



**CITY OF ELYRIA
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

**CITY OF ELYRIA
LORAIN COUNTY**

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CITY OF ELYRIA
LORAIN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2003

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

Federal Grantor/ Pass-Through Grantor/Program Title	Pass Through Entity Number	CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<i>Direct Federal Assistance Program:</i>			
Community Development Block Grant	B-00-MC-39-0015	14.218	1,101,958
Passed Through the Ohio Department of Development: HOME - Home Improvement Partnership Program	A-C-00-857-4	14.239	<u>220,056</u>
Total U.S. Department of Housing & Urban Development			<u>1,322,014</u>
<u>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Passed Through United Way of America:</i>			
Emergency Food and Shelter National Board Program	15-6790	85.523	<u>1,497</u>
EMW Training Grant	EMW2002-FG-11-811	85.554	<u>64,823</u>
Total U.S. Federal Emergency Management Agency			<u>66,320</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health and Human Services:</i>			
Maternal and Child Health Services Block Grant			
Child and Family Health Services	47-2-002-1-MC	93.994	397,041
Infant Mortality Reduction Initiative Program	47-2-002-1-DM	93.994	161,139
Dental Sealant Program	47-2-002-1-AJ	93.994	22,591
Infrastructure (Disease/Bioterrorism)	47-1-001-2-BI	93.994	<u>53,923</u>
Total Maternal and Child Health Services Block Grant			634,694
<i>Passed Through the Nat'. Assoc. of County & City Health Officials:</i>			
NACCHO Grant		93.283	<u>7,267</u>
Total U.S. Department of Health & Human Services			<u>641,961</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through the Ohio Department of Justice:</i>			
Victims of Crime Act	NA	16.575	<u>24,420</u>
Total U.S. Department of Justice			<u>24,420</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through the Ohio Governor's Department of Public Safety</i>			
State and Community Highway Safety STEP - Selective Traffic Enforcement Program Grant	1578	20.600	<u>14,891</u>
Total U.S. Department of Transportation			<u>14,891</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct Federal Assistance Program:</i>			
Brownfield Pilots Cooperative Agreements Brownfield Assessment Pilot	BP-97535701-0	66.811	<u>123,075</u>
Total U.S. Environmental Protection Agency			<u>123,075</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
<i>Direct Federal Assistance Program:</i>			
EDA Planning Grant	06-87-04667	11.302	<u>50,000</u>
Total U.S. Department of Commerce			<u>50,000</u>
Total Federal Assistance			<u>2,242,681</u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF ELYRIA
LORAIN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (Schedule) summarizes the activity of the City's federal award programs. The Schedule has been prepared 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 State and 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 basic financial statements.

CFDA - Catalog of Federal Domestic Assistance.

N/A - Not applicable.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Elyria
Lorain County
131 Court Street
Elyria, Ohio 44035

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Elyria, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 10, 2004, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34 and changed its accounting for capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the City's management in a separate letter dated September 10, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the City's management in a separate letter dated September 10, 2004.

This report is intended solely for the information and use of management, the City Council, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 10, 2004



Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Elyria
Lorain County
131 Court Street
Elyria, Ohio 44035

Compliance

We have audited the compliance of the City of Elyria, Lorain County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 2003. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with 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 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 that 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. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 10, 2004.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated September 10, 2004, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34 and changed its accounting for capital assets. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, City Council, 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.



Betty Montgomery
Auditor of State

September 10, 2004

**CITY OF ELYRIA
LORAIN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CDBG (Community Development Block Grant) CFDA# 14.218
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	\$300,000/\$100,000
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF ELYRIA, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
December 31, 2003

Prepared by:

Department of Finance Administration
Ted M. Pileski, CPA, Elyria City Auditor
John T. Farrell, Elyria City Chief Deputy Auditor

City of Elyria, Ohio
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended, December 31, 2003

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TED M. PILESKE, CPA
City Auditor

JOHN T. FARRELL
Chief Deputy Auditor

September 10, 2004

**HONORABLE MAYOR,
MEMBERS OF CITY COUNCIL,
AND THE CITIZENS OF ELYRIA, OHIO**

The Comprehensive Annual Financial Report (“CAFR”) of the City of Elyria (the “City”) for the year ended December 31, 2003 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the governmental and business-type activities and various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included. The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting, the City’s organization chart and a list of principal officials. The Financial Section includes the Independent Accountants’ Report, management’s discussion and analysis, the basic financial statements, notes to the financial statements and related footnotes, and relevant supplemental financial statement schedules for 2003. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

GOVERNMENTAL STRUCTURE

The City was incorporated on February 23, 1833 under the laws of the State of Ohio. The City operates under a Mayor-Council form of government as provided by its Charter adopted on November 2, 1965.

The City provides a full range of services. These services include: police and fire protection, the construction and maintenance of highways, streets and infrastructure, recreational activities, family and child health care, community planning, zoning and development, and water, sewer and sanitation services. In addition, the Elyria Municipal Court is included in the reporting

entity. The Elyria City School District, the Elyria Memorial Hospital and the Elyria Public Library have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

ECONOMIC CONDITION & OUTLOOK

The City is located on the Black River approximately ten miles south of Lake Erie.

The City developed as an industrial community in the early 1800's. As the seat of Lorain County, the City's economy continued to diversify throughout the early 1900's. Another large industrial expansion took place during the late 1940's and early 1950's. In recent years, the face of Elyria's economy has begun to change. Throughout the 1980's and 1990's, the largest employers in the City were manufacturing firms such as Invacare, General Motors and York International. Today, Invacare Corporation is the only one of these companies that still remains in Elyria. As a result, a shift of the largest employers in the City from manufacturing to service oriented employers has taken place. Invacare Corporation remains the largest employer in regards to income tax revenues received by the City, while the EMH Regional Medical Center, Lorain County Government and Lorain County Community College follow. Despite the change in top employers, Elyria's economy remains diversified which, along with two major construction projects in downtown Elyria, namely the Lorain County Justice Center and the New City Hall, contributed to modest growth in income tax revenues in 2003. Income tax revenues in the General Fund had dipped 3.7% in 2002 after losing York International to \$16,049,532 (cash basis), but modestly rebounded to \$16,379,960 (cash basis) in 2003.

In addition to the afore-mentioned construction projects, income tax revenues increased due to a Joint Economic Development District (JEDD) agreement approved by the voters of Elyria Township on May 6, 2003. This agreement between the City of Elyria and Elyria Township, which became effective July 1, 2003, calls for the City to provide access to sewer service within the JEDD and an income tax equal to the City's rate of 1.75% will be imposed on all salaries, wages, commissions and other compensation earned within the JEDD, and on net profits of all businesses located within the JEDD. Under the agreement, the City will receive 80% of the income tax collected and the Township will receive 20%. It is estimated that this agreement will generate approximately \$340,000 per year in additional revenue for the City.

MAJOR INITIATIVES

FOR THE YEAR:

The City addressed the following infrastructure problems in 2003.

The repair and reconstruction of portions of Winckles Street and Woodford Avenue, Foster Avenue and East Broad Street, Huron Street and all of Hilliard Road were completed in 2003. All of these projects were funded with 89% State Issue II grants and 11% by the City.

The deck replacement of the Second Street Bridge over the Black River was also completed in 2003. This project was funded with 80% federal monies and 20% State Issue II grant monies.

The demolition of the old Tappan Plant facility was completed and an environmental impact study of the site was started in 2003. This project is being funded with Clean Ohio Grant monies and United States Environmental Protection Agency monies.

FOR THE FUTURE:

Infrastructure upgrade continues to be a priority of the City. For example:

Replacement of the State Route 57 Bridge over the Black River began in 2002 and will continue into 2004. The west-bound side of the bridge was completed in 2003 and the estimated completion date of the east-bound side is October 2004. This project is being funded with federal and state monies.

Other road projects scheduled to begin in 2004 are the repair and reconstruction of Broad Street from West Avenue to East Bridge Street, West River Road from Infirmary Road to Second Street, portions of Lake Avenue, North Olive Street and Furnace Street, and all of Defiance Avenue and Clemens Avenue. All of these projects have been approved for 89% State Issue II grant funding with the remaining 11% coming from City funds.

Construction of two new elevated water storage tanks, installation of two new booster pumps and other improvements to the water distribution system to improve water pressure began in 2003 and will continue throughout 2004. These projects are being funded with \$5.2 million in general bond anticipation notes that will be repaid with Water Enterprise Fund monies.

Construction of the new City Hall complex, which involves new construction along with adaptive-reuse of the old City Hall and Turner Block buildings began in May 2001 and continued throughout 2003 and into 2004. The City transferred \$500,000 in 1998 and \$1,500,000 in 1999 from the General Fund to the Municipal Building Construction Capital Project Fund and issued \$8.2 million in general obligation long-term bonds in 2001 and \$2.2 million in general obligation bond anticipation notes in 2003 for this project. In addition, the City's Water, Sanitation, and Wastewater Pollution Control Enterprise Funds will contribute \$546,594, \$90,699, and \$546,594, respectively, which is the calculated cost of the Public Utilities Department in City Hall based on square footage and square footage costs.

GENERAL GOVERNMENTAL FUNCTIONS - The general government functions of the City consist of six functions / activities: public safety, health, culture and recreation, community environment, highways and streets, and general government.

The function of public safety consists of the operation of the City's police, fire, safety service, communications, prisoner support, and traffic lights departments. The function of health consists of the operation of the City's health and cemetery departments. The function of culture and recreation consists of the operation of the City's parks and recreation, swimming pools and ice rink departments. The function of community environment consists of the operation of the

City's community planning and zoning, community development, housing costs enforcement, block grant administration and rehab operations and comprehensive housing improvement program departments. The function of general government consists primarily of the various administrative departments and municipal court departments.

ENTERPRISE OPERATIONS – The City's enterprise operations consist of four separate funds:

Water, Special Parks and Recreation, Sanitation, and Wastewater Pollution Control. Several of the City's major initiatives listed previously are directly related to these operations. The City's **Water Fund** continues to operate while keeping user rates at a minimum. The City is particularly proud of the fact that our system is able to provide plentiful amounts of water even in the worst conditions, such as the droughts experienced in the summers of recent years, and throughout the "blackout" of August 2003. Also, the City has recently started construction of two new elevated water storage tanks, the addition of two new booster pumps and other improvements to the system to improve water pressure. This should keep the City's water operations at a level citizens will appreciate long into the future.

The City has completed a major upgrade of its wastewater treatment plant and construction of the Westside Interceptor sewer and the District II Relief sewer. With these improvements, the City's **Wastewater Pollution Control** operations should be at a level which is at least as equal to other cities of comparable size.

The City's **Sanitation Department** continues to provide its citizens with excellent trash collection services at the lowest possible price. In 2003, the City increased sanitation rates to keep up with increasing operating costs and to purchase two new trash packers. A City-wide recycling program was implemented in 1994 to keep up with the changing times.

The City's fourth enterprise fund, **Special Parks and Recreation**, is fairly minor in nature and is used to account for the operations of concession stands and athletic programs in the City's parks and recreation facilities.

INTERNAL SERVICE OPERATIONS – The City has two internal service funds relating to risk management. Those funds are the **Employees' Health Insurance Fund** and **Workers' Compensation Fund**.

The **Employees' Health Insurance Fund** is used to account for the operations of the City's self-insured health plan for all full-time employees and their dependents. Other City funds are charged a premium amount per employee covered by the Employees' Health Insurance Fund. The Employees' Health Insurance Fund pays claims and administration costs. The City has specific stop-loss insurance coverage to insure against catastrophic claims.

The **Workers' Compensation Fund** is used to account for the City's participation in the State of Ohio workers' compensation fully insured plan. Under the plan, the City reimburses the State of Ohio for claims paid, administration fees, and premiums for insurance coverage on catastrophic

claims. Other City funds are charged a premium amount based on the wages paid to covered employees.

FIDUCIARY OPERATIONS – The City has several agency funds under its jurisdiction. These funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, or other funds.

DEBT ADMINISTRATION – The City’s most recent bond rating of A2 was obtained from Moody’s Investors Service in 2001 and confirmed in July 2004. This favorable bond rating has saved the City thousands of dollars in debt service costs and also shows Moody’s confidence in the City’s operations and financial position.

The City had a number of debt issues outstanding at December 31, 2003. These issues include \$22,427,918 in general obligation bonds, \$12,930,000 in general obligation notes, \$2,077,081 in special assessment bonds, \$16,232,982 in Ohio Water Development Authority loans, a \$179,850 HUD 108 loan, and \$463,487 in Ohio Public Works Commission interest free loans. Under the Uniform Bond Act of the Ohio Revised Code, the City has a legal limitation on unvoted general obligation debt based on 5.5% of the assessed valuation of real and personal property. At December 31, 2003, the City’s net debt (as defined in the Ohio Revised Code) of \$33,114,640 was well below the legal limit of \$50,964,927.

CASH MANAGEMENT – Monies temporarily idle during the year and invested are governed by the City Charter and the Ohio Revised Code. The City invested these funds in a common group of bank accounts and short-term investments such as certificates of deposit, money market accounts, federal agency securities, and Star Ohio. The City Auditor’s Office has implemented an excellent cash management program. While the City only uses safe, conservative investments, at the same time it takes full advantage of available investment opportunities. Interest earned on investments is allocated to the funds participating in the pool in accordance with the City Charter and Codified Ordinances. Following is a schedule of interest earned (on a cash basis) for the past ten years:

<u>Years</u>	<u>Amount</u>
1994	\$ 736,480
1995	1,293,466
1996	1,270,705
1997	1,778,733
1998	1,508,901
1999	1,229,010
2000	1,690,000
2001	1,620,592
2002	680,710
2003	431,678

The overall rate of return on the City’s investments for 2003 was approximately 2.00%. The City complied with the various provisions of the Ohio Revised Code and the City Charter and Codified Ordinances pertaining to types of investments held and institutions in which deposits were made. The City also complied with provisions of the Ohio Revised Code concerning

security requirements. The Ohio Revised Code does not require security for its public deposits to be maintained in the City's name. Instead, the investment institutions may pledge a pool of government securities, the face value of which is at least 105% of the total value of public monies on deposit. The City monitors compliance with the various statutes mentioned above and will continue to do so in future years.

RISK MANAGEMENT – The City purchases insurance policies in varying amounts to insure City property against loss or misuse and provide coverage for general liability, vehicle liability, property damage, employee and public officials liability, and for errors and omissions. The City also pays unemployment claims to the State of Ohio as incurred.

The City's risk management policies for health insurance and workers' compensation have been discussed previously in the Internal Services Operations section.

PENSION AND POSTEMPLOYMENT BENEFITS PLANS – Full time, permanent employees of the City belong to one of two state operated pension plans (both are cost-sharing, defined benefit, multiple-employer plans). Elected officials and non-uniformed employees are members of the Ohio Public Employees Retirement System ("OPERS"). Police and fire personnel are members of the Ohio Police and Fire Pension Fund ("OP&F"). The plans provide pension benefits as well as postretirement health care coverage to qualifying employees. Contributions to the plans by both the City and participating employees are mandated by state statute. Because both plans operate pursuant to the Ohio Revised Code, the Ohio General Assembly could decide to amend the format of the plans and could revise contribution and benefit levels.

During the year ended December 31, 2003, the City contributed approximately \$4.4 million to the two plans.

INDEPENDENT AUDIT – State statutes require an annual audit. This year the City's audit was performed by State Auditor, Betty Montgomery. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and the related OMB Circular A-133. The report of independent accountants' on the basic financial statements is included in the financial section of this report and is unqualified.

AWARDS

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING** to the City of Elyria for its comprehensive annual financial report for the fiscal year ended December 31, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

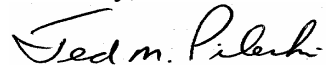
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Elyria has received a Certificate of Achievement for the last **SEVENTEEN CONSECUTIVE YEARS** (fiscal years ended 1986-2002). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the City Auditor's Office. I would like to express my appreciation to all staff members who have contributed or assisted in its preparation.

In closing, I would also like to thank the Mayor and members of Elyria City Council, for without your continued support, the preparation of this report to help ensure the continued financial integrity of the City, would not have been possible.

