265,974	18,330,321
Charges for Services	909,250	0	0	0	1,217,714	2,126,964
Licenses and Permits	806,094	0	0	0	276,784	1,082,878
Fines and Forfeitures	1,232,261	0	0	0	933,083	2,165,344
Intergovernmental	5,818,918	2,848,566	149,462	262,629	3,923,409	13,002,984
Franchise Fees	651,413	0	0	0	0	651,413
Special Assessments	0	0	0	0	69,882	69,882
Interest	9,873	2,693	8,582	0	1,948	23,096
Contributions and Donations	183,837	0	0	0	0	183,837
Miscellaneous	260,780	7,712	423,831	0	1,644	693,967
<i>Total Revenues</i>	<u>28,038,717</u>	<u>2,970,430</u>	<u>1,896,169</u>	<u>374,510</u>	<u>9,168,689</u>	<u>42,448,515</u>
Expenditures						
Current:						
General Government	7,441,671	0	0	0	581,056	8,022,727
Security of Persons and Property	17,762,397	0	0	0	2,600,037	20,362,434
Transportation	0	0	0	0	2,712,808	2,712,808
Public Health	215,555	0	0	0	1,979,390	2,194,945
Community Environment	353,330	0	0	0	11,943	365,273
Economic Development	566,577	2,934,077	0	0	0	3,500,654
Leisure Time Activities	451,109	0	0	0	0	451,109
Capital Outlay	0	0	0	2,320,256	862,565	3,182,821
Debt Service:						
Principal Retirement	266,440	1,330,913	2,526,295	0	537,496	4,661,144
Refunded Bonds Redeemed	0	0	5,545,000	0	0	5,545,000
Interest and Fiscal Charges	17,475	241,235	1,558,911	0	124,268	1,941,889
Bond Issuance Costs	0	0	127,148	132,252	0	259,400
<i>Total Expenditures</i>	<u>27,074,554</u>	<u>4,506,225</u>	<u>9,757,354</u>	<u>2,452,508</u>	<u>9,409,563</u>	<u>53,200,204</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>964,163</u>	<u>(1,535,795)</u>	<u>(7,861,185)</u>	<u>(2,077,998)</u>	<u>(240,874)</u>	<u>(10,751,689)</u>
Other Financing Sources (Uses)						
Capital Leases Issued	959,466	0	0	0	1,717,868	2,677,334
Bonds Issued	0	0	0	5,535,000	0	5,535,000
Refunding Bonds Issued	0	0	5,815,000	0	0	5,815,000
Loans Received	0	0	0	694,366	425,000	1,119,366
Discount on Debt Issuance	0	0	(1,776)	(20,027)	0	(21,803)
Transfers In	375,700	0	2,026,100	552,805	884,439	3,839,044
Transfers Out	(1,816,714)	(349,490)	0	0	(1,592,840)	(3,759,044)
<i>Total Other Financing Sources (Uses)</i>	<u>(481,548)</u>	<u>(349,490)</u>	<u>7,839,324</u>	<u>6,762,144</u>	<u>1,434,467</u>	<u>15,204,897</u>
<i>Net Change in Fund Balances</i>	482,615	(1,885,285)	(21,861)	4,684,146	1,193,593	4,453,208
Fund Balances (Deficit)						
<i>Beginning of Year</i>	4,429,683	18,958,597	817,318	(32,269)	3,233,699	27,407,028
<i>Fund Balances End of Year</i>	<u>\$4,912,298</u>	<u>\$17,073,312</u>	<u>\$795,457</u>	<u>\$4,651,877</u>	<u>\$4,427,292</u>	<u>\$31,860,236</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, 2012*

Net Change in Fund Balances - Total Governmental Funds \$4,453,208

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	\$3,729,946	
Current Year Depreciation	(10,723,145)	
Total		(6,993,199)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (65,957)

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

Delinquent Property Taxes	(295,079)	
Intergovernmental	(951,896)	
Municipal Income Taxes	(102,339)	
Special Assessments	(42,838)	
Payments in Lieu of Taxes	313,039	
Loans	156,919	
Total		(922,194)

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

Bonds Issued	(11,350,000)	
Bond Discount	21,803	
Loans Received	(1,119,366)	
Capital Lease Proceeds	(2,677,334)	
Total		(15,124,897)

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

Governmental Funds	10,206,144	
Internal Service Fund	241,596	
Total		10,447,740

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

Accrued Interest	(267,162)	
Amortization of Bond Premium	1,869	
Amortization of Bond Discount	(7,528)	
Amortization of Deferred Charge on Refunding	(12,773)	
Total		(285,594)

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	(923,705)	
Pollution Remediation	(8,464)	
Claims and Judgments	(235,085)	
Vacation Benefits	6,098	
Total		(1,161,156)

The internal service funds are used by management to charge the costs of equipment repair and maintenance, fuel, and health insurance to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities:

Change in Net Position	(454,516)	
Capital Assets	4,924	
Compensated Absences	(21,986)	
Principal Retirement	(241,596)	
Interest Expense	326,783	
Internal Balance	30,102	
Total		(356,289)

Change in Net Position of Governmental Activities (\$10,008,338)

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$2,278,151	\$2,278,151	\$2,101,944	(\$176,207)
Municipal Income Taxes	16,195,368	16,195,368	16,339,441	144,073
Charges for Services	1,048,100	1,069,996	909,250	(160,746)
Licenses and Permits	847,720	847,720	806,094	(41,626)
Fines and Forfeitures	1,221,000	1,221,000	1,191,900	(29,100)
Intergovernmental	5,473,129	5,806,075	5,873,009	66,934
Franchise Fees	610,000	610,000	657,901	47,901
Interest	10,250	10,250	9,908	(342)
Contributions and Donations	403,700	408,700	177,837	(230,863)
Miscellaneous	180,016	180,016	194,762	14,746
<i>Total Revenues</i>	<u>28,267,434</u>	<u>28,627,276</u>	<u>28,262,046</u>	<u>(365,230)</u>
Expenditures:				
Current:				
General Government	7,511,608	8,031,691	7,667,614	364,077
Security of Persons and Property	17,934,592	18,633,185	18,475,847	157,338
Public Health	232,076	233,076	217,071	16,005
Community Environment	436,376	394,876	360,096	34,780
Economic Development	360,000	829,799	480,270	349,529
Leisure Time Activities	364,870	447,870	413,964	33,906
Debt Service:				
Principal Retirement	276,215	276,215	266,440	9,775
Interest and Fiscal Charges	18,404	18,404	18,404	0
<i>Total Expenditures</i>	<u>27,134,141</u>	<u>28,865,116</u>	<u>27,899,706</u>	<u>965,410</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,133,293</u>	<u>(237,840)</u>	<u>362,340</u>	<u>600,180</u>
Other Financing Sources (Uses):				
Advances Out	(50,000)	(115,000)	(100,297)	14,703
Capital Leases Issued	0	919,300	919,300	0
Transfers In	0	425,000	450,700	25,700
Transfers Out	(2,252,810)	(2,242,024)	(1,915,557)	326,467
<i>Total Other Financing Sources (Uses)</i>	<u>(2,302,810)</u>	<u>(1,012,724)</u>	<u>(645,854)</u>	<u>366,870</u>
<i>Net Change in Fund Balance</i>	<u>(1,169,517)</u>	<u>(1,250,564)</u>	<u>(283,514)</u>	<u>967,050</u>
<i>Fund Balance Beginning of Year</i>	<u>1,513,739</u>	<u>1,513,739</u>	<u>1,513,739</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>177,668</u>	<u>177,668</u>	<u>177,668</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$521,890</u>	<u>\$440,843</u>	<u>\$1,407,893</u>	<u>\$967,050</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$86,377	\$96,287	\$111,459	\$15,172
Intergovernmental	11,364,165	11,338,689	4,145,725	(7,192,964)
Interest	2,522	2,522	2,789	267
Miscellaneous	77,134	81,065	7,712	(73,353)
<i>Total Revenues</i>	<u>11,530,198</u>	<u>11,518,563</u>	<u>4,267,685</u>	<u>(7,250,878)</u>
Expenditures:				
Current:				
Economic Development	12,348,527	12,076,140	4,186,916	7,889,224
Debt Service:				
Principal Retirement	2,020,972	2,020,972	1,330,913	690,059
Interest and Fiscal Charges	241,235	241,235	241,235	0
<i>Total Expenditures</i>	<u>14,610,734</u>	<u>14,338,347</u>	<u>5,759,064</u>	<u>8,579,283</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,080,536)</u>	<u>(2,819,784)</u>	<u>(1,491,379)</u>	<u>1,328,405</u>
Other Financing Sources (Uses):				
Advances In	0	0	96,221	96,221
Transfers In	0	71,317	0	(71,317)
Transfers Out	(11,846)	(349,490)	(349,490)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(11,846)</u>	<u>(278,173)</u>	<u>(253,269)</u>	<u>24,904</u>
<i>Net Change in Fund Balance</i>	<u>(3,092,382)</u>	<u>(3,097,957)</u>	<u>(1,744,648)</u>	<u>1,353,309</u>
<i>Fund Balance Beginning of Year</i>	3,342,933	3,342,933	3,342,933	0
Prior Year Encumbrances Appropriated	463,471	463,471	463,471	0
<i>Fund Balance End of Year</i>	<u><u>\$714,022</u></u>	<u><u>\$708,447</u></u>	<u><u>\$2,061,756</u></u>	<u><u>\$1,353,309</u></u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$791,915	\$7,430,507	\$8,222,422	\$189,961
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	362,219	1,515,668	1,877,887	0
With Fiscal Agents	311,357	525,518	836,875	0
Accounts Receivable	1,274,552	2,312,704	3,587,256	0
Materials and Supplies Inventory	524,262	232,827	757,089	971,199
Interfund Receivable	134	1,646	1,780	42,449
Intergovernmental Receivable	0	717,533	717,533	0
Prepaid Items	37,922	16,309	54,231	183
Loans Receivable	0	29,602	29,602	0
<i>Total Current Assets</i>	<u>3,302,361</u>	<u>12,782,314</u>	<u>16,084,675</u>	<u>1,203,792</u>
<i>Noncurrent Assets</i>				
Loans Receivable	0	268,721	268,721	0
Non-Depreciable Capital Assets	3,383,203	34,702,204	38,085,407	0
Depreciable Capital Assets, Net	24,414,022	50,312,769	74,726,791	179,719
<i>Total Noncurrent Assets</i>	<u>27,797,225</u>	<u>85,283,694</u>	<u>113,080,919</u>	<u>179,719</u>
<i>Total Assets</i>	<u>31,099,586</u>	<u>98,066,008</u>	<u>129,165,594</u>	<u>1,383,511</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	245,482	388,417	633,899	93,727
Contracts Payable	531,992	931,557	1,463,549	0
Accrued Wages and Benefits	113,896	119,549	233,445	1,748
Matured Compensated Absences Payable	1,334	26,172	27,506	23,081
Intergovernmental Payable	104,426	114,767	219,193	13,728
Retainage Payable	0	525,245	525,245	0
Accrued Interest Payable	6,669	307	6,976	0
Interfund Payable	38,949	22,646	61,595	0
Claims Payable	0	0	0	502,495
Claims and Judgments Payable	1,186	125,000	126,186	0
Capital Leases Payable	134,000	165,878	299,878	0
Compensated Absences Payable	41,866	48,567	90,433	0
Pollution Remediation Payable	0	120,000	120,000	0
Bonds Payable	733,719	25,533	759,252	257,676
OWDA Loans	670,500	2,138,794	2,809,294	0
<i>Total Current Liabilities</i>	<u>2,624,019</u>	<u>4,752,432</u>	<u>7,376,451</u>	<u>892,455</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>				
Capital Leases Payable	543,895	678,553	1,222,448	0
Compensated Absences Payable	512,390	640,638	1,153,028	70,051
Pollution Remediation Payable	0	162,243	162,243	0
Bonds Payable	1,756,820	53,903	1,810,723	4,387,871
OWDA Loans	10,232,514	36,664,942	46,897,456	0
<i>Total Long-Term Liabilities</i>	<u>13,045,619</u>	<u>38,200,279</u>	<u>51,245,898</u>	<u>4,457,922</u>
<i>Total Liabilities</i>	<u>15,669,638</u>	<u>42,952,711</u>	<u>58,622,349</u>	<u>5,350,377</u>
Net Position				
Net Investment in Capital Assets	14,051,423	45,812,888	59,864,311	109,172
Restricted For:				
Utility Reserve	362,219	1,515,668	1,877,887	0
Capital Leases	311,357	525,518	836,875	0
Unrestricted (Deficit)	704,949	7,259,223	7,964,172	(4,076,038)
<i>Total Net Position (Deficit)</i>	<u>\$15,429,948</u>	<u>\$55,113,297</u>	<u>70,543,245</u>	<u>(\$3,966,866)</u>

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

(539,462)

Net position business-type activities \$70,003,783

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012*

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues				
Charges for Services	\$8,128,920	\$14,305,591	\$22,434,511	\$6,485,711
Miscellaneous	46,182	11,432	57,614	0
<i>Total Operating Revenues</i>	<u>8,175,102</u>	<u>14,317,023</u>	<u>22,492,125</u>	<u>6,485,711</u>
Operating Expenses				
Personal Services	3,970,598	4,343,383	8,313,981	620,747
Materials and Supplies	858,126	495,348	1,353,474	1,267,373
Contractual Services	1,085,731	4,356,228	5,441,959	11,744
Claims	0	0	0	4,706,118
Basic Utilities	561,388	611,773	1,173,161	0
Other Expense	237,562	503,497	741,059	2,538
Depreciation	845,507	2,008,476	2,853,983	4,924
<i>Total Operating Expenses</i>	<u>7,558,912</u>	<u>12,318,705</u>	<u>19,877,617</u>	<u>6,613,444</u>
<i>Operating Income (Loss)</i>	<u>616,190</u>	<u>1,998,318</u>	<u>2,614,508</u>	<u>(127,733)</u>
Non-Operating Revenues (Expenses)				
Gain on Sale of Capital Assets	700	0	700	0
Loss on Disposal of Assets	(3,920)	0	(3,920)	0
Interest and Fiscal Charges	(699,171)	(1,174,489)	(1,873,660)	(326,783)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(702,391)</u>	<u>(1,174,489)</u>	<u>(1,876,880)</u>	<u>(326,783)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>(86,201)</u>	<u>823,829</u>	<u>737,628</u>	<u>(454,516)</u>
Capital Contributions	0	2,393,244	2,393,244	0
Transfers In	0	20,000	20,000	0
Transfers Out	(50,000)	(50,000)	(100,000)	0
<i>Change in Net Position</i>	<u>(136,201)</u>	<u>3,187,073</u>	<u>3,050,872</u>	<u>(454,516)</u>
<i>Net Position (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>15,566,149</u>	<u>51,926,224</u>		<u>(3,512,350)</u>
<i>Net Position (Deficit) End of Year</i>	<u>\$15,429,948</u>	<u>\$55,113,297</u>		<u>(\$3,966,866)</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 (30,102)

Change in net position business-type activities \$3,020,770

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$8,093,996	\$14,197,674	\$22,291,670	\$0
Cash Received from Transactions with Other Funds	0	0	0	6,601,320
Cash Payments for Goods and Services	(2,249,627)	(4,876,113)	(7,125,740)	(1,227,073)
Cash Payments for Employee Services and Benefits	(3,860,130)	(4,223,000)	(8,083,130)	(636,856)
Cash Payments for Claims	0	0	0	(4,575,000)
Other Operating Revenues	46,182	41,390	87,572	0
<i>Net Cash Provided by Operating Activities</i>	<u>2,030,421</u>	<u>5,139,951</u>	<u>7,170,372</u>	<u>162,391</u>
Cash Flows from Noncapital Financing Activities				
Principal Paid on Bonds	0	0	0	(220,000)
Interest Paid on Bonds	0	0	0	(322,775)
Transfers In	0	20,000	20,000	0
Transfers Out	(50,000)	(50,000)	(100,000)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(50,000)</u>	<u>(30,000)</u>	<u>(80,000)</u>	<u>(542,775)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(1,526,553)	(8,114,812)	(9,641,365)	0
Disposal of Capital Assets	1,134	2,925	4,059	0
Sale of Capital Assets	700	0	700	0
OWDA Loans Received	513,479	5,308,036	5,821,515	0
Capital Leases Issued	669,745	834,500	1,504,245	0
Principal Paid on Bonds	(698,319)	(24,317)	(722,636)	(21,596)
Interest Paid on Bonds	(112,395)	(4,514)	(116,909)	(4,008)
Principal Paid on OWDA Loans	(634,737)	(2,067,286)	(2,702,023)	0
Interest Paid on OWDA Loans	(538,542)	(1,168,425)	(1,706,967)	0
Principal Paid on Capital Leases	(4,056)	(52,181)	(56,237)	0
Interest Paid on Capital Leases	(1,054)	(3,482)	(4,536)	0
Capital Grant	0	1,841,685	1,841,685	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,330,598)</u>	<u>(3,447,871)</u>	<u>(5,778,469)</u>	<u>(25,604)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(350,177)	1,662,080	1,311,903	(405,988)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,815,668</u>	<u>7,809,613</u>	<u>9,625,281</u>	<u>595,949</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,465,491</u>	<u>\$9,471,693</u>	<u>\$10,937,184</u>	<u>\$189,961</u>

(continued)

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2012

	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 Operating Activities				
Operating Income (Loss)	\$616,190	\$1,998,318	\$2,614,508	(\$127,733)
<i>Adjustments:</i>				
Depreciation	845,507	2,008,476	2,853,983	4,924
(Increase) Decrease in Assets:				
Accounts Receivable	(39,912)	(129,183)	(169,095)	0
Interfund Receivable	198	847	1,045	115,609
Intergovernmental Receivable	0	15,629	15,629	0
Materials and Supplies Inventory	(43,161)	(14,880)	(58,041)	(21,662)
Prepaid Items	(2,176)	(9,301)	(11,477)	(13)
Loans Receivable	0	29,958	29,958	0
Increase (Decrease) in Liabilities:				
Accounts Payable	100,338	76,419	176,757	75,328
Contracts Payable	478,886	117,179	596,065	0
Accrued Wages and Benefits	28,351	26,864	55,215	(12,542)
Claims and Judgments Payable	1,186	125,000	126,186	131,118
Compensated Absences Payable	73,992	84,378	158,370	1,095
Interfund Payable	(7,677)	(6,567)	(14,244)	0
Intergovernmental Payable	8,124	9,326	17,450	(3,733)
Retainage Payable	(29,425)	525,245	495,820	0
Pollution Remediation Payable	0	282,243	282,243	0
<i>Total Adjustments</i>	1,414,231	3,141,633	4,555,864	290,124
<i>Net Cash Provided by Operating Activities</i>	\$2,030,421	\$5,139,951	\$7,170,372	\$162,391

Noncash Capital Financing Activities

Amortization of the premium on bonds in the amount of \$3,931

In 2012 the Water Fund transferred assets to the General Government resulting in a Loss on Disposal of Assets in the amount of \$3,920

In 2012 the Water Pollution Control Fund accrued \$551,559 for capital grants.

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$158,274</u>
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Liabilities

Deposits Held and Due to Others	<u>\$158,274</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 Section provides monthly monitoring of cash balances. If the City's adjusted aggregate deficit fund balance reaches 1/6 of the General Fund budget and the receipts of those deficit funds, the Auditor of State has the authority to declare the City in a state of fiscal emergency, at which time a Financial Planning and Supervision Commission to oversee the operation of the City would be required to be established.

Reporting Entity

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

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

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

The City participates in the Northeast Ohio Areawide Coordinating Agency (NOACA) and the Northeast Ohio Public Energy Council (NOPEC), both jointly governed organizations, the Lorain Port Authority, a related organization, and the Public Entity Risk Consortium (PERC), a shared risk pool. These organizations are presented in Notes 19, 20, and 21 respectively.

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Lorain have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

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

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

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

Community Development Special Revenue Fund This fund accounts for and reports State and Federal grants restricted to the establishment of revolving loan funds for businesses and individuals for economic development and neighborhood stabilization, lead hazard abatement in residential homes, acquisition and demolition of distressed and abandoned real property, administrative costs, public facilities, and the rehabilitation of real property.

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

Capital Improvements Capital Projects Fund This fund accounts for and reports financial resources from federal and state grants and loans, note proceeds and transfers from other funds restricted for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. 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

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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, waste collection fees, State fees and fines for entities outside the City and employee flexible benefits deposits.

Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

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

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from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, payments in lieu of taxes, income taxes, special assessments, loans and intergovernmental grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is the Council's authorization to spend

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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.

Pooled Cash and Cash Equivalents

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

The general fund made an advance to the police pension fund and the 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 position 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 position and balance sheet as "cash and cash equivalents with fiscal agents" represents deposits for future debt service payments on Community Development urban redevelopment loans and deposits in escrow for the purchase of capital assets through a lease/purchase agreement.

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

During 2012, investments were limited to interest bearing deposit accounts, money market funds and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share price, which is the price the investment could be sold for on December 31, 2012.

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2012 amounted to \$9,873 of which the total amount was assigned from other City funds.

Inventory Held for Resale

Inventory held for resale represents land purchased and homes purchased and repaired which will be resold under the Community Development in-fill housing and neighborhood stabilization projects.

Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, 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.

Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old or the life of the new debt whichever is shorter, using the effective method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums and Discounts

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

Restricted Assets

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

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

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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 position 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 position 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 position and in the internal service column on the statement of fund net position.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements (including water and water pollution control facilities)	50 to 75 years
Machinery and Equipment	5 to 25 years
Furniture and Fixtures	10 to 15 years
Infrastructure	30 to 60 years

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

Interfund Balances

On fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables." Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will

City of Lorain, Ohio
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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. The City's policy limits the accrual of annual vacation time to one year from the employee's anniversary date. Any unused annual vacation can either be paid to the employee in the subsequent year or placed in the employee's vacation bank, within certain limits, to be paid upon retirement. The outstanding liability for amounts to be paid to employees in the subsequent year is recorded as "vacation benefits payable" on the statement of net position rather than as long-term liability.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is 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 position restricted for other purposes include resources for health services, municipal court activities and police and fire pension payments.

City of Lorain, Ohio
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The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Activity

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. Internal 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.

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

Operating Revenues and Expenses

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

Estimates

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

Capital Grants

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

Note 3 – Change in Accounting Principles and Restatement of Prior Year’s Net Position

Change in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53”, Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62”.

City of Lorain, Ohio
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GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement resulted in the restatement of the City's beginning net position and the elimination of the loan receivable and associated deferred revenue in the general obligation bond retirement fund and the reclassification of the deferred charge on refunding.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

Restatement of Prior Year's Net Position

The implementation of GASB Statement No. 65 adjusted the net position of governmental activities for unamortized bond issuance costs at December 31, 2011, as they were previously reported, by (\$932,475) from \$89,198,943 to \$88,266,468.

The implementation of GASB Statement No. 65 adjusted the net position of internal service funds for unamortized bond issuance costs at December 31, 2011, as they were previously reported, by (\$107,798) from (\$3,404,552) to (\$3,512,350).

The implementation of GASB Statement No. 65 reclassified (\$216,728) deferred charge on refunding from long-term liabilities to deferred outflows of resources at December 31, 2011.

City of Lorain, Ohio
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Note 4 – Fund Deficits and Legal Compliance

Fund Deficits

Fund balances at December 31, 2012 included the following individual fund balance deficits:

Nonmajor Funds:	Deficit
Special Revenue Funds:	
Health Services	\$36,321
Police Pension	251,492
Fire Pension	297,863
Capital Projects Fund:	
Municipal Court Improvements	1,509
Internal Service Fund:	
Hospitalization	5,006,040

The deficit in the health services, police pension and fire pension special revenue, municipal court improvements capital projects, 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.

Note 5 – Fund Balances

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

Fund Balances	General Fund	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Material and Supplies Inventory	\$84,129	\$2,532	\$0	\$0	\$149,717	\$236,378
Prepays	70,566	2,806	0	0	26,521	99,893
Unclaimed Monies	51,342	0	0	0	0	51,342
<i>Total Nonspendable</i>	206,037	5,338	0	0	176,238	387,613
<u>Restricted for:</u>						
Loans Receivable	0	12,303,414	0	0	0	12,303,414
Road Improvements	0	0	0	4,651,877	514,243	5,166,120
Economic Development Projects	0	2,454,517	0	0	0	2,454,517
Inventory Held for Resale	0	2,039,416	0	0	0	2,039,416
Law Enforcement	0	0	0	0	1,772,878	1,772,878
Equipment Purchases	621,794	0	0	0	1,012,697	1,634,491
Debt Service Payments	0	270,627	795,457	0	0	1,066,084
Municipal Court Operations	81,632	0	0	0	735,995	817,627
Drug and Alcohol Enforcement	0	0	0	0	82,920	82,920
Community Environment Enhancement	0	0	0	0	62,193	62,193
Public Health Initiatives	0	0	0	0	14,983	14,983
Cemetery Operations	2,558	0	0	0	0	2,558
<i>Total Restricted</i>	705,984	17,067,974	795,457	4,651,877	4,195,909	27,417,201

continued

City of Lorain, Ohio
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Fund Balances	General Fund	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total
<i>Committed to:</i>						
Storm Sewer Maintenance and Repair	0	0	0	0	650,952	650,952
Economic Development Incentives	187,353	0	0	0	0	187,353
Park Operations	28,663	0	0	0	0	28,663
Jail Operations	17,412	0	0	0	0	17,412
<i>Total Committed</i>	<u>233,428</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>650,952</u>	<u>884,380</u>
<i>Assigned to:</i>						
Purchases on Order	763,477	0	0	0	0	763,477
Unassigned (Deficits)	3,003,372	0	0	0	(595,807)	2,407,565
Total Fund Balances	<u>\$4,912,298</u>	<u>\$17,073,312</u>	<u>\$795,457</u>	<u>\$4,651,877</u>	<u>\$4,427,292</u>	<u>\$31,860,236</u>

Note 6 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Unrecorded cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the economic development and park land funds are classified to the general fund for GAAP reporting.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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	\$482,615	(\$1,885,285)
Net Adjustment for Revenue Accruals	211,157	266,963
Beginning Unrecorded Cash	45,205	242
Ending Unrecorded Cash	(33,033)	(36,688)
Loan Repayments	0	1,066,738
Net Adjustment for Expenditure Accruals	61,209	588,797
Loans Issued	0	(1,012,836)
Debt Interest & Fiscal Charges	(929)	0
Advances In	0	96,221
Advances Out	(100,297)	0
Excess of Revenue Over (Under) Expenditures		
Economic Development	(86,307)	0
Parkland	14,560	0
Encumbrances	(877,694)	(828,800)
Budget Basis	(\$283,514)	(\$1,744,648)

Note 7 - Deposits and Investments

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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. Commercial paper and bankers' acceptances if training requirements have been met.

