

City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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City of Lorain
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We have reviewed the Independent Auditor's Report of the City of Lorain, Lorain County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 18, 2002

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2001

Ronald L. Mantini
Lorain City Auditor

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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

The introductory section contains information to familiarize readers with the Comprehensive Annual Financial Report (CAFR) and the City of Lorain. A description of the City, the reporting entity, and the operation of City services is included. Other topics range from financial summaries and highlights to city awards.

Key elected and appointed officials are listed along with the City's organizational chart. This section is intended to provide users with an overview of the report and the City of Lorain.





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The City of Lorain, Ohio

Ronald L. Mantini, Auditor

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May 3, 2002

Citizens of Lorain
Lorain, Ohio

It is with great satisfaction, I submit this Comprehensive Annual Financial Report (CAFR) for the City of Lorain, Ohio, for the year ended December 31, 2001. This CAFR was prepared by the Lorain City Auditor's office. Management is accountable for the accuracy of the data and the entirety and fairness of the material presented, including all disclosures. We consider the information contained herein to be precise in all aspects relating to the City's financial activities and statistical data. This report was designed in a manner so that the reader may obtain a thorough and optimal understanding of the City's financial affairs, basic operations and general composition. Copies will be made available to all interested parties.

The Comprehensive Annual Financial Report is presented in three sections:

1. The Introductory Section; which contains a Letter of Transmittal, the Certificate of Achievement, an Award for Outstanding Achievement, a list of the City's principal officials and department heads, a map of the voting wards of the City of Lorain with the respective council members noted, and an Organizational Chart of the City;
2. The Financial Section; which begins with the Report of Independent Accountants, and includes the General Purpose Financial Statements and Notes which provide an overview of the City's financial position and operating results, and also includes the Combining Statements and Schedules of the Individual Funds and Account Groups that provide detailed information relative to the General Purpose Financial Statements; and
3. The Statistical Section; which presents various tables reflecting social and economic information, financial trends and the fiscal capacity of the City of Lorain.

THE CITY OF LORAIN

Incorporated in 1874, the City of Lorain 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. Within a 500-mile radius of Lorain, reside 50 percent of the population of the United States and Canada, and 24 of the nation's 50 industrial markets.

Lorain's population in the year 2001 of 68,652 placed Lorain as the largest city in Lorain County and the tenth largest in the State.

The City's area is 23.8 square miles, or 15,226 acres, allocated by: residential land use of 39.5 percent; commercial/industrial land use of 15 percent; governmental land use of 6.5 percent; agricultural land use of 7 percent; undeveloped land use of 21 percent; and other tax exempt land use of 11 percent.

Residential structures total 22,427, the number of dwelling units total 29,487, apartment buildings total 94, and mobile home parks total 11. For 2001, new construction of agriculture/residential property and commercial/industrial property totaled \$4,161,790 and \$3,056,870 respectively.

Lorain possesses an international port that has access to world markets via the St. Lawrence Seaway. Major port facilities include ore shipping from boat-to-boat and boat-to-rail, and 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 Lorain Palace Civic Center, a 1,600 seat renovated facility of the National Register of Historic Places, operates with a variety of musical and cultural events year round and is located in downtown Lorain.

CITY GOVERNMENT

Lorain 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 with elected officials as follows:

Legislative authority is vested in a 12-member **City Council** and a **Council President**. Council has three members who are elected at-large and nine 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/Service, department heads, boards and commissions. The Mayor's role is to promote business and commerce and to be the catalyst for new development and capital projects.

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 systems activity.

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

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

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

MAJOR INITIATIVES AND ACHIEVEMENTS

For the Year: Although there was an increase in general governmental revenue, the General Fund of the City of Lorain ended the year with a significant cash deficit due to a decrease in revenue (income taxes, personal property taxes and local government share), higher than expected wage increases, and transfers to other funds. This deficit resulted in layoffs and curtailment of non-essential expenses. In 2001, the general government revenues were \$44,250,565. This represents an increase of 12 percent from 2000. The 2001 general governmental expenditures were \$47,566,629. This represents an increase of 10.39 percent from 2000.

The **Department of Health's** overall mission is to protect the environment and promote health and safety to citizens of Lorain. The department has accomplished these goals through on-going programs and collaborations with various City and County agencies. Within the **Nursing Division**, "family focused services" such as Welcome Home provided in-home visits to new and teenage mothers by a Public Health Nurse to discuss issues, concerns or needs and makes referrals to appropriate agencies. A total of 574 visits were made in the Welcome Home program in the year 2001. Another home-visiting program conducted by the Nursing Division is the Ohio Early Start Program. This program is intended to maintain the integrity of the family unit and ensure all children, from birth to three, are immunized and ready for school. In 2001, 2,247 Early Start visits were conducted. The **Environmental Division** in collaboration with the Ohio Department of Health has been working to develop an emergency response plan to Bio-terrorism. Such incident may include chemical, radiological or biological contamination resulting from intentional discharges or applications of materials that contaminate food, soil, water or air.

According to the **Lorain Municipal Court's** Annual Report, there were 16,844 cases filed during 2001. This included 5,184 Criminal Cases and 8,888 Traffic Cases. In addition to the Criminal and Traffic cases, 2,333 new civil cases were filed. In the Small Claims Division a total of 439 cases were filed. The Court also performed 121 marriage ceremonies during 2001.

The **Lorain Police Department** received several grants during 2001. The COPS More grant in the amount of \$415,875, with matching funds of \$138,625 will be used for the purchase of 50 MDT (mobile data terminals) for their cruisers, which will enable the officers to type reports, run LEADS checks and communicate with the dispatchers as well as other officers. The MDT will also provide crime mapping and analysis. The U.S. Department of Justice Block Grant of \$87,311, with matching funds of \$9,701 will be used for special crime fighting programs designed to target certain areas in the community. The department also received another Ohio Highway Safety Traffic grant for \$19,310 for use in Violation enforcement and DUI enforcement. The Lorain City Safety/Service Action Plan was passed by Lorain City Council. The building of a new jail and renovation of the existing Police Station will begin in 2002. Lease agreements with Harley Davidson enabled the department to add two motorcycles to the department's fleet of vehicles. The Narcotics division was involved in a high-profile cocaine case. The investigation resulted in 34 indictments and was declared by the FBI as one of the largest cocaine seizures in the Northern District of Ohio.

Lorain's **Civil Service Commission** is responsible for the testing of all classified employees for the City of Lorain and the Lorain Board of Education. The Commission also maintains all personnel records and certifies the bi-weekly payrolls of all classified employees for the City of Lorain and the Lorain Board of Education. The Commission administered four entry-level and three promotional examinations during 2001 including entry level Police Officer, Firefighter and Correctional Officer. Approximately 550 applicants participated in the examinations. The Commission continued its effort to computerize personnel records of the City of Lorain and Board of Education employees, which date back over 30 years.

The **Lorain Parks and Recreation Department** provides the citizens of Lorain with a wide variety of activities in over 50 parks throughout the City, covering 868 acres.

- A major project in the **Park Department** began during 2001, in the newly acquired Lakeview Park Annex. A new gazebo and restroom facilities along with several pavilions and a new parking lot have been constructed for the added enjoyment of Lakeview Park.
- The **Recreation Department** sponsored several successful programs for Lorain's school-age children. The Santaland at Lakeview Park attracted nearly 2,500 visitors last year and Easterland, which was held in both Oakwood and Lakeview Parks, had a total of 1,800 children meet with the Easter Bunny.

The **Lorain Utilities Department** again had a very busy year with many major infrastructure improvements completed and many more started.

- The Tacoma relief sewer and retention basin project was completed and put into service.
- The Kansas Avenue Pump Station renovation was completed in July 2001.
- The continuing program of replacing all the water meters in the City with electronic touch pads continued in 2001 with over 4,000 new meters installed.
- The replacement of the mechanisms for the two final clarifiers at the Black River Wastewater Plant was completed in November 2001.
- The rehabilitation of approximately 2,000 of the 5,500 sanitary manholes in the City continued and will be completed in 2002.
- Other department activities included the continuation of programs such as: inspecting all manholes and cleaning and televising sewers; installing rain guards in problem manholes; installing chimney seals in manholes as a preventative measure to reduce infiltration into them; and the summer sewer discount for sewer usage (based on average winter month usage).

Many of the current developments in the City were overseen by the **Engineering Department**. The construction management and inspection of Riverfront Place project, Broadway angle parking, Longbrook Bridge replacement and Riverfront Urban Renewal – Phase 1 along with the local roadway rehabilitation project were just some of the many projects they were involved in.

ECONOMIC CONDITIONS AND OUTLOOK

Indicative of continuing local economic breadth, approximately two-thirds of manufacturing firms in the County are engaged in the production of a variety of materials, including primary and fabricated metals, stone, clay and glass, rubber and plastic products, electrical and non-electrical machinery, and transportation equipment. These are in addition to the major steel and auto manufacturing operations in the City and discussed below.

In the last several years, there has been significant growth and investment among private companies in the area. Recent developments in local industry and the community, as described below, present both opportunities and challenges to the City in its efforts to strengthen and diversify its economy.

The City's Community Development Department is charged with promoting, developing and coordinating Lorain'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.

Primary Employers. Community Health Partners (CHP) is now the City's largest employer with over 2,100 employees. CHP is a 328-bed, not-for-profit, full service integrated health care delivery system comprised of two main campuses in the City. CHP is the result of the consolidation of the former Lorain

Community Hospital and St. Joseph Hospital and Health Center, together with a merger with Catholic Healthcare Partners, and is part of the largest health care system in Ohio and the ninth largest in the United States. CHP has a medical staff of over 300 doctors supporting a full range of inpatient and outpatient services in the County area.

Ford Motor Company, a major employer in the City, was still undergoing changes to the assembly line to accommodate Ford's new E550 Econoline van (a heavy-duty version of the full sized Econoline vans already being assembled at the plant) during 2001. It is estimated that Ford will invest approximately \$60,000,000 in the Lorain plant to complete the retooling of the line. It is expected that the first of these vans will come off the line in the Spring of 2002. Local union officials have announced expectations that assembly of the new line will create approximately 120 new jobs at the plant, which the City estimates will generate approximately \$200,000 annually in additional municipal income taxes.

Republic Technologies International (RTI) is the nation's largest producer of high-quality steel bars and is the City's third largest employer with over 1,500 employees. RTI's products are used in applications in the automotive, agricultural, aerospace and energy industries. In April 2001, RTI filed for protection under Chapter 11 of the U.S. Bankruptcy Act. RTI is currently continuing its operations, and in March 2002 received an extension until June 28, 2002 to file a plan of reorganization with the bankruptcy court. In January 2002, RTI and the United Steelworkers of America reached a modified labor agreement designed to aid RTI in cost reduction, including an across-the-board 15% salary reduction for five months, the elimination of jobs and a reduction in health care options. That agreement voids if RTI has not emerged from Chapter 11 by May 31, 2002. An RTI spokesman has indicated that RTI fully intends to submit a reorganization plan by that date and that the company has no current plans to sell or idle its facilities. RTI is currently seeking a bank to obtain a \$250 million, 15-year loan on its behalf through the Federal Emergency Steel Loan Guarantee Program, and has indicated that obtaining such a loan is critical to its recovery plan. Under that Program, in the event of nonpayment by the borrower, the United States guarantees 85% to 95% of the loan with the applying bank responsible for the balance.

Marconi Communications (Marconi) is a major global communications company that delivers communications services for networks, wireless and enterprise customers. In April 2001, Marconi announced a reorganization of its activities that included the reduction of approximately 3,000 positions worldwide over the following year, resulting in a reduction in Marconi's workforce in the City from approximately 1,250 employees to 380. The City estimates that it will lose \$500,000 annually in income tax revenues as a result of this reduction.

Lorain Tubular Company LLC (Lorain Tubular), formerly a wholly-owned subsidiary of United States Steel Corporation, merged into United States Steel Corporation as of January 1, 2002. As a result, Lorain Tubular is now a division of United States Steel known as United States Steel Tubular Products Division, Lorain Pipes Mill. Since 1989, Lorain Tubular had been part of the bar and tube joint venture known as USS/KOBE. Lorain Tubular currently employs approximately 500 in the City, and generates approximately \$250 million in annual sales. In November 2001, United States Steel Corporation approved an \$86 million project to install an in-line quench and temper facility in the City. This facility will produce tubular goods to serve energy producers in the exploration, development and transportation markets, and specialized standard pipe products used for high temperature applications.

The electors of the Lorain City School District, located wholly within the City, approved in November 2001 a \$41 million bond issue to pay the local share of an estimated \$216 million classroom facilities improvement project. The City estimates this project will result in \$3.5 million in income taxes for the City over the next 7-10 years. The School District is the City's fourth largest employer with approximately 1,200 employees. In March of 2002, the District's Board of Education approved an administration proposal to eliminate approximately 76 teachers and 11 administrators in its 2002-03 budget. The Board of Education is not expected to vote on that budget until June of 2002.

The City has pursued several areas for urban renewal enhancement and redevelopment. The area around the former shipyard section of the City's downtown riverfront has been designated as an urban renewal area and has been the subject of extensive planning and approvals for significant private projects. Contracts have been approved with Spitzer Great Lakes Ltd. for an estimated \$85 million, 62-acre development project to include a 420-unit residential housing development known as "HarborWalk", nautical boutiques, restaurants, a health club, boardwalk and pier, a commercial fishing village, and a 34,000 square foot commercial center. Groundbreaking for this project took place in October 2001. A 19-acre Riverside Marina (undergoing \$3.5 million in improvements, financed with bonds issued by the Port Authority) will remain on the site. Financial support currently includes \$1 million of State roadwork development grants (awarded in 2001) and \$4.85 million in City-backed tax-increment financing bonds for land acquisition and public improvements, along with City-granted tax abatement. Groundbreaking for the construction of the California Avenue extension (the first public roadway into the development site) was held on April 9, 2001, and that roadway and related infrastructure is now nearing completion. Spitzer Great Lakes Ltd. is to begin construction of the first phase of residential structures in this development by April 2002. It is expected that 38-46 units will be completed by December 2002.

A voter-approved one-mill property tax levy for the **Lorain Port Authority** (renewed in 1999) generates approximately \$650,000 a year, enabling the Port Authority to pursue a variety of economic development projects. Those recent and current projects include:

- The 25-acre "Grove Site" project began in 2001. That project is being developed as an intermodal transportation center linking cars, buses, watercraft and commuter trains to Cleveland and serving recreational uses. The Port Authority has received \$6.95 million of federal funds for the project, which should be completed in September 2002. The site is also to include a museum, festival grounds, transient boat and water taxi docks, recreational areas and a boardwalk along the river. A major new access roadway to the Grove Site called "Black River Lane" was recently constructed.
- The Colorado Industrial Park is a joint City and Port Authority project, the first phase of which started in 1997. This 36-acre project (with 23 developable acres) on the City's east side currently houses Advanced Automotive Systems and a U.S. Postal Service carrier annex. Advanced Automotive constructed a 20,000 square foot addition in 2000 creating approximately 140 jobs; a 40,000 square foot, \$2 million expansion is underway and scheduled to be completed by July 2002.

In the area of housing:

- The City Planning Commission has approved the 529-acre Martin's Run housing development project and rezoning request for a Planned Unit Development. The development calls for over 2,000 housing units over a 15-year period. The rezoning plans have also been approved by City Council. Construction on Phase I (25-40 units) should begin in Spring 2002.
- Camden Ridge is a new 57-acre housing development on the City's west side. Plans for the development call for 155 single family homes in the \$140,000 to \$250,000 price range of which approximately 46 have been constructed and are occupied and an additional nine are under construction. City Council recently approved the second phase of this development.
- Mallard Creek will be a housing development in the City on the west side of Oak Point Road. Plans for the development call for 50 single-family homes in the \$175,000 to \$225,000 price range. Construction is expected to begin as soon as Spring 2002.

- Catholic Charities Facilities Corporation plans the transformation of the former Nativity Elementary School into a housing complex for the elderly. The reconstructed facilities, including a new addition, will consist of 36 apartments, a community room, craft room and new bathroom. One and two bedroom units will be available ranging from 900 to 1,000 square feet. Total project costs are estimated to range from \$3.7 to \$4 million, with construction expected to begin in 2002.

- A lakefront condominium project proposed for the City's west side will contain 22 units with eight lake-view homes starting at \$399,000. The project, named "La cote de Lac," will develop one of the few remaining available pieces of property located on Lake Erie in the County. The Army Corps of Engineers and Ohio Environmental Protection Agency are expected to issue permits for this project in 2002, with construction to start immediately thereafter.

- The \$5.8 million renovation of the Southern Heights 63-unit apartment complex in South Lorain began in March 2001, and should be completed during 2002. The Affordable Housing Tax Credit Program awarded \$4.6 million in tax credits in 2000 to this project.

- During 2001, the City commenced construction of six affordable single-family residences as part of its Affordable In-Fill Housing program. Two of the houses are complete and the remaining four are substantially complete. Three of these homes have already been sold. The remaining three homes will be completed and prepared for sale in the summer of 2002.

The City is also focusing its efforts to revitalizing the City's downtown Central Business District area. The recently completed Black River Lane construction project provides access from downtown to the Grove Site. That project included parking for Broadway Avenue business expansion, historic lighting and sidewalks. It also provides primary access to the public utilizing the planned intermodal transportation center and festival grounds at the Grove Site. The total investment for this project was over \$1.2 million.

Additional improvements to the City's downtown Central Business District area include on-street angle parking, historic street lighting, hanging flower baskets along Broadway Avenue, a four-way historic street clock in front of City Hall and cleaning and landscaping along Broadway Avenue. As a result, there are a number of new tenants and improvements of existing operations in the downtown area, including the following: Lorain Furniture, the first business to move back into the City after relocating to nearby Midway Mall in the City of Elyria several years ago; Gergely's Maintenance King and Ted's Floor Covering Inc., all established downtown businesses; and Kennedy's Billiards and Casey's grill and Pub, new businesses downtown. In 2001, an investor purchased both the City Centre and the Historic Robinson Building in downtown. The City Centre, now refurbished, is fully occupied. The Robinson Building is expected to be remodeled and to include a restaurant, business office and town homes.

REPORTING ENTITY

The reporting entity includes all the funds and account groups of the City. Component units are legally separate entities for which the City would be financially accountable. Currently, the City does not have any component units to report in its financial statements.

FINANCIAL INFORMATION – GENERAL GOVERNMENT FUNCTIONS

The information in this section pertains to the City's general government operation. General government function finances are administered through the General, Special Revenue, Debt Service, and Capital Projects Funds.

Revenues. The following schedule presents a summary of General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, revenues for the fiscal year ended December 31, 2001, and the percentage of increases and decreases in relation to previous year's revenues.

| Revenue Source | 2001 Amount | Percent of Total | Increase (Decrease) From 2000 | Percent Change From 2000 |
|-----------------------------|---------------------|------------------------|-------------------------------------|--------------------------------|
| Taxes | \$20,277,128 | 45.82% | (\$1,489,635) | (6.84%) |
| Charges for Services | 956,437 | 2.16 | 17,989 | 1.92 |
| Fines, Licenses and Permits | 2,378,314 | 5.37 | 81,798 | 3.56 |
| Intergovernmental | 19,313,513 | 43.65 | 5,648,738 | 41.33 |
| Special Assessments | 158,630 | .36 | (20,637) | (11.51) |
| Interest | 395,523 | .90 | (95,361) | (19.43) |
| Other | 771,020 | 1.74 | 596,484 | 341.75 |
| <i>Total Revenues</i> | <u>\$44,250,565</u> | <u>100.00%</u> | <u>\$4,739,376</u> | 12.0% |

Taxes are the largest revenue source of governmental funds. Taxes include real and personal property tax, estate tax, and income tax. Real property tax revenues include voter-approved levies for the general, police pension, and fire pension funds. The decrease of 6.84 percent is due mainly to a decrease in personal property tax collections as a result of Republic Technologies Incorporated Chapter 11 bankruptcy filing.

The increase in Charges for Services, 1.92 percent, is due largely to the increase in rates for services performed by the Cemetery Department.

The increase in Fines, Licenses, and Permits, 3.56 percent, is a result of increased efficiency by the Clerk of Courts in collecting fines and court costs and an increase in construction permits issued.

The increase of 41.33 percent in receipts of Intergovernmental revenue is attributable to increased funding from Federal, State and County sources for capital projects throughout the City.

The decrease in Special Assessment revenue, 11.51 percent, is due to the expiration of some temporary assessments.

The decrease in Interest revenue, 19.43 percent, is due mainly to the availability of funds to invest and lower interest rates earned on investments.

The increase in Other revenue, 341.75 percent, is due to a combination of increases in reimbursements, refunds, donations, and insurance proceeds.

Expenditures. The following schedule presents a summary of general governmental expenditures for the fiscal year ended December 31, 2001, and the dollar value of the increase or decrease during the past year.

| <u>Expenditures</u> | <u>2001 Amount</u> | <u>Percent Of Total</u> | <u>Increase (Decrease) From 2000</u> | <u>Percent Change From 2000</u> |
|----------------------------------|-------------------------------|----------------------------------------|-----------------------------------------------------|------------------------------------------------|
| Current: | | | | |
| General Government | \$6,675,722 | 14.04% | (\$331,464) | (4.73%) |
| Security of Persons and Property | 18,345,606 | 38.58 | 401,451 | 2.24 |
| Public Health and Welfare | 1,723,442 | 3.62 | (57,532) | (3.23) |
| Transportation | 2,552,311 | 5.36 | (1,095,303) | (30.03) |
| Community Environment | 719,872 | 1.51 | 34,821 | 5.08 |
| Leisure Time Activities | 1,562,013 | 3.28 | 78,670 | 5.30 |
| Economic Development | 5,171,564 | 10.87 | 542,700 | 11.72 |
| Capital Outlay | 6,323,085 | 13.29 | 4,645,358 | 276.88 |
| Debt Service: | | | | |
| Principal Retirement | 3,172,538 | 6.67 | 330,172 | 11.61 |
| Interest and Fiscal Charges | 1,320,476 | 2.78 | (72,630) | (5.21) |
| Total Expenditures | <u>\$47,566,629</u> | <u>100.00%</u> | <u>\$4,476,243</u> | 10.39% |

Included in the General Government function costs are those associated with the offices of the Mayor, Auditor, Management Information Systems, Treasurer, and Law Director as well as those for Council, the Courts, the Engineering Department, Electrical Department, and all municipal buildings. Expenditures remained fairly constant with the slight decrease of 4.73 percent due in large part to a reduction of other operating expenditures.

Security of Persons and Property consists of the Police and Fire Departments. The increase, 2.24 percent, is a result of an increase in wages.

Public Health and Welfare includes the Animal Warden, Cemetery, and Health Departments. The decrease in expenditures, 3.23 percent, was predominately due to a slight decrease in the purchase of materials and supplies.

Transportation costs decreased, 30.03 percent, as a result of a reduction in expenditures for capital outlay for equipment purchases.

The increase of 5.08 percent in Community Environment expenditures is due to a slight augmentation of wages and contractual services.

Leisure Time Activities include the operation of the Parks and Recreation Department and the City pools. Expenditures increased 5.30 percent due to wage increases and higher utility costs.

Economic Development resources are used for housing and rental rehabilitation assistance projects, business assistance loans, and targeted street improvements. The increased expenditures, 11.72 percent, reflect a rise in expenditures for various Community Development projects and programs, as well as personal services for general and administrative functions.

The increase in Capital Outlay, 276.88 percent, is a result of greater expenditures for capital projects within the City, such as the Riverfront Urban Renewal project.

The increase in debt service is due to the initial payments on capital leases for equipment and Ohio Public Works Commission Loans.

FINANCIAL INFORMATION – ACCOUNTING CONTROLS

Internal Controls. Development of the City's accounting system includes consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurances regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City initiated a comprehensive program to reduce vulnerability to fraud, waste or abuse through an improved internal control structure. Purchasing, accounts payable, payroll, and property control procedures are in place and updated periodically. An existing ordinance requires all purchases exceeding \$15,000 be reviewed and approved by Council.

Single Audit. As a recipient of federal financial assistance and because of the level of expenditures of the federal grant programs, the City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Not-For-Profit Organizations. As part of the City's single audit, tests were made to determine the adequacy of the internal control, including that portion related to major federal financial assistance programs, and to determine that the City has complied with applicable laws and regulations. Included in a separate report is the information related to the single audit, including the Schedule of Federal Awards Expenditures, findings, recommendations, report on internal control over financial reporting and compliance with applicable laws and regulations.

Budgetary Controls. Budgetary control is maintained by an encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued unless a sufficient unencumbered appropriation is available.

City departments have on-line purchase order requisition processing via the mainframe computer. The City Auditor then reviews the requisition for availability of funds. Copies of all approved purchase orders are returned to the department head pending receipt of the goods and services. Once the goods and services and the invoice are received, the department head verifies that all goods or services received are in acceptable condition. Invoices for the goods received are then approved and forwarded to the Auditor's Office for payment.

Each department has on-line computer access to reports showing the status of their budgeted accounts. The reports detail all transactions and summarize available balances.

The City adopts a temporary appropriation ordinance on or before January 1 of each year for the period January 1 through March 31. The Mayor submits proposed appropriations to Council's Finance Committee for its recommendations. The committee makes recommendations and forwards the appropriations to the City Council for final passage. All members of Council review the appropriation proposal before its adoption. All expenditures require appropriation authority. For all operating funds, appropriations are passed and are maintained at the line item level within each department and fund. If necessary, appropriations may be amended throughout the year.

Fixed Assets. Consumable assets are inventoried at the end of each fiscal year, while fixed assets are continually updated throughout the year. The City has prepared a Fixed Asset Manual to initiate better accountability for fixed assets. This manual provides fixed asset policies and procedures for better control and accountability, for the preparation of year-end financial statements in accordance with generally accepted accounting principles, and for adequate insurance coverage. The appropriate

accounting treatment for the acquisition of a fixed asset is governed by the ultimate use of the asset and by the fund type from which the fixed asset was purchased.

The Auditor's Office completed a fixed asset inventory for the year ended December 31, 2001. Costs of fixed assets, depreciation, maintenance, updates, dispositions, and transfer procedures for fixed assets are outlined in detail in the Fixed Asset Manual.

ENTERPRISE FUNDS

Enterprise funds are used to account for services provided to the public where all or most of the operating expenses involved are recovered in the form of charges to the user of such services. The City's enterprise operations are comprised of water works and water pollution control funds. These funds had a combined net income of \$1,346,409 and fund equity of \$44,395,294 as of December 31, 2001.

DEBT ADMINISTRATION

In 2001, the City re-issued \$1,550,000 of bond anticipation notes. Of this amount, \$700,000 was to refinance the 1998 note for the purchase of the property adjacent to Lakeview Park and \$850,000 was for a new note for the Oak Point Road street improvement project.

The City issued a \$300,000 bond anticipation note to finance the Mississippi and Dallas Avenue street improvements. This note was issued at a premium of \$600.

The City has a total of \$18,302,000 of various general obligation bonds, special assessment bonded debt and long term notes outstanding.

The City is well within its limitations of both voted and unvoted debt.

CASH MANAGEMENT

The City Treasurer invests temporarily idle cash in the State Treasury Asset Reserve of Ohio (STAROhio), demand deposits, certificates of deposit, treasury bills, and repurchase agreements. STAROhio is a statewide investment pool managed by the Treasurer of the State of Ohio which seeks a high level of current income, the preservation of capital, and maintenance of liquidity. The City earned interest revenue of \$976,396 on all investments for the year ended December 31, 2001.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public funds deposited.

RISK MANAGEMENT

The City has obtained insurance policies for its employees including public officials liability, building liability, and automobile liability, while certain elected officials in policy-making roles are covered by separate, higher limit bond coverage.

The City manages the hospital/medical benefits for its employees on a self-insured basis. A third party administrator processes the claims. In 1995, the City converted to a managed health care network benefit plan with its third party administrator. The City made this conversion in order to reduce risk exposure to increasing health care costs. Based on projections provided by the third party administrator, hospital and medical costs are not expected to increase in the near term under the managed health care network.

INDEPENDENT AUDIT

The City of Lorain selected the firm of Ciuni & Panichi, Inc. to render an opinion on the City's financial statements as of December 31, 2001. The 2001 Report of Independent Accountants, issued by Ciuni & Panichi, Inc. gave a clean, unqualified opinion. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996. The Report of Independent Accountants on the general purpose financial statements is included in the financial section of this report. Copies of the Single Audit Reports may be obtained from the City Auditor's Office.

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 fiscal year ended December 31, 2000.

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

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

ACKNOWLEDGMENTS

I would like to acknowledge the dedicated effort of the Auditor's staff in the preparation of this Comprehensive Annual Financial Report. Many long hours were spent in the preparation and proofreading of the CAFR. Thanks also must be given to the department heads for their input.

Sincerely,



Ronald L. Mantini
Lorain City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lorain,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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.