Sincerely,



Ted M. Pileski, CPA
Elyria City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Elyria,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

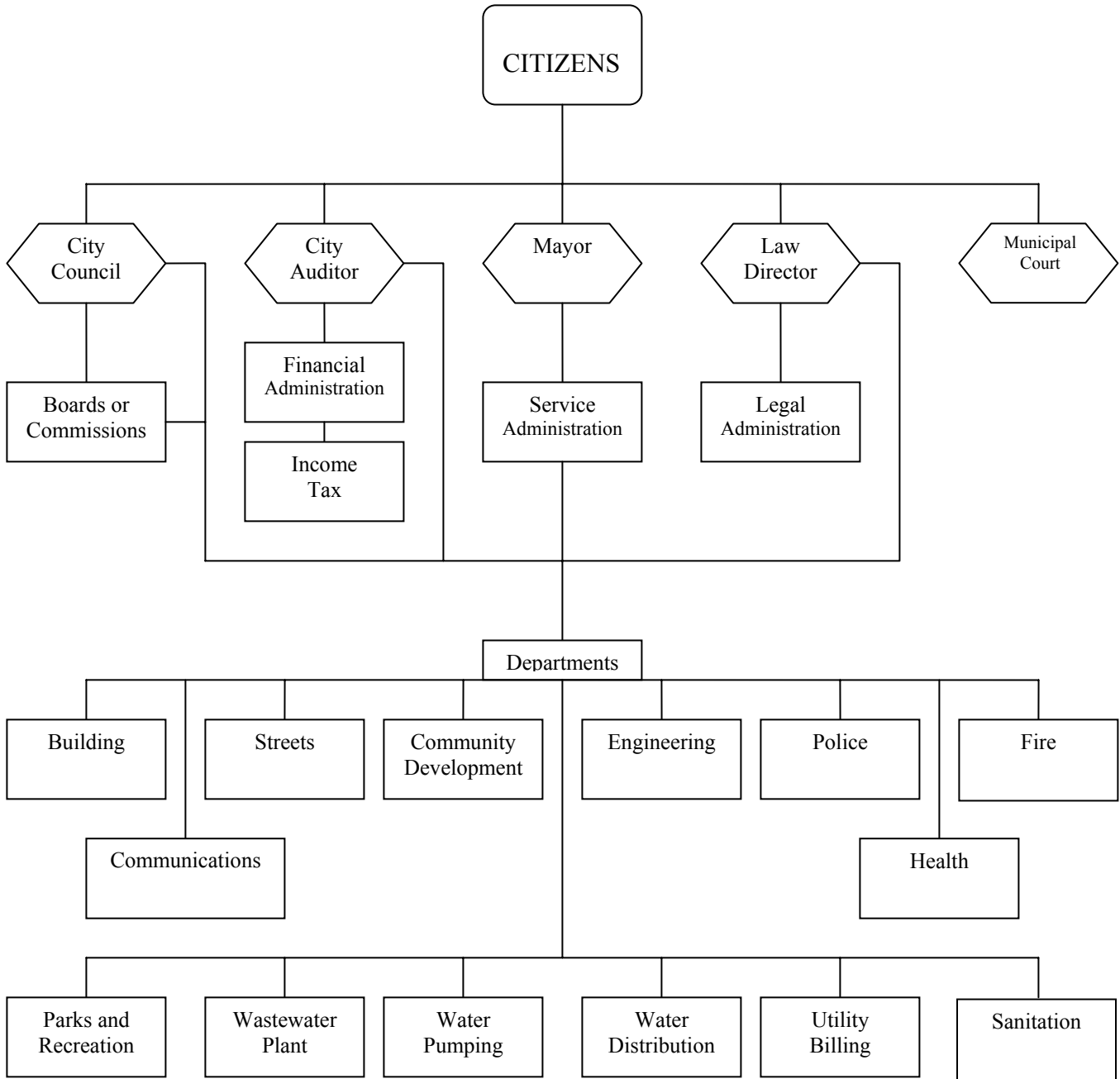
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Elyria, Ohio Organizational Chart



City of Elyria, Ohio
List of Elected and Appointed Officials
December 31, 2003

Elected Officials

Mayor
Auditor
Law Director
Judge
Judge
Court Clerk
Council Member – Ward 1
Council Member – Ward 2
Council Member – Ward 3
Council Member – Ward 4
Council Member – Ward 5
Council Member – Ward 6
Council Member – Ward 7
Council Member – At large
Council Member – At large
Council Member – At large
Council Member – At large

William M. Grace
Ted M. Pileski
Terry S. Shilling
George H. Ferguson
John R. Musson
Donald J. Rothgery
Charlene K. Gersak
Forrest L. Bullock
Garry L. Gibbs
Paul E. Blevins
William D. Ogle
Eddie L. Mitchell
E. Kenneth Burkhard
John A. Baird
Herman M. Larkins
Michael J. Lotko III
Larry W. Tanner

Appointed Officials

Administrative Assistant
Safety Service Director
Administrative Assistant
Assistant Safety Service Director
Assistant Safety Service Director
Assistant Safety Service Director
EEO-MBE Coordinator
Administrative Legal Council to the Mayor
Chief Deputy Auditor
Assistant Law Director
Assistant Law Director
Prosecutor
Prosecutor
Assistant Prosecutor
Assistant Prosecutor
Assistant Prosecutor
Assistant Prosecutor
Council Clerk
Assistant Council Clerk

Rebecca M. Stewart
Eric J. Rothgery
Terre Lee Moyer
Chris Eichenlaub
Robert A. Given
James Hutchison
LaTaunya Howard
J. Terry Robinson
John T. Farrell
Stephen J. Gurchik
Michael E. Szekely
Jay B. Grunda
Margaret O'Bryon
Cynthia Adams
Michelle D. Nedwick
Quentin J. Nolan
Honey Rothschild
Arthur Weber
Nell Fike

Department Heads

Building Department
Communications Superintendent
Community Development Director
City Planning Director
Engineer
Fire Chief
Health Commissioner
Income Tax Administrator
Medical Director
Parks and Recreation Director
Police Chief
Street Superintendent
Utilities Superintendant
Wastewater Plant Superintendent
Water Distribution Superintendent
Water Pumping Plant Superintendent

Gerald L. Klein
Charles Garay
Carol A. Naworocki
Jon R. Kiner
John Hart
John F. Zielinski
Kathryn C. Boylan
Ted M. Pileski
Dr. Douglas M. McDonald
Frank J. Gustoff
Michael Medders
Gary M. Dickerson
Thomas A. Brand
Gregory F. Worcester
Harold Connerth
Kenneth A. Moore



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Elyria
Lorain County
131 Court Street
Elyria, Ohio 44035

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elyria, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elyria, Lorain County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2(D) during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* changed its accounting for capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financials statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

September 10, 2004

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

As management of the City of Elyria, we offer readers of the City of Elyria's financial statements this narrative overview and analysis of the financial activities of the City of Elyria for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 7 of this report.

Financial Highlights

- The assets of the City of Elyria exceeded its liabilities at the close of the most recent fiscal year by \$85,387,251 (*net assets*). Of this amount, \$65,446,347 or 77% represents investments in capital assets, net of related debt.
- The General Fund balance decreased \$1,591,285 or 27%. This decrease is the result of lagging income tax revenues due to the loss of jobs in Elyria, the overall sluggish economy, and increased personnel costs, particularly health care costs.
- The City of Elyria's short-term debt increased by \$6.1 million as the City issued one-year general obligation bond anticipation notes for the following projects: \$2.0 million for the Industrial Parkway project, \$2.2 million to complete the new City Hall and \$2.5 million for the Chestnut Commons project. Principal retired on short term notes in 2003 amounted to \$600,000 resulting in the net increase of \$6.1 million.

Overview of the Financial Statements

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

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

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

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

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

Both of the government-wide financial statements distinguish functions of the City of Elyria that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Elyria include public safety, health, culture and recreation, community environment, highways and streets, and general government. The business-type activities of the City of Elyria include water, special parks & recreation, sanitation, and wastewater pollution control operations.

The government-wide financial statements can be found on pages 27-28 of this report.

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

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

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

The City of Elyria maintains forty (40) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Special Assessment Bond Retirement fund, the Chestnut Commons/Ridge Improvement fund and the Municipal Building Construction fund, all of which are considered to be major funds. Data from the other thirty-six (36) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Elyria adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the general fund in the basic

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

financial statements to demonstrate compliance with its budget. Budgetary comparison schedules for other funds are provided elsewhere in this report.

The basic governmental fund financial statements can be found on pages 29-37 of this report.

Proprietary funds. The City of Elyria maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Elyria uses enterprise funds to account for its Water, Sanitation, and Wastewater utilities, and for its Special Parks & Recreation programs. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Elyria's various functions. The City of Elyria uses internal service funds to account for its worker's compensation and employee health insurance expenditures. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Special Parks and Recreation, Sanitation, and Wastewater Pollution Control operations, all of which are considered to be major funds of the City of Elyria. Conversely, our Employee Health Insurance and Worker's Compensation internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 138-140 of this report.

The basic proprietary fund financial statements can be found on pages 38-41 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Of these classifications, the City utilizes only agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Elyria's own programs.

The basic fiduciary fund financial statement can be found on page 42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-75 of this report.

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
 For the Year Ended December 31, 2003
 Unaudited

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Elyria, assets exceeded liabilities by \$85,387,251 at the close of the most recent fiscal year.

By far the largest portion of the City of Elyria's net assets (77 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Elyria's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A condensed statement of net assets follows in Table 1.

Table 1
CITY OF ELYRIA
Condensed Statement of Net Assets
December 31, 2003

	Governmental activities	Business-type activities	Total
Current and other assets	\$ 35,173,797	\$ 10,023,634	\$ 45,197,431
Capital assets	54,044,234	59,762,135	113,806,369
Total assets	<u>89,218,031</u>	<u>69,785,769</u>	<u>159,003,800</u>
Current liabilities	17,925,101	8,683,311	26,608,412
Non-Current liabilities	27,961,230	19,046,907	47,008,137
Total liabilities	<u>45,886,331</u>	<u>27,730,218</u>	<u>73,616,549</u>
Net assets:			
Invested in capital assets, net of related debt	29,697,842	35,748,505	65,446,347
Restricted	9,750,809		9,750,809
Unrestricted	3,883,049	6,307,046	10,190,095
Total net assets	<u>\$ 43,331,700</u>	<u>\$ 42,055,551</u>	<u>\$ 85,387,251</u>

An additional portion of the City of Elyria's net assets [11 percent] represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* [\$10,190,095] may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 below indicates the changes in net assets for the year ended December 31, 2003. Since these are the first financial statements following the City's implementation of GASB Statement No. 34, comparable data is not available for expense and revenue for 2002 vs. 2003. In future years, a comparative analysis of government-wide data will be presented.

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

Governmental activities. The net assets for the governmental activities of the City increased by \$1,635,965. Tax revenue accounts for \$28,232,889 of the \$40,667,808 total revenue for governmental activity, or 69%. The major recipients of intergovernmental revenue were the General Fund, receiving \$3,775,898 and Street Construction Maintenance and Repair receiving \$1,509,595.

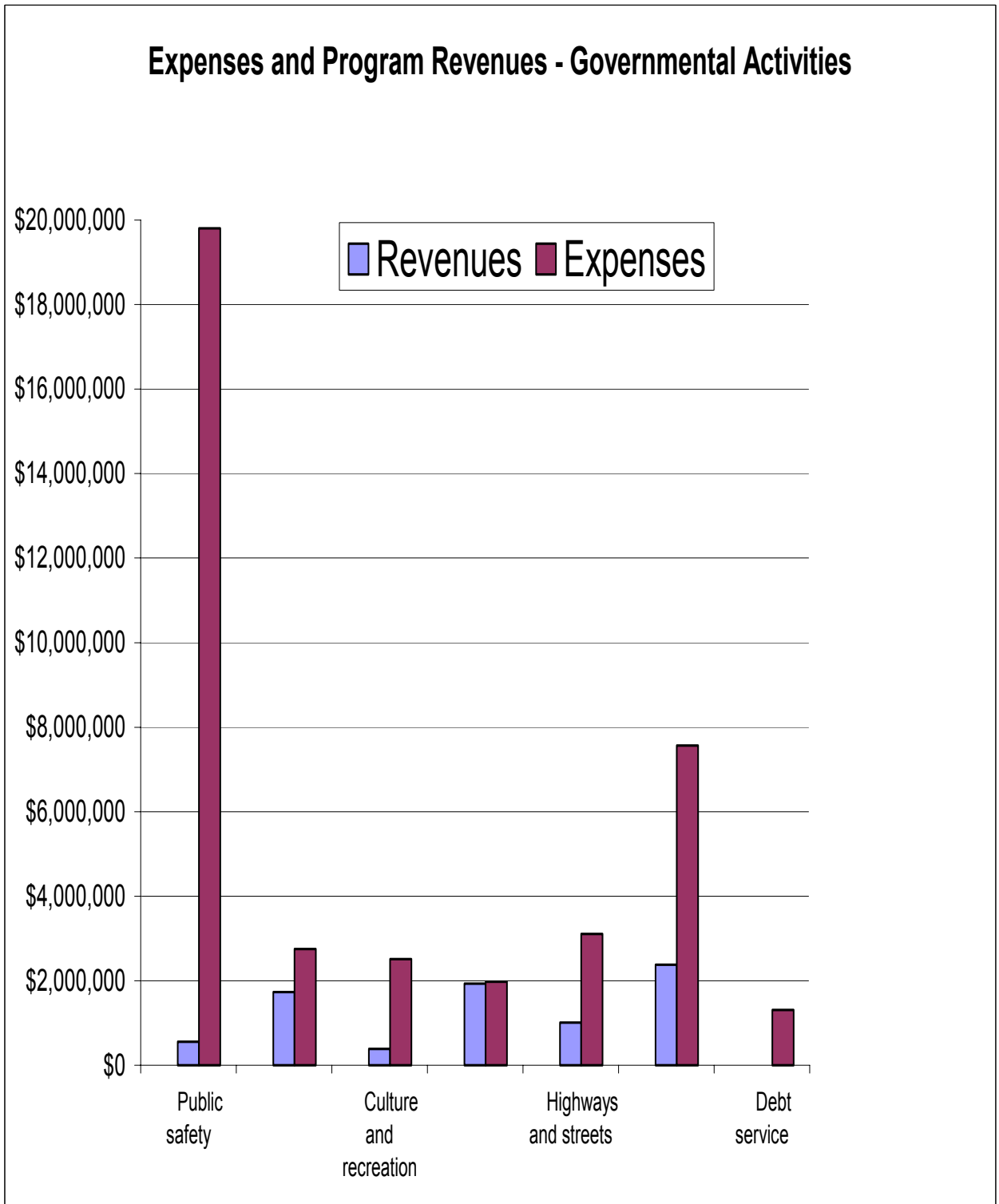
The City's direct charges to users of governmental services made up \$4,052,616 or 10% of total governmental revenue. These charges are for jail rental fees charged to other governmental entities, fees related to health department activities, fees related to parks and recreation activities, fines and forfeitures related to Elyria Municipal Court activities and various licenses and permits.

Public safety which includes police and fire protection, safety service, communications and the jail operations accounts for \$19,808,236 of the \$39,031,843 total expenses for governmental activities, or 51%. The next largest program is general government, which equals \$7,568,158, or 19% of total governmental expenses.

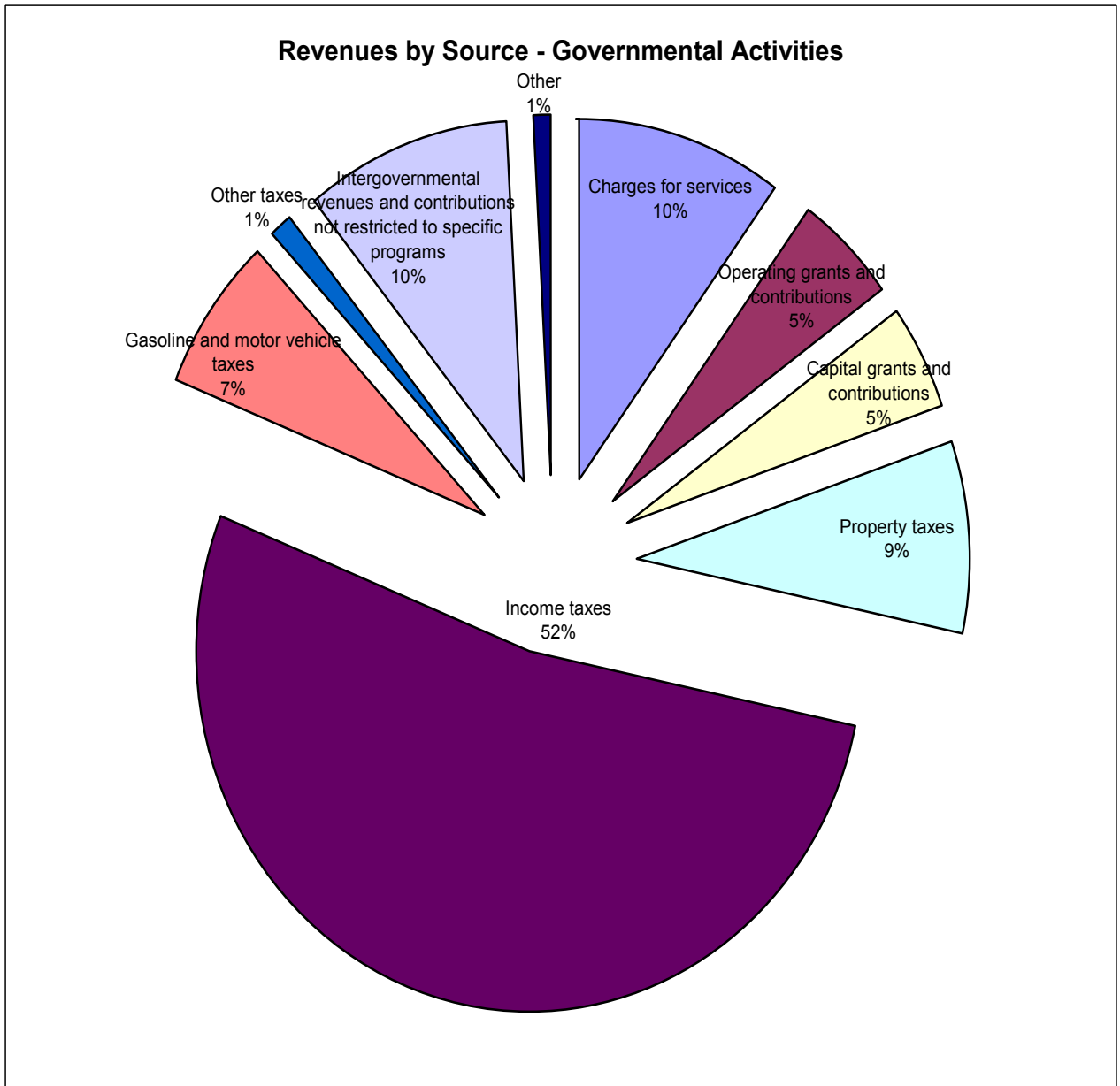
Table 2
CITY OF ELYRIA
Changes in Net Assets
Year Ended December 31, 2003

	Governmental activities	Business-type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 4,052,616	\$ 16,583,379	\$ 20,635,995
Operating grants and contributions	2,019,139	61,756	2,080,895
Capital grants and contributions	1,922,423	86,131	2,008,554
General revenues:			
Property taxes	3,554,126		3,554,126
Income taxes	21,401,274		21,401,274
Gasoline and motor vehicle taxes	2,805,188		2,805,188
Other taxes	472,301		472,301
Grants and contributions not restricted to specific programs	4,070,303		4,070,303
Other	370,438	365,360	735,798
Total revenues	40,667,808	17,096,626	57,764,434
Expenses:			
Public safety	19,808,236		19,808,236
Health	2,749,524		2,749,524
Culture and recreation	2,511,424		2,511,424
Community environment	1,976,381		1,976,381
Highways and streets	3,109,831		3,109,831
General government	7,568,158		7,568,158
Debt service	1,308,289		1,308,289
Water		5,630,930	5,630,930
Special Parks & Recreation		299,535	299,535
Sanitation		3,035,312	3,035,312
Wastewater		10,811,134	10,811,134
Total expenses	39,031,843	19,776,911	58,808,754
Increase (decrease) in net assets	1,635,965	(2,680,285)	(1,044,320)
Net assets - 1/1/2003	41,695,735	44,735,836	86,431,571
Net assets - 12/31/2003	\$ 43,331,700	\$ 42,055,551	\$ 85,387,251