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.

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, \$11,188,955 of the City's bank balance of \$12,188,955 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Investments

Investments are reported at fair value. As of December 31, 2012, the City had the following investments:

<u>Description</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>	<u>Credit Rating</u>	<u>% of Total Investment</u>
Money Market Funds	\$2,471,366	\$2,471,366	AAAm	44.83%
STAR Ohio	3,041,034	3,041,034	AAAm	55.17%
Total Investments	<u>\$5,512,400</u>	<u>\$5,512,400</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.

Credit Risk The City's 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.

Note 8 – Receivables

Receivables at December 31, 2012, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans, 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 \$1,376,885. At December 31, 2012, the amount of delinquent special assessments was \$292,119.

The loans receivable at December 31, 2012, include revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. The loans receivable balance of \$12,303,414 on the basic financial statements is stated net of estimated uncollectible of \$961,512 with \$814,866 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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

\$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, 2012 the fund has recorded a loan receivable balance of \$156,919 as a result of this transaction, with \$13,425 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, 2012 the fund has recorded a loan receivable balance of \$298,323 as a result of these transactions, with \$29,602 collectible in one year.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City of Lorain. Property tax revenues received in 2012 for real and public utility property represent the collection of 2011 taxes.

Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, the lien date. Real property taxes which were levied in 2012 are collected in and intended to finance 2013. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2012 represent the collection of 2011 taxes. Public utility property taxes received in 2012 became a lien on December 31, 2011, were levied after October 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The full tax rate for all City of Lorain operations for the year ended December 31, 2012, was \$4.96 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

Real Property	\$733,183,430
Public Utility Personal Property	<u>58,135,160</u>
Total	<u><u>\$791,318,590</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Lorain. The County Auditor periodically remits to the City its portion of the taxes collected.

Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Income Taxes

The City levies a municipal income tax of two percent on substantially all salaries, wages, commissions and other compensation, and net profits earned within the City as well as income of residents earned outside of the City. One and three-quarter percent (1.75 percent) is levied for general purposes and one quarter percent (0.25 percent) is restricted for the police levy fund. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. 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.

The City passed legislation on July 2, 2012 permanently increasing income tax rate by .5 percent. The ordinance was forwarded to the Lorain County Board of Elections and the measure was passed by voters on November 6, 2012 and becomes effective January 1, 2013.

Payments in Lieu of Taxes

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

Intergovernmental Receivables

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

Governmental Activities	Amount
Grants	\$7,363,949
Local Government	1,213,305
Estate Tax	583,824
Gasoline Tax	575,535
Motor Vehicle Tax	310,313
Homestead and Rollback	304,316
Permissive Tax	35,375
Liquor and Beer Tax	12,698
Other Taxes	24
Total Governmental Activities	10,399,339
Business-Type Activities	
Grants	673,732
Utility Charges	43,801
Total Business-Type Activities	717,533
Total	\$11,116,872

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Note 9 - Inventory Held for Resale

Inventory held for resale represents land purchased and homes purchased and repaired to be resold under the Community Development infill housing and neighborhood stabilization projects. During 2012, the City sold eight properties. As of December 31, 2012, the City has one hundred forty-four properties remaining which are being held for resale.

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$9,513,239	\$6,000	\$0	\$9,519,239
Construction in Progress	4,785,654	2,849,353	(1,651,863)	5,983,144
<i>Total Capital Assets, Not Being Depreciated</i>	<u>14,298,893</u>	<u>2,855,353</u>	<u>(1,651,863)</u>	<u>15,502,383</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	23,629,319	145,682	0	23,775,001
Machinery and Equipment	19,264,751	1,224,256	(243,083)	20,245,924
Furniture and Fixtures	311,482	0	0	311,482
Infrastructure:				
Streets, Sidewalks, Bridges and Storm Sewers	1,015,168,560	1,156,518	0	1,016,325,078
<i>Total Capital Assets, Being Depreciated</i>	<u>1,058,374,112</u>	<u>2,526,456</u>	<u>(243,083)</u>	<u>1,060,657,485</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,912,585)	(440,397)	0	(8,352,982)
Machinery and Equipment	(9,284,999)	(925,496)	177,126	(10,033,369)
Furniture and Fixtures	(93,194)	(15,574)	0	(108,768)
Infrastructure:				
Streets, Sidewalks, Bridges and Storm Sewers	(954,411,846)	(9,341,678)	0	(963,753,524)
<i>Total Accumulated Depreciation</i>	<u>(971,702,624)</u>	<u>(10,723,145) *</u>	<u>177,126</u>	<u>(982,248,643)</u>
Total Capital Assets, Being Depreciated, Net	<u>86,671,488</u>	<u>(8,196,689)</u>	<u>(65,957)</u>	<u>78,408,842</u>
Governmental Activities Capital Assets, Net	<u>\$100,970,381</u>	<u>(\$5,341,336)</u>	<u>(\$1,717,820)</u>	<u>\$93,911,225</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
Business - Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$660,071	\$9,297	\$0	\$669,368
Construction in Progress	30,970,410	8,424,495	(1,978,866)	37,416,039
<i>Total Capital Assets, Not Being Depreciated</i>	<u>31,630,481</u>	<u>8,433,792</u>	<u>(1,978,866)</u>	<u>38,085,407</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	52,433,264	179,941	0	52,613,205
Machinery and Equipment	24,370,632	1,108,322	(162,315)	25,316,639
Infrastructure:				
Water Lines	27,924,818	1,898,176	0	29,822,994
Sewer Lines	61,052,915	0	0	61,052,915
<i>Total Capital Assets, Being Depreciated</i>	<u>165,781,629</u>	<u>3,186,439</u>	<u>(162,315)</u>	<u>168,805,753</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(28,521,250)	(947,063)	0	(29,468,313)
Machinery and Equipment	(17,925,616)	(419,124)	154,336	(18,190,404)
Infrastructure:				
Water Lines	(12,630,342)	(473,069)	0	(13,103,411)
Sewer Lines	(32,302,107)	(1,014,727)	0	(33,316,834)
<i>Total Accumulated Depreciation</i>	<u>(91,379,315)</u>	<u>(2,853,983)</u>	<u>154,336</u>	<u>(94,078,962)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,402,314</u>	<u>332,456</u>	<u>(7,979)</u>	<u>74,726,791</u>
Business - Type Activities Capital Assets, Net	<u>\$106,032,795</u>	<u>\$8,766,248</u>	<u>(\$1,986,845)</u>	<u>\$112,812,198</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$2,569,711
Security of Persons and Property	597,132
Transportation	7,224,292
Public Health	34,695
Community Environment	2,938
Economic Development	75,105
Leisure Time Activities	219,272
Total Depreciation Expense	<u>\$10,723,145</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Note 11 - Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participated in the Public Entity Risk Consortium (PERC), a shared risk pool (see Note 21) for all City real and personal property, comprehensive general liability including law enforcement liability, blanket crime coverage and public official's liability insurance. Arthur J. Gallagher & Company is the administrator. PERC is a shared risk joint self-insurance pool restricted to mid-size public entities. Lexington Insurance Company covers up to \$250,000,000 per occurrence for real and personal property subject to a \$100,000 self-insured retention with the exception of a \$5,000 retention in respect to automobile physical damage. The Underwriters at Lloyd's, London provides \$2,000,000 per occurrence limit each for General Liability, Law Enforcement Liability and Public Official's Liability. These liability policies each have a \$50,000 self-insured retention. An \$8,000,000 Excess Liability policy is provided over all liability policies by Genesis Insurance Company. The City also carries a comprehensive Boiler and Machinery policy by the Travelers Property Casualty Company of America on all City buildings with the property damage limits of \$50,000,000 subject to a \$1,000 deductible. Gallagher Bassett Services, Inc. is the claims administrator for the City. A summary of coverage and limits provided through the pool is as follows:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Property including Auto Physical Damage	\$211,368,000
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	100,000,000

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

Workers' Compensation

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

Health Insurance Benefits

The City manages the hospital/medical, and prescription drug benefits for its employees on a self-insured basis through the hospitalization self insurance internal service fund. Rates for 2012 were \$820/single and \$780/family, January through August and \$920/single and \$880/family, September through December. 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

City of Lorain, Ohio
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For The Year Ended December 31, 2012

pays the medical and prescription drug claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$125,000 per employee and an aggregate of \$5,199,743 per year. The \$125,000 specific threshold was exceeded by \$66,175. The City received an invoice credit for the excess. The aggregate was not exceeded.

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

The claims liability of \$502,495 reported in the hospitalization fund at December 31, 2012 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 2011 and 2012 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2011	\$369,502	\$4,025,386	\$4,023,511	\$371,377
2012	371,377	4,706,118	4,575,000	502,495

Note 12 – Note Debt

A summary of note transactions for the year ended December 31, 2012 follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
GOVERNMENTAL FUNDS				
2011, 3.875% Street Improvements	\$1,140,000	\$0	\$1,140,000	\$0
2012, 6.000% Street Improvements	0	250,000	250,000	0
Total Governmental Funds	\$1,140,000	\$250,000	\$1,390,000	\$0

The outstanding notes were retired with the proceeds of the Jaeger Road bond issued September 4, 2012.

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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Note 13 – 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>			
1998 Capital Purposes	3.80-5.00 %	\$3,680,000	December 1, 2018
2002 Safety/Service Action Plan	3.00-5.50	8,905,000	December 1, 2026
2003 Riverfront Urban Renewal Phase II & III	2.40-4.75	4,470,000	December 1, 2032
2003 Park and Street Improvements (G.O. Portion)	2.00-5.00	1,200,500	December 1, 2023
2005 Energy Conservation	4.35	2,499,223	December 1, 2015
2006 Lighthouse Urban Renewal Phase I	4.10-5.00	1,510,000	December 1, 2026
2007 Riverfront Urban Renewal Refunding	4.00-4.30	4,970,000	December 1, 2028
2007A Colorado Avenue	4.00-4.125	505,000	December 1, 2027
2007A US Route 6	4.00-4.125	775,000	December 1, 2022
2007B Heritage Urban Renewal	4.00-4.20	1,315,000	December 1, 2028
2008 Pellet Terminal Improvement	6.00-6.75	5,440,000	December 1, 2028
2010 Health Claims	6.50-7.00	5,000,000	December 1, 2025
2011 Street Improvements (G.O. Portion)	2.00-5.45	455,920	December 1, 2031
2011 Various Purpose Refunding (G.O. Portion)	3.00-4.75	2,074,175	December 1, 2024
2012 Jaeger Road	2.00-4.00	5,535,000	December 1, 2032
2012 Various Purpose Refunding	2.00-3.30	5,815,000	December 1, 2026
<i>Special Assessment Bonds with Government Commitment:</i>			
2003 Park and Street Improvements	2.00-5.00	574,500	December 1, 2023
2009 Street Improvement	5.00-7.25	390,000	December 1, 2029
2010 Street Improvement	4.00-5.875	245,000	December 1, 2030
2011 Street Improvement	2.00-5.45	554,080	December 1, 2031
<i>HUD Section 108 Loans:</i>			
Community Development - Series 2002-A (B-92-MC-39-0016)	4.64-7.90	100,000	August 1, 2012
Head Start - Series 2002-A (B-92-MC-39-0016-A)	4.64-7.90	1,100,000	August 1, 2012
Head Start - Series 2000-A (B-99-MC-0016)	7.50-8.00	2,375,000	August 1, 2019
Colorado Industrial Park - Series 2002-A (B-99-MC-0016)	4.40-6.00	2,000,000	August 1, 2021
Land Aquisition - Series 2004-A (B-03-MC-39-0016)	3.50-6.00	2,200,000	August 1, 2024
<i>Ohio Department of Development Urban Redevelopment Loans:</i>			
Riverbend Commerce Park	0.00-3.00	2,300,000	August 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
1997 Local Roadway Rehab (#CI04A)	0.00	18,040	January 1, 2014
Oak Point Road Improvements (#CI002)	0.00	405,776	January 1, 2021
Longbrook Bridge Replacement (#CI01D)	0.00	250,000	July 1, 2021
California Avenue (#CI31D)	0.00	483,645	January 1, 2022
Jaeger Road (#CI40E)	0.00	259,191	January 1, 2013
2002 Local Roadway Rehab (#CI22F)	0.00	236,844	July 1, 2014
Fulmer/Meister Road Improvements (#CI48G)	0.00	412,449	January 1, 2015

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Ohio Public Works Commission Loans (Continued):</i>			
2003 Local Roadway Rehab (#CI22G)	0.00 %	\$102,000	January 1, 2015
2004 Local Roadway Rehab (#CI33H)	0.00	123,575	January 1, 2016
E. 36th Street Rehab Phase I (#CI29I)	0.00	463,749	January 1, 2017
2005 Local Roadway Rehab (#CI19I)	0.00	144,591	January 1, 2018
E. 36th Street Rehab Phase II (#CI44J)	0.00	242,147	July 1, 2018
2006 Local Roadway Rehab (#CI09J)	0.00	225,000	January 1, 2019
2007 Local Roadway Rehab (#CI13K)	0.00	133,224	January 1, 2019
2008 Local Roadway Rehab (#CI33L)	0.00	447,645	January 1, 2020
2009 Local Roadway Rehab (#CI48M)	0.00	70,314	January 1, 2020
2008 Local Roadway Rehab (#CI11L)	0.00	130,376	January 1, 2021
2010 Local Roadway Rehab (#CI32N)	0.00	577,480	January 1, 2026
2011 Local Roadway Rehab (#CI17N)	0.00	60,329	January 1, 2022
<i>Ohio Department of Transportation State Infrastructure Bank Loans:</i>			
E. 36th Street Rehab Phase II (#SB060011)	3.00	449,506	October 25, 2014
2007 Local Roadway Rehab (#SB080001)	3.00	311,060	October 25, 2017
North Ridge Road Project(#SB090002)	3.00	74,815	January 30, 2019
Local Roadway Rehab and State Route 58 (#SB090007)	3.00	1,200,395	August 26, 2019
Oberlin Avenue Phase I (#SB110003)	3.00	189,183	January 12, 2021
<i>Installment Loans:</i>			
Fire Station Improvements	4.20	50,000	November 30, 2014
Lorain County Engineer - Tower Boulevard	0.00	503,332	April 30, 2019
Fire Department Vehicle	0.00	9,697	November 14, 2012
Lorain County Engineer - Cooper Foster Park Road	0.00	272,801	September 15, 2020
Lorain County Engineer - Oberlin Avenue Phase I	0.00	220,000	October 13, 2021
Lorain County Engineer - Oberlin Avenue Phase II	0.00	200,000	April 1, 2022
Court Case Management System	3.44	425,000	June 1, 2017
<i>Long Term Note:</i>			
Operating Note	7.00	300,000	July 7, 2015
<i>Enterprise General Obligation Bonds:</i>			
Energy Conservation Bond-Water	4.35	73,816	December 1, 2015
Energy Conservation Bond-Sewer	4.35	226,961	December 1, 2015
2011 Various Purpose Refunding (Water Fund Portion)	3.00-4.75	3,140,825	December 1, 2016

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Ohio Water Development Authority Loans:</i>			
2000 East Erie Waterlines (#2037)	5.50 %	\$2,211,916	January 1, 2020
2000 E. 28th St./Pearl Ave. Relief Sewer, Pump Station (#2321)	2.91	1,137,701	July 1, 2020
2001 Colorado Ave./Root Rd. Waterline Replacement (#3188)	6.12	449,287	January 1, 2021
2001 Colorado/Root/E. Erie Waterline Replacement (#3253)	4.38	2,712,348	January 1, 2021
2001 Westside Waterline Replacement (#3284)	4.64	2,425,073	July 1, 2021
2001 Tacoma Avenue Relief Sewer (#2322)	2.81	4,860,364	January 1, 2021
2001 Idaho Avenue SSO Elimination (#3268)	3.66	9,744,494	July 1, 2021
2003 4W Waterline Replacement (Various locations) (#3814)	4.90	3,585,574	July 1, 2034
2004 Kay Drive Retention Basin (#4150)	3.81	2,295,633	January 1, 2023
2004 Amherst Township Relief Sewer (#4151)	3.81	898,208	January 1, 2022
2004 Pearl Road & Tacoma Pump Station (#4156)	3.81	1,282,116	July 1, 2023
2006 East Central Relief Sewer (#4548)	4.59	3,400,652	July 1, 2025
2006 Westside Relief Sewer (#4586)	3.24	21,855,197	July 1, 2028
2007 Brownell Avenue Waterline (#4775)	4.47	770,575	January 1, 2028
2010 Pearl Avenue Water Mains (#5628)	3.84	1,700,936	January 1, 2031
2011 28th Street Waterline (#5863)	4.45	1,749,427	January 1, 2030
2012 Black River Tunnel Phase I (#6166)	2.48	7,470,568	January 1, 2018

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Changes in bonds and other long-term obligations of the City during 2012 were as follows:

	Principal Outstanding 12/31/11	Additions	Deletions	Principal Outstanding 12/31/12	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Capital Purposes	\$265,000	\$0	\$105,000	\$160,000	\$110,000
Safety/Service Action Plan	5,945,000	0	5,945,000	0	0
Riverfront Urban Renewal Phase II & III	4,105,000	0	130,000	3,975,000	135,000
Unamortized Premium	15,588	0	1,245	14,343	0
Park and Street Improvements	828,514	0	54,107	774,407	54,107
Energy Conservation	1,142,503	0	267,774	874,729	281,163
Lighthouse Urban Renewal Phase I	1,510,000	0	75,000	1,435,000	75,000
2007 Riverfront Urban Renewal Refunding	4,560,000	0	190,000	4,370,000	200,000
Unamortized Discount	(36,581)	0	(2,236)	(34,345)	0
2007A Colorado Avenue	430,000	0	20,000	410,000	20,000
2007A US Route 6	615,000	0	45,000	570,000	45,000
2007B Heritage Urban Renewal	1,215,000	0	50,000	1,165,000	55,000
Unamortized Discount	(4,484)	0	(268)	(4,216)	0
2008 Pellet Terminal Improvement	5,030,000	0	175,000	4,855,000	185,000
Unamortized Discount	(61,430)	0	(3,674)	(57,756)	0
2010 Health Claims	4,795,000	0	220,000	4,575,000	235,000
2011 Street Improvements	455,920	0	9,028	446,892	15,799
Unamortized Discount	(4,833)	0	(247)	(4,586)	0
2011 Various Purpose Refunding	2,074,175	0	224,590	1,849,585	259,585
Unamortized Discount	(2,848)	0	(226)	(2,622)	0
2012 Jaeger Road	0	5,535,000	0	5,535,000	215,000
Unamortized Discount	0	(20,027)	(324)	(19,703)	0
2012 Various Purpose Refunding	0	5,815,000	0	5,815,000	500,000
Unamortized Discount	0	(1,776)	(41)	(1,735)	0
<i>Total General Obligation Bonds</i>	<u>32,876,524</u>	<u>11,328,197</u>	<u>7,504,728</u>	<u>36,699,993</u>	<u>2,385,654</u>
<i>Special Assessment Bonds with Government Commitment:</i>					
Park and Street Improvements	396,486	0	25,893	370,593	25,893
Street Improvement	375,000	0	10,000	365,000	15,000
Unamortized Premium	11,059	0	624	10,435	0
Street Improvement	240,000	0	10,000	230,000	10,000
Unamortized Discount	(4,005)	0	(212)	(3,793)	0
Street Improvement	554,080	0	10,972	543,108	19,201
Unamortized Discount	(5,873)	0	(300)	(5,573)	0
<i>Total Special Assessment Bonds</i>	<u>1,566,747</u>	<u>0</u>	<u>56,977</u>	<u>1,509,770</u>	<u>70,094</u>
<i>HUD Section 108 Loans:</i>					
Community Development	875,000	0	789,000	86,000	86,000
Head Start	10,000	0	10,000	0	0
Head Start	110,000	0	110,000	0	0
Colorado Industrial Park	1,000,000	0	125,000	875,000	125,000
Land Acquisition	1,640,000	0	95,000	1,545,000	95,000
<i>Total HUD Section 108 Loans</i>	<u>3,635,000</u>	<u>0</u>	<u>1,129,000</u>	<u>2,506,000</u>	<u>306,000</u>
<i>Other Obligations:</i>					
ODOD Urban Redevelopment Loans	2,247,401	0	201,913	2,045,488	208,039
OPWC Loans	2,501,327	414,603	347,263	2,568,667	372,568
ODOT State Infrastructure Bank Loans	1,898,248	79,763	270,337	1,707,674	289,057
Installment Loans	869,896	625,000	128,024	1,366,872	212,348
Capital Leases	1,277,126	2,677,334	743,839	3,210,621	854,453
Long Term Note	240,000	0	60,000	180,000	60,000
Pollution Remediation	846,427	8,464	0	854,891	0
Claims and Judgments	0	235,085	0	235,085	117,417
Compensated Absences	7,190,280	1,110,262	186,557	8,113,985	1,227,381
<i>Total Governmental Activities</i>	<u>\$55,148,976</u> *	<u>\$16,478,708</u>	<u>\$10,628,638</u>	<u>\$60,999,046</u>	<u>\$6,103,011</u>

* = Restated. See Note 3

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

	Principal Outstanding 12/31/11	Additions	Deletions	Principal Outstanding 12/31/12	Due Within One Year
Business-Type Activities					
<i>General Obligation Bonds:</i>					
Energy Conservation - Water	\$33,744	\$0	\$7,909	\$25,835	\$8,304
Energy Conservation - Sewer	103,753	0	24,317	79,436	25,533
Various Purpose Refunding - Water	3,140,825	0	690,410	2,450,415	725,415
Unamortized Premium	18,220	0	3,931	14,289	0
<i>Total General Obligation Bonds</i>	<u>3,296,542</u>	<u>0</u>	<u>726,567</u>	<u>2,569,975</u>	<u>759,252</u>
<i>Ohio Water Development</i>					
<i>Authority Loans:</i>					
East Erie Waterlines	1,172,475	0	120,605	1,051,870	127,239
E. 28th St./Pearl Ave. Relief Sewer	564,453	0	59,441	505,012	61,183
Colorado Ave./Root Rd. Waterline	268,668	0	23,165	245,503	24,606
Colorado/Root/E. Erie Waterline	1,511,104	0	140,304	1,370,800	146,517
Westside Waterline Replacement	1,426,538	0	122,623	1,303,915	128,378
Tacoma Avenue Relief Sewer	2,523,792	0	250,155	2,273,637	257,234
Idaho Avenue SSO Elimination	5,505,722	0	494,339	5,011,383	512,597
4W Waterline Replacement	3,106,011	0	78,126	3,027,885	82,001
Kay Drive Retention Basin	1,527,048	0	119,914	1,407,134	124,526
Amherst Township Relief Sewer	582,847	0	49,202	533,645	51,095
Pearl Road & Tacoma Pump Station	885,610	0	65,687	819,923	68,213
East Central Relief Sewer	2,879,517	0	130,984	2,748,533	137,065
Westside Relief Sewer	18,931,465	0	897,564	18,033,901	926,881
Brownell Avenue Waterline	665,678	0	29,252	636,426	30,575
Pearl Avenue Water Main	1,637,186	664	54,865	1,582,985	62,427
28th Street Waterline	1,236,612	512,815	65,797	1,683,630	68,757
Black River Tunnel Phase I	2,162,532	5,308,036	0	7,470,568	0
<i>Total Ohio Water Development</i>					
<i>Authority Loans</i>	<u>46,587,258</u>	<u>5,821,515</u>	<u>2,702,023</u>	<u>49,706,750</u>	<u>2,809,294</u>
<i>Other Obligations:</i>					
Capital Leases	74,318	1,504,245	56,237	1,522,326	299,878
Pollution Remediation	0	360,000	77,757	282,243	120,000
Compensated Absences	1,111,608	151,293	19,440	1,243,461	90,433
<i>Total Business-Type Activities</i>	<u>\$51,069,726</u>	<u>\$7,837,053</u>	<u>\$3,582,024</u>	<u>\$55,324,755</u>	<u>\$4,078,857</u>

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

In 2007, the City defeased a 2000 riverfront urban renewal general obligation bond in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2012, \$3,680,000 of the defeased bonds is still outstanding.

City of Lorain, Ohio
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For The Year Ended December 31, 2012

In 2012, the City issued general obligation bonds, in the amount of \$5,815,000, to currently refund bonds previously issued in fiscal year 2002 for the safety/service action plan. The current refunding was undertaken to take advantage of lower interest rates. The bonds were issued with interest rates varying from 2 percent to 3.3 percent and were issued for a fourteen year period with final maturity on December 1, 2026. The bonds will be retired through the general obligation bond retirement debt service fund.

	2002 Safety/Service Action Plan
Outstanding at	
December 31, 2011	\$5,945,000
Amount Refunded	(5,545,000)
Principal Payment on	
Non-Refunded Portion	(400,000)
Outstanding at	
December 31, 2012	\$0

The bonds were sold at a discount of \$1,776. The proceeds of the refunding bond were deposited in an irrevocable trust with an escrow agent to provide for the optional redemption on December 1, 2012 of \$5,545,000 of the outstanding 2002 safety/service action plan bonds so as to discharge and satisfy the obligations of the City.

The City decreased its aggregated debt service payments by \$647,180 over the next fourteen years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$644,901.

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 \$760,566 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 12 percent of the available gas tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$415,089, payable through 2017. Principal and interest payments for the current year were \$141,509 and total gas tax revenues were \$1,173,588.

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

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

The long term note will be paid from the general obligation bond retirement debt service 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

The cost of the remediation estimated by the consultants is \$854,891 as of 2012 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.

