

# City of Lorain, Ohio

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## Comprehensive Annual Financial Report

For the Year Ended December 31, 2002





**Auditor of State  
Betty Montgomery**

Members of City Council  
City of Lorain  
200 West Erie Avenue  
Lorain, Ohio 44052

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, 2002 to December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 5, 2003

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# City of Lorain, Ohio

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## Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

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

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**City of Lorain, Ohio**  
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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

Phone: (440) 204-2090  
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May 30, 2003

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, 2002. 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 2002 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 22,625, the number of dwelling units total 29,765, apartment buildings total 97, and mobile home parks total 8. For 2002, new construction of agriculture/residential property and commercial/industrial property totaled \$8,212,470 and \$2,129,870 respectively.

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

The 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:** In 2002, the general government revenues were \$37,710,339. This represents a decrease of 14.78 percent from 2001. The 2002 general governmental expenditures were \$50,126,035. This represents an increase of 5.38 percent from 2001. The overall decrease in general government expenditures is a result of a decline in intergovernmental revenue from Federal, State, and County sources. The rise in expenditures reflects an increase in spending on capital projects in the City, financed primarily by bonds and notes issued in 2002. Despite extensive cuts in expenditures, the General Fund again ended the year with a significant cash deficit.

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 2002. 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 2002, 1,511 Early Start visits were conducted. During 2002, the **Environmental Division** continued to strengthen the City's emergency response plan to Bio-terrorism. The Health department was awarded a grant in the amount of \$61,376 to improve the infrastructure of the department.

According to the **Lorain Municipal Court's** Annual Report, there were 17,051 cases filed during 2002. This included 5,228 Criminal Cases and 8,846 Traffic Cases. In addition to the Criminal and Traffic cases, 2,649 new civil cases were filed. In the Small Claims Division a total of 328 cases were filed. The Court also performed 117 marriage ceremonies during 2001.

The **Lorain Police Department** received several grants during 2002. The COPS More grant in the amount of \$415,875, with matching funds of \$138,625 was 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 \$75,097, with matching funds of \$8,344 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 \$38,922 for use in Violation enforcement and DUI enforcement. They also implemented a new program in partnership with Lorain City Schools and The Morning Journal called "Do The Right Thing." The program is designed to positively impact the youth in the area by publicly recognizing children who distinguish themselves through their behavior and by establishing them as role models for their peers. Plans for a new jail and renovation of the existing Police Station were accepted in 2002. Construction should begin in 2003.

The **Lorain Police Auxiliary Unit** was very active in 2002. The Police Auxiliary supplements the regular Lorain Police Department in the performance of certain duties as promulgated by the Director of Public Safety/Service and the Chief of the Lorain Police Department. The Auxiliary has as its objective to safeguard and protect the general health, welfare, property and safety of the citizens of the City Of Lorain. The number of Auxiliary volunteer hours has doubled over the past ten years – from 9,169 hours in 1993 to 18,112 hours in 2002. The 18,000 volunteer hours in 2002 is worth approximately \$600,000 in enhanced services to the citizens of Lorain

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.

- The project in the **Park Department** that began during 2001, in the newly acquired Lakeview Park Annex was completed in September 2002. A new gazebo and restroom facilities along with

several pavilions and a new parking lot were constructed for the added enjoyment of Lakeview Park. New historic style lighting was installed along sidewalks and throughout the annex

- 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.

- Relocation of the Distribution Department to 1530 Kansas Avenue in September 2002.
- Three sanitary sewer projects were started in 2002. The projects are Amherst Township relief sewers, Kay Drive retention basin and new sewers on Clearview Drive, North Ridge and Cooper Foster Park Roads.
- The continuing program of replacing all the water meters in the City with electronic touch pads continued in 2002 with 3,461 new meters installed.
- Wastewater Industrial Pretreatment program was internalized in September 2002. An outside consultant formerly charged \$1,500 per month to perform these duties.
- Installed about 35,000 feet of new water mains throughout the City.
- Instituted Geographic Information System (GIS) mapping and record keeping for all utility pipelines.
- The rehabilitation of approximately 2,000 of the 5,500 sanitary manholes in the City was 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 completion of Phase 1 of the Riverfront Urban Renewal Project, Jaeger Road resurfacing, the new Lorain City Jail project and the local roadway rehabilitation project were just some of the many projects they were involved in during 2002.

## **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. In June 2002, CHP announced that it had formed an affiliation with Cleveland, Ohio-based University Hospitals Health Systems.

Ford Motor Company ("Ford"), the City's second largest employer with approximately 1,700 employees, announced in January 2002 plans to restructure and the elimination of 35,000 jobs worldwide operations in an effort to enhance profitability. Such plans included the closing of five plants (but did not include the Lorain Assembly Plant). The Lorain Assembly Plant assembles the Econoline van, while some aspects of the production process for the Econoline van occur at the Ohio Assembly Plant in Avon Lake. On May 1, 2002, Ford announced that its Escape sports utility vehicle will be produced at the Ohio Assembly Plant beginning in the summer of 2003 (the Escape will also continue to be produced at Ford's plant in Missouri). The Escape line will replace the Ohio Assembly Plant's Quest and Villager lines that ceased production in June 2002. No new jobs are expected to result from the addition of the Escape line, but the replacement of the Quest and Villager lines is expected to prevent the permanent lay-off of 800 employees at the Ohio Assembly Plant (many of whom have been laid off for up to one year while the plant is being re-tooled). In August 2002, Ford and the Ohio Department of Development finalized an agreement that stabilized the situation at the Ohio Assembly Plant. The agreement projects that about 2,000 jobs will be retained for the next 6 years. In April 2003, Ford announced that the new Mercury Mariner will be produced at the Ohio Assembly Plant beginning in the Fall of 2004.

The Lorain City School District (the "School District") is the City's third largest employer with approximately 1,200 employees. In November 2001, the electors of the School District, located wholly within the City, approved a \$41 million bond issue to pay the local share of an estimated \$216 million classroom facilities improvement project. The City estimates that this project will result in \$3.5 million in income taxes for the City over the next 10 years from construction jobs and building permits. In 2003, the City expects that the facilities improvement project will result in \$125,250 of additional incomes taxes from construction jobs and \$338,600 in additional revenues from building permits and other fees. In May 2002, the School District announced the lay-off of 11 administrators, five classified support staff and approximately 76 teachers effective for the 2002-03 school year. Of the teachers who were laid off, 37 were called back to work by the School District at the beginning of the current school year to replace retirees.

Republic Engineered Products ("REP") is North America's leading supplier of high-quality steel bars and is the City's fourth largest employer with approximately 1,000 employees. REP is headquartered in Fairlawn, Ohio and its products are used in applications in the automotive, agricultural, aerospace and energy industries. REP invested \$16 million into upgrading its bar mill operations in 2002.

REP is owned by a partnership of two investment firms (KPS Special Situations Fund LP and Hunt Investments Co., L.P.) which formed REP as part of their acquisition of approximately 60% of the assets of Republic Technologies International ("RTI") for approximately \$463 million. The asset acquisition was consummated on August 16, 2002.

In April 2001, RTI had filed for protection under Chapter 11 of the U.S. Bankruptcy Act, but continued its operations. On April 24, 2002, RTI signed a non-binding letter of intent to sell the majority its assets to RTI Acquisition Corp., a partnership of KPS Special Situations Fund LP and Pegasus Partners II LP (and a predecessor to REP) formed to effectuate the purchase. (Pegasus Partners II LP subsequently pulled out of the partnership and was replaced by Hunt Investments Co., L.P.) The sale was subject to

approval of the United States Bankruptcy Court in Akron. KPS/Hunt reached a labor agreement with the United Steelworkers of America addressing employment costs and pension and health care benefits largely based on the contract RTI had previously negotiated with that union in January 2002. KPS/Hunt also reached an agreement with RTI's primary creditors extending the previous deadline imposed by those creditors to complete the sale.

On July 11, 2002, the United States Bankruptcy Court approved the sale of approximately 60% of RTI's assets to the KPS/Hunt bid. RTI had previously announced that its facilities not included in the sale (including, the 12-inch, hot-rolled bar plant in the City) would be closed. As a result, approximately 300 management and union jobs were lost in the City.

RTI is liquidating the remainder of its assets and still owes the City substantial amounts of property taxes for collection years 2001 and 2002. See **AD VALOREM PROPERTY TAXES**. RTI has indicated that it will attempt to make payments of amounts due from the proceeds of the sale of the remainder of its assets as and when it is able to consummate such sales.

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 Corporation 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.

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 425. The City estimates that it will lose \$500,000 annually in income tax revenues as a result of this reduction. Marconi announced in October 2002 that its operations in the City and elsewhere in the County are (and have been since April 2002) for sale, and that it intends to sustain operations until a suitable buyer is found. Additionally, Marconi recently closed its North Ridgeville, Ohio office and has relocated approximately 160 jobs to the City.

The City has pursued several areas for urban renewal enhancement and redevelopment. A development agreement with Spitzer Great Lakes, Ltd, Company provides for an estimated \$100 million, 62-acre development project which includes a 420-unit residential housing development known as "HarborWalk," nautical boutiques, restaurants, a health club, a boardwalk and pier, a commercial fishing village and a 34,000 square foot commercial center. Groundbreaking for this project took place in October 2001. The HarborWalk Project involves an area which includes the former shipyard section of the City's downtown riverfront. A 19-acre Riverside Marina (\$3.5 million in completed improvements, financed with bonds issued by the Lorain Port Authority) will remain on the site. Financial support for this project currently includes \$1 million of State roadwork development grants (awarded in 2001), \$485,000 in State roadwork loans at a 0% interest rate, \$4.85 million in City-backed tax-increment financing bonds for land acquisition and public improvements, and City-granted tax abatements. 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, Company began construction of the first phase of residential structures in April 2002. A total of 109 units will be constructed by Summer 2003. As of December 31, 2002, 92 units have been sold.



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. The Black River project was completed in November 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 Lorain Port Authority is now accepting proposals for the private, for-profit development of approximately 14 acres of the Black River Landing that is not a part of the intermodal transportation center.
- 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.
- The city has also approved the development of the Oak Point Professional Park, located on the west side of the city near State Route 2. The 15-acre site is being developed into an office business district to include business, medical, dental and other professional office space. A total of 150,000 square feet of office space is planned. Three buildings totaling over 20,000 square feet are already constructed and occupied with another building under construction.

#### **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) has begun with between 20 and 25 units being completed by Summer 2003.
- Camden Ridge is a new 57-acre housing development on the City’s west side. Construction in this development began in early-2001. Plans call for 155 single family homes in the \$14,000 to \$250,000 price range. As of April 2003, 97 homes have been constructed and are occupied. Ten homes are currently under construction and an additional ten homes are scheduled for construction beginning in June 2003.
- 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 has begun on three units and there are plans to complete 6 to 8 additional units by the end of the year.
- 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 2003.

- A lakefront condominium project proposed for the City's west side will contain 24 upscale units and nine 5,000 square foot lake-view homes having access to 700 feet of natural beach with prices starting at \$439,000. 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 have issued permits for this project. Water and sewer lines have been installed. The break wall will be installed and roads will be completed by the end of May 2003. Home construction is expected to begin in May 2003. Twelve units are projected to be complete by the end of 2003.

- The \$5.8 million renovation of the Southern Heights 63-unit apartment complex in South Lorain began in March 2001, and recently completed. 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. All of the houses are completed. Five of these homes have already been sold. The City Council has authorized the construction of an additional six in-fill houses, with construction expected to be completed by August 2003.

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. 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 began remodeling in April 2003, and will include a restaurant, business office and town homes.

Walgreen's a national drugstore chain recently constructed a new 14,490 square foot store on approximately 5.6 acres on the city's west side. The store opened in January 2003.

## **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, 2002, and the percentage of increases and decreases in relation to previous year's revenues.

<b>Revenue Source</b>	<b>2002 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 2001</b>	<b>Percent Change From 2001</b>
Taxes	\$19,904,873	52.78%	(\$372,255)	(1.84%)
Charges for Services	1,119,774	2.97	163,337	17.08
Fines, Licenses and Permits	3,123,925	8.28	745,611	31.35
Intergovernmental	12,079,479	32.04	(7,234,034)	(37.46)
Special Assessments	324,659	.86	166,029	104.66
Interest	201,577	.53	(193,946)	(49.04)
Other	956,052	2.54	185,032	24.00
<i>Total Revenues</i>	<u>\$37,710,339</u>	<u>100.00%</u>	<u>(\$6,540,226)</u>	(14.78)%

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 small decrease of 1.84 percent is due largely to an increase in income tax refunds and diminished revenues.

The increase in Charges for Services, 17.08 percent, is due to a rise in chargebacks to enterprise funds for services performed by general government.

The increase in Fines, Licenses, and Permits, 31.35 percent, is due principally to a rise in the amounts collected by the police for confiscations and forfeitures related to criminal activities within the City.

The reduction of 37.46 percent in Intergovernmental revenue is due to a decline in funding from Federal, State and County sources for capital projects throughout the City.

The gain of 104.66 percent in Special Assessments is a direct result of initial collections for the Oak Point Road project within the City.

The decline in Interest revenue, 49.04 percent, is a continued consequence of reduced availability of funds to invest and lower interest rates on investments.

The rise in Other revenue of 24.0 percent, is from the proceeds of sale of land purchased by the City for the Riverfront Urban Renewal project and from the installment sale of the City's old Health Department building.

**Expenditures.** The following schedule presents a summary of general governmental expenditures for the fiscal year ended December 31, 2002, and the dollar value of the increase or decrease during the past year.

<u>Expenditures</u>	<u>2002 Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2001</u>	<u>Percent Change From 2001</u>
Current:				
General Government	\$6,812,397	13.63%	\$136,675	2.05%
Security of Persons and Property	17,422,517	34.87	(923,089)	(5.03)
Public Health and Welfare	1,590,199	3.18	(133,243)	(7.73)
Transportation	1,902,093	3.81	(650,218)	(25.48)
Community Environment	612,126	1.22	(107,746)	(14.97)
Leisure Time Activities	934,524	1.87	(627,489)	(40.17)
Economic Development	6,887,067	13.78	1,715,503	33.17
Capital Outlay	9,240,850	18.49	2,917,765	46.14
Debt Service:				
Principal Retirement	3,037,428	6.08	(135,110)	(4.26)
Interest and Fiscal Charges	1,531,863	3.07	211,387	16.01
<b>Total Expenditures</b>	<b>\$49,971,064</b>	<b>100.00%</b>	<b>\$2,404,435</b>	<b>5.05%</b>

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 increase of 2.05 percent due in large part to costs associated with the City's Court System.

Security of Persons and Property consists of the Police and Fire Departments. Public Health and Welfare includes the Animal Warden, Cemetery, and Health Departments. Transportation encompasses the Street and Permissive License Funds. Community Environment is the function of the Building Department and Leisure Time Activities include the operations of the Parks and Recreation Department. All of the decreases in the above mentioned functions are a direct result of layoffs of personnel and reduction of associated fringe benefits.

Economic Development resources are used for housing and rental rehabilitation assistance projects, business assistance loans, and targeted street improvements. The increased expenditures, 33.17 percent, reflect a rise in expenditures for various Community Development projects and programs.

The increase in Capital Outlay, 46.14 percent, is a result of greater expenditures for capital projects within the City, such as the purchase and renovation of a building for a new Fire Station and the Riverfront Urban Renewal project.

The increase in debt service is due to the initial payments on the various purpose bonds issued by the City in 2002.

## 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, 2002. 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 loss of \$883,357 and fund equity of \$43,511,937 as of December 31, 2002.

### ***DEBT ADMINISTRATION***

In 2002, 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 re-issued \$300,000 of bond anticipation notes to refinance the Mississippi and Dallas Avenue street improvement projects along with an additional \$9,000 for supplementary expenses.

The City issued a \$2,950,000 bond anticipation note to finance the purchase of 19 acres of land on the west bank of the Black River for the purpose of revitalization of the downtown and lakefront area. This note was sold at a premium of \$15,133.

The City issued \$8,905,000 of various purpose bonds to finance the building of a new City jail, the purchase and restoration of a new fire station, new fire equipment, and various park and cemetery improvements. These bonds were sold at a premium of \$3,453.

The City received \$2,000,000 in HUD loans to aid in Community Development.

The City has a total of \$25,520,000 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 \$415,317 on all investments for the year ended December 31, 2002.

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 significantly in the near term under the managed health care network.

In 2002 in a continuing effort to control costs, the City eliminated its 2.3 million dollar postemployment death benefit liability by converting to an insurance policy for this coverage. In addition to eliminating the liability, the conversion fixes costs for this benefit enabling the City to better manage available resources.

## ***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, 2002. The 2002 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, 2001.

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 eight 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,

A rectangular box containing a handwritten signature in cursive script that reads "Ronald L. Mantini".

Ronald L. Mantini  
Lorain City Auditor



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lorain,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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



President

Executive Director

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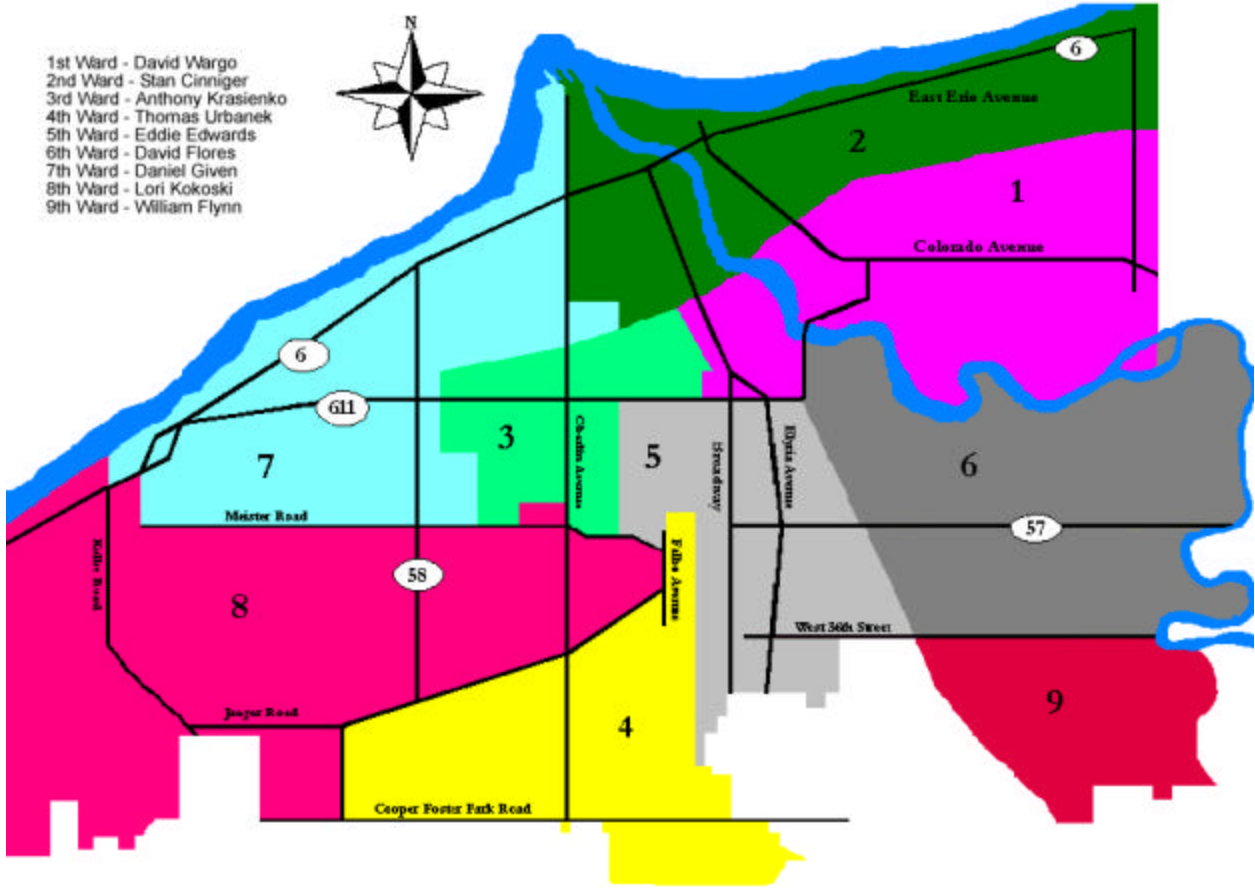
**CITY OF LORAIN, OHIO**  
**ELECTED OFFICIALS**

<b><u>TITLE</u></b>	<b><u>NAME</u></b>	<b><u>YEARS OF SERVICE IN OFFICE</u></b>	<b><u>YEARS OF SERVICE WITH THE CITY</u></b>
Mayor	Craig Foltin	3	9
City Auditor	Ronald L. Mantini	3	3
City Treasurer	Lori Maiorana	14	22
Director of Law	Mark Provenza	3	14
Clerk of Courts	Stephen Bansek	22	26
Judge	Mark Mihok	1	14
Judge	Gustalo Nunez	11	32
<i>Members of Council:</i>			
Council President	Kenneth Shawver	1	13
Council at Large	Anne Molnar	5	5
Council at Large	Fred Lozano	1	11
Council at Large	Kathy Tavenner	3	9
1 <sup>ST</sup> Ward	David Wargo	3	6
2 <sup>nd</sup> Ward	Stan Cinniger	3	3
3 <sup>rd</sup> Ward	Anthony Krasienko	7	7
4 <sup>th</sup> Ward	Thomas Urbanek	17	17
5 <sup>th</sup> Ward	Eddie Edwards	5	5
6 <sup>th</sup> Ward	David Flores	5	5
7 <sup>th</sup> Ward	Daniel Given	9	9
8 <sup>th</sup> Ward	Lori Kokoski	3	3
9 <sup>th</sup> Ward	William Flynn	1	9