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

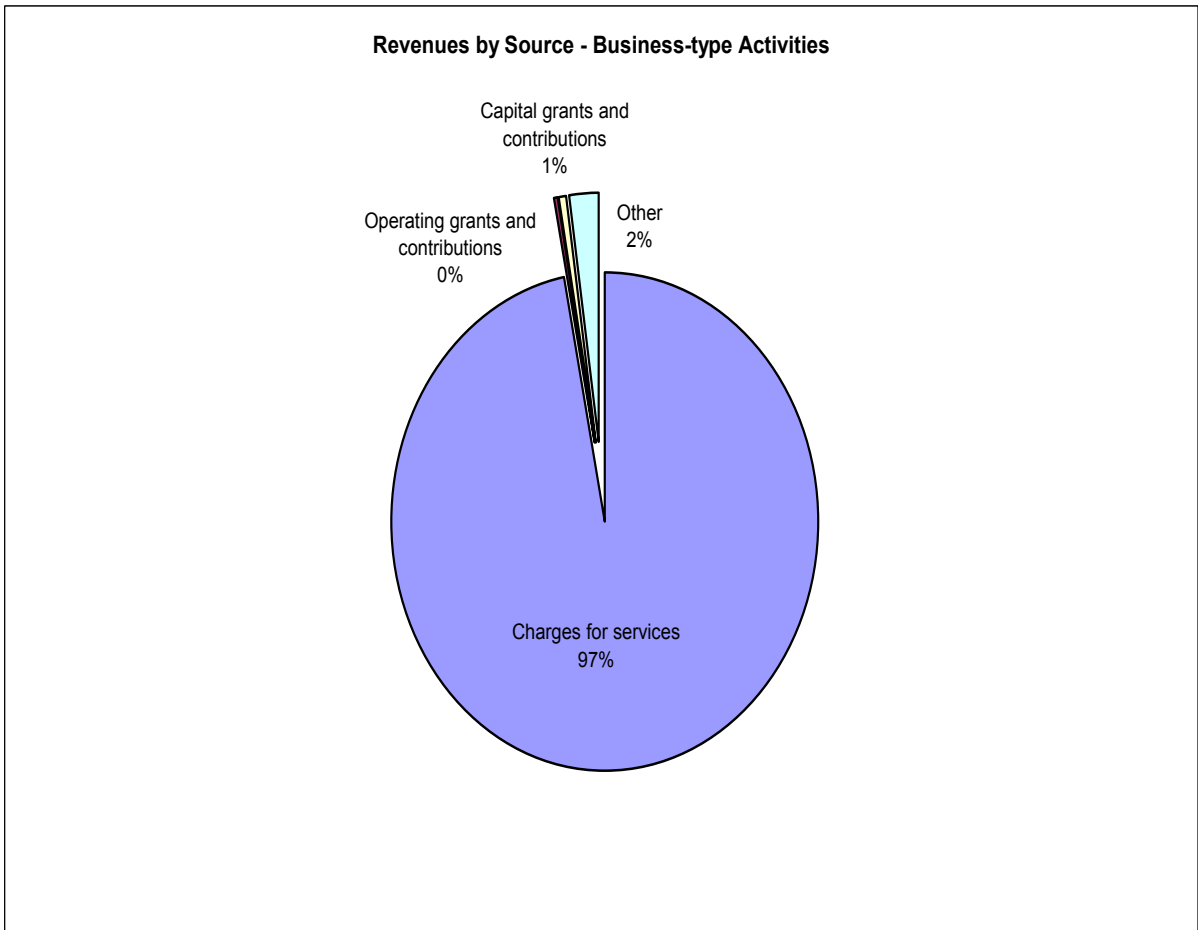
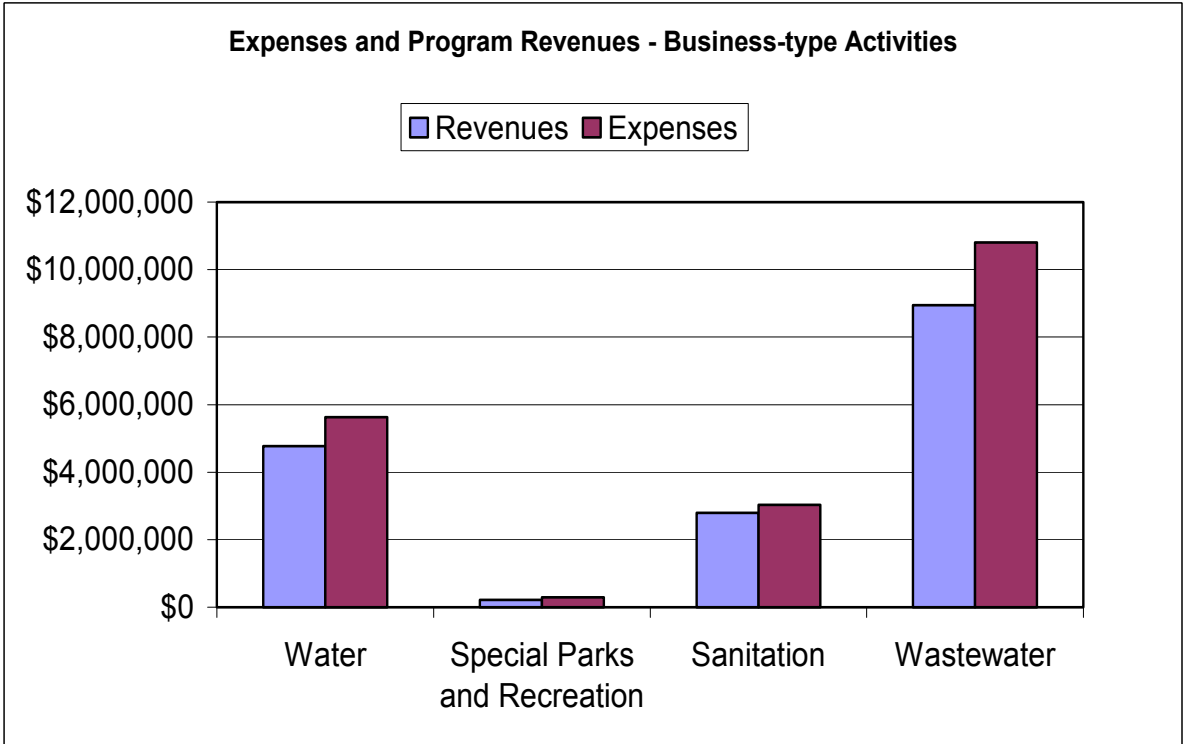


CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited



Business-type activities. The net assets for the business-type activities of the City decreased by \$2,680,285, mainly because the user fees charged for these business-type activities have not been sufficient to meet the increasing expenses of these activities. Elyria City Council has enacted a series of rate increases to correct this difference. Further discussion of these rate increases appears on page 75 under Note 17 – Subsequent Events. The major revenue source of the business-type activities was charges for services of \$16,583,379.

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
 For the Year Ended December 31, 2003
 Unaudited



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to demonstrate and ensure compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,080,255, a decrease of \$5,102,181 in comparison with the prior year. Approximately 94% of this total amount is reserved to indicate that it is not readily available for new spending since it has already been committed to 1) liquidate contracts and purchase orders from the prior period of \$4,843,369, 2) \$3,816,990 for rehabilitation loans under the Block Grant and Chip Grant programs and 3) to pay debt service of \$2,243,278. The unreserved fund deficit of (\$5,325,869) reported in the capital project funds is due to the one year general obligation bond anticipation notes that were issued for various capital projects and reported as a liability in the individual capital project funds. These negative fund balances will be eliminated in the capital project funds upon the issuance of long-term general obligation bonds, the proceeds of which will retire the short-term notes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unreserved fund balance was \$3,840,450 while the total fund balance was \$4,273,351. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15% of total General Fund expenditures, while total fund balance represents 16% of that same amount.

The General Fund balance decreased from \$5,864,636 at December 31, 2002 to \$4,273,351 at December 31, 2003. The following schedule presents a summary of General Fund revenues for the fiscal year ended December 31, 2003 and a comparison to prior year's revenues.

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

<u>Revenues</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2002</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 18,228,760	72.10%	\$ 734,385	4.19%
Intergovernmental revenues	3,775,898	14.94%	(928,626)	-19.73%
Charges for services	1,464,701	5.79%	(13,920)	9.40%
Licenses and permits	580,593	2.30%	(190,078)	-24.66%
Investment income	49,956	0.20%	(38,596)	-43.58%
Fines and forfeitures	1,127,481	4.46%	(117,881)	-9.46%
Miscellaneous revenues	<u>53,877</u>	<u>0.21%</u>	<u>29,294</u>	<u>1.19%</u>
Totals	<u>\$ 25,281,266</u>	<u>100.00%</u>	<u>\$ (525,422)</u>	<u>-2.03%</u>

The increase in tax revenues is due to increased income tax collections and the reclassification of certain revenues as other local taxes that were previously reported as intergovernmental revenues. The decrease in intergovernmental revenues is due to the reclassification of certain revenues mentioned above and a reduction of inheritance tax revenue due to a change in the tax law at the state level. The reduction of licenses and permits is due to the large payment received in 2002 for the building permits associated with the Lorain County Justice Center. The decrease in investment income was due to the continued slide of interest rates.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended December 31, 2003 and a comparison to prior year expenditures.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2002</u>	<u>Percent of Increase (Decrease)</u>
Current:				
Public safety	\$ 14,713,450	55.95%	\$ (136,036)	-0.91%
Health	1,581,315	6.01%	66,969	4.92%
Culture and recreation	2,036,267	7.75%	7,763	0.38%
Community environment	921,871	3.50%	119,409	0.15%
General government	6,638,124	25.24%	374,540	5.97%
Capital outlay	<u>410,052</u>	<u>1.55%</u>	<u>(104,381)</u>	<u>-20.29%</u>
Total	<u>\$ 26,301,079</u>	<u>100.00%</u>	<u>\$ 328,264</u>	<u>1.26%</u>

The increase in health, community environment and general government are all due to increased personnel costs, and associated fringe benefits and the rising costs of health care. The decrease in capital outlay was due to the acquisition and payment of computer equipment for the fire department in 2002.

The Special Assessment Bond Retirement fund had no fund balance at December 31, 2003, as special assessment receipts are recorded and expended each year to pay debt service on special assessment bonds.

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
 For the Year Ended December 31, 2003
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The other major governmental funds of the City are Chestnut Commons/Ridge Improvement fund and Municipal Building Construction fund.

The Chestnut Commons/Ridge Improvement fund was established in 2003, so no increase or decrease in fund balance is reported.

The fund balance for the Municipal Building Construction fund decreased by \$2,649,007 in 2003. The decrease is primarily due to the issuance of an additional \$2.2 million of one-year general obligation bond anticipation notes to complete the project.

Enterprise funds. The City’s enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water, Special Parks and Recreation, Sanitation and Wastewater Pollution Control funds at the end of the year amounted to \$1,286,078, \$204,332, (\$125,257) and \$5,065,175, respectively. The decrease in net assets for these funds were (\$694,043), (\$7,238), (\$209,037) and (\$1,646,685), in 2003 respectively. Elyria City Council has approved rate increases for each of the next five years for users of the water and wastewater pollution control systems, as well as for garbage pick-up, to increase net assets in the future. Other factors concerning these funds have been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

As required by State statute, Elyria City Council adopts an annual appropriation (budget) ordinance for all City Funds under its control. In addition to the City’s General fund, forty-three (43) funds representing various governmental, proprietary and fiduciary activities were included in the 2003 appropriation process.

The City’s General fund is organized and structured upon the basis of five (5) functions or activities, each with its own group of departments. Each department is appropriated funds at the major account level (personal services, fringe benefits, operation and maintenance, capital outlay, debt service, transfers out and reimbursements). These major accounts are broken down to minor line items for internal control purposes.

In terms of the total General fund and diversity of services offered to the public, the following function/activities are as follows:

<u>Function/Activity</u>	<u>2003 Annual Expended</u>	<u>% Expended</u>
Public Safety	\$15,195,600	54.23
Health	1,587,703	5.66
Culture and Recreation	2,203,376	7.86
Community Environment	932,433	3.32
General Government	<u>8,099,617</u>	<u>28.93</u>
Total Expenditures	<u>\$28,018,729</u>	<u>100.0</u>

The recording of General fund revenue and expenditure transactions along with the review of the original budget necessitates adjustments to reflect estimated revenue to actual revenue received, and any effect these adjustments have on expenditures.

Net differences between the original budget amount of \$28,683,429 and the final budget amount of \$28,888,033 (\$204,604 increase in appropriation) were relatively minor in nature with the largest change being an increase in general government activities of \$168,140.

Other Major Governmental Fund Budgetary Highlights

The net difference between the original budget amount of \$623,015 in the Special Assessment Bond Retirement Fund and the final budget amount of \$612,063 (\$10,952 decrease in appropriation) was minor in nature and was an adjustment to reflect actual special assessments received. Estimates for the Chestnut Commons/Ridge Improvement project were not complete at the time of the passage of the original budget which resulted in an amendment to the budget for the entire amount of the project. The net difference between the original budget amount of \$2,429,578 in the Municipal Building Construction Fund and the final budget amount of \$4,492,578 (\$2,063,000 increase in appropriation) was the result of additional monies needed to address the problems related to the adaptive reuse of the old City Hall and the delays associated with those problems.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2003 amounts to \$113,806,369 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, utility distribution and collection systems, infrastructure, machinery and equipment and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$5,211,397 (an increase of \$2,611,037 for governmental activities and an increase of \$2,600,360 for business-type activities).

Major capital asset events during the fiscal year included the following:

- Construction of the new City Hall continued in 2003 totaling \$2,426,569.
- Construction of two new elevated water storage towers began in 2003 totaling \$1,490,968.
- Construction of new water distribution lines to improve water pressure in the southeast and southwest sides of Elyria began in 2003 totaling \$1,015,715.
- Work continued on various improvements to the Water Pumping plant totaling \$1,547,808.

Additional information of the City's capital assets can be found in Note 7 on pages 61-63 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,505,000. Of this amount, \$20,835,000 comprises debt backed by the full faith and credit of the City, \$2,077,082 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment and \$1,592,918 is business-type activity debt that is received by user fees collected for business-type activities and also backed by the full faith and credit of the City.

At the end of the current fiscal year, the City also had total short-term bond anticipation general obligation notes outstanding of \$12,930,000. Of this amount, \$6,000,000 represents monies borrowed to finance various water projects, \$2,500,000 for the Chestnut Commons/Ridge project, \$2,200,000 for completion of the new City Hall, \$2,000,000 for the Industrial Parkway project and \$230,000 for the purchase of new garbage trucks. The City plans to issue long-term bonds to retire these short-term notes in 2005.

In addition to general obligation bonds and notes, the City also utilizes Ohio Water Development Authority loans to finance sewer projects and State Issue II Ohio Public Works Commission loans to finance various infrastructure projects.

The City's most recent bond rating of A2 was obtained from Moody's Investors Service in 2001 and confirmed in July 2004.

State statutes limit the amount of unvoted general obligation debt the City may issue to 5.5% of its total assessed valuation. The current debt limitation for the City of Elyria is \$50,964,927 which is significantly in excess of the City's outstanding unvoted general obligation debt of \$27,535,000.

Additional information on the City's long-term debt can be found in Note 12 on pages 68-72 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City is currently 7.9%, which is an increase from a rate of 7.4% a year ago. This compares unfavorably to the state's average unemployment rate of 6.1% and the national average rate of 6.0%.

During the current fiscal year, unreserved fund balance in the General fund decreased \$1,591,285, leaving a fund balance at December 31, 2003 of \$4,273,351. The City has appropriated approximately \$2.7 million of this amount for spending in the 2004 fiscal year budget, part of which is needed for the additional pay-day, which occurs every eleven years when on a bi-weekly pay schedule.

CITY OF ELYRIA, OHIO
Managements Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

City Council voted to reduce the credit given to residents who pay municipal income tax to other cities from 100% to 50%. This reduced credit takes effect July 1, 2004 and will be placed on the ballot in November 2004, for voter approval to continue into 2005.

The water, sanitation and sewer rates were all increased for the 2004 budget year. The water rate was increased 10% effective April 1, 2004, and was necessary to finance debt service on the new debt issued for the construction of two new elevated water storage tanks and other improvements to the water distribution system and water pumping plant and to meet increasing operating costs. The sanitation and sewer rates increased 4.5% effective May 1, 2004 and April 1, 2004, respectively, and were necessary to meet increasing operating costs.

All of these factors were considered in preparing the City's budget for the 2004 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the City Auditor, City of Elyria, 131 Court Street, Elyria, Ohio 44035.