In May 2012 a small amount of steel processing byproduct leachate was found to be flowing into the Black River from an abandoned containment tank and collection system on property owned and controlled by the City. City officials and consultants examined the flow, in cooperation with US Environmental Protection Agency and United States Coast Guard (USCG) personnel. The USCG mandated that actions be taken to abate any flows into the river and demanded the establishment of an ongoing containment plan. In response the City hired an environmental remediation firm to assess and abate the flow of leachate.

The cost of the remediation estimated by the firm is \$360,000 as of 2012 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.

In 2012 the US Department of Justice (DOJ) on behalf of the US Housing and Urban Development Agency (HUD) determined the City to be in violation of certain regulations regarding competitive bidding for procurement of goods and services purchased with HUD funds, specifically, to obtain price or rate quotations from an adequate number of sources for eleven demolition contracts from April 2005 to March 2008. As a result of this determination the City agreed to a settlement agreement with the DOJ for a judgment in the amount of \$235,085 payable in installments over a period of three years. The judgment will be paid from the community development special revenue fund.

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

The general obligation bonds for water improvements, OWDA water facility loans, and the capital lease for copiers/scanners and equipment will be paid from water user charges. The general obligation bonds for sewer improvements, OWDA sewer facility loans, the capital lease for copiers/scanners and equipment, and the Black River pollution remediation will be paid from sewer user charges.

The City has pledged future revenues to repay OWDA loans in the Water Works fund. The debt is payable solely from net revenues and is payable through 2034. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 81 percent of net revenues and less than 14 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$15,529,193. Principal and interest payments for the current year were \$1,173,279, net revenues were \$1,461,697, and total revenues were \$8,175,102.

The City has pledged future revenues to repay OWDA loans in the Water Pollution Control fund. The debt is payable solely from net revenues and is payable through 2028. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 81 percent of net revenues and less than 23 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$51,685,335. Principal and interest payments for the current year were \$3,235,711, net revenues were \$4,006,794, and total revenues were \$14,317,023.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

The City's overall legal debt margin was \$55,332,029 at December 31, 2012. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012 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
2013	\$2,385,654	\$1,614,296	\$70,094	\$80,210	\$306,000	\$114,215	\$208,039	\$63,959
2014	2,343,376	1,530,530	71,712	77,511	225,000	103,164	214,350	57,121
2015	2,432,404	1,443,285	76,073	74,520	230,000	95,725	220,854	50,076
2016	2,037,308	1,351,835	77,692	71,326	235,000	97,346	227,554	42,817
2017	2,110,690	1,274,635	79,310	67,912	240,000	77,994	234,458	35,338
2018-2022	10,838,698	5,044,141	451,303	277,925	935,000	237,736	940,233	61,950
2023-2027	10,561,575	2,350,993	403,425	154,006	335,000	30,284	0	0
2028-2032	4,100,908	465,624	279,092	36,430	0	0	0	0
Total	\$36,810,613	\$15,075,339	\$1,508,701	\$839,840	\$2,506,000	\$756,464	\$2,045,488	\$311,261

Years	OPWC	ODOT		Installment Loans		Operating Note		Total	
	Loans	State Infrastructure Bank Loans	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$372,568	\$289,057	\$46,319	\$212,348	\$13,181	\$60,000	\$12,740	\$3,903,760	\$1,944,920
2014	381,218	308,502	40,262	212,677	9,888	60,000	8,493	3,816,835	1,826,969
2015	331,210	219,611	31,669	204,613	6,668	60,000	4,247	3,774,765	1,706,190
2016	299,309	226,249	25,031	204,613	3,716	0	0	3,307,725	1,592,071
2017	269,943	233,088	18,192	162,114	739	0	0	3,329,603	1,474,810
2018-2022	758,943	431,167	18,213	370,507	0	0	0	14,725,851	5,639,965
2023-2027	155,476	0	0	0	0	0	0	11,455,476	2,535,283
2028-2032	0	0	0	0	0	0	0	4,380,000	502,054
Total	\$2,568,667	\$1,707,674	\$179,686	\$1,366,872	\$34,192	\$180,000	\$25,480	\$48,694,015	\$17,222,262

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Business-Type Activities:

Years	GO Bonds		OWDA Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$759,252	\$84,153	\$2,740,537	\$1,522,619	\$3,499,789	\$1,606,772
2014	594,911	55,595	2,843,471	1,419,685	3,438,382	1,475,280
2015	611,523	37,276	2,950,416	1,312,739	3,561,939	1,350,015
2016	590,000	18,438	3,061,535	1,201,620	3,651,535	1,220,058
2017	0	0	3,176,997	1,086,158	3,176,997	1,086,158
2018-2022	0	0	14,346,263	3,620,954	14,346,263	3,620,954
2023-2027	0	0	9,370,702	1,436,463	9,370,702	1,436,463
2028-2032	0	0	1,734,763	246,578	1,734,763	246,578
2033-2034	0	0	327,868	16,195	327,868	16,195
Total	\$2,555,686	\$195,462	\$40,552,552	\$11,863,011	\$43,108,238	\$12,058,473

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

Enterprise Funds	December 31, 2012	
	Principal Outstanding	Amount Financed
<i>Water Works:</i>		
28th Street Waterline	\$1,683,630	\$2,064,032
<i>Water Pollution Control:</i>		
Black River Tunnel Phase I	7,470,568	65,904,147
Total Loans not Finalized	\$9,154,198	\$67,968,179

Note 14 - Capital Leases

During 2012, the City entered into leases for the acquisition of mowers for the parks department, dump trucks with snow plows, a road grader, roller, forklift and pickup trucks for the streets department, a pumper, command vehicle, fleet cars, and a pickup truck with snow plow for the fire department, an aerial tower truck and a platform truck for the electrical department, portable radios, laptops, and mobile car cameras for the police department, street sweepers for the general sewer, pickup trucks, utility vans and vehicles, dump trucks, backhoe, and a copier/printer for the water department, and pickup trucks, a dump truck, utility vehicles, a vactor sewer cleaning truck, and an excavator for the water pollution control department. In prior years, the City entered into leases for the acquisition of police cruisers, 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, and a sewer cleaner. The City's lease obligations meet the criteria of a capital lease. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

City of Lorain, Ohio
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For The Year Ended December 31, 2012

As part of the agreement for the lease of the parks, streets, fire, electrical, police, general sewer, water and water pollution control equipment, Huntington National Bank, the lessor, deposited \$4,171,460 in an escrow account in 2012 so that the City could obtain the equipment from various vendors. \$1,700,094 was paid to the vendors in 2012 and the balance of \$2,471,366 will be paid to the vendors in 2013 at the direction of the City upon receipt of the equipment. At year-end, capital assets that have been received have been recorded for this capital lease.

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

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
<i>Capital Assets, Being Depreciated:</i>		
Machinery and Equipment	\$5,465,135	\$1,026,840
Less Accumulated Depreciation:		
Machinery and Equipment	(1,603,407)	(167,325)
<i>Capital Assets, Net</i>	<i>\$3,861,728</i>	<i>\$859,515</i>

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, 2012:

Year Ending December 31,	Governmental Activities	Business-type Activities
2013	\$922,330	\$325,191
2014	760,040	324,321
2015	561,353	313,586
2016	557,006	312,754
2017	557,006	312,754
Total Minimum Lease Payments	3,357,735	1,588,606
Less: Amount Representing Interest	(147,114)	(66,280)
Present Value of Minimum Lease Payments	<i>\$3,210,621</i>	<i>\$1,522,326</i>

Note 15 - 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 banked vacation time that can be accrued is the total that can be earned in three years. Earned banked 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 16 - Defined Benefit Pension Plans

Ohio Public Employee Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtm1>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. 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, 2012, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. 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, 2012, 2011, and 2010 were \$1,399,617, \$1,449,613, and \$1,221,743, respectively. For 2012, 87.86 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$26,712 made by the City and \$19,080 made by plan members.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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 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's for police and firefighters pension were \$769,719 and \$836,361 for the year ended December 31, 2012, \$781,322 and \$866,671 for the year ended December 31, 2011, and \$728,679 and \$800,715 for the year ended December 31, 2010, respectively. For 2012, 73.43 percent for police and 72.37 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 17 - Post Employment Benefits

Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013. The portion of employer contributions allocated to healthcare was lowered to 1.0 percent for both plans, as recommended by the OPERS Actuary.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$559,687, \$579,805, and \$708,050, respectively. For 2012, 87.86 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the Health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of the 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, 19.5 percent and 24.0 percent of covered payroll for police and fire employees, 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 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, 2012, 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 insure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401 (h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amount 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 \$407,401 and \$327,353 for the year ended December 31, 2012, \$413,543 and \$339,216 for the year ended December 31, 2011, and \$385,679 and \$313,401 for the year ended December 31, 2010, respectively. For 2012, 73.43 percent has been contributed for police and 72.37 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 18 – Significant Commitments

Contractual Commitments

As of December 31, 2012, the open construction contracts for the water department and the water pollution control department were \$2,643,639 and \$53,611,712 respectively.

The water department open construction contracts include \$998,507 with Jones and Henry for engineering services and construction oversight of the Washington and Reid Avenues waterline, \$592,550 with Engineering Associates for engineering services and construction oversight of the Eagle Avenue and 28th Street waterline project, and \$548,143 with CT Consultants for engineering services and construction oversight of the Oberlin Avenue water main and State Route 611 waterline. The water department also has an open contract in the amount of \$77,465 with Malcolm-Pirnie for the preliminary design of a Westside water tower.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

In conjunction with the Ohio Water Development Authority, the water pollution control department has open construction contracts with Walsh/Super Excavator, JV and Malcolm-Pirnie for engineering and construction oversight of the Black River storage and conveyance tunnel project in the amount of \$48,107,919 and \$3,624,191 respectively. In conjunction with the National Oceanic and Atmospheric Association (NOAA) the water pollution control department has open construction contracts with Mark Haynes Construction for the Black River Restoration project in the amount of \$932,578 and Malcolm-Pirnie in the amount of \$104,452 for engineering and construction oversight on the project.

The City also had an open construction contract with Terminal Ready Mix for the second phase of rehabilitation of Oberlin Avenue and the repair and replacement of local roadways in the amount of \$447,449. In addition the City had an open construction contract with Smith Paving and Excavating, Inc. for the repair and replacement of local roadways, the Park Drive special assessment project, and phase I of the Oberlin Avenue project in the amount of \$184,376, and \$147,416 with KS Associates for engineering services for the Jaeger Road project.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<i>Governmental Funds:</i>		<i>Business-Type Funds:</i>	
General Fund	\$877,694	Water	\$673,411
Community Development	828,800	Water Pollution Control	<u>2,373,545</u>
Capital Improvements	405,627	Total Business-Type	<u>\$3,046,956</u>
Nonmajor Funds	<u>1,687,264</u>		
Total Governmental	<u>\$3,799,385</u>		

Note 19 – 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 2012, 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

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 2012. 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 20 - 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 21 – Shared Risk Pool

Public Entity Risk Consortium (PERC)

The City participates in PERC, a shared risk joint self-insurance pool restricted to mid-size public entities including pools. PERC was formed as an Ohio not-for-profit corporation as authorized by Ohio Revised Code Section 2744.081 and operates a property, crime, and liability insurance program. The Public Entity Risk Consortium (PERC) is a shared risk pool comprised of Tuscarawas County, Wayne County, the City of Lorain and the member participants of four pools: the Buckeye Ohio Risk Management Association, Inc. (BORMA); the Midwest Pool Risk Management Agency, Inc. (MPRMA); the Ohio Housing Authority Property and Casualty, Inc. (OHAPCI); and the State Housing Authority Risk Pool Association, Inc. (SHARP). Each member appoints one person to represent the City on the Board of Trustees. The Board of Directors consists of five trustees as determined by Board of Trustee vote. The Board of Directors governs and administers PERC. Each member's control over the budgeting and financing of PERC is limited to its voting authority and any representation it may have on the Board of Directors. Participation in PERC is by written application subject to approval of the Board of Directors and the payment of premiums. Members are required to remain members of PERC until the end of the PERC fiscal year (November 30). Any member may withdraw from PERC at the end of the PERC fiscal year upon providing at least three months prior written notice. After withdrawal, the former member continues to be fully obligated for its portion of any claim against the assets of the joint self-insurance pool that was created during the term of its membership. In addition, any distribution of surplus PERC funds allocable to the withdrawing member are forfeited by the withdrawing member and is distributed to the then remaining members in proportion to their interest in the surplus funds or other equitable manner as determined by the Board of Directors. In 2012, the City made payments in the amount of \$529,065 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Note 22 - Interfund Transfers and Balances

Transfers

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

A transfer was made from the community development fund to the general fund for the purpose of paying a portion of the agreed upon relief from the obligations of the City's guarantee on an urban redevelopment loan and from the municipal court security fund to the general fund to transfer excess fees collected to the general fund per court order.

Transfers are also made to cover the various debt obligations of the City from the general fund, and the streets, health services, municipal court operating, community development, police levy, police pension, and fire pension special revenue funds to the general obligation bond retirement fund.

The permissive license fund transferred monies to the capital improvements fund to cover the costs associated with the Oberlin Avenue road project.

The general sewer fund transferred monies to the streets fund, the capital improvements fund, and the water pollution control enterprise funds to cover the City's portion of capital project costs.

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

Transfers made during the year ended December 31, 2012 were as follows:

	Transfer From					
	Governmental Funds			Enterprise Funds		
	General	Community Development	Other Governmental Funds	Water Works	Water Pollution Control	Totals
Transfer To						
Governmental Funds						
General	\$0	\$250,000	\$25,700	\$50,000	\$50,000	\$375,700
General Obligation Bond Retirement	1,314,847	99,490	611,763	0	0	2,026,100
Capital Improvements	0	0	552,805	0	0	552,805
Other Governmental Funds	501,867	0	382,572	0	0	884,439
Total Governmental Activities	1,816,714	349,490	1,572,840	50,000	50,000	3,839,044
Enterprise Fund						
Water Pollution Control	0	0	20,000	0	0	20,000
Total	\$1,816,714	\$349,490	\$1,592,840	\$50,000	\$50,000	\$3,859,044

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Balances

The interfund balances as of December 31, 2012 represent eliminating negative cash, unallocated municipal court fines, utility and petroleum costs.

Interfund Payable	Interfund Receivable					Totals
	Governmental Funds	Enterprise Funds		Internal Service		
	General	Other Governmental Funds	Water Works	Water Pollution Control		
Governmental Activities						
General	\$0	\$47,384	\$0	\$1,412	\$4,919	\$53,715
Community Development	96,221	46	134	234	370	97,005
Other Governmental Funds	553,431	0	0	0	6,576	560,007
<i>Total Governmental Activities</i>	649,652	47,430	134	1,646	11,865	710,727
Business-Type Activities						
Water Works	20,203	0	0	0	18,746	38,949
Water Pollution Control	10,808	0	0	0	11,838	22,646
<i>Total Business-Type Activities</i>	31,011	0	0	0	30,584	61,595
<i>Total</i>	\$680,663	\$47,430	\$134	\$1,646	\$42,449	\$772,322

Note 23 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the City at December 31, 2012.

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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2012

Note 24 - Subsequent Events

In 2013 the City has undertaken numerous capital projects including waterlines, road construction, the acquisition of certain interests in real property, and the purchase of equipment.

On February 8, 2013 the City signed three Ohio Department of Transportation State Infrastructure Bank loan agreements for twelve local roadway improvement projects, the Washington Avenue and Reid Avenue improvement project, and the State Route 611 resurfacing project for \$446,489, \$1,430,476, and \$848,963 respectively. The loans are payable over a term of ten years with payments to be made semi-annually beginning in 2015 at an interest rate of 3.00 percent.

On February 28, 2013 the City signed a loan agreement with the Ohio Water Development Authority for the replacement of the Oberlin Avenue waterline for \$4,681,044. The loan is payable over a term of twenty years with payments to be made semi-annually beginning in 2014 at an interest rate of 3.09 percent.

On March 28, 2013 the City signed two loan agreements with the Ohio Water Development Authority. The first is for the State Route 611 waterline replacement project in the amount of \$4,696,736. This loan is payable over a term of twenty years with payments to be made semi-annually beginning in 2014 at an interest rate of 3.15 percent. The second is for the Euclid Avenue waterline replacement project design in the amount of \$222,984. This loan is payable over a term of five years with payments to be made semi-annually beginning in 2014 at an interest rate of 3.65 percent.

On April 10, 2013 the City issued an \$11,990,000 general obligation bond. \$6,885,000 of the bond is for the purpose of acquiring certain interests in real property, including but not limited to easement rights, from the FirstEnergy Corporation and \$5,105,000 of the bond is for various roadway improvements throughout the City.

On May 30, 2013 the City signed a loan agreement with the Ohio Water Development Authority for the replacement of the Washington Avenue and Reid Avenue waterlines for \$8,075,697. The loan is payable over a term of twenty years with payments to be made semi-annually beginning in 2015 at an interest rate of 3.44 percent.

On June 14, 2013 the City signed an Ohio Department of Transportation State Infrastructure Bank loan agreement for five local roadway improvement projects for \$2,458,000. The loan is payable over a term of fifteen years with payments to be made semi-annually beginning in 2015 at an interest rate of 3.00 percent.

On July 26, 2013 the City entered into a capital lease in the amount of \$3,986,963 with Fifth Third Bank for the purchase of computer hardware and software to upgrade the City's aging computer systems and for the purchase of equipment for the water, water pollution control, streets, general sewer, parks, and cemetery departments of the City. The capital lease is payable over a term of five years with payments to be made monthly at an interest rate of 1.73 percent.

**Combining and Individual Fund Statements
and Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Streets Fund

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

Permissive License Fund

This fund accounts for and reports revenues levied by the City restricted for street maintenance within the City.

Health Services Fund

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

Litter Control Fund

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

Police Levy Fund

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

Mandatory Drug Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Indigent Drivers Fund

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

Park Land Fund

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Cemetery Fund

This fund accounts for and reports the portion of burial permit fees that are restricted for the maintenance of the cemetery. This fund is included with the general fund for GAAP reporting due to the fund being inactive for several years.

Law Enforcement Fund

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

Municipal Court Computer Fund

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

Legal Research Fund

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

Municipal Court Security Fund

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

Municipal Court Probation Fund

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

Economic Development Fund

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

Substance Abuse Mental Health Services Administration (SAMHSA) Grant Fund

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

Municipal Court Operating Fund

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

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Fund

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

Special Assessment Bond Retirement Fund

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

Nonmajor Capital Projects Funds

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

General Sewer Fund

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

Municipal Court Improvements Fund

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



City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,965,819	\$0	\$573,794	\$3,539,613
Cash and Cash Equivalents With Fiscal Agents	1,012,697	0	0	1,012,697
Accounts Receivable	0	0	126,502	126,502
Materials and Supplies Inventory	149,717	0	0	149,717
Interfund Receivable	43,984	0	3,446	47,430
Intergovernmental Receivable	1,057,451	0	0	1,057,451
Prepaid Items	26,521	0	0	26,521
Municipal Income Taxes Receivable	294,235	0	0	294,235
Property Taxes Receivable	503,164	0	0	503,164
Special Assessment Receivable	0	1,410,743	0	1,410,743
<i>Total Assets</i>	<u>\$6,053,588</u>	<u>\$1,410,743</u>	<u>\$703,742</u>	<u>\$8,168,073</u>
Liabilities				
Accounts Payable	\$237,335	\$0	\$1,730	\$239,065
Contracts Payable	0	0	41,886	41,886
Accrued Wages and Benefits	102,454	0	2,388	104,842
Matured Compensated Absences Payable	34,370	0	0	34,370
Intergovernmental Payable	112,376	0	4,305	116,681
Interfund Payable	556,017	0	3,990	560,007
Accrued Interest Payable	3,565	0	0	3,565
<i>Total Liabilities</i>	<u>1,046,117</u>	<u>0</u>	<u>54,299</u>	<u>1,100,416</u>
Deferred Inflows of Resources				
Property Taxes	400,344	0	0	400,344
Unavailable Revenue	829,278	1,410,743	0	2,240,021
<i>Total Deferred Inflows of Resources</i>	<u>1,229,622</u>	<u>1,410,743</u>	<u>0</u>	<u>2,640,365</u>
Fund Balances				
Nonspendable	176,238	0	0	176,238
Restricted	4,195,909	0	0	4,195,909
Committed	0	0	650,952	650,952
Unassigned (Deficit)	(594,298)	0	(1,509)	(595,807)
<i>Total Fund Balances</i>	<u>3,777,849</u>	<u>0</u>	<u>649,443</u>	<u>4,427,292</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,053,588</u>	<u>\$1,410,743</u>	<u>\$703,742</u>	<u>\$8,168,073</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$478,251	\$0	\$0	\$478,251
Municipal Income Taxes	2,265,974	0	0	2,265,974
Charges for Services	226,413	0	991,301	1,217,714
Licenses and Permits	276,784	0	0	276,784
Fines and Forfeitures	875,447	0	57,636	933,083
Intergovernmental	3,923,409	0	0	3,923,409
Special Assessments	0	69,882	0	69,882
Interest	1,899	0	49	1,948
Miscellaneous	1,644	0	0	1,644
<i>Total Revenues</i>	<u>8,049,821</u>	<u>69,882</u>	<u>1,048,986</u>	<u>9,168,689</u>
Expenditures				
Current:				
General Government	581,056	0	0	581,056
Security of Persons and Property	2,600,037	0	0	2,600,037
Transportation	2,712,808	0	0	2,712,808
Public Health	1,979,390	0	0	1,979,390
Community Environment	11,943	0	0	11,943
Capital Outlay	0	0	862,565	862,565
Debt Service:				
Principal Retirement	422,820	56,865	57,811	537,496
Interest and Fiscal Charges	32,139	90,906	1,223	124,268
<i>Total Expenditures</i>	<u>8,340,193</u>	<u>147,771</u>	<u>921,599</u>	<u>9,409,563</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(290,372)</u>	<u>(77,889)</u>	<u>127,387</u>	<u>(240,874)</u>
Other Financing Sources (Uses)				
Capital Leases Issued	1,331,822	0	386,046	1,717,868
Loan Received	425,000	0	0	425,000
Transfers In	796,550	77,889	10,000	884,439
Transfers Out	(1,100,268)	0	(492,572)	(1,592,840)
<i>Total Other Financing Sources (Uses)</i>	<u>1,453,104</u>	<u>77,889</u>	<u>(96,526)</u>	<u>1,434,467</u>
<i>Net Change in Fund Balances</i>	1,162,732	0	30,861	1,193,593
<i>Fund Balances Beginning of Year</i>	<u>2,615,117</u>	<u>0</u>	<u>618,582</u>	<u>3,233,699</u>
<i>Fund Balances End of Year</i>	<u>\$3,777,849</u>	<u>\$0</u>	<u>\$649,443</u>	<u>\$4,427,292</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Assets					
Equity in Pooled Cash and Cash Equivalents	\$137,353	\$191,194	\$7,504	\$62,193	\$1,039,545
Cash and Cash Equivalents With Fiscal Agents	610,537	0	0	0	402,160
Materials and Supplies Inventory	99,301	0	4,945	0	45,471
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	885,848	35,375	86,159	0	0
Prepaid Items	849	0	3,677	0	21,995
Municipal Income Taxes Receivable	0	0	0	0	294,235
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,733,888</u>	<u>\$226,569</u>	<u>\$102,285</u>	<u>\$62,193</u>	<u>\$1,803,406</u>
Liabilities					
Accounts Payable	\$40,233	\$4,383	\$3,408	\$0	\$186,187
Accrued Wages and Benefits	43,236	0	24,628	0	26,930
Matured Compensated Absences Payable	34,370	0	0	0	0
Intergovernmental Payable	36,375	0	36,958	0	18,224
Interfund Payable	368	0	0	0	6,208
Accrued Interest Payable	2,386	0	0	0	1,179
<i>Total Liabilities</i>	<u>156,968</u>	<u>4,383</u>	<u>64,994</u>	<u>0</u>	<u>238,728</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	574,176	0	73,612	0	43,670
<i>Total Deferred Inflows of Resources</i>	<u>574,176</u>	<u>0</u>	<u>73,612</u>	<u>0</u>	<u>43,670</u>
Fund Balances					
Nonspendable	100,150	0	8,622	0	67,466
Restricted	902,594	222,186	0	62,193	1,453,542
Unassigned (Deficit)	0	0	(44,943)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,002,744</u>	<u>222,186</u>	<u>(36,321)</u>	<u>62,193</u>	<u>1,521,008</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,733,888</u>	<u>\$226,569</u>	<u>\$102,285</u>	<u>\$62,193</u>	<u>\$1,803,406</u>

<u>Mandatory Drug</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Indigent Drivers</u>	<u>Law Enforcement</u>	<u>Municipal Court Computer</u>	<u>Legal Research</u>
\$8,329	\$0	\$0	\$87,473	\$721,496	\$41,800	\$73,655
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	2,768	0	6,232	1,812
0	17,500	17,500	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	251,582	251,582	0	0	0	0
<u>\$8,329</u>	<u>\$269,082</u>	<u>\$269,082</u>	<u>\$90,241</u>	<u>\$721,496</u>	<u>\$48,032</u>	<u>\$75,467</u>
\$13	\$0	\$0	\$2,960	\$0	\$0	\$0
0	0	0	0	0	2,093	0
0	0	0	0	0	0	0
0	0	0	12,677	0	1,768	0
0	251,492	297,863	0	0	0	0
0	0	0	0	0	0	0
<u>13</u>	<u>251,492</u>	<u>297,863</u>	<u>15,637</u>	<u>0</u>	<u>3,861</u>	<u>0</u>
0	200,172	200,172	0	0	0	0
0	68,910	68,910	0	0	0	0
<u>0</u>	<u>269,082</u>	<u>269,082</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
8,316	0	0	74,604	721,496	44,171	75,467
0	(251,492)	(297,863)	0	0	0	0
<u>8,316</u>	<u>(251,492)</u>	<u>(297,863)</u>	<u>74,604</u>	<u>721,496</u>	<u>44,171</u>	<u>75,467</u>
<u>\$8,329</u>	<u>\$269,082</u>	<u>\$269,082</u>	<u>\$90,241</u>	<u>\$721,496</u>	<u>\$48,032</u>	<u>\$75,467</u>