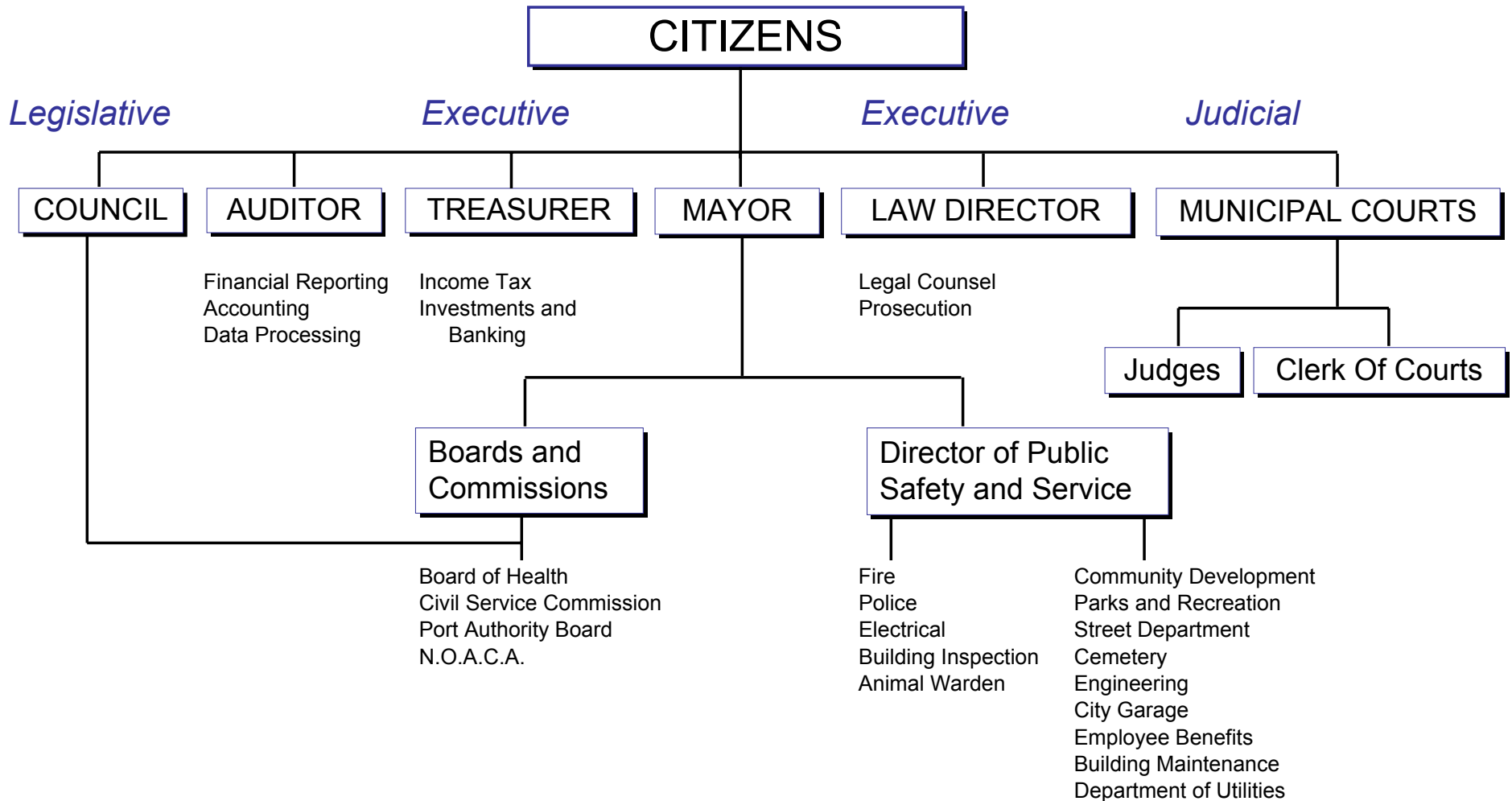
**APPOINTED OFFICIALS**

<b><u>TITLE</u></b>	<b><u>NAME</u></b>	<b><u>YEARS OF SERVICE IN OFFICE</u></b>	<b><u>YEARS OF SERVICE WITH THE CITY</u></b>
Director of Public Safety/Service	Craig Miller	3	9
Police Chief	Celestino Rivera	8	32
Fire Chief	Phil Dore	4	28
Director of Utilities	Charles Hoffer	1	1
Director of Community Development	Sanford Prudoff	30	30
Director of Parks and Recreation	Steven Bailey	26	26
Street Commissioner	Chuck Camera	12	31
Building Inspector	Ronald Schnurr	1	1
Administrative Director (Engineering)	Patrick McGannon	4	32
Chief Deputy Auditor	Anita Harper	3	3
MIS Director	David Comer	8	8
Clerk of Council	Nancy Greer	8	11

# City of Lorain Voting Wards



# City of Lorain - Organizational Chart





Creating economic value through  
knowledge, innovation, commitment, and service

CIUNI & PANICHI  
INC.

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

## Independent Auditor's 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, 2002, 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general-purpose 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, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2003 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.

*Ciini & Panichi, Inc.*

Cleveland, Ohio  
May 1, 2003



## 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.





## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**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:**

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**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, 2002*

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$0	\$5,431,220	\$287,123	\$7,441,273
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables				
Taxes	5,674,814	1,064,881	1,146,257	0
Accounts	0	0	0	0
Special Assessments	252,959	0	581,785	0
Accrued Interest	0	157	0	0
Interfund	529,545	15,295	0	1,650,946
Intergovernmental	2,930,104	3,069,177	59,564	108,921
Materials and Supplies				
Inventory	106,365	190,079	0	0
Loans Receivable	0	11,991,252	247,755	0
Prepaid Items	31,535	15,829	0	7,762
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
<b>Other Debits</b>				
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
<b>Total Assets and Other Debits</b>	<b><u>\$9,525,322</u></b>	<b><u>\$21,777,890</u></b>	<b><u>\$2,322,484</u></b>	<b><u>\$9,208,902</u></b>

<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>	
\$7,340,114	\$31,299	\$248,279	\$0	\$0	\$20,779,308
0	0	122,349	0	0	122,349
0	0	0	0	0	7,885,952
2,395,403	0	0	0	0	2,395,403
0	0	0	0	0	834,744
0	0	0	0	0	157
171,671	28,762	1,789	0	0	2,398,008
34,632	0	0	0	0	6,202,398
768,925	100,334	0	0	0	1,165,703
0	0	0	0	0	12,239,007
26,051	0	0	0	0	81,177
1,369,053	0	0	0	0	1,369,053
2,590,994	0	0	0	0	2,590,994
327,357	0	0	0	0	327,357
70,333,462	1,614	0	31,538,825	0	101,873,901
0	0	0	0	119,769	119,769
0	0	0	0	163,504	163,504
0	0	0	0	36,604,640	36,604,640
<u>\$85,357,662</u>	<u>\$162,009</u>	<u>\$372,417</u>	<u>\$31,538,825</u>	<u>\$36,887,913</u>	<u>\$197,153,424</u>

(continued)

**City of Lorain, Ohio**  
**Combined Balance Sheet**  
*All Fund Types and Account Groups (continued)*  
December 31, 2002

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Liabilities, Fund</b>				
<b>Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$368,309	\$533,009	\$3,850	\$53,263
Contracts Payable	0	0	0	225,977
Claims Payable	136,329	0	0	0
Accrued Wages	141,258	50,563	0	0
Compensated Absences Payable	258,374	63,042	0	0
Retainage Payable	0	0	0	0
Interfund Payable	1,660,668	169,540	0	167,807
Intergovernmental Payable	284,928	92,696	0	0
Deferred Revenue	5,368,955	3,257,160	2,035,361	0
Deposits Held and Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	75,029
Notes Payable	0	0	0	3,489,000
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>8,218,821</u>	<u>4,166,010</u>	<u>2,039,211</u>	<u>4,011,076</u>
<b>Fund Equity and Other Credits</b>				
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	81,008	1,687,159	0	1,200,122
Reserved for Inventory	106,365	190,079	0	0
Reserved for Loans	0	11,991,252	247,755	0
Unreserved, Undesignated	<u>1,119,128</u>	<u>3,743,390</u>	<u>35,518</u>	<u>3,997,704</u>
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>1,306,501</u>	<u>17,611,880</u>	<u>283,273</u>	<u>5,197,826</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$9,525,322</u>	<u>\$21,777,890</u>	<u>\$2,322,484</u>	<u>\$9,208,902</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>	
\$423,280	\$16,661	\$0	\$0	\$0	\$1,398,372
171,241	0	0	0	0	397,218
0	218,380	0	0	0	354,709
69,960	2,039	0	0	0	263,820
1,412,587	94,385	0	0	5,152,978	6,981,366
286,890	0	0	0	0	286,890
12,279	311,921	75,793	0	0	2,398,008
368,317	20,081	0	0	890,416	1,656,438
0	0	0	0	0	10,661,476
0	0	296,624	0	0	296,624
188,138	0	0	0	0	263,167
0	0	0	0	1,320,000	4,809,000
0	0	0	0	5,325,000	5,325,000
0	0	0	0	63,505	63,505
0	0	0	0	30,335	30,335
0	0	0	0	1,350,995	1,350,995
156,561	0	0	0	769,684	926,245
23,846,979	0	0	0	0	23,846,979
2,215,000	0	0	0	21,419,262	23,634,262
13,152,600	0	0	0	0	13,152,600
(458,107)	0	0	0	0	(458,107)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>565,738</u>	<u>565,738</u>
<u>41,845,725</u>	<u>663,467</u>	<u>372,417</u>	<u>0</u>	<u>36,887,913</u>	<u>98,204,640</u>
0	0	0	31,538,825	0	31,538,825
409,700	0	0	0	0	409,700
300,000	0	0	0	0	300,000
42,802,237	(501,458)	0	0	0	42,300,779
0	0	0	0	0	2,968,289
0	0	0	0	0	296,444
0	0	0	0	0	12,239,007
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,895,740</u>
<u>43,511,937</u>	<u>(501,458)</u>	<u>0</u>	<u>31,538,825</u>	<u>0</u>	<u>98,948,784</u>
<u>\$85,357,662</u>	<u>\$162,009</u>	<u>\$372,417</u>	<u>\$31,538,825</u>	<u>\$36,887,913</u>	<u>\$197,153,424</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, 2002**

	<b>Governmental</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues</b>		
Municipal Income Tax	\$14,173,488	\$2,337,068
Property and Other Taxes	2,216,819	441,512
Charges for Services	587,615	532,159
Fines, Licenses and Permits	1,592,955	1,128,504
Intergovernmental	5,014,096	4,606,465
Special Assessments	0	0
Interest	3,663	58,330
Other	172,471	596,098
<i>Total Revenues</i>	<u>23,761,107</u>	<u>9,700,136</u>
<b>Expenditures</b>		
Current:		
General Government	6,668,461	134,838
Security of Persons and Property	13,593,030	3,829,487
Public Health and Welfare	246,709	1,343,490
Transportation	0	1,902,093
Community Environment	466,349	145,777
Leisure Time Activities	934,524	0
Economic Development	0	6,887,067
Capital Outlay	0	0
Debt Service:		
Principal Retirement	22,193	146,009
Interest and Fiscal Charges	2,602	138,045
<i>Total Expenditures</i>	<u>21,933,868</u>	<u>14,526,806</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,827,239</u>	<u>(4,826,670)</u>
<b>Other Financing Sources (Uses)</b>		
Inception of Capital Lease	0	182,910
Premium on Sale of Bonds	0	0
Premium on Sale of Notes	0	0
Proceeds of Bonds	0	0
Proceeds of Notes	0	0
Proceeds of Loans	0	2,000,000
Operating Transfers In	0	817,054
Operating Transfers Out	(1,409,615)	(1,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,409,615)</u>	<u>1,999,964</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	417,624	(2,826,706)
<i>Fund Balances Beginning of Year, Restated</i>	872,302	20,477,943
Increase (Decrease) in Reserve for Inventory	<u>16,575</u>	<u>(39,357)</u>
<i>Fund Balances End of Year</i>	<u>\$1,306,501</u>	<u>\$17,611,880</u>

See accompanying notes to the general purpose financial statements

<b>Fund Types</b>		<b>Totals</b>
<b>Debt Service</b>	<b>Capital Projects</b>	<b>(Memorandum Only)</b>
\$0	\$0	\$16,510,556
735,986	0	3,394,317
0	0	1,119,774
0	402,466	3,123,925
923,459	1,535,459	12,079,479
324,659	0	324,659
88,843	50,741	201,577
184,361	3,122	956,052
<u>2,257,308</u>	<u>1,991,788</u>	<u>37,710,339</u>
9,098	0	6,812,397
0	0	17,422,517
0	0	1,590,199
0	0	1,902,093
0	0	612,126
0	0	934,524
0	0	6,887,067
0	9,240,850	9,240,850
2,869,226	0	3,037,428
<u>1,307,187</u>	<u>84,029</u>	<u>1,531,863</u>
<u>4,185,511</u>	<u>9,324,879</u>	<u>49,971,064</u>
<u>(1,928,203)</u>	<u>(7,333,091)</u>	<u>(12,260,725)</u>
0	0	182,910
0	3,453	3,453
0	15,133	15,133
0	8,905,000	8,905,000
1,320,000	0	1,320,000
0	247,999	2,247,999
659,137	1,080,955	2,557,146
<u>0</u>	<u>(147,531)</u>	<u>(2,557,146)</u>
<u>1,979,137</u>	<u>10,105,009</u>	<u>12,674,495</u>
50,934	2,771,918	413,770
232,339	2,425,908	24,008,492
<u>0</u>	<u>0</u>	<u>(22,782)</u>
<u>\$283,273</u>	<u>\$5,197,826</u>	<u>\$24,399,480</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, 2002**

	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Municipal Income Tax	\$14,045,774	\$14,088,196	\$42,422
Property and Other Taxes	2,171,313	2,216,819	45,506
Charges for Services	644,742	587,615	(57,127)
Fines, Licenses and Permits	1,729,459	1,598,688	(130,771)
Intergovernmental	4,338,970	4,825,411	486,441
Special Assessments	0	0	0
Interest	28,000	3,642	(24,358)
Other	230,503	175,197	(55,306)
<i>Total Revenues</i>	<u>23,188,761</u>	<u>23,495,568</u>	<u>306,807</u>
<b>Expenditures</b>			
<b>Current</b>			
General Government	6,592,732	6,684,628	(91,896)
Security of Persons and Property	12,887,905	13,908,750	(1,020,845)
Public Health and Welfare	219,386	245,451	(26,065)
Transportation	0	0	0
Community Environment	478,433	472,207	6,226
Leisure Time Activities	802,654	936,637	(133,983)
Economic Development	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	20,712	22,193	(1,481)
Interest and Fiscal Charges	2,602	2,602	0
<i>Total Expenditures</i>	<u>21,004,424</u>	<u>22,272,468</u>	<u>(1,268,044)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,184,337</u>	<u>1,223,100</u>	<u>(961,237)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Bonds	0	0	0
Proceeds of Notes	0	0	0
Premium on Sale of Bonds	0	0	0
Premium on Sale of Notes	0	0	0
Proceeds of Loans	0	0	0
Advances In	60,349	60,349	0
Advances Out	(76,965)	(76,965)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(444,592)	(1,409,615)	(965,023)
<i>Total Other Financing Sources (Uses)</i>	<u>(461,208)</u>	<u>(1,426,231)</u>	<u>(965,023)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	1,723,129	(203,131)	(1,926,260)
<i>Fund Balances (Deficit) at Beginning of Year</i>	(1,527,320)	(1,527,320)	0
Prior Year Encumbrances Appropriated	36,457	36,457	0
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$232,266</u>	<u>(\$1,693,994)</u>	<u>(\$1,926,260)</u>



Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,323,957	\$2,322,851	(\$1,106)	\$0	\$0	\$0
374,503	441,512	67,009	736,921	735,986	(935)
464,788	529,126	64,338	0	0	0
844,413	1,128,155	283,742	0	0	0
11,548,577	6,713,212	(4,835,365)	112,778	112,778	0
0	0	0	175,000	324,659	149,659
131,880	68,207	(63,673)	0	79,930	79,930
542,905	596,098	53,193	177,341	184,361	7,020
16,231,023	11,799,161	(4,431,862)	1,202,040	1,437,714	235,674
208,691	134,883	73,808	42,410	30,037	12,373
4,015,645	3,902,358	113,287	0	0	0
1,368,347	1,347,005	21,342	0	0	0
2,173,455	1,960,617	212,838	0	0	0
150,377	149,837	540	0	0	0
0	0	0	0	0	0
12,893,123	8,623,373	4,269,750	0	0	0
0	0	0	0	0	0
597,275	596,639	636	2,953,996	2,948,596	5,400
783,454	498,096	285,358	1,030,211	956,136	74,075
22,190,367	17,212,808	4,977,559	4,026,617	3,934,769	91,848
(5,959,344)	(5,413,647)	545,697	(2,824,577)	(2,497,055)	327,522
0	0	0	0	0	0
0	0	0	1,850,000	1,859,000	9,000
0	0	0	0	0	0
0	0	0	0	0	0
2,000,000	2,000,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
766,301	817,054	50,753	732,708	659,137	(73,571)
(1,100,000)	(1,000,000)	100,000	0	0	0
1,666,301	1,817,054	150,753	2,582,708	2,518,137	(64,571)
(4,293,043)	(3,596,593)	696,450	(241,869)	21,082	262,951
6,291,731	6,291,731	0	257,128	257,128	0
1,007,465	1,007,465	0	0	0	0
\$3,006,153	\$3,702,603	\$696,450	\$15,259	\$278,210	\$262,951

(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, 2002**

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	0	0	0
Charges for Services	0	0	0
Fines, Licenses and Permits	392,448	402,417	9,969
Intergovernmental	4,037,963	1,426,538	(2,611,425)
Special Assessments	0	0	0
Interest	113,936	54,052	(59,884)
Other	500	3,122	2,622
<i>Total Revenues</i>	<u>4,544,847</u>	<u>1,886,129</u>	<u>(2,658,718)</u>
<b>Expenditures</b>			
<b>Current</b>			
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	19,858,772	10,648,601	9,210,171
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>19,858,772</u>	<u>10,648,601</u>	<u>9,210,171</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(15,313,925)</u>	<u>(8,762,472)</u>	<u>6,551,453</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Bonds	8,905,000	8,905,000	0
Proceeds of Notes	2,950,000	2,950,000	0
Premium on Sale of Bonds	3,453	3,453	0
Premium on Sale of Notes	15,134	15,133	(1)
Proceeds of Loans	247,999	247,999	0
Advances In	234,524	234,524	0
Advances Out	(616,717)	(616,717)	0
Operating Transfers In	1,165,000	1,080,955	(84,045)
Operating Transfers Out	(189,533)	(147,531)	42,002
<i>Total Other Financing Sources (Uses)</i>	<u>12,714,860</u>	<u>12,672,816</u>	<u>(42,044)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(2,599,065)</u>	<u>3,910,344</u>	<u>6,509,409</u>
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>2,672,227</u>	<u>2,672,227</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>1,040,663</u>	<u>1,040,663</u>	<u>0</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$1,113,825</u></u>	<u><u>\$7,623,234</u></u>	<u><u>\$6,509,409</u></u>

See accompanying notes to the general purpose financial statements

**Totals (Memorandum Only)**

<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$16,369,731	\$16,411,047	\$41,316
3,282,737	3,394,317	111,580
1,109,530	1,116,741	7,211
2,966,320	3,129,260	162,940
20,038,288	13,077,939	(6,960,349)
175,000	324,659	149,659
273,816	205,831	(67,985)
951,249	958,778	7,529
<u>45,166,671</u>	<u>38,618,572</u>	<u>(6,548,099)</u>
6,843,833	6,849,548	(5,715)
16,903,550	17,811,108	(907,558)
1,587,733	1,592,456	(4,723)
2,173,455	1,960,617	212,838
628,810	622,044	6,766
802,654	936,637	(133,983)
12,893,123	8,623,373	4,269,750
19,858,772	10,648,601	9,210,171
3,571,983	3,567,428	4,555
1,816,267	1,456,834	359,433
<u>67,080,180</u>	<u>54,068,646</u>	<u>13,011,534</u>
<u>(21,913,509)</u>	<u>(15,450,074)</u>	<u>6,463,435</u>
8,905,000	8,905,000	0
4,800,000	4,809,000	9,000
3,453	3,453	0
15,134	15,133	(1)
2,247,999	2,247,999	0
294,873	294,873	0
(693,682)	(693,682)	0
2,664,009	2,557,146	(106,863)
<u>(1,734,125)</u>	<u>(2,557,146)</u>	<u>(823,021)</u>
<u>16,502,661</u>	<u>15,581,776</u>	<u>(920,885)</u>
(5,410,848)	131,702	5,542,550
7,693,766	7,693,766	0
2,084,585	2,084,585	0
<u>\$4,367,503</u>	<u>\$9,910,053</u>	<u>\$5,542,550</u>

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**City of Lorain, Ohio**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2002**