City of Elyria, Ohio
Statement of Net Assets
December 31, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 8,521,977	\$ 5,896,201	\$ 14,418,178
Cash with fiscal agents	4,644		4,644
Investments	8,026,584	1,291,933	9,318,517
Receivables:			
Property tax	2,982,112		2,982,112
Income tax	5,143,747		5,143,747
Accounts	960	1,587,882	1,588,842
Accrued interest	22,408	25,472	47,880
Rehabilitation loans	3,816,990	324,529	4,141,519
Settlements		432,000	432,000
Special assessments	2,507,829	64,113	2,571,942
Due from other funds	242,322		242,322
Due from other governments	3,675,708		3,675,708
Inventory of supplies		246,221	246,221
Prepaid expenses	228,516	155,283	383,799
Capital assets (net of accumulated depreciation):			
Land	6,110,879	656,488	6,767,367
Buildings and system	10,654,977	11,015,070	21,670,047
Improvements	1,106,450	6,781,344	7,887,794
Utility distribution and collection systems	6,249,967	32,500,197	38,750,164
Infrastructure	17,886,018		17,886,018
Machinery and equipment	2,046,320	2,300,870	4,347,190
Construction in progress	9,989,623	6,508,166	16,497,789
Total capital assets	<u>54,044,234</u>	<u>59,762,135</u>	<u>113,806,369</u>
Total assets	<u>89,218,031</u>	<u>69,785,769</u>	<u>159,003,800</u>
LIABILITIES			
Accounts payable	189,336	190,309	379,645
Contracts payable	1,114,165	880,041	1,994,206
Accrued wages and benefits	3,294,965	407,610	3,702,575
Compensated absences payable	389,083	152,058	541,141
Due to other funds		123,282	123,282
Accrued interest payable	173,089	598,627	771,716
Deferred revenue	5,884,613	101,384	5,985,997
General obligation notes payable	6,700,000	6,230,000	12,930,000
Construction loan payable	179,850		179,850
Non-current liabilities:			
Due within one year	1,645,330	1,750,471	3,395,801
Due in more than one year	26,315,900	17,296,436	43,612,336
Total liabilities	<u>45,886,331</u>	<u>27,730,218</u>	<u>73,616,549</u>
NET ASSETS			
Invested in capital assets, net of related debt	29,697,842	35,748,505	65,446,347
Restricted for:			
Public safety	1,075,665		1,075,665
Health	183,371		183,371
Community environment	3,504,795		3,504,795
Highways and streets	1,134,296		1,134,296
Debt service	3,504,081		3,504,081
Other purposes	348,601		348,601
Unrestricted	3,883,049	6,307,046	10,190,095
Total net assets	<u>\$ 43,331,700</u>	<u>\$ 42,055,551</u>	<u>\$ 85,387,251</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Activities
For the Year Ended December 31, 2003

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
Public safety	\$ 19,808,236	\$ 499,390	\$ 57,761	\$	\$ (19,251,085)	\$	\$ (19,251,085)
Health	2,749,524	1,014,288	716,750		(1,018,486)		(1,018,486)
Culture and recreation	2,511,424	155,728	53,155	176,766	(2,125,775)		(2,125,775)
Community environment	1,976,381	8,029	1,191,473	735,401	(41,478)		(41,478)
Highways and streets	3,109,831			1,010,256	(2,099,575)		(2,099,575)
General government	7,568,158	2,375,181			(5,192,977)		(5,192,977)
Interest and fiscal charges	1,308,289				(1,308,289)		(1,308,289)
Total governmental activities	<u>39,031,843</u>	<u>4,052,616</u>	<u>2,019,139</u>	<u>1,922,423</u>	<u>(31,037,665)</u>		<u>(31,037,665)</u>
Business-type activities:							
Water	5,630,930	4,777,110			(853,820)		(853,820)
Special parks & recreation	299,535	214,094			(85,441)		(85,441)
Sanitation	3,035,312	2,645,629	61,756	86,131	(241,796)		(241,796)
Wastewater	10,811,134	8,946,546			(1,864,588)		(1,864,588)
Total business-type activities	<u>19,776,911</u>	<u>16,583,379</u>	<u>61,756</u>	<u>86,131</u>	<u>(3,045,645)</u>		<u>(3,045,645)</u>
Total primary government	<u>\$ 58,808,754</u>	<u>\$ 20,635,995</u>	<u>\$ 2,080,895</u>	<u>\$ 2,008,554</u>	<u>(31,037,665)</u>		<u>(34,083,310)</u>
General revenues:							
Property taxes					3,554,126		3,554,126
Municipal income taxes					21,401,274		21,401,274
Gasoline and motor vehicle taxes					2,805,188		2,805,188
Other local taxes					472,301		472,301
Intergovernmental revenues and contributions not restricted to specific programs					4,070,303		4,070,303
Investment earnings					179,864	176,754	356,618
Miscellaneous					190,574	188,606	379,180
Total general revenues					<u>32,673,630</u>	<u>365,360</u>	<u>33,038,990</u>
Change in net assets					<u>1,635,965</u>	<u>(2,680,285)</u>	<u>(1,044,320)</u>
Net assets - beginning					<u>41,695,735</u>	<u>44,735,836</u>	<u>86,431,571</u>
Net assets - ending					<u>\$ 43,331,700</u>	<u>\$ 42,055,551</u>	<u>\$ 85,387,251</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Special Assessment Bond Retirement	Chestnut Commons/Ridge Improvement	Municipal Building Construction	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 2,689,272	\$ 1,344	\$ 1,000,059	\$ 1,929,797	\$ 2,218,878	\$ 7,838,006
Cash with fiscal agents			1,189,200		3,300	4,644
Investments					4,623,484	5,812,684
Accounts receivable	683				277	960
Rehabilitation loans receivable			46	1,324	3,816,990	3,816,990
Accrued interest receivable	1,890				7,576	10,836
Due from other funds	95,871				36,688	132,559
Due from other governments	1,901,623				1,774,085	3,675,708
Income tax receivable	4,444,855				698,892	5,143,747
Property tax receivable	1,180,606				1,801,506	2,982,112
Special assessments receivable		2,507,829				2,507,829
Total assets	\$ 10,314,800	\$ 2,509,173	\$ 2,189,305	\$ 1,931,121	\$ 14,981,676	\$ 31,926,075

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	\$ 134,725	\$	\$	\$	\$ 53,018	\$ 187,743
Contracts payable	117,412		73,317	325,807	597,629	1,114,165
Accrued wages and benefits	1,464,241				369,776	1,834,017
Compensated absences payable	330,975				58,074	389,049
Matured interest payable		1,344			3,300	4,644
Due to other funds					13,519	13,519
Deferred revenue	3,994,096	2,507,829			2,920,908	9,422,833
Notes payable			2,500,000	2,200,000	2,000,000	6,700,000
Construction loan payable					179,850	179,850
Total liabilities	6,041,449	2,509,173	2,573,317	2,525,807	6,196,074	19,845,620

Fund balances:

Reserved for:						
Encumbrances	432,901		1,800,164	1,462,937	1,147,367	4,843,369
Rehabilitation loans					3,816,990	3,816,990
Endowment					395,746	395,746
Debt service					2,243,278	2,243,278
Unreserved, reported in:						
General fund	3,840,450				2,266,291	3,840,450
Special revenue funds			(2,184,176)	(2,057,623)	(1,084,070)	(5,325,869)
Capital projects funds	4,273,351		(384,012)	(594,686)	8,785,602	12,080,255
Total fund balances	\$ 10,314,800	\$ 2,509,173	\$ 2,189,305	\$ 1,931,121	\$ 14,981,676	\$ 31,926,075
Total liabilities and fund balances						

City of Elyria, Ohio
Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2003

Governmental Fund Balances	\$ 12,080,255
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,044,234
Other assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	3,538,220
Internal service funds are used by management to charge the costs of employee health insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,570,150
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.	(27,961,230)
Accrued interest on long-term debt is not normally expected to be liquidated with available financial resources and therefore is not reported in the funds.	(168,445)
The expenditure for prepaid items are recognized immediately in the funds and therefore are not reported as an asset in the funds.	<u>228,516</u>
Net assets of governmental activities	<u>\$ 43,331,700</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2003

	<u>General</u>	<u>Special Assessment Bond Retirement</u>	<u>Chestnut Commons/ Ridge Improvement</u>	<u>Municipal Building Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 1,439,638				\$ 2,114,488	\$ 3,554,126
Income	16,316,821				2,968,741	19,285,562
Other Local	472,301					472,301
Intergovernmental revenues	3,775,898				4,956,460	8,732,358
Charges for service	1,464,701				285,005	1,749,706
Licenses and permits	580,593				61,403	641,996
Investment income	49,956				97,170	179,864
Special assessments		\$ 3,030	\$ 4,425	\$ 25,283		609,032
Fines and forfeitures	1,127,481				533,433	1,660,914
Contributions					53,155	53,155
Miscellaneous revenues	53,877				136,697	190,574
Total Revenues	<u>25,281,266</u>	<u>612,062</u>	<u>4,425</u>	<u>25,283</u>	<u>11,206,552</u>	<u>37,129,588</u>
EXPENDITURES						
Current:						
Public safety	14,713,450				4,205,403	18,918,853
Health	1,581,315				1,091,704	2,673,019
Culture and recreation	2,036,267				39,505	2,075,772
Community environment	921,871				860,749	1,782,620
Highways and streets					1,580,228	1,580,228
General government	6,638,124	25,004			342,561	7,005,689
Capital outlay	410,052			2,674,290	2,153,717	5,626,496
Debt service:						
Principal retirement					984,073	1,429,248
Interest and fiscal charges		445,175			1,072,708	1,214,591
Total expenditures	<u>26,301,079</u>	<u>612,062</u>	<u>388,437</u>	<u>2,674,290</u>	<u>12,330,648</u>	<u>42,306,516</u>
Excess of expenditures over revenues	<u>(1,019,813)</u>		<u>(384,012)</u>	<u>(2,649,007)</u>	<u>(1,124,096)</u>	<u>(5,176,928)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in					697,099	697,099
Operating transfers out	(571,472)				(125,627)	(697,099)
Proceeds from sale of bonds/notes					74,747	74,747
Total other financing sources (uses)	<u>(571,472)</u>				<u>646,219</u>	<u>74,747</u>
Net change in fund balances	(1,591,285)		(384,012)	(2,649,007)	(477,877)	(5,102,181)
Fund balances - beginning	5,864,636			2,054,321	9,263,479	17,182,436
Fund balances - ending	<u>\$ 4,273,351</u>	<u>\$</u>	<u>\$ (384,012)</u>	<u>\$ (594,686)</u>	<u>\$ 8,785,602</u>	<u>\$ 12,080,255</u>

City of Elyria, Ohio
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2003

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

Net change in fund balances - total governmental funds	\$	(5,102,181)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		2,515,776
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,538,220
Premiums on short-term debt issues are an other financing source in the funds, but premiums on short-term debt issue increases current liabilities in the statement of net assets.		(74,747)
Repayment of bond principal and payment of other long-term liabilities such as compensated absences are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,443,531
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(93,698)
Governmental funds report prepaid items such as insurance coverage as expenditures. However, in the Statement of Activities, the rest of those assets are expensed as the time frame of their benefits expires.		(228,516)
Internal service funds are used by management to charge the costs of employees' health insurance and worker's compensation insurance. The net expense of certain activities of internal service funds is reported with governmental activities.		(362,420)
Change in net assets of governmental activities.	<u>\$</u>	<u>1,635,965</u>

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 16,281,000	\$ 17,814,445	\$ 18,188,944	\$ 374,499
Intergovernmental revenues	3,877,046	4,193,020	4,197,629	4,609
Charges for services	1,824,200	1,754,200	1,825,152	70,952
Licenses and permits	573,000	553,000	580,468	27,468
Interest earnings	95,000	52,000	52,844	844
Special assessments	12,000	12,000	14,199	2,199
Fines and forfeitures	810,000	684,000	721,819	37,819
Miscellaneous revenues	404,700	304,700	306,636	1,936
TOTAL REVENUES	<u>23,876,946</u>	<u>25,367,365</u>	<u>25,887,691</u>	<u>520,326</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
Personal services	5,034,582	4,645,197	4,645,197	
Fringe benefits	1,370,796	1,305,796	1,299,561	6,235
Operation and maintenance	310,474	315,474	310,033	5,441
Capital Outlay	24,500	24,500	24,127	373
Total Police	<u>6,740,352</u>	<u>6,290,967</u>	<u>6,278,918</u>	<u>12,049</u>
Fire				
Personal services	4,927,767	5,057,767	5,045,982	11,785
Fringe benefits	1,590,145	1,590,145	1,576,490	13,655
Operation and maintenance	350,670	375,290	375,288	2
Capital outlay	51,302	266,441	265,795	646
Total Fire	<u>6,919,884</u>	<u>7,289,643</u>	<u>7,263,555</u>	<u>26,088</u>
Communications				
Personal services	82,700	81,500	80,675	825
Fringe benefits	24,875	26,075	25,904	171
Operation and maintenance	21,595	21,595	20,970	625
Capital outlay	2,400	2,400	1,891	509
Total Communications	<u>131,570</u>	<u>131,570</u>	<u>129,440</u>	<u>2,130</u>
Safety Service				
Personal services	237,690	238,690	238,036	654
Fringe benefits	72,531	75,531	75,360	171
Operation and maintenance	13,200	18,200	17,907	293
Total Safety Service	<u>323,421</u>	<u>332,421</u>	<u>331,303</u>	<u>1,118</u>
Prisoner Support				
Personal services	696,469	708,819	708,816	3
Fringe benefits	237,579	251,579	249,970	1,609
Operation and maintenance	251,730	251,730	233,598	18,132
Total Prisoner Support	<u>1,185,778</u>	<u>1,212,128</u>	<u>1,192,384</u>	<u>19,744</u>
TOTAL PUBLIC SAFETY	<u>15,301,005</u>	<u>15,256,729</u>	<u>15,195,600</u>	<u>61,129</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
HEALTH				
Health Center				
Personal services	761,624	753,624	750,617	3,007
Fringe benefits	238,380	233,380	229,983	3,397
Operation and maintenance	201,760	209,504	197,704	11,800
Capital outlay	4,400	8,656	8,625	31
Total Health Center	<u>1,206,164</u>	<u>1,205,164</u>	<u>1,186,929</u>	<u>18,235</u>
NACCHO Grant				
Personal services		7,208	1,866	5,342
Fringe benefits		2,246	668	1,578
Operation and maintenance		9,546	3,762	5,784
Capital outlay		1,000	972	28
Total NACCHO Grant		<u>20,000</u>	<u>7,268</u>	<u>12,732</u>
Health - Solid Waste				
Personal services	29,962	30,962	30,772	190
Fringe benefits	9,357	10,357	9,921	436
Operation and maintenance	31,169	27,684	18,975	8,709
Capital outlay		1,485	1,470	15
Total Health - Solid Waste	<u>70,488</u>	<u>70,488</u>	<u>61,138</u>	<u>9,350</u>
Cemetery				
Personal services	245,317	252,317	250,227	2,090
Fringe benefits	75,017	80,017	79,121	896
Operation and maintenance	2,000	3,020	3,020	
Total Cemetery	<u>322,334</u>	<u>335,354</u>	<u>332,368</u>	<u>2,986</u>
TOTAL HEALTH	<u>1,598,986</u>	<u>1,631,006</u>	<u>1,587,703</u>	<u>43,303</u>
CULTURE AND RECREATION				
Parks and Recreation				
Personal services	1,109,145	1,072,145	1,061,671	10,474
Fringe benefits	359,560	356,560	352,994	3,566
Operation and maintenance	365,640	363,643	355,236	8,407
Capital outlay	125,000	126,997	126,997	
Total Parks and Recreation	<u>1,959,345</u>	<u>1,919,345</u>	<u>1,896,898</u>	<u>22,447</u>
Swimming Pools				
Personal services	80,000	69,300	69,215	85
Fringe benefits	12,000	10,400	10,382	18
Operation and maintenance	84,450	81,630	76,762	4,868
Capital outlay	7,000	7,120	7,119	1
Total Swimming Pools	<u>183,450</u>	<u>168,450</u>	<u>163,478</u>	<u>4,972</u>
Ice Rink				
Personal services	26,000	26,000	23,194	2,806
Fringe benefits	4,000	4,000	3,590	410
Operation and maintenance	106,900	116,900	116,216	684
Total Ice Rink	<u>136,900</u>	<u>146,900</u>	<u>143,000</u>	<u>3,900</u>
TOTAL CULTURE AND RECREATION	<u>2,279,695</u>	<u>2,234,695</u>	<u>2,203,376</u>	<u>31,319</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
COMMUNITY ENVIRONMENT				
Community Planning and Zoning				
Personal services	113,155	113,155	112,835	320
Fringe benefits	14,714	24,914	24,654	260
Operation and maintenance	3,825	3,825	2,746	1,079
Total Community Planning and Zoning	<u>131,694</u>	<u>141,894</u>	<u>140,235</u>	<u>1,659</u>
Community Development				
Personal services	16,314	16,814	16,626	188
Fringe benefits	5,360	5,860	5,777	83
Operation and maintenance	7,550	7,550	5,675	1,875
Total Community Development	<u>29,224</u>	<u>30,224</u>	<u>28,078</u>	<u>2,146</u>
Housing Code Enforcement				
Personal services	547,832	536,832	533,133	3,699
Fringe benefits	170,975	167,975	165,713	2,262
Operation and maintenance	45,820	53,820	50,732	3,088
Capital outlay	17,375	17,375	14,542	2,833
Total Housing Code Enforcement	<u>782,002</u>	<u>776,002</u>	<u>764,120</u>	<u>11,882</u>
TOTAL COMMUNITY ENVIRONMENT	<u>942,920</u>	<u>948,120</u>	<u>932,433</u>	<u>15,687</u>
GENERAL GOVERNMENT				
Mayor				
Personal services	127,420	128,420	127,185	1,235
Fringe benefits	32,533	33,733	33,281	452
Operation and maintenance	14,300	12,100	6,454	5,646
Capital outlay	1,900	1,900	1,899	1
Total Mayor	<u>176,153</u>	<u>176,153</u>	<u>168,819</u>	<u>7,334</u>
Administrative Support				
Personal services	86,710	86,710	86,412	298
Fringe benefits	30,507	32,507	32,243	264
Operation and maintenance	31,000	36,000	30,908	5,092
Capital outlay	30,000	30,000	30,000	
Total Administrative Support	<u>178,217</u>	<u>185,217</u>	<u>179,563</u>	<u>5,654</u>
Elyria Historical Commission				
Operation and maintenance	2,200	4,200	3,765	435
Total Elyria Historical Commission	<u>2,200</u>	<u>4,200</u>	<u>3,765</u>	<u>435</u>
JEDD Income Tax Department				
Operation and maintenance		2,000	1,725	275
Total JEDD Income Tax Department		<u>2,000</u>	<u>1,725</u>	<u>275</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND				
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
Finance Administration				
Personal services	493,470	488,470	484,175	4,295
Fringe benefits	140,453	137,453	135,177	2,276
Operation and maintenance	36,750	36,750	29,927	6,823
Total Finance Administration	<u>670,673</u>	<u>662,673</u>	<u>649,279</u>	<u>13,394</u>
Legal Administration				
Personal services	494,265	484,265	479,434	4,831
Fringe benefits	180,931	170,931	168,398	2,533
Operation and maintenance	50,565	50,565	39,149	11,416
Capital outlay	4,300	4,300	4,297	3
Total Legal Administration	<u>730,061</u>	<u>710,061</u>	<u>691,278</u>	<u>18,783</u>
Legislative Activity				
Personal services	243,423	242,423	240,058	2,365
Fringe benefits	86,894	93,394	92,637	757
Operation and maintenance	38,412	38,412	28,514	9,898
Total Legislative Activity	<u>368,729</u>	<u>374,229</u>	<u>361,209</u>	<u>13,020</u>
Presiding Judge				
Personal services	347,185	342,185	340,201	1,984
Fringe benefits	123,541	120,541	118,273	2,268
Operation and maintenance	38,850	38,850	38,511	339
Total Presiding Judge	<u>509,576</u>	<u>501,576</u>	<u>496,985</u>	<u>4,591</u>
Judge				
Personal services	367,646	374,646	372,531	2,115
Fringe benefits	108,352	115,352	114,994	358
Operation and maintenance	38,350	41,350	39,195	2,155
Capital outlay	3,500	3,500	2,544	956
Total Judge	<u>517,848</u>	<u>534,848</u>	<u>529,264</u>	<u>5,584</u>
Clerk of Courts				
Personal services	936,826	946,826	946,288	538
Fringe benefits	322,085	334,085	332,441	1,644
Operation and maintenance	140,071	140,071	124,365	15,706
Total Clerk of Courts	<u>1,398,982</u>	<u>1,420,982</u>	<u>1,403,094</u>	<u>17,888</u>
Civil Service Commission				
Personal services	24,337	24,337	23,562	775
Fringe benefits	3,540	3,540	3,477	63
Operation and maintenance	34,025	24,025	18,980	5,045
Total Civil Service Commission	<u>61,902</u>	<u>51,902</u>	<u>46,019</u>	<u>5,883</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND				
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Buildings and Lands				
Personal services	71,350	66,350	64,304	2,046
Fringe benefits	23,935	23,935	23,766	169
Operation and maintenance	<u>301,500</u>	<u>327,181</u>	<u>327,180</u>	<u>1</u>
Total Buildings and Lands	<u>396,785</u>	<u>417,466</u>	<u>415,250</u>	<u>2,216</u>
Engineering				
Personal services	220,611	210,611	207,978	2,633
Fringe benefits	64,996	64,996	63,250	1,746
Operation and maintenance	18,300	18,300	17,454	846
Capital outlay	<u>9,000</u>	<u>9,000</u>	<u>8,523</u>	<u>477</u>
Total Engineering	<u>312,907</u>	<u>302,907</u>	<u>297,205</u>	<u>5,702</u>
Central Maintenance Garage				
Personal services	389,380	376,380	369,319	7,061
Fringe benefits	111,880	114,880	113,060	1,820
Operation and maintenance	424,050	489,048	465,814	23,234
Capital outlay	<u>3,000</u>	<u>3,002</u>	<u>3,002</u>	
Total Central Maintenance Garage	<u>928,310</u>	<u>983,310</u>	<u>951,195</u>	<u>32,115</u>
Miscellaneous General Government				
Operation and maintenance	1,552,878	1,645,837	1,645,837	
Capital outlay	<u>259,130</u>	<u>259,130</u>	<u>259,130</u>	
Total Miscellaneous General Government	<u>1,812,008</u>	<u>1,904,967</u>	<u>1,904,967</u>	
TOTAL GENERAL GOVERNMENT	<u>8,064,351</u>	<u>8,232,491</u>	<u>8,099,617</u>	<u>132,874</u>
TOTAL EXPENDITURES	<u>28,186,957</u>	<u>28,303,041</u>	<u>28,018,729</u>	<u>284,312</u>
Excess (deficiency) of revenues over expenditures	<u>(4,310,011)</u>	<u>(2,935,676)</u>	<u>(2,131,038)</u>	<u>804,638</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,000	1,000	568	(432)
Operating transfers out	(496,472)	(584,992)	(584,991)	1
Other financing sources	<u>997,000</u>	<u>1,029,840</u>	<u>1,056,657</u>	<u>26,817</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>501,528</u>	<u>445,848</u>	<u>472,234</u>	<u>26,386</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(3,808,483)</u>	<u>(2,489,828)</u>	<u>(1,658,804)</u>	<u>831,024</u>
Adjustment for prior year encumbrances	1,172,615	1,172,615	1,172,615	
FUND BALANCE AT BEGINNING OF YEAR	<u>2,642,113</u>	<u>2,642,113</u>	<u>2,642,113</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 6,245</u>	<u>\$ 1,324,900</u>	<u>\$ 2,155,924</u>	<u>\$ 831,024</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2003