(continued)

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	Municipal Court Security	Municipal Court Probation	SAMHSA Grant	Municipal Court Operating	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$262,026	\$116,079	\$0	\$217,172	\$2,965,819
Cash and Cash Equivalents With Fiscal Agents	0	0	0	0	1,012,697
Materials and Supplies Inventory	0	0	0	0	149,717
Interfund Receivable	17,660	9,483	0	6,029	43,984
Intergovernmental Receivable	0	0	15,069	0	1,057,451
Prepaid Items	0	0	0	0	26,521
Municipal Income Taxes Receivable	0	0	0	0	294,235
Property Taxes Receivable	0	0	0	0	503,164
<i>Total Assets</i>	<u>\$279,686</u>	<u>\$125,562</u>	<u>\$15,069</u>	<u>\$223,201</u>	<u>\$6,053,588</u>
Liabilities					
Accounts Payable	\$151	\$0	\$0	\$0	\$237,335
Accrued Wages and Benefits	1,920	3,647	0	0	102,454
Matured Compensated Absences Payable	0	0	0	0	34,370
Intergovernmental Payable	2,604	3,770	0	0	112,376
Interfund Payable	0	0	86	0	556,017
Accrued Interest Payable	0	0	0	0	3,565
<i>Total Liabilities</i>	<u>4,675</u>	<u>7,417</u>	<u>86</u>	<u>0</u>	<u>1,046,117</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	400,344
Unavailable Revenue	0	0	0	0	829,278
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,229,622</u>
Fund Balances					
Nonspendable	0	0	0	0	176,238
Restricted	275,011	118,145	14,983	223,201	4,195,909
Unassigned (Deficit)	0	0	0	0	(594,298)
<i>Total Fund Balances (Deficit)</i>	<u>275,011</u>	<u>118,145</u>	<u>14,983</u>	<u>223,201</u>	<u>3,777,849</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$279,686</u>	<u>\$125,562</u>	<u>\$15,069</u>	<u>\$223,201</u>	<u>\$6,053,588</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, 2012

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	2,265,974
Charges for Services	0	0	226,413	0	0
Licenses and Permits	0	0	276,784	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	2,139,772	482,190	422,695	0	25,092
Interest	0	0	0	0	0
Miscellaneous	1,133	0	0	0	511
<i>Total Revenues</i>	<u>2,140,905</u>	<u>482,190</u>	<u>925,892</u>	<u>0</u>	<u>2,291,577</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	1,915,948
Transportation	2,535,590	177,218	0	0	0
Public Health	0	0	1,138,937	0	0
Community Environment	0	0	0	11,943	0
Debt Service:					
Principal Retirement	277,556	0	2,637	0	142,627
Interest and Fiscal Charges	17,840	0	49	0	14,250
<i>Total Expenditures</i>	<u>2,830,986</u>	<u>177,218</u>	<u>1,141,623</u>	<u>11,943</u>	<u>2,072,825</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(690,081)</u>	<u>304,972</u>	<u>(215,731)</u>	<u>(11,943)</u>	<u>218,752</u>
Other Financing Sources (Uses)					
Capital Leases Issued	929,662	0	0	0	402,160
Loan Received	0	0	0	0	0
Transfers In	597,572	0	198,978	0	0
Transfers Out	(189,227)	(405,086)	(4,626)	0	(261,633)
<i>Total Other Financing Sources (Uses)</i>	<u>1,338,007</u>	<u>(405,086)</u>	<u>194,352</u>	<u>0</u>	<u>140,527</u>
<i>Net Change in Fund Balances</i>	647,926	(100,114)	(21,379)	(11,943)	359,279
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>354,818</u>	<u>322,300</u>	<u>(14,942)</u>	<u>74,136</u>	<u>1,161,729</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,002,744</u>	<u>\$222,186</u>	<u>(\$36,321)</u>	<u>\$62,193</u>	<u>\$1,521,008</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, 2012

	Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Law Enforcement
Revenues					
Property Taxes	\$0	\$239,125	\$239,126	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	3,214	0	0	41,834	154,248
Intergovernmental	0	37,854	37,855	0	0
Interest	0	0	0	0	1,899
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>3,214</u>	<u>276,979</u>	<u>276,981</u>	<u>41,834</u>	<u>156,147</u>
Expenditures					
Current:					
General Government	0	0	0	46,117	0
Security of Persons and Property	3,762	176,735	186,068	0	182,245
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	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>3,762</u>	<u>176,735</u>	<u>186,068</u>	<u>46,117</u>	<u>182,245</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(548)</u>	<u>100,244</u>	<u>90,913</u>	<u>(4,283)</u>	<u>(26,098)</u>
Other Financing Sources (Uses)					
Capital Leases Issued	0	0	0	0	0
Loan Received	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	(52,032)	(96,631)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(52,032)</u>	<u>(96,631)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(548)	48,212	(5,718)	(4,283)	(26,098)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>8,864</u>	<u>(299,704)</u>	<u>(292,145)</u>	<u>78,887</u>	<u>747,594</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,316</u>	<u>(\$251,492)</u>	<u>(\$297,863)</u>	<u>\$74,604</u>	<u>\$721,496</u>

Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	SAMHSA Grant	Municipal Court Operating	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$478,251
0	0	0	0	0	0	2,265,974
0	0	0	0	0	0	226,413
0	0	0	0	0	0	276,784
108,710	30,964	275,518	165,045	0	95,914	875,447
0	0	0	0	777,951	0	3,923,409
0	0	0	0	0	0	1,899
0	0	0	0	0	0	1,644
<u>108,710</u>	<u>30,964</u>	<u>275,518</u>	<u>165,045</u>	<u>777,951</u>	<u>95,914</u>	<u>8,049,821</u>
76,765	7,858	172,859	0	0	277,457	581,056
0	0	0	135,279	0	0	2,600,037
0	0	0	0	0	0	2,712,808
0	0	0	0	840,453	0	1,979,390
0	0	0	0	0	0	11,943
0	0	0	0	0	0	422,820
0	0	0	0	0	0	32,139
<u>76,765</u>	<u>7,858</u>	<u>172,859</u>	<u>135,279</u>	<u>840,453</u>	<u>277,457</u>	<u>8,340,193</u>
<u>31,945</u>	<u>23,106</u>	<u>102,659</u>	<u>29,766</u>	<u>(62,502)</u>	<u>(181,543)</u>	<u>(290,372)</u>
0	0	0	0	0	0	1,331,822
0	0	0	0	0	425,000	425,000
0	0	0	0	0	0	796,550
0	0	(35,700)	0	0	(55,333)	(1,100,268)
0	0	(35,700)	0	0	369,667	1,453,104
31,945	23,106	66,959	29,766	(62,502)	188,124	1,162,732
12,226	52,361	208,052	88,379	77,485	35,077	2,615,117
<u>\$44,171</u>	<u>\$75,467</u>	<u>\$275,011</u>	<u>\$118,145</u>	<u>\$14,983</u>	<u>\$223,201</u>	<u>\$3,777,849</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$572,515	\$1,279	\$573,794
Accounts Receivable	126,502	0	126,502
Interfund Receivable	181	3,265	3,446
<i>Total Assets</i>	<u>\$699,198</u>	<u>\$4,544</u>	<u>\$703,742</u>
Liabilities			
Accounts Payable	\$1,730	\$0	\$1,730
Contracts Payable	41,886	0	41,886
Accrued Wages and Benefits	1,809	579	2,388
Intergovernmental Payable	2,821	1,484	4,305
Interfund Payable	0	3,990	3,990
<i>Total Liabilities</i>	<u>48,246</u>	<u>6,053</u>	<u>54,299</u>
Fund Balances			
Committed	650,952	0	650,952
Unassigned (Deficit)	0	(1,509)	(1,509)
<i>Total Fund Balances (Deficit)</i>	<u>650,952</u>	<u>(1,509)</u>	<u>649,443</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$699,198</u>	<u>\$4,544</u>	<u>\$703,742</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, 2012

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Revenues			
Charges for Services	\$991,301	\$0	\$991,301
Fines and Forfeitures	0	57,636	57,636
Interest	0	49	49
<i>Total Revenues</i>	<u>991,301</u>	<u>57,685</u>	<u>1,048,986</u>
Expenditures			
Capital Outlay	774,041	88,524	862,565
Debt Service:			
Principal Retirement	57,811	0	57,811
Interest and Fiscal Charges	1,223	0	1,223
<i>Total Expenditures</i>	<u>833,075</u>	<u>88,524</u>	<u>921,599</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>158,226</u>	<u>(30,839)</u>	<u>127,387</u>
Other Financing Sources (Uses)			
Capital Leases Issued	386,046	0	386,046
Transfers In	0	10,000	10,000
Transfers Out	(492,572)	0	(492,572)
<i>Total Other Financing Sources (Uses)</i>	<u>(106,526)</u>	<u>10,000</u>	<u>(96,526)</u>
<i>Net Change in Fund Balances</i>	51,700	(20,839)	30,861
<i>Fund Balances Beginning of Year</i>	<u>599,252</u>	<u>19,330</u>	<u>618,582</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$650,952</u>	<u>(\$1,509)</u>	<u>\$649,443</u>

Combining Statements – Internal Service Funds

Internal Service Funds

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

Garage Fund

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

Hospitalization Fund

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

City of Lorain, Ohio
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2012

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$95,456	\$94,505	\$189,961
Materials and Supplies Inventory	971,199	0	971,199
Interfund Receivable	42,449	0	42,449
Prepaid Items	183	0	183
<i>Total Current Assets</i>	<u>1,109,287</u>	<u>94,505</u>	<u>1,203,792</u>
<i>Noncurrent Assets</i>			
Depreciable Capital Assets, Net	<u>179,719</u>	<u>0</u>	<u>179,719</u>
<i>Total Assets</i>	<u>1,289,006</u>	<u>94,505</u>	<u>1,383,511</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	82,798	10,929	93,727
Accrued Wages and Benefits	416	1,332	1,748
Matured Compensated Absences Payable	23,081	0	23,081
Intergovernmental Payable	12,600	1,128	13,728
Claims Payable	0	502,495	502,495
Bonds Payable	<u>22,676</u>	<u>235,000</u>	<u>257,676</u>
<i>Total Current Liabilities</i>	<u>141,571</u>	<u>750,884</u>	<u>892,455</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>			
Compensated Absences Payable	60,390	9,661	70,051
Bonds Payable	<u>47,871</u>	<u>4,340,000</u>	<u>4,387,871</u>
<i>Total Long-Term Liabilities</i>	<u>108,261</u>	<u>4,349,661</u>	<u>4,457,922</u>
<i>Total Liabilities</i>	<u>249,832</u>	<u>5,100,545</u>	<u>5,350,377</u>
Net Position			
Net Investment in Capital Assets	109,172	0	109,172
Unrestricted (Deficit)	<u>930,002</u>	<u>(5,006,040)</u>	<u>(4,076,038)</u>
<i>Total Net Position (Deficit)</i>	<u>\$1,039,174</u>	<u>(\$5,006,040)</u>	<u>(\$3,966,866)</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2012

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for Services	<u>\$1,778,085</u>	<u>\$4,707,626</u>	<u>\$6,485,711</u>
Operating Expenses			
Personal Services	575,379	45,368	620,747
Materials and Supplies	1,267,373	0	1,267,373
Contractual Services	815	10,929	11,744
Claims	0	4,706,118	4,706,118
Other Expenses	2,538	0	2,538
Depreciation	<u>4,924</u>	<u>0</u>	<u>4,924</u>
<i>Total Operating Expenses</i>	<u>1,851,029</u>	<u>4,762,415</u>	<u>6,613,444</u>
<i>Operating Loss</i>	(72,944)	(54,789)	(127,733)
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(4,008)</u>	<u>(322,775)</u>	<u>(326,783)</u>
<i>Change in Net Position</i>	(76,952)	(377,564)	(454,516)
<i>Net Position (Deficit) Beginning of Year- Restated (See Note 3)</i>	<u>1,116,126</u>	<u>(4,628,476)</u>	<u>(3,512,350)</u>
<i>Net Position (Deficit) End of Year</i>	<u><u>\$1,039,174</u></u>	<u><u>(\$5,006,040)</u></u>	<u><u>(\$3,966,866)</u></u>

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

	Garage	Hospitalization	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Transactions with Other Funds	\$1,893,694	\$4,707,626	\$6,601,320
Cash Payments for Goods and Services	(1,227,073)	0	(1,227,073)
Cash Payments for Employee Services and Benefits	(594,908)	(41,948)	(636,856)
Cash Payments for Claims	0	(4,575,000)	(4,575,000)
<i>Net Cash Provided by Operating Activities</i>	<u>71,713</u>	<u>90,678</u>	<u>162,391</u>
Cash Flows from Noncapital Financing Activities			
Principal Paid on Bonds	0	(220,000)	(220,000)
Interest Paid on Bonds	0	(322,775)	(322,775)
<i>Net Cash Used for Noncapital Financing Activities</i>	<u>0</u>	<u>(542,775)</u>	<u>(542,775)</u>
Cash Flows from Capital and Related Financing Activities			
Principal Paid on Bonds	(21,596)	0	(21,596)
Interest Paid on Bonds	(4,008)	0	(4,008)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(25,604)</u>	<u>0</u>	<u>(25,604)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	46,109	(452,097)	(405,988)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>49,347</u>	<u>546,602</u>	<u>595,949</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$95,456</u></u>	<u><u>\$94,505</u></u>	<u><u>\$189,961</u></u>

(continued)

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended December 31, 2012

	Garage	Hospitalization	Total Internal Service Funds
Reconciliation of Operating Loss to			
Net Cash Provided by Operating Activities			
Operating Loss	(\$72,944)	(\$54,789)	(\$127,733)
<i>Adjustments:</i>			
Depreciation	4,924	0	4,924
<i>(Increase) Decrease in Assets:</i>			
Interfund Receivable	115,609	0	115,609
Materials and Supplies Inventory	(21,662)	0	(21,662)
Prepaid Items	(13)	0	(13)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	65,328	10,000	75,328
Accrued Wages and Benefits	(13,252)	710	(12,542)
Claims Payable	0	131,118	131,118
Compensated Absences Payable	(2,005)	3,100	1,095
Intergovernmental Payable	(4,272)	539	(3,733)
<i>Total Adjustments</i>	144,657	145,467	290,124
<i>Net Cash Provided by Operating Activities</i>	\$71,713	\$90,678	\$162,391

Combining Statements - Agency Funds

Fiduciary Funds

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

Agency Funds

Street Excavation Fund

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

Allotment Improvement Fund

This fund was established to account for and report inspection fees charged to developers for engineering, surveying and inspection costs. Unused fees are returned to the developers.

Deposits Held Fund

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

Contracts Trust Fund

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

Vital Statistics Fund

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

Flexible Spending Fund

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

County User Fee Fund

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

State Highway Patrol Fund

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

Waste Collection Fund

This fund was established to account for and report the collection of fees for waste, trash and recyclables and the payment to the provider of the services.

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
<i>Street Excavation</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,810	\$0	\$11,810	\$0
Liabilities				
Deposits Held and Due to Others	\$11,810	\$0	\$11,810	\$0
<i>Allotment Improvement</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$47,246	\$17,642	\$16,669	\$48,219
Liabilities				
Deposits Held and Due to Others	\$47,246	\$17,642	\$16,669	\$48,219
<i>Deposits Held</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$197,094	\$87,445	\$238,922	\$45,617
Liabilities				
Deposits Held and Due to Others	\$197,094	\$87,445	\$238,922	\$45,617
<i>Contracts Trust</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,714	\$77,555	\$77,009	\$8,260
Liabilities				
Deposits Held and Due to Others	\$7,714	\$77,555	\$77,009	\$8,260
<i>Vital Statistics</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$21,814	\$101,393	\$99,307	\$23,900
Liabilities				
Deposits Held and Due to Others	\$21,814	\$101,393	\$99,307	\$23,900

(continued)

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
<i>Flexible Spending</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,122	\$126,636	\$119,620	\$15,138
Liabilities				
Deposits Held and Due to Others	\$8,122	\$126,636	\$119,620	\$15,138
 <i>County User Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,772	\$63,230	\$56,324	\$14,678
Liabilities				
Deposits Held and Due to Others	\$7,772	\$63,230	\$56,324	\$14,678
 <i>State Highway Patrol</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$172	\$39,569	\$37,370	\$2,371
Liabilities				
Deposits Held and Due to Others	\$172	\$39,569	\$37,370	\$2,371
 <i>Waste Collection</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$91	\$0	\$91
Liabilities				
Deposits Held and Due to Others	\$0	\$91	\$0	\$91
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$301,744	\$513,561	\$657,031	\$158,274
Liabilities				
Deposits Held and Due to Others	\$301,744	\$513,561	\$657,031	\$158,274