	<u>Proprietary Fund Types</u>		<b>Totals</b> <b>(Memorandum</b> <b>Only)</b>
	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	
<b>Operating Revenues</b>			
Charges for Services	\$15,575,005	\$4,438,453	\$20,013,458
Other Operating Revenues	56,632	17,443	74,075
<i>Total Operating Revenues</i>	<u>15,631,637</u>	<u>4,455,896</u>	<u>20,087,533</u>
<b>Operating Expenses</b>			
Personal Services	7,970,384	458,308	8,428,692
Contractual Services	1,309,256	22,477	1,331,733
Claims	0	3,656,347	3,656,347
Materials and Supplies	733,648	485,992	1,219,640
Utilities	1,193,792	0	1,193,792
Other Operating Expenses	530,530	1,276	531,806
Depreciation	2,996,102	2,763	2,998,865
<i>Total Operating Expenses</i>	<u>14,733,712</u>	<u>4,627,163</u>	<u>19,360,875</u>
<i>Operating Income (Loss)</i>	<u>897,925</u>	<u>(171,267)</u>	<u>726,658</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest	210,974	2,766	213,740
Interest and Fiscal Charges	(1,992,256)	0	(1,992,256)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(1,781,282)</u>	<u>2,766</u>	<u>(1,778,516)</u>
<i>Net Loss</i>	(883,357)	(168,501)	(1,051,858)
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>43,985,594</u>	<u>(332,957)</u>	<u>43,652,637</u>
<i>Retained Earnings (Deficit) End of Year</i>	43,102,237	(501,458)	42,600,779
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>\$43,511,937</u>	<u>(\$501,458)</u>	<u>\$43,010,479</u>

See accompanying notes to the general purpose financial statements

**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, 2002**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$16,575,195	\$15,986,326	(\$588,869)
OWDA Loan Proceeds	4,303,000	816,310	(3,486,690)
Interest	576,510	200,247	(376,263)
Other Operating Revenues	<u>98,000</u>	<u>56,632</u>	<u>(41,368)</u>
<i>Total Revenues</i>	<u>21,552,705</u>	<u>17,059,515</u>	<u>(4,493,190)</u>
<b>Expenses</b>			
<b>Current</b>			
Personal Services	8,309,230	8,196,353	112,877
Contractual Services	2,191,561	1,927,217	264,344
Materials and Supplies	1,269,452	1,047,214	222,238
Utilities	1,224,537	1,122,817	101,720
Other Operating Expenses	693,556	497,230	196,326
Claims	0	0	0
Capital Outlay	5,683,322	3,762,662	1,920,660
<b>Debt Service:</b>			
Principal Retirement	2,531,814	2,422,457	109,357
Interest and Fiscal Charges	<u>1,872,014</u>	<u>1,907,239</u>	<u>(35,225)</u>
<i>Total Expenses</i>	<u>23,775,486</u>	<u>20,883,189</u>	<u>2,892,297</u>
<i>Excess of Revenues Under Expenses</i>	(2,222,781)	(3,823,674)	(1,600,893)
Advances In	550,000	616,717	66,717
Advances Out	<u>(234,524)</u>	<u>(234,524)</u>	<u>0</u>
<i>Excess of Revenues and Advances In Under Expenses and Advances Out</i>	(1,907,305)	(3,441,481)	(1,534,176)
<i>Fund Equity at Beginning of Year</i>	12,659,774	12,659,774	0
Prior Year Encumbrances Appropriated	<u>452,504</u>	<u>452,504</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u><u>\$11,204,973</u></u>	<u><u>\$9,670,797</u></u>	<u><u>(\$1,534,176)</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)
\$4,537,400	\$4,409,904	(\$127,496)	\$21,112,595	\$20,396,230	(\$716,365)
0	0	0	4,303,000	816,310	(3,486,690)
10,000	2,887	(7,113)	586,510	203,134	(383,376)
15,700	17,443	1,743	113,700	74,075	(39,625)
<u>4,563,100</u>	<u>4,430,234</u>	<u>(132,866)</u>	<u>26,115,805</u>	<u>21,489,749</u>	<u>(4,626,056)</u>
454,528	466,513	(11,985)	8,763,758	8,662,866	100,892
3,900	3,081	819	2,195,461	1,930,298	265,163
557,329	491,241	66,088	1,826,781	1,538,455	288,326
0	0	0	1,224,537	1,122,817	101,720
4,900	4,622	278	698,456	501,852	196,604
3,530,000	3,883,395	(353,395)	3,530,000	3,883,395	(353,395)
0	0	0	5,683,322	3,762,662	1,920,660
0	0	0	2,531,814	2,422,457	109,357
0	0	0	1,872,014	1,907,239	(35,225)
<u>4,550,657</u>	<u>4,848,852</u>	<u>(298,195)</u>	<u>28,326,143</u>	<u>25,732,041</u>	<u>2,594,102</u>
12,443	(418,618)	(431,061)	(2,210,338)	(4,242,292)	(2,031,954)
0	76,965	76,965	550,000	693,682	143,682
(60,349)	(60,349)	0	(294,873)	(294,873)	0
(47,906)	(402,002)	(354,096)	(1,955,211)	(3,843,483)	(1,888,272)
166,684	166,684	0	12,826,458	12,826,458	0
129	129	0	452,633	452,633	0
<u>\$118,907</u>	<u>(\$235,189)</u>	<u>(\$354,096)</u>	<u>\$11,323,880</u>	<u>\$9,435,608</u>	<u>(\$1,888,272)</u>

**City of Lorain, Ohio**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2002**

	<u>Proprietary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Quasi-External Transactions with Other Funds	\$0	\$4,409,904	\$4,409,904
Cash Received from Customers	16,073,541	0	16,073,541
Cash Payments for Goods and Services	(4,135,305)	(485,758)	(4,621,063)
Cash Payments for Employee Services and Benefits	(8,201,655)	(470,605)	(8,672,260)
Cash Payments for Claims	0	(3,883,395)	(3,883,395)
Other Operating Revenues	56,632	32,384	89,016
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>3,793,213</u>	<u>(397,470)</u>	<u>3,395,743</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Advances In	616,717	311,921	928,638
Advances Out	(234,524)	(60,349)	(294,873)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>382,193</u>	<u>251,572</u>	<u>633,765</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal Paid on Bonds	(1,175,000)	0	(1,175,000)
Interest Paid on Bonds	(886,222)	0	(886,222)
Principal Retirement on OWDA Loans	(1,227,707)	0	(1,227,707)
Interest Paid on OWDA Loans	(1,021,017)	0	(1,021,017)
Principal Paid on Capital Lease	(19,812)	0	(19,812)
OWDA Loan Proceeds	816,310	0	816,310
Purchase of Fixed Assets	(2,751,475)	0	(2,751,475)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(6,264,923)</u>	<u>0</u>	<u>(6,264,923)</u>
<b>Cash Flows from Investing Activities</b>			
Interest	210,974	2,766	213,740
<i>Net Decrease in Cash and Cash Equivalents</i>	(1,878,543)	(143,132)	(2,021,675)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>13,178,704</u>	<u>174,431</u>	<u>13,353,135</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$11,300,161</u>	<u>\$31,299</u>	<u>\$11,331,460</u>

(continued)



**City of Lorain, Ohio**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types (continued)**  
**For the Year Ended December 31, 2002**

	<u>Proprietary Fund Types</u>		<b>Totals</b> <b>(Memorandum</b> <b>Only)</b>
	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	
<b>Reconciliation of Operating Income (Loss) to</b> <b>Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$897,925	(\$171,267)	\$726,658
<b>Adjustments to Reconcile Operating Income</b> <b>(Loss) to Net Cash Provided by</b> <b>(Used for) Operating Activities</b>			
Depreciation	2,996,102	2,763	2,998,865
Change in Assets and Liabilities:			
Decrease in Accounts Receivable	499,992	0	499,992
Decrease (Increase) in Interfund Receivables	7,777	(28,549)	(20,772)
Increase in Intergovernmental Receivables	(9,233)	0	(9,233)
Decrease (Increase) in Materials Inventory	(207,811)	20,338	(187,473)
Increase in Prepaid Items	(749)	0	(749)
Increase in Accounts Payable	245,660	18,590	264,250
Decrease in Contracts Payable	(129,593)	0	(129,593)
Increase in Accrued Wages	27,303	826	28,129
Decrease in Claims Payable	0	(227,048)	(227,048)
Increase in Compensated Absences Payable	83,477	10,346	93,823
Increase in Interfund Payables	11,188	0	11,188
Increase (Decrease) in Intergovernmental Payables	40,948	(969)	39,979
Decrease in Death Benefits Payable	(383,000)	(22,500)	(405,500)
Decrease in Retainage Payable	(286,773)	0	(286,773)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$3,793,213</u>	<u>(\$397,470)</u>	<u>\$3,395,743</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, 2002*

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**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.

On October 17, 2002 The Auditor of State's office declared the City of Lorain to be in a state of "Fiscal Watch" in accordance with Section 118.022 of the Ohio Revised Code. This declaration was a result of a forecasted deficit in excess of 1/12 of the preceding year's general fund revenue. In response to this declaration, the City of Lorain has contracted the Auditor of State's office to perform a performance audit to identify improvements that can be made in the City's operations. If the City's adjusted aggregate deficit fund balance reaches 1/6 of the General Fund budget and the receipts of those deficit funds, the Auditor of State has the authority to declare the City in a state of fiscal emergency, at which time a Financial Planning and Supervision Commission would be required to be established.

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 17 and Note 18 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

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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.

*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, 2002*

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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.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 6) 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, 2002, but which were levied to finance year 2003 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 serves as the basis for the annual

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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 2002.

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 2002. 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, the police pension and fire pension special revenue funds, and the hospitalization fund had negative cash balances at December 31, 2002, in the amount of \$1,248,821, \$97,149, \$65,859 and \$234,956 respectively. These amounts have been appropriately reported as interfund payable on the balance sheet.

During 2002, investments were limited to STAROhio, repurchase agreements, and mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value that is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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, 2002.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2002 amounted to \$3,663, 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, 2002 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.

*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

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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 is 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 2002, 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, 2002*

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*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.

*O. Reserves of Fund Equity and Designations*

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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 - Accountability and Compliance**

*A. Accountability*

The following funds had deficit fund balances as of December 31, 2002:

<u>Fund Name</u>	<u>Amount of Deficit</u>
Special Revenue Funds:	
Police Pension	\$338,682
Fire Pension	302,429
Internal Service Funds:	
Garage	46,092
Hospitalization	455,366

The deficits in the police pension and fire pension special revenue funds 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:

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
For The Year Ended December 31, 2002

<u>Fund/Function</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund:			
Council			
Personal Services	\$ 264,794	\$ 264,835	\$ (41)
Treasurer			
Material and Supplies	23,750	28,614	(4,864)
Judges			
Personal Services	577,108	677,782	(100,674)
Safety/Service Director			
Personal Services	443,982	451,747	(7,765)
Contractual Services	1,063,958	1,064,585	(627)
Engineering			
Personal Services	647,079	668,507	(21,428)
Data Processing			
Personal Services	125,402	127,920	(2,518)
Police Department			
Personal Services	6,316,612	6,835,376	(518,764)
Fire Department			
Personal Services	5,722,540	6,254,847	(532,307)
Contractual Services	91,787	92,144	(357)
Cemetery			
Personal Services	124,853	153,361	(28,508)
Parks and Recreation			
Personal Services	519,799	667,964	(148,165)
Debt Service			
Principal Retirement	20,712	22,193	(1,481)
Other Financing Uses			
Operating Transfers Out	444,592	1,409,615	(965,023)
Street Fund			
Street Construction			
Personal Services	1,155,762	1,181,942	(26,180)
Contractual Services	27,657	28,620	(963)
Policy Levy Fund			
Security of Persons and Property			
Personal Services	2,252,039	2,264,980	(12,941)
Water Works Fund			
Debt Service			
Interest and Fiscal Charges	918,176	948,467	(30,291)
Water Pollution Control Fund			
Debt Service			
Interest and Fiscal Charges	953,838	958,772	(4,934)
Garage Fund			
Expenses			
Personal Services	435,568	447,754	(12,186)

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
For The Year Ended December 31, 2002

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Hospitalization Fund			
Expenses			
Claims	3,530,000	3,883,395	(353,395)

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	\$1,248,821
Special Revenue Funds:	
Police Pension	97,149
Fire Pension	65,859
Internal Service Funds:	
Hospitalization	234,956

**Note 4 - 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.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
For The Year Ended December 31, 2002

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 417,624	(\$2,826,706)	\$ 50,934	\$2,771,918
Net Adjustment for Revenue Accruals	(265,539)	1,288,344	(547,913)	203,341
Advances In	60,349	0	0	234,524
Proceeds of Notes	0	0	539,000	2,950,000
Advances Out	(76,965)	0	0	(616,717)
Allocation of Revenues to Pay Debt	0	810,681	(271,681)	(539,000)
Net Adjustment for Expenditure Accruals	(230,902)	(351,443)	(20,939)	(170,165)
Debt Principal Retirement	0	(450,630)	(79,370)	530,000
Debt Interest and Fiscal Charges	0	(360,051)	351,051	9,000
Encumbrances	(107,698)	(1,706,788)	0	(1,462,557)
Budget Basis	<u>(\$203,131)</u>	<u>(\$3,596,593)</u>	<u>\$21,082</u>	<u>\$3,910,344</u>

**Net Loss/Excess of  
Revenues Under Expenses and Advances  
All Proprietary Fund Types**

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	(\$ 883,357)	(\$168,501)
Net Adjustment for Revenue Accruals	400,594	(28,428)
Net Adjustment for Expense Accruals	(332,720)	(196,325)
Advances In	616,717	76,965
Depreciation Expense	2,996,102	2,763
Proceeds of OWDA Loans	816,310	0
Advances Out	(234,524)	(60,349)
Additions to Fixed Assets	(2,927,848)	0
Principal Retirement	(2,422,457)	0
Encumbrances	(1,470,298)	(28,127)
Budget Basis	<u>(\$3,441,481)</u>	<u>(\$402,002)</u>

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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**Note 5 - 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 five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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;

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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.

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 \$11,068,266 and the bank balance was \$13,391,594. Of the bank balance:

1. \$400,000 was covered by federal depository insurance; and
2. \$12,991,594 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 counter party, or

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
For The Year Ended December 31, 2002

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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.

	<b>Category 2</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Money Market Fund	\$0	\$2,927,366	\$2,927,366
Repurchase Agreement	2,063,346	2,063,346	2,063,346
STAROhio	0	8,802,726	8,802,726
Total Investments	\$2,063,346	\$13,793,438	\$13,793,438

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:

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>
GASB Statement 9	\$24,861,704	\$0
Investments:		
Money Market Fund	(2,927,366)	2,927,366
Repurchase Agreement	(2,063,346)	2,063,346
STAROhio	(8,802,726)	8,802,726
GASB Statement 3	\$11,068,266	\$13,793,438

**Note 6 - Receivables**

Receivables at December 31, 2002 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 \$1,690,952.

In April of 2002 the City entered into an installment loan agreement with Horizon Activities Center Inc. for the sale of real estate owned by the City, deemed no longer needed for public use, in the amount of \$250,000. The loan has a term of 20 years at 5.75% interest with monthly payments of \$1,755. Per the Ohio Revised Code, Section 5705.10, the proceeds from this sale are deposited in the general obligation bond retirement fund. At December 31, 2002 the fund has recorded a loan receivable balance of \$247,755 as a result of this transaction.



**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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*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 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

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. 2002 public utility property taxes, which became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2002, was \$4.96 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

<b>Category</b>	<b>Assessed Value</b>
Real Estate	\$722,731,770
Public Utility Property	83,021,680
Tangible Personal	155,635,990
Total Property Taxes	\$961,389,440

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, 2002 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 2002 operations. The receivable is offset by deferred revenue.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
For The Year Ended December 31, 2002

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*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, 2002 follows:

	Amount
General Fund:	
Estate Tax	\$472,043
Local Government Tax	1,849,700
Revenue Assistance	186,102
Homestead and Rollback	139,000
Public Utility Reimbursement	36,601
Grants	227,219
Other Taxes	19,439
Total General Fund	2,930,104
Special Revenue Funds:	
Gasoline Tax	187,693
Permissive Motor Vehicle License Tax	19,523
Motor Vehicle Tax	405,307
Homestead and Rollback	28,000
Public Utility Reimbursement	7,508
Grants	2,421,146
Total Special Revenue Funds	3,069,177
Debt Service Funds:	
Homestead and Rollback	47,050
Public Utility Reimbursement	12,514
Total Debt Service Funds	59,564
Capital Projects Fund:	
Grants	108,921
Enterprise Fund:	
Utility Charges	34,632
Total All Funds	\$6,202,398

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
For The Year Ended December 31, 2002

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**Note 7 - Fixed Assets and Depreciation**

A summary of the proprietary fund types fixed assets at December 31, 2002 follows:

	<u>Enterprise</u>	<u>Internal Service</u>
Land and Improvements	\$575,859	\$0
Buildings	43,362,399	0
Machinery and Equipment	18,887,344	100,575
Furniture and Fixtures	0	0
Sewer Lines	39,178,344	0
Water Lines	19,086,558	0
Construction in Progress	<u>19,404,254</u>	<u>0</u>
Total	140,494,758	100,575
Less: Accumulated Depreciation	<u>(70,161,296)</u>	<u>(98,961)</u>
Net Fixed Assets	<u><u>\$70,333,462</u></u>	<u><u>\$1,614</u></u>

A summary of changes in general fixed assets during 2002 follows:

	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2002</u>
Land and Improvements	\$4,207,438	\$3,070,961	\$68,981	\$7,209,418
Buildings	9,877,203	1,600,658	233,149	11,244,712
Machinery and Equipment	13,907,030	1,754,660	2,666,264	12,995,426
Furniture and Fixtures	<u>184,377</u>	<u>0</u>	<u>95,108</u>	<u>89,269</u>
Total	<u><u>\$28,176,048</u></u>	<u><u>\$6,426,279</u></u>	<u><u>\$3,063,502</u></u>	<u><u>\$31,538,825</u></u>

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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**Note 8 - 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 2002, the City contracted with several companies for other types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits Of Coverage</u>
Arthur J. Gallagher and Company	Automobile Liability and Property Damage	\$5,000,000
	Law Enforcement Liability	5,000,000
	Public Officials Liability	5,000,000
	Commercial Property Boiler/Machinery Coverage	50,000,000
	Property and Contents City Buildings	108,000,000

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.

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 2002 ranged from \$530 to \$775 per month for single and family coverage depending on the bargaining unit of the employee. Employees covered under separate ordinances for non-bargaining, management and elected officials paid \$50 for family coverage and \$25 for single coverage per month. The Plan Administrator for the City determines these rates. Medical Mutual of Ohio, the third party administrator, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$100,000 per employee and an aggregate of \$2,179,219 per year. One individual exceeded the \$100,000 specific threshold, with a total of \$158,960. The City received an invoice credit for the excess \$58,960. The aggregate was not exceeded.

The claims liability of \$218,380 reported in the fund at December 31, 2002 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement 30 which

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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 2001 and 2002 were:

	<b>Balance at Beginning of Year</b>	<b>Current Year Claims</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
2001	\$346,115	\$3,642,023	\$3,542,710	\$445,428
2002	445,428	3,656,347	3,883,395	218,380

**Note 9 - Long-term Debt**

A summary of changes in long-term obligations of the City during 2002 were as follows:

	<b>Outstanding 01/01/02</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding 12/31/02</b>
<b>GENERAL LONG-TERM OBLIGATIONS:</b>				
<b>GENERAL OBLIGATION BONDS (Unvoted):</b>				
1989 Various Improvements	\$800,000	\$0	\$100,000	\$700,000
1984 10.75% Fire Station	140,000	0	35,000	105,000
1984 10.75% Sidewalk Improvements	17,000	0	17,000	0
1984 10.75% Real Estate Acquisitions	140,000	0	35,000	105,000
1984 10.75% Real Estate Acquisitions	155,000	0	35,000	120,000
1984 10.75% Storm Sewer	280,000	0	70,000	210,000
1995 Various Rate Various Purposes	2,270,000	0	160,000	2,110,000
1998 Various Rate Capital Purpose	2,755,000	0	335,000	2,420,000
1999 Police and Fire Pension	1,945,000	0	50,000	1,895,000
1988 7.50% Street Improvement	91,855	0	12,593	79,262
1984 10.75% Various Improvements	75,000	0	25,000	50,000
2000 Riverfront Urban Renewal	4,850,000	0	0	4,850,000
2002 Various Rate Safety/Service	0	8,905,000	130,000	8,775,000
<b>TOTAL GENERAL OBLIGATION BONDS</b>	<b>\$13,518,855</b>	<b>\$8,905,000</b>	<b>\$1,004,593</b>	<b>\$21,419,262</b>

**SPECIAL ASSESSMENT BONDS**

**City of Lorain, Ohio**

*Notes to The General Purpose Financial Statements  
For The Year Ended December 31, 2002*

1983 10.25% Street Improvement	\$165,000		\$55,000	\$110,000
		\$0		
1988 7.50% Street Improvement	528,145		72,407	455,738
		0		
<b>TOTAL SPECIAL ASSESSMENT BONDS</b>	<u>693,145</u>		<u>127,407</u>	<u>565,738</u>
		0		
<b>HUD SECTION 108 LOANS</b>				
Community Development 4.30 to 6.0%	0	2,000,000	0	2,000,000
Head Start 3.6 to 5.0%	110,000	0	10,000	100,000
Head Start 3.6 to 5.0%	1,210,000	0	110,000	1,100,000
Colorado Industrial Park	<u>2,250,000</u>	<u>0</u>	<u>125,000</u>	<u>2,125,000</u>
<b>TOTAL HUD SECTION 108 LOANS</b>	<u>3,570,000</u>	<u>2,000,000</u>	<u>245,000</u>	<u>5,325,000</u>
0.0% OPWC Loans	1,193,584	247,999	90,588	1,350,995
Note Payable - 3.50%	1,320,000	1,320,000	1,320,000	1,320,000
Installment Loans	108,792	0	45,287	63,505
Capital Leases	750,112	182,910	163,338	769,684
CDBG Interest Liability	60,671	10,879	41,215	30,335
Compensated Absences	4,623,487	529,491	0	5,152,978
Intergovernmental Payables	914,844	890,416	914,844	890,416
Death Benefits	<u>1,978,000</u>	<u>0</u>	<u>1,978,000</u>	<u>0</u>
<b>TOTAL GENERAL LONG-TERM OBLIGATIONS</b>	<u>28,731,490</u>	<u>14,086,695</u>	<u>5,930,272</u>	<u>36,887,913</u>
<b>ENTERPRISE FUND OBLIGATIONS: GENERAL OBLIGATION BONDS</b>				
1984 10.75% Water Improvements	400,000	0	100,000	300,000
1984 10.75% Sewer Improvements	500,000	0	125,000	375,000
1995 Various Water Improvements	<u>1,640,000</u>	<u>0</u>	<u>100,000</u>	<u>1,540,000</u>
<b>TOTAL GENERAL OBLIGATION BONDS</b>	<u>\$2,540,000</u>	<u>\$0</u>	<u>\$325,000</u>	<u>\$2,215,000</u>