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 2,080,576	\$ 201,799	\$ 82,098	\$ 3,531,728	\$ 5,896,201
Investments				1,291,933	1,291,933
Interest receivable	9,068	41	2,225	14,138	25,472
Accounts receivable (net of allowance for uncollectibles)	486,891		113,959	987,032	1,587,882
Rehabilitation loans				324,529	324,529
Settlements receivable	64,113			432,000	432,000
Special assessments	183,681	9,839		52,701	64,113
Inventories	59,527		18,762	76,994	246,221
Prepaid items	2,883,856	211,679	217,044	6,711,055	155,283
Total current assets					<u>10,023,634</u>
Noncurrent Assets:					
Capital assets:					
Land	55,169				656,488
Buildings	5,010,207	156,826	20,744	580,575	29,329,022
Improvements other than buildings	5,113,516	113,005	70,632	24,091,357	25,902,339
Utility distribution and collection systems	14,245,646		48,000	20,627,818	48,035,533
Machinery and equipment	3,579,103		1,986,353	33,789,887	9,111,124
Construction in progress	6,001,623		72,090	3,451,768	6,508,166
Less accumulated depreciation	(17,442,894)	(151,388)	(1,654,409)	(40,531,846)	(59,780,537)
Total capital assets (net of accumulated depreciation)	<u>16,562,370</u>	<u>212,343</u>	<u>543,410</u>	<u>42,444,012</u>	<u>59,762,135</u>
Total assets	<u>19,446,226</u>	<u>424,022</u>	<u>760,454</u>	<u>49,155,067</u>	<u>2,909,443</u>

(Continued on subsequent page)

City of Elyria, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2003

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	Totals
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 76,768	729	\$ 3,175	109,637	\$ 190,309
Accrued wages and benefits	142,359	6,351	90,974	167,926	407,610
Compensated absences	90,493	267	11,946	49,352	152,058
Contracts payable	724,156		72,469	83,416	880,041
Accrued interest payable	5,182			593,445	598,627
Deferred revenue	64,113		37,271		101,384
General obligation notes - current	6,000,000		230,000		6,230,000
General obligation bonds - current	71,509			73,315	144,824
Construction loans payable - current	9,991			1,474,862	1,484,853
Total current liabilities	7,184,571	7,347	445,835	2,551,953	10,189,706
Noncurrent liabilities:					
General obligation bonds payable (net of unamortized discounts)	1,287,289			160,805	1,448,094
Compensated absences - long-term	494,707		126,466	589,843	1,211,016
Construction loans payable - long-term				14,758,120	14,758,120
Total noncurrent liabilities	1,781,996		126,466	15,508,768	17,417,230
Total liabilities	8,966,567	7,347	572,301	18,060,721	27,606,936
NET ASSETS					
Invested in capital assets, net of related debt	9,193,581	212,343	313,410	26,029,171	35,748,505
Unrestricted	1,286,078	204,332	(125,257)	5,065,175	6,430,328
Total net assets	\$ 10,479,659	\$ 416,675	\$ 188,153	\$ 31,094,346	\$ 42,178,833
				(123,282)	
					\$ 1,446,868
					\$ 1,462,575

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control		
Operating revenues:						
Charges for sales and services	\$ 4,652,707	\$ 214,094	\$ 2,645,629	\$ 8,818,602	\$ 16,331,032	\$ 4,796,373
Tap fees	124,403			127,944	252,347	
Other	40,079	75,816	401	72,310	188,606	25,013
Total operating revenues	<u>4,817,189</u>	<u>289,910</u>	<u>2,646,030</u>	<u>9,018,856</u>	<u>16,771,985</u>	<u>4,821,386</u>
Operating expenses:						
Personal services	2,243,453	109,029	1,279,958	3,430,991	7,063,431	15,983
Fringe benefits	723,213	16,693	459,240	1,106,765	2,305,911	5,314,872
Operating and maintenance	1,520,075	144,753	1,138,287	2,446,079	5,249,194	40,301
Depreciation	911,393	29,060	125,917	2,485,691	3,552,061	
Total operating expenses	<u>5,398,134</u>	<u>299,535</u>	<u>3,003,402</u>	<u>9,469,526</u>	<u>18,170,597</u>	<u>5,371,156</u>
Operating loss	<u>(580,945)</u>	<u>(9,625)</u>	<u>(357,372)</u>	<u>(450,670)</u>	<u>(1,398,612)</u>	<u>(549,770)</u>
Nonoperating revenues (expenses)						
Recycling grant			61,756		61,756	
Investment income	73,812	2,387	7,048	93,507	176,754	64,068
Interest expense	(186,910)		(6,600)	(1,289,522)	(1,483,032)	
Total nonoperating revenue (expenses)	<u>(113,098)</u>	<u>2,387</u>	<u>62,204</u>	<u>(1,196,015)</u>	<u>(1,244,522)</u>	<u>64,068</u>
Income before contributions and transfers	<u>(694,043)</u>	<u>(7,238)</u>	<u>(295,168)</u>	<u>(1,646,685)</u>	<u>(2,643,134)</u>	<u>(485,702)</u>
Capital contributions - recycling grant			86,131		86,131	
Changes in net assets	<u>(694,043)</u>	<u>(7,238)</u>	<u>(209,037)</u>	<u>(1,646,685)</u>	<u>(2,557,003)</u>	<u>(485,702)</u>
Total net assets - beginning	11,173,702	423,913	397,190	32,741,031	1,932,570	1,932,570
Total net assets - ending	<u>\$ 10,479,659</u>	<u>\$ 416,675</u>	<u>\$ 188,153</u>	<u>\$ 31,094,346</u>	<u>\$ 1,446,868</u>	<u>\$ 1,446,868</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(123,282)	(123,282)	
Change in net assets of business - type activities				<u>(2,680,285)</u>	<u>(2,680,285)</u>	

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Business-type Activities- Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,669,326	\$ 214,094	\$ 2,629,793	\$ 8,711,315	\$ 16,224,528
Cash payments to suppliers for goods and services	(1,872,922)	(151,531)	(1,706,695)	(4,033,562)	(7,764,710)
Cash payments to employees for services	(2,464,604)	(105,615)	(1,144,112)	(2,791,335)	(6,505,666)
Settlement proceeds				195,000	195,000
Other operating revenues	40,079	72,816	401	72,310	185,606
Net cash provided by (used for) operating activities	<u>371,879</u>	<u>29,764</u>	<u>(220,613)</u>	<u>2,153,728</u>	<u>2,334,758</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of notes	6,000,000		230,000		6,230,000
Capital grants received		147,887			147,887
Acquisition and construction of capital assets	(4,515,841)	(23,355)	(102,417)	(707,987)	(5,349,600)
Principal and interest paid on notes, bonds and loans payable	(6,384,471)		(336,600)	(2,867,248)	(9,588,319)
Net cash used for capital and related financing activities	<u>(4,900,312)</u>	<u>(23,355)</u>	<u>(61,130)</u>	<u>(3,575,235)</u>	<u>(8,560,032)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	70,861	2,459	5,013	106,907	185,240
Short-term investments converted to cash	5,200,000			2,631,875	7,831,875
Purchase of short-term investments	(1,291,933)			(1,291,933)	(1,291,933)
Net cash provided by investing activities	<u>5,270,861</u>	<u>2,459</u>	<u>5,013</u>	<u>1,446,849</u>	<u>6,725,182</u>
Net increase (decrease) in cash and cash equivalents	742,428	8,868	(276,730)	25,342	499,908
Cash and cash equivalents, January 1	1,338,148	192,931	358,828	3,506,386	5,396,293
Cash and cash equivalents, December 31	<u>\$ 2,080,576</u>	<u>\$ 201,799</u>	<u>\$ 82,098</u>	<u>\$ 3,531,728</u>	<u>\$ 5,896,201</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating (loss)	\$ (580,945)	\$ (9,625)	\$ (357,372)	\$ (450,670)	\$ (1,398,612)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation	911,393	29,060	125,917	2,485,691	3,552,061
Book value of capital assets reclassified as expendable inventory due to accounting change	88,778	9,314	9,936	271,799	379,827
Changes in assets and liabilities	(107,784)		(14,468)	(235,231)	(357,483)
Accounts receivable				58,300	58,300
Rehabilitation loans receivable				195,000	195,000
Settlements receivable		(287)		(1,535)	(7,172)
Inventory of supplies	(5,350)			7,434	3,982
Prepaid expenses	(4,678)			70,231	48,133
Accounts payable	47,552	729		(282,740)	(207,849)
Contracts payable relating to operating activities	14,141			(97,709)	(83,568)
Accrued wages and benefits	(494,379)	517		(559,498)	(1,151,069)
Compensated absences payable	503,151	56		122,854	1,221,008
Deferred revenue			(1,368)	136,759	(1,368)
Total adjustments	<u>952,824</u>	<u>39,389</u>	<u>(220,613)</u>	<u>2,604,398</u>	<u>3,733,370</u>
Net cash provided by (used for) operating activities	<u>\$ 371,879</u>	<u>\$ 29,764</u>	<u>\$ (220,613)</u>	<u>\$ 2,153,728</u>	<u>\$ 2,334,758</u>
Noncash investing, capital, and financing activities					
Unrealized appreciation (depreciation) in fair value of investments	\$	\$	\$	\$ (3,002)	\$ (3,002)
					\$ 5,007

The notes to the basic financial statements are an integral part of this statement.

**City of Elyria, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003**

	Agency Funds
ASSETS	
Equity in pooled cash and cash equivalents	\$ 447,411
Cash and cash equivalents-segregated accounts	434,058
Investments	563,627
Receivables:	
Income taxes	5,780
Accrued interest	1,085
Total assets	\$ 1,451,961
LIABILITIES	
Accounts payable	\$ 195,205
Due to other funds	119,040
Due to other governments	69,855
Other liabilities	1,067,861
Total liabilities	1,451,961
NET ASSETS	\$

The notes to the basic financial statements are an integral part of this statement.

CITY OF ELYRIA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND BASIS OF PRESENTATION

(A) THE CITY

The City of Elyria (the “City”) was incorporated on February 23, 1833 under the laws of the State of Ohio. The city operates under a Mayor-Council form of government as provided by its Charter adopted on November 2, 1965.

(B) THE REPORTING ENTITY

The City has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB Statement No. 14”) regarding the definition of its financial reporting entity. For financial reporting purposes, the City’s reporting entity includes all funds, agencies, boards and commissions for which the City is financially accountable. The notion of financial accountability includes not only the organizations that constitute the City’s legal entity; it also can include legally separate organizations in certain instances. Legally separate organizations are included in the reporting entity if the City’s officials appoint a voting majority of an organization’s governing body and, as a result, the City is able either to impose its will on that organization or there is a potential for the organization to provide specific benefits to, or to impose specific financial burdens on the City. On this basis, the reporting entity of the City includes the following services: public safety (police and fire), health (health department), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility services (water, sanitation, and wastewater pollution control), highways and streets (street and highway maintenance), and general government (administrative services including the municipal court).

Included as part of the City’s primary government in the determination of the City’s reporting entity is the Elyria Municipal Court (the “Court”). Although the Court’s territorial jurisdiction extends beyond the boundaries of the City and the Judges of the Court are separately elected, the Court’s operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court, establishing the compensation of certain Court employees, and is ultimately responsible for any operating deficits sustained by the Court. The City’s share of the fines collected by the Court, along with its share of the Court’s administration and operating costs are recorded in the City’s General Fund. Monies held by the Court in a fiduciary capacity are included in an agency fund in the accompanying financial statements.

The following entities which conduct their activities near or within the City’s boundaries for the benefit of the City and/or its residents are excluded from the accompanying financial statements because they are legally separate from the City and the City is not financially accountable for their operations.

Elyria City School District
Elyria Memorial Hospital
Elyria Public Library

No component units are included in the definition of the City's reporting entity.

(C) BASIS OF PRESENTATION – FUND ACCOUNTING

The accounting system is organized on the basis of funds. 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.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition and use of the City's expendable financial resources and the related current liabilities (except for those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

General Fund – This fund 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 Charter of the City of Elyria and the general laws of Ohio.

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or restricted for major capital projects or debt service) that are legally restricted to expenditure for specified purposes.

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

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities or equipment (other than those financed by proprietary funds and trust funds).

Permanent Funds – These funds are used to account for financial resources that are legally restricted to the extent that only investment earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. The measurement focus is based upon determination of net income, financial position and changes in financial position.

Enterprise Funds – These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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.

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Types

Private-purpose Trust Funds – Private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. During 2003, the City did not utilize any such trust funds.

Agency Funds – Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. For accounting measurement purposes, the agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Other Fiduciary Funds – Other fiduciary funds include pension trust funds and investment trust funds. During 2003, the City did not utilize any such trust funds.

Fiduciary Funds are not included in the government-wide statements.

(D) GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The effect of interfund activity has been removed from these statements, with the exception of certain receivables due from other fiduciary funds of the City which are not included in the government-wide financial statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of business-type activities of the City and for each program of the governmental activities.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or activity. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

(E) FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The City's major governmental funds are the General Fund, Special Assessment Bond Retirement Fund, Chestnut Commons/Ridge Improvement Fund and Municipal Building Construction Fund.

The General Fund is the primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in other funds.

The Special Assessment Bond Retirement Fund is used to account for the accumulation of resources for, and the repayment of special assessment long-term debt principal and interest.

The Chestnut Commons/Ridge Improvement Fund is used to account for monies restricted for the construction of an access road into the Chestnut Commons development and improvements to Chestnut Ridge Road.

The Municipal Building Construction Fund is used for monies restricted for the construction of a new City Hall building.

The City's four enterprise funds (Water Fund, Special Parks and Recreation Fund, Sanitation Fund, and Wastewater Pollution Control Fund) are the City's major proprietary funds. A description of these funds appears on page 130 of this report.

Nonmajor funds are aggregated and presented in a single column. The internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed in statements and interpretations issued by the Governmental Accounting Standards Board (the "GASB").

(A) BASIS OF ACCOUNTING

(1) Government-wide Financial Statements

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the governmental-wide statements and the statements for governmental funds.

(2) Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Revenues are considered available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For the City, available means expected to be received within sixty days of year-end. Revenues that are deemed both measurable and available by the City include investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or if received in advance, deferred until expenditures are made.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured and expenditures related to compensated absences are recognized when paid. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

(3) Proprietary Fund Financial Statements

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation are recorded in the proprietary funds. In accordance with Statement No. 20 of the Governmental Standards Board "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting", the City has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The City will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

(B) BUDGETARY ACCOUNTING AND CONTROL

The City adopts an annual operating budget for all funds except agency funds. During June of each year, the Mayor submits to Council a proposed operating budget for the upcoming fiscal year. This budget is kept on file for 30 days and must be passed by the City Council by July 15 for certification of the City's estimated financial resources for the upcoming year to the County Budget Commission as required by Ohio law. This budget is based on estimates of future cash revenues, cash expenditures and encumbrances for the next fiscal year for all non-agency funds and serves as the basis for the County Budget Commission's certification of the City's estimated financial resources for the upcoming year.

By January 1 of the succeeding year, Council must adopt a temporary appropriations ordinance. The temporary appropriations ordinance remains in effect until March 31 or until the permanent appropriations ordinance is adopted by City Council, whichever occurs first. A permanent appropriations ordinance must be adopted no later than April 1 under State law and appropriations therein must not exceed the estimated financial resources certified by the County Budget Commission.

Budget control is exercised at the major account level (personal services, fringe benefits, operation and maintenance, capital outlay, debt service, transfers-out and reimbursements) within each City department. All appropriations lapse at year-end. Reported budgeted amounts are as originally adopted and amended by appropriation ordinances passed by Council. The budget for each fund is represented by appropriations and, according to City Charter, can only be modified by Council ordinance.