**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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$2,278,151	\$2,278,151	\$2,101,944	(\$176,207)
Municipal Income Taxes	16,195,368	16,195,368	16,339,441	144,073
Charges for Services	1,048,100	1,069,996	909,250	(160,746)
Licenses and Permits	847,720	847,720	806,094	(41,626)
Fines and Forfeitures	1,221,000	1,221,000	1,191,900	(29,100)
Intergovernmental	5,473,129	5,806,075	5,873,009	66,934
Franchise Fees	610,000	610,000	657,901	47,901
Interest	10,250	10,250	9,908	(342)
Contributions and Donations	403,700	408,700	177,837	(230,863)
Miscellaneous	180,016	180,016	194,762	14,746
<i>Total Revenues</i>	<u>28,267,434</u>	<u>28,627,276</u>	<u>28,262,046</u>	<u>(365,230)</u>
Expenditures:				
Current:				
General Government				
Civil Service:				
Wages and Benefits	74,604	77,604	76,315	1,289
Contractual Services	8,000	8,000	4,997	3,003
Materials and Supplies	500	500	262	238
Other	6,000	11,000	6,932	4,068
<i>Total Civil Service</i>	<u>89,104</u>	<u>97,104</u>	<u>88,506</u>	<u>8,598</u>
Council:				
Wages and Benefits	322,380	322,380	324,588	(2,208)
Contractual Services	400	400	360	40
Materials and Supplies	300	300	152	148
Capital Outlay	3,000	3,000	2,615	385
Other	7,550	11,550	11,172	378
<i>Total Council</i>	<u>333,630</u>	<u>337,630</u>	<u>338,887</u>	<u>(1,257)</u>
Mayor:				
Wages and Benefits	202,388	203,388	202,825	563
Contractual Services	2,967	2,967	0	2,967
Materials and Supplies	1,600	1,600	1,479	121
<i>Total Mayor</i>	<u>206,955</u>	<u>207,955</u>	<u>204,304</u>	<u>3,651</u>
Auditor:				
Wages and Benefits	502,895	502,895	500,098	2,797
Contractual Services	71,491	71,491	70,236	1,255
Materials and Supplies	32,118	32,118	32,082	36
Other	2,770	2,770	1,764	1,006
<i>Total Auditor</i>	<u>\$609,274</u>	<u>\$609,274</u>	<u>\$604,180</u>	<u>\$5,094</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Treasurer:				
Wages and Benefits	\$405,140	\$414,940	\$407,747	\$7,193
Contractual Services	85,867	74,767	63,182	11,585
Materials and Supplies	2,000	5,300	4,041	1,259
Capital Outlay	1,000	1,000	0	1,000
Other	17,624	17,624	16,917	707
<i>Total Treasurer</i>	<u>511,631</u>	<u>513,631</u>	<u>491,887</u>	<u>21,744</u>
Law Director:				
Wages and Benefits	756,286	717,486	712,330	5,156
Materials and Supplies	7,000	7,000	6,012	988
Other	8,059	11,859	10,512	1,347
<i>Total Law Director</i>	<u>771,345</u>	<u>736,345</u>	<u>728,854</u>	<u>7,491</u>
Judges:				
Wages and Benefits	587,026	642,026	619,271	22,755
Contractual Services	15,745	15,745	12,954	2,791
Materials and Supplies	2,500	4,600	3,764	836
Other	1,600	1,600	1,027	573
<i>Total Judges</i>	<u>606,871</u>	<u>663,971</u>	<u>637,016</u>	<u>26,955</u>
Clerk of Courts:				
Wages and Benefits	815,192	866,192	828,696	37,496
Contractual Services	22,012	22,012	19,330	2,682
Materials and Supplies	73,162	72,762	71,847	915
Other	12,000	12,400	11,842	558
<i>Total Clerk of Courts</i>	<u>922,366</u>	<u>973,366</u>	<u>931,715</u>	<u>41,651</u>
Electrical:				
Wages and Benefits	524,355	414,355	409,653	4,702
Contractual Services	31,300	31,300	28,871	2,429
Materials and Supplies	72,835	77,835	70,435	7,400
Capital Outlay	3,000	300,840	296,759	4,081
Other	3,360	3,360	655	2,705
<i>Total Electrical</i>	<u>\$634,850</u>	<u>\$827,690</u>	<u>\$806,373</u>	<u>\$21,317</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety/Service:				
Wages and Benefits	\$360,207	\$358,207	\$332,141	\$26,066
Contractual Services	1,444,277	1,624,360	1,524,399	99,961
Materials and Supplies	53,591	76,591	66,161	10,430
Other	140,742	145,642	133,757	11,885
<i>Total Safety/Service</i>	<u>1,998,817</u>	<u>2,204,800</u>	<u>2,056,458</u>	<u>148,342</u>
Engineering:				
Wages and Benefits	108,679	133,479	127,538	5,941
Contractual Services	19,660	12,360	8,663	3,697
Materials and Supplies	40,881	23,381	17,000	6,381
Capital Outlay	0	21,460	21,460	0
Other	23,400	23,400	17,366	6,034
<i>Total Engineering</i>	<u>192,620</u>	<u>214,080</u>	<u>192,027</u>	<u>22,053</u>
Data Processing:				
Wages and Benefits	210,639	214,339	214,462	(123)
Contractual Services	265,627	295,627	288,312	7,315
Materials and Supplies	17,096	17,096	14,068	3,028
Capital Outlay	133,807	111,807	68,889	42,918
Other	6,976	6,976	1,676	5,300
<i>Total Data Processing</i>	<u>634,145</u>	<u>645,845</u>	<u>587,407</u>	<u>58,438</u>
<i>Total General Government</i>	<u>7,511,608</u>	<u>8,031,691</u>	<u>7,667,614</u>	<u>364,077</u>
Security of Persons and Property				
Police Department:				
Wages and Benefits	9,350,372	9,214,876	9,167,072	47,804
Contractual Services	276,593	276,593	261,424	15,169
Materials and Supplies	503,713	552,440	539,315	13,125
Capital Outlay	22,986	67,348	63,676	3,672
<i>Total Police Department</i>	<u>10,153,664</u>	<u>10,111,257</u>	<u>10,031,487</u>	<u>79,770</u>
Fire Department:				
Wages and Benefits	7,477,084	7,447,084	7,413,225	33,859
Contractual Services	130,943	259,975	221,414	38,561
Materials and Supplies	157,136	190,108	188,406	1,702
Capital Outlay	1,240	601,240	598,867	2,373
Other	14,525	23,521	22,448	1,073
<i>Total Fire Department</i>	<u>7,780,928</u>	<u>8,521,928</u>	<u>8,444,360</u>	<u>77,568</u>
<i>Total Security of Persons and Property</i>	<u>\$17,934,592</u>	<u>\$18,633,185</u>	<u>\$18,475,847</u>	<u>\$157,338</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health				
Cemetery:				
Wages and Benefits	\$193,576	\$193,576	\$185,197	\$8,379
Contractual Services	11,500	12,500	8,234	4,266
Materials and Supplies	19,500	19,500	17,282	2,218
Capital Outlay	7,500	7,500	6,358	1,142
<i>Total Public Health</i>	<u>232,076</u>	<u>233,076</u>	<u>217,071</u>	<u>16,005</u>
Community Environment				
Building Inspection:				
Wages and Benefits	384,891	341,391	330,439	10,952
Contractual Services	20,575	20,575	12,690	7,885
Materials and Supplies	15,410	17,410	14,345	3,065
Capital Outlay	8,000	8,000	0	8,000
Other	7,500	7,500	2,622	4,878
<i>Total Community Environment</i>	<u>436,376</u>	<u>394,876</u>	<u>360,096</u>	<u>34,780</u>
Economic Development				
St. Joseph Community Center				
Contractual Services	360,000	829,799	480,270	349,529
Leisure Time Activities				
Parks Department:				
Wages and Benefits	150,309	176,309	170,599	5,710
Contractual Services	95,761	116,361	101,863	14,498
Materials and Supplies	118,800	154,800	141,113	13,687
Other	0	400	389	11
<i>Total Leisure Time Activities</i>	<u>364,870</u>	<u>447,870</u>	<u>413,964</u>	<u>33,906</u>
Debt Service:				
Principal Retirement	276,215	276,215	266,440	9,775
Interest and Fiscal Charges	18,404	18,404	18,404	0
<i>Total Debt Service</i>	<u>294,619</u>	<u>294,619</u>	<u>284,844</u>	<u>9,775</u>
<i>Total Expenditures</i>	<u>\$27,134,141</u>	<u>\$28,865,116</u>	<u>\$27,899,706</u>	<u>\$965,410</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>\$1,133,293</u>	<u>(\$237,840)</u>	<u>\$362,340</u>	<u>\$600,180</u>
Other Financing Sources (Uses):				
Advances Out	(50,000)	(115,000)	(100,297)	14,703
Capital Leases Issued	0	919,300	919,300	0
Transfers In	0	425,000	450,700	25,700
Transfers Out	<u>(2,252,810)</u>	<u>(2,242,024)</u>	<u>(1,915,557)</u>	<u>326,467</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(2,302,810)</u>	<u>(1,012,724)</u>	<u>(645,854)</u>	<u>366,870</u>
<i>Net Change in Fund Balance</i>	(1,169,517)	(1,250,564)	(283,514)	967,050
<i>Fund Balance Beginning of Year</i>	1,513,739	1,513,739	1,513,739	0
<i>Prior Year Encumbrances Appropriated</i>	<u>177,668</u>	<u>177,668</u>	<u>177,668</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$521,890</u></u>	<u><u>\$440,843</u></u>	<u><u>\$1,407,893</u></u>	<u><u>\$967,050</u></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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Payments in Lieu of Taxes	\$86,377	\$96,287	\$111,459	\$15,172
Intergovernmental	11,364,165	11,338,689	4,145,725	(7,192,964)
Interest	2,522	2,522	2,789	267
Miscellaneous	77,134	81,065	7,712	(73,353)
<i>Total Revenues</i>	<u>11,530,198</u>	<u>11,518,563</u>	<u>4,267,685</u>	<u>(7,250,878)</u>
Expenditures:				
Current:				
Economic Development				
Wages and Benefits	1,735,284	1,690,845	1,156,807	534,038
Contractual Services	4,601,272	4,962,838	1,802,296	3,160,542
Materials and Supplies	197,491	197,491	34,539	162,952
Capital Outlay	875,345	820,831	196,373	624,458
Other	4,939,135	4,404,135	996,901	3,407,234
<i>Total Economic Development</i>	<u>12,348,527</u>	<u>12,076,140</u>	<u>4,186,916</u>	<u>7,889,224</u>
Debt Service:				
Principal Retirement	2,020,972	2,020,972	1,330,913	690,059
Interest and Fiscal Charges	241,235	241,235	241,235	0
<i>Total Debt Service</i>	<u>2,262,207</u>	<u>2,262,207</u>	<u>1,572,148</u>	<u>690,059</u>
<i>Total Expenditures</i>	<u>14,610,734</u>	<u>14,338,347</u>	<u>5,759,064</u>	<u>8,579,283</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,080,536)</u>	<u>(2,819,784)</u>	<u>(1,491,379)</u>	<u>1,328,405</u>
Other Financing Sources (Uses):				
Advances In	0	0	96,221	96,221
Transfers In	0	71,317	0	(71,317)
Transfers Out	(11,846)	(349,490)	(349,490)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(11,846)</u>	<u>(278,173)</u>	<u>(253,269)</u>	<u>24,904</u>
<i>Net Change in Fund Balance</i>	<u>(3,092,382)</u>	<u>(3,097,957)</u>	<u>(1,744,648)</u>	<u>1,353,309</u>
<i>Fund Balance Beginning of Year</i>	3,342,933	3,342,933	3,342,933	0
Prior Year Encumbrances Appropriated	463,471	463,471	463,471	0
<i>Fund Balance End of Year</i>	<u>\$714,022</u>	<u>\$708,447</u>	<u>\$2,061,756</u>	<u>\$1,353,309</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$884,148	\$884,148	\$841,895	(\$42,253)
Payments in Lieu of Taxes	524,527	524,527	472,399	(52,128)
Intergovernmental	150,010	150,010	149,462	(548)
Miscellaneous	760,218	760,218	367,017	(393,201)
<i>Total Revenues</i>	<u>2,318,903</u>	<u>2,318,903</u>	<u>1,830,773</u>	<u>(488,130)</u>
Expenditures:				
Debt Service:				
Principal Retirement	2,798,390	2,556,794	2,526,295	30,499
Refunded Bonds Redeemed	0	5,545,000	5,545,000	0
Interest and Fiscal Charges	1,805,552	1,642,252	1,558,911	83,341
Bond Issuance Costs	0	127,148	127,148	0
<i>Total Expenditures</i>	<u>4,603,942</u>	<u>9,871,194</u>	<u>9,757,354</u>	<u>113,840</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,285,039)</u>	<u>(7,552,291)</u>	<u>(7,926,581)</u>	<u>(374,290)</u>
Other Financing Sources (Uses):				
Refunding Bonds Issued	0	5,815,000	5,815,000	0
Discount on Debt Issuance	0	(1,776)	(1,776)	0
Transfers In	2,690,665	2,097,675	2,026,100	(71,575)
<i>Total Other Financing Sources (Uses)</i>	<u>2,690,665</u>	<u>7,910,899</u>	<u>7,839,324</u>	<u>(71,575)</u>
<i>Net Change in Fund Balance</i>	405,626	358,608	(87,257)	(445,865)
<i>Fund Balance Beginning of Year</i>	<u>470,691</u>	<u>470,691</u>	<u>470,691</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$876,317</u></u>	<u><u>\$829,299</u></u>	<u><u>\$383,434</u></u>	<u><u>(\$445,865)</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$104,731	\$104,731	\$111,881	\$7,150
Intergovernmental	5,217,311	5,217,311	496,210	(4,721,101)
<i>Total Revenues</i>	<u>5,322,042</u>	<u>5,322,042</u>	<u>608,091</u>	<u>(4,713,951)</u>
Expenditures:				
Capital Outlay				
Wages and Benefits	23,318	23,318	5,310	18,008
Contractual Services	6,642,541	11,447,981	2,641,006	8,806,975
Materials and Supplies	500	500	0	500
Capital Outlay	127,325	127,325	98,375	28,950
<i>Total Capital Outlay</i>	<u>6,793,684</u>	<u>11,599,124</u>	<u>2,744,691</u>	<u>8,854,433</u>
Debt Service:				
Principal Retirement	0	1,390,000	1,390,000	0
Bond Issuance Costs	0	132,252	132,252	0
<i>Total Debt Service</i>	<u>0</u>	<u>1,522,252</u>	<u>1,522,252</u>	<u>0</u>
<i>Total Expenditures</i>	<u>6,793,684</u>	<u>13,121,376</u>	<u>4,266,943</u>	<u>8,854,433</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,471,642)</u>	<u>(7,799,334)</u>	<u>(3,658,852)</u>	<u>4,140,482</u>
Other Financing Sources (Uses):				
Bonds Issued	0	5,535,000	5,535,000	0
Notes Issued	0	250,000	250,000	0
Loans Received	694,366	694,366	694,366	0
Discount on Debt Issuance	0	(20,027)	(20,027)	0
Transfers In	100,000	662,719	552,805	(109,914)
Transfers Out	(6,182)	(6,182)	0	6,182
<i>Total Other Financing Sources (Uses)</i>	<u>788,184</u>	<u>7,115,876</u>	<u>7,012,144</u>	<u>(103,732)</u>
<i>Net Change in Fund Balance</i>	<u>(683,458)</u>	<u>(683,458)</u>	<u>3,353,292</u>	<u>4,036,750</u>
<i>Fund Balance Beginning of Year</i>	392,180	392,180	392,180	0
Prior Year Encumbrances Appropriated	555,175	555,175	555,175	0
<i>Fund Balance End of Year</i>	<u>\$263,897</u>	<u>\$263,897</u>	<u>\$4,300,647</u>	<u>\$4,036,750</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$9,056,127	\$8,210,127	\$8,088,505	(\$121,622)
OWDA Loans Received	0	981,886	513,479	(468,407)
Capital Lease	0	665,500	665,500	0
Sale of Capital Assets	0	0	700	700
Miscellaneous	35,000	137,678	46,182	(91,496)
<i>Total Revenues</i>	<u>9,091,127</u>	<u>9,995,191</u>	<u>9,314,366</u>	<u>(680,825)</u>
Expenses:				
Personnel Services	4,087,082	3,873,682	3,870,902	2,780
Materials and Supplies	858,006	1,093,849	982,633	111,216
Contractual Services	1,346,238	1,272,814	1,203,162	69,652
Basic Utilities	583,000	594,000	544,351	49,649
Capital Outlay	1,020,044	1,846,098	1,456,806	389,292
Other Expense	254,921	322,421	257,260	65,161
Debt Service:				
Principal Retirement	1,356,154	1,337,821	1,337,112	709
Interest and Fiscal Charges	654,793	652,793	651,991	802
<i>Total Expenses</i>	<u>10,160,238</u>	<u>10,993,478</u>	<u>10,304,217</u>	<u>689,261</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(1,069,111)	(998,287)	(989,851)	8,436
Transfers Out	(50,000)	(62,824)	(50,000)	12,824
<i>Net Change in Fund Equity</i>	(1,119,111)	(1,061,111)	(1,039,851)	21,260
<i>Fund Equity Beginning of Year</i>	1,313,275	1,313,275	1,313,275	0
Prior Year Encumbrances Appropriated	444,696	444,696	444,696	0
<i>Fund Equity End of Year</i>	<u>\$638,860</u>	<u>\$696,860</u>	<u>\$718,120</u>	<u>\$21,260</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$16,207,240	\$14,462,240	\$14,184,872	(\$277,368)
OWDA Loans Received	0	8,571,831	5,308,036	(3,263,795)
Capital Lease	0	834,500	834,500	0
Intergovernmental	0	3,939,709	1,841,685	(2,098,024)
Miscellaneous	44,400	44,400	41,390	(3,010)
<i>Total Revenues</i>	<u>16,251,640</u>	<u>27,852,680</u>	<u>22,210,483</u>	<u>(5,642,197)</u>
Expenses:				
Personnel Services	5,001,843	4,235,943	4,235,132	811
Materials and Supplies	476,879	636,879	540,174	96,705
Contractual Services	2,425,628	5,336,843	3,931,393	1,405,450
Basic Utilities	745,000	748,000	589,452	158,548
Capital Outlay	6,544,616	10,505,708	9,937,156	568,552
Other Operating Expense	548,701	503,701	363,370	140,331
Debt Service:				
Principal Retirement	2,747,494	2,148,288	2,143,784	4,504
Interest and Fiscal Charges	1,242,961	1,176,961	1,176,421	540
<i>Total Expenses</i>	<u>19,733,122</u>	<u>25,292,323</u>	<u>22,916,882</u>	<u>2,375,441</u>
<i>Excess of Revenues Over (Under) Expenses Before Transfers</i>	(3,481,482)	2,560,357	(706,399)	(3,266,756)
Transfers In	0	0	20,000	20,000
Transfers Out	(50,000)	(532,106)	(50,000)	482,106
<i>Net Change in Fund Equity</i>	(3,531,482)	2,028,251	(736,399)	(2,764,650)
<i>Fund Equity Beginning of Year</i>	5,617,292	5,617,292	5,617,292	0
Prior Year Encumbrances Appropriated	2,097,265	2,097,265	2,097,265	0
<i>Fund Equity End of Year</i>	<u>\$4,183,075</u>	<u>\$9,742,808</u>	<u>\$6,978,158</u>	<u>(\$2,764,650)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$2,218,000	\$2,218,000	\$2,146,123	(\$71,877)
Miscellaneous	500	500	1,133	633
<i>Total Revenues</i>	<u>2,218,500</u>	<u>2,218,500</u>	<u>2,147,256</u>	<u>(71,244)</u>
Expenditures:				
Current:				
Transportation				
Wages and Benefits	1,331,549	1,287,449	1,230,315	57,134
Contractual Services	60,074	83,384	80,492	2,892
Materials and Supplies	919,981	913,886	813,769	100,117
Capital Outlay	0	1,374,624	1,362,884	11,740
Other	6,709	19,209	14,880	4,329
<i>Total Transportation</i>	<u>2,318,313</u>	<u>3,678,552</u>	<u>3,502,340</u>	<u>176,212</u>
Debt Service:				
Principal Retirement	277,556	277,557	277,556	1
Interest and Fiscal Charges	20,491	20,491	20,491	0
<i>Total Debt Service</i>	<u>298,047</u>	<u>298,048</u>	<u>298,047</u>	<u>1</u>
<i>Total Expenditures</i>	<u>2,616,360</u>	<u>3,976,600</u>	<u>3,800,387</u>	<u>176,213</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(397,860)</u>	<u>(1,758,100)</u>	<u>(1,653,131)</u>	<u>104,969</u>
Other Financing Sources (Uses):				
Capital Lease Issued	0	1,350,000	1,350,000	0
Transfers In	597,572	597,572	597,572	0
Transfers Out	(141,508)	(189,227)	(189,227)	0
<i>Total Other Financing Sources (Uses)</i>	<u>456,064</u>	<u>1,758,345</u>	<u>1,758,345</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	58,204	245	105,214	104,969
<i>Fund Balance Beginning of Year</i>	119	119	119	0
Prior Year Encumbrances Appropriated	<u>2,181</u>	<u>2,181</u>	<u>2,181</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$60,504</u>	<u>\$2,545</u>	<u>\$107,514</u>	<u>\$104,969</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$450,000	\$450,000	\$484,608	\$34,608
Expenditures:				
Current:				
Transportation				
Materials and Supplies	245,000	230,000	203,444	26,556
<i>Excess of Revenues Over Expenditures</i>	205,000	220,000	281,164	61,164
Other Financing Uses:				
Transfers Out	0	(515,000)	(405,086)	109,914
<i>Net Change in Fund Balance</i>	205,000	(295,000)	(123,922)	171,078
<i>Fund Balance Beginning of Year</i>	304,964	304,964	304,964	0
<i>Fund Balance End of Year</i>	<u>\$509,964</u>	<u>\$9,964</u>	<u>\$181,042</u>	<u>\$171,078</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$209,683	\$229,683	\$224,883	(\$4,800)
Licenses and Permits	246,547	282,968	276,784	(6,184)
Intergovernmental	430,290	430,290	429,090	(1,200)
<i>Total Revenues</i>	<u>886,520</u>	<u>942,941</u>	<u>930,757</u>	<u>(12,184)</u>
Expenditures:				
Current:				
Public Health				
Wages and Benefits	808,444	958,444	959,800	(1,356)
Contractual Services	170,099	119,599	115,632	3,967
Materials and Supplies	19,435	8,935	6,098	2,837
Other	37,655	55,075	47,489	7,586
<i>Total Public Health</i>	<u>1,035,633</u>	<u>1,142,053</u>	<u>1,129,019</u>	<u>13,034</u>
Debt Service:				
Principal Retirement	2,637	2,638	2,637	1
Interest and Fiscal Charges	59	59	59	0
<i>Total Debt Service</i>	<u>2,696</u>	<u>2,697</u>	<u>2,696</u>	<u>1</u>
<i>Total Expenditures</i>	<u>1,038,329</u>	<u>1,144,750</u>	<u>1,131,715</u>	<u>13,035</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(151,809)</u>	<u>(201,809)</u>	<u>(200,958)</u>	<u>851</u>
Other Financing Sources (Uses):				
Transfers In	150,000	200,000	198,978	(1,022)
Transfers Out	(4,626)	(4,626)	(4,626)	0
<i>Total Other Financing Sources (Uses)</i>	<u>145,374</u>	<u>195,374</u>	<u>194,352</u>	<u>(1,022)</u>
<i>Net Change in Fund Balance</i>	(6,435)	(6,435)	(6,606)	(171)
<i>Fund Balance Beginning of Year</i>	171	171	171	0
Prior Year Encumbrances Appropriated	<u>6,435</u>	<u>6,435</u>	<u>6,435</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$171</u>	<u>\$171</u>	<u>\$0</u>	<u>(\$171)</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$0	\$8,034	\$0	(\$8,034)
Expenditures:				
Current:				
Community Environment				
Materials and Supplies	1,817	1,817	1,817	0
Capital Outlay	0	11,984	11,943	41
<i>Total Expenditures</i>	1,817	13,801	13,760	41
<i>Net Change in Fund Balance</i>	(1,817)	(5,767)	(13,760)	(7,993)
<i>Fund Balance Beginning of Year</i>	74,136	74,136	74,136	0
Prior Year Encumbrances Appropriated	1,817	1,817	1,817	0
<i>Fund Balance End of Year</i>	\$74,136	\$70,186	\$62,193	(\$7,993)

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$2,218,767	\$2,218,767	\$2,298,834	\$80,067
Intergovernmental	12,904	37,996	25,092	(12,904)
Miscellaneous	6,000	6,000	511	(5,489)
<i>Total Revenues</i>	<u>2,237,671</u>	<u>2,262,763</u>	<u>2,324,437</u>	<u>61,674</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	1,294,526	1,292,026	1,151,301	140,725
Contractual Services	100,159	138,612	130,053	8,559
Materials and Supplies	255,364	264,864	243,496	21,368
Capital Outlay	274,973	783,798	621,562	162,236
Other	110,489	95,489	86,160	9,329
<i>Total Security of Persons and Property</i>	<u>2,035,511</u>	<u>2,574,789</u>	<u>2,232,572</u>	<u>342,217</u>
Debt Service:				
Principal Retirement	142,627	142,627	142,627	0
Interest and Fiscal Charges	15,370	15,370	15,370	0
<i>Total Debt Service</i>	<u>157,997</u>	<u>157,997</u>	<u>157,997</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,193,508</u>	<u>2,732,786</u>	<u>2,390,569</u>	<u>342,217</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>44,163</u>	<u>(470,023)</u>	<u>(66,132)</u>	<u>403,891</u>
Other Financing Sources (Uses):				
Capital Lease Issued	0	402,160	402,160	0
Transfers Out	(286,245)	(261,634)	(261,633)	1
<i>Total Other Financing Sources (Uses)</i>	<u>(286,245)</u>	<u>140,526</u>	<u>140,527</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	<u>(242,082)</u>	<u>(329,497)</u>	<u>74,395</u>	<u>403,892</u>
<i>Fund Balance Beginning of Year</i>	<u>773,718</u>	<u>773,718</u>	<u>773,718</u>	<u>0</u>
Prior Year Encumbrances Appropriated	98,864	98,864	98,864	0
<i>Fund Balance End of Year</i>	<u>\$630,500</u>	<u>\$543,085</u>	<u>\$946,977</u>	<u>\$403,892</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$10,000	\$10,000	\$3,214	(\$6,786)
Expenditures:				
Current:				
Security of Persons and Property				
Other	8,000	8,000	3,749	4,251
<i>Net Change in Fund Balance</i>	2,000	2,000	(535)	(2,535)
<i>Fund Balance Beginning of Year</i>	8,864	8,864	8,864	0
<i>Fund Balance End of Year</i>	<u>\$10,864</u>	<u>\$10,864</u>	<u>\$8,329</u>	<u>(\$2,535)</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$251,301	\$251,301	\$239,125	(\$12,176)
Intergovernmental	38,164	38,164	37,854	(310)
<i>Total Revenues</i>	289,465	289,465	276,979	(12,486)
Expenditures:				
Current:				
Security of Persons and Property Wages and Benefits	225,000	225,000	172,271	52,729
<i>Excess of Revenues Over Expenditures</i>	64,465	64,465	104,708	40,243
Other Financing Uses:				
Transfers Out	(52,032)	(52,032)	(52,032)	0
<i>Net Change in Fund Balance</i>	12,433	12,433	52,676	40,243
<i>Fund Balance Beginning of Year</i>	8,631	8,631	8,631	0
<i>Fund Balance End of Year</i>	<u>\$21,064</u>	<u>\$21,064</u>	<u>\$61,307</u>	<u>\$40,243</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$251,301	\$251,301	\$239,126	(\$12,175)
Intergovernmental	38,164	38,164	37,855	(309)
<i>Total Revenues</i>	289,465	289,465	276,981	(12,484)
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	200,100	200,100	176,932	23,168
<i>Excess of Revenues Over Expenditures</i>	89,365	89,365	100,049	10,684
Other Financing Uses:				
Transfers Out	(96,631)	(96,631)	(96,631)	0
<i>Net Change in Fund Balance</i>	(7,266)	(7,266)	3,418	10,684
<i>Fund Balance Beginning of Year</i>	20,297	20,297	20,297	0
<i>Fund Balance End of Year</i>	<u>\$13,031</u>	<u>\$13,031</u>	<u>\$23,715</u>	<u>\$10,684</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$25,000	\$25,000	\$40,010	\$15,010
Expenditures:				
Current:				
General Government				
Contractual Services	50,000	50,000	31,280	18,720
<i>Net Change in Fund Balance</i>	(25,000)	(25,000)	8,730	33,730
<i>Fund Balance Beginning of Year</i>	78,303	78,303	78,303	0
<i>Fund Balance End of Year</i>	<u>\$53,303</u>	<u>\$53,303</u>	<u>\$87,033</u>	<u>\$33,730</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$0	\$0	\$14,560	\$14,560
Expenditures:				
	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	14,560	14,560
<i>Fund Balance Beginning of Year</i>	14,103	14,103	14,103	0
<i>Fund Balance End of Year</i>	<u>\$14,103</u>	<u>\$14,103</u>	<u>\$28,663</u>	<u>\$14,560</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, 2012*

	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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$100,000	\$100,000	\$154,248	\$54,248
Interest	0	0	1,899	1,899
<i>Total Revenues</i>	100,000	100,000	156,147	56,147
Expenditures:				
Current:				
Security of Persons and Property				
Other	250,000	250,000	182,245	67,755
<i>Net Change in Fund Balance</i>	(150,000)	(150,000)	(26,098)	123,902
<i>Fund Balance Beginning of Year</i>	747,594	747,594	747,594	0
<i>Fund Balance End of Year</i>	<u>\$597,594</u>	<u>\$597,594</u>	<u>\$721,496</u>	<u>\$123,902</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$100,000	\$100,000	\$109,079	\$9,079
Expenditures:				
Current:				
General Government				
Wages and Benefits	64,023	69,523	68,439	1,084
Capital Outlay	43,526	38,026	12,147	25,879
Other	2,000	2,000	156	1,844
<i>Total Expenditures</i>	<u>109,549</u>	<u>109,549</u>	<u>80,742</u>	<u>28,807</u>
<i>Net Change in Fund Balance</i>	(9,549)	(9,549)	28,337	37,886
<i>Fund Balance Beginning of Year</i>	9,546	9,546	9,546	0
Prior Year Encumbrances Appropriated	<u>3,526</u>	<u>3,526</u>	<u>3,526</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,523</u></u>	<u><u>\$3,523</u></u>	<u><u>\$41,409</u></u>	<u><u>\$37,886</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$12,000	\$12,000	\$30,923	\$18,923
Expenditures:				
Current:				
General Government				
Materials and Supplies	6,601	6,601	736	5,865
Capital Outlay	40,000	40,000	26,753	13,247
<i>Total Expenditures</i>	46,601	46,601	27,489	19,112
<i>Net Change in Fund Balance</i>	(34,601)	(34,601)	3,434	38,035
<i>Fund Balance Beginning of Year</i>	49,620	49,620	49,620	0
Prior Year Encumbrances Appropriated	601	601	601	0
<i>Fund Balance End of Year</i>	\$15,620	\$15,620	\$53,655	\$38,035

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$250,000	\$250,000	\$276,253	\$26,253
Expenditures:				
Current:				
General Government				
Wages and Benefits	138,862	138,862	122,885	15,977
Contractual Services	10,000	10,000	5,120	4,880
Capital Outlay	69,280	69,280	50,088	19,192
<i>Total Expenditures</i>	218,142	218,142	178,093	40,049
<i>Excess of Revenues Over Expenditures</i>	31,858	31,858	98,160	66,302
Other Financing Uses:				
Transfers Out	0	(60,000)	(35,700)	24,300
<i>Net Change in Fund Balance</i>	31,858	(28,142)	62,460	90,602
<i>Fund Balance Beginning of Year</i>	176,544	176,544	176,544	0
Prior Year Encumbrances Appropriated	19,280	19,280	19,280	0
<i>Fund Balance End of Year</i>	\$227,682	\$167,682	\$258,284	\$90,602

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$160,000	\$160,000	\$165,574	\$5,574
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	120,547	125,547	129,717	(4,170)
Capital Outlay	10,000	10,000	4,894	5,106
<i>Total Expenditures</i>	130,547	135,547	134,611	936
<i>Net Change in Fund Balance</i>	29,453	24,453	30,963	6,510
<i>Fund Balance Beginning of Year</i>	84,248	84,248	84,248	0
<i>Fund Balance End of Year</i>	\$113,701	\$108,701	\$115,211	\$6,510

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$5,000	\$5,000	\$0	(\$5,000)
Expenditures:				
Current:				
Economic Development				
Contractual Services	113,037	118,238	80,866	37,372
Other	25,569	25,569	5,441	20,128
<i>Total Expenditures</i>	<u>138,606</u>	<u>143,807</u>	<u>86,307</u>	<u>57,500</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(133,606)</u>	<u>(138,807)</u>	<u>(86,307)</u>	<u>52,500</u>
Other Financing Sources (Uses):				
Transfers In	198,843	198,843	198,843	0
Transfers Out	0	(175,000)	(175,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>198,843</u>	<u>23,843</u>	<u>23,843</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	65,237	(114,964)	(62,464)	52,500
<i>Fund Balance Beginning of Year</i>	184,518	184,518	184,518	0
Prior Year Encumbrances Appropriated	<u>569</u>	<u>569</u>	<u>569</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$250,324</u>	<u>\$70,123</u>	<u>\$122,623</u>	<u>\$52,500</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Substance Abuse Mental Health Services Administration (SAMHSA) Grant Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$1,400,000	\$1,400,000	\$851,809	(\$548,191)
Expenditures:				
Current:				
Public Health				
Wages and Benefits	27,423	27,423	5,147	22,276
Contractual Services	1,353,558	1,353,558	835,306	518,252
<i>Total Expenditures</i>	<u>1,380,981</u>	<u>1,380,981</u>	<u>840,453</u>	<u>540,528</u>
<i>Excess of Revenues Over Expenditures</i>	<u>19,019</u>	<u>19,019</u>	<u>11,356</u>	<u>(7,663)</u>
Other Financing Sources (Uses):				
Advances In	0	0	86	86
Transfers Out	(7,577)	(7,577)	0	7,577
<i>Total Other Financing Sources (Uses)</i>	<u>(7,577)</u>	<u>(7,577)</u>	<u>86</u>	<u>7,663</u>
<i>Net Change in Fund Balance</i>	11,442	11,442	11,442	0
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(11,442)</u>	<u>(11,442)</u>	<u>(11,442)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Operating Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$72,000	\$72,000	\$95,709	\$23,709
Expenditures:				
Current:				
General Government				
Contractual Services	15,000	15,000	6,360	8,640
Capital Outlay	425,000	425,000	425,000	0
<i>Total Expenditures</i>	440,000	440,000	431,360	8,640
<i>Excess of Revenues Under Expenditures</i>	(368,000)	(368,000)	(335,651)	32,349
Other Financing Sources (Uses):				
Loans Received	425,000	425,000	425,000	0
Transfers Out	(55,333)	(55,333)	(55,333)	0
<i>Total Other Financing Sources (Uses)</i>	369,667	369,667	369,667	0
<i>Net Change in Fund Balance</i>	1,667	1,667	34,016	32,349
<i>Fund Balance Beginning of Year</i>	29,253	29,253	29,253	0
<i>Fund Balance End of Year</i>	\$30,920	\$30,920	\$63,269	\$32,349