**City of Lorain, Ohio**

*Notes to The General Purpose Financial Statements  
For The Year Ended December 31, 2002*

<b>REVENUE BONDS:</b>				
1995 Various Rates Water System	\$8,206,179	\$7,632	\$385,000	\$7,828,811
1995 Sewer System Revenue Refunding Bonds	<u>5,786,219</u>	<u>2,570</u>	<u>465,000</u>	<u>5,323,789</u>
<b>TOTAL REVENUE BONDS</b>	<u>13,992,398</u>	<u>10,202</u>	<u>850,000</u>	<u>13,152,600</u>
<b>OHIO WATER DEVELOPMENT AUTHORITY LOANS</b>				
1978 6.25% Sewer Facility	1,372,937	0	110,043	1,262,894
1994 6.64% Water Facility	884,134	0	275,977	608,157
1999 6.5% Sewer Facility	1,073,278	0	44,526	1,028,752
1999 6.5% Water Facility	2,073,263	0	62,315	2,010,948
2001 6.12% Water Facility	426,938	10,218	12,456	424,700
2001 4.38% Water Facility	2,462,656	162,578	90,971	2,534,263
2001 4.64% Water Facility	2,215,137	172,495	77,510	2,310,122
2001 2.81% Sewer Facility	4,587,352	87,037	191,239	4,483,150
2001 3.66% Sewer Facility	<u>9,162,681</u>	<u>383,982</u>	<u>362,670</u>	<u>9,183,993</u>
<b>TOTAL OWDA LOANS</b>	<u>24,258,376</u>	<u>816,310</u>	<u>1,227,707</u>	<u>23,846,979</u>
Capital Lease	0	176,373	19,812	156,561
<b>TOTAL ENTERPRISE FUNDS</b>	<u>40,790,774</u>	<u>1,002,885</u>	<u>2,422,519</u>	<u>39,371,140</u>
<b>TOTAL ALL TYPES</b>	<u>\$69,522,264</u>	<u>\$15,089,580</u>	<u>\$8,352,791</u>	<u>\$76,259,053</u>

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 and contractually required pension contributions reported as intergovernmental payable will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the general fund, the street construction special revenue fund, and the water pollution control 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

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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revenue refunding and general obligation bonds for sewer improvements and the OWDA sewer facility loans will be paid from sewer user charges. The \$1,320,000 note matures on April 3, 2003 (renewed on April 5, 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, 2002:

Restricted assets held by the Trustee	
Revenue Bond Current Debt Service	\$1,387,294
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, 2002 of \$5,323,789, 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



**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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:

<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 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, 2002:

Restricted assets held by the Trustee	
Revenue Bond Current Debt Service	\$1,203,700
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, 2002 of \$7,828,811 net of the unamortized discount.

**City of Lorain, Ohio**

*Notes to The General Purpose Financial Statements  
For The Year Ended December 31, 2002*

The City's overall legal debt margin was \$68,097,898 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002 are as follows:

	<b>General Obligation Bonds</b>	<b>Special Assessment Bonds</b>	<b>HUD Section 108 Loans</b>	<b>OPWC Loans</b>
2003	\$2,716,580	\$172,862	\$661,735	\$85,019
2004	2,693,618	166,054	651,159	91,067
2005	2,624,448	99,666	636,440	84,715
2006	2,168,962	93,916	620,189	84,715
2007	2,161,955	88,166	602,824	84,715
2008-2012	9,112,227	82,417	2,723,277	420,961
2013-2017	6,876,615	0	1,458,480	298,458
2018-2022	4,918,791	0	661,597	201,345
2023-2027	4,183,732	0	0	0
Total Principal And Interest	<u>37,456,928</u>	<u>703,081</u>	<u>8,015,701</u>	<u>1,350,995</u>
Less Interest	<u>(13,822,666)</u>	<u>(137,343)</u>	<u>(2,690,701)</u>	<u>0</u>
Total	<u>\$23,634,262</u>	<u>\$565,738</u>	<u>\$5,325,000</u>	<u>\$1,350,995</u>

	<b>Revenue Bonds</b>	<b>OWDA Loans</b>	<b>Installment Loans</b>	<b>CDBG Interest Liability</b>
2003	\$1,541,578	\$2,274,399	\$47,766	\$30,335
2004	1,548,288	2,274,399	18,177	0
2005	1,546,992	1,939,716	0	0
2006	1,547,611	1,939,716	0	0
2007	1,544,711	1,939,716	0	0
2008-2012	6,951,569	9,404,802	0	0
2013-2017	3,183,490	8,719,324	0	0
2018-2022	0	4,824,182	0	0
Total Principal And Interest	<u>17,864,239</u>	<u>33,316,254</u>	<u>65,943</u>	<u>30,335</u>
Less: Interest	<u>(4,711,639)</u>	<u>(9,469,275)</u>	<u>(2,438)</u>	<u>0</u>
Total	<u>\$13,152,600</u>	<u>\$23,846,979</u>	<u>\$63,505</u>	<u>\$30,335</u>

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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**Note 10 – Notes Payable**

A summary of the changes in notes payable during 2002 is as follows:

	<u>Outstanding 01/01/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/02</u>
Street Improvement Note - 3.0%	\$300,000	\$309,000	\$300,000	\$309,000
Capital Purpose Note – 3.5%	230,000	230,000	230,000	230,000
Real Estate Acquisition Note – 3.0%	<u>0</u>	<u>2,950,000</u>	<u>0</u>	<u>2,950,000</u>
Total Notes Payable	<u>\$530,000</u>	<u>\$3,489,000</u>	<u>\$530,000</u>	<u>\$3,489,000</u>

The notes were issued in anticipation of issuing bonds. The \$309,000 note matures on October 14, 2003 and is being used for street improvements. The \$230,000 notes matures on April 3, 2003 and is being used for street improvements. The \$2,950,000 note matures on April 3, 2003 and is being used for the purchase of real estate.

**Note 11 - Capital Leases**

In 2002 the City entered into leases for the acquisition of police cruisers and a sewer cleaner. In prior years, 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 and the water pollution control fund in the amounts of \$182,910 and \$176,373, respectively.

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, 2002:

<u>Year Ending December 31, 2002</u>	<u>General Long-Term Obligations Account Group</u>	<u>Enterprise</u>
2003	\$209,533	\$ 19,812
2004	199,430	19,812
2005	199,183	19,812
2006	133,893	19,812
2007	<u>133,894</u>	<u>105,686</u>
Total Minimum Lease Payments	875,933	184,934
Less: Amount Representing Interest	<u>(106,249)</u>	<u>(28,373)</u>
Present Value of minimum lease payments	<u>\$769,684</u>	<u>\$156,561</u>

During 2002, depreciation in the amount of \$12,598 was expensed in the enterprise fund.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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**Note 12 - 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, 2002, the liability for unpaid compensated absences was \$6,981,366 for the entire City.

**Note 13 - Defined Benefit Pension Plans**

*A. Public Employees Retirement System*

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio 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 2002 employer contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$2,057,157, \$2,114,109, and \$1,581,998, respectively. The full amount has been contributed for 2001 and 2000. 72.99 percent has been contributed for 2002, with the remainder being presented as a liability within the enterprise funds and the general long-term obligations account group.

*B. Ohio Police and Fire Pension Fund*

The City 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 are codified in Chapter 742 of the Ohio Revised Code. The 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.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$1,022,082 and \$1,021,414 for the year ended December 31, 2002, \$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. The full amount has been contributed for 2001 and 2000. 74.11 percent and 72.12 percent, respectively, have been contributed for 2002 with the remainder being presented as a liability within the general long-term obligations account group.

#### **Note 14 - Post employment Benefits**

##### *A. Public Employees Retirement System*

The Ohio Public Employees Retirement System of Ohio (OPERS) 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 OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 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 OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 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 402,041. The City's actual contributions for 2002 that were used to fund postemployment benefits were \$759,091. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, 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, 2002*

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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 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001 the percent used to fund healthcare was 7.50 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 2002 that were used to fund postemployment benefits were \$406,175 for police and \$329,815 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

*C. Death Benefits*

In May of 2002 the City contracted with an insurance agency to assume the death benefit liability of the City and to continue coverage of retirees on a premium based system. As a result the City's total liability of \$2,383,500 was reduced to \$0 as of December 31, 2002. The City pays all premiums for this coverage at no cost to employees.

**Note 15 – Contractual Commitments**

As of December 31, 2002, the open construction contracts for the water department and water pollution department were \$3,008,830 and \$1,286,869, respectively.

The City also had open construction contracts with the Ohio Public Works Commission (OPWC), for local roadway rehabilitation in the amount of \$639,792.

The open construction contracts for the Riverfront Urban Renewal project totaled \$367,264 at the end of 2002.

**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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**Note 16 - 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, 2002 was as follows:

	<b>Water Works</b>	<b>Water Pollution Control</b>	<b>Total</b>
Operating Revenues	\$7,958,375	\$7,673,262	\$15,631,637
Depreciation Expense	1,134,129	1,861,973	2,996,102
Operating Income (Loss)	1,144,574	(246,649)	897,925
Net Income (Loss)	282,020	(1,165,377)	(883,357)
Property, Plant and Equipment			
Additions	1,043,801	1,707,674	2,751,475
Deletions	346,634	354,995	701,629
Net Working Capital	162,556	6,438,958	6,601,514
Total Assets	25,827,695	59,529,967	85,357,662
Long-term Liabilities	17,038,611	20,671,832	37,710,443
Total Fund Equity	6,986,930	36,525,007	43,511,937
Encumbrances at December 31, 2002	485,512	984,786	1,470,298

**Note 17 – Jointly Governed Organization**

*Northeast Ohio Areawide Coordinating Agency*

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five county region. NOACA is controlled by a 37 member board that includes the Mayor of the City of Lorain. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the board. During 2002, the City contributed \$14,538 to the agency.

**Note 18 - 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, 2002

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**Note 19 - Interfund Activity**

"Interfund Receivable" and "Interfund Payable" at December 31, 2002 consist of the following individual balances:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$529,545	\$1,660,668
Special Revenue Funds:		
Street	0	4,058
Health	0	50
Community Development	0	302
Police Levy	0	2,122
Police Pension	0	97,149
Fire Pension	0	65,859
Indigent Drivers	507	0
Municipal Court Computer	8,990	0
Legal Research	2,688	0
Municipal Court Security	3,110	0
Total Special Revenue Funds	<u>15,295</u>	<u>169,540</u>
Capital Projects Funds:		
Capital Improvements	1,646,785	167,807
General Sewer	70	0
Improvement	4,091	0
Total Capital Projects Funds	<u>1,650,946</u>	<u>167,807</u>
Enterprise Funds:		
Water Works	2,166	7,372
Water Pollution Control	169,505	4,907
Total Enterprise Funds	<u>171,671</u>	<u>12,279</u>
Internal Service Funds:		
Garage	28,762	76,965
Hospitalization	0	234,956
Total Internal Service Funds	<u>28,762</u>	<u>311,921</u>
Agency Funds:		
State Highway Patrol	1,789	0
Municipal Court	0	75,793
Total Agency Funds	<u>1,789</u>	<u>75,793</u>
Total	<u>\$2,398,008</u>	<u>\$2,398,008</u>

**Note 20 - Litigation**



**City of Lorain, Ohio**  
*Notes to The General Purpose Financial Statements*  
*For The Year Ended December 31, 2002*

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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 21 – Restatement of Prior Year Balance**

Notes were reclassified for the year 2001. This change reduced the fund balance in the capital projects funds at December 31, 2001 by \$230,000 from \$2,655,908 to \$2,425,908. The general long-term obligations account group decreased \$230,000 from \$28,961,490 to \$28,731,490.

**Note 22 – Subsequent Events**

On March 19, 2003 the City rolled over the \$1,320,000 of the \$1,550,000 bond anticipation notes. A principal payment of \$230,000 from the proceeds of special assessments collected by the City was applied to the notes. The new bond anticipation notes have a maturity date of October 14, 2003, with an interest rate of 3.25%.

On March 3, 2003, City Council passed three ordinances for the issuance of bond anticipation notes up to the total amount of \$3,640,000. The purpose of the notes is to finance the City's portion of costs to improve local roadways in conjunction with the Ohio Department of Transportation, to facilitate the rollover of the \$2,950,000 pellet terminal land acquisition notes and to provide for issuance costs of the notes. The new bond anticipation notes of \$3,625,000 were issued on April 2, 2003 at a premium of \$21,206. The maturity date is April 1, 2004 with an interest rate of 2.75%.

# **Combining, Individual Fund And Account Group Financial Statements and Schedules**

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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:

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**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**

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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.

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**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Municipal Income Tax	\$14,045,774	\$14,088,196	\$42,422
Property and Other Taxes	2,171,313	2,216,819	45,506
Charges for Services	644,742	587,615	(57,127)
Fines, Licenses and Permits	1,729,459	1,598,688	(130,771)
Intergovernmental	4,338,970	4,825,411	486,441
Interest	28,000	3,642	(24,358)
Other	230,503	175,197	(55,306)
<i>Total Revenues</i>	<u>23,188,761</u>	<u>23,495,568</u>	<u>306,807</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>General Government</b>			
<b>Civil Service</b>			
Personal Services	73,263	73,214	49
Materials and Supplies	215	95	120
Contractual Services	2,500	719	1,781
Other	1,700	958	742
<i>Total Civil Service</i>	<u>77,678</u>	<u>74,986</u>	<u>2,692</u>
<b>Council</b>			
Personal Services	264,794	264,835	(41)
Materials and Supplies	1,591	1,566	25
Contractual Services	9,667	7,384	2,283
Other	4,674	4,314	360
<i>Total Council</i>	<u>280,726</u>	<u>278,099</u>	<u>2,627</u>
<b>Mayor</b>			
Personal Services	142,209	142,059	150
Materials and Supplies	1,641	1,595	46
Contractual Services	6,933	6,929	4
Other	439	385	54
<i>Total Mayor</i>	<u>151,222</u>	<u>150,968</u>	<u>254</u>
<b>Auditor</b>			
Personal Services	453,630	453,216	414
Materials and Supplies	25,800	25,458	342
Contractual Services	52,209	52,021	188
Other	500	463	37
<i>Total Auditor</i>	<u>\$532,139</u>	<u>\$531,158</u>	<u>\$981</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Treasurer</b>			
Personal Services	\$381,502	\$380,462	\$1,040
Materials and Supplies	23,750	28,614	(4,864)
Contractual Services	9,719	9,334	385
Other	<u>200</u>	<u>30</u>	<u>170</u>
<i>Total Treasurer</i>	<u>415,171</u>	<u>418,440</u>	<u>(3,269)</u>
<b>Law Director</b>			
Personal Services	581,121	580,644	477
Materials and Supplies	16,415	16,369	46
Contractual Services	1,506	1,506	0
Capital Outlay	10,095	9,361	734
Other	<u>3,075</u>	<u>2,906</u>	<u>169</u>
<i>Total Law Director</i>	<u>612,212</u>	<u>610,786</u>	<u>1,426</u>
<b>Judges</b>			
Personal Services	577,108	677,782	(100,674)
Materials and Supplies	4,777	4,014	763
Contractual Services	16,500	14,031	2,469
Other	<u>4,440</u>	<u>3,993</u>	<u>447</u>
<i>Total Judges</i>	<u>602,825</u>	<u>699,820</u>	<u>(96,995)</u>
<b>Clerk of Courts</b>			
Personal Services	635,009	634,817	192
Materials and Supplies	49,439	46,389	3,050
Contractual Services	12,392	10,272	2,120
Capital Outlay	300	0	300
Other	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<i>Total Clerk of Courts</i>	<u>\$699,640</u>	<u>\$693,978</u>	<u>\$5,662</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Electrical</b>			
Personal Services	\$368,579	\$366,611	\$1,968
Materials and Supplies	41,032	36,771	4,261
Contractual Services	47,205	47,000	205
Other	2,250	1,444	806
<i>Total Electrical</i>	<u>459,066</u>	<u>451,826</u>	<u>7,240</u>
<b>Safety/Service Director</b>			
Personal Services	443,982	451,747	(7,765)
Materials and Supplies	81,986	76,886	5,100
Contractual Services	1,063,958	1,064,585	(627)
Capital Outlay	1,440	720	720
Other	206,435	198,471	7,964
<i>Total Safety/Service Director</i>	<u>1,797,801</u>	<u>1,792,409</u>	<u>5,392</u>
<b>Engineering</b>			
Personal Services	647,079	668,507	(21,428)
Materials and Supplies	12,149	10,506	1,643
Contractual Services	5,103	4,058	1,045
Capital Outlay	21,891	21,891	0
Other	1,750	1,128	622
<i>Total Engineering</i>	<u>687,972</u>	<u>706,090</u>	<u>(18,118)</u>
<b>Data Processing</b>			
Personal Services	125,402	127,920	(2,518)
Materials and Supplies	34,878	33,814	1,064
Contractual Services	105,650	104,755	895
Capital Outlay	9,850	9,107	743
Other	500	472	28
<i>Total Data Processing</i>	<u>276,280</u>	<u>276,068</u>	<u>212</u>
<i>Total General Government</i>	<u>\$6,592,732</u>	<u>\$6,684,628</u>	<u>(\$91,896)</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Security of Persons and Property</b>			
<b>Police Department</b>			
Personal Services	\$6,316,612	\$6,835,376	(\$518,764)
Materials and Supplies	339,617	329,144	10,473
Contractual Services	269,043	265,872	3,171
Capital Outlay	29,000	28,767	233
<i>Total Police Department</i>	<u>6,954,272</u>	<u>7,459,159</u>	<u>(504,887)</u>
<b>Fire Department</b>			
Personal Services	5,722,540	6,254,847	(532,307)
Materials and Supplies	105,869	90,630	15,239
Contractual Service	91,787	92,144	(357)
Capital Outlay	1,990	1,990	0
Other	11,447	9,980	1,467
<i>Total Fire Department</i>	<u>5,933,633</u>	<u>6,449,591</u>	<u>(515,958)</u>
<i>Total Security of Persons and Property</i>	<u>12,887,905</u>	<u>13,908,750</u>	<u>(1,020,845)</u>
<b>Public Health and Welfare</b>			
<b>Cemetery</b>			
Personal Services	124,853	153,361	(28,508)
Materials and Supplies	34,309	32,264	2,045
Contractual Services	2,050	1,917	133
<i>Total Cemetery</i>	<u>161,212</u>	<u>187,542</u>	<u>(26,330)</u>
<b>Dog Warden</b>			
Personal Services	53,063	52,886	177
Materials and Supplies	5,011	5,010	1
Other	100	13	87
<i>Total Dog Warden</i>	<u>58,174</u>	<u>57,909</u>	<u>265</u>
<i>Total Public Health and Welfare</i>	<u>\$219,386</u>	<u>\$245,451</u>	<u>(\$26,065)</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Community Environment</b>			
<b>    Building Inspection</b>			
Personal Services	\$418,876	\$418,690	\$186
Materials and Supplies	9,873	9,263	610
Contractual Services	45,484	41,980	3,504
Other	<u>4,200</u>	<u>2,274</u>	<u>1,926</u>
<i>Total Community Environment</i>	<u>478,433</u>	<u>472,207</u>	<u>6,226</u>
<b>Leisure Time Activities</b>			
<b>    Parks and Recreation</b>			
Personal Services	519,799	667,964	(148,165)
Materials and Supplies	123,408	119,250	4,158
Contractual Services	148,447	142,010	6,437
Capital Outlay	4,000	3,993	7
Other	<u>7,000</u>	<u>3,420</u>	<u>3,580</u>
<i>Total Leisure Time Activities</i>	<u>802,654</u>	<u>936,637</u>	<u>(133,983)</u>
<b>Debt Service</b>			
Principal Retirement	20,712	22,193	(1,481)
Interest and Fiscal Charges	<u>2,602</u>	<u>2,602</u>	<u>0</u>
<i>Total Debt Service</i>	<u>23,314</u>	<u>24,795</u>	<u>(1,481)</u>
<i>Total Expenditures</i>	<u>21,004,424</u>	<u>22,272,468</u>	<u>(1,268,044)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,184,337</u>	<u>1,223,100</u>	<u>(961,237)</u>
<b>Other Financing Sources (Uses)</b>			
Advances In	60,349	60,349	0
Advances Out	(76,965)	(76,965)	0
Operating Transfers Out	<u>(444,592)</u>	<u>(1,409,615)</u>	<u>(965,023)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(461,208)</u>	<u>(1,426,231)</u>	<u>(965,023)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	1,723,129	(203,131)	(1,926,260)
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,527,320)	(1,527,320)	0
Prior Year Encumbrances Appropriated	<u>36,457</u>	<u>36,457</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$232,266</u>	<u>(\$1,693,994)</u>	<u>(\$1,926,260)</u>



## **Special Revenue Funds**

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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.

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### **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)**

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### **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.