Imelda Brune
President

Jeffrey L. Esler
Executive Director

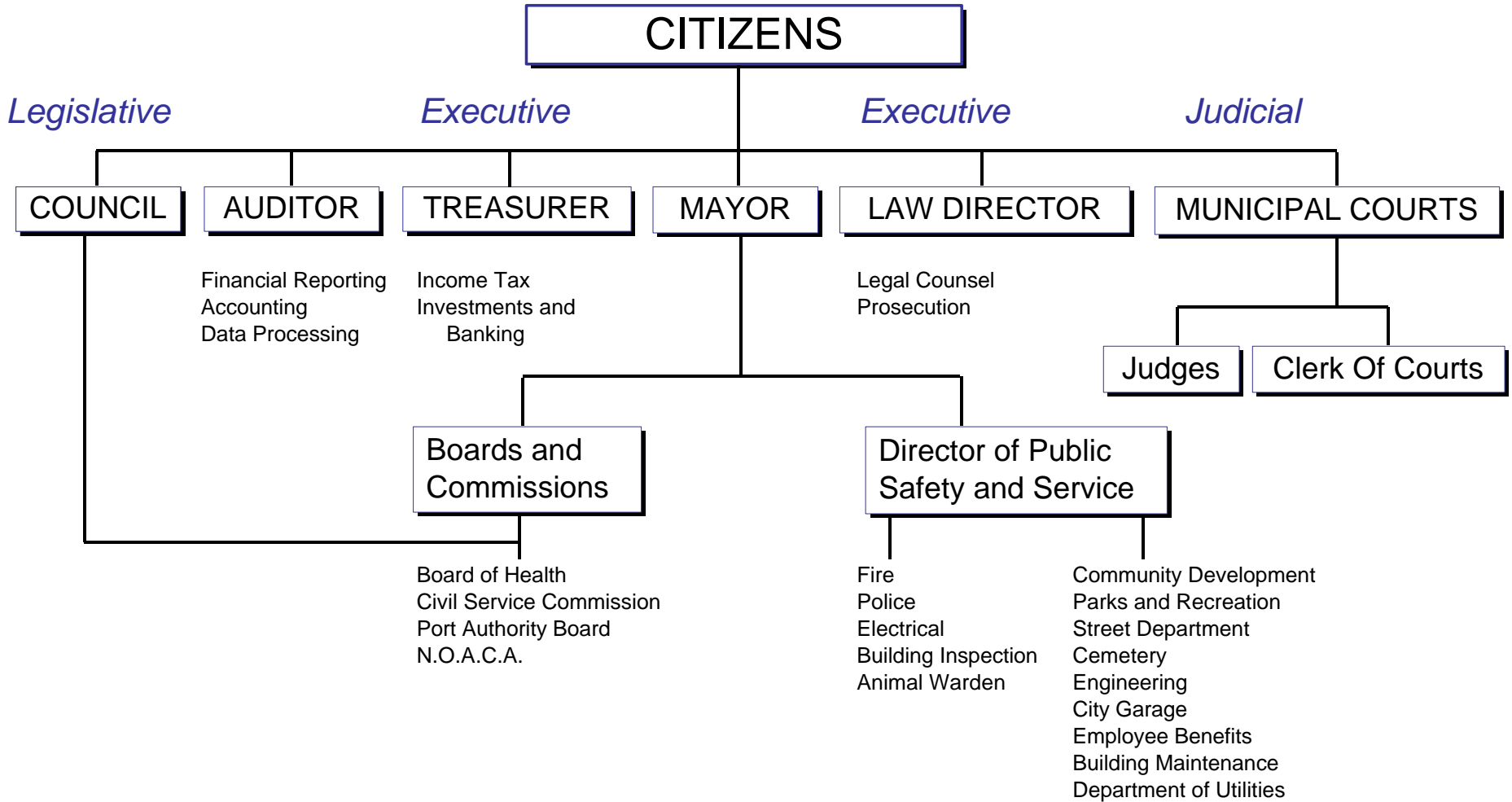
CITY OF LORAIN, OHIO
ELECTED OFFICIALS

| <u>TITLE</u> | <u>NAME</u> | <u>YEARS OF SERVICE IN OFFICE</u> | <u>YEARS OF SERVICE WITH THE CITY</u> |
|----------------------------|--------------------|------------------------------------------|----------------------------------------------|
| Mayor | Craig Foltin | 2 | 8 |
| City Auditor | Ronald L. Mantini | 2 | 2 |
| City Treasurer | Lori Maiorana | 13 | 21 |
| Director of Law | Mark Provenza | 2 | 13 |
| Clerk of Courts | Stephen Bansek | 21 | 21 |
| Judge | Robert Ewers | 23 | 23 |
| Judge | Gustalo Nunez | 10 | 31 |
| <i>Members of Council:</i> | | | |
| Council President | John Rich | 16 | 20 |
| Council at Large | Anne Molnar | 4 | 4 |
| Council at Large | Vincent Shipley | 6 | 10 |
| Council at Large | Kathy Tavenner | 2 | 8 |
| 1 ST Ward | David Wargo | 2 | 2 |
| 2 nd Ward | Stan Cinniger | 2 | 2 |
| 3 rd Ward | Anthony Krasienko | 6 | 6 |
| 4 th Ward | Thomas Urbanek | 16 | 16 |
| 5 th Ward | Eddie Edwards | 4 | 4 |
| 6 th Ward | David Flores | 4 | 4 |
| 7 th Ward | Daniel Given | 8 | 8 |
| 8 th Ward | Lori Kokoski | 2 | 2 |
| 9 th Ward | Rigoberto Reveron | 8 | 8 |

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 | Craig Miller | 2 | 8 |
| Police Chief | Celestino Rivera | 7 | 31 |
| Fire Chief | Phil Dore | 3 | 27 |
| Director of Utilities | Robert DeSantis | 8 | 29 |
| Director of Community Development | Sanford Prudoff | 29 | 29 |
| Director of Parks and Recreation | Steven Bailey | 25 | 25 |
| Street Commissioner | Chuck Camera | 11 | 30 |
| Building Inspector | Ronald Schnurr | 0 | 0 |
| Administrative Director (Engineering) | Patrick McGannon | 3 | 31 |
| Chief Deputy Auditor | Anita Harper | 2 | 2 |
| MIS Director | David Comer | 7 | 7 |
| Clerk of Council | Nancy Greer | 7 | 10 |

City of Lorain - Organizational Chart



FINANCIAL SECTION

The Financial Section contains separate subsections employing a pyramid approach to government financial reporting. At the top of the pyramid (first subsection) are financial statements which contain consolidated data while subsequent subsections in the pyramid include gradually increasing levels of reporting detail.

The subsections included in the Financial Section are:

General Purpose Financial Statements - These basic financial statements provide an overview of the financial position of all fund types and account groups and of the operating results of all fund types. Included in this section are notes that provide written detail of areas such as accounting policies, debt administration, employee benefits, and pension plans.

Combining, Individual Fund and Accounting Group Financial Statements and Schedules - Combining statements and schedules are used to bring together funds where there is more than one of a specific type. Individual statements are used when there is only one fund of a specific type and for account groups. Schedules are used to present budgetary comparisons.

Located at the beginning of the Financial Section is the Report of Independent Accountants. The accountants' report is the principal element of the Comprehensive Annual Financial Report (CAFR) which attests to the financial control and accountability of this document.



INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Lorain, Ohio

We have audited the accompanying general-purpose financial statements of the City of Lorain, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Lorain's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lorain, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* as of December 31, 2001. This results in a change to the City's method of accounting for certain nonexchange revenues.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2002 on our consideration of the City of Lorain's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Lorain. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

Cimini & Cameron, Inc.

Cleveland, Ohio
May 3, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position of all fund types and account groups and of the operating results of all fund types. The General Purpose Financial Statements include:

Combined Balance Sheet – All Fund Types and Account Groups

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis) – All Governmental Fund Types**

**Combined Statement of Revenues, Expenses and Changes in Fund Equity
All Proprietary Fund Types**

**Combined Statement of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) – All Proprietary Fund Types**

Combined Statement of Cash Flows – All Proprietary Fund Types

Notes to the General Purpose Financial Statements

City of Lorain, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2001

| | Governmental Fund Types | | | |
|----------------------------------------------------------------------------------|--------------------------------|----------------------------|---------------------------|-----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Assets and Other Debits | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$0 | \$7,302,533 | \$257,128 | \$3,718,468 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 0 | 0 |
| Receivables | | | | |
| Taxes | 5,207,496 | 967,013 | 989,055 | 0 |
| Accounts | 0 | 0 | 0 | 0 |
| Special Assessments | 240,406 | 0 | 728,418 | 0 |
| Accrued Interest | 0 | 4,125 | 0 | 0 |
| Interfund | 122,821 | 14,946 | 0 | 4,112 |
| Intergovernmental | 2,543,019 | 3,507,119 | 0 | 0 |
| Materials and Supplies | | | | |
| Inventory | 89,790 | 229,436 | 0 | 0 |
| Loans Receivable | 0 | 13,326,370 | 0 | 0 |
| Prepaid Items | 34,805 | 13,637 | 0 | 0 |
| Restricted Assets | | | | |
| Cash and Cash Equivalents | 0 | 0 | 0 | 0 |
| Cash and Cash Equivalents with Trustees | 0 | 0 | 0 | 0 |
| Unamortized Bond Issue Costs | 0 | 0 | 0 | 0 |
| Fixed Assets (Net, where applicable, of Accumulated Depreciation) | 0 | 0 | 0 | 0 |
| Other Debits | | | | |
| Amount Available in Debt Service Fund for Retirement of General Obligation Bonds | 0 | 0 | 0 | 0 |
| Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds | 0 | 0 | 0 | 0 |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | <u>\$8,238,337</u> | <u>\$25,365,179</u> | <u>\$1,974,601</u> | <u>\$3,722,580</u> |

| <u>Proprietary Fund Types</u> | | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-----------------------------|--------------------------------|-------------------------------------|----------------------------------------------|-----------------------------------------|
| <u>Enterprise</u> | <u>Internal Service</u> | <u>Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | |
| \$9,270,309 | \$174,431 | \$152,517 | \$0 | \$0 | \$20,875,386 |
| 0 | 0 | 131,184 | 0 | 0 | 131,184 |
| 0 | 0 | 0 | 0 | 0 | 7,163,564 |
| 2,895,395 | 0 | 0 | 0 | 0 | 2,895,395 |
| 0 | 0 | 0 | 0 | 0 | 968,824 |
| 0 | 0 | 0 | 0 | 0 | 4,125 |
| 561,641 | 213 | 800 | 0 | 0 | 704,533 |
| 25,399 | 0 | 0 | 0 | 0 | 6,075,537 |
| 561,114 | 120,672 | 0 | 0 | 0 | 1,001,012 |
| 0 | 0 | 0 | 0 | 0 | 13,326,370 |
| 25,302 | 0 | 0 | 0 | 0 | 73,744 |
| 1,369,053 | 0 | 0 | 0 | 0 | 1,369,053 |
| 2,539,342 | 0 | 0 | 0 | 0 | 2,539,342 |
| 358,501 | 0 | 0 | 0 | 0 | 358,501 |
| 70,401,716 | 19,318 | 0 | 28,176,048 | 0 | 98,597,082 |
| 0 | 0 | 0 | 0 | 198,734 | 198,734 |
| 0 | 0 | 0 | 0 | 33,605 | 33,605 |
| 0 | 0 | 0 | 0 | 28,729,151 | 28,729,151 |
| <u>\$88,007,772</u> | <u>\$314,634</u> | <u>\$284,501</u> | <u>\$28,176,048</u> | <u>\$28,961,490</u> | <u>\$185,045,142</u> |

(continued)

City of Lorain, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2001

| | Governmental Fund Types | | | |
|-------------------------------------------------------------|--------------------------------|----------------------------|---------------------|-----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Liabilities, Fund | | | | |
| Equity and Other Credits | | | | |
| Liabilities | | | | |
| Accounts Payable | \$353,314 | \$751,285 | \$24,789 | \$63,349 |
| Bank Overdraft | 1,210,916 | 117,506 | 0 | 0 |
| Contracts Payable | 0 | 175,619 | 0 | 147,294 |
| Claims Payable | 128,489 | 0 | 0 | 0 |
| Accrued Wages | 79,871 | 19,928 | 0 | 0 |
| Compensated Absences Payable | 510,825 | 96,281 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 | 0 |
| Interfund Payable | 4,630 | 2,336 | 0 | 556,029 |
| Intergovernmental Payable | 302,014 | 91,163 | 0 | 0 |
| Deferred Revenue | 4,775,976 | 3,633,118 | 1,717,473 | 0 |
| Deposits Held and Due to Others | 0 | 0 | 0 | 0 |
| Death Benefits Payable | 0 | 0 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 | 0 |
| Notes Payable | 0 | 0 | 0 | 300,000 |
| Section 108 Hud Loans Payable | 0 | 0 | 0 | 0 |
| Installment Loans | 0 | 0 | 0 | 0 |
| CDBG Interest Liability | 0 | 0 | 0 | 0 |
| OPWC Loans Payable | 0 | 0 | 0 | 0 |
| Capital Leases Payable | 0 | 0 | 0 | 0 |
| OWDA Loans Payable | 0 | 0 | 0 | 0 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 0 |
| Revenue Bonds Payable | 0 | 0 | 0 | 0 |
| Deferred Loss on Refunding | 0 | 0 | 0 | 0 |
| Special Assessment Debt with Governmental Commitment | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>7,366,035</u> | <u>4,887,236</u> | <u>1,742,262</u> | <u>1,066,672</u> |
| Fund Equity and Other Credits | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 | 0 |
| Retained Earnings | | | | |
| Reserved for Replacement and Improvement | 0 | 0 | 0 | 0 |
| Unreserved (Deficit) | 0 | 0 | 0 | 0 |
| Fund Balances | | | | |
| Reserved for Encumbrances | 43,247 | 1,144,832 | 0 | 1,273,443 |
| Reserved for Inventory | 89,790 | 229,436 | 0 | 0 |
| Reserved for Loans | 0 | 13,326,370 | 0 | 0 |
| Unreserved, Undesignated | 739,265 | 5,777,305 | 232,339 | 1,382,465 |
| <i>Total Fund Equity (Deficit) and Other Credits</i> | <u>872,302</u> | <u>20,477,943</u> | <u>232,339</u> | <u>2,655,908</u> |
| <i>Total Liabilities, Fund Equity and Other Credits</i> | <u>\$8,238,337</u> | <u>\$25,365,179</u> | <u>\$1,974,601</u> | <u>\$3,722,580</u> |

See accompanying notes to the general purpose financial statements

| <u>Proprietary Fund Types</u> | | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-------------------------|----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| <u>Enterprise</u> | <u>Internal Service</u> | <u>Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | |
| \$177,620 | \$80,088 | \$0 | \$0 | \$0 | \$1,450,445 |
| 0 | 0 | 0 | 0 | 0 | 1,328,422 |
| 300,834 | 0 | 0 | 0 | 0 | 623,747 |
| 0 | 378,352 | 0 | 0 | 0 | 506,841 |
| 42,657 | 1,213 | 0 | 0 | 0 | 143,669 |
| 1,329,110 | 84,039 | 0 | 0 | 4,623,487 | 6,643,742 |
| 573,663 | 0 | 0 | 0 | 0 | 573,663 |
| 1,091 | 60,349 | 80,098 | 0 | 0 | 704,533 |
| 327,369 | 21,050 | 0 | 0 | 914,844 | 1,656,440 |
| 0 | 0 | 0 | 0 | 0 | 10,126,567 |
| 0 | 0 | 204,403 | 0 | 0 | 204,403 |
| 383,000 | 22,500 | 0 | 0 | 1,978,000 | 2,383,500 |
| 199,962 | 0 | 0 | 0 | 0 | 199,962 |
| 0 | 0 | 0 | 0 | 1,550,000 | 1,850,000 |
| 0 | 0 | 0 | 0 | 3,570,000 | 3,570,000 |
| 0 | 0 | 0 | 0 | 108,792 | 108,792 |
| 0 | 0 | 0 | 0 | 60,671 | 60,671 |
| 0 | 0 | 0 | 0 | 1,193,584 | 1,193,584 |
| 0 | 0 | 0 | 0 | 750,112 | 750,112 |
| 24,258,376 | 0 | 0 | 0 | 0 | 24,258,376 |
| 2,540,000 | 0 | 0 | 0 | 13,518,855 | 16,058,855 |
| 13,992,398 | 0 | 0 | 0 | 0 | 13,992,398 |
| (513,602) | 0 | 0 | 0 | 0 | (513,602) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>693,145</u> | <u>693,145</u> |
| <u>43,612,478</u> | <u>647,591</u> | <u>284,501</u> | <u>0</u> | <u>28,961,490</u> | <u>88,568,265</u> |
| 0 | 0 | 0 | 28,176,048 | 0 | 28,176,048 |
| 409,700 | 0 | 0 | 0 | 0 | 409,700 |
| 300,000 | 0 | 0 | 0 | 0 | 300,000 |
| 43,685,594 | (332,957) | 0 | 0 | 0 | 43,352,637 |
| 0 | 0 | 0 | 0 | 0 | 2,461,522 |
| 0 | 0 | 0 | 0 | 0 | 319,226 |
| 0 | 0 | 0 | 0 | 0 | 13,326,370 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>8,131,374</u> |
| <u>44,395,294</u> | <u>(332,957)</u> | <u>0</u> | <u>28,176,048</u> | <u>0</u> | <u>96,476,877</u> |
| <u>\$88,007,772</u> | <u>\$314,634</u> | <u>\$284,501</u> | <u>\$28,176,048</u> | <u>\$28,961,490</u> | <u>\$185,045,142</u> |

City of Lorain, Ohio
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2001

| | Governmental | |
|------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------|
| | General | Special Revenue |
| Revenues | | |
| Municipal Income Tax | \$14,403,698 | \$2,381,067 |
| Property and Other Taxes | 2,275,405 | 456,359 |
| Charges for Services | 466,301 | 490,136 |
| Fines, Licenses and Permits | 1,628,984 | 485,074 |
| Intergovernmental | 4,838,275 | 10,644,032 |
| Special Assessments | 0 | 0 |
| Interest | 33,452 | 199,307 |
| Other | 164,954 | 542,371 |
| | <u>23,811,069</u> | <u>15,198,346</u> |
| Expenditures | | |
| Current: | | |
| General Government | 6,543,055 | 73,054 |
| Security of Persons and Property | 14,899,245 | 3,446,361 |
| Public Health and Welfare | 306,553 | 1,416,889 |
| Transportation | 0 | 2,552,311 |
| Community Environment | 570,249 | 149,623 |
| Leisure Time Activities | 1,562,013 | 0 |
| Economic Development | 0 | 5,171,564 |
| Capital Outlay | 0 | 0 |
| Debt Service: | | |
| Principal Retirement | 37,196 | 183,456 |
| Interest and Fiscal Charges | 1,925 | 151,361 |
| | <u>23,920,236</u> | <u>13,144,619</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(109,167)</u> | <u>2,053,727</u> |
| Other Financing Sources (Uses) | | |
| Inception of Capital Lease | 0 | 125,096 |
| Sale of Fixed Assets | 558 | 0 |
| Proceeds of Notes | 0 | 0 |
| Operating Transfers In | 9,701 | 1,502,874 |
| Operating Transfers Out | (2,160,389) | (109,701) |
| | <u>(2,150,130)</u> | <u>1,518,269</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>(2,259,297)</u> | <u>3,571,996</u> |
| <i>Fund Balances Beginning of Year (Restated - Note 3)</i> | 3,145,405 | 16,862,659 |
| Increase (Decrease) in Reserve for Inventory | (13,806) | 43,288 |
| <i>Fund Balances End of Year</i> | <u>\$872,302</u> | <u>\$20,477,943</u> |

See accompanying notes to the general purpose financial statements

| <u>Fund Types</u> | | <u>Totals</u> |
|---------------------|-------------------------|--------------------------|
| <u>Debt Service</u> | <u>Capital Projects</u> | <u>(Memorandum Only)</u> |
| \$0 | \$0 | \$16,784,765 |
| 760,599 | 0 | 3,492,363 |
| 0 | 0 | 956,437 |
| 0 | 264,256 | 2,378,314 |
| 708,165 | 3,123,041 | 19,313,513 |
| 158,630 | 0 | 158,630 |
| 0 | 162,764 | 395,523 |
| 0 | 63,695 | 771,020 |
| <u>1,627,394</u> | <u>3,613,756</u> | <u>44,250,565</u> |
| 59,613 | 0 | 6,675,722 |
| 0 | 0 | 18,345,606 |
| 0 | 0 | 1,723,442 |
| 0 | 0 | 2,552,311 |
| 0 | 0 | 719,872 |
| 0 | 0 | 1,562,013 |
| 0 | 0 | 5,171,564 |
| 0 | 6,323,085 | 6,323,085 |
| 2,951,886 | 0 | 3,172,538 |
| <u>1,167,190</u> | <u>0</u> | <u>1,320,476</u> |
| <u>4,178,689</u> | <u>6,323,085</u> | <u>47,566,629</u> |
| <u>(2,551,295)</u> | <u>(2,709,329)</u> | <u>(3,316,064)</u> |
| 0 | 0 | 125,096 |
| 0 | 0 | 558 |
| 1,550,000 | 0 | 1,550,000 |
| 507,280 | 250,235 | 2,270,090 |
| <u>0</u> | <u>0</u> | <u>(2,270,090)</u> |
| <u>2,057,280</u> | <u>250,235</u> | <u>1,675,654</u> |
| (494,015) | (2,459,094) | (1,640,410) |
| 726,354 | 5,115,002 | 25,849,420 |
| <u>0</u> | <u>0</u> | <u>29,482</u> |
| <u>\$232,339</u> | <u>\$2,655,908</u> | <u>\$24,238,492</u> |

City of Lorain, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Year Ended December 31, 2001

| | General Fund | | |
|------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Municipal Income Tax | \$14,691,143 | \$14,411,098 | (\$280,045) |
| Property and Other Taxes | 2,606,500 | 2,275,405 | (331,095) |
| Charges for Services | 529,054 | 466,301 | (62,753) |
| Fines, Licenses and Permits | 1,668,165 | 1,568,635 | (99,530) |
| Intergovernmental | 5,163,512 | 4,858,222 | (305,290) |
| Special Assessments | 0 | 0 | 0 |
| Interest | 32,900 | 32,915 | 15 |
| Other | 164,634 | 162,228 | (2,406) |
| <i>Total Revenues</i> | <u>24,855,908</u> | <u>23,774,804</u> | <u>(1,081,104)</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 6,796,715 | 6,588,395 | 208,320 |
| Security of Persons and Property | 14,874,785 | 14,366,429 | 508,356 |
| Public Health and Welfare | 319,564 | 308,852 | 10,712 |
| Transportation | 0 | 0 | 0 |
| Community Environment | 578,211 | 572,092 | 6,119 |
| Leisure Time Activities | 1,570,471 | 1,564,272 | 6,199 |
| Economic Development | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 37,355 | 37,196 | 159 |
| Interest and Fiscal Charges | 1,925 | 1,925 | 0 |
| <i>Total Expenditures</i> | <u>24,179,026</u> | <u>23,439,161</u> | <u>739,865</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>676,882</u> | <u>335,643</u> | <u>(341,239)</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds of Bonds | 0 | 0 | 0 |
| Proceeds of Notes | 0 | 0 | 0 |
| Premium on Sale of Notes | 0 | 0 | 0 |
| Advances In | 0 | 0 | 0 |
| Advances Out | (60,349) | (60,349) | 0 |
| Sale of Fixed Assets | 1,020 | 558 | (462) |
| Operating Transfers In | 9,701 | 9,701 | 0 |
| Operating Transfers Out | (763,091) | (2,160,389) | (1,397,298) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(812,719)</u> | <u>(2,210,479)</u> | <u>(1,397,760)</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>(135,837)</u> | <u>(1,874,836)</u> | <u>(1,738,999)</u> |
| <i>Fund Balances at Beginning of Year</i> | 233,141 | 233,141 | 0 |
| Prior Year Encumbrances Appropriated | <u>86,183</u> | <u>86,183</u> | <u>0</u> |
| <i>Fund Balances (Deficit) at End of Year</i> | <u><u>\$183,487</u></u> | <u><u>(\$1,555,512)</u></u> | <u><u>(\$1,738,999)</u></u> |

| Special Revenue Funds | | | Debt Service Funds | | |
|-----------------------|--------------------|----------------------------------|--------------------|--------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$2,438,300 | \$2,382,300 | (\$56,000) | \$0 | \$0 | \$0 |
| 795,154 | 456,359 | (338,795) | 780,000 | 760,599 | (19,401) |
| 455,532 | 490,709 | 35,177 | 0 | 0 | 0 |
| 614,760 | 479,280 | (135,480) | 0 | 0 | 0 |
| 11,350,503 | 8,156,978 | (3,193,525) | 82,150 | 88,682 | 6,532 |
| 0 | 0 | 0 | 850,000 | 158,630 | (691,370) |
| 281,452 | 209,434 | (72,018) | 0 | 0 | 0 |
| 158,250 | 183,477 | 25,227 | 0 | 0 | 0 |
| <u>16,093,951</u> | <u>12,358,537</u> | <u>(3,735,414)</u> | <u>1,712,150</u> | <u>1,007,911</u> | <u>(704,239)</u> |
| 149,826 | 72,091 | 77,735 | 42,700 | 38,674 | 4,026 |
| 6,052,764 | 3,407,319 | 2,645,445 | 0 | 0 | 0 |
| 1,436,694 | 1,398,520 | 38,174 | 0 | 0 | 0 |
| 2,767,053 | 2,709,499 | 57,554 | 0 | 0 | 0 |
| 150,000 | 149,622 | 378 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 10,060,138 | 6,102,452 | 3,957,686 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 553,109 | 515,033 | 38,076 | 2,665,413 | 2,620,309 | 45,104 |
| 641,353 | 439,267 | 202,086 | 879,286 | 879,284 | 2 |
| <u>21,810,937</u> | <u>14,793,803</u> | <u>7,017,134</u> | <u>3,587,399</u> | <u>3,538,267</u> | <u>49,132</u> |
| <u>(5,716,986)</u> | <u>(2,435,266)</u> | <u>3,281,720</u> | <u>(1,875,249)</u> | <u>(2,530,356)</u> | <u>(655,107)</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 1,550,000 | 1,550,000 | 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 |
| 1,494,696 | 1,502,874 | 8,178 | 525,274 | 507,280 | (17,994) |
| (193,898) | (109,701) | 84,197 | 0 | 0 | 0 |
| <u>1,300,798</u> | <u>1,393,173</u> | <u>92,375</u> | <u>2,075,274</u> | <u>2,057,280</u> | <u>(17,994)</u> |
| (4,416,188) | (1,042,093) | 3,374,095 | 200,025 | (473,076) | (673,101) |
| 6,147,207 | 6,147,207 | 0 | 730,204 | 730,204 | 0 |
| 841,974 | 841,974 | 0 | 0 | 0 | 0 |
| <u>\$2,572,993</u> | <u>\$5,947,088</u> | <u>\$3,374,095</u> | <u>\$930,229</u> | <u>\$257,128</u> | <u>(\$673,101)</u> |

(continued)

City of Lorain, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types (continued)
For the Year Ended December 31, 2001

| | Capital Projects Funds | | |
|------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------|-------------------------------------------------|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Municipal Income Tax | \$0 | \$0 | \$0 |
| Property and Other Taxes | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Fines, Licenses and Permits | 256,623 | 263,254 | 6,631 |
| Intergovernmental | 10,346,736 | 3,232,942 | (7,113,794) |
| Special Assessments | 0 | 0 | 0 |
| Interest | 159,210 | 157,187 | (2,023) |
| Other | 63,095 | 63,095 | 0 |
| <i>Total Revenues</i> | <u>10,825,664</u> | <u>3,716,478</u> | <u>(7,109,186)</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 0 | 0 | 0 |
| Security of Persons and Property | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 |
| Economic Development | 0 | 0 | 0 |
| Capital Outlay | 24,231,176 | 7,467,529 | 16,763,647 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>24,231,176</u> | <u>7,467,529</u> | <u>16,763,647</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(13,405,512)</u> | <u>(3,751,051)</u> | <u>9,654,461</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds of Bonds | 8,905,000 | 0 | (8,905,000) |
| Proceeds of Notes | 300,000 | 300,000 | 0 |
| Premium on Sale of Notes | 600 | 600 | 0 |
| Advances In | 550,000 | 550,000 | 0 |
| Advances Out | 0 | 0 | 0 |
| Sale of Fixed Assets | 0 | 0 | 0 |
| Operating Transfers In | 265,962 | 250,235 | (15,727) |
| Operating Transfers Out | (212,160) | 0 | 212,160 |
| <i>Total Other Financing Sources (Uses)</i> | <u>9,809,402</u> | <u>1,100,835</u> | <u>(8,708,567)</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>(3,596,110)</u> | <u>(2,650,216)</u> | <u>945,894</u> |
| <i>Fund Balances at Beginning of Year</i> | 4,980,168 | 4,980,168 | 0 |
| Prior Year Encumbrances Appropriated | 43,248 | 43,248 | 0 |
| <i>Fund Balances (Deficit) at End of Year</i> | <u>\$1,427,306</u> | <u>\$2,373,200</u> | <u>\$945,894</u> |

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

| Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------|---------------|-------------------------------------------------|
| \$17,129,443 | \$16,793,398 | (\$336,045) |
| 4,181,654 | 3,492,363 | (689,291) |
| 984,586 | 957,010 | (27,576) |
| 2,539,548 | 2,311,169 | (228,379) |
| 26,942,901 | 16,336,824 | (10,606,077) |
| 850,000 | 158,630 | (691,370) |
| 473,562 | 399,536 | (74,026) |
| 385,979 | 408,800 | 22,821 |
| 53,487,673 | 40,857,730 | (12,629,943) |
| 6,989,241 | 6,699,160 | 290,081 |
| 20,927,549 | 17,773,748 | 3,153,801 |
| 1,756,258 | 1,707,372 | 48,886 |
| 2,767,053 | 2,709,499 | 57,554 |
| 728,211 | 721,714 | 6,497 |
| 1,570,471 | 1,564,272 | 6,199 |
| 10,060,138 | 6,102,452 | 3,957,686 |
| 24,231,176 | 7,467,529 | 16,763,647 |
| 3,255,877 | 3,172,538 | 83,339 |
| 1,522,564 | 1,320,476 | 202,088 |
| 73,808,538 | 49,238,760 | 24,569,778 |
| (20,320,865) | (8,381,030) | 11,939,835 |
| 8,905,000 | 0 | (8,905,000) |
| 1,850,000 | 1,850,000 | 0 |
| 600 | 600 | 0 |
| 550,000 | 550,000 | 0 |
| (60,349) | (60,349) | 0 |
| 1,020 | 558 | (462) |
| 2,295,633 | 2,270,090 | (25,543) |
| (1,169,149) | (2,270,090) | (1,100,941) |
| 12,372,755 | 2,340,809 | (10,031,946) |
| (7,948,110) | (6,040,221) | 1,907,889 |
| 12,090,720 | 12,090,720 | 0 |
| 971,405 | 971,405 | 0 |
| \$5,114,015 | \$7,021,904 | \$1,907,889 |