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$50,000	\$50,001	\$69,882	\$19,881
Expenditures:				
Debt Service:				
Principal Retirement	56,865	56,865	56,865	0
Interest and Fiscal Charges	90,906	90,907	90,906	1
<i>Total Expenditures</i>	147,771	147,772	147,771	1
<i>Excess of Revenues Under Expenditures</i>	(97,771)	(97,771)	(77,889)	19,882
Other Financing Sources:				
Transfers In	97,771	97,771	77,889	(19,882)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Sewer Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$825,000	\$925,000	\$1,047,547	\$122,547
Expenditures:				
Capital Outlay				
Wages and Benefits	118,680	129,780	100,926	28,854
Contractual Services	144,072	186,472	186,248	224
Materials and Supplies	25,564	11,564	11,378	186
Capital Outlay	380,701	494,701	387,873	106,828
Other	130,150	22,578	14,379	8,199
<i>Total Capital Outlay</i>	<u>799,167</u>	<u>845,095</u>	<u>700,804</u>	<u>144,291</u>
Debt Service:				
Principal Retirement	57,811	57,811	57,811	0
Interest and Fiscal Charges	1,848	1,848	1,848	0
<i>Total Debt Service</i>	<u>59,659</u>	<u>59,659</u>	<u>59,659</u>	<u>0</u>
<i>Total Expenditures</i>	<u>858,826</u>	<u>904,754</u>	<u>760,463</u>	<u>144,291</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(33,826)	20,246	287,084	266,838
Other Financing Uses:				
Transfers Out	(385,000)	(492,572)	(492,572)	0
<i>Net Change in Fund Balance</i>	(418,826)	(472,326)	(205,488)	266,838
<i>Fund Balance Beginning of Year</i>	350,804	350,804	350,804	0
Prior Year Encumbrances Appropriated	124,136	124,136	124,136	0
<i>Fund Balance End of Year</i>	<u>\$56,114</u>	<u>\$2,614</u>	<u>\$269,452</u>	<u>\$266,838</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$68,857	\$68,857	\$57,790	(\$11,067)
Interest	0	0	49	49
<i>Total Revenues</i>	<u>68,857</u>	<u>68,857</u>	<u>57,839</u>	<u>(11,018)</u>
Expenditures:				
Current:				
Capital Outlay				
Wages and Benefits	70,720	76,720	75,646	1,074
Contractual Services	8,935	11,435	10,719	716
Capital Outlay	1,000	2,500	1,305	1,195
Other	5,000	5,000	3,669	1,331
<i>Total Expenditures</i>	<u>85,655</u>	<u>95,655</u>	<u>91,339</u>	<u>4,316</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(16,798)</u>	<u>(26,798)</u>	<u>(33,500)</u>	<u>(6,702)</u>
Other Financing Sources:				
Advances In	0	0	3,990	3,990
Transfers In	0	10,000	10,000	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>10,000</u>	<u>13,990</u>	<u>3,990</u>
<i>Net Change in Fund Balance</i>	(16,798)	(16,798)	(19,510)	(2,712)
<i>Fund Balance Beginning of Year</i>	17,923	17,923	17,923	0
Prior Year Encumbrances Appropriated	<u>1,587</u>	<u>1,587</u>	<u>1,587</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,712</u></u>	<u><u>\$2,712</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,712)</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,865,000	\$1,890,000	\$1,893,694	\$3,694
Expenses:				
Current:				
Personnel Services	638,536	596,036	596,002	34
Materials and Supplies	1,243,796	1,311,296	1,291,915	19,381
Contractual Services	1,000	1,000	815	185
Other	2,700	2,700	2,538	162
Debt Service:				
Principal Retirement	21,596	21,596	21,596	0
Interest and Fiscal Charges	4,008	4,008	4,008	0
<i>Total Expenses</i>	<u>1,911,636</u>	<u>1,936,636</u>	<u>1,916,874</u>	<u>19,762</u>
<i>Net Change in Fund Equity</i>	(46,636)	(46,636)	(23,180)	23,456
<i>Fund Equity Beginning of Year</i>	34,090	34,090	34,090	0
Prior Year Encumbrances Appropriated	<u>12,896</u>	<u>12,896</u>	<u>12,896</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$350</u></u>	<u><u>\$350</u></u>	<u><u>\$23,806</u></u>	<u><u>\$23,456</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$4,510,880	\$4,710,880	\$4,707,626	(\$3,254)
Expenses:				
Current:				
Personnel Services	22,884	41,884	41,189	695
Claims	4,035,454	4,666,454	4,587,920	78,534
Debt Service:				
Principal Retirement	220,000	220,000	220,000	0
Interest and Fiscal Charges	322,775	322,775	322,775	0
<i>Total Expenses</i>	<u>4,601,113</u>	<u>5,251,113</u>	<u>5,171,884</u>	<u>79,229</u>
<i>Net Change in Fund Equity</i>	(90,233)	(540,233)	(464,258)	75,975
<i>Fund Equity Beginning of Year</i>	535,071	535,071	535,071	0
Prior Year Encumbrances Appropriated	<u>11,454</u>	<u>11,454</u>	<u>11,454</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$456,292</u>	<u>\$6,292</u>	<u>\$82,267</u>	<u>\$75,975</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 54 in 2011.

City of Lorain, Ohio
Net Position by Components
Last Ten Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Net Investment in Capital Assets	\$54,637,305	\$59,846,248	\$68,630,911	\$77,419,157
Restricted for:				
Capital Projects	1,450,090	811,105	1,748,331	747,170
Debt Service	3,262,703	2,869,661	1,976,270	999,595
Community Development	15,612,821	18,081,736	15,791,001	21,696,627
Law Enforcement	1,391,854	1,449,202	1,066,384	0
Streets	452,012	594,117	535,193	0
Capital Leases	1,634,491	0	0	0
Other Purposes	858,194	1,138,329	417,581	694,098
Unrestricted (Deficit)	<u>(1,041,340)</u>	<u>3,476,070</u>	<u>1,216,048</u>	<u>(5,284,326)</u>
<i>Total Governmental Activities Net Position</i>	<u>78,258,130</u>	<u>88,266,468</u>	<u>91,381,719</u>	<u>96,272,321</u>
Business-Type Activities				
Net Investment in Capital Assets	59,864,311	56,147,460	55,922,833	48,300,584
Restricted for:				
Debt Service	0	0	2,763,530	2,707,499
Replacement and Improvement	0	0	300,000	300,000
Utility Reserve	1,877,887	1,338,599	1,408,605	1,354,532
Capital Leases	836,875	0	0	0
Unrestricted	<u>7,424,710</u>	<u>9,496,954</u>	<u>5,805,068</u>	<u>4,264,323</u>
<i>Total Business-Type Activities Net Position</i>	<u>70,003,783</u>	<u>66,983,013</u>	<u>66,200,036</u>	<u>56,926,938</u>
Primary Government				
Net Investment in Capital Assets	114,501,616	115,993,708	124,553,744	125,719,741
Restricted	27,376,927	26,282,749	26,006,895	28,499,521
Unrestricted (Deficit)	<u>6,383,370</u>	<u>12,973,024</u>	<u>7,021,116</u>	<u>(1,020,003)</u>
<i>Total Primary Government Net Position</i>	<u>\$148,261,913</u>	<u>\$155,249,481</u>	<u>\$157,581,755</u>	<u>\$153,199,259</u>

City of Lorain, Ohio
Net Position by Components
Last Ten Years
(accrual basis of accounting)

2008	2007	2006	2005	2004	2003
\$85,270,139	\$97,026,059	112,337,952	124,391,028	138,745,022	150,062,168
2,184,529	1,235,939	1,377,196	1,414,714	4,745,648	10,820,008
929,267	833,898	778,135	468,373	713,569	603,071
18,492,807	19,225,551	21,519,172	25,355,904	26,814,060	21,419,946
920,481	1,942,192	2,057,953	1,873,284	1,737,320	1,418,749
0	1,022,586	1,126,833	0	0	0
0	991,591	0	0	0	0
234,737	753,219	1,273,910	2,932,848	1,531,493	1,647,206
<u>(3,002,825)</u>	<u>(1,775,323)</u>	<u>(2,382,357)</u>	<u>(3,124,749)</u>	<u>(5,195,260)</u>	<u>(8,307,276)</u>
<u>105,029,135</u>	<u>121,255,712</u>	<u>138,088,794</u>	<u>153,311,402</u>	<u>169,091,852</u>	<u>177,663,872</u>
46,112,133	42,339,183	38,814,751	37,679,295	36,496,435	35,322,403
2,647,896	2,662,538	2,621,486	2,572,039	2,485,022	2,454,458
300,000	300,000	300,000	300,000	300,000	300,000
1,394,584	1,305,744	334,744	1,305,744	1,468,618	1,364,750
0	0	0	0	0	0
4,015,416	4,389,634	5,065,097	3,742,237	2,453,020	2,856,795
<u>54,470,029</u>	<u>50,997,099</u>	<u>47,136,078</u>	<u>45,599,315</u>	<u>43,203,095</u>	<u>42,298,406</u>
131,382,277	139,365,242	151,152,703	171,228,705	175,241,457	185,384,571
27,104,301	30,273,258	31,389,429	36,222,906	39,795,730	37,573,730
1,012,591	2,614,311	2,682,740	(8,540,894)	(2,742,240)	(2,996,023)
<u>\$159,499,169</u>	<u>\$172,252,811</u>	<u>\$185,224,872</u>	<u>\$198,910,717</u>	<u>\$212,294,947</u>	<u>\$219,962,278</u>

City of Lorain, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

Program Revenues	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities:				
Charges for Services and Assessments:				
General Government	\$3,386,134	\$3,991,164	\$3,534,873	\$1,768,208
Security of Persons and Property	1,023,281	816,728	723,048	692,478
Transportation	78,167	94,597	177,084	77,203
Public Health	695,622	785,070	812,519	1,471,921
Community Environment	658,404	647,154	726,154	657,190
Economic Development	14,536	19,812	49,099	11,823
Leisure Time Activities	14,842	17,475	36,090	35,005
Subtotal Charges for Services	<u>5,870,986</u>	<u>6,372,000</u>	<u>6,058,867</u>	<u>4,713,828</u>
Operating Grants and Contributions:				
General Government	58,087	184,470	666,852	225,533
Security of Persons and Property	99,777	2,441,235	591,520	315,920
Transportation	2,623,284	2,579,889	2,443,696	2,438,807
Public Health	937,242	1,596,028	468,323	389,116
Community Environment	0	0	0	226,690
Economic Development	2,945,320	5,456,527	3,705,378	6,430,895
Leisure Time Activities	5,750	50,000	65,175	0
Subtotal Operating Grants and Contributions	<u>6,669,460</u>	<u>12,308,149</u>	<u>7,940,944</u>	<u>10,026,961</u>
Capital Grants and Contributions:				
General Government	6,000	0	0	0
Security of Persons and Property	150,363	70,872	583,343	0
Transportation	1,500,001	0	1,633,299	1,757,274
Public Health	46,145	0	0	0
Economic Development	0	0	0	0
Subtotal Capital Grants and Contributions	<u>1,702,509</u>	<u>70,872</u>	<u>2,216,642</u>	<u>1,757,274</u>
Total Governmental Activities Program Revenues	<u>14,242,955</u>	<u>18,751,021</u>	<u>16,216,453</u>	<u>16,498,063</u>
Business-Type Activities:				
Charges for Services:				
Water Works	8,128,920	7,983,612	8,324,068	7,813,777
Water Pollution Control	14,305,591	14,046,469	12,558,356	12,046,880
Capital Grants and Contributions:				
Water Pollution Control	2,393,244	3,612,676	4,057,648	0
Total Business-Type Activities Program Revenues	<u>24,827,755</u>	<u>25,642,757</u>	<u>24,940,072</u>	<u>19,860,657</u>
Total Primary Government Program Revenues	<u>\$39,070,710</u>	<u>\$44,393,778</u>	<u>\$41,156,525</u>	<u>\$36,358,720</u>

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

(continued)

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

Expenses	2012	2011	2010	2009
Governmental Activities:				
General Government	\$10,393,507	\$10,869,025	\$11,620,641	\$12,043,738
Security of Persons and Property	22,770,490	20,983,753	18,236,104	19,793,984
Transportation	9,539,291	10,920,414	12,699,874	12,665,797
Public Health	2,263,408	2,355,372	1,352,681	1,786,441
Community Environment	380,767	469,293	461,164	654,143
Economic Development	3,889,164	2,813,491	3,020,976	2,222,946
Leisure Time Activities	671,450	566,774	513,928	1,090,661
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	2,227,483	3,241,289	2,252,399	2,139,598
<i>Total Governmental Activities Expenses</i>	<u>52,135,560</u>	<u>52,219,411</u>	<u>50,157,767</u>	<u>52,397,308</u>
Business-Type Activities:				
Water Works	8,276,927	7,447,722	7,551,751	7,579,138
Water Pollution Control	13,508,372	13,420,975	13,566,764	9,856,268
<i>Total Business-Type Activities Expenses</i>	<u>21,785,299</u>	<u>20,868,697</u>	<u>21,118,515</u>	<u>17,435,406</u>
<i>Total Primary Government Expenses</i>	<u>73,920,859</u>	<u>73,088,108</u>	<u>71,276,282</u>	<u>69,832,714</u>
Net (Expense)/Revenue				
Governmental Activities	(37,892,605)	(33,468,390)	(33,941,314)	(35,899,245)
Business-Type Activities	3,042,456	4,774,060	3,821,557	2,425,251
<i>Total Primary Government Net Expense</i>	<u>(34,850,149)</u>	<u>(28,694,330)</u>	<u>(30,119,757)</u>	<u>(33,473,994)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied For:				
General Purposes	1,911,656	2,193,536	2,538,308	2,679,184
Police Pension	219,477	276,173	251,381	138,349
Fire Pension	219,478	276,257	251,381	179,102
Debt Service	776,400	940,062	837,938	1,151,160
Municipal Income Taxes Levied For:				
General Purposes	15,974,811	16,691,300	15,118,368	13,701,298
Police Levy	2,253,171	2,331,737	2,126,884	1,934,387
Payments in Lieu of Taxes	1,008,778	743,321	903,799	916,189
Grants and Entitlements not Restricted to Specific Programs	3,915,101	5,614,431	6,069,092	5,221,222
Franchise Fees	651,413	625,031	606,987	602,430
Investment Earnings	23,096	21,653	22,265	53,381
Miscellaneous	850,886	539,638	1,255,426	524,420
Transfers	80,000	100,000	(931,117)	0
<i>Total Governmental Activities</i>	<u>\$27,884,267</u>	<u>\$30,353,139</u>	<u>\$29,050,712</u>	<u>\$27,101,122</u>

2008	2007	2006	2005	2004	2003
\$12,788,107	\$12,812,199	\$12,267,533	\$13,003,383	\$11,596,965	\$18,594,382
22,346,039	19,390,489	18,573,582	19,197,977	17,624,224	20,151,907
13,855,345	14,435,681	14,679,897	14,881,296	15,196,365	6,704,576
2,021,791	1,995,300	2,018,981	2,030,073	1,799,704	1,985,041
636,040	1,104,662	696,834	964,323	671,404	770,420
4,623,187	2,926,740	7,417,102	3,736,841	2,538,197	825,936
1,582,512	501,112	1,188,751	1,266,922	1,139,638	1,311,140
0	0	0	0	0	18,420
2,114,164	1,950,140	2,028,001	1,893,394	1,831,945	1,817,193
<u>59,967,185</u>	<u>55,116,323</u>	<u>58,870,681</u>	<u>56,974,209</u>	<u>52,398,442</u>	<u>52,179,015</u>
7,594,813	7,614,864	7,537,738	7,161,733	7,019,598	7,701,592
9,167,502	9,149,590	9,667,949	8,294,509	8,740,898	9,694,280
<u>16,762,315</u>	<u>16,764,454</u>	<u>17,205,687</u>	<u>15,456,242</u>	<u>15,760,496</u>	<u>17,395,872</u>
76,729,500	71,880,777	76,076,368	72,430,451	68,158,938	69,574,887
(48,112,023)	(45,735,988)	(45,855,487)	(45,714,135)	(36,646,537)	(37,319,594)
3,412,327	2,056,580	1,376,122	2,294,029	833,329	(1,476,436)
<u>(44,699,696)</u>	<u>(43,679,408)</u>	<u>(44,479,365)</u>	<u>(43,420,106)</u>	<u>(35,813,208)</u>	<u>(38,796,030)</u>
2,773,576	3,124,027	2,368,671	2,595,040	2,598,358	2,594,840
257,898	310,780	270,002	291,931	260,833	239,884
257,898	342,860	270,001	279,497	260,833	239,884
998,299	984,638	876,357	866,125	861,309	799,822
15,938,664	16,308,518	16,809,771	17,087,103	15,163,796	14,211,737
2,234,626	2,296,810	2,367,849	2,484,300	2,488,604	2,346,822
524,641	276,499	214,280	174,536	92,639	12,661
7,371,329	6,083,171	5,719,663	5,250,113	5,549,380	5,341,015
690,859	255,821	252,481	263,481	233,946	236,806
377,061	811,699	690,650	274,833	217,102	162,478
460,595	435,314	793,154	366,726	347,717	814,192
0	(2,327,231)	0	0	0	0
<u>\$31,885,446</u>	<u>\$28,902,906</u>	<u>\$30,632,879</u>	<u>\$29,933,685</u>	<u>\$28,074,517</u>	<u>\$27,000,141</u>

(continued)

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

	2012	2011	2010	2009
Business-Type Activities:				
Investment Earnings	\$0	\$17	\$66	\$1,158
Gain on Sale of Capital Assets	700	0	6,606	0
Miscellaneous	57,614	47,187	61,891	71,804
Extraordinary Items	0	0	513,574	0
Transfers	(80,000)	(100,000)	931,117	0
<i>Total Business-Type Activities</i>	<u>(21,686)</u>	<u>(52,796)</u>	<u>1,513,254</u>	<u>72,962</u>
<i>Total Primary Government</i>	<u>27,862,581</u>	<u>30,300,343</u>	<u>30,563,966</u>	<u>27,174,084</u>
Change in Net Position				
Governmental Activities	(10,008,338)	(3,115,251)	(4,890,602)	(8,798,123)
Business-Type Activities	3,020,770	4,721,264	5,334,811	2,498,213
<i>Total Primary Government</i>	<u>(6,987,568)</u>	<u>\$1,606,013</u>	<u>\$444,209</u>	<u>(\$6,299,910)</u>

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

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

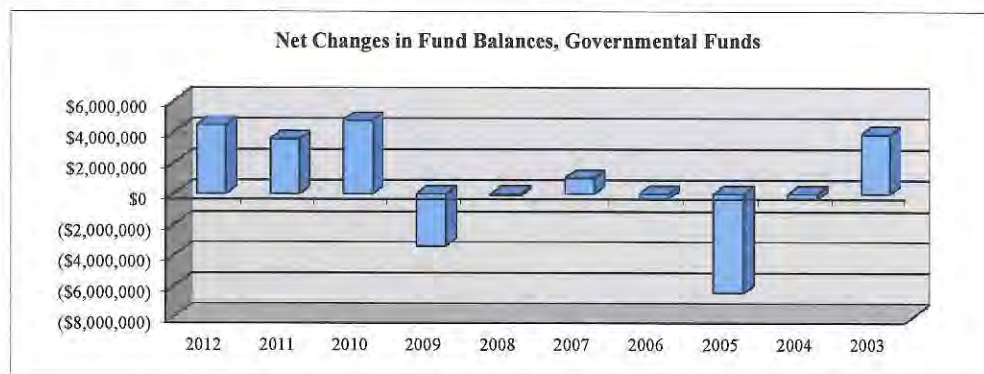
	2012	2011	2010	2009
General Fund				
Nonspendable	\$206,037	\$222,510	\$251,410	\$0
Restricted	705,984	125,018	189,098	0
Committed	233,428	216,602	135,917	0
Assigned	763,477	198,749	123,358	0
Unassigned	3,003,372	3,666,804	1,478,381	0
Reserved	0	0	0	164,743
Designated for Capital Acquisitions	0	0	0	0
Unreserved (Deficit)	0	0	0	(1,398,518)
Total General Fund	4,912,298	4,429,683	2,178,164	(1,233,775)
All Other Governmental Funds				
Nonspendable	181,576	2,501,153	2,567,959	0
Restricted	26,711,217	20,530,757	19,802,941	0
Committed	650,952	599,252	314,967	0
Unassigned (Deficit)	(595,807)	(653,817)	(1,011,238)	0
Reserved	0	0	0	16,892,525
Undesignated (Deficit), Reported in:				
Special Revenue funds	0	0	0	3,886,549
Debt Service funds	0	0	0	454,241
Capital Projects funds	0	0	0	(892,831)
Total All Other Governmental Funds	26,947,938	22,977,345	21,674,629	20,340,484
Total Governmental Funds	\$31,860,236	\$27,407,028	\$23,852,793	\$19,106,709

Note: The City implemented GASB 54 in 2011

2008	2007	2006	2005	2004	2003
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
246,789	687,255	168,006	659,816	80,690	102,553
0	525,000	0	600,000	0	0
222,753	88,414	1,061,018	(884,514)	(591,250)	(512,337)
469,542	1,300,669	1,229,024	375,302	(510,560)	(409,784)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,034,853	17,348,267	17,895,624	21,566,305	21,184,019	18,108,163
6,407,782	6,493,381	7,034,810	4,454,830	5,247,036	4,311,495
330,314	219,762	188,401	(4,879,317)	213,668	124,402
242,263	(2,733,331)	(2,337,652)	2,802,085	4,631,159	8,948,048
22,015,212	21,328,079	22,781,183	23,943,903	31,275,882	31,492,108
\$22,484,754	\$22,628,748	\$24,010,207	\$24,319,205	\$30,765,322	\$31,082,324

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

	2012	2011	2010	2009
Revenues				
Property Taxes	\$3,422,090	\$3,291,509	\$3,946,538	\$4,085,257
Payments in Lieu of Taxes	695,739	747,569	734,343	688,593
Municipal Income Taxes	18,330,321	19,080,666	17,030,074	15,688,501
Charges for Services	2,126,964	2,015,313	1,745,691	1,780,212
Licenses and Permits	1,082,878	1,107,550	1,136,780	1,047,477
Fines and Forfeitures	2,165,344	2,001,966	1,934,753	1,824,570
Intergovernmental	13,002,984	15,294,309	15,476,834	15,798,768
Franchise Fees	651,413	625,031	606,987	602,430
Special Assessments	69,882	43,949	52,108	66,625
Interest	23,096	21,653	22,265	53,381
Contributions and Donations	183,837	99,910	570,058	0
Miscellaneous	693,967	539,638	1,255,423	514,802
Total Revenues	42,448,515	44,869,063	44,511,854	42,150,616
Expenditures				
Current:				
General Government	8,022,727	7,674,673	8,394,131	8,592,192
Security of Persons and Property	20,362,434	19,921,573	18,050,868	19,171,278
Transportation	2,712,808	2,494,279	2,313,133	2,620,162
Public Health	2,194,945	2,209,410	1,331,025	1,709,057
Community Environment	365,273	413,375	426,257	633,603
Economic Development	3,500,654	2,641,821	2,872,413	2,680,510
Leisure Time Activities	451,109	332,550	275,681	922,661
Intergovernmental	0	0	0	0
Capital Outlay	3,182,821	2,765,407	1,616,835	6,394,806
Debt Service:				
Principal Retirement	4,661,144	3,549,320	3,390,872	2,920,967
Refunded Bonds Redeemed	5,545,000	0	0	0
Interest and Fiscal Charges	1,941,889	1,811,649	2,031,361	2,153,744
Bond Issuance Costs	259,400	82,039	9,205	24,943
Total Expenditures	53,200,204	43,896,096	40,711,781	47,823,923
Excess of Revenues Over (Under) Expenditures	(10,751,689)	972,967	3,800,073	(5,673,307)
Other Financing Sources (Uses)				
Capital Leases Issued	2,677,334	450,740	16,716	266,033
Sale of Capital Assets	0	0	0	0
Bonds Issued	5,535,000	1,010,000	245,000	390,000
Refunding Bonds Issued	5,815,000	2,074,175	0	0
Notes Issued	0	0	300,000	0
Loans Received	1,119,366	991,510	288,520	1,626,699
Premium on Debt Issuance	0	0	0	12,530
Discount on Debt Issuance	(21,803)	(13,860)	(4,225)	0
Payment to Refunded Bond Escrow Agent	0	(2,031,297)	0	0
Transfers In	3,839,044	2,107,462	2,568,242	2,664,088
Transfers Out	(3,759,044)	(2,007,462)	(2,468,242)	(2,664,088)
Total Other Financing Sources (Uses)	15,204,897	2,581,268	946,011	2,295,262
Net Change in Fund Balances	\$4,453,208	\$3,554,235	\$4,746,084	(\$3,378,045)
Debt Service as a Percentage of Noncapital Expenditures	13.3%	13.2%	13.9%	12.4%