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**City of Lorain, Ohio**  
**Combining Balance Sheet**  
**All Special Revenue Funds**  
**December 31, 2002**

	<u>Streets</u>	<u>Permissive License</u>	<u>Health Services</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$31,940	\$257,890	\$28,885
Receivables:			
Taxes	0	0	0
Accrued Interest	0	0	0
Interfund	0	0	0
Intergovernmental	593,000	19,523	19,750
Materials and Supplies			
Inventory	128,658	0	6,240
Loans Receivable	0	0	0
Prepaid Items	<u>1,120</u>	<u>0</u>	<u>5,499</u>
<i>Total Assets</i>	<u><u>\$754,718</u></u>	<u><u>\$277,413</u></u>	<u><u>\$60,374</u></u>
<b>Liabilities</b>			
Accounts Payable	\$22,404	\$0	\$2,372
Accrued Wages	13,642	0	6,361
Compensated Absences Payable	17,365	0	5,175
Interfund Payable	4,058	0	50
Intergovernmental Payable	19,439	0	17,301
Deferred Revenue	<u>378,361</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>455,269</u></u>	<u><u>0</u></u>	<u><u>31,259</u></u>
<b>Fund Equity</b>			
Fund Balance:			
Reserved for Encumbrances	7,951	19,146	1,979
Reserved for Inventory	128,658	0	6,240
Reserved for Loans	0	0	0
Unreserved, Undesignated (Deficit)	<u>162,840</u>	<u>258,267</u>	<u>20,896</u>
<i>Total Fund Equity (Deficit)</i>	<u><u>299,449</u></u>	<u><u>277,413</u></u>	<u><u>29,115</u></u>
 <i>Total Liabilities and Fund Equity</i>	 <u><u>\$754,718</u></u>	 <u><u>\$277,413</u></u>	 <u><u>\$60,374</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>
\$3,247,512	\$4,600	\$462,555	\$9,576	\$0	\$0
0	0	377,125	0	343,878	343,878
157	0	0	0	0	0
0	0	0	0	0	0
2,401,396	0	0	0	17,754	17,754
1,347	0	53,834	0	0	0
11,991,252	0	0	0	0	0
<u>7,358</u>	<u>0</u>	<u>1,852</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$17,649,022</u>	<u>\$4,600</u>	<u>\$895,366</u>	<u>\$9,576</u>	<u>\$361,632</u>	<u>\$361,632</u>
\$20,069	\$0	\$10,061	\$0	\$241,533	\$236,570
7,710	0	22,313	0	0	0
13,215	0	27,249	0	0	0
302	0	2,122	0	97,149	65,859
21,410	0	33,190	0	0	0
<u>2,104,527</u>	<u>0</u>	<u>51,008</u>	<u>0</u>	<u>361,632</u>	<u>361,632</u>
<u>2,167,233</u>	<u>0</u>	<u>145,943</u>	<u>0</u>	<u>700,314</u>	<u>664,061</u>
1,483,620	4,060	170,403	0	0	0
1,347	0	53,834	0	0	0
11,991,252	0	0	0	0	0
<u>2,005,570</u>	<u>540</u>	<u>525,186</u>	<u>9,576</u>	<u>(338,682)</u>	<u>(302,429)</u>
<u>15,481,789</u>	<u>4,600</u>	<u>749,423</u>	<u>9,576</u>	<u>(338,682)</u>	<u>(302,429)</u>
<u>\$17,649,022</u>	<u>\$4,600</u>	<u>\$895,366</u>	<u>\$9,576</u>	<u>\$361,632</u>	<u>\$361,632</u>

(continued)

**City of Lorain, Ohio**  
**Combining Balance Sheet**  
*All Special Revenue Funds (continued)*  
December 31, 2002

	<b>Indigent Drivers</b>	<b>Park Land</b>	<b>Cemetery</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$128,453	\$71,254	\$73,276
Receivables:			
Taxes	0	0	0
Accrued Interest	0	0	0
Interfund	507	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>\$128,960</u>	<u>\$71,254</u>	<u>\$73,276</u>
 <b>Liabilities</b>			
Accounts 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>
 <b>Fund Equity</b>			
Fund Balance:			
Reserved for Encumbrances	0	0	0
Reserved for Inventory	0	0	0
Reserved for Loans	0	0	0
Unreserved, Undesignated (Deficit)	128,960	71,254	73,276
	<u>128,960</u>	<u>71,254</u>	<u>73,276</u>
<i>Total Fund Equity (Deficit)</i>	<u>128,960</u>	<u>71,254</u>	<u>73,276</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$128,960</u>	<u>\$71,254</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>
\$589,934	\$334,639	\$114,842	\$75,864	\$5,431,220
0	0	0	0	1,064,881
0	0	0	0	157
0	8,990	2,688	3,110	15,295
0	0	0	0	3,069,177
0	0	0	0	190,079
0	0	0	0	11,991,252
0	0	0	0	15,829
<u>\$589,934</u>	<u>\$343,629</u>	<u>\$117,530</u>	<u>\$78,974</u>	<u>\$21,777,890</u>
\$0	\$0	\$0	\$0	\$533,009
0	306	231	0	50,563
0	38	0	0	63,042
0	0	0	0	169,540
0	776	580	0	92,696
0	0	0	0	3,257,160
0	1,120	811	0	4,166,010
0	0	0	0	1,687,159
0	0	0	0	190,079
0	0	0	0	11,991,252
589,934	342,509	116,719	78,974	3,743,390
589,934	342,509	116,719	78,974	17,611,880
<u>\$589,934</u>	<u>\$343,629</u>	<u>\$117,530</u>	<u>\$78,974</u>	<u>\$21,777,890</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, 2002**

	<u>Streets</u>	<u>Permissive License</u>	<u>Health Services</u>
<b>Revenues</b>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	0	0	0
Charges for Services	0	0	532,159
Fines, Licenses and Permits	0	0	203,336
Intergovernmental	1,569,703	255,530	300,320
Interest	0	0	0
Other	226	0	0
<i>Total Revenues</i>	<u>1,569,929</u>	<u>255,530</u>	<u>1,035,815</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	1,343,490
Transportation	1,815,404	86,689	0
Community Environment	0	0	0
Economic Development	0	0	0
Debt Service:			
Principal Retirement	96,009	0	0
Interest and Fiscal Charges	37,884	0	0
<i>Total Expenditures</i>	<u>1,949,297</u>	<u>86,689</u>	<u>1,343,490</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(379,368)</u>	<u>168,841</u>	<u>(307,675)</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	0	0	0
Proceeds of Loans	0	0	0
Operating Transfers In	389,058	0	323,186
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>389,058</u>	<u>0</u>	<u>323,186</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	9,690	168,841	15,511
<i>Fund Balances (Deficit) Beginning of Year</i>	306,833	108,572	13,800
Increase (Decrease) in Reserve for Inventory	<u>(17,074)</u>	<u>0</u>	<u>(196)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$299,449</u></u>	<u><u>\$277,413</u></u>	<u><u>\$29,115</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	\$2,337,068	\$0	\$0	\$0
0	0	0	0	220,756	220,756
0	0	0	0	0	0
0	0	0	14,364	0	0
2,183,126	150,000	80,040	0	33,873	33,873
39,024	0	3,669	0	0	0
577,018	0	11,754	0	0	0
<u>2,799,168</u>	<u>150,000</u>	<u>2,432,531</u>	<u>14,364</u>	<u>254,629</u>	<u>254,629</u>
0	0	0	0	0	0
0	0	3,058,426	14,364	163,189	191,108
0	0	0	0	0	0
0	0	0	0	0	0
0	145,777	0	0	0	0
6,887,067	0	0	0	0	0
0	0	0	0	17,500	32,500
0	0	0	0	35,056	65,105
<u>6,887,067</u>	<u>145,777</u>	<u>3,058,426</u>	<u>14,364</u>	<u>215,745</u>	<u>288,713</u>
<u>(4,087,899)</u>	<u>4,223</u>	<u>(625,895)</u>	<u>0</u>	<u>38,884</u>	<u>(34,084)</u>
0	0	182,910	0	0	0
2,000,000	0	0	0	0	0
100,000	0	4,810	0	0	0
0	0	0	0	0	0
<u>2,100,000</u>	<u>0</u>	<u>187,720</u>	<u>0</u>	<u>0</u>	<u>0</u>
(1,987,899)	4,223	(438,175)	0	38,884	(34,084)
17,469,095	377	1,210,278	9,576	(377,566)	(268,345)
593	0	(22,680)	0	0	0
<u>\$15,481,789</u>	<u>\$4,600</u>	<u>\$749,423</u>	<u>\$9,576</u>	<u>(\$338,682)</u>	<u>(\$302,429)</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, 2002**

	<u>Indigent Drivers</u>	<u>Park Land</u>	<u>Cemetery</u>
<b>Revenues</b>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	0	0	0
Charges for Services	0	0	0
Fines, Licenses and Permits	15,080	0	0
Intergovernmental	0	0	0
Interest	0	0	0
Other	0	7,100	0
<i>Total Revenues</i>	<u>15,080</u>	<u>7,100</u>	<u>0</u>
<b>Expenditures</b>			
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>15,080</u>	<u>7,100</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	0	0	0
Proceeds of Loans	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>	15,080	7,100	0
<i>Fund Balances (Deficit) Beginning of Year</i>	113,880	64,154	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>\$128,960</u></u>	<u><u>\$71,254</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	\$2,337,068
0	0	0	0	441,512
0	0	0	0	532,159
684,325	128,237	38,576	44,586	1,128,504
0	0	0	0	4,606,465
14,372	1,265	0	0	58,330
0	0	0	0	596,098
<u>698,697</u>	<u>129,502</u>	<u>38,576</u>	<u>44,586</u>	<u>9,700,136</u>
0	65,362	69,476	0	134,838
402,400	0	0	0	3,829,487
0	0	0	0	1,343,490
0	0	0	0	1,902,093
0	0	0	0	145,777
0	0	0	0	6,887,067
0	0	0	0	146,009
0	0	0	0	138,045
<u>402,400</u>	<u>65,362</u>	<u>69,476</u>	<u>0</u>	<u>14,526,806</u>
<u>296,297</u>	<u>64,140</u>	<u>(30,900)</u>	<u>44,586</u>	<u>(4,826,670)</u>
0	0	0	0	182,910
0	0	0	0	2,000,000
0	0	0	0	817,054
<u>(1,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,000,000)</u>
<u>(1,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,999,964</u>
(703,703)	64,140	(30,900)	44,586	(2,826,706)
1,293,637	278,369	147,619	34,388	20,477,943
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(39,357)</u>
<u>\$589,934</u>	<u>\$342,509</u>	<u>\$116,719</u>	<u>\$78,974</u>	<u>\$17,611,880</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, 2002*

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Intergovernmental	\$1,597,500	\$1,595,583	(\$1,917)
Other	1,000	226	(774)
<i>Total Revenues</i>	<u>1,598,500</u>	<u>1,595,809</u>	<u>(2,691)</u>
<b>Expenditures</b>			
Current:			
Transportation			
Street Construction			
Personal Services	1,155,762	1,181,942	(26,180)
Materials and Supplies	649,122	641,173	7,949
Contractual Services	27,657	28,620	(963)
Capital Outlay	4,500	0	4,500
Other	1,900	788	1,112
Total Transportation	<u>1,838,941</u>	<u>1,852,523</u>	<u>(13,582)</u>
Debt Service:			
Principal Retirement (Lease)	96,010	96,009	1
Interest and Fiscal Charges	37,884	37,884	0
Total Debt Service	<u>133,894</u>	<u>133,893</u>	<u>1</u>
<i>Total Expenditures</i>	<u>1,972,835</u>	<u>1,986,416</u>	<u>(13,581)</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(374,335)	(390,607)	(16,272)
<b>Other Financing Sources</b>			
Operating Transfers In	373,178	389,058	15,880
<i>Excess of Revenues and Other</i>			
<i>Financing Sources Under Expenditures</i>	(1,157)	(1,549)	(392)
<i>Fund Balance Beginning of Year</i>	392	392	0
Prior Year Encumbrances Appropriated	1,157	1,157	0
<i>Fund Balance End of Year</i>	<u>\$392</u>	<u>\$0</u>	<u>(\$392)</u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Intergovernmental	\$275,000	\$274,447	(\$553)
<b>Expenditures</b>			
Current:			
Transportation			
Materials and Supplies	<u>334,514</u>	<u>108,094</u>	<u>226,420</u>
<i>Excess of Revenues</i>			
<i>Over (Under) Expenditures</i>	(59,514)	166,353	225,867
<i>Fund Balance Beginning of Year</i>	7,877	7,877	0
Prior Year Encumbrances Appropriated	<u>64,514</u>	<u>64,514</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,877</u></u>	<u><u>\$238,744</u></u>	<u><u>\$225,867</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$464,788	\$529,126	\$64,338
Fines, Licenses and Permits	201,853	203,336	1,483
Intergovernmental	305,775	288,546	(17,229)
<i>Total Revenues</i>	<u>972,416</u>	<u>1,021,008</u>	<u>48,592</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare			
Personal Services	1,141,430	1,140,811	619
Materials and Supplies	25,995	22,503	3,492
Contractual Services	160,994	144,905	16,089
Other	39,928	38,786	1,142
<i>Total Expenditures</i>	<u>1,368,347</u>	<u>1,347,005</u>	<u>21,342</u>
<i>Excess of Revenues Under Expenditures</i>	(395,931)	(325,997)	69,934
<b>Other Financing Sources</b>			
Operating Transfers In	393,123	323,186	(69,937)
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(2,808)	(2,811)	(3)
<i>Fund Balance Beginning of Year</i>	3	3	0
Prior Year Encumbrances Appropriated	2,808	2,808	0
<i>Fund Balance End of Year</i>	<u>\$3</u>	<u>\$0</u>	<u>(\$3)</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, 2002**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Intergovernmental	\$8,736,761	\$3,919,640	(\$4,817,121)
Interest	56,700	48,667	(8,033)
Other	<u>509,805</u>	<u>577,018</u>	<u>67,213</u>
<i>Total Revenues</i>	<u>9,303,266</u>	<u>4,545,325</u>	<u>(4,757,941)</u>
<b>Expenditures</b>			
Current:			
Economic Development and Assistance			
Personal Services	1,622,150	1,357,027	265,123
Materials and Supplies	8,618	6,557	2,061
Contractual Services	2,638,956	802,888	1,836,068
Capital Outlay	1,883,626	1,380,073	503,553
Other	<u>6,739,773</u>	<u>5,076,828</u>	<u>1,662,945</u>
Total Economic Development	<u>12,893,123</u>	<u>8,623,373</u>	<u>4,269,750</u>
Debt Service:			
Principal Retirement	351,265	350,630	635
Interest and Fiscal Charges	<u>552,867</u>	<u>272,841</u>	<u>280,026</u>
Total Debt Service	<u>904,132</u>	<u>623,471</u>	<u>280,661</u>
<i>Total Expenditures</i>	<u>13,797,255</u>	<u>9,246,844</u>	<u>4,550,411</u>
<i>Excess of Revenues Under Expenditures</i>	(4,493,989)	(4,701,519)	(207,530)
<b>Other Financing Sources</b>			
Proceeds of Loans	2,000,000	2,000,000	0
Operating Transfers In	<u>0</u>	<u>100,000</u>	<u>100,000</u>
<i>Total Other Financing Sources</i>	<u>2,000,000</u>	<u>2,100,000</u>	<u>100,000</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(2,493,989)	(2,601,519)	(107,530)
<i>Fund Balance Beginning of Year</i>	3,417,938	3,417,938	0
Prior Year Encumbrances Appropriated	<u>928,223</u>	<u>928,223</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,852,172</u></u>	<u><u>\$1,744,642</u></u>	<u><u>(\$107,530)</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Intergovernmental	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$0</u>
<b>Expenditures</b>			
Current:			
Community Environment			
Materials and Supplies	20,000	19,669	331
Capital Outlay	<u>130,377</u>	<u>130,168</u>	<u>209</u>
<i>Total Expenditures</i>	<u>150,377</u>	<u>149,837</u>	<u>540</u>
<i>Excess of Revenues</i>			
<i>Over (Under) Expenditures</i>	(377)	163	540
<i>Fund Balance Beginning of Year</i>	<u>377</u>	<u>377</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$540</u></u>	<u><u>\$540</u></u>



**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, 2002**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Municipal Income Tax	\$2,323,957	\$2,322,851	(\$1,106)
Intergovernmental	415,875	417,250	1,375
Interest	20,000	3,915	(16,085)
Other	<u>22,000</u>	<u>11,754</u>	<u>(10,246)</u>
<i>Total Revenues</i>	<u>2,781,832</u>	<u>2,755,770</u>	<u>(26,062)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Personal Services	2,252,039	2,264,980	(12,941)
Materials and Supplies	95,052	92,207	2,845
Contractual Services	50,562	50,131	431
Capital Outlay	754,789	704,724	50,065
Other	<u>21,610</u>	<u>18,370</u>	<u>3,240</u>
Total Security of Persons and Property	<u>3,174,052</u>	<u>3,130,412</u>	<u>43,640</u>
Debt Service:			
Principal Retirement	100,000	100,000	0
Interest and Fiscal Charges	<u>92,542</u>	<u>87,210</u>	<u>5,332</u>
Total Debt Service	<u>192,542</u>	<u>187,210</u>	<u>5,332</u>
<i>Total Expenditures</i>	<u>3,366,594</u>	<u>3,317,622</u>	<u>48,972</u>
<i>Excess of Revenues Under Expenditures</i>	(584,762)	(561,852)	22,910
<b>Other Financing Sources</b>			
Operating Transfers In	<u>0</u>	<u>4,810</u>	<u>4,810</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(584,762)	(557,042)	27,720
<i>Fund Balance Beginning of Year</i>	777,718	777,718	0
Prior Year Encumbrances Appropriated	<u>10,008</u>	<u>10,008</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$202,964</u>	<u>\$230,684</u>	<u>\$27,720</u>

**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, 2002*

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Fines, Licenses and Permits	\$25,000	\$14,364	(\$10,636)
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Other	25,000	14,364	10,636
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	9,576	9,576	0
<i>Fund Balance End of Year</i>	\$9,576	\$9,576	\$0

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property and Other Taxes	\$217,911	\$220,756	\$2,845
Intergovernmental	33,833	33,873	40
Other	100	0	(100)
<i>Total Revenues</i>	<u>251,844</u>	<u>254,629</u>	<u>2,785</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Personal Services	236,060	236,060	0
Other	4,000	3,295	705
<i>Total Security of Persons and Property</i>	<u>240,060</u>	<u>239,355</u>	<u>705</u>
Debt Service:			
Principal Retirement	17,500	17,500	0
Interest and Fiscal Charges	35,056	35,056	0
<i>Total Debt Service</i>	<u>52,556</u>	<u>52,556</u>	<u>0</u>
<i>Total Expenditures</i>	<u>292,616</u>	<u>291,911</u>	<u>705</u>
<i>Excess of Revenues Under Expenditures</i>	(40,772)	(37,282)	3,490
<i>Fund Balance Beginning of Year</i>	<u>48,859</u>	<u>48,859</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,087</u></u>	<u><u>\$11,577</u></u>	<u><u>\$3,490</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property and Other Taxes	\$156,592	\$220,756	\$64,164
Intergovernmental	33,833	33,873	40
<i>Total Revenues</i>	<u>190,425</u>	<u>254,629</u>	<u>64,204</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Personal Services	112,533	112,533	0
Other	4,000	3,294	706
Total Security of Persons and Property	<u>116,533</u>	<u>115,827</u>	<u>706</u>
Debt Service:			
Principal Retirement	32,500	32,500	0
Interest and Fiscal Charges	65,105	65,105	0
Total Debt Service	<u>97,605</u>	<u>97,605</u>	<u>0</u>
<i>Total Expenditures</i>	<u>214,138</u>	<u>213,432</u>	<u>706</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(23,713)	41,197	64,910
<i>Fund Balance Beginning of Year</i>	<u>38,056</u>	<u>38,056</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,343</u></u>	<u><u>\$79,253</u></u>	<u><u>\$64,910</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Fines, Licenses and Permits	\$9,000	\$14,829	\$5,829
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Contractual Services	<u>10,000</u>	<u>0</u>	<u>10,000</u>
<i>Excess of Revenues</i>			
<i>Over (Under) Expenditures</i>	(1,000)	14,829	15,829
<i>Fund Balance Beginning of Year</i>	<u>113,624</u>	<u>113,624</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$112,624</u></u>	<u><u>\$128,453</u></u>	<u><u>\$15,829</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Other	\$10,000	\$7,100	(\$2,900)
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	10,000	7,100	(2,900)
<i>Fund Balance Beginning of Year</i>	<u>64,154</u>	<u>64,154</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$74,154</u></u>	<u><u>\$71,254</u></u>	<u><u>(\$2,900)</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Total Revenues</b>	\$0	\$0	\$0
<b>Total Expenditures</b>	<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>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Fines, Licenses and Permits	\$404,000	\$684,325	\$280,325
Interest	46,000	14,360	(31,640)
<i>Total Revenues</i>	<u>450,000</u>	<u>698,685</u>	<u>248,685</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Other	450,000	402,400	47,600
<i>Excess of Revenues Over Expenditures</i>	0	296,285	296,285
<b>Other Financing Uses</b>			
Operating Transfers Out	(1,100,000)	(1,000,000)	100,000
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(1,100,000)	(703,715)	396,285
<i>Fund Balance Beginning of Year</i>	<u>1,293,637</u>	<u>1,293,637</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$193,637</u></u>	<u><u>\$589,922</u></u>	<u><u>\$396,285</u></u>



**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, 2002

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Fines, Licenses and Permits	\$125,000	\$128,193	\$3,193
Interest	<u>9,180</u>	<u>1,265</u>	<u>(7,915)</u>
<i>Total Revenues</i>	<u>134,180</u>	<u>129,458</u>	<u>(4,722)</u>
<b>Expenditures</b>			
Current:			
General Government			
Personal Services	53,311	53,169	142
Materials and Supplies	9,276	3,878	5,398
Capital Outlay	63,229	7,348	55,881
Other	<u>6,000</u>	<u>1,628</u>	<u>4,372</u>
<i>Total Expenditures</i>	<u>131,816</u>	<u>66,023</u>	<u>65,793</u>
<i>Excess of Revenues Over Expenditures</i>	2,364	63,435	61,071
<i>Fund Balance Beginning of Year</i>	270,070	270,070	0
Prior Year Encumbrances Appropriated	<u>755</u>	<u>755</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$273,189</u></u>	<u><u>\$334,260</u></u>	<u><u>\$61,071</u></u>

**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, 2002*

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Fines, Licenses and Permits	\$39,780	\$38,585	(\$1,195)
<b>Expenditures</b>			
Current:			
General Government			
Personal Services	41,875	41,638	237
Capital Outlay	35,000	27,222	7,778
<i>Total Expenditures</i>	<i>76,875</i>	<i>68,860</i>	<i>8,015</i>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(37,095)	(30,275)	6,820
<i>Fund Balance Beginning of Year</i>	<i>144,833</i>	<i>144,833</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$107,738</i>	<i>\$114,558</i>	<i>\$6,820</i>

## **Debt Service Funds**

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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.