City of Lorain, Ohio
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2001

| | <u>Proprietary Fund Types</u> | | Totals (Memorandum Only) |
|------------------------------------------------|-------------------------------|-----------------------------------|-----------------------------------------------------|
| | <u>Enterprise</u> | <u>Internal</u> <u>Service</u> | |
| Operating Revenues | | | |
| Charges for Services | \$15,388,523 | \$4,110,599 | \$19,499,122 |
| Other Operating Revenues | 68,458 | 186,443 | 254,901 |
| <i>Total Operating Revenues</i> | <u>15,456,981</u> | <u>4,297,042</u> | <u>19,754,023</u> |
| Operating Expenses | | | |
| Personal Services | 7,105,936 | 555,868 | 7,661,804 |
| Contractual Services | 1,586,463 | 57,727 | 1,644,190 |
| Claims | 0 | 3,574,947 | 3,574,947 |
| Materials and Supplies | 411,476 | 518,761 | 930,237 |
| Utilities | 1,249,805 | 0 | 1,249,805 |
| Other Operating Expenses | 149,883 | 2,297 | 152,180 |
| Depreciation | 2,292,466 | 10,630 | 2,303,096 |
| <i>Total Operating Expenses</i> | <u>12,796,029</u> | <u>4,720,230</u> | <u>17,516,259</u> |
| <i>Operating Income (Loss)</i> | <u>2,660,952</u> | <u>(423,188)</u> | <u>2,237,764</u> |
| Non-Operating Revenues (Expenses) | | | |
| Interest | 571,786 | 9,087 | 580,873 |
| Interest and Fiscal Charges | (1,886,329) | 0 | (1,886,329) |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>(1,314,543)</u> | <u>9,087</u> | <u>(1,305,456)</u> |
| <i>Net Income (Loss)</i> | 1,346,409 | (414,101) | 932,308 |
| <i>Retained Earnings Beginning of Year</i> | <u>42,639,185</u> | <u>81,144</u> | <u>42,720,329</u> |
| <i>Retained Earnings (Deficit) End of Year</i> | 43,985,594 | (332,957) | 43,652,637 |
| Contributed Capital Beginning and End of Year | <u>409,700</u> | <u>0</u> | <u>409,700</u> |
| <i>Total Fund Equity (Deficit) End of Year</i> | <u>\$44,395,294</u> | <u>(\$332,957)</u> | <u>\$44,062,337</u> |

See accompanying notes to the general purpose financial statements

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City of Lorain, Ohio
Combined Statement of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2001

| | Enterprise Funds | | |
|-----------------------------------------|----------------------------|----------------------------|-------------------------------------------------|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Charges for Services | \$16,514,218 | \$15,263,121 | (\$1,251,097) |
| OWDA Loan Proceeds | 7,933,541 | 4,515,514 | (3,418,027) |
| Interest | 691,910 | 575,250 | (116,660) |
| Other Operating Revenues | 166,111 | 68,458 | (97,653) |
| <i>Total Revenues</i> | <u>25,305,780</u> | <u>20,422,343</u> | <u>(4,883,437)</u> |
| Expenses | | | |
| Current | | | |
| Personal Services | 7,085,502 | 6,947,400 | 138,102 |
| Contractual Services | 2,611,700 | 2,146,872 | 464,828 |
| Materials and Supplies | 957,621 | 686,827 | 270,794 |
| Utilities | 1,364,000 | 1,249,805 | 114,195 |
| Other Operating Expenses | 601,040 | 443,240 | 157,800 |
| Claims | 0 | 0 | 0 |
| Capital Outlay | 10,949,976 | 8,149,292 | 2,800,684 |
| Debt Service: | | | |
| Principal Retirement | 2,165,607 | 2,085,060 | 80,547 |
| Interest and Fiscal Charges | 1,832,495 | 1,801,342 | 31,153 |
| <i>Total Expenses</i> | <u>27,567,941</u> | <u>23,509,838</u> | <u>4,058,103</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenses</i> | (2,262,161) | (3,087,495) | (825,334) |
| Advances In | 0 | 0 | 0 |
| Advances Out | (550,000) | (550,000) | 0 |
| <i>Excess of Revenues Under</i> | | | |
| <i>Expenses and Advances</i> | (2,812,161) | (3,637,495) | (825,334) |
| <i>Fund Equity at Beginning of Year</i> | 13,941,916 | 13,941,916 | 0 |
| Prior Year Encumbrances Appropriated | 1,803,387 | 1,803,387 | 0 |
| <i>Fund Equity at End of Year</i> | <u><u>\$12,933,142</u></u> | <u><u>\$12,107,808</u></u> | <u><u>(\$825,334)</u></u> |

See accompanying notes to the general purpose financial statements

| Internal Service Funds | | | Totals (Memorandum Only) | | |
|------------------------|------------------|----------------------------------|--------------------------|---------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$4,269,577 | \$4,110,386 | (\$159,191) | \$20,783,795 | \$19,373,507 | (\$1,410,288) |
| 0 | 0 | 0 | 7,933,541 | 4,515,514 | (3,418,027) |
| 10,000 | 8,870 | (1,130) | 701,910 | 584,120 | (117,790) |
| 180,910 | 186,443 | 5,533 | 347,021 | 254,901 | (92,120) |
| <u>4,460,487</u> | <u>4,305,699</u> | <u>(154,788)</u> | <u>29,766,267</u> | <u>24,728,042</u> | <u>(5,038,225)</u> |
| 573,704 | 555,529 | 18,175 | 7,659,206 | 7,502,929 | 156,277 |
| 15,650 | 1,499 | 14,151 | 2,627,350 | 2,148,371 | 478,979 |
| 599,058 | 556,026 | 43,032 | 1,556,679 | 1,242,853 | 313,826 |
| 0 | 0 | 0 | 1,364,000 | 1,249,805 | 114,195 |
| 3,650 | 2,730 | 920 | 604,690 | 445,970 | 158,720 |
| 3,666,640 | 3,542,710 | 123,930 | 3,666,640 | 3,542,710 | 123,930 |
| 0 | 0 | 0 | 10,949,976 | 8,149,292 | 2,800,684 |
| 0 | 0 | 0 | 2,165,607 | 2,085,060 | 80,547 |
| 0 | 0 | 0 | 1,832,495 | 1,801,342 | 31,153 |
| <u>4,858,702</u> | <u>4,658,494</u> | <u>200,208</u> | <u>32,426,643</u> | <u>28,168,332</u> | <u>4,258,311</u> |
| (398,215) | (352,795) | 45,420 | (2,660,376) | (3,440,290) | (779,914) |
| 0 | 60,349 | 60,349 | 0 | 60,349 | 60,349 |
| 0 | 0 | 0 | (550,000) | (550,000) | 0 |
| (398,215) | (292,446) | 105,769 | (3,210,376) | (3,929,941) | (719,565) |
| 420,699 | 420,699 | 0 | 14,362,615 | 14,362,615 | 0 |
| 37,040 | 37,040 | 0 | 1,840,427 | 1,840,427 | 0 |
| <u>\$59,524</u> | <u>\$165,293</u> | <u>\$105,769</u> | <u>\$12,992,666</u> | <u>\$12,273,101</u> | <u>(\$719,565)</u> |

City of Lorain, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2001

| | <u>Proprietary Fund Types</u> | | Totals (Memorandum Only) |
|----------------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------------------------------|
| | <u>Enterprise</u> | <u>Internal Service</u> | |
| Increase (Decrease) in Cash and Cash Equivalents | | | |
| Cash Flows from Operating Activities | | | |
| Cash Received from Quasi-External Transactions with Other Funds | \$0 | \$4,110,386 | \$4,110,386 |
| Cash Received from Customers | 15,263,121 | 0 | 15,263,121 |
| Cash Payments for Goods and Services | (3,858,145) | (567,461) | (4,425,606) |
| Cash Payments for Employee Services and Benefits | (7,036,788) | (561,939) | (7,598,727) |
| Cash Payments for Claims | 0 | (3,542,710) | (3,542,710) |
| Other Operating Revenues | 68,564 | 195,169 | 263,733 |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | <u>4,436,752</u> | <u>(366,555)</u> | <u>4,070,197</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Advances In | 0 | 60,349 | 60,349 |
| Advances Out | (550,000) | 0 | (550,000) |
| <i>Net Cash Provided by (Used For) Noncapital Financing Activities</i> | <u>(550,000)</u> | <u>60,349</u> | <u>(489,651)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Principal Paid on Bonds | (1,130,000) | 0 | (1,130,000) |
| Interest Paid on Bonds | (952,946) | 0 | (952,946) |
| Principal Retirement on OWDA Loans | (955,060) | 0 | (955,060) |
| Interest Paid on OWDA Loans | (848,396) | 0 | (848,396) |
| OWDA Loan Proceeds | 4,515,514 | 0 | 4,515,514 |
| Purchase of Fixed Assets | (7,813,421) | 0 | (7,813,421) |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(7,184,309)</u> | <u>0</u> | <u>(7,184,309)</u> |
| Cash Flows from Investing Activities | | | |
| Interest | 575,144 | 9,087 | 584,231 |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (2,722,413) | (297,119) | (3,019,532) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | <u>15,901,117</u> | <u>471,550</u> | <u>16,372,667</u> |
| <i>Cash and Cash Equivalents End of Year</i> | <u>\$13,178,704</u> | <u>\$174,431</u> | <u>\$13,353,135</u> |

(continued)

City of Lorain, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Year Ended December 31, 2001

| | <u>Proprietary Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------------------------------|
| | <u>Enterprise</u> | <u>Internal Service</u> | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Operating Income (Loss) | \$2,660,952 | -\$423,188 | \$2,237,764 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Depreciation | 2,292,466 | 10,630 | 2,303,096 |
| Change in Assets and Liabilities: | | | |
| Increase in Accounts Receivable | -123,685 | 0 | -123,685 |
| Increase in Interfund Receivables | -7,948 | -213 | -8,161 |
| Decrease in Intergovernmental Receivables | 6,589 | 0 | 6,589 |
| Increase in Materials Inventory | -95,290 | -24,337 | -119,627 |
| Increase in Prepaid Items | -16,000 | 0 | -16,000 |
| Increase (Decrease) in Accounts Payable | -571,783 | 44,387 | -527,396 |
| Decrease in Contracts Payable | -57,135 | 0 | -57,135 |
| Increase in Accrued Wages | 38,248 | 1,213 | 39,461 |
| Increase in Claims Payable | 0 | 32,237 | 32,237 |
| Decrease in Compensated Absences Payable | -116,590 | -14,619 | -131,209 |
| Decrease in Interfund Payables | -217 | 0 | -217 |
| Increase in Intergovernmental Payables | 52,238 | 2,335 | 54,573 |
| Increase in Death Benefits Payable | 53,000 | 5,000 | 58,000 |
| Increase in Retainage Payable | 321,907 | 0 | 321,907 |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | <u>\$4,436,752</u> | <u>-\$366,555</u> | <u>\$4,070,197</u> |

See accompanying notes to the general purpose financial statements.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 1 - 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 twelve council members, a council president, and a mayor.

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 City provides various services including planning, zoning, street construction, maintenance and repair, and sewer services, municipal court services, and general administrative services. The council through the budgetary process directly controls the operation of these activities. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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 the City is able to significantly influence the programs or services performed or provided by the organization; or 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 the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. Currently, the City does not have any component units.

The City participates in the following organizations. These organizations are presented in Note 18 and Note 19 to the City's financial statements and are excluded from the accompanying financial statements.

Northeast Ohio Areawide Coordinating Agency
Lorain Port Authority

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types. Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

Proprietary Fund Types. Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - The enterprise funds are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Internal Service Funds - The internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Fund Types. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City only utilizes the agency fund type.

Agency Funds - Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups. To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - The general fixed assets account group is used to account for all fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Proprietary funds use the full accrual basis of accounting.

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department and fund. Any budgetary modifications at this level may only be made by resolution of the City Council.

Tax Budget. During the first Council meeting in July, the Mayor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources. The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations. A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed, with the final appropriation measure being passed late in December, 2001. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriation. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

Encumbrances. As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the fund, department, and object level. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and are disclosed in the notes to the financial statements for proprietary funds.

D. 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 the City's records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the combined balance sheet.

The general fund and the police pension and fire pension special revenue funds had negative cash balances at December 31, 2001, in the amount of \$1,210,916, \$117,101 and \$405 respectively. These amounts have been appropriately reported as bank overdrafts on the balance sheet.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

During 2001, investments were limited to STAROhio, repurchase agreements, and mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2001.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2001 amounted to \$33,452 which was assigned from other funds.

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 combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. The City utilizes a financial institution to service bonded debt as principal and interest come due. The balances of these accounts are presented on the combined balance sheet as restricted assets: "cash and cash equivalents with trustees" and represent deposits or short-term investments in a mutual fund.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturity of three months or less and investments from the cash management pool are considered to be cash equivalents. Investments with an original maturity of more than three months, not purchased from the pool, are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary fund types when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Restricted Assets

Amounts held in trust by the City that are legally restricted for use in paying current and future debt service on revenue bonds, utility reserves and reserves for replacement and improvement, are reported as restricted assets.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

H. Fixed Assets and Depreciation

General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the general fixed assets account group. Infrastructure fixed assets such as streets, storm sewers and drains are not capitalized by the City and are not reported as part of the general fixed assets account group. Fixed assets utilized in proprietary funds are capitalized in the funds.

Fixed asset values were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Donated fixed assets are stated at their fair market value on the date donated.

The City has elected not to record depreciation in the general fixed assets account group. Depreciation for the proprietary funds fixed assets are determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

| | |
|-----------------------------------|---------------|
| Buildings | 20 - 50 years |
| Improvements Other Than Buildings | 20 - 45 years |
| Machinery and Equipment | 3 - 15 years |
| Furniture and Fixtures | 3 - 20 years |
| Infrastructure: | |
| Sewer Lines | 50 years |
| Water Lines | 30 years |

Interest is capitalized on enterprise funds' assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2001, there were no interest costs capitalized on construction projects in the enterprise funds.

I. 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 City will compensate the employees for the benefits through paid time off or some other means. 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

J. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims, compensated absences, special termination benefits and contractually required pension obligations are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, long-term loans, and capital leases are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Bond anticipation notes that are rolled over prior to the issuance of the financial statements and have a maturity date more than 12 months subsequent to the end of the fiscal year are reported in the general long-term obligations account group.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Contributed Capital

Contributed capital represents resources provided to the enterprise funds from other sources that are not subject to repayment.

M. Amortization of Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the sewer revenue refunding bonds and the water revenue bonds are being amortized using the straight-line method over the life of the bonds in the City's enterprise funds. The straight-line method of amortization is not materially different from the effective-interest method.

N. Amortization of Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of the sewer revenue 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 new debt, and is presented as a deferred loss on refunding on the balance sheet.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

O. Reserves of Fund Equity and Designations

Reserves of fund balance are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure including amounts legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventories of supplies and materials, and loans. Retained earnings are reserved for replacement and improvements for the City's utilities systems.

P. 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.

Q. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 – Change in Accounting Principles and Restatement of Prior Year Fund Balances

For 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenues."

The implementation had the following effect on fund balances as of December 31, 2000, as previously reported:

| | General | Special Revenue |
|---------------------------------------------------|----------------|----------------------------|
| Fund Balance at December 31, 2000 | \$2,532,447 | \$16,705,069 |
| GASB 33 Adjustments: | | |
| Understatement of Municipal Income Tax Receivable | 420,207 | 70,032 |
| Understatement of Intergovernmental Receivable | 1,695,447 | 827,097 |
| Understatement of Deferred Revenue | (1,502,696) | (739,539) |
| Adjusted Fund Balance at December 31, 2000 | \$3,145,405 | \$16,862,659 |

The understatement of the receivables affected both revenue and deferred revenue. The increase in revenue increased the fund balances.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 4 - Accountability and Compliance

A. Accountability

The following funds had deficit fund balances as of December 31, 2001:

| <u>Fund Name</u> | <u>Amount of Deficit</u> |
|-------------------------|--------------------------|
| Special Revenue Funds: | |
| Police Pension | \$377,566 |
| Fire Pension | 268,345 |
| Capital Projects Fund: | |
| Capital Improvements | 129,353 |
| Internal Service Funds: | |
| Garage | 52,687 |
| Hospitalization | 280,270 |

The deficits in the police pension and fire pension special revenue funds, the capital improvements capital projects fund, and the garage and hospitalization internal service funds are caused by applying accrual accounting methods to these funds. The general fund is liable for any deficit in the funds and provides operating transfers when cash is required.

B. Legal Compliance

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

| <u>Fund/Function</u> | <u>Appropriations</u> | <u>Expenditures Plus Encumbrances</u> | <u>Excess</u> |
|----------------------|-----------------------|-------------------------------------------|---------------|
| General Fund: | | | |
| Council | | | |
| Other | \$4,900 | \$5,099 | \$199 |
| Parks and Recreation | | | |
| Personal Services | 1,258,304 | 1,259,079 | 775 |
| Capital Outlay | 14,000 | 15,046 | 1,046 |
| Other Financing Uses | | | |
| Transfers Out | 763,091 | 2,160,389 | 1,397,298 |

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

| <u>Fund</u> | <u>Amount</u> |
|------------------------|---------------|
| General Fund | \$1,210,916 |
| Special Revenue Funds: | |
| Police Pension | 117,101 |
| Fire Pension | 405 |

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances -Budget (Budget Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Budget Basis) and Actual - All Proprietary Fund Types 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) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types or as note disclosure in the proprietary fund types (GAAP).
4. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
5. For the proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types**

| | General | Special Revenue | Debt Service | Capital Projects |
|--------------------------------------------|----------------|----------------------------|-------------------------|-----------------------------|
| GAAP Basis | (\$2,259,297) | \$3,571,996 | (\$494,015) | (\$2,459,094) |
| Net Adjustment for Revenue Accruals | (36,265) | (3,459,292) | 0 | 103,322 |
| Advances In | 0 | 0 | 0 | 550,000 |
| Proceeds of Notes | 0 | 0 | 0 | 300,000 |
| Advances Out | (60,349) | 0 | 0 | 0 |
| Allocation of Revenues to Pay Debt | 0 | 619,483 | (619,483) | 0 |
| Net Adjustment for Expenditure Accruals | 545,724 | 197,311 | 20,939 | 195,246 |
| Debt Principal Retirement | 0 | (331,577) | 331,577 | 0 |
| Debt Interest and Fiscal Charges | 0 | (287,906) | 287,906 | 0 |
| Encumbrances | (64,649) | (1,352,108) | 0 | (1,339,690) |

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| | | | | |
|--------------|----------------------|----------------------|--------------------|----------------------|
| Budget Basis | <u>(\$1,874,836)</u> | <u>(\$1,042,093)</u> | <u>(\$473,076)</u> | <u>(\$2,650,216)</u> |
|--------------|----------------------|----------------------|--------------------|----------------------|

**Net Income (Loss)/Excess of
Revenues Over (Under) Expenses and Advances
All Proprietary Fund Types**

| | <u>Enterprise</u> | <u>Internal Service</u> |
|-------------------------------------|----------------------|-----------------------------|
| GAAP Basis | \$1,346,409 | (\$414,101) |
| Net Adjustment for Revenue Accruals | (121,938) | (430) |
| Net Adjustment for Expense Accruals | (216,995) | 52,626 |
| Advances In | 0 | 60,349 |
| Depreciation Expense | 2,292,466 | 10,630 |
| Proceeds of OWDA Loans | 4,515,514 | 0 |
| Advances Out | (550,000) | 0 |
| Additions to Fixed Assets | (7,813,421) | 0 |
| Principal Retirement | (2,085,060) | 0 |
| Encumbrances | (1,004,470) | (1,520) |
| Budget Basis | <u>(\$3,637,495)</u> | <u>(\$292,446)</u> |

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current two-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 which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement No.3.

A. Deposits

At year-end, the carrying amount of the City's deposits was \$7,185,928 and the bank balance was \$8,261,850. Of the bank balance:

1. \$400,000 was covered by federal depository insurance; and
2. \$7,861,850 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

GASB Statement No. 3 requires the use of three categories to classify investments. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio and the investment in the U.S. Treasury money market fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

| | Category 2 | Carrying Value | Fair Value |
|--------------------------|-----------------------|---------------------------|-----------------------|
| Money Market Fund | \$0 | \$3,094,711 | \$3,094,711 |
| Repurchase Agreement | 2,683,069 | 2,683,069 | 2,683,069 |
| STAROhio | 0 | 10,622,835 | 10,622,835 |
| Total Investments | \$2,683,069 | \$16,400,615 | \$16,400,615 |

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3, is as follows:

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| | Cash and Cash Equivalents | Investments |
|----------------------|--------------------------------------|--------------------|
| GASB Statement 9 | \$23,586,543 | \$0 |
| Investments: | | |
| Money Market Fund | (3,094,711) | 3,094,711 |
| Repurchase Agreement | (2,683,069) | 2,683,069 |
| STAROhio | (10,622,835) | 10,622,835 |
| GASB Statement 3 | \$7,185,928 | \$16,400,615 |

Note 7 - Receivables

Receivables at December 31, 2001 consist primarily of taxes, accounts (billings for utility services), special assessments, accrued interest on investments, community development loans to businesses and property owners, and intergovernmental receivables arising from grants, entitlements, and shared revenues.

The City's community development loans receivable from businesses and property owners contain certain amounts for which the repayment, due to bankruptcies and/or defaults, has been estimated. The loans receivable balance on the general-purpose financial statements is stated net of estimated uncollectibles of \$924,193.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2001 public utility property taxes which became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001, was \$4.96 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| Category | Assessed Value |
|-------------------------|----------------|
| Real Estate | \$714,098,140 |
| Public Utility Property | 41,909,630 |
| Tangible Personal | 161,585,020 |
| Total Property Taxes | \$917,592,790 |

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

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. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor were they levied to finance 2001 operations. The receivable is offset by deferred revenue.

B. Income Taxes

The City levies a municipal income tax of one and three-quarter percent on substantially all earned income arising from employment, residency or business activities within the City. 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. By City ordinance, income tax proceeds are credited to the general fund (one and one-half percent) and to the police levy fund (one-quarter percent).

C. Intergovernmental Receivables

A summary of intergovernmental receivables at December 31, 2001 follows:

| | Amount |
|----------------------|-------------|
| General Fund: | |
| Estate Tax | \$474,329 |
| Local Government Tax | 1,838,030 |
| Revenue Assistance | 180,733 |
| Other Taxes | 22,671 |
| Grants | 27,256 |
| Total General Fund | \$2,543,019 |

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| | |
|--------------------------------------|---------------------------|
| Special Revenue Funds: | |
| Gasoline Tax | \$184,180 |
| Permissive Motor Vehicle License Tax | 144,362 |
| Motor Vehicle Tax | 630,276 |
| Grants | <u>2,548,301</u> |
| Total Special Revenue Funds | <u>3,507,119</u> |
| | |
| Enterprise Fund: | |
| Utility Charges | <u>25,399</u> |
| Total All Funds | <u><u>\$6,075,537</u></u> |

Note 8 - Fixed Assets and Depreciation

A summary of the proprietary fund types fixed assets at December 31, 2001 follows:

| | Enterprise | Internal Service |
|--------------------------------|----------------------------|-----------------------------|
| Land and Improvements | \$482,422 | \$0 |
| Buildings | 43,249,204 | 0 |
| Machinery and Equipment | 19,011,728 | 144,096 |
| Furniture and Fixtures | 7,749 | 0 |
| Sewer Lines | 38,293,440 | 0 |
| Water Lines | 15,246,451 | 0 |
| Construction in Progress | <u>21,919,038</u> | <u>0</u> |
| Total | 138,210,032 | 144,096 |
| Less: Accumulated Depreciation | <u>(67,808,316)</u> | <u>(124,778)</u> |
| | | |
| Net Fixed Assets | <u><u>\$70,401,716</u></u> | <u><u>\$19,318</u></u> |

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

A summary of changes in general fixed assets during 2001 follows:

| | Balance January 1, 2001 | Additions | Deletions | Balance December 31, 2001 |
|----------------------------|----------------------------------------|--------------------|----------------------|------------------------------------------|
| Land and Improvements | \$4,192,464 | \$19,616 | (\$4,642) | \$4,207,438 |
| Buildings | 9,520,692 | 360,675 | (4,164) | 9,877,203 |
| Machinery and Equipment | 14,940,318 | 623,164 | (1,656,452) | 13,907,030 |
| Furniture and Fixtures | <u>557,391</u> | <u>0</u> | <u>(373,014)</u> | <u>184,377</u> |
| Total | <u>\$29,210,865</u> | <u>\$1,003,455</u> | <u>(\$2,038,272)</u> | <u>\$28,176,048</u> |

Note 9 - Risk Management

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 does not carry general liability insurance. The City's policy for general liability claims is to bear the cost of these claims. The City accrues general liability claims in the General fund. The accrual is based on claims paid in each of the previous three years. During 2001, the City contracted with several companies for other types of insurance as follows:

| Company | Type of Coverage | Limits Of Coverage |
|------------------------------------|--------------------------------------------------|-----------------------------------|
| Arthur J. Gallagher and Company | Automobile Liability and Property Damage | \$1,000,000 |
| | Law Enforcement Liability | 5,000,000 |
| | Public Officials Liability | 5,000,000 |
| | Commercial Property Boiler/Machinery Coverage | 50,000,000 |

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

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Workers compensation is provided by the State of Ohio. 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.

The City manages the hospital/medical, prescription drug, flexible medical savings, and vision benefits for its employees on a self-insured basis through the hospitalization self insurance internal service fund. Payments to the fund are made from the fund from which each employee is paid. Rates for 2001 ranged from \$350 to \$530 per month for single and family coverage depending on the bargaining unit of the employee. The Plan Administrator for the City determines these rates. Medical Mutual of Ohio, the third party administrator, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$100,000 per employee and an aggregate of \$2,468,110 per year.

The claims liability of \$378,352 reported in the fund at December 31, 2001 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 1999, 2000 and 2001 were:

| | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|------|---------------------------------------------|------------------------------------|---------------------------|-----------------------------------|
| 1999 | \$197,623 | \$2,699,103 | \$2,669,494 | \$227,232 |
| 2000 | 227,232 | 2,998,825 | 2,879,942 | 346,115 |
| 2001 | 346,115 | 3,574,947 | 3,542,710 | 378,352 |

Note 10 - Long-term Debt

A summary of changes in long-term obligations of the City during 2001 were as follows:

| | Outstanding 01/01/01 | Additions | Reductions | Outstanding 12/31/01 |
|--------------------------------------------|---------------------------------|------------------|-------------------|---------------------------------|
| GENERAL LONG-TERM OBLIGATIONS: | | | | |
| GENERAL OBLIGATION BONDS (Unvoted): | | | | |
| 1989 Various Improvements | \$1,000,000 | \$0 | \$200,000 | \$800,000 |
| 1984 10.75% Fire Station | 175,000 | 0 | 35,000 | 140,000 |
| 2000 Riverfront Urban Renewal | 4,850,000 | 0 | 0 | 4,850,000 |
| 1984 10.75% Various Improvements | 100,000 | 0 | 25,000 | 75,000 |

City of Lorain, Ohio

*Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001*

| | | | | |
|----------------------------------------|-------------------|-----------|----------------|-------------------|
| 1984 10.75% Sidewalk Improvements | \$34,000 | \$0 | \$17,000 | \$17,000 |
| 1984 10.75% Real Estate Acquisitions | 175,000 | 0 | 35,000 | 140,000 |
| 1984 10.75% Real Estate Acquisitions | 190,000 | 0 | 35,000 | 155,000 |
| 1984 10.75% Storm Sewer | 350,000 | 0 | 70,000 | 280,000 |
| 1995 Various Rate Various Purposes | 2,415,000 | 0 | 145,000 | 2,270,000 |
| 1998 Various Rate Capital Purpose | 3,075,000 | 0 | 320,000 | 2,755,000 |
| 1999 Police & Fire Pension | 1,990,000 | 0 | 45,000 | 1,945,000 |
| 1988 7.50% Street Improvement | <u>104,448</u> | <u>0</u> | <u>12,593</u> | <u>91,855</u> |
| TOTAL GENERAL OBLIGATION BONDS | <u>14,458,448</u> | <u>0</u> | <u>939,593</u> | <u>13,518,855</u> |
| SPECIAL ASSESSMENT BONDS | | | | |
| 1983 10.25% Street Improvement | 220,000 | 0 | 55,000 | 165,000 |
| 1988 7.50% Street Improvement | <u>600,552</u> | <u>0</u> | <u>72,407</u> | <u>528,145</u> |
| TOTAL SPECIAL ASSESSMENT BONDS | <u>820,552</u> | <u>0</u> | <u>127,407</u> | <u>693,145</u> |
| HUD SECTION 108 LOANS | | | | |
| Community Development 7.60 to 8.74% | 30,000 | 0 | 30,000 | 0 |
| Head Start 4.64 to 7.90% | 120,000 | 0 | 10,000 | 110,000 |
| Head Start 4.64 to 7.9% | 1,320,000 | 0 | 110,000 | 1,210,000 |
| Colorado Industrial Park | <u>2,375,000</u> | <u>0</u> | <u>125,000</u> | <u>2,250,000</u> |
| TOTAL HUD SECTION 108 LOANS | <u>3,845,000</u> | <u>0</u> | <u>275,000</u> | <u>3,570,000</u> |
| 0.0% OPWC Loans | 60,102 | 1,156,831 | 23,349 | 1,193,584 |
| Note Payable - 4.875% | 1,550,000 | 1,550,000 | 1,550,000 | 1,550,000 |
| Installment Loans | 78,069 | 55,683 | 24,960 | 108,792 |
| Capital Leases | 800,668 | 125,096 | 175,652 | 750,112 |
| CDBG Interest Liability | 91,006 | 26,242 | 56,577 | 60,671 |
| Compensated Absences | 5,338,770 | 0 | 715,283 | 4,623,487 |
| Intergovernmental Payables | 781,952 | 914,844 | 781,952 | 914,844 |

City of Lorain, Ohio

*Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001*

| | | | | |
|---------------------------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|
| Death Benefits | <u>\$1,733,000</u> | <u>\$306,000</u> | <u>\$61,000</u> | <u>\$1,978,000</u> |
| TOTAL GENERAL LONG-TERM OBLIGATIONS | <u>29,557,567</u> | <u>4,134,696</u> | <u>4,730,773</u> | <u>28,961,490</u> |
| ENTERPRISE FUND OBLIGATIONS: | | | | |
| GENERAL OBLIGATION BONDS | | | | |
| 1984 10.75% Water Improvements | 500,000 | 0 | 100,000 | 400,000 |
| 1984 10.75% Sewer Improvements | 625,000 | 0 | 125,000 | 500,000 |
| 1995 Various Water Improvements | <u>1,740,000</u> | <u>0</u> | <u>100,000</u> | <u>1,640,000</u> |
| TOTAL GENERAL OBLIGATION BONDS | <u>2,865,000</u> | <u>0</u> | <u>325,000</u> | <u>2,540,000</u> |
| REVENUE BONDS: | | | | |
| 1995 Various Rates Water System | 8,563,547 | 7,632 | 365,000 | 8,206,179 |
| 1995 Sewer System Revenue Refunding Bonds | <u>6,223,649</u> | <u>2,570</u> | <u>440,000</u> | <u>5,786,219</u> |
| TOTAL REVENUE BONDS | <u>14,787,196</u> | <u>10,202</u> | <u>805,000</u> | <u>13,992,398</u> |
| OHIO WATER DEVELOPMENT AUTHORITY LOANS | | | | |
| 1978 6.25% Sewer Facility | 1,476,506 | 0 | 103,569 | 1,372,937 |
| 1994 6.64% Water Facility | 1,064,661 | 69,531 | 250,058 | 884,134 |
| 1999 6.5% Sewer Facility | 1,116,536 | 0 | 43,258 | 1,073,278 |
| 1999 6.5% Water Facility | 2,144,177 | 0 | 70,914 | 2,073,263 |
| 2001 6.12% Water Facility | 354,660 | 84,409 | 12,131 | 426,938 |
| 2001 4.38% Water Facility | 2,430,466 | 119,304 | 87,114 | 2,462,656 |
| 2001 4.64% Water Facility | 1,038,901 | 1,213,678 | 37,442 | 2,215,137 |
| 2001 2.81% Sewer Facility | 4,323,261 | 450,067 | 185,976 | 4,587,352 |
| 2001 3.66% Sewer Facility | <u>6,748,754</u> | <u>2,578,525</u> | <u>164,598</u> | <u>9,162,681</u> |
| TOTAL OWDA LOANS | <u>20,697,922</u> | <u>4,515,514</u> | <u>955,060</u> | <u>24,258,376</u> |
| TOTAL ENTERPRISE FUNDS | <u>38,350,118</u> | <u>4,525,716</u> | <u>2,085,060</u> | <u>40,790,774</u> |
| TOTAL ALL TYPES | <u><u>\$67,907,685</u></u> | <u><u>\$8,660,412</u></u> | <u><u>\$6,815,832</u></u> | <u><u>\$69,752,264</u></u> |

City of Lorain, Ohio

Notes to The General Purpose Financial Statements For The Year Ended December 31, 2001

General obligation bonds will be paid from the general 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 loans and the OPWC loans are paid from the general bond retirement debt service fund. The installment loans will be paid from the debt service fund.