2008	2007	2006	2005	2004	2003
\$4,218,010	\$4,547,743	\$4,022,546	\$4,002,419	\$3,957,055	\$3,659,130
524,641	276,499	214,280	174,536	92,639	12,661
18,161,503	18,637,946	19,181,559	19,546,306	17,680,283	16,553,650
1,533,956	1,411,545	1,623,511	1,419,251	1,343,239	1,247,753
1,015,843	1,188,733	1,431,398	1,098,063	1,167,853	785,860
1,813,678	1,781,036	1,627,837	1,438,755	1,619,879	1,658,464
13,929,093	13,432,851	15,915,009	13,260,054	16,814,124	12,104,895
690,859	255,821	252,481	263,481	233,946	236,806
71,717	71,842	82,614	73,280	122,704	174,799
377,061	811,699	690,650	274,833	217,102	162,478
0	0	0	0	0	0
449,983	425,077	790,843	359,769	338,478	814,192
<u>42,786,344</u>	<u>42,840,792</u>	<u>45,832,728</u>	<u>41,910,747</u>	<u>43,587,302</u>	<u>37,410,688</u>
9,751,483	8,817,909	7,783,356	10,178,686	7,472,394	6,772,792
21,024,167	19,449,378	19,158,303	18,735,767	18,334,999	16,750,969
3,431,181	3,284,017	2,770,818	3,002,534	2,261,567	2,578,166
2,050,837	1,992,874	2,007,742	2,058,113	1,872,129	1,711,340
639,207	1,095,395	792,667	869,283	715,893	653,685
3,830,250	2,882,602	7,386,562	3,606,065	2,606,100	24,835
1,269,838	1,178,575	1,002,442	1,037,882	1,009,957	1,090,889
0	0	0	0	0	18,420
3,938,553	3,227,967	5,037,231	4,918,114	8,707,726	5,376,919
2,979,133	2,427,744	2,297,103	11,027,373	5,672,618	8,105,592
0	0	0	0	0	0
1,970,367	1,879,931	2,010,962	1,950,882	1,753,457	1,811,630
136,664	326,044	82,219	0	0	475,530
<u>51,021,680</u>	<u>46,562,436</u>	<u>50,329,405</u>	<u>57,384,699</u>	<u>50,406,840</u>	<u>45,370,767</u>
<u>(8,235,336)</u>	<u>(3,721,644)</u>	<u>(4,496,677)</u>	<u>(15,473,952)</u>	<u>(6,819,538)</u>	<u>(7,960,079)</u>
23,995	1,425,000	0	1,849,994	0	0
0	0	20,128	0	0	0
5,440,000	2,595,000	1,510,000	2,297,663	0	6,245,000
0	4,970,000	0	0	0	0
0	0	0	4,750,000	4,150,000	4,945,000
2,700,683	507,572	2,652,923	130,178	2,352,536	603,346
0	1,072	4,628	0	0	18,947
(73,336)	(52,476)	0	0	0	0
0	(4,715,431)	0	0	0	0
2,188,546	2,697,744	1,749,236	1,995,288	1,853,219	2,719,525
<u>(2,188,546)</u>	<u>(2,697,744)</u>	<u>(1,749,236)</u>	<u>(1,995,288)</u>	<u>(1,853,219)</u>	<u>(2,719,525)</u>
<u>8,091,342</u>	<u>4,730,737</u>	<u>4,187,679</u>	<u>9,027,835</u>	<u>6,502,536</u>	<u>11,812,293</u>
<u>(\$143,994)</u>	<u>\$1,009,093</u>	<u>(\$308,998)</u>	<u>(\$6,446,117)</u>	<u>(\$317,002)</u>	<u>\$3,852,214</u>
11.2%	11.4%	10.2%	25.8%	18.6%	25.4%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated True Value	Assessed Value	Estimated True Value
	Residential/ Agricultural	Commercial Industrial/PU			
2012	\$563,833,220	\$169,350,210	\$2,094,809,800	\$58,135,160	\$66,062,682
2011	673,629,950	178,610,500	2,434,972,714	57,286,180	65,097,932
2010	677,121,420	181,040,570	2,451,891,400	58,216,700	66,155,341
2009	682,370,300	177,968,350	2,458,110,429	59,104,670	67,164,398
2008	733,306,300	177,358,300	2,601,898,857	59,834,380	67,993,614
2007	746,514,550	175,555,690	2,634,486,400	62,526,510	71,052,852
2006	738,092,310	169,800,110	2,593,978,343	70,128,370	79,691,330
2005	650,032,220	162,381,030	2,321,180,714	74,269,390	84,397,034
2004	638,438,820	166,955,950	2,301,127,914	77,299,320	87,840,136
2003	627,918,840	162,388,030	2,258,019,629	79,467,680	90,304,182

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

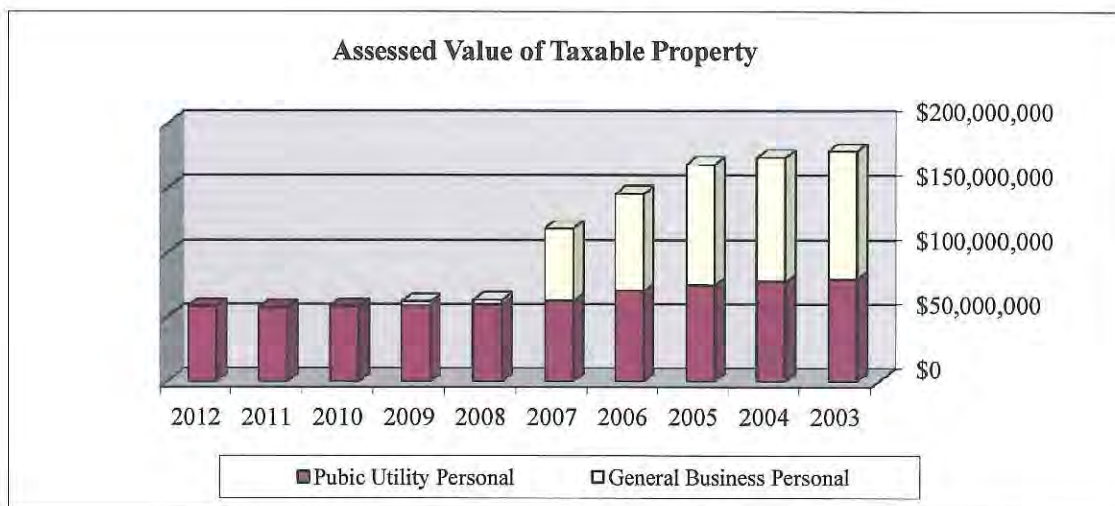
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General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

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

Source: Lorain County, Ohio; County Auditor

Tangible Personal Property

General Business		Total			Tax Rate Per per \$1,000 of Assessed Value
Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Ratio	
\$0	\$0	\$791,318,590	\$2,160,872,482	36.62%	\$4.96
0	0	909,526,630	2,500,070,646	36.38	4.96
0	0	916,378,690	2,518,046,741	36.39	4.96
2,773,226	44,371,616	922,216,546	2,569,646,442	35.89	4.96
3,281,400	52,502,400	973,780,380	2,722,394,871	35.77	4.96
56,325,250	450,602,000	1,040,922,000	3,156,141,252	32.98	4.96
75,436,138	402,326,069	1,053,456,928	3,075,995,742	34.25	4.96
94,023,132	408,796,226	980,705,772	2,814,373,974	34.85	4.96
96,508,986	419,604,287	979,203,076	2,808,572,338	34.86	4.96
99,372,980	432,056,435	969,147,530	2,780,380,245	34.86	4.96



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

	2012	2011	2010	2009
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	\$40.631390	\$29.618828	\$29.390339	\$29.277396
Commerical/Industrial and Public Utility Real	55.490672	49.381265	48.479933	49.652864
General Business and Public Utility Personal	66.640000	60.210000	60.080000	60.030000
Amherst Exempted School District				
Residential/Agricultural Real	40.222283	32.941994	32.826844	32.792363
Commerical/Industrial and Public Utility Real	42.634811	36.235849	36.103873	35.888926
General Business and Public Utility Personal	73.650000	67.950000	67.850000	67.830000
Vermilion City School District				
Residential/Agricultural Real	32.602918	30.735026	30.758985	30.724270
Commerical/Industrial and Public Utility Real	55.740915	54.066400	54.038610	54.041340
General Business and Public Utility Personal	68.720000	68.100000	68.170000	68.170000
Clearview City School District				
Residential/Agricultural Real	45.280159	38.860342	38.658571	37.404938
Commerical/Industrial and Public Utility Real	42.440699	38.672882	38.269377	37.089070
General Business and Public Utility Personal	59.260000	54.910000	54.760000	53.530000
Firelands Local School District				
Residential/Agricultural Real	31.671504	29.976711	24.994414	25.029806
Commerical/Industrial and Public Utility Real	30.956167	30.510571	24.270663	24.270000
Elyria City School District				
Residential/Agricultural Real	42.950026	39.520899	39.314928	34.014735
Commerical/Industrial and Public Utility Real	48.993207	46.269374	45.620258	39.945772
General Business and Public Utility Personal	71.350000	69.730000	69.580000	64.320000
Lorain County				
Residential/Agricultural Real	12.853367	12.222552	12.214265	11.534565
Commerical/Industrial and Public Utility Real	12.519299	12.484079	12.389031	11.971785
General Business and Public Utility Personal	13.655000	13.690000	13.690000	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.

2008	2007	2006	2005	2004	2003
\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>

\$26.620358	\$26.401790	\$26.294987	\$28.904986	\$28.986588	\$29.418314
49.065013	49.460471	48.869978	51.125934	50.102276	50.206799
59.680000	59.410000	59.410000	59.610000	59.610000	59.960000

31.747243	24.664626	24.849649	26.921603	26.982197	27.180335
35.665123	28.879896	29.412375	32.090072	32.488818	32.668111
67.680000	60.560000	60.660000	60.980000	60.980000	61.050000

29.877602	31.010390	30.400024	25.550044	25.607768	25.550035
52.644888	53.885384	50.761422	49.070040	45.305123	44.665976
67.670000	68.800000	68.300000	63.450000	63.450000	63.450000

35.298400	35.062174	28.837199	29.132649	29.854798	29.611787
35.665762	35.385118	28.884064	29.153153	30.021832	29.800013
52.510000	52.290000	46.090000	46.340000	47.340000	47.100000

24.392658	24.550690	24.210033	24.690030	24.690006	24.820006
24.602755	24.696224	24.210027	27.476008	27.556536	27.853060

31.736220	31.509357	27.570005	29.977001	26.237827	26.501241
38.753910	38.253750	34.092496	36.500243	32.767017	33.199831
63.500000	63.300000	59.400000	60.230000	56.480000	56.730000

10.937983	10.961756	10.926994	12.174480	10.759740	10.121297
11.843570	11.906101	11.818414	12.779647	12.030494	11.667702
13.390000	13.390000	13.490000	13.490000	13.190000	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>
2012	\$4,072,394	\$3,855,165	94.7%	\$231,509
2011	4,104,093	3,492,266	85.1	233,722
2010	4,119,592	4,176,371	101.4	231,315
2009	4,389,496	4,044,647	92.1	321,682
2008	4,448,907	4,141,595	93.1	197,196
2007	4,427,436	4,135,641	93.4	179,211
2006	4,022,380	3,814,286	94.8	125,930
2005	3,996,835	3,805,202	95.2	140,840
2004	3,956,482	3,773,999	95.4	124,093
2003	3,665,134	3,483,359	95.0	132,140

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.

Total Tax Collections	Percent of Total Collections To Current Tax Levy	Accumulated Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes To Current Tax Levy
\$4,086,674	100.4%	\$79,878	2.0%
3,725,989	90.8	1,060,540	25.8
4,407,686	107.0	666,016	16.2
4,366,329	99.5	353,563	8.1
4,338,791	97.5	340,866	7.7
4,314,852	97.5	451,061	10.2
3,940,217	98.0	372,022	9.2
3,946,042	98.7	333,010	8.3
3,898,092	98.5	302,980	7.7
3,615,499	98.6	300,673	8.2

City of Lorain, Ohio
Principal Real Property Taxpayers
2012 and 2003

Taxpayer	2012		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$27,205,660	1	3.71%
Ohio Edison	18,670,910	2	2.54
American Transmission	7,456,540	3	1.02
Walmart Real Estate	6,274,810	4	0.85
Industrias CH, S.A. de C.V. (Republic Steel)	5,758,010	5	0.79
Columbia Gas of Ohio	4,734,990	6	0.65
Lowes Home Centers Inc.	3,981,500	7	0.54
Billy Rowland	3,504,150	8	0.48
Lexington TRAMK Lorain (K-Mart)	3,134,310	9	0.43
Kohls Illinois Inc.	2,718,970	10	0.37
	<u>\$83,439,850</u>		<u>11.38%</u>
Total Real Property Assessed Valuation	<u>\$733,183,430</u>		

Taxpayer	2003		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$40,810,560	1	5.16%
Ohio Edison	19,016,800	2	2.41
Ford Motor Company	15,395,980	3	1.95
Century Telephone	7,815,790	4	0.99
American Transmission	7,708,940	5	0.98
Republic Technologies Int'l	7,312,620	6	0.93
Society National Bank	3,886,520	7	0.49
Oster Construction	2,792,860	8	0.35
Reliance Comm/Tec	2,385,870	9	0.30
United States Steel LLC	2,243,330	10	0.28
	<u>\$109,369,270</u>		<u>13.84%</u>
Total Real Property Assessed Valuation	<u>\$790,306,870</u>		

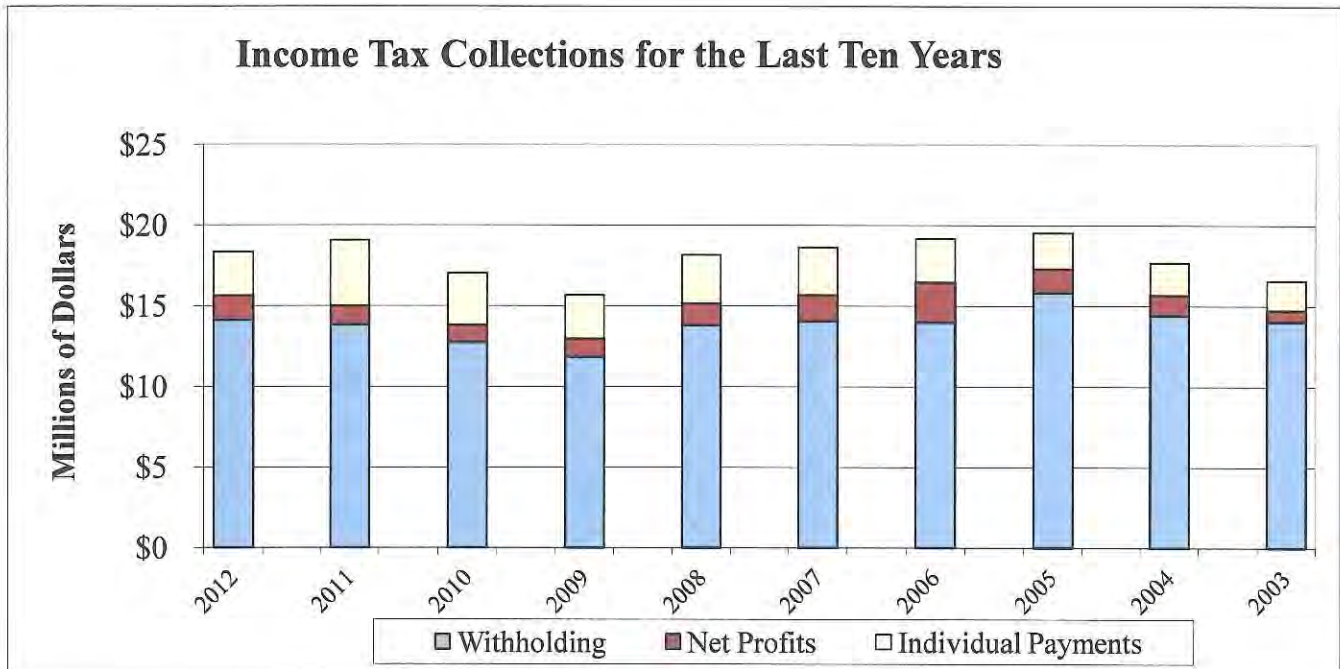
Source: County Auditor

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
2012	2.00 %	\$18,330,321	\$14,126,645	77.07 %	\$1,516,837	8.27 %	\$2,686,839	14.66 %
2011	2.00	19,080,666	13,844,811	72.56	1,178,220	6.17	4,057,634	21.27
2010	2.00	17,030,074	12,753,274	74.89	1,077,434	6.33	3,199,366	18.79
2009	2.00	15,688,501	11,847,648	75.52	1,135,290	7.24	2,705,563	17.25
2008	2.00	18,161,503	13,810,258	76.04	1,360,024	7.49	2,991,221	16.47
2007	2.00	18,637,946	14,057,705	75.43	1,629,344	8.74	2,950,897	15.83
2006	2.00	19,181,559	13,985,760	72.91	2,496,101	13.01	2,699,698	14.07
2005	2.00	19,546,306	15,807,433	80.87	1,492,483	7.64	2,246,390	11.49
2004	1.75	17,680,283	14,416,262	81.54	1,268,333	7.17	1,995,688	11.29
2003	1.75	16,553,650	14,024,629	84.72	723,263	4.37	1,805,758	10.91

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%.



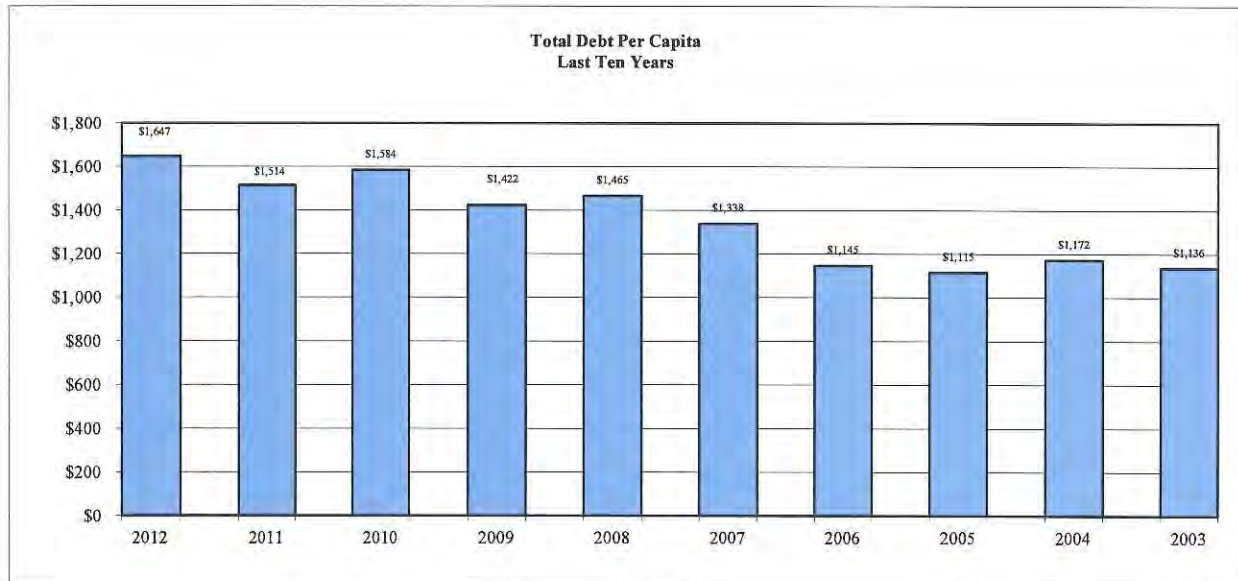
City of Lorain, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

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
2012	\$36,699,993	\$1,509,770	\$2,568,667	\$3,210,621	\$180,000	\$2,506,000	\$2,045,488	\$1,707,674
2011	32,876,524	1,566,747	2,501,327	1,277,126	240,000	3,635,000	2,247,401	1,898,248
2010	33,839,835	1,058,225	2,543,125	1,566,213	300,000	4,095,000	2,296,943	1,880,578
2009	30,303,361	847,338	2,751,664	2,107,916	0	4,550,000	2,296,943	2,170,151
2008	31,714,580	467,691	2,818,314	2,385,686	0	5,005,000	2,296,943	1,454,600
2007	27,731,792	567,014	2,088,849	2,832,561	0	5,455,000	1,240,041	1,062,114
2006	26,222,206	664,719	2,159,087	1,793,667	0	5,900,000	1,240,041	953,999
2005	25,998,851	762,423	1,873,525	2,099,227	0	6,345,000	0	0
2004	24,734,873	860,127	1,904,310	425,643	4,150,000	6,785,000	0	0
2003	25,967,169	1,012,831	1,855,801	592,393	3,625,000	4,955,000	0	0

Note: Population and Personal Income data are presented on page S-34.

Business-Type Activities

Installment Loans	General Obligation Bonds	Mortgage Revenue Bonds	Capital Leases	OWDA Loans	Total Debt	Percentage of Personal Income	Per Capita
\$1,366,872	\$2,569,975	\$0	\$1,522,326	\$49,706,750	\$105,594,136	8.91%	\$1,647
869,896	3,296,542	0	74,318	46,587,258	97,070,387	8.30	1,514
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



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
2012	64,097 (f)	\$2,160,872,482	\$39,269,968	1.82 %	\$612.66
2011	64,097 (f)	2,500,070,646	36,173,066	1.45	564.35
2010	64,097 (f)	2,518,046,741	34,522,947	1.37	538.60
2009	70,239 (e)	2,569,646,442	31,171,014	1.21	443.78
2008	70,124 (d)	2,722,394,871	32,755,700	1.20	467.11
2007	70,592 (c)	3,156,141,252	28,939,767	0.92	409.96
2006	67,820 (b)	3,075,995,742	27,585,962	0.90	406.75
2005	68,652 (a)	2,814,373,974	27,509,628	0.98	400.71
2004	68,652 (a)	2,808,572,338	26,302,871	0.94	383.13
2003	68,652 (a)	2,780,380,245	27,871,116	1.00	405.98

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 (S-14 & S-15)

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

(4) Although resources have been restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

City of Lorain, Ohio
 Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2012

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Lorain			
General Obligation Bonds	\$36,699,993	100.00 %	\$36,699,993
Special Assessment Bonds	1,509,770	100.00	1,509,770
OPWC Loans	2,568,667	100.00	2,568,667
Capital Leases	3,210,621	100.00	3,210,621
HUD Loans	2,506,000	100.00	2,506,000
Public Improvement Installment Loans	1,366,872	100.00	1,366,872
ODOD Urban Redevelopment Loans	2,045,488	100.00	2,045,488
Long Term Note	180,000	100.00	180,000
ODOT State Infrastructure Loans	1,707,674	100.00	1,707,674
<i>Total Direct Debt</i>	<u>51,795,085</u>		<u>51,795,085</u>
Overlapping			
Lorain City School District			
General Obligation Bonds	42,866,276	100.00%	42,866,276
Amherst Exempted Village School District			
General Obligation Bonds	1,771,217	30.27%	536,147
Vermilion City School District			
General Obligation Bonds	5,618,125		
Capital Leases	81,097	10.03%	571,632
Clearview City School District			
General Obligation Bonds	4,239,999		
Capital Leases	0	35.06%	1,486,544
Firelands Local School District			
Capital Leases	182,448	1.76%	3,212
Elyria City School District			
General Obligation Bonds	44,375,369		
Capital Leases	4,371,141	0.25%	121,866
Lorain County			
General Obligation Bonds	27,205,000	17.24%	4,690,142
<i>Total Overlapping Debt</i>	<u>130,710,672</u>		<u>50,275,818</u>
Total	<u><u>\$182,505,757</u></u>		<u><u>\$102,070,903</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

	2012	2011	2010	2009
General Bonded Debt Outstanding:				
General Obligation Bonds	\$36,810,613	\$32,971,112	\$34,161,128	\$30,642,312
Special Assessment Bonds	1,508,701	1,565,566	1,050,760	835,035
Enterprise Fund General Obligation Bonds	2,555,686	3,278,322	683,112	867,653
Enterprise Fund Revenue Bonds	0	0	4,825,000	6,070,000
Bond Anticipation Notes	180,000	1,380,000	2,345,000	2,215,000
OPWC Loans	2,568,667	2,501,327	2,543,125	2,751,664
Real Estate Acquisition Loan	0	0	0	0
Public Improvement Installment Loans	1,366,872	869,896	540,340	640,498
Total Gross Indebtedness	44,990,539	42,566,223	46,148,465	44,022,162
Percentage of Current Assessed				
Property Value	5.69%	4.68%	5.04%	4.77%
Assessed Property Value	\$791,318,590	\$909,526,630	\$916,378,690	\$922,216,546
Total Debt Per Capita	\$702	\$664	\$720	\$627
Population	64,097	64,097	64,097	70,239
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(874,729)	(1,142,503)	(1,396,888)	(1,642,347)
General Obligation Bonds - Urban Renewal	(10,945,000)	(11,390,000)	(11,705,000)	(11,965,000)
General Obligation Bonds - Pension	(1,350,000)	(1,435,000)	(1,430,000)	(1,500,000)
Special Assessment Bonds	(1,508,701)	(1,565,566)	(1,050,760)	(835,035)
Bond Anticipation Notes - Special Assessment Portion	0	0	(709,000)	(908,525)
Enterprise Fund General Obligation Bonds	(2,555,686)	(3,278,322)	(683,112)	(867,653)
Enterprise Fund Revenue Bonds	0	0	(4,825,000)	(6,070,000)
Total Net Debt Applicable to Debt Limit	27,756,423	23,754,832	24,348,705	20,233,602
Overall Legal Debt Limit				
10 1/2% of Assessed Valuation	83,088,452	95,500,296	96,219,762	96,832,737
Legal Debt Margin Within 10 1/2% Limitations	\$55,332,029	\$71,745,464	\$71,871,057	\$76,599,135
Legal Debt Margin as a Percentage of the Debt Limit	66.59%	75.13%	74.69%	79.10%
Unvoted Debt Limitation				
5 1/2% of Assessed Valuation	\$43,522,522	\$50,023,965	\$50,400,828	\$50,721,910
Net Unvoted Indebtedness Authorized by Council	44,658,738	42,234,422	45,816,664	43,690,361
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(874,729)	(1,142,503)	(1,396,888)	(1,642,347)
General Obligation Bonds - Urban Renewal	(10,945,000)	(11,390,000)	(11,705,000)	(11,965,000)
General Obligation Bonds - Pension	(1,350,000)	(1,435,000)	(1,430,000)	(1,500,000)
Special Assessment Bonds	(1,508,701)	(1,565,566)	(1,050,760)	(835,035)
Bond Anticipation Notes - Special Assessment Portion	0	0	(709,000)	(908,525)
Enterprise Fund General Obligation Bonds	(2,555,686)	(3,278,322)	(683,112)	(867,653)
Enterprise Fund Revenue Bonds	0	0	(4,825,000)	(6,070,000)
Net Debt Within 5 1/2% Limitations	27,424,622	23,423,031	24,016,904	19,901,801
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$16,097,900	\$26,600,934	\$26,383,924	\$30,820,109
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	36.99%	53.18%	52.35%	60.76%