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### **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, 2002**

	<b>General Obligation Bond Retirement</b>	<b>Special Assessment Bond Retirement</b>	<b>Totals</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$123,619	\$163,504	\$287,123
Receivables:			
Taxes	1,146,257	0	1,146,257
Special Assessments	0	581,785	581,785
Intergovernmental	59,564	0	59,564
Loans Receivable	247,755	0	247,755
<i>Total Assets</i>	<u>\$1,577,195</u>	<u>\$745,289</u>	<u>\$2,322,484</u>
 <b>Liabilities</b>			
Accounts Payable	\$3,850	\$0	\$3,850
Deferred Revenue	1,453,576	581,785	2,035,361
<i>Total Liabilities</i>	<u>1,457,426</u>	<u>581,785</u>	<u>2,039,211</u>
 <b>Fund Equity</b>			
Fund Balances			
Reserved for Loans	247,755	0	247,755
Unreserved, Undesignated (Deficit)	(127,986)	163,504	35,518
<i>Total Fund Equity</i>	<u>119,769</u>	<u>163,504</u>	<u>283,273</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$1,577,195</u>	<u>\$745,289</u>	<u>\$2,322,484</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, 2002**

	<b>General Obligation Bond Retirement</b>	<b>Special Assessment Bond Retirement</b>	<b>Totals</b>
<b>Revenues</b>			
Property and Other Taxes	\$735,986	\$0	\$735,986
Intergovernmental	923,459	0	923,459
Special Assessments	0	324,659	324,659
Interest	88,843	0	88,843
Other	184,361	0	184,361
<i>Total Revenues</i>	<u>1,932,649</u>	<u>324,659</u>	<u>2,257,308</u>
<b>Expenditures</b>			
Current:			
General Government:			
Other	480	8,618	9,098
Debt Service:			
Principal Retirement	2,151,819	717,407	2,869,226
Interest and Fiscal Charges	1,218,452	88,735	1,307,187
<i>Total Expenditures</i>	<u>3,370,751</u>	<u>814,760</u>	<u>4,185,511</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	<u>(1,438,102)</u>	<u>(490,101)</u>	<u>(1,928,203)</u>
<b>Other Financing Sources</b>			
Proceeds of Notes	700,000	620,000	1,320,000
Operating Transfers In	659,137	0	659,137
<i>Total Other Financing Sources</i>	<u>1,359,137</u>	<u>620,000</u>	<u>1,979,137</u>
<i>Excess of Revenues and</i>			
<i>Other Financing Sources Over</i>			
<i>(Under) Expenditures</i>	(78,965)	129,899	50,934
<i>Fund Balances Beginning of Year</i>	<u>198,734</u>	<u>33,605</u>	<u>232,339</u>
<i>Fund Balances End of Year</i>	<u><u>\$119,769</u></u>	<u><u>\$163,504</u></u>	<u><u>\$283,273</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property and Other Taxes	\$736,921	\$735,986	(\$935)
Intergovernmental	112,778	112,778	0
Interest	0	79,930	79,930
Other	<u>177,341</u>	<u>184,361</u>	<u>7,020</u>
<i>Total Revenues</i>	<u>1,027,040</u>	<u>1,113,055</u>	<u>86,015</u>
<b>Expenditures</b>			
Current:			
General Government			
Other	<u>31,410</u>	<u>21,419</u>	<u>9,991</u>
Debt Service:			
G.O. Bond Principal	916,000	910,601	5,399
OPWC Principal	90,589	90,588	1
Note Principal	<u>850,000</u>	<u>850,000</u>	<u>0</u>
Total Principal	<u>1,856,589</u>	<u>1,851,189</u>	<u>5,400</u>
G.O. Bond Interest	896,975	824,276	72,699
Note Interest	<u>40,000</u>	<u>38,625</u>	<u>1,375</u>
Total Interest	<u>936,975</u>	<u>862,901</u>	<u>74,074</u>
Total Debt Service	<u>2,793,564</u>	<u>2,714,090</u>	<u>79,474</u>
<i>Total Expenditures</i>	<u>2,824,974</u>	<u>2,735,509</u>	<u>89,465</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	<u>(1,797,934)</u>	<u>(1,622,454)</u>	<u>175,480</u>
<b>Other Financing Sources</b>			
Proceeds of Notes	850,000	854,500	4,500
Operating Transfers In	<u>732,708</u>	<u>659,137</u>	<u>(73,571)</u>
<i>Total Other Financing Sources</i>	<u>1,582,708</u>	<u>1,513,637</u>	<u>(69,071)</u>
<i>Excess of Revenues and Other</i>			
<i>Financing Sources Under Expenditures</i>	(215,226)	(108,817)	106,409
<i>Fund Balance Beginning of Year</i>	<u>223,523</u>	<u>223,523</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,297</u></u>	<u><u>\$114,706</u></u>	<u><u>\$106,409</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Special Assessments	<u>\$175,000</u>	<u>\$324,659</u>	<u>\$149,659</u>
<b>Expenditures</b>			
Current:			
General Government			
Other	<u>11,000</u>	<u>8,618</u>	<u>2,382</u>
Debt Service:			
S.A. Bond Principal	97,407	97,407	0
Note Principal	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Total Principal	<u>1,097,407</u>	<u>1,097,407</u>	<u>0</u>
S.A. Bond Interest	47,298	47,298	0
Note Interest	<u>45,938</u>	<u>45,937</u>	<u>1</u>
Total Interest	<u>93,236</u>	<u>93,235</u>	<u>1</u>
Total Debt Service	<u>1,190,643</u>	<u>1,190,642</u>	<u>1</u>
<i>Total Expenditures</i>	<u>1,201,643</u>	<u>1,199,260</u>	<u>2,383</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	<u>(1,026,643)</u>	<u>(874,601)</u>	<u>152,042</u>
<b>Other Financing Sources</b>			
Proceeds of Notes	<u>1,000,000</u>	<u>1,004,500</u>	<u>4,500</u>
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Over (Under) Expenditures</i>	(26,643)	129,899	156,542
<i>Fund Balance Beginning of Year</i>	<u>33,605</u>	<u>33,605</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,962</u>	<u>\$163,504</u>	<u>\$156,542</u>

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**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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Fines, Licenses and Permits	\$39,780	\$44,523	\$4,743
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	39,780	44,523	4,743
<i>Fund Balance Beginning of Year</i>	<u>31,341</u>	<u>31,341</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$71,121</u></u>	<u><u>\$75,864</u></u>	<u><u>\$4,743</u></u>

## **Capital Projects Funds**

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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).

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### **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, 2002**

	<b>Capital Improvements</b>	<b>General Sewer</b>	<b>Riverfront Urban Renewal</b>	<b>Municipal Court Improvements</b>	<b>Totals</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$5,709,345	\$5,246	\$1,554,582	\$172,100	\$7,441,273
Interfund Receivable	1,646,785	70	0	4,091	1,650,946
Intergovernmental Receivable	108,921	0	0	0	108,921
Prepaid Items	7,762	0	0	0	7,762
<i>Total Assets</i>	<u>\$7,472,813</u>	<u>\$5,316</u>	<u>\$1,554,582</u>	<u>\$176,191</u>	<u>\$9,208,902</u>
<b>Liabilities</b>					
Accounts Payable	\$52,346	\$0	\$0	\$917	\$53,263
Contracts Payable	49,833	0	176,144	0	225,977
Interfund Payable	167,807	0	0	0	167,807
Accrued Interest Payable	75,029	0	0	0	75,029
Notes Payable	3,489,000	0	0	0	3,489,000
<i>Total Liabilities</i>	<u>3,834,015</u>	<u>0</u>	<u>176,144</u>	<u>917</u>	<u>4,011,076</u>
<b>Fund Equity</b>					
Fund Balances:					
Reserved for Encumbrances	811,040	0	359,063	30,019	1,200,122
Unreserved, Undesignated	2,827,758	5,316	1,019,375	145,255	3,997,704
<i>Total Fund Equity</i>	<u>3,638,798</u>	<u>5,316</u>	<u>1,378,438</u>	<u>175,274</u>	<u>5,197,826</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$7,472,813</u>	<u>\$5,316</u>	<u>\$1,554,582</u>	<u>\$176,191</u>	<u>\$9,208,902</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, 2002**

	<u>Capital Improvements</u>	<u>General Sewer</u>	<u>Riverfront Urban Renewal</u>	<u>Municipal Court Improvements</u>	<u>Totals</u>
<b>Revenues</b>					
Fines, Licenses and Permits	\$0	\$339,575	\$0	\$62,891	\$402,466
Intergovernmental	1,035,459	0	500,000	0	1,535,459
Interest	15,164	0	34,313	1,264	50,741
Other	2,158	0	964	0	3,122
<i>Total Revenues</i>	<u>1,052,781</u>	<u>339,575</u>	<u>535,277</u>	<u>64,155</u>	<u>1,991,788</u>
<b>Expenditures</b>					
Capital Outlay	7,165,610	467,535	1,304,104	303,601	9,240,850
Debt Service					
Interest and Fiscal Charges	84,029	0	0	0	84,029
<i>Total Expenditures</i>	<u>7,249,639</u>	<u>467,535</u>	<u>1,304,104</u>	<u>303,601</u>	<u>9,324,879</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,196,858)</u>	<u>(127,960)</u>	<u>(768,827)</u>	<u>(239,446)</u>	<u>(7,333,091)</u>
<b>Other Financing Sources (Uses)</b>					
Premium on Sale of Bonds	3,453	0	0	0	3,453
Premium on Sale of Notes	15,133	0	0	0	15,133
Proceeds of Bonds	8,905,000	0	0	0	8,905,000
Proceeds of Loans	247,999	0	0	0	247,999
Operating Transfers In	1,080,955	0	0	0	1,080,955
Operating Transfers Out	(57,531)	0	(90,000)	0	(147,531)
<i>Total Other Financing Sources (Uses)</i>	<u>10,195,009</u>	<u>0</u>	<u>(90,000)</u>	<u>0</u>	<u>10,105,009</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	3,998,151	(127,960)	(858,827)	(239,446)	2,771,918
<b>Fund Balances (Deficit)</b>					
<i>Beginning of Year, Restated</i>	<u>(359,353)</u>	<u>133,276</u>	<u>2,237,265</u>	<u>414,720</u>	<u>2,425,908</u>
<i>Fund Balances End of Year</i>	<u>\$3,638,798</u>	<u>\$5,316</u>	<u>\$1,378,438</u>	<u>\$175,274</u>	<u>\$5,197,826</u>

**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, 2002**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Intergovernmental	\$4,037,963	\$926,538	(\$3,111,425)
Interest	18,636	15,268	(3,368)
Other	0	2,158	2,158
<i>Total Revenues</i>	<u>4,056,599</u>	<u>943,964</u>	<u>(3,112,635)</u>
<b>Expenditures</b>			
Capital Outlay			
Contractual Services	4,323,700	1,667,220	2,656,480
Capital Outlay	<u>12,652,652</u>	<u>6,372,061</u>	<u>6,280,591</u>
<i>Total Expenditures</i>	<u>16,976,352</u>	<u>8,039,281</u>	<u>8,937,071</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(12,919,753)</u>	<u>(7,095,317)</u>	<u>5,824,436</u>
<b>Other Financing Sources (Uses)</b>			
Premium on Sale of Bonds	3,453	3,453	0
Premium on Sale of Notes	15,134	15,133	(1)
Proceeds of Bonds	8,905,000	8,905,000	0
Proceeds of Notes	2,950,000	2,950,000	0
Proceeds of Loans	247,999	247,999	0
Advances In	234,524	234,524	0
Advances Out	(616,717)	(616,717)	0
Operating Transfers In	1,165,000	1,080,955	(84,045)
Operating Transfers Out	<u>(57,533)</u>	<u>(57,531)</u>	<u>2</u>
<i>Total Other Financing Sources (Uses)</i>	<u>12,846,860</u>	<u>12,762,816</u>	<u>(84,044)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(72,893)</u>	<u>5,667,499</u>	<u>5,740,392</u>
<i>Fund Balance Beginning of Year</i>	522,517	522,517	0
Prior Year Encumbrances Appropriated	<u>269,418</u>	<u>269,418</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$719,042</u></u>	<u><u>\$6,459,434</u></u>	<u><u>\$5,740,392</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Fines, Licenses and Permits	\$336,000	\$339,613	\$3,613
<b>Expenditures</b>			
Capital Outlay			
Contractual Services	<u>583,473</u>	<u>583,470</u>	<u>3</u>
<i>Excess of Revenues Under Expenditures</i>	(247,473)	(243,857)	3,616
<i>Fund Balance Beginning of Year</i>	<u>249,103</u>	<u>249,103</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,630</u></u>	<u><u>\$5,246</u></u>	<u><u>\$3,616</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Intergovernmental	\$0	\$500,000	\$500,000
Interest	80,000	37,520	(42,480)
Other	500	964	464
<i>Total Revenues</i>	<u>80,500</u>	<u>538,484</u>	<u>457,984</u>
<b>Expenditures</b>			
Capital Outlay			
Contractual Services	1,487,256	1,416,884	70,372
Capital Outlay	246,840	212,040	34,800
Other	71,917	48,816	23,101
<i>Total Expenditures</i>	<u>1,806,013</u>	<u>1,677,740</u>	<u>128,273</u>
<i>Excess of Revenues Under Expenditures</i>	(1,725,513)	(1,139,256)	586,257
<b>Other Financing Uses</b>			
Operating Transfers Out	(132,000)	(90,000)	42,000
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(1,857,513)	(1,229,256)	628,257
<i>Fund Balance Beginning of Year</i>	1,490,335	1,490,335	0
Prior Year Encumbrances Appropriated	<u>756,311</u>	<u>756,311</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$389,133</u></u>	<u><u>\$1,017,390</u></u>	<u><u>\$628,257</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Fines, Licenses and Permits	\$56,448	\$62,804	\$6,356
Interest	15,300	1,264	(14,036)
<i>Total Revenues</i>	<u>71,748</u>	<u>64,068</u>	<u>(7,680)</u>
<b>Expenditures</b>			
Capital Outlay			
Contractual Services	33,843	5,915	27,928
Capital Outlay	459,091	342,195	116,896
<i>Total Expenditures</i>	<u>492,934</u>	<u>348,110</u>	<u>144,824</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(421,186)	(284,042)	137,144
<i>Fund Balance Beginning of Year</i>	410,272	410,272	0
Prior Year Encumbrances Appropriated	<u>14,934</u>	<u>14,934</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,020</u></u>	<u><u>\$141,164</u></u>	<u><u>\$137,144</u></u>



## **Enterprise Funds**

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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.

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### **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, 2002**

	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Totals</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$143,395	\$7,196,719	\$7,340,114
Receivables:			
Accounts	1,191,832	1,203,571	2,395,403
Interfund	2,166	169,505	171,671
Intergovernmental	0	34,632	34,632
Materials and Supplies			
Inventory	604,677	164,248	768,925
Prepaid Items	<u>22,640</u>	<u>3,411</u>	<u>26,051</u>
Total Current Assets	<u>1,964,710</u>	<u>8,772,086</u>	<u>10,736,796</u>
<b>Restricted Assets</b>			
Cash and Cash Equivalents	432,420	936,633	1,369,053
Cash and Cash Equivalents with Trustees	<u>1,203,699</u>	<u>1,387,295</u>	<u>2,590,994</u>
Total Restricted Assets	<u>1,636,119</u>	<u>2,323,928</u>	<u>3,960,047</u>
<b>Noncurrent Assets</b>			
Unamortized Bond Issue Costs	<u>186,228</u>	<u>141,129</u>	<u>327,357</u>
Fixed Assets (Net of Accumulated Depreciation)	<u>22,040,638</u>	<u>48,292,824</u>	<u>70,333,462</u>
<i>Total Assets</i>	<u><u>\$25,827,695</u></u>	<u><u>\$59,529,967</u></u>	<u><u>\$85,357,662</u></u>

(continued)

**City of Lorain, Ohio**  
**Combining Balance Sheet**  
**All Enterprise Funds (continued)**  
**December 31, 2002**

	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Totals</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$243,090	\$180,190	\$423,280
Contracts Payable	8,037	163,204	171,241
Accrued Wages	35,987	33,973	69,960
Compensated Absences Payable	47,138	50,951	98,089
Retainage Payable	0	286,890	286,890
Interfund Payable	7,372	4,907	12,279
Intergovernmental Payable	184,751	183,566	368,317
Accrued Interest Payable	112,387	75,751	188,138
Current Portion of Capital Leases Payable	0	11,781	11,781
Current Portion of OWDA Loans Payable	558,392	736,915	1,295,307
Current Portion of General Obligation Bonds Payable	205,000	125,000	330,000
Current Portion of Revenue Bonds Payable	400,000	480,000	880,000
<b>Total Current Liabilities</b>	<u>1,802,154</u>	<u>2,333,128</u>	<u>4,135,282</u>
<b>Long-Term Liabilities</b>			
Capital Leases Payable	0	144,780	144,780
Compensated Absences Payable	645,002	669,496	1,314,498
OWDA Loans Payable	7,329,798	15,221,874	22,551,672
General Obligation Bonds Payable	1,635,000	250,000	1,885,000
Revenue Bonds Payable	7,428,811	4,843,789	12,272,600
Deferred Loss on Refunding	0	(458,107)	(458,107)
<b>Total Long-Term Liabilities</b>	<u>17,038,611</u>	<u>20,671,832</u>	<u>37,710,443</u>
<b>Total Liabilities</b>	<u>18,840,765</u>	<u>23,004,960</u>	<u>41,845,725</u>
<b>Fund Equity</b>			
Contributed Capital	207,038	202,662	409,700
Retained Earnings			
Reserved for Replacement and Improvement	150,000	150,000	300,000
Unreserved	6,629,892	36,172,345	42,802,237
<b>Total Retained Earnings</b>	<u>6,779,892</u>	<u>36,322,345</u>	<u>43,102,237</u>
<b>Total Fund Equity</b>	<u>6,986,930</u>	<u>36,525,007</u>	<u>43,511,937</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$25,827,695</u>	<u>\$59,529,967</u>	<u>\$85,357,662</u>

**City of Lorain, Ohio**  
**Combining Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**All Enterprise Funds**  
**For the Year Ended December 31, 2002**

	<b>Water Works</b>	<b>Water Pollution Control</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for Services	\$7,931,217	\$7,643,788	\$15,575,005
Other Operating Revenues	27,158	29,474	56,632
<i>Total Operating Revenues</i>	<u>7,958,375</u>	<u>7,673,262</u>	<u>15,631,637</u>
<b>Operating Expenses</b>			
Personal Services	3,916,636	4,053,748	7,970,384
Contractual Services	371,929	937,327	1,309,256
Materials and Supplies	605,052	128,596	733,648
Utilities	546,940	646,852	1,193,792
Other Operating Expenses	239,115	291,415	530,530
Depreciation	1,134,129	1,861,973	2,996,102
<i>Total Operating Expenses</i>	<u>6,813,801</u>	<u>7,919,911</u>	<u>14,733,712</u>
<i>Operating Income (Loss)</i>	<u>1,144,574</u>	<u>(246,649)</u>	<u>897,925</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest	102,140	108,834	210,974
Interest and Fiscal Charges	(964,694)	(1,027,562)	(1,992,256)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(862,554)</u>	<u>(918,728)</u>	<u>(1,781,282)</u>
<i>Net Income (Loss)</i>	282,020	(1,165,377)	(883,357)
<i>Retained Earnings Beginning of Year</i>	<u>6,497,872</u>	<u>37,487,722</u>	<u>43,985,594</u>
<i>Retained Earnings End of Year</i>	6,779,892	36,322,345	43,102,237
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>\$6,986,930</u></u>	<u><u>\$36,525,007</u></u>	<u><u>\$43,511,937</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$8,216,575	\$8,137,488	(\$79,087)
OWDA Loan Proceeds	1,600,000	345,291	(1,254,709)
Interest	225,000	96,777	(128,223)
Other Operating Revenues	<u>50,700</u>	<u>27,158</u>	<u>(23,542)</u>
<i>Total Revenues</i>	<u>10,092,275</u>	<u>8,606,714</u>	<u>(1,485,561)</u>
<b>Expenses</b>			
<b>Current</b>			
Personal Services	4,100,605	4,080,761	19,844
Contractual Services	510,499	463,471	47,028
Materials and Supplies	793,546	683,688	109,858
Utilities	563,537	504,750	58,787
Other Operating Expenses	316,900	233,687	83,213
Capital Outlay	2,220,468	1,519,526	700,942
<b>Debt Service:</b>			
Principal Retirement	1,113,500	1,104,167	9,333
Interest and Fiscal Charges	<u>918,176</u>	<u>948,467</u>	<u>(30,291)</u>
<i>Total Expenses</i>	<u>10,537,231</u>	<u>9,538,517</u>	<u>998,714</u>
<i>Excess of Revenues Under Expenses</i>	(444,956)	(931,803)	(486,847)
<i>Fund Equity Beginning of Year</i>	1,934,452	1,934,452	0
Prior Year Encumbrances Appropriated	<u>212,085</u>	<u>212,085</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,701,581</u></u>	<u><u>\$1,214,734</u></u>	<u><u>(\$486,847)</u></u>