Compensated absences reported in the compensated absences payable account, contractually required pension contributions reported as intergovernmental payable, and death benefits reported in the death benefits payable account will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the general fund and the street construction special revenue fund. The CDBG interest liability loan is owed to HUD for interest on HUD funds held by the City and will be paid by the community development special revenue fund. The revenue and general obligation bonds for water improvements and the OWDA water facility loan will be paid from water user charges. The revenue refunding and general obligation bonds for sewer improvements and the OWDA sewer facility loans will be paid from sewer user charges. The \$1,550,000 note matures on April 11, 2003 (renewed on April 11, 2002) and is being used to acquire real property for a park.

Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued have been reported in the general long-term obligations account and will be paid from the debt service fund. The notes were issued for the acquisition of property for a park and for improvements to Oakpoint Road. The \$1,550,000 proceeds were deposited in the capital improvement capital projects fund.

The seventeen-year sewer system revenue refunding bonds, Series 1995, were issued for \$8,035,000 on October 1, 1995 at an average interest rate of 4.5 percent for the purpose of advance refunding the City's outstanding sewer system mortgage revenue refunding bonds, Series 1988. These bonds were issued at a discount of \$39,679. The Series 1995 bonds mature on April 1.

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

| <u>Redemption Dates (Dates Inclusive)</u> | <u>Redemption Prices</u> |
|-------------------------------------------|--------------------------|
| April 1, 2005 through March 31, 2006 | 102% |
| April 1, 2006 through March 31, 2007 | 101 |
| April 1, 2007 and thereafter | 100 |

In conjunction with the issuance of the sewer system revenue refunding bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and repayment of debt relating to the advance refunding of the City's outstanding sewer system mortgage revenue refunding bonds, Series 1995. The restricted assets balance in the water pollution fund segregates funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the revenue bonds consisted of the following at December 31, 2001:

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

| | |
|---------------------------------------|-------------|
| Restricted assets held by the Trustee | |
| Revenue Bond Current Debt Service | \$1,327,731 |

| | |
|------------------------------------|---------|
| Restricted assets held by the City | |
| Utility Reserve Fund | 786,633 |
| Replacement and Improvement Fund | 150,000 |

The sewer system refunding bonds, Series 1995 had a balance at December 31, 2001 of \$5,786,219, net of the unamortized discount.

The twenty-year water revenue bonds, Series 1995, were issued for \$10,000,000 on December 28, 1995 at an average interest rate of 4.8 percent for the purpose of paying costs to the City of improving the water facility. These bonds were issued at a discount \$154,905. The Series 1995 bonds mature on April 1.

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

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

In conjunction with the issuance of the water revenue bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and repayment of debt relating to the construction and improvement of the water system. The restricted assets balance in the water fund segregates funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the revenue bonds consisted of the following at December 31, 2001:

| | |
|---------------------------------------|-------------|
| Restricted assets held by the Trustee | |
| Revenue Bond Current Debt Service | \$1,211,611 |
| Restricted assets held by the City | |
| Utility Reserve Fund | 282,420 |
| Replacement and Improvement Fund | 150,000 |

The water revenue bonds, Series 1995, had a balance at December 31, 2001 of \$8,206,179 net of the unamortized discount.

City of Lorain, Ohio

*Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001*

The City's overall legal debt margin was \$76,304,746 at December 31, 2001. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2001 are as follows:

| | General Obligation Bonds | Special Assessment Bonds | HUD Section 108 Loans | OPWC Loans |
|---------------------------------|-----------------------------------------|-----------------------------------------|--------------------------------------|-----------------------|
| 2002 | \$2,148,081 | \$183,930 | \$512,988 | \$89,717 |
| 2003 | 2,170,795 | 172,862 | 495,588 | 72,620 |
| 2004 | 1,997,183 | 166,054 | 478,040 | 66,267 |
| 2005 | 1,925,963 | 99,666 | 460,355 | 59,915 |
| 2006 | 1,472,082 | 93,916 | 442,574 | 59,915 |
| 2007-2011 | 6,140,087 | 170,583 | 1,941,443 | 299,573 |
| 2012-2016 | 3,877,196 | 0 | 1,049,293 | 287,261 |
| 2017-2021 | 2,539,138 | 0 | 434,548 | 258,316 |
| 2022-2026 | 2,931,311 | 0 | 0 | 0 |
| Total Principal And Interest | <u>25,201,836</u> | <u>887,011</u> | <u>5,814,829</u> | <u>1,193,584</u> |
| Less Interest | <u>(9,142,981)</u> | <u>(193,866)</u> | <u>(2,244,829)</u> | <u>0</u> |
| Total | <u>\$16,058,855</u> | <u>\$693,145</u> | <u>\$3,570,000</u> | <u>\$1,193,584</u> |

| | Revenue Bonds | OWDA Loans | Installment Loans | CDBG Interest Liability |
|---------------------------------|--------------------------|-----------------------|------------------------------|----------------------------------------|
| 2002 | \$1,551,988 | \$2,202,480 | \$47,776 | \$30,336 |
| 2003 | 1,541,578 | 2,202,480 | 47,766 | 30,335 |
| 2004 | 1,548,288 | 2,202,480 | 19,829 | 0 |
| 2005 | 1,546,992 | 1,872,592 | 0 | 0 |
| 2006 | 1,547,611 | 1,872,592 | | |
| 2007-2011 | 7,700,400 | 9,265,033 | 0 | 0 |
| 2012-2016 | 3,979,370 | 8,383,704 | 0 | 0 |
| 2017-2021 | 0 | 6,852,488 | 0 | 0 |
| Total Principal And Interest | <u>19,416,227</u> | <u>34,853,849</u> | <u>115,371</u> | <u>60,671</u> |
| Less: Interest | <u>(5,423,829)</u> | <u>(10,595,473)</u> | <u>(6,579)</u> | <u>0</u> |
| Total | <u>\$13,992,398</u> | <u>\$24,258,376</u> | <u>\$108,792</u> | <u>\$60,671</u> |

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 11 – Notes Payable

A summary of the changes in notes payable during 2001 is as follows:

| | <u>Outstanding 01/01/01</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding 12/31/01</u> |
|--------------------------------|---------------------------------|------------------|-------------------|---------------------------------|
| Street Improvement Note - 3.0% | \$0 | \$300,000 | \$0 | \$300,000 |

The note was issued in anticipation of issuing bonds. The \$300,000 note matures on November 21, 2002 and is being used for street improvements.

Note 12 - Capital Leases

The City entered into leases for the acquisition of equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards Board No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. General fixed assets acquired by lease through the current year have been capitalized in the general fixed assets account group. A corresponding liability was recorded in the general long-term debt obligations account group in the amount of \$125,096.

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, 2001:

| <u>Year Ending December 31, 2001</u> | <u>Amount</u> |
|-----------------------------------------|-------------------------|
| 2002 | \$199,275 |
| 2003 | 151,119 |
| 2004 | 135,373 |
| 2005 | 135,127 |
| 2006 | 133,893 |
| 2007 | <u>133,894</u> |
| Total Minimum Lease Payments | 888,681 |
| Less: Amount Representing Interest | <u>(138,569)</u> |
| Present Value of minimum lease payments | <u><u>\$750,112</u></u> |

City of Lorain, Ohio

Notes to The General Purpose Financial Statements For The Year Ended December 31, 2001

Note 13 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. The maximum amount of vacation time that can be accrued is a total that can be earned in three years. Earned vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours of accumulated, unused sick leave. As of December 31, 2001, the liability for unpaid compensated absences was \$6,643,742 for the entire City.

Note 14 - Defined Benefit Pension Plans

A. Public Employees Retirement System

All City full-time employees, other than Police officers and Firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$2,114,109, \$1,581,998, and \$1,322,358 respectively. The full amount has been contributed for 2000 and 1999. 73.25 percent has been contributed for 2001 with the remainder being reported as a liability within the enterprise funds and the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

The City of Lorain contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer public employee retirement system administered by the OP&F's Board of Trustees. 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 by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. For 2000, the City's contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OP&F for police and firefighters were \$1,025,776 and \$1,043,178 for the year ended December 31, 2001, \$1,120,411 and \$1,067,554 for the year ended December 31, 2000, and \$708,454 and \$797,125 for the year ended December 31, 1999. The full amount has been contributed

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

for 2000 and 1999. 73.42 and 74.03 percent, respectively, have been contributed for 2001 with the remainder being reported as a liability within the general long-term obligations account group.

Note 15 - Post employment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$670,807. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

City of Lorain, Ohio

Notes to The General Purpose Financial Statements For The Year Ended December 31, 2001

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.50 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$394,513 for police and \$325,993 for fire. OP&F's total health care expenses for the year ended December 31, 2000, (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

C. Death Benefits

Based on authority granted to the City by State statute to set employee compensation and benefits, the City provides a benefit to the estate of employees who have retired from the City with twenty years of service for non-administrative employees and fifteen years of service for administrative employees in amounts ranging from \$3,000 to \$12,500 at the time of death. Employees do not make any contributions for this benefit. As of December 31, 2001, the liability for unpaid death benefits was \$2,383,500 for the 277 participants currently eligible to receive the benefit. Benefit payments during 2001 were \$61,000 in the governmental funds.

Note 16 – Contractual Commitments

As of December 31, 2001, the open construction contracts for the water department and water pollution department were \$3,497,239 and \$3,558,638, respectively.

The City also had open construction contracts with the Ohio Public Works Commission (OPWC), for local roadway rehabilitation in the amount of \$1,024,870.

The open construction contracts for the Riverfront Urban Renewal project totaled \$783,527 at the end of 2001.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 17 - Segment Information

The City's enterprise funds account for water and water pollution services. Segment information for these operations as of and for the year ended December 31, 2001 was as follows:

| | <u>Water Works</u> | <u>Water Pollution Control</u> | <u>Total</u> |
|-----------------------------------|------------------------|----------------------------------------|--------------|
| Operating Revenues | \$7,493,865 | \$7,963,116 | \$15,456,981 |
| Depreciation Expense | 723,736 | 1,568,730 | 2,292,466 |
| Operating Income | 2,647,690 | 13,262 | 2,660,952 |
| Net Income (Loss) | 1,879,331 | (532,922) | 1,346,409 |
| Property, Plant and Equipment | | | |
| Additions | 2,175,856 | 5,637,565 | 7,813,421 |
| Deletions | 121,360 | 142,629 | 263,989 |
| Net Working Capital | 771,973 | 8,418,749 | 9,190,722 |
| Total Assets | 26,524,934 | 61,482,838 | 88,007,772 |
| Long-term Liabilities | 18,042,335 | 21,421,705 | 39,464,040 |
| Total Fund Equity | 6,704,910 | 37,690,384 | 44,395,294 |
| Encumbrances at December 31, 2001 | 269,871 | 734,599 | 1,004,470 |

Note 18 – Jointly Governed Organization

Northeast Ohio Areawide Coordinating Agency

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five county region. NOACA is controlled by a 37 member board which 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 2001, the City did not make any contributions to the agency.

Note 19 - Related Organization

Lorain Port Authority

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.

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

Note 20 - Interfund Activity

"Interfund Receivable" and "Interfund Payable" at December 31, 2001 consist of the following individual balances:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|--------------------------------|---------------------------------|------------------------------|
| General Fund | <u>\$122,821</u> | <u>\$4,630</u> |
| Special Revenue Funds: | | |
| Community Development | 0 | 2,336 |
| Indigent Drivers | 256 | 0 |
| Municipal Court Computer | 8,946 | 0 |
| Legal Research | 2,697 | 0 |
| Municipal Court Security | <u>3,047</u> | <u>0</u> |
| Total Special Revenue Funds | <u>14,946</u> | <u>2,336</u> |
| Capital Projects Funds: | | |
| Capital Improvements | 0 | 550,000 |
| General Sewer | 108 | 0 |
| Riverfront Urban Renewal | 0 | 6,029 |
| Municipal Court Improvement | <u>4,004</u> | <u>0</u> |
| Total Capital Projects Funds | <u>4,112</u> | <u>556,029</u> |
| Enterprise Funds: | | |
| Water Works | 3,260 | 150 |
| Water Pollution Control | <u>558,381</u> | <u>941</u> |
| Total Enterprise Funds | <u>561,641</u> | <u>1,091</u> |
| Internal Service Fund: | | |
| Garage | <u>213</u> | <u>60,349</u> |
| Agency Funds: | | |
| State Highway Patrol | 800 | 0 |
| Municipal Court | <u>0</u> | <u>80,098</u> |
| Total Agency Funds | <u>800</u> | <u>80,098</u> |
| Total | <u><u>\$704,533</u></u> | <u><u>\$704,533</u></u> |

Note 21 - Litigation

City of Lorain, Ohio
Notes to The General Purpose Financial Statements
For The Year Ended December 31, 2001

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

Note 22 – Subsequent Events

On April 11, 2002 the City rolled over the \$1,550,000 bond anticipation notes. The new bond anticipation notes have a maturity date of April 11, 2003, with an interest rate of 4.875 percent.

On September 17, 2001, City Council passed four ordinances to provide for the issuance and sale of bonds in the amount of \$8,905,000. The bonds were sold May 1, 2002 with interest ranging from 3 percent to 5.5 percent. Of this amount, \$6,100,000 is for the construction of a new police facility and jail, \$2,100,000 for the purchase and renovation of a fire station building and new equipment, \$355,000 for the improvement of municipal cemeteries, and \$350,000 for improvements to the City's parks and recreational facilities. The bonds were sold at a premium of \$3,453 and they mature on December 1, 2026. Payment of principal and interest will be made from the debt service fund with monies provided by the general fund and the police levy special revenue fund.

Combining, Individual Fund And Account Group Financial Statements and Schedules

These statements and schedules provide a more detailed presentation of the General Purpose Financial Statements presented in the previous subsection. Combining statements and schedules are used to bring together funds where there is more than one of a specific type. Individual statements are used when there is only one fund of a specific type and for account groups. Schedules are used to present budgetary comparisons that are required to demonstrate legal compliance but are not otherwise required for presentation in conformance with generally accepted accounting principles. These statements and schedules are grouped by fund types and account group as follows:

General Fund

Special Revenue Funds

Debt Service Funds

Capital Projects Funds

Enterprise Funds

Internal Service Funds

Agency Funds

General Fixed Assets Account Group

General Fund

The general fund accounts for 62.76 percent of income tax revenue and other resources traditionally associated with the general governmental operations which are not required to be accounted for by another fund.

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|-----------------------------|-------------------|-------------------|-------------------------------------------------|
| Revenues | | | |
| Municipal Income Tax | \$14,691,143 | \$14,411,098 | (\$280,045) |
| Property and Other Taxes | 2,606,500 | 2,275,405 | (331,095) |
| Charges for Services | 529,054 | 466,301 | (62,753) |
| Fines, Licenses and Permits | 1,668,165 | 1,568,635 | (99,530) |
| Intergovernmental | 5,163,512 | 4,858,222 | (305,290) |
| Interest | 32,900 | 32,915 | 15 |
| Other | 164,634 | 162,228 | (2,406) |
| <i>Total Revenues</i> | <u>24,855,908</u> | <u>23,774,804</u> | <u>(1,081,104)</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | | | |
| Civil Service | | | |
| Personal Services | 71,494 | 68,356 | 3,138 |
| Materials and Supplies | 500 | 213 | 287 |
| Contractual Services | 7,000 | 6,304 | 696 |
| Other | 5,100 | 4,589 | 511 |
| <i>Total Civil Service</i> | <u>84,094</u> | <u>79,462</u> | <u>4,632</u> |
| Council | | | |
| Personal Services | 271,233 | 265,853 | 5,380 |
| Materials and Supplies | 1,000 | 944 | 56 |
| Contractual Services | 15,907 | 15,769 | 138 |
| Capital Outlay | 1,551 | 1,551 | 0 |
| Other | 4,900 | 5,099 | (199) |
| <i>Total Council</i> | <u>294,591</u> | <u>289,216</u> | <u>5,375</u> |
| Mayor | | | |
| Personal Services | 154,892 | 151,822 | 3,070 |
| Materials and Supplies | 2,991 | 2,691 | 300 |
| Contractual Services | 6,933 | 6,929 | 4 |
| Other | 50 | 0 | 50 |
| <i>Total Mayor</i> | <u>164,866</u> | <u>161,442</u> | <u>3,424</u> |
| Auditor | | | |
| Personal Services | 481,442 | 474,206 | 7,236 |
| Materials and Supplies | 22,800 | 22,495 | 305 |
| Contractual Services | 53,350 | 51,655 | 1,695 |
| Capital Outlay | 1,609 | 1,609 | 0 |
| Other | 1,000 | 963 | 37 |
| <i>Total Auditor</i> | <u>\$560,201</u> | <u>\$550,928</u> | <u>\$9,273</u> |

(continued)

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund (continued)
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|------------------------------|------------------|------------------|-------------------------------------------------|
| Treasurer | | | |
| Personal Services | \$417,244 | \$410,346 | \$6,898 |
| Materials and Supplies | 24,300 | 24,242 | 58 |
| Contractual Services | 11,643 | 9,807 | 1,836 |
| Other | 300 | 196 | 104 |
| <i>Total Treasurer</i> | <u>453,487</u> | <u>444,591</u> | <u>8,896</u> |
| Law Director | | | |
| Personal Services | 605,902 | 596,444 | 9,458 |
| Materials and Supplies | 17,500 | 17,484 | 16 |
| Contractual Services | 1,535 | 1,081 | 454 |
| Capital Outlay | 13,346 | 11,241 | 2,105 |
| Other | 1,000 | 242 | 758 |
| <i>Total Law Director</i> | <u>639,283</u> | <u>626,492</u> | <u>12,791</u> |
| Judges | | | |
| Personal Services | 533,782 | 520,762 | 13,020 |
| Materials and Supplies | 4,300 | 1,258 | 3,042 |
| Contractual Services | 23,000 | 18,136 | 4,864 |
| Other | 4,000 | 3,172 | 828 |
| <i>Total Judges</i> | <u>565,082</u> | <u>543,328</u> | <u>21,754</u> |
| Clerk of Courts | | | |
| Personal Services | 709,743 | 700,592 | 9,151 |
| Materials and Supplies | 61,962 | 52,124 | 9,838 |
| Contractual Services | 15,440 | 13,269 | 2,171 |
| Capital Outlay | 637 | 344 | 293 |
| Other | 1,000 | 0 | 1,000 |
| <i>Total Clerk of Courts</i> | <u>\$788,782</u> | <u>\$766,329</u> | <u>\$22,453</u> |

(continued)

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund (continued)
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------|
| Electrical | | | |
| Personal Services | \$335,324 | \$324,685 | \$10,639 |
| Materials and Supplies | 48,937 | 42,652 | 6,285 |
| Contractual Services | 13,000 | 12,234 | 766 |
| Other | 1,250 | 647 | 603 |
| <i>Total Electrical</i> | <u>398,511</u> | <u>380,218</u> | <u>18,293</u> |
| Safety/Service Director | | | |
| Personal Services | 549,660 | 545,615 | 4,045 |
| Materials and Supplies | 92,800 | 87,547 | 5,253 |
| Contractual Services | 1,147,074 | 1,110,059 | 37,015 |
| Capital Outlay | 3,000 | 3,000 | 0 |
| Other | 136,651 | 135,358 | 1,293 |
| <i>Total Safety/Service Director</i> | <u>1,929,185</u> | <u>1,881,579</u> | <u>47,606</u> |
| Engineering | | | |
| Personal Services | 605,868 | 594,468 | 11,400 |
| Materials and Supplies | 13,590 | 12,216 | 1,374 |
| Contractual Services | 5,711 | 5,391 | 320 |
| Capital Outlay | 25,000 | 0 | 25,000 |
| Other | 1,200 | 637 | 563 |
| <i>Total Engineering</i> | <u>651,369</u> | <u>612,712</u> | <u>38,657</u> |
| Data Processing | | | |
| Personal Services | 117,982 | 115,558 | 2,424 |
| Materials and Supplies | 37,120 | 30,330 | 6,790 |
| Contractual Services | 91,088 | 85,476 | 5,612 |
| Capital Outlay | 20,500 | 20,160 | 340 |
| Other | 574 | 574 | 0 |
| <i>Total Data Processing</i> | <u>267,264</u> | <u>252,098</u> | <u>15,166</u> |
| <i>Total General Government</i> | <u>\$6,796,715</u> | <u>\$6,588,395</u> | <u>\$208,320</u> (continued) |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund (continued)
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---------------------------------------------------|-------------------|-------------------|-------------------------------------------------|
| Security of Persons and Property | | | |
| Police Department | | | |
| Personal Services | \$7,238,125 | \$7,094,955 | \$143,170 |
| Materials and Supplies | 344,802 | 334,614 | 10,188 |
| Contractual Services | 339,162 | 338,207 | 955 |
| Other | 500 | 165 | 335 |
| | <u>7,922,589</u> | <u>7,767,941</u> | <u>154,648</u> |
| <i>Total Police Department</i> | | | |
| Fire Department | | | |
| Personal Services | 6,675,273 | 6,344,509 | 330,764 |
| Materials and Supplies | 137,090 | 129,789 | 7,301 |
| Contractual Service | 86,346 | 73,818 | 12,528 |
| Capital Outlay | 14,758 | 13,083 | 1,675 |
| Other | 38,729 | 37,289 | 1,440 |
| | <u>6,952,196</u> | <u>6,598,488</u> | <u>353,708</u> |
| <i>Total Fire Department</i> | | | |
| <i>Total Security of Persons and Property</i> | <u>14,874,785</u> | <u>14,366,429</u> | <u>508,356</u> |
| Public Health and Welfare | | | |
| Cemetery | | | |
| Personal Services | 158,483 | 153,899 | 4,584 |
| Materials and Supplies | 37,415 | 34,318 | 3,097 |
| Contractual Services | 9,900 | 9,208 | 692 |
| | <u>205,798</u> | <u>197,425</u> | <u>8,373</u> |
| <i>Total Cemetery</i> | | | |
| Dog Warden | | | |
| Personal Services | 105,316 | 103,094 | 2,222 |
| Materials and Supplies | 8,250 | 8,235 | 15 |
| Other | 200 | 98 | 102 |
| | <u>113,766</u> | <u>111,427</u> | <u>2,339</u> |
| <i>Total Dog Warden</i> | | | |
| <i>Total Public Health and Welfare</i> | <u>\$319,564</u> | <u>\$308,852</u> | <u>\$10,712</u> |

(continued)

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund (continued)
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---------------------------------------------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------------------------|
| Community Environment | | | |
| Building Inspection | | | |
| Personal Services | \$525,889 | \$522,527 | \$3,362 |
| Materials and Supplies | 14,000 | 12,631 | 1,369 |
| Contractual Services | 20,915 | 20,554 | 361 |
| Capital Outlay | 14,207 | 14,207 | 0 |
| Other | 3,200 | 2,173 | 1,027 |
| <i>Total Community Environment</i> | <u>578,211</u> | <u>572,092</u> | <u>6,119</u> |
| Leisure Time Activities | | | |
| Parks and Recreation | | | |
| Personal Services | 1,258,304 | 1,259,079 | (775) |
| Materials and Supplies | 160,728 | 158,372 | 2,356 |
| Contractual Services | 127,435 | 122,302 | 5,133 |
| Capital Outlay | 14,000 | 15,046 | (1,046) |
| Other | 10,004 | 9,473 | 531 |
| <i>Total Leisure Time Activities</i> | <u>1,570,471</u> | <u>1,564,272</u> | <u>6,199</u> |
| Debt Service | | | |
| Principal Retirement | 37,355 | 37,196 | 159 |
| Interest and Fiscal Charges | 1,925 | 1,925 | 0 |
| <i>Total Debt Service</i> | <u>39,280</u> | <u>39,121</u> | <u>159</u> |
| <i>Total Expenditures</i> | <u>24,179,026</u> | <u>23,439,161</u> | <u>739,865</u> |
| <i>Excess of Revenues Over Expenditures</i> | <u>676,882</u> | <u>335,643</u> | <u>(341,239)</u> |
| Other Financing Sources (Uses) | | | |
| Advances Out | (60,349) | (60,349) | 0 |
| Sales of Fixed Assets | 1,020 | 558 | (462) |
| Operating Transfers In | 9,701 | 9,701 | 0 |
| Operating Transfers Out | (763,091) | (2,160,389) | (1,397,298) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(812,719)</u> | <u>(2,210,479)</u> | <u>(1,397,760)</u> |
| <i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i> | (135,837) | (1,874,836) | (1,738,999) |
| <i>Fund Balance Beginning of Year</i> | 233,141 | 233,141 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | <u>86,183</u> | <u>86,183</u> | <u>0</u> |
| <i>Fund Balance (Deficit) End of Year</i> | <u><u>\$183,487</u></u> | <u><u>(\$1,555,512)</u></u> | <u><u>(\$1,738,999)</u></u> |

Special Revenue Funds

Special Revenue funds are established to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Streets Fund

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

Health Services Fund

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

Community Development Fund

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

Litter Control Fund

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

Police Levy Fund

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

Mandatory Drug Fund

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

Police Pension Fund

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

Fire Pension Fund

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

(continued)

Special Revenue Funds

(continued)

Indigent Drivers Fund

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

Park Land Fund

This fund was established to account for revenue received from contractors who establish new developments in the city and is used in the development of land for parks.

Cemetery Fund

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

Law Enforcement Fund

This fund was established to account for the monies used by the police department in their enforcement of drug related laws.