Source: City Financial Records

2008	2007	2006	2005	2004	2003
\$32,071,189	\$28,030,011	\$26,201,525	\$25,981,800	\$24,734,873	\$25,967,169
467,691	567,014	664,719	762,423	860,127	1,012,831
1,041,120	1,207,975	1,363,756	1,510,777	1,550,000	1,885,000
7,260,000	8,390,000	9,465,000	10,398,234	11,363,032	12,282,802
2,019,000	5,385,000	5,900,000	5,495,000	4,150,000	3,625,000
2,818,314	2,088,849	2,159,087	1,873,525	1,904,310	1,855,801
0	0	0	0	0	17,787
193,716	250,000	0	0	0	0
<u>45,871,030</u>	<u>45,918,849</u>	<u>45,754,087</u>	<u>46,021,759</u>	<u>44,562,342</u>	<u>46,646,390</u>
4.71%	4.41%	4.34%	4.69%	4.55%	4.81%
\$973,780,380	\$1,040,922,000	\$1,053,456,928	\$980,705,772	\$979,203,076	\$969,147,530
\$654	\$650	\$675	\$670	\$649	\$679
70,124	70,592	67,820	68,652	68,652	68,652
(1,878,880)	(2,102,025)	(2,316,244)	(2,499,223)	0	0
(12,165,000)	(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)	(9,225,000)
(1,565,000)	(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)	(1,845,000)
(467,691)	(567,014)	(664,719)	(762,423)	(860,127)	(1,012,831)
(1,214,439)	(297,439)	(297,439)	(271,665)	0	0
(1,041,120)	(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)	(1,885,000)
<u>(7,260,000)</u>	<u>(8,390,000)</u>	<u>(9,147,462)</u>	<u>(10,106,765)</u>	<u>(11,465,000)</u>	<u>(12,282,802)</u>
20,278,900	19,504,396	19,859,467	20,110,906	19,767,215	20,395,757
102,246,940	109,296,810	110,612,977	102,974,106	102,816,323	101,760,491
<u>\$81,968,040</u>	<u>\$89,792,414</u>	<u>\$90,753,510</u>	<u>\$82,863,200</u>	<u>\$83,049,108</u>	<u>\$81,364,734</u>
80.17%	82.15%	82.05%	80.47%	80.77%	79.96%
\$53,557,921	\$57,250,710	\$57,940,131	\$53,938,817	\$53,856,169	\$53,303,114
45,540,591	45,698,909	45,565,686	46,313,228	44,695,638	46,683,596
(1,878,880)	(2,102,025)	(2,316,244)	(2,499,223)	0	0
(12,165,000)	(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)	(9,225,000)
(1,565,000)	(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)	(1,845,000)
(467,691)	(567,014)	(664,719)	(762,423)	(860,127)	(1,012,831)
(1,214,439)	(297,439)	(297,439)	(271,665)	0	0
(1,041,120)	(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)	(1,885,000)
<u>(7,260,000)</u>	<u>(8,390,000)</u>	<u>(9,147,462)</u>	<u>(10,106,765)</u>	<u>(11,465,000)</u>	<u>(12,282,802)</u>
19,948,461	19,284,456	19,671,066	20,402,375	19,900,511	20,432,963
<u>\$33,609,460</u>	<u>\$37,966,254</u>	<u>\$38,269,065</u>	<u>\$33,536,442</u>	<u>\$33,955,658</u>	<u>\$32,870,151</u>
62.75%	66.32%	66.05%	62.17%	63.05%	61.67%

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

	2012	2011	2010	2009
Net Available Revenue:				
Gross Revenues	\$8,175,102	\$8,019,772	\$8,361,324	\$7,848,394
Less: Operating Expenses (1)	6,713,405	5,777,938	5,713,151	6,045,523
Net Available Revenue	\$1,461,697	\$2,241,834	\$2,648,173	\$1,802,871
Debt Service - Revenue Bonds:				
Principal	\$0	\$600,000	\$565,000	\$540,000
Interest	0	240,705	228,291	257,028
Revenue Bond Coverage	0	2.67	3.34	2.26
Debt Service OWDA Loans:				
Principal	634,737	553,112	467,112	445,100
Interest	538,542	485,420	437,712	459,289
OWDA Coverage	1.25	2.16	2.93	1.99
Total Debt Service:				
Principal	634,737	1,153,112	1,032,112	985,100
Interest	538,542	726,125	666,003	716,317
Total Coverage	1.25	1.19	1.56	1.06

Source: City Auditor

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

2008	2007	2006	2005	2004	2003
\$8,271,992	\$7,966,168	\$8,191,235	\$8,555,713	\$8,342,495	\$8,249,924
6,065,246	5,963,954	5,829,936	5,590,805	5,407,940	6,165,744
<u>\$2,206,746</u>	<u>\$2,002,214</u>	<u>\$2,361,299</u>	<u>\$2,964,908</u>	<u>\$2,934,555</u>	<u>\$2,084,180</u>
\$510,000	\$485,000	\$465,000	\$440,000	\$420,000	\$400,000
283,810	308,691	331,971	353,698	365,739	393,397
<u>2.78</u>	<u>2.52</u>	<u>2.96</u>	<u>3.74</u>	<u>3.73</u>	<u>2.63</u>
424,661	381,205	357,855	347,012	618,077	558,391
480,599	464,934	483,902	502,049	449,519	393,056
<u>2.44</u>	<u>2.37</u>	<u>2.81</u>	<u>3.49</u>	<u>2.75</u>	<u>2.19</u>
934,661	866,205	822,855	787,012	1,038,077	958,391
764,409	773,625	815,873	855,747	815,258	786,453
<u>1.30</u>	<u>1.22</u>	<u>1.44</u>	<u>1.80</u>	<u>1.58</u>	<u>1.19</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Available Revenue:				
Gross Revenues	\$14,317,023	\$14,057,496	\$12,582,991	\$12,084,067
Less: Operating Expenses (1)	<u>10,310,229</u>	<u>10,161,170</u>	<u>5,960,482</u>	<u>6,429,051</u>
Net Available Revenue	<u><u>\$4,006,794</u></u>	<u><u>\$3,896,326</u></u>	<u><u>\$6,622,509</u></u>	<u><u>\$5,655,016</u></u>
 Debt Service - Revenue Bonds:				
Principal	\$0	\$720,000	\$680,000	\$650,000
Interest	0	20,160	59,020	95,270
 Revenue Bond Coverage	<u>0</u>	<u>5.26</u>	<u>8.96</u>	<u>7.59</u>
 Debt Service OWDA Loans:				
Principal	2,067,286	2,593,205	2,422,084	2,060,004
Interest	1,168,425	1,211,958	1,401,379	1,428,335
 OWDA Coverage	<u>1.24</u>	<u>1.02</u>	<u>1.73</u>	<u>1.62</u>
 Total Debt Service:				
Principal	2,067,286	3,313,205	3,102,084	2,710,004
Interest	1,168,425	1,232,118	1,460,399	1,523,605
 Total Coverage	<u>1.24</u>	<u>0.86</u>	<u>1.45</u>	<u>1.34</u>

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

Source: City Auditor

2008	2007	2006	2005	2004	2003
\$11,223,392	\$10,915,240	\$10,222,189	\$9,240,060	\$8,313,069	\$7,728,255
6,074,308	6,342,194	7,093,067	5,753,128	6,224,953	7,399,650
<u>\$5,149,084</u>	<u>\$4,573,046</u>	<u>\$3,129,122</u>	<u>\$3,486,932</u>	<u>\$2,088,116</u>	<u>\$328,605</u>
\$620,000	\$590,000	\$560,000	\$535,000	\$510,000	\$480,000
129,250	161,020	190,640	218,295	244,165	268,180
<u>6.87</u>	<u>6.09</u>	<u>4.17</u>	<u>4.63</u>	<u>2.77</u>	<u>0.44</u>
1,595,247	1,089,047	791,991	973,131	826,682	735,466
1,136,529	726,942	678,730	724,605	608,693	587,486
<u>1.88</u>	<u>2.52</u>	<u>2.13</u>	<u>2.05</u>	<u>1.45</u>	<u>0.25</u>
2,215,247	1,679,047	1,351,991	1,508,131	1,336,682	1,215,466
1,265,779	887,962	869,370	942,900	852,858	855,666
<u>1.48</u>	<u>1.78</u>	<u>1.41</u>	<u>1.42</u>	<u>0.95</u>	<u>0.16</u>

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

	2012	2011	2010	2009	2008
Net Available Revenue:					
Gasoline Tax Revenue	\$1,173,588	\$1,183,619	\$1,230,746	\$1,243,353	\$1,282,853
Debt Service - ODOT State					
Infrastructure Bank (SIB) Loans					
Principal	126,919	172,679	456,846	327,370	272,511
Interest	14,590	19,428	31,019	18,986	23,246
Total Debt Service	141,509	192,107	487,865	346,356	295,757
ODOT SIB Loan Coverage	8.29	6.16	2.52	3.59	4.34

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

E. 36th Street Phase II Rehabilitation - Loan #SB060011

Local Roadway Rehabilitation (Round 21) - Loan #SB080001

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

Source: City Financial Records

(1) Information prior to 2008 not applicable

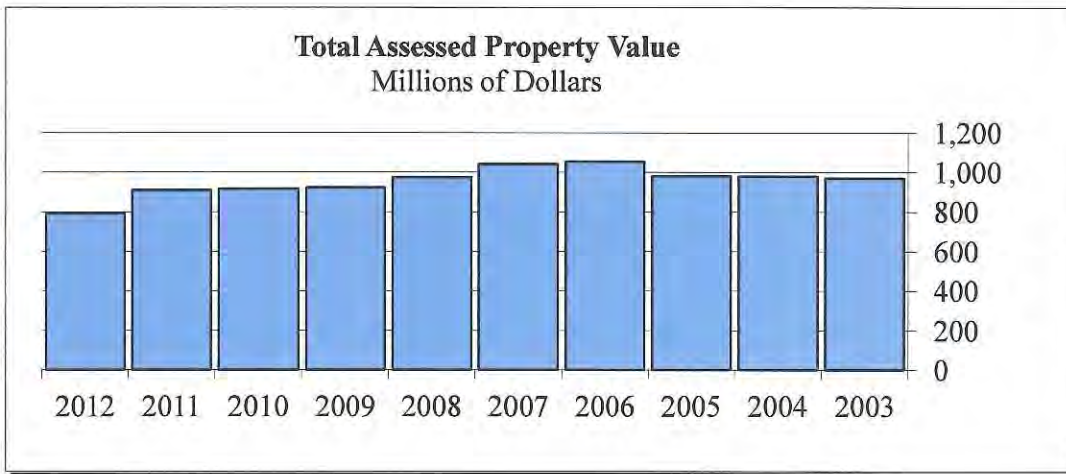
City of Lorain, Ohio
Principal Employers
2012 and 2003

Employer	2012	
	Employees	% of Total Employment
Mercy (formerly Community Health Partners)	1,704	6.38 %
Lorain City School District	760	2.84
Lorain Tubular	686	2.57
Industrias CH, S.A. de C.V (Republic Steel)	633	2.37
City of Lorain	470	1.76
CAMACO, Inc.	400	1.50
Grace Management Services	294	1.10
Wal-Mart	211	0.79
The Nord Center	211	0.79
Superior Medical	207	0.77
	<u>5,576</u>	<u>20.87 %</u>
 Total Employment Within the City	 <u>26,722</u>	
	2003	
	Employees	% of Total Employment
Community Health Partners	1,803	6.13 %
Ford Motor Company-Lorain Assembly	1,677	5.70
Lorain City School District	1,493	5.08
Republic Technologies International	1,073	3.65
City of Lorain	539	1.83
Marconi Communications	537	1.83
Lorain Tubular	410	1.39
CAMACO, Inc.	262	0.89
Ohio Extended Care	235	0.80
The Nord Center	230	0.78
	<u>8,259</u>	<u>28.08 %</u>
 Total Employment Within the City	 <u>29,416</u>	

Source: City Auditor

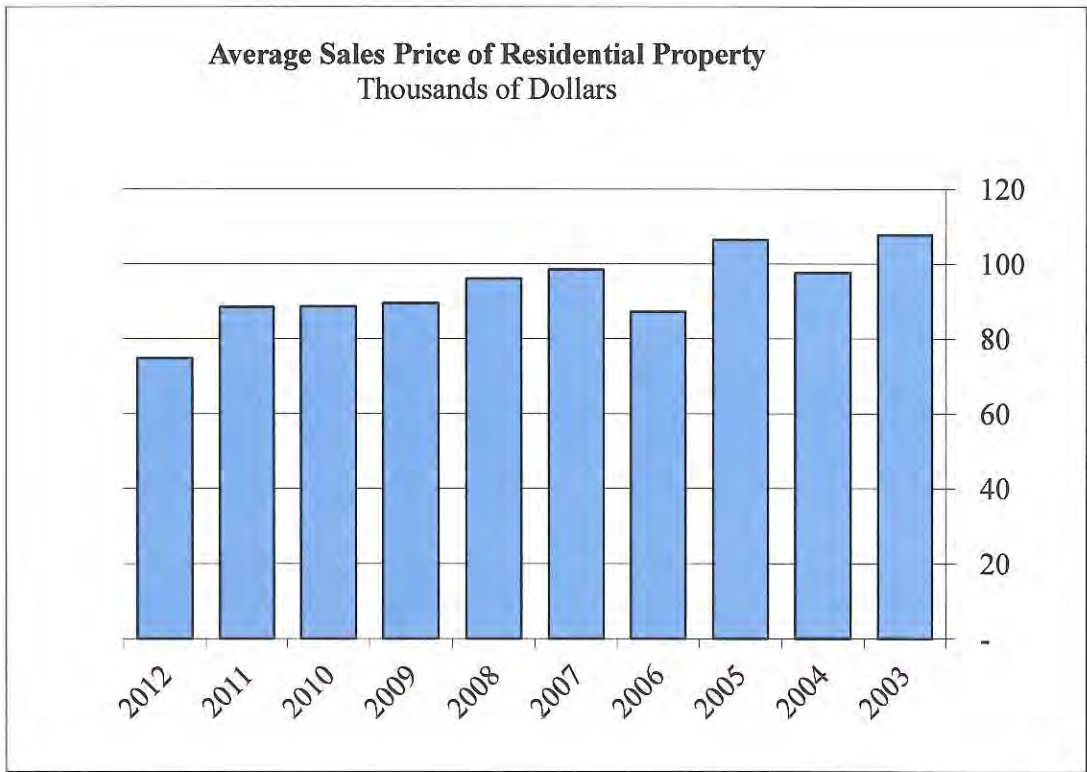
City of Lorain
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2012	64,097	\$1,185,409,918	\$18,494	\$34,769	36.8
2011	64,097	1,167,334,564	18,212	35,353	36.8
2010	64,097	1,199,254,870	18,710	36,155	36.7
2009	70,239	1,285,233,222	18,298	38,033	35.1
2008	70,124	1,307,251,608	18,642	35,908	35.3
2007	70,592	1,242,489,792	17,601	37,670	33.9
2006	67,820	1,108,178,800	16,340	33,917	34.4
2005	68,652	1,121,773,680	16,340	33,917	34.4
2004	68,652	1,121,773,680	16,340	33,917	34.4
2003	68,652	1,121,773,680	16,340	33,917	34.4



- (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: Lorain City Schools
 (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
11.8 %	6,845	8.8 %	\$74,854	\$791,318,590
12.0	7,585	9.4	88,443	909,526,630
11.1	8,100	11.2	88,621	916,378,690
10.8	8,288	10.9	89,544	922,216,546
10.6	8,557	9.3	96,045	973,780,380
12.6	8,897	7.4	98,458	1,040,922,000
9.9	8,975	6.7	87,227	1,053,456,928
9.9	9,719	6.9	106,379	980,705,772
9.9	9,909	5.8	97,594	979,203,076
9.9	10,322	6.6	107,676	969,147,530



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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Auditor	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civil Service	4.00	4.00	4.00	4.00	4.00	4.00	1.00	1.00	1.00	1.00
Clerk of Courts	15.00	15.00	15.00	17.00	17.00	16.00	15.00	19.00	13.00	14.00
Council	12.00	11.00	13.00	14.00	14.00	14.00	15.00	14.00	13.00	15.00
Electrical	4.00	6.00	6.00	7.00	7.00	8.00	7.00	8.00	6.00	7.00
Engineering	1.75	5.00	9.00	11.00	12.00	12.00	10.00	10.00	10.00	11.00
Income Tax/Treasurer	8.00	7.00	7.00	10.00	10.00	9.00	9.00	8.00	8.00	8.00
Judges	9.69	15.75	11.75	13.00	13.00	14.00	14.00	16.00	13.00	12.00
Law Department	9.00	11.00	11.00	13.00	13.00	11.00	12.00	13.00	10.00	11.00
Municipal Court Computer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court Security/Improvement	3.25	7.76	1.25	1.00	5.00	5.00	4.00	0.00	0.00	0.00
Municipal Court Probation	2.06	2.00	2.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Mayor	2.00	3.00	3.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50
MIS/Data Processing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Safety/Service Director	3.05	6.70	6.22	6.77	8.45	6.30	6.85	7.30	6.04	7.75
Security of Persons and Property										
Police	97.00	99.00	99.00	100.00	99.00	105.00	105.00	101.00	83.00	94.00
Police - Corrections	6.00	5.00	4.00	6.00	6.00	0.00	0.00	2.00	9.00	11.00
Police - Dispatchers/Office/Other	16.00	20.49	21.00	22.00	23.00	22.00	22.00	22.00	19.00	21.00
Fire	80.00	83.00	78.00	80.00	80.00	79.00	82.00	84.00	83.00	86.00
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	21.00	19.00	19.34	22.00	24.00	24.00	23.00	23.00	19.00	21.00
Public Health										
Cemetery	2.00	4.00	5.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Dog Warden	-	-	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00
Health Department	14.00	16.00	18.00	20.00	23.00	19.00	25.00	23.00	22.00	22.00
Community Environment										
Building Inspection	4.00	6.00	5.00	6.00	9.00	8.00	10.00	10.00	8.00	8.00
Economic Development										
Community Development	12.00	17.00	21.00	22.00	22.00	21.00	22.00	19.00	19.71	22.00
Leisure Time Activities										
Parks & Recreation	1.00	1.00	0.33	7.00	10.00	9.00	9.00	6.00	4.00	10.00
Basic Utility Services										
Water	59.95	51.48	52.54	62.93	57.58	55.42	56.64	59.42	56.20	64.20
Water Pollution Control	62.75	55.52	65.27	64.00	66.67	60.48	66.71	66.48	69.25	73.25
Internal Services										
Garage	8.00	9.00	9.00	9.00	9.00	9.00	11.00	13.00	10.00	9.00
Hospitalization	0.50	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Totals:	470.00	493.00	499.00	538.00	552.00	531.00	545.00	544.00	500.00	539.00

Source: City of Lorain, Ohio Auditor's Office

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

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

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

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

Function/program	2012	2011	2010	2009
General Government (3)				
Purchase Orders Issued	3,008	2,892	2,772	2,874
Security of Persons and Property				
Police (4) (a)				
Total Arrests	3,414	2,971	3,421	3,784
Offenses (major offenses such as murder and rape)	42	60	61	76
Offenses (major offenses such as robbery and agg. assault)	309	420	291	322
Offenses (major offenses such as vehicle theft)	132	130	146	169
DUI Arrests	139	223	182	237
Prisoners	3,339	3,325	3,293	4,139
Motor Vehicle Accidents	1,542	1,483	1,428	1,145
Calls for Service	58,836	54,418	56,908	59,891
Fire (5)				
Emergency responses	2,067	1,904	1,853	1,659
Fire Safety Inspections/Re-Inspections	624	652	906	810
Fire Protection Systems Inspected	161	79	71	64
Building/Fire Protection Plan Review	61	59	60	35
Transportation (6)				
Road Maintenance (man hours)*	10,336	10,841	11,821	21,028
Asphalt (hot/cold) used in road maintenance (tons)	853	1,426	757	1,282
Concrete used in road maintenance (yards)	304	309	1,099	2,529
Number of Trees Removed	147	39	52	64
Truckloads of leaves picked-up	116	156	165	150
Cubic Yards of leaf humus delivered/sold	n/a	177	243	502
Cubic Yards of wood chips delivered/sold	n/a	n/a	n/a	135
Tons of snow melting salt purchased	4,721	5,989	5,762	3,671
Public Health				
Help Me Grow Visits (0-3 years of age) (2)	128	844	1,596	2,232
Adult Immunizations (2)	0	62	160	5,280
Children Immunizations (2)	1,234	1,312	768	2,329
Child Health Clinics (0-21 years) (2)	129	152	245	376
HIV testing (2)	441	436	526	545
Number of Births (2)	861	950	1,005	1,016
Number of Deaths (2)	867	893	869	892

2008	2007	2006	2005	2004	2003
3,628	3,591	3,398	3,824	3,813	3,942
4,115	4,043	6,455	2,536	2,345	2,801
36	24	10	20	27	15
150	295	283	316	286	261
46	145	146	161	89	100
159	166	123	171	155	175
2,427	0	0	0	2,612	4,121
1,531	1,646	1,521	1,620	1,683	1,805
50,583	59,070	64,344	46,321	45,663	43,543
1,676	1,620	2,446	3,382	3,127	3,514
1,110	627	795	437	763	732
40	46	53	32	37	13
70	30	n/a	n/a	n/a	n/a
26,783	28,868	14,932	18,364	17,844	19,830
1,824	1,423	1,188	1,801	1,421	1,061
561	2,684	1,530	965	1,721	1,670
41	62	91	77	66	113
132	743	129	231	223	217
486	307	139	262	209	52
125	241	23	177	152	260
4,898	10,081	3,892	5,797	3,940	8,761
3,886	2,797	2,257	2,459	2,170	2,758
1,180	1,032	1,783	2,660	1,700	2,625
2,569	2,651	2,681	2,616	2,831	3,014
433	440	517	581	700	838
425	561	561	591	586	557
1,105	1,112	1,250	1,134	1,188	1,215
875	896	903	890	954	943

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

Function/program	2012	2011	2010	2009
Public Health (continued)				
Number of Environmental Inspections (2)	2,182	1,555	1,930	2,047
City of Lorain's Recycling Activity-in tons (10)	909	879	1,078	899
Cemetery Internments (7)	112	125	130	105
Cemetery Spaces/Lots purchased (7)	\$45,450	\$54,050	\$54,375	\$66,625
Internment Fess/Misc. Fees (7)	96,615	107,475	\$104,250	\$117,575
Community Environment(1)				
Construction Permits Issued	3,766	5,303	4,024	4,359
Estimated Value of Construction	\$38,320,399	\$29,973,277	\$51,911,330	\$56,464,393
Number of Planning Commission docket items	44	39	48	43
Economic Development(10)				
Number of Loans - Home In-Fill	1	0	0	3
Number of Loans - Home Rehab	3	3	5	5
Number of Loans - Business	5	3	5	0
Number of Loans/Projects - 108	0	0	1	2
Number of Loans/Projects - CDBG	0	0	0	0
Number of Loans/Projects - EDA Title IX	3	2	2	3
Number of Loans/Projects - Rental Rehab	1	0	2	1
Number of Loans/Projects - UDAG	3	2	1	0
Economic Development Projects approved (square feet)	412,750	264,300	252,000	429,000
Leisure Time Activities (7)				
No. of People attending Summer Rec Programs	n/a	n/a	n/a	0
Attendance at Santa land	n/a	n/a	n/a	3,032
Water/Water Pollution Control				
Water/Sewer Bills mailed (8)	290,759	287,542	292,296	289,409
Number of Loans -Emergency Loan Program (10)	0	0	0	0

* Estimated n/a = not available

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

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

2008	2007	2006	2005	2004	2003
2,884	3,287	2,761	2,805	2,693	2,770
1,113	1,224	953	1,178	1,218	1,133
130	149	153	160	155	160
\$72,440	\$63,075	\$54,300	\$56,750	\$62,725	\$51,580
\$114,175	\$106,875	\$111,682	\$110,300	\$74,370	\$76,680
4,146	4,406	5,763	5,502	5,529	6,140
\$31,317,509	\$40,752,431	\$68,451,638	\$48,208,912	\$92,157,798	\$67,034,093
48	21	48	n/a	26	9
0	6	4	12	7	6
7	3	16	5	7	14
1	4	1	2	5	4
0	1	0	1	0	1
1	1	0	1	0	2
0	3	1	2	4	3
0	1	1	2	1	1
0	0	1	0	0	2
1,200	154,538	10,820	24,200	63,242	98,202
270	206	233	144	n/a	133
2,756	2,482	2,469	3,232	1,962	1,183
295,357	296,971	295,889	288,314	290,530	287,669
3	6	0	0	0	0

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

Function/program	2012	2011	2010	2009
General Government				
Engineering Vehicles (2)	6	6	8	8
Mayor Vehicles (10)	1	1	0	0
Security of Persons and Property				
Police (5)				
Stations	2	2	2	2
Vehicles	116	122	104	113
Fire (6)				
Stations	4	4	4	4
Vehicles	21	18	20	20
Transportation				
Streets (miles) (7)	285	285	285	285
Number of Traffic lights (2)	488	488	488	488
Vehicles (7)	78	78	78	78
Community Environment				
Inspection Vehicles (1)	6	6	7	8
Economic Development				
Community Development Vehicles (4)	3	5	7	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)	292	292	278	278
Water lines (miles)	311	311	310	294
Vehicles	83	78	98	90

Sources:

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

n/a: Information not available

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
8	8	8	7	6	6
0	1	1	1	1	1
2	2	4	3	3	4
113	113	111	101	92	92
4	4	4	4	4	4
20	23	28	26	27	28
285	285	285	285	281	279
488	410	518	528	528	528
78	71	52	38	44	45
8	9	9	7	7	6
10	8	7	8	7	7
56	56	56	57	57	57
3	3	3	3	3	3
17	17	18	22	n/a	n/a
278	277	277	280	280	280
294	293	293	310	310	310
82	82	85	86	90	90





Dave Yost • Auditor of State

CITY OF LORAIN

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 10, 2013**