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The major differences between the budget basis and the GAAP (generally accepted accounting principles) basis are:

(1) Revenues recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);

(2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP);

(3) Encumbrances are recorded as expenditures (budget) as opposed to a reservation of fund balance (GAAP). In addition, encumbrances outstanding at year-end are included in the appropriation ordinance in the subsequent year and certain amounts shown as capital outlay and debt service expenditures on a GAAP basis are shown as public safety, health, culture and recreation, community environment, highways and streets and general government expenditures on a budgetary basis. A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is shown below:

Excess (Deficiency) of Revenues And Other Sources Over Expenditures And Other Uses	<u>General Fund</u>
GAAP Basis	\$ (1,591,285)
Increase (decrease) due to:	
Changes in receivables and other assets not recognized on budgetary basis - January 1 to December 31	186,137
Changes in liabilities not recognized on budgetary basis - January 1 to December 31	282,351
Encumbrances recognized as expenditures on budgetary basis	<u>(536,007)</u>
Budget basis	<u><u>\$ (1,658,804)</u></u>

(C) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

(1) Equity in Pooled and Segregated Cash, Cash Equivalents, and Other Short-term investments.

Cash balances of the City’s funds, except for the Court, are pooled and invested in cash equivalents and other short-term investments in order to provide improved cash management. Cash equivalents consist of deposits in the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit and money market accounts with an original maturity of 90 days or less. Other short-term investments consist of certificates of deposit and Federal Home Loan Bank notes with a maturity of more than 90 days but less than 1,096 days.

Interest earned on investments is allocated to the funds participating in the pool in accordance with the City Charter and Codified Ordinances.

The City's investments with maturities greater than one year are stated at fair value (based on quoted market prices) in the accompanying financial statements and the change in the fair value of the investments is recorded as investment income along with the interest earned on the investments.

The City has invested funds in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price at which the investment could be redeemed.

(2) Receivables

Receivables at December 31, 2003 consist of property tax, income taxes withheld by employers, accounts (billings for user charged services), accrued interest on investments, rehabilitation loans (see Note 15 on page 74 for more detail), settlements (proceeds to be received per agreement by the City as a result of a lawsuit filed by the City against several parties involved in the design and installation of the Westside Interceptor sewer), special assessments, due from other funds which represents the City's share of fine monies collected by the Elyria Municipal Court which is accounted for in the Municipal Court agency fund, and a repayment of an advance made by the General fund to the Clean Ohio Grant (Tappan) fund which is due from other governments.

(3) Inventories and Prepaid Items

Inventory is valued at cost (specific identification method). The proprietary fund type inventories are capitalized and expensed when used (consumption method). In the governmental funds, inventory amounts are not significant and are recognized as an expenditure when purchased (purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and proprietary fund financial statements.

(4) Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net assets. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net assets and in the individual proprietary funds.

Capital assets, which include property, plant, equipment, utility distribution and collection systems (sewers) and infrastructure (e.g., streets, roads and bridges, etc.) are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost where

historical cost is not available. Estimated historical cost is based on replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and Systems	20 – 40 years
Improvements	10 – 40 years
Utility Distribution	
And Collection Systems	40 – 80 years
Infrastructure	10 – 40 years
Machinery and Equipment	2 – 20 years

(5) 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 employees for the benefit through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The portion of the liability not expected to be liquidated with expendable, available financial resources is not reported as a fund liability in the governmental fund financial statements, but is reported under the governmental activities column of the government-wide statement of net assets. The liability for business-type activities is reported under that column in the government-wide statement of net assets, as well as the individual proprietary fund to which they relate.

(6) Claims

As described in Note 3, the City is self-insured for employee health and workers' compensation benefits. The City recognizes a liability for such claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

(7) Long-term Obligations

In the government-wide statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(8) Encumbrances

Encumbrances represent purchase commitments for goods and services that have not yet been received or provided. Encumbrance accounting is a form of budgetary control to ensure that appropriations are not exceeded. Encumbrances outstanding at year-end are reported as reservations of fund balances in the governmental fund types as the City will honor such commitments during the subsequent year.

(9) Fund equity / net assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors.

(D) CHANGE IN ACCOUNTING PRINCIPLES

In 2003, the City implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Government”, GASB Statement No. 37, Basic Financial Statements – and Management’s Discussions and Analysis – For State and Local Governments: Omnibus, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements”.

These “Reporting Model” statements affect the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports. As part of the implementation of GASB Statement Nos. 34 and 37, the City has also opted to fully implement retroactive infrastructure reporting as prescribed by GASB Statement No. 34. Accordingly, the depreciated value of the historical cost of governmental activities’ capital assets is reported in the City’s government-wide statement of net assets. The implementation of these GASB statements resulted in a change in beginning fund balances as presented in the fund financial statements, which are reported using the modified accrual basis of accounting.

The revised reporting model requires new basic financial statements for reporting on the City’s financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Additionally, the new statement narrowed the definition for the fiduciary fund types. As a result, the City’s expendable trust funds were reclassified into special revenue funds and the City’s nonexpendable trust fund was reclassified as a permanent fund. The impact of these reclassifications to the City’s December 31, 2002 governmental fund balance is as follows:

	<u>Governmental Funds</u>
Fund Balances December 31, 2002 as previously reported	\$ 16,592,830
Expendable Trust Funds	
fund balances December 31, 2002 as previously reported	208,079
Nonexpendable Trust Fund	
fund balances December 31, 2002 as previously reported	381,527
Fund Balances December 31, 2002 as restated	<u>\$ 17,182,436</u>

The government-wide financial statements separate the City’s programs between governmental activities and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the adoption of GASB Statement No. 34. The impact of the adoption of GASB Statement No. 34 on the City’s governmental fund balance at December 31, 2002 is as follows:

	<u>Governmental Funds</u>
Adjusted fund balances of governmental funds at December 31, 2002	\$ 17,182,436
Capital assets	51,433,197
Prepaid items	217,312
Long-term liabilities	(29,404,761)
Deferred revenues	433,650
Accrued expenses	(98,669)
Internal service funds	1,932,570
Governmental activities	
net assets December 31, 2002 as restated	<u>\$ 41,695,735</u>

In conjunction with the implementation of GASB Statement No. 34, in 2003 the City raised its capitalization threshold from \$1,000 to \$5,000. As a result, \$3,100,586 historical cost of governmental activities capital assets and \$1,362,076 historical cost of business-type activities capital assets were removed from the accounting records.

NOTE 3 – RISK MANAGEMENT

The City utilizes two funds relating to its risk management program. Both funds have been classified as internal service funds.

- (A) The Employees' Health Insurance Fund is used to account for the operations of the City's self-insured health plan. All City funds are charged a premium amount per employee covered by the Employees' Health Insurance Fund. The premium amounts are set by union contract and City ordinance. Claims and administrative fees are then paid out of the Employee Health Insurance Fund. The City pays premiums for specific stop-loss insurance coverage to insure against catastrophic claims over \$75,000 per individual.
- (B) The Workers' Compensation Fund is used to account for the funding of the City's workers' compensation plan. During the period January 1, 1989 through December 31, 1997, the City was enrolled in a retrospective rating plan offered by the State of Ohio. Under the plan, the City is charged by the State of Ohio for claims paid, administrative fees, and a premium for individual claim limits and aggregate claim limits. All City funds are normally charged a premium amount per employee covered by the Workers' Compensation Fund. The premium amounts are set based on claims experience. Due to large refunds received by the City from the Bureau of Workers' Compensation of the State of Ohio in recent years, the City was able to forego charging these premiums to the City funds in 2003. Claims and administrative fees are paid to the State of Ohio. The City has a maximum yearly claim limit amount for all claims, which varies each policy year. Since January 1, 1998, the City has participated in the fully insured plan offered by the Bureau of Workers' Compensation of the State of Ohio.
- (C) The City purchases insurance policies in varying amounts for general liability, vehicle liability, property damage, employee and public official's liability, professional liability for health department employees and errors and omissions. The City also pays unemployment claims to the State of Ohio as incurred. There were no significant changes in the City's insurance coverage during 2003.

(D) The changes in the liabilities for self-insured risks (included in accrued wages and other benefits) for the years ended December 31, 2003 and 2002 are as follows:

	Health Benefits	Workers' Compensation Benefits
Balance January 1, 2002	\$ 278,317	\$ 368,860
Incurred claims, net of changes in estimates	4,664,052	312,944
Payments	<u>(4,333,151)</u>	<u>(345,363)</u>
Balance December 31, 2002	609,218	336,441
Incurred claims, net of changes in estimates	5,136,497	178,375
Payments	<u>(4,563,666)</u>	<u>(234,290)</u>
Balance December 31, 2003	<u>\$ 1,182,049</u>	<u>\$ 280,526</u>

The liabilities above represent the City's best estimates based upon available information and the requirements of the GASB Statement No. 30, and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic factors.

Settled claims have not exceeded the City's insurance coverage in any of the last three years.

NOTE 4 – CONTINGENCIES

(A) ENVIRONMENTAL MATTERS

(1) The State of Ohio issued the City a new National Pollution Discharge Elimination System permit effective June 30, 2000. The City is currently appealing certain terms of the permit. The United States Environmental Protection Agency sued the City of Elyria in 1984 concerning the operation of its wastewater pollution control plant and sanitary sewer system. In settlement of this lawsuit, the City entered into a consent decree, which requires many improvements to be made to the wastewater pollution control plant and the sanitary sewer system. All requirements of the consent decree have been met except one. The City was to eliminate all known separate sanitary sewer overflows by December 31, 1993. The City was not able to accomplish this requirement by the scheduled date; however, a program is in effect that is reducing storm water inflow into the sanitary sewer system by repairing and/or replacing building laterals, and annual maintenance contracts are in effect for repair and rehabilitation of storm and sanitary sewers. As an incentive, the City is offering homeowners non-interest bearing loans to cover the cost of lateral repairs. In addition, a comprehensive plan currently at a cost of \$655,500 is being prepared by the City's environmental consultant.

- (2) On September 30, 2002, the City received a Clean Water Act 404 permit from the Army Corp. of Engineers for surface drainage to continue with the City's Industrial Parkway Project.
- (3) The City has completed a Phase II environmental property assessment and a human health risk assessment for the former Tappan oven facility located at 208 Woodford Avenue in Elyria. The assessments were funded by the United States Environmental Protection Agency, the Ohio Department of Development, and the City.

(B) CONTINGENCIES UNDER GRANT PROGRAMS

The City participates in several federal grants which have been audited in accordance with the Single Audit Act (the "Act"). Provisions of the Act allow federal agencies to conduct any additional audit work necessary to carry out their responsibilities under federal law or regulations. Such federal audits could lead to a request for reimbursement to the grantor agency for any costs questioned as not being appropriate expenditures under the terms of the grants. At December 31, 2003, there were no questioned costs that had not been resolved with federal agencies. In the opinion of City officials, no material grant expenditures will be disallowed as a result of federal audits.

(C) JUDGMENTS AND CLAIMS

The City is party to various legal proceedings. The City's management is of the opinion that the ultimate outcome of such litigation will not result in a material adverse effect on the City's financial position.

The City brought legal action against several companies that provided engineering services, materials and construction work on the Westside Interceptor sanitary sewer and one user of the sewer in 1997. The basis for the lawsuit was the deterioration of the sewer after only a few years of use. The City repaired the sewer in 1998 and 1999 and expensed the repairs. All of the companies that provided services and materials for the Westside Interceptor sewer settled with the City before going to trial resulting in settlements of \$3,815,503, of which \$432,000 remains outstanding at December 31, 2003. The settlement proceeds to be received in future years are recorded as settlements receivable in the Wastewater Pollution Control enterprise fund.

NOTE 5 – POOLED AND SEGREGATED CASH, CASH EQUIVALENTS AND OTHER INVESTMENTS

Monies of the Court are deposited and maintained in individual, segregated bank accounts and invested in cash equivalents which are also specifically segregated. Monies of all other funds of the City are maintained or invested in a common group of bank accounts, in cash equivalents and other short-term investments. The common bank accounts and investments are displayed on the accompanying statements of net assets and balance sheets as "Equity in pooled cash and cash equivalents" and "Investments" and the segregated amounts are separately disclosed.

The investment and deposit of City monies is governed by the provisions of the Charter, Codified Ordinances of the City, and the Ohio Revised Code. Accordingly, only banks located in Ohio and domestic savings and loan associations are eligible to hold public deposits. The City may invest its monies in certificates of deposit, savings accounts, money market accounts, the state treasurer's investment pool ("Star Ohio"), and obligations of the United States government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of government securities the face value of which is at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of, or guaranteed by, the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the City's name.

The City is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The City is also prohibited from investing in reverse purchase agreements.

During 2003, the City complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made, as well as the provisions of the statutes concerning security deposits. The City will continue to monitor compliance with applicable statutes in the future pertaining to its deposits and investments. At December 31, 2003, all of the City's deposits and investments (excluding Star Ohio) were held by local banks or savings and loan institutions.

(A) DEPOSITS

At December 31, 2003, the carrying amount of the City's pooled and segregated deposits was \$15,740,267 and the bank balance was \$20,939,883. Of the bank balance, \$600,000 was covered by federal depository insurance and \$20,339,883 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the City's name, as permitted under Ohio law.

(B) INVESTMENTS

Investments are generally categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes

uninsured and unregistered investments for which the securities are held by the counterparties' trust departments or agents in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparties, or by their trust department or agents but not in the City's name. Star Ohio is an uncategorized investment since it represents the State Treasurer's investment pool and is not evidenced by securities that exist in physical or book entry form. At December 31, 2003, the City's investments consisted of federal securities and amounts deposited in Star Ohio.

<u>Description</u>	<u>Risk Category</u> 3	<u>Fair Value /</u> <u>Carrying Amount</u>
U.S. Agency Obligations	\$ 2,497,718	\$ 2,497,718
Repurchase Agreements	4,185,000	4,185,000
State Treasury Asset Reserve Fund (STAR Ohio)		2,763,450
Total Investments		<u>\$ 9,446,168</u>

(C) RECONCILIATION TO COMBINED BALANCE SHEET CLASSIFICATION

A summary of the deposits and investments as of December 31, 2003 follows:

Deposits	\$ 15,740,267
Investments	<u>9,446,168</u>
TOTAL	<u>\$ 25,186,435</u>

Reconciliation to Financial Statements: Total cash and investments are reported as follows:

Government-wide Financial Statements

Unrestricted:

Equity in pooled cash and cash equivalents	\$ 14,418,178
Cash with fiscal agents	4,644
Investments	<u>9,318,517</u>
	<u>\$ 23,741,339</u>

Fund Financial Statements

Balance Sheet - Governmental Funds:

Equity in pooled cash and cash equivalents	\$ 7,838,006
Cash with fiscal agents	4,644
Investments	5,812,684

Statement of Net Assets - Proprietary Funds:

Cash and cash equivalents	6,580,172
Investments	3,505,833

Total Governmental and Proprietary Funds 23,741,339

Statement of Fiduciary Net Assets:

Equity in pooled cash and cash equivalents	447,411
Cash and cash equivalents - segregated accounts	434,058
Investments	563,627

\$ 25,186,435

NOTE 6 – TAXES

(A) PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied on January 1 in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Three years after each revaluation all property values are reviewed and revised, as necessary, as part of a triannual update based on the reported sales of properties. The last revaluation was completed in 2000 and the last triannual update occurred in 2003. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, State statute permits earlier or later payment dates to be established.

Taxpayers (other than public utilities) become liable for tangible personal property taxes on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts 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 by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied on January 1 in the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

Public utility tangible personal property currently is assessed at varying percentages of its true value and public utility real property is assessed at 35% of its true (market) value. Public utility property taxes are payable on the same dates as real property taxes described above. The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Elyria. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

The assessed value upon which the 2002 levy (collected in 2003) was based was approximately \$927 million. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of unvoted property tax is 4.2 mills of assessed value. The total property tax revenue recognized by the City during 2003 was \$3,554,126.

(B) INCOME TAXES

The City levies an income tax of 1.75% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City; however, a 100% credit up to 1.75% is allowed for income taxes paid to other municipalities. Of the total income tax levy, 1.25% is a permanent tax levy, .25% of which is a special levy to be used only for law enforcement purposes. The remaining .5% of the total levy is a temporary levy enacted by a vote of the citizens which has been extended through June 2009. The proceeds from the special .25% levy are included in the Police Levy Special Revenue Fund. The remaining proceeds are included in the General Fund. Employers within the City are required to withhold income taxes on employee compensation and remit withholdings to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The total income tax revenue recognized by the City during 2003 was \$19,285,562.

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance at December 31, 2002		Balance at December 31, 2002			Balance at December 31, 2003
	(as previously reported)	Changes in Accounting	(as revised)	Increases	Decreases	
Governmental activities:						
Not being depreciated:						
Land	\$ 5,453,933	\$	\$ 5,453,933	\$ 656,946	\$	\$ 6,110,879
Construction in progress	7,089,779		7,089,779	3,019,595	(119,751)	9,989,623
Subtotal	12,543,712		12,543,712	3,676,541	(119,751)	16,100,502
Other capital assets:						
Buildings and systems	16,917,148	(106,084) (a)	16,811,064			16,811,064
Improvements	1,791,558	(142,988) (a)	1,648,570	676,161		2,324,731
Utility distribution and collection systems	13,476,946	(47,964) (a)	13,428,982			13,428,982
Infrastructure		39,785,953 (b)	39,785,953	686,608		40,472,561
Machinery and equipment	12,933,346	(2,803,550) (a)	10,129,796	802,198		10,931,994
Subtotal	45,118,998	36,685,367	81,804,365	2,164,967		83,969,332
Accumulated depreciation						
Buildings and systems		(5,660,383) (b)	(5,660,383)	(495,704)		(6,156,087)
Improvements		(1,104,674) (b)	(1,104,674)	(113,607)		(1,218,281)
Utility distribution and collection systems		(6,948,885) (b)	(6,948,885)	(230,130)		(7,179,015)
Infrastructure		(21,169,692) (b)	(21,169,692)	(1,416,851)		(22,586,543)
Machinery and equipment		(8,031,246) (b)	(8,031,246)	(854,428)		(8,885,674)
Subtotal	-	(42,914,880)	(42,914,880)	(3,110,720)		(46,025,600)
Net other capital assets	45,118,998	(6,229,513)	38,889,485	(945,753)		37,943,732
Net capital assets	<u>\$ 57,662,710</u>	<u>\$ (6,229,513)</u>	<u>\$ 51,433,197</u>	<u>\$ 2,730,788</u>	<u>\$ (119,751)</u>	<u>\$ 54,044,234</u>

(a) Implementation of capitalization threshold change. (See Note 2D).

(b) Implementation of GASB Statement No. 34 (See Note 2D).