Municipal Court Computer Fund

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

Legal Research Fund

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

Municipal Court Security Fund

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

City of Lorain, Ohio
Combining Balance Sheet
All Special Revenue Funds
December 31, 2001

| | <u>Streets</u> | <u>Permissive License</u> | <u>Health Services</u> |
|------------------------------------------|------------------|-------------------------------|----------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$12,008 | \$72,391 | \$11,873 |
| Receivables: | | | |
| Taxes | 0 | 0 | 0 |
| Accrued Interest | 0 | 0 | 0 |
| Interfund | 0 | 0 | 0 |
| Intergovernmental | 814,456 | 144,362 | 23,409 |
| Materials and Supplies | | | |
| Inventory | 145,732 | 0 | 6,436 |
| Loans Receivable | 0 | 0 | 0 |
| Prepaid Items | 0 | 0 | 8,067 |
| | <u>0</u> | <u>0</u> | <u>8,067</u> |
| <i>Total Assets</i> | <u>\$972,196</u> | <u>\$216,753</u> | <u>\$49,785</u> |
| | | | |
| Liabilities | | | |
| Accounts Payable | \$50,544 | \$2,259 | \$6,155 |
| Bank Overdraft | 0 | 0 | 0 |
| Contracts Payable | 0 | 0 | 0 |
| Accrued Wages | 3,235 | 0 | 3,580 |
| Compensated Absences Payable | 17,124 | 0 | 8,272 |
| Interfund Payable | 0 | 0 | 0 |
| Intergovernmental Payable | 20,523 | 0 | 17,978 |
| Deferred Revenue | 573,937 | 105,922 | 0 |
| | <u>573,937</u> | <u>105,922</u> | <u>0</u> |
| <i>Total Liabilities</i> | <u>665,363</u> | <u>108,181</u> | <u>35,985</u> |
| | | | |
| Fund Equity | | | |
| Fund Balance: | | | |
| Reserved for Encumbrances | 1,549 | 62,255 | 2,811 |
| Reserved for Inventory | 145,732 | 0 | 6,436 |
| Reserved for Loans | 0 | 0 | 0 |
| Unreserved, Undesignated (Deficit) | 159,552 | 46,317 | 4,553 |
| | <u>159,552</u> | <u>46,317</u> | <u>4,553</u> |
| <i>Total Fund Equity (Deficit)</i> | <u>306,833</u> | <u>108,572</u> | <u>13,800</u> |
| | | | |
| <i>Total Liabilities and Fund Equity</i> | <u>\$972,196</u> | <u>\$216,753</u> | <u>\$49,785</u> |

| <u>Community Development</u> | <u>Litter Control</u> | <u>Police Levy</u> | <u>Mandatory Drug</u> | <u>Police Pension</u> | <u>Fire Pension</u> |
|----------------------------------|---------------------------|------------------------|---------------------------|---------------------------|-------------------------|
| \$4,361,900 | \$377 | \$842,248 | \$9,576 | \$0 | \$0 |
| 0 | 0 | 373,579 | 0 | 296,717 | 296,717 |
| 4,125 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 2,259,017 | 0 | 265,875 | 0 | 0 | 0 |
| 754 | 0 | 76,514 | 0 | 0 | 0 |
| 13,326,370 | 0 | 0 | 0 | 0 | 0 |
| 4,214 | 0 | 1,356 | 0 | 0 | 0 |
| <u>\$19,956,380</u> | <u>\$377</u> | <u>\$1,559,572</u> | <u>\$9,576</u> | <u>\$296,717</u> | <u>\$296,717</u> |
| \$86,329 | \$0 | \$76,837 | \$0 | \$260,465 | \$267,940 |
| 0 | 0 | 0 | 0 | 117,101 | 405 |
| 175,619 | 0 | 0 | 0 | 0 | 0 |
| 4,720 | 0 | 8,246 | 0 | 0 | 0 |
| 16,201 | 0 | 54,538 | 0 | 0 | 0 |
| 2,336 | 0 | 0 | 0 | 0 | 0 |
| 19,809 | 0 | 32,119 | 0 | 0 | 0 |
| 2,182,271 | 0 | 177,554 | 0 | 296,717 | 296,717 |
| <u>2,487,285</u> | <u>0</u> | <u>349,294</u> | <u>0</u> | <u>674,283</u> | <u>565,062</u> |
| 1,064,413 | 0 | 13,804 | 0 | 0 | 0 |
| 754 | 0 | 76,514 | 0 | 0 | 0 |
| 13,326,370 | 0 | 0 | 0 | 0 | 0 |
| 3,077,558 | 377 | 1,119,960 | 9,576 | (377,566) | (268,345) |
| <u>17,469,095</u> | <u>377</u> | <u>1,210,278</u> | <u>9,576</u> | <u>(377,566)</u> | <u>(268,345)</u> |
| <u>\$19,956,380</u> | <u>\$377</u> | <u>\$1,559,572</u> | <u>\$9,576</u> | <u>\$296,717</u> | <u>\$296,717</u> |

(continued)

City of Lorain, Ohio
Combining Balance Sheet
All Special Revenue Funds (continued)
December 31, 2001

| | <u>Indigent Drivers</u> | <u>Park Land</u> | <u>Cemetery</u> |
|------------------------------------------|-----------------------------|----------------------|-----------------|
| Assets | | | |
| Cash and Cash Equivalents | \$113,624 | \$64,154 | \$73,276 |
| Receivables: | | | |
| Taxes | 0 | 0 | 0 |
| Accrued Interest | 0 | 0 | 0 |
| Interfund | 256 | 0 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| Materials and Supplies | | | |
| Inventory | 0 | 0 | 0 |
| Loans Receivable | 0 | 0 | 0 |
| Prepaid Items | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Assets</i> | <u>\$113,880</u> | <u>\$64,154</u> | <u>\$73,276</u> |
| | | | |
| Liabilities | | | |
| Accounts Payable | \$0 | \$0 | \$0 |
| Bank Overdraft | 0 | 0 | 0 |
| Contracts Payable | 0 | 0 | 0 |
| Accrued Wages | 0 | 0 | 0 |
| Compensated Absences Payable | 0 | 0 | 0 |
| Interfund Payable | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 |
| Deferred Revenue | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Liabilities</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| | | | |
| Fund Equity | | | |
| Fund Balance: | | | |
| Reserved for Encumbrances | 0 | 0 | 0 |
| Reserved for Inventory | 0 | 0 | 0 |
| Reserved for Loans | 0 | 0 | 0 |
| Unreserved, Undesignated (Deficit) | 113,880 | 64,154 | 73,276 |
| | <u>113,880</u> | <u>64,154</u> | <u>73,276</u> |
| <i>Total Fund Equity (Deficit)</i> | <u>113,880</u> | <u>64,154</u> | <u>73,276</u> |
| | | | |
| <i>Total Liabilities and Fund Equity</i> | <u>\$113,880</u> | <u>\$64,154</u> | <u>\$73,276</u> |

| <u>Law Enforcement</u> | <u>Municipal Court Computer</u> | <u>Legal Research</u> | <u>Municipal Court Security</u> | <u>Totals</u> |
|----------------------------|-----------------------------------------|---------------------------|-----------------------------------------|---------------------|
| \$1,293,637 | \$271,206 | \$144,922 | \$31,341 | \$7,302,533 |
| 0 | 0 | 0 | 0 | 967,013 |
| 0 | 0 | 0 | 0 | 4,125 |
| 0 | 8,946 | 2,697 | 3,047 | 14,946 |
| 0 | 0 | 0 | 0 | 3,507,119 |
| 0 | 0 | 0 | 0 | 229,436 |
| 0 | 0 | 0 | 0 | 13,326,370 |
| 0 | 0 | 0 | 0 | 13,637 |
| <u>\$1,293,637</u> | <u>\$280,152</u> | <u>\$147,619</u> | <u>\$34,388</u> | <u>\$25,365,179</u> |
| \$0 | \$756 | \$0 | \$0 | \$751,285 |
| 0 | 0 | 0 | 0 | 117,506 |
| 0 | 0 | 0 | 0 | 175,619 |
| 0 | 147 | 0 | 0 | 19,928 |
| 0 | 146 | 0 | 0 | 96,281 |
| 0 | 0 | 0 | 0 | 2,336 |
| 0 | 734 | 0 | 0 | 91,163 |
| 0 | 0 | 0 | 0 | 3,633,118 |
| 0 | 1,783 | 0 | 0 | 4,887,236 |
| 0 | 0 | 0 | 0 | 1,144,832 |
| 0 | 0 | 0 | 0 | 229,436 |
| 0 | 0 | 0 | 0 | 13,326,370 |
| <u>1,293,637</u> | <u>278,369</u> | <u>147,619</u> | <u>34,388</u> | <u>5,777,305</u> |
| <u>1,293,637</u> | <u>278,369</u> | <u>147,619</u> | <u>34,388</u> | <u>20,477,943</u> |
| <u>\$1,293,637</u> | <u>\$280,152</u> | <u>\$147,619</u> | <u>\$34,388</u> | <u>\$25,365,179</u> |

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended December 31, 2001

| | <u>Streets</u> | <u>Permissive License</u> | <u>Health Services</u> |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------|----------------------------|
| Revenues | | | |
| Municipal Income Tax | \$0 | \$0 | \$0 |
| Property and Other Taxes | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 490,136 |
| Fines, Licenses and Permits | 0 | 0 | 195,042 |
| Intergovernmental | 1,588,624 | 275,364 | 295,944 |
| Interest | 0 | 0 | 0 |
| Other | 467 | 0 | 0 |
| <i>Total Revenues</i> | <u>1,589,091</u> | <u>275,364</u> | <u>981,122</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | 0 | 0 | 0 |
| Security of Persons and Property | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 1,416,889 |
| Transportation | 2,353,772 | 198,539 | 0 |
| Community Environment | 0 | 0 | 0 |
| Economic Development | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 87,789 | 0 | 0 |
| Interest and Fiscal Charges | 43,281 | 0 | 0 |
| <i>Total Expenditures</i> | <u>2,484,842</u> | <u>198,539</u> | <u>1,416,889</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(895,751)</u> | <u>76,825</u> | <u>(435,767)</u> |
| Other Financing Sources (Uses) | | | |
| Inception of Capital Lease | 0 | 0 | 0 |
| Operating Transfers In | 979,110 | 0 | 423,764 |
| Operating Transfers Out | 0 | 0 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>979,110</u> | <u>0</u> | <u>423,764</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | 83,359 | 76,825 | (12,003) |
| <i>Fund Balances (Deficit) Beginning of Year (Restated - Note 3)</i> | 186,602 | 31,747 | 28,869 |
| Increase (Decrease) in Reserve for Inventory | <u>36,872</u> | <u>0</u> | <u>(3,066)</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u><u>\$306,833</u></u> | <u><u>\$108,572</u></u> | <u><u>\$13,800</u></u> |

| <u>Community Development</u> | <u>Litter Control</u> | <u>Police Levy</u> | <u>Mandatory Drug</u> | <u>Police Pension</u> | <u>Fire Pension</u> |
|----------------------------------|---------------------------|------------------------|---------------------------|---------------------------|-------------------------|
| \$0 | \$0 | \$2,381,067 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 18,299 | 0 | 0 |
| 8,130,890 | 150,000 | 150,000 | 0 | 0 | 0 |
| 133,326 | 0 | 19,988 | 26,605 | 0 | 0 |
| 148,226 | 0 | 23,167 | 0 | 0 | 0 |
| <u>8,412,442</u> | <u>150,000</u> | <u>2,574,222</u> | <u>44,904</u> | <u>0</u> | <u>0</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 2,997,896 | 19,657 | 0 | 0 |
| 0 | 0 | 0 | 283,177 | 0 | 0 |
| 0 | 0 | 0 | 283,177 | 0 | 0 |
| 0 | 149,623 | 0 | 0 | 0 | 0 |
| 5,171,564 | 0 | 0 | 0 | 0 | 0 |
| 50,667 | 0 | 0 | 0 | 0 | 0 |
| 6,051 | 0 | 0 | 0 | 15,750 | 29,250 |
| <u>5,228,282</u> | <u>149,623</u> | <u>2,997,896</u> | <u>586,011</u> | <u>15,750</u> | <u>29,250</u> |
| <u>3,184,160</u> | <u>377</u> | <u>(423,674)</u> | <u>(541,107)</u> | <u>(15,750)</u> | <u>(29,250)</u> |
| 125,096 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 100,000 | 0 | 0 | 0 |
| 0 | 0 | (9,701) | 0 | 0 | 0 |
| <u>125,096</u> | <u>0</u> | <u>90,299</u> | <u>112,954</u> | <u>0</u> | <u>0</u> |
| 3,309,256 | 377 | (333,375) | (428,153) | (15,750) | (29,250) |
| 14,159,085 | 0 | 1,534,925 | 10,934 | 0 | 0 |
| <u>754</u> | <u>0</u> | <u>8,728</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>\$17,469,095</u> | <u>\$377</u> | <u>\$1,210,278</u> | <u>(\$417,219)</u> | <u>(\$15,750)</u> | <u>(\$29,250)</u> |

(continued)

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds (continued)
For the Year Ended December 31, 2001

| | <u>Indigent Drivers</u> | <u>Park Land</u> | <u>Cemetery</u> |
|------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------|------------------------|
| Revenues | | | |
| Municipal Income Tax | \$0 | \$0 | \$0 |
| Property and Other Taxes | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Fines, Licenses and Permits | 12,209 | 0 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Other | 0 | 11,500 | 0 |
| <i>Total Revenues</i> | <u>12,209</u> | <u>11,500</u> | <u>0</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | 0 | 0 | 0 |
| Security of Persons and Property | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 |
| Economic Development | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>12,209</u> | <u>11,500</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | |
| Inception of Capital Lease | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | 12,209 | 11,500 | 0 |
| <i>Fund Balances (Deficit) Beginning of Year (Restated - Note 3)</i> | 101,671 | 52,654 | 73,276 |
| Increase (Decrease) in Reserve for Inventory | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u><u>\$113,880</u></u> | <u><u>\$64,154</u></u> | <u><u>\$73,276</u></u> |

| <u>Law Enforcement</u> | <u>Municipal Court Computer</u> | <u>Legal Research</u> | <u>Municipal Court Security</u> | <u>Totals</u> |
|------------------------|---------------------------------|-----------------------|---------------------------------|---------------------|
| \$0 | \$0 | \$0 | \$0 | \$2,381,067 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 490,136 |
| 61,376 | 126,042 | 37,718 | 34,388 | 485,074 |
| 0 | 0 | 0 | 0 | 10,590,822 |
| 40,228 | 5,765 | 0 | 0 | 225,912 |
| 0 | 0 | 0 | 0 | 183,360 |
| <u>101,604</u> | <u>131,807</u> | <u>37,718</u> | <u>34,388</u> | <u>14,356,371</u> |
| 0 | 66,582 | 6,472 | 0 | 73,054 |
| 19,218 | 0 | 0 | 0 | 3,036,771 |
| 0 | 0 | 0 | 0 | 1,700,066 |
| 0 | 0 | 0 | 0 | 2,835,488 |
| 0 | 0 | 0 | 0 | 149,623 |
| 0 | 0 | 0 | 0 | 5,171,564 |
| 0 | 0 | 0 | 0 | 138,456 |
| 0 | 0 | 0 | 0 | 94,332 |
| <u>19,218</u> | <u>66,582</u> | <u>6,472</u> | <u>0</u> | <u>13,199,354</u> |
| <u>82,386</u> | <u>65,225</u> | <u>31,246</u> | <u>34,388</u> | <u>1,157,017</u> |
| 0 | 0 | 0 | 0 | 125,096 |
| 0 | 0 | 0 | 0 | 1,502,874 |
| <u>(100,000)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(109,701)</u> |
| <u>(100,000)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,631,223</u> |
| (17,614) | 65,225 | 31,246 | 34,388 | 2,788,240 |
| 1,311,251 | 213,144 | 116,373 | 0 | 17,820,531 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>43,288</u> |
| <u>\$1,293,637</u> | <u>\$278,369</u> | <u>\$147,619</u> | <u>\$34,388</u> | <u>\$20,652,059</u> |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Streets Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------------------|------------------|------------------|-------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$1,670,000 | \$1,594,080 | (\$75,920) |
| Other | <u>3,000</u> | <u>467</u> | <u>(2,533)</u> |
| <i>Total Revenues</i> | <u>1,673,000</u> | <u>1,594,547</u> | <u>(78,453)</u> |
| Expenditures | | | |
| Current: | | | |
| Transportation | | | |
| Street Construction | | | |
| Personal Services | 1,590,479 | 1,573,686 | 16,793 |
| Materials and Supplies | 763,028 | 745,692 | 17,336 |
| Contractual Services | 38,797 | 31,635 | 7,162 |
| Capital Outlay | 92,026 | 86,956 | 5,070 |
| Other | <u>5,723</u> | <u>4,618</u> | <u>1,105</u> |
| Total Transportation | <u>2,490,053</u> | <u>2,442,587</u> | <u>47,466</u> |
| Debt Service: | | | |
| Principal Retirement (Lease) | 87,790 | 87,789 | 1 |
| Interest and Fiscal Charges | <u>43,281</u> | <u>43,281</u> | <u>0</u> |
| Total Debt Service | <u>131,071</u> | <u>131,070</u> | <u>1</u> |
| <i>Total Expenditures</i> | <u>2,621,124</u> | <u>2,573,657</u> | <u>47,467</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenditures</i> | (948,124) | (979,110) | (30,986) |
| Other Financing Sources | | | |
| Operating Transfers In | <u>961,301</u> | <u>979,110</u> | <u>17,809</u> |
| <i>Excess of Revenues and Other</i> | | | |
| <i>Financing Sources Over Expenditures</i> | 13,177 | 0 | (13,177) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (91,632) | (91,632) | 0 |
| Prior Year Encumbrances Appropriated | <u>91,632</u> | <u>91,632</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$13,177</u> | <u>\$0</u> | <u>(\$13,177)</u> |
| Beginning Cash Balance | | 0 | |
| Actual Cash Balance at Year End | | ===== | |

Difference

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Permissive License Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$277,000 | \$274,789 | (\$2,211) |
| Expenditures | | | |
| Current: | | | |
| Transportation | | | |
| Materials and Supplies | 277,000 | 266,912 | 10,088 |
| <i>Excess of Revenues Over Expenditures</i> | 0 | 7,877 | 7,877 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | \$0 | \$7,877 | \$7,877 |
| Beginning Cash Balance | | 7,877 | |
| Actual Cash Balance at Year End | | 7,877 | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Health Services Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------------------|------------------|------------------|-------------------------------------------------|
| Revenues | | | |
| Charges for Services | \$455,532 | \$490,709 | \$35,177 |
| Fines, Licenses and Permits | 193,540 | 195,042 | 1,502 |
| Intergovernmental | 354,435 | 289,005 | (65,430) |
| <i>Total Revenues</i> | <u>1,003,507</u> | <u>974,756</u> | <u>(28,751)</u> |
| Expenditures | | | |
| Current: | | | |
| Public Health and Welfare | | | |
| Personal Services | 1,199,832 | 1,177,938 | 21,894 |
| Materials and Supplies | 30,012 | 24,888 | 5,124 |
| Contractual Services | 159,715 | 151,891 | 7,824 |
| Capital Outlay | 3,235 | 3,235 | 0 |
| Other | 43,900 | 40,568 | 3,332 |
| <i>Total Expenditures</i> | <u>1,436,694</u> | <u>1,398,520</u> | <u>38,174</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenditures</i> | (433,187) | (423,764) | 9,423 |
| Other Financing Sources | | | |
| Operating Transfers In | 433,395 | 423,764 | (9,631) |
| <i>Excess of Revenues and Other</i> | | | |
| <i>Financing Sources Over Expenditures</i> | 208 | 0 | (208) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (9,792) | (9,792) | 0 |
| Prior Year Encumbrances Appropriated | 9,792 | 9,792 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$208</u> | <u>\$0</u> | <u>(\$208)</u> |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Community Development Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------------------------------------------------|--------------------|--------------------|-------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$8,399,193 | \$5,795,894 | (\$2,603,299) |
| Interest | 161,272 | 143,845 | (17,427) |
| Other | <u>116,946</u> | <u>148,226</u> | <u>31,280</u> |
| <i>Total Revenues</i> | <u>8,677,411</u> | <u>6,087,965</u> | <u>(2,589,446)</u> |
| Expenditures | | | |
| Current: | | | |
| Economic Development and Assistance | | | |
| Personal Services | 1,583,132 | 1,212,146 | 370,986 |
| Materials and Supplies | 11,425 | 1,100 | 10,325 |
| Contractual Services | 2,359,413 | 1,010,818 | 1,348,595 |
| Capital Outlay | 1,460,695 | 1,235,002 | 225,693 |
| Other | <u>4,645,473</u> | <u>2,643,386</u> | <u>2,002,087</u> |
| Total Economic Development | <u>10,060,138</u> | <u>6,102,452</u> | <u>3,957,686</u> |
| Debt Service: | | | |
| Principal Retirement | 420,317 | 382,244 | 38,073 |
| Interest and Fiscal Charges | <u>496,043</u> | <u>293,957</u> | <u>202,086</u> |
| Total Debt Service | <u>916,360</u> | <u>676,201</u> | <u>240,159</u> |
| <i>Total Expenditures</i> | <u>10,976,498</u> | <u>6,778,653</u> | <u>4,197,845</u> |
| <i>Excess of Revenues Under Expenditures</i> | (2,299,087) | (690,688) | 1,608,399 |
| Other Financing Uses | | | |
| Operating Transfers Out | <u>(37,197)</u> | <u>0</u> | <u>37,197</u> |
| <i>Excess of Revenues Under Expenditures and Other Financing Uses</i> | (2,336,284) | (690,688) | 1,645,596 |
| <i>Fund Balance Beginning of Year</i> | 3,315,640 | 3,315,640 | 0 |
| Prior Year Encumbrances Appropriated | <u>454,056</u> | <u>454,056</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$1,433,412</u> | <u>\$3,079,008</u> | <u>\$1,645,596</u> |
| Beginning Cash Balance | | 3,079,008 | |
| Actual Cash Balance at Year End | | ===== | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Litter Control Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$184,000 | \$150,000 | (\$34,000) |
| Expenditures | | | |
| Current: | | | |
| Community Environment | | | |
| Materials and Supplies | 15,000 | 15,000 | 0 |
| Capital Outlay | 135,000 | 134,622 | 378 |
| <i>Total Expenditures</i> | 150,000 | 149,622 | 378 |
| <i>Excess of Revenues Over Expenditures</i> | 34,000 | 378 | (33,622) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (1) | (1) | 0 |
| <i>Fund Balance End of Year</i> | \$33,999 | \$377 | (\$33,622) |
| Beginning Cash Balance | | 377 | |
| Actual Cash Balance at Year End | | | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Police Levy Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------------------|--------------------|------------------|-------------------------------------------------|
| Revenues | | | |
| Municipal Income Tax | \$2,438,300 | \$2,382,300 | (\$56,000) |
| Intergovernmental | 415,875 | 0 | (415,875) |
| Interest | 65,000 | 19,596 | (45,404) |
| Other | 30,804 | 23,167 | (7,637) |
| <i>Total Revenues</i> | <i>2,949,979</i> | <i>2,425,063</i> | <i>(524,916)</i> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | | | |
| Personal Services | 2,152,490 | 1,973,556 | 178,934 |
| Materials and Supplies | 141,995 | 103,754 | 38,241 |
| Contractual Services | 252,770 | 232,224 | 20,546 |
| Capital Outlay | 1,574,008 | 540,809 | 1,033,199 |
| Other | 73,447 | 61,521 | 11,926 |
| <i>Total Expenditures</i> | <i>4,194,710</i> | <i>2,911,864</i> | <i>1,282,846</i> |
| <i>Excess of Revenues</i> | | | |
| <i> Under Expenditures</i> | <i>(1,244,731)</i> | <i>(486,801)</i> | <i>757,930</i> |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | 100,000 | 100,000 | 0 |
| Operating Transfers Out | (9,701) | (9,701) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <i>90,299</i> | <i>90,299</i> | <i>0</i> |
| <i>Excess of Revenues and Other Financing</i> | | | |
| <i> Sources Under Expenditures and</i> | | | |
| <i> Other Financing Uses</i> | <i>(1,154,432)</i> | <i>(396,502)</i> | <i>757,930</i> |
| <i>Fund Balance Beginning of Year</i> | 882,408 | 882,408 | 0 |
| Prior Year Encumbrances Appropriated | 286,494 | 286,494 | 0 |
| <i>Fund Balance End of Year</i> | <i>\$14,470</i> | <i>\$772,400</i> | <i>\$757,930</i> |
| Beginning Cash Balance | | 772,400 | |
| Actual Cash Balance at Year End | | ===== | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Mandatory Drug Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$51,000 | \$18,299 | (\$32,701) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | | | |
| Other | 60,000 | 19,657 | 40,343 |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenditures</i> | (9,000) | (1,358) | 7,642 |
| <i>Fund Balance Beginning of Year</i> | 10,934 | 10,934 | 0 |
| <i>Fund Balance End of Year</i> | \$1,934 | \$9,576 | \$7,642 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 9,576 | |
| Difference | | | |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Police Pension Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|-----------------|-----------------|-------------------------------------------------|
| Revenues | | | |
| Property and Other Taxes | \$301,190 | \$228,179 | (\$73,011) |
| Intergovernmental | 25,000 | 26,605 | 1,605 |
| Other | 0 | 117 | 117 |
| <i>Total Revenues</i> | <i>326,190</i> | <i>254,901</i> | <i>(71,289)</i> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | | | |
| Personal Services | 181,739 | 151,019 | 30,720 |
| Other | 4,000 | 3,629 | 371 |
| Total Security of Persons and Property | 185,739 | 154,648 | 31,091 |
| Debt Service: | | | |
| Principal Retirement | 15,751 | 15,750 | 1 |
| Interest and Fiscal Charges | 35,710 | 35,710 | 0 |
| Total Debt Service | 51,461 | 51,460 | 1 |
| <i>Total Expenditures</i> | <i>237,200</i> | <i>206,108</i> | <i>31,092</i> |
| <i>Excess of Revenues Over Expenditures</i> | 88,990 | 48,793 | (40,197) |
| <i>Fund Balance Beginning of Year</i> | 66 | 66 | 0 |
| <i>Fund Balance End of Year</i> | <i>\$89,056</i> | <i>\$48,859</i> | <i>(\$40,197)</i> |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 48,859 | |
| | | ===== | |
| Difference | | | |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Fire Pension Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Property and Other Taxes | \$493,964 | \$228,180 | (\$265,784) |
| Intergovernmental | 25,000 | 26,605 | 1,605 |
| <i>Total Revenues</i> | 518,964 | 254,785 | (264,179) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | | | |
| Personal Services | 298,315 | 298,303 | 12 |
| Other | 4,000 | 3,629 | 371 |
| Total Security of Persons and Property | 302,315 | 301,932 | 383 |
| Debt Service: | | | |
| Principal Retirement | 29,251 | 29,250 | 1 |
| Interest and Fiscal Charges | 66,319 | 66,319 | 0 |
| Total Debt Service | 95,570 | 95,569 | 1 |
| <i>Total Expenditures</i> | 397,885 | 397,501 | 384 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 121,079 | (142,716) | (263,795) |
| <i>Fund Balance Beginning of Year</i> | 180,772 | 180,772 | 0 |
| <i>Fund Balance End of Year</i> | \$301,851 | \$38,056 | (\$263,795) |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 38,056 | |
| Difference | | | |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Indigent Drivers Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$12,000 | \$12,163 | \$163 |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | | | |
| Contractual Services | 10,000 | 0 | 10,000 |
| <i>Excess of Revenues</i> | | | |
| <i>Over Expenditures</i> | 2,000 | 12,163 | 10,163 |
| <i>Fund Balance Beginning of Year</i> | 101,461 | 101,461 | 0 |
| <i>Fund Balance End of Year</i> | \$103,461 | \$113,624 | \$10,163 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 113,624 | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Park Land Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Other | \$7,500 | \$11,500 | \$4,000 |
| Total Expenditures | 0 | 0 | 0 |
| <i>Excess of Revenues Over Expenditures</i> | 7,500 | 11,500 | 4,000 |
| Other Financing Uses | | | |
| Operating Transfers Out | (47,000) | 0 | 47,000 |
| <i>Excess of Revenues Over (Under) Expenditures and Other Financing Uses</i> | (39,500) | 11,500 | 51,000 |
| <i>Fund Balance Beginning of Year</i> | 52,654 | 52,654 | 0 |
| <i>Fund Balance End of Year</i> | \$13,154 | \$64,154 | \$51,000 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Cemetery Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------------------|------------------------|------------------------|-------------------------------------------------|
| Total Revenues | \$0 | \$0 | \$0 |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Excess of Revenues Over Expenditures</i> | 0 | 0 | 0 |
| <i>Fund Balance Beginning of Year</i> | <u>73,276</u> | <u>73,276</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$73,276</u></u> | <u><u>\$73,276</u></u> | <u><u>\$0</u></u> |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Law Enforcement Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$154,000 | \$61,376 | (\$92,624) |
| Interest | 46,000 | 40,228 | (5,772) |
| <i>Total Revenues</i> | 200,000 | 101,604 | (98,396) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | | | |
| Capital Outlay | 1,000,000 | 0 | 1,000,000 |
| Other | 300,000 | 19,218 | 280,782 |
| <i>Total Expenditures</i> | 1,300,000 | 19,218 | 1,280,782 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (1,100,000) | 82,386 | 1,182,386 |
| Other Financing Uses | | | |
| Operating Transfers Out | (100,000) | (100,000) | 0 |
| <i>Excess of Revenues Under Expenditures and Other Financing Uses</i> | (1,200,000) | (17,614) | 1,182,386 |
| <i>Fund Balance Beginning of Year</i> | 1,311,251 | 1,311,251 | 0 |
| <i>Fund Balance End of Year</i> | \$111,251 | \$1,293,637 | \$1,182,386 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 1,293,637 | |
| Difference | | | |

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Municipal Court Computer Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$133,040 | \$123,997 | (\$9,043) |
| Interest | 9,180 | 5,765 | (3,415) |
| <i>Total Revenues</i> | 142,220 | 129,762 | (12,458) |
| Expenditures | | | |
| Current: | | | |
| General Government | | | |
| Personal Services | 49,976 | 49,103 | 873 |
| Materials and Supplies | 8,400 | 1,095 | 7,305 |
| Capital Outlay | 62,000 | 16,389 | 45,611 |
| Other | 5,000 | 0 | 5,000 |
| <i>Total Expenditures</i> | 125,376 | 66,587 | 58,789 |
| <i>Excess of Revenues Over Expenditures</i> | 16,844 | 63,175 | 46,331 |
| <i>Fund Balance Beginning of Year</i> | 206,895 | 206,895 | 0 |
| <i>Fund Balance End of Year</i> | \$223,739 | \$270,070 | \$46,331 |
| Beginning Cash Balance | | 270,070 | |
| Actual Cash Balance at Year End | | 270,070 | |
| Difference | | | |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Legal Research Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$39,780 | \$37,062 | (\$2,718) |
| Expenditures | | | |
| Current: | | | |
| General Government | | | |
| Personal Services | 4,000 | 2,960 | 1,040 |
| Contractual Services | 450 | 450 | 0 |
| Capital Outlay | 20,000 | 2,094 | 17,906 |
| <i>Total Expenditures</i> | 24,450 | 5,504 | 18,946 |
| <i>Excess of Revenues Over Expenditures</i> | 15,330 | 31,558 | 16,228 |
| <i>Fund Balance Beginning of Year</i> | 113,275 | 113,275 | 0 |
| <i>Fund Balance End of Year</i> | \$128,605 | \$144,833 | \$16,228 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 144,833 | |
| Difference | | | |

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Municipal Court Security Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$31,400 | \$31,341 | (\$59) |
| Total Expenditures | 0 | 0 | 0 |
| <i>Excess of Revenues Over Expenditures</i> | 31,400 | 31,341 | (59) |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | \$31,400 | \$31,341 | (\$59) |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 31,341 | |
| Difference | | | |

Debt Service Funds

Debt service funds are established to account for the accumulation of resources for the payment of principal and interest on general long-term debt and related costs.