**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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance</b> <b>Favorable</b> <b>(Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$8,358,620	\$7,848,838	(\$509,782)
OWDA Loan Proceeds	2,703,000	471,019	(2,231,981)
Interest	351,510	103,470	(248,040)
Other	47,300	29,474	(17,826)
<i>Total Revenues</i>	<u>11,460,430</u>	<u>8,452,801</u>	<u>(3,007,629)</u>
<b>Expenses</b>			
<b>Current</b>			
Personal Services	4,208,625	4,115,592	93,033
Contractual Services	1,681,062	1,463,746	217,316
Materials and Supplies	475,906	363,526	112,380
Utilities	661,000	618,067	42,933
Other Operating Expenses	376,656	263,543	113,113
Capital Outlay	3,462,854	2,243,136	1,219,718
<b>Debt Service:</b>			
Principal Retirement	1,418,314	1,318,290	100,024
Interest and Fiscal Charges	953,838	958,772	(4,934)
<i>Total Expenses</i>	<u>13,238,255</u>	<u>11,344,672</u>	<u>1,893,583</u>
<i>Excess of Revenues</i>			
<i>Under Expenses</i>	(1,777,825)	(2,891,871)	(1,114,046)
Advances In	550,000	616,717	66,717
Advances Out	(234,524)	(234,524)	0
<i>Excess of Revenues and Advances In</i>			
<i>Under Expenses and Advances Out</i>	(1,462,349)	(2,509,678)	(1,047,329)
<i>Fund Equity Beginning of Year</i>	10,725,322	10,725,322	0
Prior Year Encumbrances Appropriated	240,419	240,419	0
<i>Fund Equity End of Year</i>	<u>\$9,503,392</u>	<u>\$8,456,063</u>	<u>(\$1,047,329)</u>

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**City of Lorain, Ohio**  
**Combining Statement of Cash Flows**  
**All Enterprise Funds**  
**For the Year Ended December 31, 2002**

	<b>Water Works</b>	<b>Water Pollution Control</b>	<b>Totals</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$8,181,082	\$7,892,459	\$16,073,541
Cash Payments for Goods and Services	(1,875,747)	(2,259,558)	(4,135,305)
Cash Payments for Employee Services and Benefits	(4,083,784)	(4,117,871)	(8,201,655)
Other Operating Revenues	27,158	29,474	56,632
<i>Net Cash Provided by Operating Activities</i>	<u>2,248,709</u>	<u>1,544,504</u>	<u>3,793,213</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Advances In	0	616,717	616,717
Advances Out	0	(234,524)	(234,524)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>0</u>	<u>382,193</u>	<u>382,193</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal Paid on Bonds	(585,000)	(590,000)	(1,175,000)
Interest Paid on Bonds	(541,925)	(344,297)	(886,222)
Principal Retirement on OWDA Loans	(519,229)	(708,478)	(1,227,707)
Interest Paid on OWDA Loans	(406,542)	(614,475)	(1,021,017)
Principal Paid on Capital Lease	0	(19,812)	(19,812)
OWDA Loan Proceeds	345,291	471,019	816,310
Purchase of Fixed Assets	(1,043,801)	(1,707,674)	(2,751,475)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,751,206)</u>	<u>(3,513,717)</u>	<u>(6,264,923)</u>
<b>Cash Flows from Investing Activities</b>			
Interest	102,140	108,834	210,974
<i>Net Decrease in Cash and Cash Equivalents</i>	(400,357)	(1,478,186)	(1,878,543)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>2,179,871</u>	<u>10,998,833</u>	<u>13,178,704</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,779,514</u></u>	<u><u>\$9,520,647</u></u>	<u><u>\$11,300,161</u></u>

(continued)



**City of Lorain, Ohio**  
**Combining Statement of Cash Flows**  
**All Enterprise Funds (continued)**  
**For the Year Ended December 31, 2002**

	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Totals</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$1,144,574	(\$246,649)	\$897,925
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Depreciation	1,134,129	1,861,973	2,996,102
<b>Change in Assets and Liabilities</b>			
Decrease in Accounts Receivable	248,771	251,221	499,992
Decrease in Interfund Receivables	1,094	6,683	7,777
Increase in Intergovernmental Receivables	0	(9,233)	(9,233)
Increase in Materials and Supplies Inventory	(55,593)	(152,218)	(207,811)
Decrease (Increase) in Prepaid Items	(1,765)	1,016	(749)
Increase in Accounts Payable	163,332	82,328	245,660
Decrease in Contracts Payable	(536)	(129,057)	(129,593)
Increase in Accrued Wages	14,789	12,514	27,303
Increase in Compensated Absences Payable	34,571	48,906	83,477
Increase in Interfund Payables	7,222	3,966	11,188
Increase in Intergovernmental Payables	25,492	15,456	40,948
Decrease in Death Benefits Payable	(242,000)	(141,000)	(383,000)
Decrease in Retainage Payable	(225,371)	(61,402)	(286,773)
 Net Cash Provided by Operating Activities	 <u>\$2,248,709</u>	 <u>\$1,544,504</u>	 <u>\$3,793,213</u>

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## **Internal Service Funds**

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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.

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### **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, 2002**

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$31,299	\$0	\$31,299
Interfund Receivable	28,762	0	28,762
Materials and Supplies Inventory	<u>100,334</u>	<u>0</u>	<u>100,334</u>
Total Current Assets	160,395	0	160,395
Fixed Assets (Net of Accumulated Depreciation)	<u>1,614</u>	<u>0</u>	<u>1,614</u>
<i>Total Assets</i>	<u><u>\$162,009</u></u>	<u><u>\$0</u></u>	<u><u>\$162,009</u></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$15,128	\$1,533	\$16,661
Claims Payable	0	218,380	218,380
Accrued Wages	1,928	111	2,039
Compensated Absences Payable	94,279	106	94,385
Interfund Payable	76,965	234,956	311,921
Intergovernmental Payable	<u>19,801</u>	<u>280</u>	<u>20,081</u>
<i>Total Liabilities</i>	<u>208,101</u>	<u>455,366</u>	<u>663,467</u>
<b>Fund Equity</b>			
Retained Earnings Unreserved (Deficit)	<u>(46,092)</u>	<u>(455,366)</u>	<u>(501,458)</u>
<i>Total Fund Equity (Deficit)</i>	<u>(46,092)</u>	<u>(455,366)</u>	<u>(501,458)</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$162,009</u></u>	<u><u>\$0</u></u>	<u><u>\$162,009</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, 2002**

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
<b>Operating Revenues</b>			
Charges for Services	\$953,779	\$3,484,674	\$4,438,453
Other Operating Revenues	410	17,033	17,443
<i>Total Operating Revenues</i>	<u>954,189</u>	<u>3,501,707</u>	<u>4,455,896</u>
<b>Operating Expenses</b>			
Personal Services	439,541	18,767	458,308
Contractual Services	18,022	4,455	22,477
Claims	0	3,656,347	3,656,347
Materials and Supplies	485,992	0	485,992
Other Operating Expenses	1,276	0	1,276
Depreciation	2,763	0	2,763
<i>Total Operating Expenses</i>	<u>947,594</u>	<u>3,679,569</u>	<u>4,627,163</u>
<i>Operating Income (Loss)</i>	6,595	(177,862)	(171,267)
<b>Non-Operating Revenues</b>			
Interest	0	2,766	2,766
<i>Net Income (Loss)</i>	6,595	(175,096)	(168,501)
<i>Retained Earnings (Deficit)</i>			
<i>Beginning of Year</i>	<u>(52,687)</u>	<u>(280,270)</u>	<u>(332,957)</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u>(\$46,092)</u>	<u>(\$455,366)</u>	<u>(\$501,458)</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Charges for Services	\$1,075,000	\$925,230	(\$149,770)
Other Operating Revenues	5,000	410	(4,590)
<i>Total Revenues</i>	<u>1,080,000</u>	<u>925,640</u>	<u>(154,360)</u>
<b>Expenses</b>			
Personal Services	435,568	447,754	(12,186)
Contractual Services	3,900	3,081	819
Materials and Supplies	557,329	491,241	66,088
Other Operating Expenses	1,900	1,700	200
<i>Total Expenses</i>	<u>998,697</u>	<u>943,776</u>	<u>54,921</u>
<i>Excess of Revenues</i>			
<i>Over (Under) Expenses</i>	81,303	(18,136)	(99,439)
Advances In	0	76,965	76,965
Advances Out	(60,349)	(60,349)	0
<i>Excess of Revenues and Advances In</i>			
<i>Over (Under) Expenses and Advances Out</i>	20,954	(1,520)	(22,474)
<i>Fund Equity Beginning of Year</i>	1,391	1,391	0
Prior Year Encumbrances Appropriated	129	129	0
<i>Fund Equity End of Year</i>	<u><u>\$22,474</u></u>	<u><u>\$0</u></u>	<u><u>(\$22,474)</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, 2002*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Charges for Services	\$3,462,400	\$3,484,674	\$22,274
Interest	10,000	2,887	(7,113)
Other Operating Revenues	<u>10,700</u>	<u>17,033</u>	<u>6,333</u>
<i>Total Revenues</i>	<u>3,483,100</u>	<u>3,504,594</u>	<u>21,494</u>
<b>Expenses</b>			
Personal Services	18,960	18,759	201
Claims	3,530,000	3,883,395	(353,395)
Other	<u>3,000</u>	<u>2,922</u>	<u>78</u>
<i>Total Expenses</i>	<u>3,551,960</u>	<u>3,905,076</u>	<u>(353,116)</u>
<i>Excess of Revenues Under Expenses</i>	(68,860)	(400,482)	(331,622)
<i>Fund Equity Beginning of Year</i>	<u>165,293</u>	<u>165,293</u>	<u>0</u>
<i>Fund Equity (Deficit) End of Year</i>	<u><u>\$96,433</u></u>	<u><u>(\$235,189)</u></u>	<u><u>(\$331,622)</u></u>

**City of Lorain, Ohio**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended December 31, 2002**

	<b>Garage</b>	<b>Hospitalization</b>	<b>Totals</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Quasi-External Transactions with Other Funds	\$925,230	\$3,484,674	\$4,409,904
Cash Payments for Goods and Services	(482,836)	(2,922)	(485,758)
Cash Payments for Employee Services and Benefits	(451,914)	(18,691)	(470,605)
Cash Payments for Claims	0	(3,883,395)	(3,883,395)
Other Operating Revenues	15,351	17,033	32,384
<i>Net Cash Provided by (Used for) Operating Activities</i>	5,831	(403,301)	(397,470)
<b>Cash Flows from Noncapital Financing Activities</b>			
Advances In	76,965	234,956	311,921
Advances Out	(60,349)	0	(60,349)
<i>Net Cash Provided by Noncapital Financing Activities</i>	16,616	234,956	251,572
<b>Cash Flows from Investing Activities</b>			
Interest	0	2,766	2,766
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	22,447	(165,579)	(143,132)
<i>Cash and Cash Equivalents at Beginning of Year</i>	8,852	165,579	174,431
<i>Cash and Cash Equivalents at End of Year</i>	\$31,299	\$0	\$31,299

(continued)



**City of Lorain, Ohio**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds (continued)**  
**For the Year Ended December 31, 2002**

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
<b>Reconciliation of Operating Income (Loss)</b>			
<b>to Net Cash Provided By (Used for)</b>			
<b>Operating Activities</b>			
Operating Income (Loss)	\$6,595	(\$177,862)	(\$171,267)
<b>Adjustments to Reconcile Operating</b>			
<b>Income (Loss) to Net Cash Provided by</b>			
<b>(Used for) Operating Activities</b>			
Depreciation	2,763	0	2,763
<b>Change in Assets and Liabilities</b>			
Increase in Interfund Receivables	(28,549)	0	(28,549)
Decrease in Materials Inventory	20,338	0	20,338
Increase in Accounts Payable	17,057	1,533	18,590
Increase in Accrued Wages	768	58	826
Decrease in Claims Payable	0	(227,048)	(227,048)
Increase in Compensated Absences Payable	10,343	3	10,346
Increase (Decrease) in Intergovernmental Payable	(984)	15	(969)
Decrease in Death Benefits Payable	(22,500)	0	(22,500)
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u>\$5,831</u>	<u>(\$403,301)</u>	<u>(\$397,470)</u>

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## **Agency Funds**

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

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### **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.

### **Flexible Spending Fund**

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

**City of Lorain, Ohio**  
**Combining Balance Sheet**  
**All Agency Funds**  
**December 31, 2002**

	<u>Street Excavation</u>	<u>Allotment Improvement</u>	<u>Deposits Held</u>	<u>State Highway Patrol</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$11,760	\$125,046	\$86,421	\$2,792
Cash and Cash Equivalents in				
Segregated Accounts	0	0	0	0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,789</u>
<i>Total Assets</i>	<u><u>\$11,760</u></u>	<u><u>\$125,046</u></u>	<u><u>\$86,421</u></u>	<u><u>\$4,581</u></u>
 <b>Liabilities</b>				
Due to Other Funds	\$0	\$0	\$0	\$0
Deposits Held and Due to Others	<u>11,760</u>	<u>125,046</u>	<u>86,421</u>	<u>4,581</u>
<i>Total Liabilities</i>	<u><u>\$11,760</u></u>	<u><u>\$125,046</u></u>	<u><u>\$86,421</u></u>	<u><u>\$4,581</u></u>

<b>Contracts Trust</b>	<b>Vital Statistics</b>	<b>Municipal Court</b>	<b>Flexible Spending</b>	<b>Totals</b>
\$1,784	\$5,469	\$0	\$15,007	\$248,279
0	0	122,349	0	122,349
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,789</u>
<u>\$1,784</u>	<u>\$5,469</u>	<u>\$122,349</u>	<u>\$15,007</u>	<u>\$372,417</u>
\$0	\$0	\$75,793	\$0	\$75,793
1,784	5,469	46,556	15,007	296,624
<u>\$1,784</u>	<u>\$5,469</u>	<u>\$122,349</u>	<u>\$15,007</u>	<u>\$372,417</u>

**City of Lorain, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended December 31, 2002**

	<u>Balance</u> <u>1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/02</u>
<b><i>Street Excavation</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents	<u>\$10,660</u>	<u>\$2,100</u>	<u>\$1,000</u>	<u>\$11,760</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	<u>\$10,660</u>	<u>\$2,100</u>	<u>\$1,000</u>	<u>\$11,760</u>
 <b><i>Allotment Improvement</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents	<u>\$53,767</u>	<u>\$96,634</u>	<u>\$25,355</u>	<u>\$125,046</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	<u>\$53,767</u>	<u>\$96,634</u>	<u>\$25,355</u>	<u>\$125,046</u>
 <b><i>Deposits Held</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents	<u>\$81,453</u>	<u>\$96,793</u>	<u>\$91,825</u>	<u>\$86,421</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	<u>\$81,453</u>	<u>\$96,793</u>	<u>\$91,825</u>	<u>\$86,421</u> (continued)

**City of Lorain, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds (continued)**  
**For the Year Ended December 31, 2002**

	<u>Balance 1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/02</u>
<b><i>State Highway Patrol</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$667	\$16,402	\$14,277	\$2,792
Due from Other Funds	800	1,789	800	1,789
	<u>800</u>	<u>1,789</u>	<u>800</u>	<u>1,789</u>
<b>Total Assets</b>	<u><u>\$1,467</u></u>	<u><u>\$18,191</u></u>	<u><u>\$15,077</u></u>	<u><u>\$4,581</u></u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,467	\$18,191	\$15,077	\$4,581
	<u>\$1,467</u>	<u>\$18,191</u>	<u>\$15,077</u>	<u>\$4,581</u>
 <b><i>Contracts Trust</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$933	\$1,855	\$1,004	\$1,784
	<u>\$933</u>	<u>\$1,855</u>	<u>\$1,004</u>	<u>\$1,784</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$933	\$1,855	\$1,004	\$1,784
	<u>\$933</u>	<u>\$1,855</u>	<u>\$1,004</u>	<u>\$1,784</u>
 <b><i>Vital Statistics</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$5,037	\$34,258	\$33,826	\$5,469
	<u>\$5,037</u>	<u>\$34,258</u>	<u>\$33,826</u>	<u>\$5,469</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$5,037	\$34,258	\$33,826	\$5,469
	<u>\$5,037</u>	<u>\$34,258</u>	<u>\$33,826</u>	<u>\$5,469</u>
				(continued)

**City of Lorain, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds (continued)**  
**For the Year Ended December 31, 2002**

	<u>Balance 1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/02</u>
<b>Municipal Court</b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$131,184	\$2,728,178	\$2,737,013	\$122,349
<b>Liabilities</b>				
Due to Other Funds	\$80,098	\$75,793	\$80,098	\$75,793
Deposits Held and Due to Others	51,086	2,652,385	2,656,915	46,556
<i>Total Liabilities</i>	<u>\$131,184</u>	<u>\$2,728,178</u>	<u>\$2,737,013</u>	<u>\$122,349</u>
 <b>Flexible Spending</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$0	\$67,376	\$52,369	\$15,007
<b>Liabilities</b>				
Deposits Held and Due to Others	\$0	\$67,376	\$52,369	\$15,007
 <b>Total All Agency Funds</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$152,517	\$315,418	\$219,656	\$248,279
Cash and Cash Equivalents in Segregated Accounts	131,184	2,728,178	2,737,013	122,349
Due from Other Funds	800	1,789	800	1,789
<i>Total Assets</i>	<u>\$284,501</u>	<u>\$3,045,385</u>	<u>\$2,957,469</u>	<u>\$372,417</u>
<b>Liabilities</b>				
Due to Other Funds	\$80,098	\$75,793	\$80,098	\$75,793
Deposits Held and Due to Others	204,403	2,969,592	2,877,371	296,624
<i>Total Liabilities</i>	<u>\$284,501</u>	<u>\$3,045,385</u>	<u>\$2,957,469</u>	<u>\$372,417</u>



## **General Fixed Assets Account Group**

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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.

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**City of Lorain**  
*Schedule of General Fixed Assets*  
*By Function*  
*December 31, 2002*

<b>Function</b>	<b>Total</b>	<b>Land and Improvements</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Furniture and Fixtures</b>
General Government	\$8,691,525	\$2,923,606	\$4,001,130	\$1,735,543	\$31,246
Security of Persons and Property	7,461,271	187,380	2,058,554	5,174,782	40,555
Public Health Service	1,005,193	102,525	623,036	279,632	0
Transportation	3,780,887	0	139,000	3,641,887	0
Community Environment	74,986	0	0	63,150	11,836
Economic Development	3,690,691	968,659	2,511,029	205,371	5,632
Leisure Time Activities	<u>6,834,272</u>	<u>3,027,248</u>	<u>1,911,963</u>	<u>1,895,061</u>	<u>0</u>
<i>Total General Fixed Assets</i>	<u><u>\$31,538,825</u></u>	<u><u>\$7,209,418</u></u>	<u><u>\$11,244,712</u></u>	<u><u>\$12,995,426</u></u>	<u><u>\$89,269</u></u>

**City of Lorain**  
*Schedule of Changes in General Fixed Assets*  
*By Function*  
*For the Year Ended December 31, 2002*

<b>Function</b>	<b>General Fixed Assets 01/01/02</b>	<b>Additions</b>	<b>Deletions</b>	<b>General Fixed Assets 12/31/02</b>
General Government	\$6,879,868	\$3,186,884	\$1,375,227	\$8,691,525
Security of Persons and Property	5,908,463	2,299,779	746,971	7,461,271
Public Health Service	815,613	448,250	258,670	1,005,193
Transportation	4,005,872	0	224,985	3,780,887
Community Environment	105,802	0	30,816	74,986
Economic Development	3,504,650	295,400	109,359	3,690,691
Leisure Time Activities	6,955,780	195,966	317,474	6,834,272
<i>Total General Fixed Assets</i>	<u>\$28,176,048</u>	<u>\$6,426,279</u>	<u>\$3,063,502</u>	<u>\$31,538,825</u>

**City of Lorain**  
*Schedule of General Fixed Assets*  
*By Source*  
*December 31, 2002*

**General Fixed Assets:**

Land and Improvements	\$7,209,418
Buildings	11,244,712
Machinery and Equipment	12,995,426
Furniture and Fixtures	<u>89,269</u>
<i>Total General Fixed Assets</i>	<u><u>\$31,538,825</u></u>

**Investment in General  
Fixed Assets:**

Donated Property	\$435,000
General Governmental Revenues	<u>31,103,825</u>
<i>Total General Fixed Assets</i>	<u><u>\$31,538,825</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.