Depreciation was charged to the functions as follows:

Governmental activities:	
Public safety	\$ 681,318
Health	49,215
Culture and recreation	414,740
Community environment	161,971
Highways and streets	1,515,831
General government	287,645
TOTAL	<u>\$ 3,110,720</u>

	Balance at January 1, 2003	Change in Accounting	Revised Beginning Balance	Increases	Decreases	Balance at December 31, 2003
Business-type activities						
Not being depreciated:						
Land	\$ 656,488	\$	\$ 656,488	\$	\$	\$ 656,488
Construction in progress	1,859,969		1,859,969	4,799,711	(151,514)	6,508,166
Subtotal	<u>2,516,457</u>		<u>2,516,457</u>	<u>4,799,711</u>	<u>(151,514)</u>	<u>7,164,654</u>
Other capital assets:						
Buildings	29,337,501	(8,479) (a)	29,329,022			29,329,022
Improvements	25,834,197	(24,365) (a)	25,809,832	92,507		25,902,339
Utility distribution and collection systems	47,666,439	(331,266) (a)	47,335,173	700,360		48,035,533
Machinery and equipment	<u>9,397,733</u>	<u>(997,966) (a)</u>	<u>8,399,767</u>	<u>711,357</u>		<u>9,111,124</u>
Subtotal	<u>112,235,870</u>	<u>(1,362,076)</u>	<u>110,873,794</u>	<u>1,504,224</u>		<u>112,378,018</u>
Accumulated depreciation						
Buildings	(17,584,844)	(8,479) (a)	(17,576,365)	(737,587)		(18,313,952)
Improvements	(17,781,773)	(21,477) (a)	(17,760,296)	(1,360,699)		(19,120,995)
Utility distribution and collection systems	(14,927,491)	(107,484) (a)	(14,820,007)	(715,329)		(15,535,336)
Machinery and equipment	<u>(6,828,123)</u>	<u>(756,315) (a)</u>	<u>(6,071,808)</u>	<u>(738,446)</u>		<u>(6,810,254)</u>
Subtotal	<u>(57,122,231)</u>	<u>(893,755)</u>	<u>(56,228,476)</u>	<u>(3,552,061)</u>		<u>(59,780,537)</u>
Net other capital assets	<u>55,113,639</u>	<u>(468,321)</u>	<u>54,645,318</u>	<u>(2,047,837)</u>		<u>52,597,481</u>
Net capital assets	<u>\$ 57,630,096</u>	<u>\$ (468,321)</u>	<u>\$ 57,161,775</u>	<u>\$ 2,751,874</u>	<u>\$ (151,514)</u>	<u>\$ 59,762,135</u>

(a) Implementation of capitalization threshold change (See Note 2D).

Depreciation was charged to the functions as follows:

Business-type activities:

Water	\$ 911,393
Special Parks & Recreation	29,060
Sanitation	125,917
Wastewater Pollution Control	<u>2,485,691</u>
TOTAL	<u>\$ 3,552,061</u>

Construction in progress: The City has active construction projects as of December 31, 2003 under governmental activities of \$9,317,032 for the new City Hall, \$446,529 for various street resurfacing projects, \$158,317 for the Chestnut Commons/Ridge project, \$59,401 for the Industrial Parkway Project and \$8,344 for various parks and recreation projects.

The City has active construction projects as of December 31, 2003 under business-type activities of \$1,686,723 for two new elevated water storage tanks, \$1,226,339 for improvements to the water distribution system, \$1,035,587 for improvements to the water pumping plant, \$980,187

for the sludge handling facility at water pumping plant, \$940,994 for the new City Hall and \$638,336 for the switch gear project at the water pumping plant.

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

The following balances at December 31, 2003 represent interfund receivables and payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
GENERAL FUND	\$ 95,871	
SPECIAL REVENUE FUNDS:		
Indigent Drivers Alcohol Treatment	1,856	
Muni Court Technology	14,158	
Muni Court Security	5,654	
Muni Court Construction/Improvement	8,501	
Alcohol Enforcement and Education	148	
Special Parking Fines	2,076	
Legal Research & Court Computerization	4,295	
CAPITAL PROJECTS FUND:		
Clean Ohio Grant (Tappan)		13,519
AGENCY FUND:		
Municipal Court		119,040
TOTALS	<u><u>\$ 132,559</u></u>	<u><u>\$ 132,559</u></u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

(A) EMPLOYEES AND PLANS

Full-time, permanent employees of the City and certain part-time employees belong to one of two state-operated, cost-sharing, multiple-employer pension plans. Non-uniformed employees are members of the Ohio Public Employees Retirement System (OPERS). Full-time police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). The Ohio Revised Code requires participation by the above mentioned employees. Elected officials participate in OPERS on a voluntary basis. The payrolls for employees covered by OPERS and OP&F for the year ended December 31, 2003 were \$17,429,476 and \$9,576,822, respectively. The City’s total payroll for 2003 was \$27,006,298.

(B) OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – All employees of the City, other than police and fire personnel, are required to be members of OPERS, a cost-sharing, multiple-employer pension plan. OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined

benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of their covered payroll to OPERS. The 2003 employer contribution rate for local government employer units was 13.55% of covered payroll including 5.00% that is used to fund postretirement health care benefits. The City's total contributions to OPERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2003, 2002, and 2001 were \$1,490,220, \$1,372,720, and \$1,422,446 respectively, which equaled the required contribution for each year.

(C) OHIO POLICE AND FIRE PENSION FUND (OP&F)

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 for the plan. The report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Members of the OP&F become partially vested after 15 years of service and fully vested after 25 years of service. Members are eligible for normal retirement benefits at age 48 with 25 years of service credit or at age 62 with 15 years of service credit. The normal retirement benefit is equal to 2.5 percent of annual earnings for each of the first 20 years of service, 2.0 percent for each of the next five years of service, and 1.5 percent for each year of service thereafter; however, this normal retirement benefit is not to exceed 72 percent of the members' average annual salary for the three years during which total earnings were the greatest. Early retirement with reduced benefits is available to members with 15 years of service credit who have attained age 48 or 25

years from the date the member became a qualified employee. This reduced benefit is equal to 1.5% of the average annual salary multiplied by the number of complete years of service. Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. The City's total contributions to OP&F for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2003, 2002, and 2001 were \$1,324,890, \$1,318,685 and \$1,319,431, respectively, which equaled the required contribution for each year.

(D) CONTRIBUTIONS TO THE PLANS

Contributions to the plans by State statute for the year ended December 31, 2003 are summarized as follows:

	<u>Statutorily Determined</u>	
<u>Plan/Contributor</u>	<u>Contribution Rate (%)</u>	<u>Contribution \$'s</u>
OP&F:		
Fire Personnel		
By City	24.00%	\$ 1,064,606
By Employees	<u>10.00%</u>	<u>443,586</u>
	<u>34.00%</u>	<u>1,508,192</u>
Police Personnel		
By City	19.50%	1,002,488
By Employees	<u>10.00%</u>	<u>514,096</u>
	<u>29.50%</u>	<u>1,516,584</u>
Less -		
Health Care Portion	(7.75%)	<u>(742,204)</u>
Total OP&F Contributions		<u>2,282,572</u>
OPERS:		
By City	13.55%	2,361,694
By Employees	<u>8.50%</u>	<u>1,481,505</u>
	<u>22.05%</u>	<u>3,843,199</u>
Less -		
Health Care Portion	(5.00%)	<u>(871,474)</u>
Total OPERS Contributions		<u>2,971,725</u>
TOTAL PENSION PLAN CONTRIBUTIONS		<u><u>\$ 5,254,297</u></u>

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

OPERS:

In addition to the pension benefits described in Note 9, OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credits. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an other postemployment benefit (OPEB) 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. The Ohio Revised Code provides statutory authority for employer contributions. The total employer contribution rate for OPERS is 13.55% of covered payroll, of which 5.00% is the portion that is used to fund health care benefits under OPERS.

Other postemployment benefits are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

The principal assumptions used for the 2002 actuarial computations (latest available) were as follows:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 2002 was 8.00 percent.

Active Employee Total Payroll. An annual increase of 4.00 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00 percent increase, were assumed to range from 0.50 percent to 6.30 percent.

Health Care. Health care costs were assumed to increase 4.00 percent annually.

The number of benefit recipients eligible for OPEB at December 31, 2003 was 364,881. The City's actual contributions for 2003, which were used to fund postemployment benefits, were \$871,474. OPERS's net assets available for payment of other postemployment benefits at December 31, 2002 were \$10.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$18.7 billion and \$8.7

billion, respectively. The fund's total health care expenses for the year ended December 31, 2002 (the latest information available) were \$.78 billion.

OP&F:

OP&F also provides health care coverage to any person who receives or is eligible to receive a monthly retirement benefit 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 defined part-time basis. The Ohio Revised Code provides the statutory authority requiring the fund's board of trustees to provide health care coverage to all eligible individuals. 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 that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total contribution rate for fire personnel is 24% of covered payroll of which 7.75% is applied to the postemployment health care program. Health care funding and accounting is on a pay-as-you-go basis.

The portion of the City's actual contribution to OP&F for 2003 that was used to fund postemployment benefits was \$398,425 for police and \$343,779 for fire personnel. The fund's total health care expenses for the year ended December 31, 2002 (the latest information available) were \$141,028,006. The total number of participants in OP&F who were eligible to receive health care benefits at December 31, 2002 (the latest information available) was 13,527 police and 10,396 fire personnel.

NOTE 11 – DEFERRED COMPENSATION PROGRAMS

The City's employees and elected officials participate in three deferred compensation plans created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. The deposits under the plans are forwarded to trustees. Under the terms of the plans, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the plans' participants and their beneficiaries. The plan agreements state that the City has no fiduciary responsibility under the plans with the exception of fraud or wrongful taking.

The amount on deposit in the plans is not reflected in the government-wide statement of net assets as of December 31, 2003 because it is held in trust for the exclusive benefit of plan participants and their beneficiaries.

NOTE 12 – DEBT, NOTES, AND OTHER LONG-TERM OBLIGATIONS

A listing of changes in the bonds, notes and other long-term obligations of the City for the year ended December 31, 2003 are as follows:

GOVERNMENTAL ACTIVITIES

<u>Special Assessment Debt:</u>	Balance January 1, 2003	Additions (Reductions)	Balance December 31, 2003
6.20% - 7.00% 1989 Street Improvement Bonds Due 2004	\$ 540,000	\$ (260,000)	\$ 280,000
6.10% - 11.00% 1990 East Broad Street Storm Sewer Bonds Due 2006	97,565	(21,685)	75,880
6.35% 1992 Ford Road Improvement Bonds Due 2013	585,000	(40,000)	545,000
7.375% 1994 Sewer Overflow Elimination Bonds Due 2009	55,378	(6,512)	48,866
7.375% 1994 Murray Ridge Watermain Bonds Due 2009	59,314	(6,978)	52,336
5.875% 1995 Griswold Road Improvement Bonds Due 2015	385,000	(15,000)	370,000
5.295% 1996 Westway Garden Improvement Bonds Due 2008	825,000	(120,000)	705,000
0.00% 1997 State Issue II Loan Weller Road Due 2007	123,822	(30,957)	92,865
Total Special Assessment Debt	\$ 2,671,079	\$ (501,132)	\$ 2,169,947

General Obligation Bonds And Construction Loans:

0.00% 1995 State Issue II Loan Griswold Road Due 2006	\$ 73,582	\$ (24,527)	\$ 49,055
5.247% 1997 Various Purpose Improvement Bonds Due 2022	9,540,000	(310,000)	9,230,000
3.15% - 4.25% 1999 Recreational Facilities Bonds Due 2009	1,340,000	(170,000)	1,170,000
3.15% - 4.45% 1999 Fire Station Construction Bonds Due 2012	1,615,000	(135,000)	1,480,000
3.15% - 5.00% 1999 Police and Fire Pension Liability Bonds Due 2023	1,175,000	(35,000)	1,140,000
4.75% 2001 City Hall Construction Bonds Due 2026	8,025,000	(210,000)	7,815,000
0.00% 1999 State Issue II Loan Schaden Road Due 2009	43,388	(7,231)	36,157
0.00% 1999 State Issue II Loan Middle Avenue Due 2009	40,685	(6,781)	33,904

(Continued on subsequent page)

GOVERNMENTAL ACTIVITIES (continued)

General Obligation Bonds And Construction Loans (continued):	Balance January 1, 2003	Additions (Reductions)	Balance December 31, 2003
0.00% 2000 State Issue II Loan E. Broad St. / State Rt. 57 Intersection Due 2010	32,561	(4,341)	28,220
0.00% 2001 State Issue II Loan Murray Ridge Rd. / Garford Ave. Due 2012	124,411	(13,823)	110,588
0.00% 2002 State Issue II Loan David Drive / Gulf Road Due 2013	114,118	(11,412)	102,706
Total General Obligation Bonds And Construction Loans	\$ 22,123,745	\$ (928,115)	\$ 21,195,630
General Obligation Bond Anticipation Notes - Capital Projects Notes Payable			
1.35% 2003 City Hall Construction Notes Due July 2004	\$	\$ 2,200,000	\$ 2,200,000
2.00% 2003 Chestnut Commons Construction Notes Due October 2004		2,500,000	2,500,000
1.35% 2003 Industrial Parkway Improvement Notes Due July 2004		2,000,000	2,000,000
2.00% 2002 Industrial Parkway Improvement Notes Due July 2003	600,000	(600,000)	
Total Capital Projects Notes Payable	\$ 600,000	\$ 6,100,000	\$ 6,700,000
<u>Other Obligations</u>			
Block Grant Fund U.S. Department of Housing and Urban Development 108 Loan	\$ 259,850	\$ (80,000)	\$ 179,850
Compensated absences	4,609,937	(14,284)	4,595,653
Total Other Obligations	\$ 4,869,787	\$ (94,284)	\$ 4,775,503
TOTAL GOVERNMENTAL ACTIVITIES DEBT AND OTHER LONG-TERM OBLIGATIONS	\$ 30,264,611	\$ 4,576,469	\$ 34,841,080

(Continued on subsequent page)

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds And Construction Loans:	Balance January 1, 2003	Additions (Reductions)	Balance December 31, 2003
8.48% 1986 OWDA Loan Wastewater Plant Improvement Due 2014	\$ 11,967,976	\$ (655,691)	\$ 11,312,285
7.11% 1987 OWDA Loan Westside Interceptor Sewer Due 2009	5,633,579	(712,882)	4,920,697
6.10% - 11.00% 1990 East Broad Street Storm Sewer Bonds Due 2006	302,435	(68,315)	234,120
4.2275% 1999 Water System Improvement Bonds Due 2019	1,290,000	(55,000)	1,235,000
7.375% 1994 Murray Ridge Watermain Bonds Due 2009	140,307	(16,509)	123,798
0.00% 1994 State Issue II Loan Samuel Street Watermain Due 2004	35,795	(25,804)	9,991
Total General Obligation Bonds And Construction Loans	\$ 19,370,092	\$ (1,534,201)	\$ 17,835,891
<u>General Obligation Bond Anticipation Notes</u>			
2.00% 2002 Water Pumping Improvement Notes Due July 2003	\$ 900,000	\$ (900,000)	
1.35% 2003 Water Pumping Improvement Notes Due July 2004		800,000	800,000
2.00% 2002 Refuse Packer Notes Due July 2003	330,000	(330,000)	
1.35% 2003 Refuse Packer Notes Due July 2004		230,000	230,000
2.00% 2002 Waterworks System Improvement Notes Due December 2003	5,200,000	(5,200,000)	
2.00% 2003 Waterworks System Improvement Notes Due October 2004		5,200,000	5,200,000
Total General Obligation Bond Anticipation Notes	\$ 6,430,000	\$ (200,000)	\$ 6,230,000
<u>Other Obligations</u>			
Compensated absences	\$ 1,200,699	\$ 10,317	\$ 1,211,016
TOTAL BUSINESS ACTIVITIES DEBT AND OTHER LONG-TERM OBLIGATIONS	\$ 27,000,791	\$ (1,723,884)	\$ 25,276,907

All notes have been issued in anticipation of long-term financing. Ohio Law permits the issuance and renewal of bond anticipation notes such that the notes may remain outstanding for twenty years consecutively before such notes must be retired either from available funds of the City or from the proceeds of bonds issued to redeem the anticipation notes. If such notes and renewals of such notes remain outstanding for a period in excess of five years, any such period in excess of five years must be deducted from the permitted maximum maturity of bonds anticipated. Furthermore, a certain portion of the principal amount of such notes must be retired in the amounts and at the times that would have been required for payment of principal maturities on the bonds anticipated as if the bonds had been issued at the expiration of the initial five-year period.

A summary of the City's future debt service requirements for its bond and note obligations as of December 31, 2003 follows:

GOVERNMENTAL ACTIVITIES

Due In	<u>Special Assessment Debt</u>		<u>General Obligation Bonds, Notes and Construction Loans</u>	
	Principal	Interest	Principal	Interest
2004	\$ 526,132	\$ 136,827	\$ 7,733,116	\$ 1,107,110
2005	269,961	105,278	1,098,116	960,905
2006	287,626	85,820	1,013,588	917,048
2007	242,988	65,215	1,043,588	878,383
2008	252,988	51,404	1,083,588	836,555
Thereafter	<u>590,252</u>	<u>113,747</u>	<u>16,103,484</u>	<u>7,192,088</u>
TOTALS	<u>\$ 2,169,947</u>	<u>\$ 558,291</u>	<u>\$ 28,075,480</u>	<u>\$ 11,892,089</u>

BUSINESS-TYPE ACTIVITIES

Due In	<u>OWDA Loans</u>		<u>Other Bonds, Notes and Construction Loans</u>	
	Principal	Interest	Principal	Interest
2004	\$ 1,474,862	\$ 1,136,309	\$ 6,384,815	\$ 185,447
2005	1,589,469	1,033,068	160,996	59,145
2006	1,713,052	921,805	158,331	55,677
2007	1,846,317	801,892	82,012	52,160
2008	1,990,030	672,650	87,012	48,401
Thereafter	<u>7,619,252</u>	<u>1,760,454</u>	<u>959,743</u>	<u>282,613</u>
TOTALS	<u>\$ 16,232,982</u>	<u>\$ 6,326,178</u>	<u>\$ 7,832,909</u>	<u>\$ 683,443</u>

All bonds and notes are backed by the full faith and credit of the City. While special assessments have been levied to pay the debt service of the special assessment bonds, the bonds are also backed by the full faith and credit of the City. No reserve or sinking fund has been established to cover defaults by property owners. Although the bonds and notes of the enterprise

funds are general obligations of the City, the City's policy is to have the debt serviced by the revenues of the respective enterprise funds. The Ohio Water Development Authority construction loans are secured by the revenues of the City's wastewater treatment operations. The loans require, among other things, that the City charge sufficient rates and fees for wastewater treatment services to enable the revenues to service the loan principal and interest payments and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City was not required to pledge the general resources or general credit of the City to secure the repayment of the loans.

Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2003, the City had the capacity to issue approximately \$ 17,850,287 of additional, unvoted general obligation debt.