General Obligation Bond Retirement Fund

To account for the accumulation of resources to pay principal and interest on general obligation debt.

Special Assessment Bond Retirement Fund

To account for the collection of special assessments levied against benefited properties for the payment of special assessment bonds and related interest.

City of Lorain, Ohio
Combining Balance Sheet
All Debt Service Funds
December 31, 2001

| | <u>General Obligation Bond Retirement</u> | <u>Special Assessment Bond Retirement</u> | <u>Totals</u> |
|------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$223,523 | \$33,605 | \$257,128 |
| Receivables: | | | |
| Taxes | 989,055 | 0 | 989,055 |
| Special Assessments | <u>0</u> | <u>728,418</u> | <u>728,418</u> |
| <i>Total Assets</i> | <u><u>\$1,212,578</u></u> | <u><u>\$762,023</u></u> | <u><u>\$1,974,601</u></u> |
| Liabilities | | | |
| Accounts Payable | \$24,789 | \$0 | \$24,789 |
| Deferred Revenue | <u>989,055</u> | <u>728,418</u> | <u>1,717,473</u> |
| <i>Total Liabilities</i> | <u>1,013,844</u> | <u>728,418</u> | <u>1,742,262</u> |
| Fund Equity | | | |
| Fund Balances | | | |
| Unreserved, Undesignated | <u>198,734</u> | <u>33,605</u> | <u>232,339</u> |
| <i>Total Fund Equity</i> | <u>198,734</u> | <u>33,605</u> | <u>232,339</u> |
| <i>Total Liabilities and Fund Equity</i> | <u><u>\$1,212,578</u></u> | <u><u>\$762,023</u></u> | <u><u>\$1,974,601</u></u> |

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Debt Service Funds
For the Year Ended December 31, 2001

| | General Obligation Bond Retirement | Special Assessment Bond Retirement | Totals |
|----------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------|
| Revenues | | | |
| Property and Other Taxes | \$760,599 | \$0 | \$760,599 |
| Intergovernmental | 708,165 | 0 | 708,165 |
| Special Assessments | 0 | 158,630 | 158,630 |
| <i>Total Revenues</i> | <u>1,468,764</u> | <u>158,630</u> | <u>1,627,394</u> |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| Other | 52,315 | 7,298 | 59,613 |
| Debt Service: | | | |
| Principal Retirement | 2,824,479 | 127,407 | 2,951,886 |
| Interest and Fiscal Charges | 1,099,598 | 67,592 | 1,167,190 |
| <i>Total Expenditures</i> | <u>3,976,392</u> | <u>202,297</u> | <u>4,178,689</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenditures</i> | <u>(2,507,628)</u> | <u>(43,667)</u> | <u>(2,551,295)</u> |
| Other Financing Sources | | | |
| Proceeds of Notes | 1,550,000 | 0 | 1,550,000 |
| Operating Transfers In | 507,280 | 0 | 507,280 |
| <i>Total Other Financing Sources</i> | <u>2,057,280</u> | <u>0</u> | <u>2,057,280</u> |
| <i>Excess of Revenues and</i> | | | |
| <i>Other Financing Sources</i> | | | |
| <i>Under Expenditures</i> | (450,348) | (43,667) | (494,015) |
| <i>Fund Balances Beginning of Year</i> | <u>649,082</u> | <u>77,272</u> | <u>726,354</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$198,734</u></u> | <u><u>\$33,605</u></u> | <u><u>\$232,339</u></u> |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------------|--------------------|--------------------|-------------------------------------------------|
| Revenues | | | |
| Property and Other Taxes | \$780,000 | \$760,599 | (\$19,401) |
| Intergovernmental | 82,150 | 88,682 | 6,532 |
| <i>Total Revenues</i> | <u>862,150</u> | <u>849,281</u> | <u>(12,869)</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | | | |
| Other | 31,700 | 31,376 | 324 |
| Debt Service: | | | |
| G.O. Bond Principal | 929,163 | 919,554 | 9,609 |
| OPWC Principal | 43,842 | 23,348 | 20,494 |
| Note Principal | 1,550,000 | 1,550,000 | 0 |
| Total Principal | <u>2,523,005</u> | <u>2,492,902</u> | <u>30,103</u> |
| G.O. Bond Interest | 722,569 | 722,567 | 2 |
| Note Interest | 89,125 | 89,125 | 0 |
| Total Interest | <u>811,694</u> | <u>811,692</u> | <u>2</u> |
| Total Debt Service | <u>3,334,699</u> | <u>3,304,594</u> | <u>30,105</u> |
| <i>Total Expenditures</i> | <u>3,366,399</u> | <u>3,335,970</u> | <u>30,429</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenditures</i> | <u>(2,504,249)</u> | <u>(2,486,689)</u> | <u>17,560</u> |
| Other Financing Sources | | | |
| Proceeds of Notes | 1,550,000 | 1,550,000 | 0 |
| Operating Transfers In | 525,274 | 507,280 | (17,994) |
| <i>Total Other Financing Sources</i> | <u>2,075,274</u> | <u>2,057,280</u> | <u>(17,994)</u> |
| <i>Excess of Revenues and Other</i> | | | |
| <i>Financing Sources Under Expenditures</i> | (428,975) | (429,409) | (434) |
| <i>Fund Balance Beginning of Year</i> | <u>652,932</u> | <u>652,932</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$223,957</u> | <u>\$223,523</u> | <u>(\$434)</u> |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 223,523 | |
| | | ===== | |
| Difference | | | |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Special Assessments | \$850,000 | \$158,630 | (\$691,370) |
| Expenditures | | | |
| Current: | | | |
| General Government | | | |
| Other | 11,000 | 7,298 | 3,702 |
| Debt Service: | | | |
| S. A. Bond Principal | 142,408 | 127,407 | 15,001 |
| S. A. Bond Interest | 67,592 | 67,592 | 0 |
| Total Debt Service | 210,000 | 194,999 | 15,001 |
| <i>Total Expenditures</i> | 221,000 | 202,297 | 18,703 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 629,000 | (43,667) | (672,667) |
| <i>Fund Balance Beginning of Year</i> | 77,272 | 77,272 | 0 |
| <i>Fund Balance End of Year</i> | \$706,272 | \$33,605 | (\$672,667) |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 33,605 | |
| | | ===== | |
| Difference | | | |

Capital Projects Funds

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

Capital Improvements Fund

This fund accounts for state grants, transfers in, and various other financing sources used for the construction of various improvements of the City.

General Sewer Fund

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

Riverfront Urban Renewal Fund

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

Municipal Court Improvements Fund

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

City of Lorain, Ohio
Combining Balance Sheet
All Capital Projects Funds
December 31, 2001

| | <u>Capital Improvements</u> | <u>General Sewer</u> | <u>Riverfront Urban Renewal</u> | <u>Municipal Court Improvements</u> | <u>Totals</u> |
|------------------------------------------|---------------------------------|--------------------------|-----------------------------------------|---------------------------------------------|---------------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$792,321 | \$249,103 | \$2,251,838 | \$425,206 | \$3,718,468 |
| Interfund Receivable | <u>0</u> | <u>108</u> | <u>0</u> | <u>4,004</u> | <u>4,112</u> |
| <i>Total Assets</i> | <u><u>\$792,321</u></u> | <u><u>\$249,211</u></u> | <u><u>\$2,251,838</u></u> | <u><u>\$429,210</u></u> | <u><u>\$3,722,580</u></u> |
| Liabilities | | | | | |
| Accounts Payable | \$40,699 | \$0 | \$8,160 | \$14,490 | \$63,349 |
| Contracts Payable | 30,975 | 115,935 | 384 | 0 | 147,294 |
| Interfund Payable | 550,000 | 0 | 6,029 | 0 | 556,029 |
| Notes Payable | <u>300,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>300,000</u> |
| <i>Total Liabilities</i> | <u>921,674</u> | <u>115,935</u> | <u>14,573</u> | <u>14,490</u> | <u>1,066,672</u> |
| Fund Equity | | | | | |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 471,046 | 1,612 | 799,607 | 1,178 | 1,273,443 |
| Unreserved, Undesignated (Deficit) | <u>(600,399)</u> | <u>131,664</u> | <u>1,437,658</u> | <u>413,542</u> | <u>1,382,465</u> |
| <i>Total Fund Equity (Deficit)</i> | <u>(129,353)</u> | <u>133,276</u> | <u>2,237,265</u> | <u>414,720</u> | <u>2,655,908</u> |
| <i>Total Liabilities and Fund Equity</i> | <u><u>\$792,321</u></u> | <u><u>\$249,211</u></u> | <u><u>\$2,251,838</u></u> | <u><u>\$429,210</u></u> | <u><u>\$3,722,580</u></u> |

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Year Ended December 31, 2001

| | Capital Improvements | General Sewer | Riverfront Urban Renewal | Municipal Court Improvements | Totals |
|-----------------------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------------------------|---------------------------------------------|---------------|
| Revenues | | | | | |
| Fines, Licenses and Permits | \$0 | \$205,904 | \$0 | \$58,352 | \$264,256 |
| Intergovernmental | 2,639,396 | 0 | 483,645 | 0 | 3,123,041 |
| Interest | 12,399 | 0 | 139,410 | 10,955 | 162,764 |
| Other | 61,823 | 0 | 1,872 | 0 | 63,695 |
| <i>Total Revenues</i> | 2,713,618 | 205,904 | 624,927 | 69,307 | 3,613,756 |
| Expenditures | | | | | |
| Capital Outlay | 3,800,222 | 172,675 | 2,204,337 | 145,851 | 6,323,085 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (1,086,604) | 33,229 | (1,579,410) | (76,544) | (2,709,329) |
| Other Financing Sources | | | | | |
| Operating Transfers In | 250,235 | 0 | 0 | 0 | 250,235 |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i> | (836,369) | 33,229 | (1,579,410) | (76,544) | (2,459,094) |
| <i>Fund Balances Beginning of Year</i> | 707,016 | 100,047 | 3,816,675 | 491,264 | 5,115,002 |
| <i>Fund Balances (Deficit) End of Year</i> | (\$129,353) | \$133,276 | \$2,237,265 | \$414,720 | \$2,655,908 |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Capital Improvements Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|------------------------------------------------------------------------------|---------------------|--------------------|-------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$9,973,094 | \$2,749,297 | (\$7,223,797) |
| Interest | 9,690 | 12,013 | 2,323 |
| Other | <u>61,223</u> | <u>61,223</u> | <u>0</u> |
| <i>Total Revenues</i> | <u>10,044,007</u> | <u>2,822,533</u> | <u>(7,221,474)</u> |
| Expenditures | | | |
| Capital Outlay | | | |
| Contractual Services | 11,134,618 | 3,700,407 | 7,434,211 |
| Capital Outlay | <u>8,944,250</u> | <u>564,350</u> | <u>8,379,900</u> |
| <i>Total Expenditures</i> | <u>20,078,868</u> | <u>4,264,757</u> | <u>15,814,111</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(10,034,861)</u> | <u>(1,442,224)</u> | <u>8,592,637</u> |
| Other Financing Sources | | | |
| Premium on Sale of Notes | 600 | 600 | 0 |
| Proceeds of Bonds | 8,905,000 | 0 | (8,905,000) |
| Proceeds of Notes | 300,000 | 300,000 | 0 |
| Advances In | 550,000 | 550,000 | 0 |
| Operating Transfers In | <u>265,962</u> | <u>250,235</u> | <u>(15,727)</u> |
| <i>Total Other Financing Sources</i> | <u>10,021,562</u> | <u>1,100,835</u> | <u>(8,920,727)</u> |
| <i>Excess of Revenues and Other Financing Sources Under Expenditures</i> | (13,299) | (341,389) | (328,090) |
| <i>Fund Balance Beginning of Year</i> | 588,390 | 588,390 | 0 |
| Prior Year Encumbrances Appropriated | <u>29,309</u> | <u>29,309</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$604,400</u> | <u>\$276,310</u> | <u>(\$328,090)</u> |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 276,310 | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Sewer Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$200,215 | \$205,796 | \$5,581 |
| Expenditures | | | |
| Capital Outlay | | | |
| Contractual Services | 100,000 | 58,352 | 41,648 |
| <i>Excess of Revenues Over Expenditures</i> | 100,215 | 147,444 | 47,229 |
| <i>Fund Balance Beginning of Year</i> | 100,047 | 100,047 | 0 |
| <i>Fund Balance End of Year</i> | \$200,262 | \$247,491 | \$47,229 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 247,491 | |
| Difference | | ===== | |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Riverfront Urban Renewal Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---------------------------------------------------------------------------|-------------------------|---------------------------|-------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$373,642 | \$483,645 | \$110,003 |
| Interest | 134,220 | 134,219 | (1) |
| Other | 1,872 | 1,872 | 0 |
| <i>Total Revenues</i> | <u>509,734</u> | <u>619,736</u> | <u>110,002</u> |
| Expenditures | | | |
| Capital Outlay | | | |
| Contractual Services | 2,870,622 | 2,864,917 | 5,705 |
| Capital Outlay | 677,000 | 89,298 | 587,702 |
| Other | 50,000 | 50,000 | 0 |
| <i>Total Expenditures</i> | <u>3,597,622</u> | <u>3,004,215</u> | <u>593,407</u> |
| <i>Excess of Revenues Under Expenditures</i> | (3,087,888) | (2,384,479) | 703,409 |
| Other Financing Uses | | | |
| Operating Transfers Out | (212,160) | 0 | 212,160 |
| <i>Excess of Revenues Under Expenditures and Other Financing Uses</i> | (3,300,048) | (2,384,479) | 915,569 |
| <i>Fund Balance Beginning of Year</i> | 3,812,087 | 3,812,087 | 0 |
| Prior Year Encumbrances Appropriated | <u>12,253</u> | <u>12,253</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$524,292</u></u> | <u><u>\$1,439,861</u></u> | <u><u>\$915,569</u></u> |

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Municipal Court Improvements Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$56,408 | \$57,458 | \$1,050 |
| Interest | 15,300 | 10,955 | (4,345) |
| <i>Total Revenues</i> | 71,708 | 68,413 | (3,295) |
| Expenditures | | | |
| Capital Outlay | | | |
| Contractual Services | 33,286 | 7,986 | 25,300 |
| Capital Outlay | 421,400 | 132,219 | 289,181 |
| <i>Total Expenditures</i> | 454,686 | 140,205 | 314,481 |
| <i>Excess of Revenues Under Expenditures</i> | (382,978) | (71,792) | 311,186 |
| <i>Fund Balance Beginning of Year</i> | 479,644 | 479,644 | 0 |
| Prior Year Encumbrances Appropriated | 1,686 | 1,686 | 0 |
| <i>Fund Balance End of Year</i> | \$98,352 | \$409,538 | \$311,186 |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | 409,538 | |
| Difference | | | |

Enterprise Funds

Enterprise funds account for the acquisition and operation of governmental facilities and services that are financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges.

Water Works Fund

To account for the revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Water Pollution Control Fund

To account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

City of Lorain, Ohio
Combining Balance Sheet
All Enterprise Funds
December 31, 2001

| | <u>Water Works</u> | <u>Water Pollution Control</u> | <u>Totals</u> |
|---------------------------------------------------|----------------------------|----------------------------------------|----------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$535,840 | \$8,734,469 | \$9,270,309 |
| Receivables: | | | |
| Accounts | 1,440,603 | 1,454,792 | 2,895,395 |
| Interfund | 3,260 | 558,381 | 561,641 |
| Intergovernmental | 0 | 25,399 | 25,399 |
| Materials and Supplies | | | |
| Inventory | 549,084 | 12,030 | 561,114 |
| Prepaid Items | 20,875 | 4,427 | 25,302 |
| Total Current Assets | <u>2,549,662</u> | <u>10,789,498</u> | <u>13,339,160</u> |
| Restricted Assets | | | |
| Cash and Cash Equivalents | 432,420 | 936,633 | 1,369,053 |
| Cash and Cash Equivalents with Trustees | <u>1,211,611</u> | <u>1,327,731</u> | <u>2,539,342</u> |
| Total Restricted Assets | <u>1,644,031</u> | <u>2,264,364</u> | <u>3,908,395</u> |
| Noncurrent Assets | | | |
| Unamortized Bond Issue Costs | <u>200,275</u> | <u>158,226</u> | <u>358,501</u> |
| Fixed Assets (Net of Accumulated Depreciation) | <u>22,130,966</u> | <u>48,270,750</u> | <u>70,401,716</u> |
| <i>Total Assets</i> | <u><u>\$26,524,934</u></u> | <u><u>\$61,482,838</u></u> | <u><u>\$88,007,772</u></u> |

(continued)

City of Lorain, Ohio
Combining Balance Sheet
All Enterprise Funds (continued)
December 31, 2001

| | <u>Water Works</u> | <u>Water Pollution Control</u> | <u>Totals</u> |
|--------------------------------------------------------|------------------------|----------------------------------------|---------------------|
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$79,758 | \$97,862 | \$177,620 |
| Contracts Payable | 8,573 | 292,261 | 300,834 |
| Accrued Wages | 21,198 | 21,459 | 42,657 |
| Compensated Absences Payable | 58,623 | 61,225 | 119,848 |
| Retainage Payable | 225,371 | 348,292 | 573,663 |
| Interfund Payable | 150 | 941 | 1,091 |
| Intergovernmental Payable | 159,259 | 168,110 | 327,369 |
| Accrued Interest Payable | 117,839 | 82,123 | 199,962 |
| Current Portion of OWDA Loans Payable | 531,918 | 708,476 | 1,240,394 |
| Current Portion of General Obligation Bonds Payable | 200,000 | 125,000 | 325,000 |
| Current Portion of Revenue Bonds Payable | <u>375,000</u> | <u>465,000</u> | <u>840,000</u> |
| Total Current Liabilities | <u>1,777,689</u> | <u>2,370,749</u> | <u>4,148,438</u> |
| Long-Term Liabilities | | | |
| Death Benefits Payable | 242,000 | 141,000 | 383,000 |
| Compensated Absences Payable | 598,946 | 610,316 | 1,209,262 |
| OWDA Loans Payable | 7,530,210 | 15,487,772 | 23,017,982 |
| General Obligation Bonds Payable | 1,840,000 | 375,000 | 2,215,000 |
| Revenue Bonds Payable | 7,831,179 | 5,321,219 | 13,152,398 |
| Deferred Loss on Refunding | <u>0</u> | <u>(513,602)</u> | <u>(513,602)</u> |
| Total Long-Term Liabilities | <u>18,042,335</u> | <u>21,421,705</u> | <u>39,464,040</u> |
| <i>Total Liabilities</i> | <u>19,820,024</u> | <u>23,792,454</u> | <u>43,612,478</u> |
| Fund Equity | | | |
| Contributed Capital | <u>207,038</u> | <u>202,662</u> | <u>409,700</u> |
| Retained Earnings | | | |
| Reserved for Replacement and Improvement | 150,000 | 150,000 | 300,000 |
| Unreserved | <u>6,347,872</u> | <u>37,337,722</u> | <u>43,685,594</u> |
| <i>Total Retained Earnings</i> | <u>6,497,872</u> | <u>37,487,722</u> | <u>43,985,594</u> |
| <i>Total Fund Equity</i> | <u>6,704,910</u> | <u>37,690,384</u> | <u>44,395,294</u> |
| <i>Total Liabilities and Fund Equity</i> | <u>\$26,524,934</u> | <u>\$61,482,838</u> | <u>\$88,007,772</u> |

City of Lorain, Ohio
Combining Statement of Revenues,
Expenses and Changes in Fund Equity
All Enterprise Funds
For the Year Ended December 31, 2001

| | Water Works | Water Pollution Control | Totals |
|------------------------------------------------|---------------------------|----------------------------------------|----------------------------|
| Operating Revenues | | | |
| Charges for Services | \$7,469,792 | \$7,918,731 | \$15,388,523 |
| Other Operating Revenues | 24,073 | 44,385 | 68,458 |
| <i>Total Operating Revenues</i> | <u>7,493,865</u> | <u>7,963,116</u> | <u>15,456,981</u> |
| Operating Expenses | | | |
| Personal Services | 3,403,886 | 3,702,050 | 7,105,936 |
| Contractual Services | 36,552 | 1,549,911 | 1,586,463 |
| Materials and Supplies | 98,119 | 313,357 | 411,476 |
| Utilities | 570,020 | 679,785 | 1,249,805 |
| Other Operating Expenses | 13,862 | 136,021 | 149,883 |
| Depreciation | 723,736 | 1,568,730 | 2,292,466 |
| <i>Total Operating Expenses</i> | <u>4,846,175</u> | <u>7,949,854</u> | <u>12,796,029</u> |
| <i>Operating Income</i> | <u>2,647,690</u> | <u>13,262</u> | <u>2,660,952</u> |
| Non-Operating Revenues (Expenses) | | | |
| Interest | 220,728 | 351,058 | 571,786 |
| Interest and Fiscal Charges | (989,087) | (897,242) | (1,886,329) |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>(768,359)</u> | <u>(546,184)</u> | <u>(1,314,543)</u> |
| <i>Net Income (Loss)</i> | 1,879,331 | (532,922) | 1,346,409 |
| <i>Retained Earnings Beginning of Year</i> | <u>4,618,541</u> | <u>38,020,644</u> | <u>42,639,185</u> |
| <i>Retained Earnings End of Year</i> | 6,497,872 | 37,487,722 | 43,985,594 |
| Contributed Capital Beginning and End of Year | <u>207,038</u> | <u>202,662</u> | <u>409,700</u> |
| <i>Fund Equity End of Year</i> | <u><u>\$6,704,910</u></u> | <u><u>\$37,690,384</u></u> | <u><u>\$44,395,294</u></u> |

City of Lorain, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Water Works Fund
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------------|---------------|---------------|-------------------------------------------------|
| Revenues | | | |
| Charges for Services | \$7,623,249 | \$7,080,760 | (\$542,489) |
| OWDA Loan Proceeds | 2,161,441 | 1,612,350 | (549,091) |
| Interest | 240,400 | 221,105 | (19,295) |
| Other Operating Revenues | 19,890 | 24,073 | 4,183 |
| <i>Total Revenues</i> | 10,044,980 | 8,938,288 | (1,106,692) |
| Expenses | | | |
| Current | | | |
| Personal Services | 3,337,954 | 3,327,965 | 9,989 |
| Contractual Services | 250,300 | 68,186 | 182,114 |
| Materials and Supplies | 481,281 | 338,658 | 142,623 |
| Utilities | 643,000 | 570,020 | 72,980 |
| Other Operating Expenses | 253,023 | 205,418 | 47,605 |
| Capital Outlay | 2,662,541 | 2,311,891 | 350,650 |
| Debt Service: | | | |
| Principal Retirement | 1,028,007 | 1,022,721 | 5,286 |
| Interest and Fiscal Charges | 973,740 | 973,278 | 462 |
| <i>Total Expenses</i> | 9,629,846 | 8,818,137 | 811,709 |
| <i>Excess of Revenues Over Expenses</i> | 415,134 | 120,151 | (294,983) |
| <i>Fund Equity Beginning of Year</i> | 1,738,947 | 1,738,947 | 0 |
| Prior Year Encumbrances Appropriated | 17,568 | 17,568 | 0 |
| <i>Fund Equity End of Year</i> | \$2,171,649 | \$1,876,666 | (\$294,983) |
| Beginning Cash Balance | | 1,876,666 | |
| Actual Cash Balance at Year End | | ===== | |

Difference

City of Lorain, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Water Pollution Control Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------------------------------------|---------------------|---------------------|-------------------------------------------------|
| Revenues | | | |
| Charges for Services | \$8,890,969 | \$8,182,361 | (\$708,608) |
| OWDA Loan Proceeds | 5,772,100 | 2,903,164 | (2,868,936) |
| Interest | 451,510 | 354,145 | (97,365) |
| Other | <u>146,221</u> | <u>44,385</u> | <u>(101,836)</u> |
| <i>Total Revenues</i> | <u>15,260,800</u> | <u>11,484,055</u> | <u>(3,776,745)</u> |
| Expenses | | | |
| Current | | | |
| Personal Services | 3,747,548 | 3,619,435 | 128,113 |
| Contractual Services | 2,361,400 | 2,078,686 | 282,714 |
| Materials and Supplies | 476,340 | 348,169 | 128,171 |
| Utilities | 721,000 | 679,785 | 41,215 |
| Other Operating Expenses | 348,017 | 237,822 | 110,195 |
| Capital Outlay | 8,287,435 | 5,837,401 | 2,450,034 |
| Debt Service: | | | |
| Principal Retirement | 1,137,600 | 1,062,339 | 75,261 |
| Interest and Fiscal Charges | <u>858,755</u> | <u>828,064</u> | <u>30,691</u> |
| <i>Total Expenses</i> | <u>17,938,095</u> | <u>14,691,701</u> | <u>3,246,394</u> |
| <i>Excess of Revenues Under Expenses</i> | (2,677,295) | (3,207,646) | (530,351) |
| Advances Out | <u>(550,000)</u> | <u>(550,000)</u> | <u>0</u> |
| <i>Excess of Revenues Under Expenses and Advances</i> | (3,227,295) | (3,757,646) | (530,351) |
| <i>Fund Equity Beginning of Year</i> | 12,202,969 | 12,202,969 | 0 |
| Prior Year Encumbrances Appropriated | <u>1,785,819</u> | <u>1,785,819</u> | <u>0</u> |
| <i>Fund Equity End of Year</i> | <u>\$10,761,493</u> | <u>\$10,231,142</u> | <u>(\$530,351)</u> |
| Beginning Cash Balance | | 10,231,142 | |
| Actual Cash Balance at Year End | | ===== | |

Difference

11:05 AM

City of Lorain, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2001

| | <u>Water Works</u> | <u>Water Pollution Control</u> | <u>Totals</u> |
|-----------------------------------------------------------------------|------------------------|----------------------------------------|---------------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$7,080,760 | \$8,182,361 | \$15,263,121 |
| Cash Payments for Goods and Services | (1,048,446) | (2,809,699) | (3,858,145) |
| Cash Payments for Employee Services and Benefits | (3,369,414) | (3,667,374) | (7,036,788) |
| Other Operating Revenues | 24,073 | 44,491 | 68,564 |
| <i>Net Cash Provided by Operating Activities</i> | <u>2,686,973</u> | <u>1,749,779</u> | <u>4,436,752</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Advances Out | <u>0</u> | <u>(550,000)</u> | <u>(550,000)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Principal Paid on Bonds | (565,000) | (565,000) | (1,130,000) |
| Interest Paid on Bonds | (574,083) | (378,863) | (952,946) |
| Principal Retirement on OWDA Loans | (457,721) | (497,339) | (955,060) |
| Interest Paid on OWDA Loans | (399,195) | (449,201) | (848,396) |
| OWDA Loan Proceeds | 1,612,350 | 2,903,164 | 4,515,514 |
| Purchase of Fixed Assets | <u>(2,175,856)</u> | <u>(5,637,565)</u> | <u>(7,813,421)</u> |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(2,559,505)</u> | <u>(4,624,804)</u> | <u>(7,184,309)</u> |
| Cash Flows from Investing Activities | | | |
| Interest | <u>221,105</u> | <u>354,039</u> | <u>575,144</u> |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i> | 348,573 | (3,070,986) | (2,722,413) |
| <i>Cash and Cash Equivalents at Beginning of Year</i> | <u>1,831,298</u> | <u>14,069,819</u> | <u>15,901,117</u> |
| <i>Cash and Cash Equivalents at End of Year</i> | <u>\$2,179,871</u> | <u>\$10,998,833</u> | <u>\$13,178,704</u> |

(continued)

Internal Service Funds

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

Garage Fund

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

Hospitalization Fund

To account for medical benefit self-insurance program for employees of the City.