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

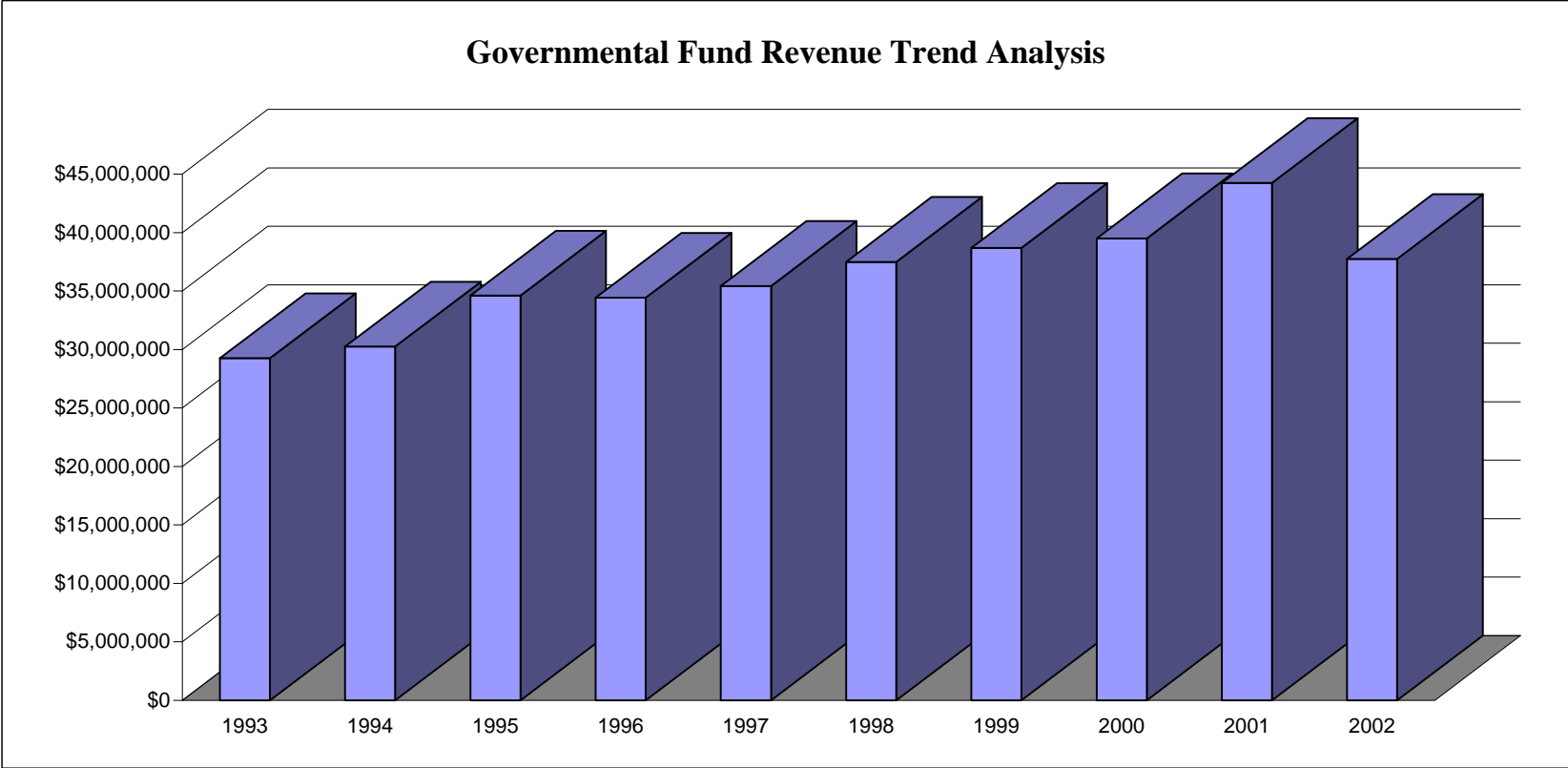
<b>Year</b>	<b>Taxes</b>	<b>Charges for Services</b>	<b>Fines, Licenses and Permits</b>	<b>Inter-governmental</b>	<b>Special Assessments</b>	<b>Interest</b>	<b>Donations</b>	<b>Other</b>	<b>Total</b>
2002	\$19,904,873	\$1,119,774	\$3,123,925	\$12,118,100	\$324,659	\$201,577	\$0	\$956,052	\$37,748,960
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

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

(2) 1994 thru 2002 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)**

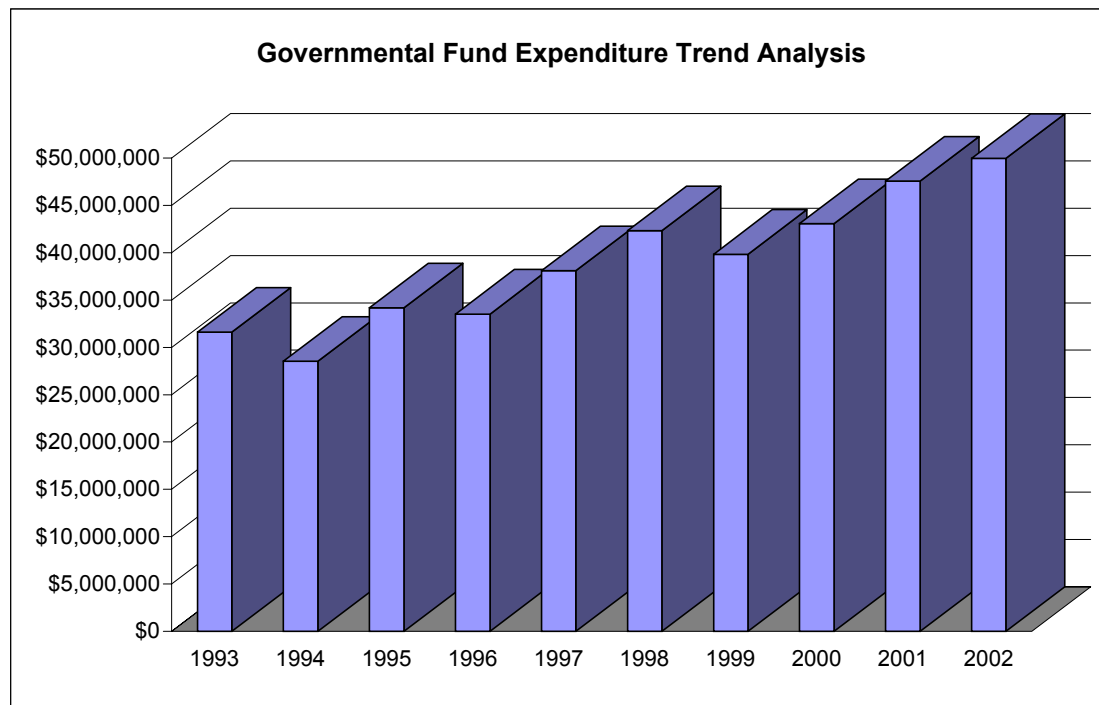




**City of Lorain, Ohio**  
**Governmental Fund Expenditures by Function (1)**  
**Last Ten Years (2)**

<b>Year</b>	<b>General Government</b>	<b>Persons and Property</b>	<b>Health and Welfare</b>	<b>Transportation</b>	<b>Community Environment</b>	<b>Leisure Time Activities</b>	<b>Economic Development</b>	<b>Other</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
2002	\$6,812,397	\$17,422,517	\$1,590,199	\$1,902,093	\$612,126	\$934,524	\$6,887,067	\$0	\$9,240,850	\$4,569,291	\$49,971,064
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

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**

<b>Year</b>	<b>Real Property</b>		<b>Public Utility Property</b>		<b>Tangible Personal Property</b>		<b>Total</b>		<b>Ratio</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value (1)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value (1)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value (1)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
2002	\$722,732	\$2,064,949	\$83,021	\$94,342	\$155,636	\$622,544	\$961,389	\$2,781,835	35%
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

Source: Lorain County Auditor

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

(2) The percentages for 2002 are as follows:

Real property is assessed at 35% of actual value.

Public Utility is assessed at 88% of actual value.

Tangible personal is assessed at 25% of actual value for capital assets and 24% for inventory.

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

<b>Year</b>	<b>Current Tax Levy (1)</b>	<b>Current Tax Collections (1)</b>	<b>Percent Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Collections To Current Tax Levy</b>	<b>Outstanding Delinquent Taxes (2)</b>	<b>Percent of Delinquent Taxes To Current Tax Levy</b>
2002	\$3,458,430	\$3,232,113	93.5%	\$102,721	\$3,334,835	96.4%	\$247,367	7.2%
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

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**

<b>City of Lorain</b>							
<b>Year</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Total City</b>	<b>Lorain County</b>	<b>Special Taxing Districts</b>	<b>Total City and Overlapping Governments</b>
2002	\$3.36	\$0.60	\$1.00	\$4.96	\$12.89	\$62.45	\$81.30
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

Source: Lorain County Auditor

**City of Lorain, Ohio  
Special Assessment Collections  
Last Ten Years**

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Collections</u>	<u>Percent Collected</u>
2002	\$1,059,385	\$324,659	30%
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

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**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures (1)</b>	<b>Ratio of Debt Service to Governmental Fund Expenditures (Percentage)</b>
2002	\$1,004,593	\$1,000,482	\$2,005,075	\$49,971,064	4.01%
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

(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**

<b>Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Gross Bonded Debt (1)</b>	<b>Debt Service Monies Available</b>	<b>Net General Obligation Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net General Obligation Bonded Debt Per Capita</b>
2002	68,652	\$961,389,440	\$21,419,262	\$119,769	\$21,299,493	2.22%	\$310
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

(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, 2002**

	<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>\$ 21,419,262</u>	100.00%	<u>\$ 21,419,262</u>
Overlapping:			
Lorain City Schools	437,119	100.00	437,119
County of Lorain	<u>27,235,000</u>	18.10	<u>4,929,535</u>
Total Overlapping	<u>27,672,119</u>		<u>5,366,654</u>
Total Direct and Overlapping Debt	<u><u>\$ 49,091,381</u></u>		<u><u>\$ 26,785,916</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 2002 (1)**

<u>Fund</u>	<u>Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
Water Pollution Control	2002	\$7,673,262	6,057,938	1,615,324	465,000	290,547	755,547	2.14
	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)	2002	7,958,375	5,679,672	2,278,703	385,000	411,245	796,245	2.86
	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, 2002**

	<u><b>Total Debt Limit</b></u>	<u><b>Total Unvoted Debt Limit</b></u>
Assessed Valuation	\$961,389,440	\$961,389,440
Debt Limitation	100,945,891 10.5 percent	52,876,419 5.5 percent
Total Voted and Unvoted Debt:		
General Obligation Bonds	21,419,262	21,419,262
Special Assessment Bonds	565,738	565,738
Hud Section 108 Loans	5,325,000	5,325,000
Enterprise Fund General Obligation Bonds	2,215,000	2,215,000
Enterprise Fund Revenue Bonds	13,142,398	13,142,398
Ohio Water Development Authority Loans	23,846,979	23,846,979
Bond Anticipation Notes	4,809,000	4,809,000
OPWC Loans	1,350,995	1,350,995
Real Estate Acquisition Loan	63,505	63,505
Total Voted and Unvoted Debt	<u>72,737,877</u>	<u>72,737,877</u>
Less: Debt Outside Limitations:		
Special Assessment Bonds	565,738	565,738
Enterprise Fund General Obligation Bonds	2,215,000	2,215,000
Revenue Bonds	13,142,398	13,142,398
Ohio Water Development Authority Loans	23,846,979	23,846,979
Total Debt Outside Limitations	<u>39,770,115</u>	<u>39,770,115</u>
Total Debt Applicable to Limitation within 10.5%	32,967,762	
Total Debt Applicable to Limitation within 5.5%		32,967,762
Less: Amount Available in Debt Service Fund	<u>119,769</u>	<u>119,769</u>
Net Debt Within 10.5% Limitation	32,847,993	
Net Debt Within 5.5% Limitation		<u>32,847,993</u>
Overall Debt Margin Within 10.5% Limitation	\$68,097,898	
Overall Debt Margin Within 5.5% Limitation	<u><u>\$68,097,898</u></u>	<u><u>\$20,028,426</u></u>

Source: Lorain City Auditor

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

<b>Year</b>	<b>Estimated Actual City Property Value (1)</b>	<b>New Construction</b>			<b>County Bank Deposits (2, 3)</b>
		<b>Agriculture/ Residential</b>	<b>Commercial Industrial</b>	<b>Total</b>	
2002	\$2,781,834,692	\$8,212,470	\$2,129,870	10,342,340	\$614,592,000
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

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, 2002**

<b>Taxpayer</b>	<b>Real Property Assessed Valuation</b>	<b>Percentage of Total Real Property Assessed Valuation</b>
Ohio Edison Company	\$19,676,690	2.72%
Ford Motor Company	17,455,880	2.42
Republic Technologies Int'l (1)	8,750,010	1.21
Century Telephone	8,259,660	1.14
American Transmission	7,496,390	1.04
Society National Bank	3,701,420	0.51
Reliance Comm/Tec	2,271,650	0.31
Lorain Tubular	2,251,620	0.31
Community Health Partners	1,566,730	0.22
West Park Limited	1,559,500	0.22
Total of Above	\$72,989,550	0.10
Total City Valuation	\$722,731,770	

(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, 2002**

<b>Taxpayer</b>	<b>Personal Property Assessed Valuation</b>	<b>Percentage of Total Personal Property Assessed Valuation</b>
Republic Technologies Int'l	\$66,410,620	42.67%
Marconi Communications	12,804,820	8.23%
Ford Motor Company	12,572,670	8.08%
Lorain Tubular	11,974,690	7.69%
Arion Sub Inc.	2,279,330	1.46%
Parnassos L P	1,938,000	1.25%
Praxair Inc.	1,742,760	1.12%
LTV Steel	1,697,860	1.09%
P.C. Campana, Inc.	1,529,800	0.98%
K-Mart Corporation	<u>1,472,400</u>	0.95%
Total of Above	\$114,422,950	73.52%
Total City Valuation	<u><u>\$155,635,990</u></u>	

Source: Lorain County Auditor

**City of Lorain, Ohio**  
**Ten Largest Employers in the City**  
**as of Second Quarter 2003**

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Number of Employees</b>
Community Health Partners (Health Center)	Health care	2,100
Ford Motor Company (Lorain Plant)	Automobile manufacturing control center	1,727
Lorain City School District	Education	1,200
Republic Technologies Int'l	Steel manufacturing	1,000
City of Lorain	Government	534
Marconi Communications	Telecommunications equipment	585
Lorain Tubular	Steel manufacturing	500
Lorain County Community Action Agency	Education/community services	330
Lorain National Bank	Financial Institution	305
The Nord Center	Health care	230

Source: Lorain County Chamber of Commerce

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

<b>Year</b>	<b>Population (1)</b>	<b>School Enrollment (2)</b>	<b>Average Unemployment Rate Lorain County (3)</b>
2002	68,652	10,655	6.6%
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

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, 2002**

Government:	Date of Incorporation	1874
	Form of Government	Mayor/Council
Area:	23.8 square miles	
Streets:	Miles of Streets	279
Traffic Lights:		528
Fire:	Fire Protection:	
	Number of Stations	4
	Number of Firemen and Officers	83
Police:	Police Protection:	
	Number of Stations	1
	Number of Sub-Stations	1
	Number of Policemen and Officers	96
Rescue Service:	Rescue Service:	
	Number of Stations	1
	Number of Rescue Personnel	53
Recreation and Culture:	Number of Parks	57
	Number of Libraries	2
Employees:	Part Time and Seasonal	128
	Full Time	513

City Employees are represented by the following bargaining units:

Lorain Firefighters Association - International Association of Firefighters	84
Fraternal Order of Police - Lodge No. 3, Lorain	75
Fraternal Order of Police - Lodge No. 3, Lorain - Promoted Unit	20
Ohio Police Benevolent Association (Correction Officers)	11
Ohio Police Benevolent Association (Dispatchers)	16
United Steelworkers - Local 6621	190

Source: Lorain City Auditor

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# **City Of Lorain, Ohio**

**SINGLE AUDIT REPORTS**

**DECEMBER 31, 2002**

# **CITY OF LORAIN, OHIO**

**FOR THE YEAR ENDED DECEMBER 31, 2002**

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CIUNI & PANICHI  
INC.

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

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 general-purpose financial statements of the City of Lorain as of and for the year ended December 31, 2002, and have issued our report thereon dated May 1, 2003. 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 general-purpose 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 02-1 and 02-2.



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

**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 general-purpose 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 that 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 general-purpose 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.

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.

*Cinni & Panichi, Inc.*

Cleveland, Ohio  
May 1, 2003



Creating economic value through  
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INC.

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

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, 2002. The City of Lorain's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City 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, 2002.



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

### **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 that 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 compliance 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, 2002, and have issued our report thereon dated May 1, 2003. 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.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
May 1, 2003



**CITY OF LORAIN, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Awarding Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing And Urban Development</b>			
Community Development Block Grant (CDBG)			
Small Cities Cluster:			
Community Development Block Grant	14.218		\$ 1,763,187
Section 108 Program	14.218		<u>429,020</u>
Total CDGB Program			<u>2,192,207</u>
Brownfields Economics Development Grant (BEDI)			
	14.246	B99-BD-39-005	48,568
HOME Investment Partnership Program			
	14.239		<u>668,217</u>
Total U.S. Department of Housing and Urban Development			<u>2,908,992</u>
<b>U.S. Department of Commerce:</b>			
Special Economic Development and Assistance Program			
State and Local Economic Development Planning Grant			
	11.302		<u>50,000</u>
Total U.S. Department of Commerce			<u>50,000</u>
<b>Department of Transportation</b>			
Passed Through the Ohio Department of Public Safety			
Safety Grant	20.600	GR#1927.0	<u>38,922</u>
Total Department of Transportation			<u>38,922</u>

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, 2002**

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<u>Federal Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Awarding Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
Passed Through the Ohio Department of Health			
Tobacco Prevention Grant	93.994	47-2-002-2-CJ-01	36,480
		47-2-002-2-CJ-02	<u>39,505</u>
Total Tobacco Prevention Grant			75,985
Cardiovascular Health Grant	93.991	47-2-002-2-ED-01	<u>40,433</u>
Total U.S. Department of Health and Human Services			<u>116,418</u>
<b>U.S. Department of Justice</b>			
Local Law Enforcement Grant	16.592	2000-LB-VX-1416	83,464
Public Safety Partnership and Community Policing Grants (C.O.P.S.)	16.710	2001-CM-WX-0335	<u>277,875</u>
Total U.S. Department of Justice			<u>361,339</u>
Total Federal Awards Expenditures			\$ <u>3,475,671</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, 2002

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#### 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

##### A. Home Program Loans

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

##### B. Section 108 Loans

The City has borrowed and expended 4 loans from the HUD under Section 108 of Title 1 of the Housing and Community Development Act, as amended. The funds were used in connection with economic development of local businesses. Principal and interest payments are due semi-annually. The loans and related activities have not been reflected in the Schedule of Federal Awards. The terms and balances due as of December 31, 2002 are as follows:

<u>Loan Date</u>	<u>Loan Amount</u>	<u>Length of Term</u>	<u>Balance at December 31, 2002</u>
December 15, 1992	\$2,200,000	20 years	\$1,100,000
December 15, 1992	200,000	20 years	100,000
June 14, 2000	2,500,000	19.5 years	2,125,000
August 8, 2002	2,000,000	19 years	2,000,000

# **CITY OF LORAIN, OHIO**

## SCHEDULE OF FINDINGS OMB CIRCULAR A-133, SECTION .505

**DECEMBER 31, 2002**

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### 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 .510?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant CFDA #14.218 Section 108 Program CFDA #14.218
(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

02-1 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	\$ 1,248,821
Special Revenue Fund	
◆ Police Pension	97,149
◆ Fire Pension	65,859
Internal Service Fund	
◆ Hospitalization	234,956

# CITY OF LORAIN, OHIO

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

**DECEMBER 31, 2002**

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

02-2 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, 2002, the City had expenditures plus encumbrances in excess of appropriations as follows:

	<u>Excess</u>
<u>General Fund</u>	
Council	
◆ Personal Services	\$ 41
Treasurer	
◆ Material and Supplies	4,864
Judges	
◆ Personal Services	100,674
Safety/Service Director	
◆ Personal Services	7,765
◆ Contractual Services	627
Engineering	
◆ Personal Services	21,428
Data Processing	
◆ Personal Services	2,518
Police Department	
◆ Personal Services	518,764
Fire Department	
◆ Personal Services	532,307
◆ Contractual Services	357
Cemetery	
◆ Personal Services	28,508
Parks and Recreation	
◆ Personal Services	148,165
Debt Service	
◆ Principal Retirement	1,481
Other Financing Uses	
◆ Operating Transfers Out	965,023
Street Fund	
Street Construction	
◆ Personal Services	26,180
◆ Contractual Services	963
Policy Levy Fund	
Security of Persons and Property	
◆ Personal Services	12,941

**CITY OF LORAIN, OHIO**

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

**DECEMBER 31, 2002**

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

	<u>Excess</u>
Water Works Fund	
Debt Service	
♦ Interest and Fiscal Charges	30,291
Water Pollution Control Fund	
Debt Service	
♦ Interest and Fiscal Charges	4,934
Garage Fund	
Expenses	
♦ Personal Services	12,186
<u>Hospitalization Fund</u>	
Expenses	
♦ Claims	353,395

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings for federal awards to report in 2002.

## **CITY OF LORAIN, OHIO**

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

**DECEMBER 31, 2002**

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<b>Finding No.</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Explanation</b>
01-1	<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, 2001, 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 2002.
01-2	<p>Ohio Rev. Code 5705.41(B) states that no subdivision or taking unit is to expend money unless it has been appropriated.</p> <p>At December 31, 2001, 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 2002.

**CITY OF LORAIN**

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

**RESPONSE TO FINDINGS ASSOCIATED WITH AUDIT CONDUCTED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
02-1	Management will monitor fund balances and properly advance funds to cover deficit fund balances, if necessary.	N/A	Ronald Mantini, Auditor
02-2	Management will monitor expenditures and encumbrances and amend appropriations, if necessary.	N/A	Ronald Mantini, Auditor





**Auditor of State  
Betty Montgomery**

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 26, 2003**