City of Lorain, Ohio
Combining Balance Sheet
All Internal Service Funds
December 31, 2001

| | <u>Garage</u> | <u>Hospitalization</u> | <u>Totals</u> |
|-------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$8,852 | \$165,579 | \$174,431 |
| Interfund Receivable | 213 | 0 | 213 |
| Materials and Supplies Inventory | <u>120,672</u> | <u>0</u> | <u>120,672</u> |
| Total Current Assets | 129,737 | 165,579 | 295,316 |
| Fixed Assets (Net of Accumulated Depreciation) | <u>19,318</u> | <u>0</u> | <u>19,318</u> |
| <i>Total Assets</i> | <u><u>\$149,055</u></u> | <u><u>\$165,579</u></u> | <u><u>\$314,634</u></u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$13,012 | \$67,076 | \$80,088 |
| Claims Payable | 0 | 378,352 | 378,352 |
| Accrued Wages | 1,160 | 53 | 1,213 |
| Compensated Absences Payable | 83,936 | 103 | 84,039 |
| Due to Other Funds | 60,349 | 0 | 60,349 |
| Intergovernmental Payable | 20,785 | 265 | 21,050 |
| Death Benefits Payable | <u>22,500</u> | <u>0</u> | <u>22,500</u> |
| <i>Total Liabilities</i> | <u>201,742</u> | <u>445,849</u> | <u>647,591</u> |
| Fund Equity | | | |
| Retained Earnings | | | |
| Unreserved (Deficit) | <u>(52,687)</u> | <u>(280,270)</u> | <u>(332,957)</u> |
| <i>Total Fund Equity (Deficit)</i> | <u>(52,687)</u> | <u>(280,270)</u> | <u>(332,957)</u> |
| <i>Total Liabilities and Fund Equity</i> | <u><u>\$149,055</u></u> | <u><u>\$165,579</u></u> | <u><u>\$314,634</u></u> |

City of Lorain, Ohio
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Internal Service Funds
For the Year Ended December 31, 2001

| | <u>Garage</u> | <u>Hospitalization</u> | <u>Totals</u> |
|------------------------------------------------|--------------------------|---------------------------|---------------------------|
| Operating Revenues | | | |
| Charges for Services | \$1,025,887 | \$3,084,712 | \$4,110,599 |
| Other Operating Revenues | 3,708 | 182,735 | 186,443 |
| <i>Total Operating Revenues</i> | <u>1,029,595</u> | <u>3,267,447</u> | <u>4,297,042</u> |
| Operating Expenses | | | |
| Personal Services | 538,072 | 17,796 | 555,868 |
| Contractual Services | 1,499 | 56,228 | 57,727 |
| Claims | 0 | 3,574,947 | 3,574,947 |
| Materials and Supplies | 518,761 | 0 | 518,761 |
| Other Operating Expenses | 2,297 | 0 | 2,297 |
| Depreciation | 10,630 | 0 | 10,630 |
| <i>Total Operating Expenses</i> | <u>1,071,259</u> | <u>3,648,971</u> | <u>4,720,230</u> |
| <i>Operating Loss</i> | (41,664) | (381,524) | (423,188) |
| Non-Operating Revenues | | | |
| Interest | 0 | 9,087 | 9,087 |
| <i>Net Loss</i> | (41,664) | (372,437) | (414,101) |
| <i>Retained Earnings (Deficit)</i> | | | |
| <i>Beginning of Year</i> | <u>(11,023)</u> | <u>92,167</u> | <u>81,144</u> |
| <i>Retained Earnings (Deficit) End of Year</i> | <u><u>(\$52,687)</u></u> | <u><u>(\$280,270)</u></u> | <u><u>(\$332,957)</u></u> |

City of Lorain, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Garage Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|----------------------------------------|------------------------|-------------------|-------------------------------------------------|
| Revenues | | | |
| Charges for Services | \$1,209,161 | \$1,025,674 | (\$183,487) |
| Other Operating Revenues | 2,000 | 3,708 | 1,708 |
| <i>Total Revenues</i> | <u>1,211,161</u> | <u>1,029,382</u> | <u>(181,779)</u> |
| Expenses | | | |
| Personal Services | 556,263 | 538,119 | 18,144 |
| Contractual Services | 15,650 | 1,499 | 14,151 |
| Materials and Supplies | 599,058 | 556,026 | 43,032 |
| Other Operating Expenses | 2,850 | 2,095 | 755 |
| <i>Total Expenses</i> | <u>1,173,821</u> | <u>1,097,739</u> | <u>76,082</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Over (Under) Expenses</i> | 37,340 | (68,357) | (105,697) |
| Advances In | 0 | 60,349 | 60,349 |
| <i>Excess of Revenues and Advances</i> | | | |
| <i>Over (Under) Expenses</i> | 37,340 | (8,008) | (45,348) |
| <i>Fund Equity Beginning of Year</i> | <u>8,008</u> | <u>8,008</u> | <u>0</u> |
| <i>Fund Equity End of Year</i> | <u><u>\$45,348</u></u> | <u><u>\$0</u></u> | <u><u>(\$45,348)</u></u> |

City of Lorain, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Hospitalization Fund
For the Year Ended December 31, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------------|------------------|------------------|-------------------------------------------------|
| Revenues | | | |
| Charges for Services | \$3,060,416 | \$3,084,712 | \$24,296 |
| Interest | 10,000 | 8,870 | (1,130) |
| Other Operating Revenues | <u>178,910</u> | <u>182,735</u> | <u>3,825</u> |
| <i>Total Revenues</i> | <u>3,249,326</u> | <u>3,276,317</u> | <u>26,991</u> |
| Expenses | | | |
| Personal Services | 17,441 | 17,410 | 31 |
| Claims | 3,666,640 | 3,542,710 | 123,930 |
| Other | <u>800</u> | <u>635</u> | <u>165</u> |
| <i>Total Expenses</i> | <u>3,684,881</u> | <u>3,560,755</u> | <u>124,126</u> |
| <i>Excess of Revenues</i> | | | |
| <i>Under Expenses</i> | (435,555) | (284,438) | 151,117 |
| <i>Fund Equity Beginning of Year</i> | 412,691 | 412,691 | 0 |
| Prior Year Encumbrances Appropriated | <u>37,040</u> | <u>37,040</u> | <u>0</u> |
| <i>Fund Equity End of Year</i> | <u>\$14,176</u> | <u>\$165,293</u> | <u>\$151,117</u> |
| Beginning Cash Balance | | | |
| Actual Cash Balance at Year End | | <u>165,293</u> | |

City of Lorain, Ohio
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended December 31, 2001

| | <u>Garage</u> | <u>Hospitalization</u> | <u>Totals</u> |
|--------------------------------------------------------------------|----------------|------------------------|------------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| Cash Flows from Operating Activities | | | |
| Cash Received from Quasi-External Transactions with Other Funds | \$1,025,674 | \$3,084,712 | \$4,110,386 |
| Cash Payments for Goods and Services | (566,826) | (635) | (567,461) |
| Cash Payments for Employee Services and Benefits | (544,113) | (17,826) | (561,939) |
| Cash Payments for Claims | 0 | (3,542,710) | (3,542,710) |
| Other Operating Revenues | 12,434 | 182,735 | 195,169 |
| <i>Net Cash Used for Operating Activities</i> | (72,831) | (293,724) | (366,555) |
| Cash Flows from Noncapital Financing Activities | | | |
| Advances In | 60,349 | 0 | 60,349 |
| Cash Flows from Investing Activities | | | |
| Interest | 0 | 9,087 | 9,087 |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (12,482) | (284,637) | (297,119) |
| <i>Cash and Cash Equivalents at Beginning of Year</i> | 21,334 | 450,216 | 471,550 |
| <i>Cash and Cash Equivalents at End of Year</i> | <u>\$8,852</u> | <u>\$165,579</u> | <u>\$174,431</u> |

(continued)

City of Lorain, Ohio
Combining Statement of Cash Flows
All Internal Service Funds (continued)
For the Year Ended December 31, 2001

| | <u>Garage</u> | <u>Hospitalization</u> | <u>Totals</u> |
|-----------------------------------------------------|-------------------|------------------------|--------------------|
| Reconciliation of Operating Loss to | | | |
| Net Cash Used for Operating Activities | | | |
| Operating Loss | (\$41,664) | (\$381,524) | (\$423,188) |
| Adjustments to Reconcile Operating | | | |
| Loss to Net Cash Used for | | | |
| Operating Activities | | | |
| Depreciation | 10,630 | 0 | 10,630 |
| Change in Assets and Liabilities | | | |
| Increase in Interfund Receivables | (213) | 0 | (213) |
| Increase in Materials Inventory | (24,337) | 0 | (24,337) |
| Increase (Decrease) in Accounts Payable | (11,206) | 55,593 | 44,387 |
| Increase in Accrued Wages | 1,160 | 53 | 1,213 |
| Increase in Claims Payable | 0 | 32,237 | 32,237 |
| Increase (Decrease) in Compensated Absences Payable | (14,722) | 103 | (14,619) |
| Increase (Decrease) in Intergovernmental Payable | 2,521 | (186) | 2,335 |
| Increase in Death Benefits Payable | 5,000 | 0 | 5,000 |
| <i>Net Cash Used for Operating Activities</i> | <u>(\$72,831)</u> | <u>(\$293,724)</u> | <u>(\$366,555)</u> |

Agency Funds

These funds are purely custodial (assets equal liabilities) and these do not involve the measurement of results of operations.

Street Excavation Fund

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

Allotment Improvement Fund

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

Deposits Held Fund

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

State Highway Patrol Fund

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

Contracts Trust Fund

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

Vital Statistics Fund

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

Municipal Court Fund

This fund was established to account for the activities within the municipal court.

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City of Lorain, Ohio
Combining Balance Sheet
All Agency Funds
December 31, 2001

| | <u>Street Excavation</u> | <u>Allotment Improvement</u> | <u>Deposits Held</u> |
|-----------------------------------------------------|------------------------------|----------------------------------|--------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$10,660 | \$53,767 | \$81,453 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 0 |
| Due from Other Funds | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Assets</i> | <u><u>\$10,660</u></u> | <u><u>\$53,767</u></u> | <u><u>\$81,453</u></u> |
| Liabilities | | | |
| Due to Other Funds | \$0 | \$0 | \$0 |
| Deposits Held and Due to Others | <u>10,660</u> | <u>53,767</u> | <u>81,453</u> |
| <i>Total Liabilities</i> | <u><u>\$10,660</u></u> | <u><u>\$53,767</u></u> | <u><u>\$81,453</u></u> |

| State Highway Patrol | Contracts Trust | Vital Statistics | Municipal Court | Totals |
|---------------------------------|----------------------------|-----------------------------|----------------------------|------------------|
| \$667 | \$933 | \$5,037 | \$0 | \$152,517 |
| 0 | 0 | 0 | 131,184 | 131,184 |
| 800 | 0 | 0 | 0 | 800 |
| <u>\$1,467</u> | <u>\$933</u> | <u>\$5,037</u> | <u>\$131,184</u> | <u>\$284,501</u> |
| \$0 | \$0 | \$0 | \$80,098 | \$80,098 |
| 1,467 | 933 | 5,037 | 51,086 | 204,403 |
| <u>\$1,467</u> | <u>\$933</u> | <u>\$5,037</u> | <u>\$131,184</u> | <u>\$284,501</u> |

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2001

| | <u>Balance</u> <u>1/1/01</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>12/31/01</u> |
|----------------------------------|---------------------------------|------------------|-------------------|-----------------------------------|
| <i>Street Excavation</i> | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$9,660 | \$2,700 | \$1,700 | \$10,660 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$9,660 | \$2,700 | \$1,700 | \$10,660 |
| <i>Allotment Improvement</i> | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$112,205 | \$29,830 | \$88,268 | \$53,767 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$112,205 | \$29,830 | \$88,268 | \$53,767 |
| <i>Deposits Held</i> | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$55,009 | \$94,745 | \$68,301 | \$81,453 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$55,009 | \$94,745 | \$68,301 | \$81,453 |

(continued)

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (continued)
For the Year Ended December 31, 2001

| | <u>Balance 1/1/01</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/01</u> |
|---------------------------------|---------------------------|------------------------|------------------------|-----------------------------|
| State Highway Patrol | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$936 | \$10,900 | \$11,169 | \$667 |
| Due from Other Funds | <u>0</u> | <u>800</u> | <u>0</u> | <u>800</u> |
| Total Assets | <u><u>\$936</u></u> | <u><u>\$11,700</u></u> | <u><u>\$11,169</u></u> | <u><u>\$1,467</u></u> |
| Liabilities | | | | |
| Deposits Held and Due to Others | <u><u>\$936</u></u> | <u><u>\$11,700</u></u> | <u><u>\$11,169</u></u> | <u><u>\$1,467</u></u> |
| Contracts Trust | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | <u><u>\$0</u></u> | <u><u>\$3,895</u></u> | <u><u>\$2,962</u></u> | <u><u>\$933</u></u> |
| Liabilities | | | | |
| Due to Other Funds | \$1,779 | \$0 | \$1,779 | \$0 |
| Deposits Held and Due to Others | <u>-1,779</u> | <u>3,895</u> | <u>1,183</u> | <u>933</u> |
| Total Liabilities | <u><u>\$0</u></u> | <u><u>\$3,895</u></u> | <u><u>\$2,962</u></u> | <u><u>\$933</u></u> |
| Vital Statistics | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | <u><u>\$4,325</u></u> | <u><u>\$24,109</u></u> | <u><u>\$23,397</u></u> | <u><u>\$5,037</u></u> |
| Liabilities | | | | |
| Deposits Held and Due to Others | <u><u>\$4,325</u></u> | <u><u>\$24,109</u></u> | <u><u>\$23,397</u></u> | <u><u>\$5,037</u></u> |

(continued)

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (continued)
For the Year Ended December 31, 2001

| | <u>Balance 1/1/01</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/01</u> |
|-----------------------------------------------------|---------------------------|--------------------|--------------------|-----------------------------|
| Municipal Court | | | | |
| Assets | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$122,766 | \$2,505,975 | \$2,497,557 | \$131,184 |
| Liabilities | | | | |
| Due to Other Funds | \$57,288 | \$80,098 | \$57,288 | \$80,098 |
| Deposits Held and Due to Others | 65,478 | 2,425,877 | 2,440,269 | 51,086 |
| <i>Total Liabilities</i> | <u>\$122,766</u> | <u>\$2,505,975</u> | <u>\$2,497,557</u> | <u>\$131,184</u> |
| Total All Agency Funds | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$182,135 | \$166,179 | \$195,797 | \$152,517 |
| Cash and Cash Equivalents in Segregated Accounts | 122,766 | 2,505,975 | 2,497,557 | 131,184 |
| Due from Other Funds | 0 | 800 | 0 | 800 |
| <i>Total Assets</i> | <u>\$304,901</u> | <u>\$2,672,954</u> | <u>\$2,693,354</u> | <u>\$284,501</u> |
| Liabilities | | | | |
| Due to Other Funds | \$59,067 | \$80,098 | \$59,067 | \$80,098 |
| Deposits Held and Due to Others | 245,834 | 2,592,856 | 2,634,287 | 204,403 |
| <i>Total Liabilities</i> | <u>\$304,901</u> | <u>\$2,672,954</u> | <u>\$2,693,354</u> | <u>\$284,501</u> |

General Fixed Assets Account Group

The general fixed assets account group is used to account for all land and improvements, buildings, machinery and equipment, and furniture and fixtures not used in the operations of the proprietary funds.

City of Lorain
Schedule of General Fixed Assets
By Function
December 31, 2001

| <u>Function</u> | <u>Total</u> | <u>Land and Improvements</u> | <u>Buildings</u> | <u>Machinery and Equipment</u> | <u>Furniture and Fixtures</u> |
|-----------------------------------|----------------------------|--------------------------------------|---------------------------|----------------------------------------|---------------------------------------|
| General Government | \$6,879,868 | \$80,994 | \$3,796,116 | \$2,935,155 | \$67,603 |
| Security of Persons and Property | 5,908,463 | 118,040 | 1,351,271 | 4,360,458 | 78,694 |
| Public Health Service | 815,613 | 24,795 | 414,841 | 358,863 | 17,114 |
| Transportation | 4,005,872 | 0 | 141,775 | 3,864,097 | 0 |
| Community Environment | 105,802 | 0 | 4,387 | 89,579 | 11,836 |
| Economic Development | 3,504,650 | 905,166 | 2,309,219 | 281,135 | 9,130 |
| Leisure Time Activities | <u>6,955,780</u> | <u>3,078,443</u> | <u>1,859,594</u> | <u>2,017,743</u> | <u>0</u> |
| <i>Total General Fixed Assets</i> | <u><u>\$28,176,048</u></u> | <u><u>\$4,207,438</u></u> | <u><u>\$9,877,203</u></u> | <u><u>\$13,907,030</u></u> | <u><u>\$184,377</u></u> |

City of Lorain
Schedule of Changes in General Fixed Assets
By Function
For the Year Ended December 31, 2001

| <u>Function</u> | <u>General Fixed Assets 01/01/01</u> | <u>Additions</u> | <u>Deletions</u> | <u>General Fixed Assets 12/31/01</u> |
|-----------------------------------|----------------------------------------------|---------------------------|---------------------------|----------------------------------------------|
| General Government | \$7,418,373 | \$188,135 | \$726,640 | \$6,879,868 |
| Security of Persons and Property | 6,581,539 | 247,104 | 920,180 | 5,908,463 |
| Public Health Service | 879,325 | 0 | 63,712 | 815,613 |
| Transportation | 3,982,024 | 83,107 | 59,259 | 4,005,872 |
| Community Environment | 135,539 | 0 | 29,737 | 105,802 |
| Economic Development | 3,236,195 | 302,382 | 33,927 | 3,504,650 |
| Leisure Time Activities | <u>6,977,870</u> | <u>182,727</u> | <u>204,817</u> | <u>6,955,780</u> |
| <i>Total General Fixed Assets</i> | <u><u>\$29,210,865</u></u> | <u><u>\$1,003,455</u></u> | <u><u>\$2,038,272</u></u> | <u><u>\$28,176,048</u></u> |

City of Lorain
Schedule of General Fixed Assets
By Source
December 31, 2001

General Fixed Assets:

| | |
|-----------------------------------|----------------------------|
| Land and Improvements | \$4,207,438 |
| Buildings | 9,877,203 |
| Machinery and Equipment | 13,907,030 |
| Furniture and Fixtures | <u>184,377</u> |
| <i>Total General Fixed Assets</i> | <u><u>\$28,176,048</u></u> |

**Investment in General
Fixed Assets:**

| | |
|-----------------------------------|----------------------------|
| Donated Property | \$435,000 |
| General Governmental Revenues | <u>27,741,048</u> |
| <i>Total General Fixed Assets</i> | <u><u>\$28,176,048</u></u> |

STATISTICAL SECTION

The Statistical Section contains comprehensive statistical data which relates to physical, economic, social, and political characteristics of the City. It is intended to provide users with a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supporting schedules included in the Financial Section.

Statistical Section tables usually cover more than two fiscal years and often present data from outside the accounting entity. In contrast to the Financial Section information, Statistical Section data are not usually susceptible to independent audit.



City of Lorain, Ohio
Governmental Fund Revenues by Source (1)
Last Ten Years (2)

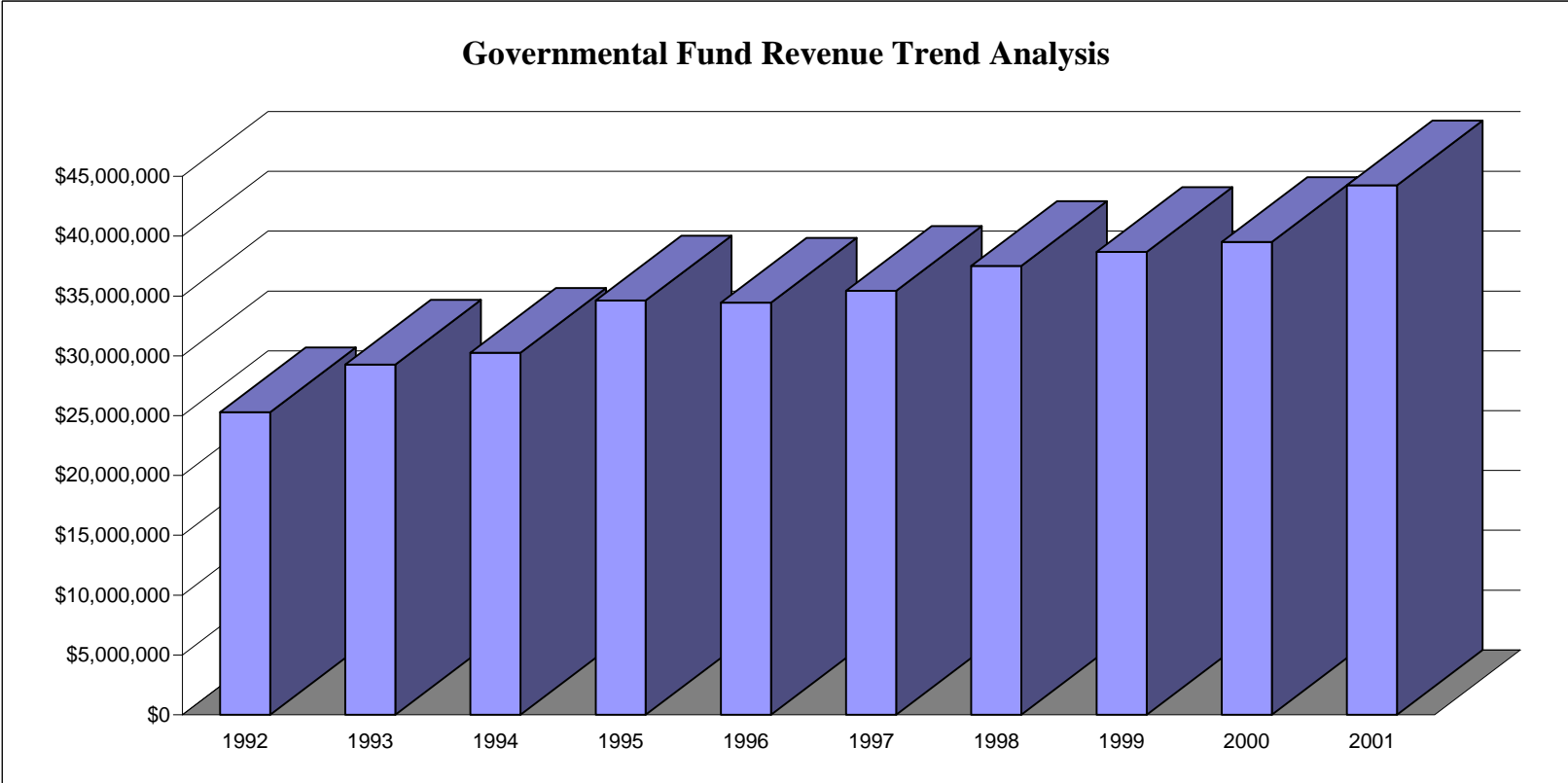
| Year | Taxes | Charges for Services | Fines, Licenses and Permits | Inter-governmental | Special Assesments | Interest | Donations | Other | Total |
|-------------|--------------|-----------------------------|------------------------------------|---------------------------|---------------------------|-----------------|------------------|--------------|--------------|
| 2001 | \$20,277,128 | \$956,437 | \$2,378,314 | \$19,313,513 | \$158,630 | \$395,523 | \$0 | \$771,020 | \$44,250,565 |
| 2000 | 21,766,763 | 938,448 | 2,296,516 | 13,664,725 | 179,267 | 490,884 | 0 | 174,536 | 39,511,139 |
| 1999 | 19,958,146 | 439,434 | 2,061,198 | 14,795,431 | 215,025 | 321,895 | 0 | 891,588 | 38,682,717 |
| 1998 | 20,311,699 | 430,802 | 2,725,477 | 12,769,960 | 322,014 | 426,823 | 0 | 515,976 | 37,502,751 |
| 1997 | 20,251,077 | 351,342 | 2,056,536 | 11,388,615 | 429,841 | 444,923 | 0 | 513,513 | 35,435,847 |
| 1996 | 21,779,583 | 385,589 | 1,908,494 | 9,091,196 | 471,149 | 344,016 | 0 | 459,089 | 34,439,116 |
| 1995 | 21,301,019 | 545,590 | 1,926,151 | 9,676,597 | 555,346 | 228,752 | 0 | 384,041 | 34,617,496 |
| 1994 | 19,984,868 | 492,980 | 1,510,696 | 7,121,764 | 554,300 | 113,348 | 100,000 | 382,607 | 30,260,563 |
| 1993 | 18,834,777 | 304,409 | 1,260,128 | 5,656,055 | 311,544 | 0 | 0 | 2,903,089 | 29,270,002 |
| 1992 | 15,433,423 | 372,390 | 1,384,111 | 6,449,772 | 626,605 | 0 | 0 | 1,020,234 | 25,286,535 |

(1) Includes: General, Special Revenue, Debt Service and Capital Projects Funds

(2) 1994 thru 2001 reported on GAAP basis, all other years on cash basis

Source: Lorain City Auditor

**City of Lorain, Ohio
Governmental Fund Revenues by Source (1)
Last Ten Years (2)**



City of Lorain, Ohio
Governmental Fund Expenditures by Function (1)
Last Ten Years (2)

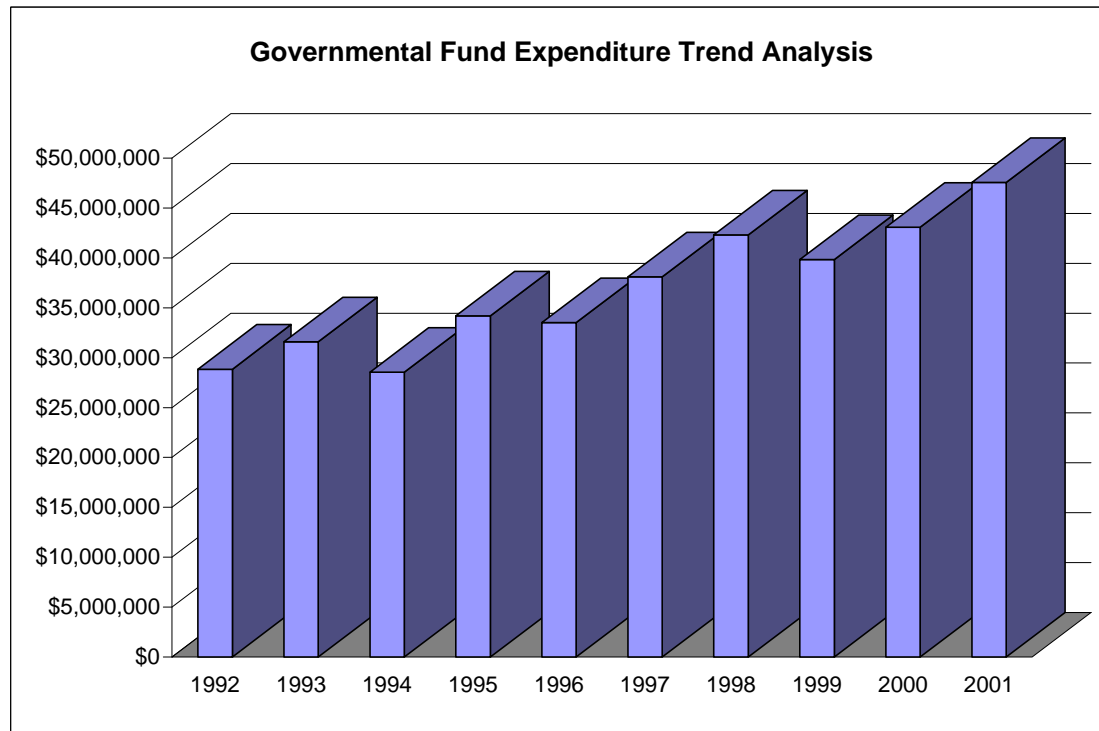
| Year | General Government | Security of Persons and Property | Public Health and Welfare | Transportation | Community Environment | Leisure Time Activities | Economic Development | Other | Capital Outlay | Debt Service | Total |
|-------------|---------------------------|-----------------------------------------|----------------------------------|-----------------------|------------------------------|--------------------------------|-----------------------------|--------------|-----------------------|---------------------|--------------|
| 2001 | \$6,675,722 | \$18,345,606 | \$1,723,442 | \$2,552,311 | \$719,872 | \$1,562,013 | \$5,171,564 | \$0 | \$6,323,085 | \$4,493,014 | \$47,566,629 |
| 2000 | 7,007,186 | 17,944,155 | 1,780,974 | 3,647,614 | 685,051 | 1,483,343 | 4,628,864 | 0 | 1,677,727 | 4,235,472 | 43,090,386 |
| 1999 | 6,569,957 | 17,237,827 | 1,723,641 | 2,665,990 | 710,623 | 1,493,082 | 3,356,598 | 0 | 2,938,879 | 3,148,074 | 39,844,671 |
| 1998 | 6,546,059 | 15,760,123 | 1,594,986 | 2,557,555 | 704,649 | 1,407,498 | 5,021,472 | 0 | 2,434,120 | 6,292,582 | 42,319,044 |
| 1997 | 6,947,463 | 15,322,993 | 1,832,377 | 2,826,661 | 770,878 | 1,567,121 | 3,445,537 | 0 | 2,849,449 | 2,530,914 | 38,093,393 |
| 1996 | 6,303,235 | 14,356,607 | 1,567,052 | 2,492,447 | 593,131 | 1,528,519 | 2,118,978 | 0 | 1,918,307 | 2,645,860 | 33,524,136 |
| 1995 | 6,196,674 | 13,791,459 | 1,464,032 | 2,729,612 | 528,943 | 1,290,460 | 2,667,513 | 25,664 | 2,979,368 | 2,503,841 | 34,177,566 |
| 1994 | 5,896,129 | 12,964,480 | 1,415,335 | 1,859,011 | 568,381 | 932,646 | 1,564,722 | 22,462 | 921,873 | 2,392,394 | 28,537,433 |
| 1993 | 7,357,498 | 12,233,516 | 1,267,649 | 2,309,568 | 1,277,157 | 1,195,855 | 0 | 0 | 33,700 | 5,922,673 | 31,597,616 |
| 1992 | 5,307,369 | 10,401,820 | 1,155,752 | 2,495,858 | 2,134,996 | 1,094,323 | 0 | 0 | 867,218 | 5,393,212 | 28,850,548 |

(1) Includes: General, Special Revenue, Debt Service and Capital Projects Funds

(2) 1994 thru 2001 reported on GAAP basis, all other years on cash basis

Source: Lorain City Auditor

**City of Lorain, Ohio
Governmental Fund Expenditures by Function (1)
Last Ten Years (2)**



City of Lorain, Ohio
Assessed and Estimated Actual Values of Taxable Property -- (In Thousands)
Last Ten Years

| Year | Real Property | | Public Utility Property | | Tangible Personal Property | | Total | | Ratio |
|-------------|-----------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------|-------------------------------|--------------|
| | Assessed Value | Estimated Actual Value (1) | Assessed Value | Estimated Actual Value (1) | Assessed Value | Estimated Actual Value (1) | Assessed Value | Estimated Actual Value | |
| 2001 | \$714,098 | \$2,040,280 | \$41,910 | \$47,625 | \$161,585 | \$646,340 | \$917,593 | \$2,734,245 | 34% |
| 2000 | 716,163 | 2,046,180 | 64,043 | 72,776 | 145,005 | 580,019 | 925,211 | 2,698,976 | 34 |
| 1999 | 607,363 | 1,735,324 | 67,935 | 77,199 | 152,995 | 611,978 | 828,293 | 2,424,501 | 34 |
| 1998 | 605,581 | 1,730,231 | 69,159 | 78,590 | 147,825 | 591,300 | 822,565 | 2,400,121 | 34 |
| 1997 | 592,530 | 1,692,944 | 72,540 | 82,432 | 158,609 | 634,436 | 823,679 | 2,409,812 | 34 |
| 1996 | 524,374 | 1,498,213 | 70,388 | 79,986 | 152,707 | 610,830 | 747,469 | 2,189,029 | 34 |
| 1995 | 510,337 | 1,458,106 | 83,334 | 94,698 | 127,053 | 508,212 | 720,724 | 2,061,016 | 35 |
| 1994 | 508,188 | 1,451,966 | 80,007 | 90,917 | 125,047 | 500,188 | 713,242 | 2,043,071 | 35 |
| 1993 | 456,760 | 1,305,029 | 81,738 | 92,884 | 138,141 | 552,564 | 676,639 | 1,950,477 | 35 |
| 1992 | 452,478 | 1,292,794 | 82,402 | 93,639 | 135,932 | 522,815 | 670,812 | 1,909,248 | 35 |

Source: Lorain County Auditor

(1) This amount is calculated by dividing the assessed value by the assessment percentage.

(2) The percentages for 2001 were: for all real property 35%, for public utility 88%, and for tangible personal property 25%.

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

| Year | Current Tax Levy (1) | Current Tax Collections (1) | Percent Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Collections To Current Tax Levy | Outstanding Delinquent Taxes (2) | Percent of Delinquent Taxes To Current Tax Levy |
|-------------|-----------------------------|------------------------------------|--------------------------|-----------------------------------|------------------------------|---------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|
| 2001 | \$3,569,077 | \$3,345,912 | 93.7% | \$116,101 | \$3,462,013 | 97.0% | \$251,934 | 7.1% |
| 2000 | 3,066,578 | 2,922,999 | 95.3 | 115,157 | 3,038,157 | 99.1 | 246,327 | 8.0 |
| 1999 | 3,183,610 | 2,910,261 | 91.4 | 107,157 | 3,017,418 | 94.8 | 352,399 | 11.1 |
| 1998 | 3,057,957 | 2,945,399 | 96.3 | 102,854 | 3,048,253 | 99.7 | 185,575 | 6.1 |
| 1997 | 2,731,861 | 2,644,441 | 96.8 | 80,588 | 2,725,029 | 99.7 | 149,383 | 5.5 |
| 1996 | 2,733,704 | 2,649,883 | 96.9 | 78,927 | 2,728,810 | 99.8 | 141,597 | 5.2 |
| 1995 | 2,699,844 | 2,532,355 | 93.8 | 76,274 | 2,608,629 | 96.6 | 229,928 | 8.5 |
| 1994 | 2,481,747 | 2,412,367 | 97.2 | 75,120 | 2,487,487 | 100.2 | 135,920 | 5.5 |
| 1993 | 2,473,103 | 2,403,856 | 97.2 | 79,536 | 2,483,392 | 100.4 | 149,765 | 6.1 |
| 1992 | 2,457,289 | 2,388,485 | 97.2 | 49,871 | 2,438,356 | 99.2 | 160,803 | 6.5 |

Source: Lorain County Auditor

(1). State Reimbursement of Rollback and Homestead Exemptions are included.

(2). Penalties and interest are included, since by Ohio Law they become part of the tax obligation as assessment occurs.

City of Lorain, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1000 Assessed Valuation)
Last Ten Years
City of Lorain

| Year | General | Special Revenue | Debt Service | Total City | Lorain County | Special Taxing Districts | Total City and Overlapping Governments |
|-------------|----------------|------------------------|---------------------|-------------------|----------------------|---------------------------------|-----------------------------------------------|
| 2001 | \$3.36 | \$0.60 | \$1.00 | \$4.96 | \$10.79 | \$58.98 | \$74.73 |
| 2000 | 3.36 | 0.60 | 1.00 | 4.96 | 10.79 | 58.98 | 74.73 |
| 1998 | 3.36 | 0.60 | 1.00 | 4.96 | 10.79 | 58.98 | 74.73 |
| 1998 | 3.36 | 0.60 | 1.00 | 4.96 | 10.79 | 58.98 | 74.73 |
| 1997 | 3.36 | 0.60 | 1.00 | 4.96 | 12.69 | 58.98 | 76.63 |
| 1996 | 3.36 | 0.60 | 1.00 | 4.96 | 12.69 | 58.49 | 76.14 |
| 1995 | 3.36 | 0.60 | 1.00 | 4.96 | 11.49 | 58.49 | 74.94 |
| 1994 | 3.36 | 0.60 | 1.00 | 4.96 | 11.49 | 58.49 | 74.94 |
| 1993 | 3.36 | 0.60 | 1.00 | 4.96 | 11.39 | 58.49 | 74.84 |
| 1992 | 3.36 | 0.60 | 1.00 | 4.96 | 11.74 | 49.12 | 65.82 |

Source: Lorain County Auditor

City of Lorain, Ohio
Special Assessment Collections
Last Ten Years

| Year | Current Assessments Due | Current Collections | Percent Collected |
|-------------|----------------------------------------|--------------------------------|------------------------------|
| 2001 | \$1,018,273 | \$158,630 | 16% |
| 2000 | 1,081,772 | 179,267 | 17 |
| 1999 | 1,110,658 | 215,025 | 19 |
| 1998 | 1,073,368 | 322,014 | 30 |
| 1997 | 1,094,484 | 429,841 | 39 |
| 1996 | 1,008,422 | 471,149 | 47 |
| 1995 | 1,052,001 | 555,346 | 53 |
| 1994 | 1,226,627 | 588,692 | 48 |
| 1993 | 1,457,125 | 577,022 | 40 |
| 1992 | 1,443,148 | 629,213 | 44 |

Source: Lorain County Auditor

City of Lorain, Ohio
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total Governmental Fund Expenditures
Last Ten Years

| Year | Principal | Interest | Total Debt Service | Total General Governmental Expenditures (1) | Ratio of Debt Service to Governmental Fund Expenditures (Percentage) |
|-------------|------------------|-----------------|---------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|
| 2001 | \$939,593 | \$817,863 | \$1,757,456 | \$47,566,629 | 3.69% |
| 2000 | 754,593 | 654,743 | 1,409,336 | 43,090,386 | 3.27 |
| 1999 | 909,593 | 596,557 | 1,506,150 | 39,844,671 | 3.78 |
| 1998 | 832,564 | 551,619 | 1,384,183 | 42,319,044 | 3.27 |
| 1997 | 817,564 | 511,231 | 1,328,795 | 38,093,393 | 3.49 |
| 1996 | 815,212 | 651,906 | 1,467,118 | 33,524,136 | 4.38 |
| 1995 | 550,356 | 433,376 | 983,732 | 34,177,566 | 2.88 |
| 1994 | 550,356 | 482,999 | 1,033,355 | 28,537,433 | 3.62 |
| 1993 | 1,094,000 | 1,043,228 | 2,137,228 | 31,597,616 | 6.76 |
| 1992 | 1,115,000 | 1,135,266 | 2,250,266 | 28,850,548 | 7.80 |

(1) 1994 through 2001 reported on GAAP basis; all other years on cash basis.

Source: Lorain City Auditor

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

| Year | Population | Assessed Value | Gross Bonded Debt (1) | Debt Service Monies Available | Net General Obligation Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net General Obligation Bonded Debt Per Capita |
|-------------|-------------------|-----------------------|------------------------------|--------------------------------------|-------------------------------------------|---------------------------------------------------|------------------------------------------------------|
| 2001 | 68,652 | \$917,592,790 | \$13,518,855 | \$198,734 | \$13,320,121 | 1.45% | \$194 |
| 2000 | 68,652 | 925,211,158 | 14,458,448 | 649,082 | 13,809,366 | 1.49 | 201 |
| 1999 | 69,800 | 828,293,210 | 10,363,041 | 38,753 | 10,324,288 | 1.25 | 148 |
| 1998 | 69,800 | 822,564,554 | 9,202,634 | 465,084 | 8,737,550 | 1.06 | 125 |
| 1997 | 69,800 | 823,678,974 | 6,355,198 | 668,308 | 5,686,890 | 0.69 | 81 |
| 1996 | 71,483 | 747,469,350 | 7,172,762 | 1,066,319 | 6,106,443 | 0.82 | 85 |
| 1995 | 71,483 | 720,724,541 | 7,987,974 | 1,253,250 | 6,734,724 | 0.93 | 94 |
| 1994 | 71,483 | 713,242,551 | 5,018,330 | 1,194,950 | 3,823,380 | 0.54 | 53 |
| 1993 | 71,483 | 676,638,529 | 5,568,685 | 1,570,884 | 3,997,801 | 0.59 | 56 |
| 1992 | 71,483 | 670,812,164 | 5,420,000 | 852,114 | 4,567,886 | 0.68 | 64 |

(1) Includes only general obligation bonds payable from property taxes.
Source: Lorain County Auditor

City of Lorain, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2001

| | <u>General Obligation Bonded Debt</u> | <u>Percent Applicable to City (1)</u> | <u>Amount Applicable to City of Lorain</u> |
|-----------------------------------|-----------------------------------------------|-----------------------------------------------|----------------------------------------------------|
| Direct: | | | |
| City of Lorain | <u>\$ 13,518,855</u> | 100.00% | <u>\$ 13,518,855</u> |
| Overlapping: | | | |
| Lorain City Schools | 832,537 | 100.00 | 832,537 |
| County of Lorain | <u>6,540,000</u> | 17.46 | <u>1,141,884</u> |
| Total Overlapping | <u>7,372,537</u> | | <u>1,974,421</u> |
| Total Direct and Overlapping Debt | <u><u>\$ 20,891,392</u></u> | | <u><u>\$ 15,493,276</u></u> |

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

Source: Lorain City Schools
Lorain County Auditor

City of Lorain, Ohio
Schedule of Enterprise Revenue Bond Coverage
Water and Water Pollution Control Funds
For the Years Ended December 31, 1994 through 2001 (1)

| Fund | Year | Operating Revenues | Operating Expenses (2) | Net Revenue Available For Debt Service | Principal | Interest | Total | Coverage |
|-------------------------|-------------|---------------------------|-------------------------------|-----------------------------------------------|------------------|-----------------|--------------|-----------------|
| Water Pollution Control | 2001 | \$7,963,116 | \$6,381,124 | \$1,581,992 | \$440,000 | \$311,675 | \$751,675 | 2.10 |
| | 2000 | 8,739,907 | 6,347,621 | 2,392,286 | 420,000 | 331,245 | 751,245 | 3.18 |
| | 1999 | 8,276,380 | 5,696,068 | 2,580,312 | 400,000 | 349,495 | 749,495 | 3.44 |
| | 1998 | 7,465,131 | 5,507,841 | 1,957,290 | 390,000 | 366,582 | 756,582 | 2.59 |
| | 1997 | 6,904,935 | 5,222,997 | 1,681,938 | 375,000 | 382,557 | 757,557 | 2.22 |
| | 1996 | 7,581,145 | 4,870,041 | 2,711,104 | 200,000 | 394,045 | 594,045 | 4.56 |
| | 1995 | 7,100,160 | 5,214,605 | 1,885,555 | 275,000 | 817,605 | 1,092,605 | 1.73 |
| | 1994 | 7,579,408 | 4,803,183 | 2,776,225 | 255,000 | 837,024 | 1,092,024 | 2.54 |
| Water Works (3) | 2001 | 7,493,865 | 4,122,439 | 3,371,426 | 365,000 | 428,053 | 793,053 | 4.25 |
| | 2000 | 5,183,848 | 4,774,381 | 409,467 | 350,000 | 443,608 | 793,608 | -0.5 |
| | 1999 | 5,482,568 | 5,705,652 | -223,084 | 335,000 | 458,168 | 793,168 | -0.28 |
| | 1998 | 6,030,207 | 4,573,306 | 1,456,901 | 325,000 | 471,865 | 796,865 | 1.83 |
| | 1997 | 5,726,504 | 4,675,543 | 1,050,961 | 310,000 | 484,650 | 794,650 | 1.32 |
| | 1996 | 5,881,611 | 5,158,948 | 722,663 | 0 | 408,977 | 408,977 | 1.77 |

(1) Audited GAAP financial statements are not available for years prior to 1994.

Because of timing fluctuations on a cash basis, comparisons for years prior to 1994 are not meaningful.

(2) Excludes Depreciation

(3) Water Revenue Bonds were issued in 1995. Interest payments began in 1996. Principal payments began in 1997.

Source: Lorain City Auditor

**City of Lorain, Ohio
Legal Debt Margin
December 31, 2001**

| | <u>Total Debt Limit</u> | <u>Total Unvoted Debt Limit</u> |
|--------------------------------------------------|------------------------------------|--------------------------------------------|
| Assessed Valuation | \$917,592,790 | \$917,592,790 |
| Debt Limitation | 96,347,243 10.5 percent | 50,467,603 5.5 percent |
| Total Voted and Unvoted Debt: | | |
| General Obligation Bonds | 13,518,855 | 13,518,855 |
| Special Assessment Bonds | 693,145 | 693,145 |
| Hud Section 108 Loans | 3,570,000 | 3,570,000 |
| Enterprise Fund General Obligation Bonds | 2,540,000 | 2,540,000 |
| Enterprise Fund Revenue Bonds | 13,992,398 | 13,992,398 |
| Ohio Water Development Authority Loans | 24,258,376 | 24,258,376 |
| Bond Anticipation Notes | 1,850,000 | 1,850,000 |
| OPWC Loans | 1,193,584 | 1,193,584 |
| Real Estate Acquisition Loan | 108,792 | 108,792 |
| | ----- | ----- |
| Total Voted and Unvoted Debt | 61,725,150 | 61,725,150 |
| | ----- | ----- |
| Less: Debt Outside Limitations: | | |
| Special Assessment Bonds | 693,145 | 693,145 |
| Enterprise Fund General Obligation Bonds | 2,540,000 | 2,540,000 |
| Revenue Bonds | 13,992,398 | 13,992,398 |
| Ohio Water Development Authority Loans | 24,258,376 | 24,258,376 |
| | ----- | ----- |
| Total Debt Outside Limitations | 41,483,919 | 41,483,919 |
| | ----- | ----- |
| Total Debt Applicable to Limitation within 10.5% | 20,241,231 | |
| Total Debt Applicable to Limitation within 5.5% | | 20,241,231 |
| Less: Amount Available in Debt Service Fund | 198,734 | 198,734 |
| | ----- | ----- |
| Net Debt Within 10.5% Limitation | 20,042,497 | |
| Net Debt Within 5.5% Limitation | | 20,042,497 |
| | ----- | ----- |
| Overall Debt Margin Within 10.5% Limitation | \$76,304,746 | |
| Overall Debt Margin Within 5.5% Limitation | <u><u>\$30,425,106</u></u> | <u><u>\$30,425,106</u></u> |

Source: Lorain City Auditor

City of Lorain, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

| Year | Estimated Actual City Property Value (1) | New Construction | | | County Bank Deposits (2, 3) |
|-------------|-------------------------------------------------------------|-------------------------------------|----------------------------------|--------------|----------------------------------------|
| | | Agriculture/ Residential | Commercial Industrial | Total | |
| 2001 | \$2,734,245,060 | \$4,161,790 | \$3,056,870 | \$7,218,660 | \$555,591,000 |
| 2000 | 2,698,975,841 | 5,315,310 | 2,581,840 | 7,897,150 | 513,102,000 |
| 1999 | 2,424,501,221 | 5,782,570 | 6,079,500 | 11,862,070 | 463,993,000 |
| 1998 | 2,400,122,000 | 3,552,310 | 2,478,800 | 6,031,110 | 444,974,000 |
| 1997 | 2,409,811,422 | 5,100,610 | 2,873,810 | 7,974,420 | 1,381,977,000 |
| 1996 | 2,189,029,000 | 2,517,540 | 10,517,990 | 13,035,530 | 1,744,502,000 |
| 1995 | 2,061,016,000 | 2,455,480 | 1,381,910 | 3,837,390 | 1,628,133,000 |
| 1994 | 2,043,071,000 | 1,757,400 | 1,134,360 | 2,891,760 | 1,517,978,000 |
| 1993 | 1,950,477,000 | 2,874,400 | 1,357,150 | 4,231,550 | 1,170,581,000 |
| 1992 | 1,909,248,000 | 2,078,900 | 1,676,770 | 3,755,670 | 1,126,173,000 |

Sources:

- (1) Lorain County Auditor's Office
- (2) Federal Reserve Bank of Cleveland
- (3) Decreases in 1997 and 1998 resulted when out-of-county banks acquired local bank branches.
The deposits were moved out of Lorain County.

**City of Lorain
Ten Largest Real Property Taxpayers
December 31, 2001**

| Taxpayer | Real Property Assessed Valuation | Percentage of Total Real Property Assessed Valuation |
|------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------|
| Ohio Edison Company | \$44,410,280 | 6.22% |
| Ford Motor Company | 17,516,680 | 2.45 |
| Republic Technologies Int'l (1) | 12,963,350 | 1.82 |
| Century Telephone | 10,686,990 | 1.50 |
| Columbia Gas of Ohio, Inc. | 7,663,450 | 1.07 |
| Society National Bank | 3,701,420 | 0.52 |
| Lorain Tubular | 3,020,040 | 0.42 |
| Community Health Partners | 2,888,000 | 0.40 |
| Marconi Communications (Reliance Comm/Tec) (2) | 2,271,650 | 0.32 |
| Spitzer Great Lakes LTD | 1,760,040 | 0.25 |
| Total of Above | \$106,881,900 | 14.97% |
| Total City Valuation | \$714,098,140 | |

(1) Formerly USS/Kobe Steel Company

(2) Formerly Reliance Electric Company
(Lorain Products Division)

Source: Lorain County Auditor

City of Lorain, Ohio
Ten Largest Personal Property Taxpayers
December 31, 2001

| Taxpayer | Personal Property Assessed Valuation | Percentage of Total Personal Property Assessed Valuation |
|---------------------------------|-------------------------------------------------|-------------------------------------------------------------------------|
| Republic Technologies Int'l (1) | \$72,707,410 | 45.00% |
| Lorain Tubular | 12,301,180 | 6.04 |
| Marconi Communications (2) | 11,876,710 | 5.84 |
| Ford Motor Company | 11,100,380 | 5.45 |
| LTV Steel | 4,443,200 | 2.18 |
| P.C. Campana, Inc. | 2,267,140 | 1.11 |
| Arion Sub Inc. | 2,071,790 | 1.02 |
| Parnassos L P | 2,022,620 | 0.99 |
| National Gypsum Company | 1,576,770 | 0.77 |
| K-Mart Corporation | 1,549,780 | 0.76 |
| Total of Above | \$121,916,980 | 75.45% |
| Total City Valuation | <u>\$161,585,020</u> | |

(1) Formerly USS/Kobe Steel Company

(2) Formerly Reliance Electric Company
(Lorain Products Division)

Source: Lorain County Auditor

City of Lorain, Ohio
Ten Largest Employers in the City
as of Second Quarter 2001

| Employer | Nature of Activity or Business | Number of Employees |
|-------------------------------------------|-----------------------------------------|----------------------------|
| Community Health Partners (Health Center) | Health care | 2,178 |
| Ford Motor Company (Lorain Plant) | Automobile manufacturing control center | 1,730 |
| Republic Technologies Int'l | Steel manufacturing | 1,585 |
| Lorain City School District | Education | 1,200 |
| City of Lorain | Government | 550 |
| Lorain Tubular | Steel manufacturing | 500 |
| P.C. Campana | Steel mold manufacturing and repair | 390 |
| Marconi Communications | Telecommunications equipment | 380 |
| Lorain County Community Action Agency | Education/community services | 290 |
| Lorain National Bank | Financial Institution | 257 |

Source: Lorain County Chamber of Commerce

**City of Lorain, Ohio
Demographic Statistics
Last Ten Years**

| Year | Population (1) | School Enrollment (2) | Average Unemployment Rate Lorain County (3) |
|-------------|-----------------------|----------------------------------|------------------------------------------------------------|
| 2001 | 68,652 | 10,813 | 5.8% |
| 2000 | 68,652 | 10,619 | 5.4 |
| 1999 | 69,800 | 10,571 | 3.4 |
| 1998 | 69,800 | 10,634 | 3.6 |
| 1997 | 69,800 | 10,576 | 6.1 |
| 1996 | 71,483 | 10,684 | 7.8 |
| 1995 | 71,483 | 10,615 | 5.1 |
| 1994 | 71,483 | 10,923 | 4.4 |
| 1993 | 71,483 | 11,164 | 5.9 |
| 1992 | 71,483 | 11,458 | 9.0 |

Sources: (1) Ohio Department of Development
(2) Lorain Board of Education
(3) Ohio Department of Employment Services
Labor Market Information Department

**City of Lorain, Ohio
Miscellaneous Information
December 31, 2001**

| | | |
|-------------------------|----------------------------------|---------------|
| Government: | Date of Incorporation | 1874 |
| | Form of Government | Mayor/Council |
| Area: | 23.8 square miles | |
| Streets: | Miles of Streets | 265 |
| Traffic Lights: | | 522 |
| Fire: | Fire Protection: | |
| | Number of Stations | 4 |
| | Number of Firemen and Officers | 82 |
| Police: | Police Protection: | |
| | Number of Stations | 1 |
| | Number of Sub-Stations | 1 |
| | Number of Policemen and Officers | 101 |
| Rescue Service: | Rescue Service: | |
| | Number of Stations | 1 |
| | Number of Rescue Personnel | 50 |
| Recreation and Culture: | Number of Parks | 57 |
| | Number of Libraries | 2 |
| Employees: | Part Time and Seasonal | 177 |
| | Full Time | 521 |

City Employees are represented by the following bargaining units:

| | |
|-----------------------------------------------------------------------------|-----|
| Lorain Firefighters Association - International Association of Firefighters | 81 |
| Fraternal Order of Police - Lodge No. 3, Lorain | 87 |
| Fraternal Order of Police - Lodge No. 3, Lorain - Promoted Unit | 13 |
| Ohio Police Benevolent Association (Correction Officers) | 11 |
| Ohio Police Benevolent Association (Dispatchers) | 16 |
| United Steelworkers - Local 6621 | 190 |

Source: Lorain City Auditor

City Of Lorain, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 2001

CITY OF LORAIN, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the City Council of the
City of Lorain, Ohio

We have audited the financial statements of the City of Lorain, as of and for the year ended December 31, 2001, wherein we noted that the City reclassified certain assets to the General and Special Revenue Fund Types and have issued our report thereon dated May 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Lorain's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 01-1 and 01-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lorain's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control which might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Lorain in a separate letter dated May 3, 2002.

Members of the City Council
City of Lorain, Ohio

2

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

Cimini & Pardini, R.C.S.

Cleveland, Ohio
May 3, 2002

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the City Council of the
City of Lorain, Ohio

Compliance

We have audited the compliance of the City of Lorain with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The City of Lorain's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Lorain's management. Our responsibility is to express an opinion on the City of Lorain's compliance based on our audit.

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

In our opinion, the City of Lorain complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

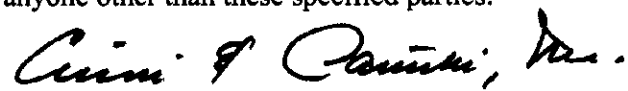
The management of the City of Lorain is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lorain's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control which might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Lorain as of and for the year ended December 31, 2001, and have issued our report there dated May 3, 2002. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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



Cleveland, Ohio
May 3, 2002

CITY OF LORAIN, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2001

| <u>Federal Program</u> | <u>CFDA Number</u> | <u>Pass-Through Agency Awarding Number</u> | <u>Federal Expenditures</u> |
|-----------------------------------------------------------------------------------|------------------------|--------------------------------------------------------|---------------------------------|
| U.S. Department of Housing And Urban Development | | | |
| Community Development Block Grant (CDBG) | | | |
| Small Cities Cluster: | | | |
| Community Development Block Grant | 14.218 | | \$ 2,873,523 |
| Section 108 Program | 14.218 | | <u>404,030</u> |
| Total CDGB Program | 14.218 | | 3,277,553 |
| Brownfields Economics Development | | | |
| Grant (BEDI) | 14.246 | B99-BD-39-005 | 302,224 |
| EDI Special Project Grant | 14.246 | 06-39-02084-03 | <u>59,384</u> |
| Total BEDI and EDI Grant | 14.246 | | 361,608 |
| HOME Investment Partnership Program | | | |
| Total U.S. Department of Housing and Urban Development | 14.239 | | <u>1,007,338</u> |
| U.S. Department of Commerce: | | | |
| Special Economic Development and Assistance Program | | | |
| Title IX Long Term Economic Deterioration Revealing Loan Fund Grant Assistance | | | |
| | 11.307 | | <u>76,536</u> |
| State and Local Economic Development Planning Grant | | | |
| | 11.305 | | <u>74,066</u> |
| Total U.S. Department of Commerce | | | 150,602 |
| Department of Transportation | | | |
| Passed Through the Ohio Department of Public Safety | | | |
| Safety Grant | 20.600 | GR#1640.1 | <u>18,466</u> |
| Total Department of Transportation | | | 18,466 |

Continued

The accompanying notes are an integral part of this schedule

CITY OF LORAIN, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2001

| <u>Federal Program</u> | <u>CFDA Number</u> | <u>Pass-Through Agency Awarding Number</u> | <u>Federal Expenditures</u> |
|---------------------------------------------------------|------------------------|--------------------------------------------------------|---------------------------------|
| U.S. Department of Health and Human Services | | | |
| Passed Through the Ohio Department of Health | | | |
| Tobacco Prevention Grant | 93.994 | 47-2-002-2-CJ-00 47-2-002-2-CJ-01 | 25,000 <u>11,941</u> |
| Total Tobacco Prevention Grant | | | 36,941 |
| Cardiovascular Health Grant | 93.991 | 47-2-002-2-ED-01 | <u>37,706</u> |
| Total U.S. Department of Health and Human Services | | | 74,647 |
| U.S. Department of Justice | | | |
| Local Law Enforcement Grant | 16.592 | 2000-LB-VX-1354 | <u>22,908</u> |
| Total Federal Awards Expenditures | | | \$ <u><u>4,913,122</u></u> |

The accompanying notes are an integral part of this schedule

CITY OF LORAIN, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENTS

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

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

NOTE 3 – LOANS

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

CITY OF LORAIN, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133, SECTION .505 (CONTINUED)

DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| (d)(I)(I) | Type of Financial Statement Opinion | Unqualified |
| (d)(I)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(I)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(I)(iii) | Was there any material reported noncompliance at the financial statement level (GAGAS)? | Yes |
| (d)(I)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(I)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(I)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(I)(vi) | Are there any reportable findings under Section .501? | No |
| (d)(I)(vii) | Major Programs | Brownfields Economic Development Grant (BEDI) CFDA #14.246 Home Investment Partnership Program CFDA #14.239 |
| (d)(I)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: All Others |
| (d)(I)(ix) | Low Risk Auditee? | Yes |

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

01-1 Ohio Revised Code 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds had deficit cash balances at December 31, 2001:

| | |
|----------------------|--------------|
| General Fund | \$ 1,210,916 |
| Special Revenue Fund | |
| ◆ Police Pension | 117,101 |
| ◆ Fire Pension | 405 |

CITY OF LORAIN, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133, SECTION .505 (CONTINUED)

DECEMBER 31, 2001

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

01-2 Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2001, the City had expenditures plus encumbrances in excess of appropriations as follows:

| <u>General Fund</u> | <u>Excess</u> |
|----------------------|---------------|
| Council | |
| ◆ Other | \$ 199 |
| Parks and Recreation | |
| ◆ Personal Services | 775 |
| ◆ Capital Outlay | 1,046 |
| Other Financing Uses | |
| ◆ Transfers Out | 1,397,298 |

3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 2001.

CITY OF LORAIN, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS OMB CIRCULAR A-133, SECTION .315(b)

DECEMBER 31, 2001

| Finding No. | Finding Summary | Fully Corrected | Explanation |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 00-1 | <p>Ohio Rev. Code 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established.</p> <p>At December 31, 2000, the City had funds with deficit cash balances. This condition indicates that money from one fund is used to cover the expenses of another.</p> | No | The City had non-compliance in this area again in year 2001. |
| 00-2 | <p>Ohio Rev. Code 5705.36 states that total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplementation appropriation.</p> <p>At December 31, 2000, the City's Title IX EDA Business and Police Pension Special Revenue Funds had appropriations in excess of total estimated resources by \$283,143 and \$292,718, respectively. This condition could result in the City overspending its available resources.</p> | Yes | <p>Management monitored appropriations throughout the year to ensure they did not exceed estimated resources.</p> <p>The auditor noted no instances of non-compliance while testing O.R.C. 5705.36 during the audit of compliance.</p> |
| 00-3 | <p>Ohio Rev. Code 5705.41(B) states that no subdivision or taking unit is to expend money unless it has been appropriated.</p> <p>At December 31, 2000, the City had expenditures plus encumbrances in excess of appropriations in some funds. This condition results in the city overspending its authorized appropriations.</p> | No | The City had non-compliance in this area again in year 2001. |

CITY OF LORAIN

**200 WEST ERIE AVENUE, 6TH FLOOR
LORAIN, OHIO 44052
(440) 204-2090**

**RESPONSE TO FINDINGS ASSOCIATED WITH AUDIT CONDUCTED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
FOR THE YEAR ENDED DECEMBER 31, 2001**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|
| 01-1 | Management will monitor fund balances and properly advance funds to cover deficit fund balances, if necessary. | N/A | Ronald Mantini, Auditor |
| 01-2 | Management will monitor expenditures and encumbrances and amend appropriations, if necessary. | N/A | Ronald Mantini, Auditor |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
AUGUST 6, 2002**