Long-term liability activity excluding activity pertaining to short-term Capital Projects notes payable and the U.S. Department of Housing and Urban Renewal 108 Loan for the year ended December 31, 2003, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$ 21,695,000		\$ (860,000)	\$ 20,835,000	\$ 885,000
Special Assessment Bonds with Government Commitment	2,547,257		(470,175)	2,077,082	495,176
Total Bonds Payable	<u>24,242,257</u>		<u>(1,330,175)</u>	<u>22,912,082</u>	<u>1,380,176</u>
State Issue II Construction Loans	552,567		(99,071)	453,496	99,071
Compensated Absences	<u>4,609,937</u>	<u>401,793</u>	<u>(416,078)</u>	<u>4,595,652</u>	<u>166,083</u>
Total Governmental Activity Long-Term Liabilities	<u>\$ 29,404,761</u>	<u>\$ 401,793</u>	<u>\$ (1,845,324)</u>	<u>\$ 27,961,230</u>	<u>\$ 1,645,330</u>
Business-Type Activities					
General Obligation Bonds	\$ 1,732,742		\$ (139,824)	1,592,918	\$ 144,824
OWDA Loans	17,601,555		(1,368,573)	16,232,982	1,474,862
State Issue II Construction Loans	35,795		(25,804)	9,991	9,991
Compensated Absences	<u>1,200,699</u>	<u>70,351</u>	<u>(60,034)</u>	<u>1,211,016</u>	<u>120,794</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 20,570,791</u>	<u>\$ 70,351</u>	<u>\$ (1,594,235)</u>	<u>\$ 19,046,907</u>	<u>\$ 1,750,471</u>

NOTE 13 – COMMITMENTS

The City has entered into a contract for the construction of a new street into a new retail development called Chestnut Commons and improvements to Chestnut Ridge Road which is the main thoroughfare that leads into the new development. Work will begin on this project in early 2004 and is estimated to cost \$1,867,375. The City will fund this project with short-term bond anticipation notes. Through an agreement with developer Forest City Enterprises, Incorporated, the City will issue special assessment bonds to retire the general obligation notes and the special assessment bonds will be repaid from tax increment financing payments and/or special assessments levied by the City on the properties in the development.

The City has also entered into contracts for the resurfacing and reconstruction of portions of Winckles Street and Woodford Avenue, portions of Huron Street and Hilliard Road and portions of Foster Avenue and East Broad Street. Work began on all of these projects in 2003. The estimated cost of the Winckles Street / Woodford Avenue, Huron Street / Hilliard Road and the Foster Avenue / E. Broad Street projects are \$161,903, \$186,817 and \$176,374, respectively. These projects are being funded with 89% State Issue II grant funds and 11% City funds.

The City has also entered into contracts for the construction a new City Hall building which involves adaptive re-use of the old City Hall along with new construction. Construction of this facility began in 2001. The estimated cost of the project is \$13,583,887 and is being funded with \$8,200,000 of general obligation bonds, \$2,200,000 of short-term general obligation bond anticipation notes, \$546,594 of existing Water Enterprise Fund monies, \$90,699 of existing Sanitation Enterprise Fund monies, \$546,594 of existing Wastewater Pollution Control Enterprise Fund monies and \$2,000,000 of existing General Fund monies.

The City has also entered into a contract for the construction of a sludge handling facility at the Water Pumping Plant. Work on this project began in 2001. The estimated cost of this project is \$1,125,587 and is being funded with \$125,587 of existing Water Enterprise Fund monies and \$1,000,000 in short-term bond anticipation notes that will be repaid with Water Enterprise Fund monies.

The City has also entered into a contract for the construction of the West Falls Upper Trail in Cascade Park. Construction will begin in 2003. The estimated cost of the project is \$159,000 and is being funded with \$127,200 of Ohio Department of Natural Resources grant monies and \$31,800 of existing General Fund monies.

The City has also entered into contracts for the construction of two new elevated water storage tanks and improvements to the water distribution system in the southeast and southwest sections of the City. The estimated costs of the water storage tanks is \$1,875,432 and the estimated cost of the improvements to the water distribution system is \$1,513,066 and are being funded with short-term bond anticipation notes that will be repaid with Water Enterprise Fund monies.

NOTE 14 – DEFICITS

At December 31, 2003, the following funds had a deficit fund or net assets balance:

	<u>Deficit Balance</u>
Capital Projects Funds –	
Chestnut Commons/Ridge Improvement	\$ 384,012
Municipal Building Construction	594,686
Industrial Parkway	511,909
Internal Service Fund –	
Employees’ Health Insurance	824,247

The deficit in the Chestnut Commons/Ridge Improvement fund balance will be eliminated through the issuance of special assessment long-term bonds, the proceeds of which will be used to retire the outstanding general obligation notes in the City’s Chestnut Commons/Ridge Fund. The deficit in the Municipal Building Construction Fund and the deficit in the Industrial Parkway Fund balance will be eliminated through the receipt of monies from the City’s General Bond Retirement Fund, and/or the issuance of general obligation long-term bonds, the proceeds of which will be used to retire the outstanding general obligation notes in the City’s Municipal Building Construction Fund and Industrial Parkway Fund. The Employees’ Health Insurance Fund deficit will be eliminated through increased charges to other City funds and increased contributions from employees.

NOTE 15 – REHABILITATION LOANS

In the Block Grant and Comprehensive Housing Improvement Program Grant Special Revenue Funds, rehabilitation loans represent non-interest bearing loans made under the City’s federal community development block grant to qualifying citizens for the rehabilitation of residential property within the City. In the Wastewater Pollution Control Enterprise Fund, rehabilitation loans represent non-interest bearing loans made under the City’s sewer lateral program for the rehabilitation of sanitary sewer laterals within the City. The loans are secured by mortgages against the individual residences and are not due until the earlier of the following:

- 1.) The sale of the home.
- 2.) The death of the owner of the home.

NOTE 16 – NEW ACCOUNTING STANDARDS

During May 2002, the GASB issued Statement No. 39, *“Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14).”* This statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as a component unit based on the nature and significance of their relationship with the

primary government. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The provisions of this statement are effective for financial statements for the year ending December 31, 2004. The City has not determined the impact, if any, that this statement will have on its financial statements.

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The City has not determined the impact, if any, that this statement will have on its financial statement disclosures.

During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this Statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2004. The City has not determined the impact, if any, that this Statement will have on its financial statements.

NOTE 17 – SUBSEQUENT EVENTS

On March 30, 2004, Elyria City Council voted to reduce the income tax credit given to residents of the City of Elyria who work in and pay taxes to cities other than Elyria from 100% to 50%. The reduction in the tax credit went into effect July 1, 2004 and will be placed on the ballot in November 2004 for voter approval to continue the reduced tax credit beyond December 31, 2004.

On February 17, 2004, Elyria City Council approved a series of rate increases for water, sanitation and sewer services. A 10% increase in water rates will go into effect April 1, 2004 and a 4.5% increase in water rates will follow on January 1, 2005, 2006, 2007, and 2008. The City's sanitation rates will increase 4.5% effective May 1, 2004 and a 4.5% increase will follow on January 1, 2005, 2006, 2007, and 2008. The City's sewer rates will increase 4.5% effective April 1, 2004 and a 4.5% increase will follow on January 1, 2005, 2006, 2007, and 2008.

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trust or restricted for major capital projects or debt service) that are restricted to expenditure for specified purposes.

* * * * *

Street Construction, Maintenance and Repair

Required by State law to account for the portion of gasoline taxes and motor vehicle license fees that is designated for maintenance of streets within the City.

State Highway

Required by State law to account for the portion of gasoline taxes and motor vehicle license fees that is designated for maintenance of State highways within the City.

Fire Pension

To accumulate property taxes levied for the payment of amounts due for fire fighters to the state administered disability and pension fund.

Police Pension

To accumulate property taxes levied for the payment of amounts due for police to the state administered disability and pension fund.

Health Grant

Required by State law to account for grant monies designated for use by the Health Department of the City.

Municipal Motor Vehicle Tax

Required by State law to account for local license fees designated for the maintenance of streets within the City.

Block Grant

To account for monies received from the Federal government designated for community development within the City.

Comprehensive Housing Improvement Program (“C.H.I.P.”) Grant

To account for monies received from the Federal government designated for home rehabilitation within the City.

Muni Court Technology

To account for revenue received from fees on court cases that are restricted for the computerization of the Clerk of Municipal Courts office.

Muni Court Security

To account for revenue received from fees on court cases that are restricted for court security.

SPECIAL REVENUE FUNDS (cont.)

Muni Court Construction and Improvement

To account for revenue received from fees on court cases that are restricted for Court construction and / or improvement.

Special Parking Fines

Permitted by State law to account for the collection of fines imposed for disabled parking violations that are restricted for use in support of persons with disabilities.

Legal Research and Court Computerization

To account for revenue received from fees on court cases that are restricted for legal research for, and computerization of, the offices of the Municipal Judges and Municipal Court.

Muni Court Special Collections

To account for revenue received from fees on court cases that are restricted for use in collecting delinquent fines.

Food Service Operations

Required by State law to account for the portion of license fees that is designated for inspection of food establishments within the City.

Dental Health Grant

Required to account for grant monies designated for use by the Health Department of the City for dental health care.

Swimming Pool Inspection

Required by State law to account for the revenues and expenditures of administering inspections of public swimming pools.

Law Enforcement

Required by State law to account for the collection of proceeds from the sale of contraband.

Mandatory Drug Fine

Required by State law to account for the collection of fines imposed on certain drug offenses and disbursed to local governmental units.

Indigent Drivers Alcohol Treatment

Required by State law to account for the collection of fines imposed on certain alcohol offenses and disbursed to rehabilitation centers.

Alcohol Enforcement and Education

Required by State law to account for the collection of fines imposed with respect to certain alcohol offenses.

SPECIAL REVENUE FUNDS (cont.)

Police Levy

To account for revenue received as a result of a .25% permanent income tax approved by the citizens of the City of Elyria that is restricted for law enforcement purposes.

Wagner Trust

To accumulate donations to provide for park and recreation expenditures.

Findley Trust

To accumulate donations to provide for park and recreation expenditures.

Cemetery Maintenance and Improvement

To accumulate monies from cemetery lot sales to provide for the repair, maintenance and improvement of City cemeteries.

DEBT SERVICE FUND

Debt Service Funds are established to account for the accumulation of resources for, and the repayment of, general long-term debt principal and interest.

* * * * *

General Bond Retirement

To account for the accumulation of resources for, and the repayment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

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

* * * * *

Bridge Projects

To account for monies restricted for the construction of major repairs or improvements to City bridges.

Parks Improvement

To account for monies restricted for improvements to be made to City parks.

CAPITAL PROJECTS FUNDS (cont.)

Clean Ohio Grant (Tappan)

To account for monies received from the Federal and State government for use in the cleanup of the Tappan manufacturing building site.

Capital Improvement

To account for monies restricted for the purchase or construction of capital improvements for the City.

Cascade / Elywood

To account for monies restricted for improvements to be made to Cascade / Elywood Parks.

State Issue II Capital Projects

To account for monies restricted for various improvement projects approved by the Ohio Public Works Commission of the State of Ohio.

Gulf Road Stabilization

To account for monies restricted for improvements to be made to Gulf Road.

South Recreation Construction

To account for monies restricted for the construction of a new South Recreation Center.

Industrial Parkway

To account for monies restricted for the construction of a new highway.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

* * * * *

Cemetery Trust

To accumulate monies from cemetery lot sales. The original amounts received must be preserved intact. Interest earnings are transferred to the Cemetery Maintenance and Improvement Fund.

City of Elyria, Ohio
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2003

	Special Revenue							
	Street Construction Maintenance and Repair	State Highway	Fire Pension	Police Pension	Health Grant	Municipal Motor Vehicle Tax	Block Grant	CHIP Grant
ASSETS								
Equity in pooled cash and cash equivalents	\$ 243,320	\$ 62,761	\$ 1,513	\$ 1,509	\$ 70,719	\$ 31,011	\$	\$
Cash with fiscal agents			79,300	72,800				
Investments	277							
Accounts receivable							1,765,728	2,051,262
Rehabilitation loans receivable	8	2	113	113		1		
Accrued interest receivable								
Due from other funds								
Due from other governments	791,615	64,185	28,748	28,748	130,751	103,219		20,639
Income tax receivable								
Property tax receivable			216,179	216,179				
Total assets	\$ 1,035,220	\$ 126,948	\$ 325,853	\$ 319,349	\$ 201,470	\$ 134,231	\$ 1,765,728	\$ 2,071,901
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 12,909	\$ 47,758	\$	\$	\$ 9,342	\$ 27,973	\$ 1,558	\$ 13,551
Contracts payable							32,806	77,452
Accrued wages and benefits	70,335				23,915		18,936	2,237
Compensated absences payable	17,920				6,521		5,609	835
Matured interest payable								
Due to other funds								
Deferred revenue	592,092	48,007	243,707	243,707	8,867			
General obligation notes payable								
Construction loan payable							179,850	
Total liabilities	693,256	95,765	243,707	243,707	48,645	27,973	238,759	94,075
FUND BALANCES								
Reserved for encumbrances	30,194				8,182		169,284	77,828
Reserved for debt service								
Reserved for rehab loans								
Unreserved, undesignated	311,770	31,183	82,146	75,642	144,643	106,258	1,765,728	2,051,262
Total fund balances	341,964	31,183	82,146	75,642	152,825	106,258	(408,043)	(151,264)
Total liabilities and fund balances	\$ 1,035,220	\$ 126,948	\$ 325,853	\$ 319,349	\$ 201,470	\$ 134,231	\$ 1,765,728	\$ 2,071,901

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City of Elyria, Ohio
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2003

	Special Revenue							
	Muni Court Technology	Muni Court Security	Muni Court Construction and Improvement	Special Parking Fines	Legal Research and Court Computerization	Muni Court Special Collections	Food Service Operations	Dental Health Grant
ASSETS								
Equity in pooled cash and cash equivalents	\$ 59,488	\$ 54,864	\$ 7,326	\$ 13,804	\$ 124,960	\$ 41,351	\$ 13,252	\$ 14,337
Cash with fiscal agents		53,700	440,900	35,900				
Investments								
Accounts receivable								
Rehabilitation loans receivable		4	543	75				
Accrued interest receivable	14,158	5,654	8,501	2,076	4,295			7,500
Due from other governments								
Income tax receivable								
Property tax receivable								
Total assets	<u>\$ 73,646</u>	<u>\$ 114,222</u>	<u>\$ 457,270</u>	<u>\$ 51,855</u>	<u>\$ 129,255</u>	<u>\$ 41,351</u>	<u>\$ 13,252</u>	<u>\$ 21,837</u>

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 650	\$	\$	\$ 691	\$	\$	\$ 832	\$
Contracts payable					5,850			
Accrued wages and benefits	3,266	1,869					3,150	656
Compensated absences payable	459	80					403	153
Matured interest payable								
Due to other funds								
Deferred revenue								
General obligation notes payable								
Construction loan payable		1,949		691	5,850		4,385	809
Total liabilities	<u>4,375</u>	<u>1,949</u>		<u>691</u>	<u>5,850</u>		<u>4,385</u>	<u>809</u>
FUND BALANCES								
Reserved for encumbrances	30,809			5,128	1,800		144	168
Reserved for debt service								
Reserved for rehab loans								
Unreserved, undesignated	38,462	112,273	457,270	46,036	121,605	41,351	8,723	20,860
Total fund balances	<u>69,271</u>	<u>112,273</u>	<u>457,270</u>	<u>51,164</u>	<u>123,405</u>	<u>41,351</u>	<u>8,867</u>	<u>21,028</u>
Total liabilities and fund balances	<u>\$ 73,646</u>	<u>\$ 114,222</u>	<u>\$ 457,270</u>	<u>\$ 51,855</u>	<u>\$ 129,255</u>	<u>\$ 41,351</u>	<u>\$ 13,252</u>	<u>\$ 21,837</u>

(Continued on subsequent page)

City of Elyria, Ohio
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2003

	Special Revenue								Total Special Revenue Funds	
	Swimming Pool Inspection	Law Enforcement	Mandatory Drug Fine	Indigent Drivers Alcohol Treatment	Alcohol Enforcement and Education	Police Levy	Wagner Trust	Findley Trust		Cemetery Maintenance and Improvement
ASSETS										
Equity in pooled cash and cash equivalents	954	15,030	24,760	1,468	111	469,655	1,935	136,938	79,343	1,470,409
Cash with fiscal agents				391,800	15,500					1,089,900
Investments										277
Accounts receivable										3,816,990
Rehabilitation loans receivable				147	21	171		86	9	1,294
Accrued interest receivable			1	1,856	148					36,688
Due from other funds										1,176,230
Due from other governments			825			698,892				698,892
Income tax receivable										432,358
Property tax receivable										8,723,038
Total assets	<u>954</u>	<u>15,030</u>	<u>25,586</u>	<u>395,271</u>	<u>15,780</u>	<u>1,168,718</u>	<u>1,935</u>	<u>137,024</u>	<u>79,352</u>	<u>8,723,038</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable		5,500				9,457		1,460	1,868	53,018
Contracts payable			700			6,749				204,088
Accrued wages and benefits	264					243,475		642	1,031	369,776
Compensated absences payable	39					25,576			479	58,074
Matured interest payable										
Due to other funds						241,042				1,377,422
Deferred revenue										179,850
General obligation notes payable										2,242,228
Construction loan payable	303		700			526,299		2,102	3,378	
Total liabilities		<u>5,500</u>	<u>700</u>			<u>526,299</u>		<u>2,102</u>	<u>3,378</u>	
FUND BALANCES										
Reserved for encumbrances		3,112	8,924	216		43,912		13,454	4,374	397,529
Reserved for debt service										
Reserved for rehab loans										3,816,990
Unreserved, undesignated	651	6,418	15,962	395,055	15,780	598,507	1,935	121,468	71,600	2,266,291
Total fund balances	<u>651</u>	<u>9,530</u>	<u>24,886</u>	<u>395,271</u>	<u>15,780</u>	<u>642,419</u>	<u>1,935</u>	<u>134,922</u>	<u>75,974</u>	<u>6,480,810</u>
Total liabilities and fund balances	<u>954</u>	<u>15,030</u>	<u>25,586</u>	<u>395,271</u>	<u>15,780</u>	<u>1,168,718</u>	<u>1,935</u>	<u>137,024</u>	<u>79,352</u>	<u>8,723,038</u>

(Continued on subsequent page)

City of Elyria, Ohio
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2003

	Debt Service		Capital Projects						
	General Bond Retirement	Bridge Projects	Parks Improvement	Clean Ohio Grant (Tappan)	Capital Improvement	Cascade/Elywood	State Issue II Capital Projects	Gulf Rd. Stabilization	
ASSETS									
Equity in pooled cash and cash equivalents	\$ 3,641	1	\$ 78,919	\$	\$ 52	\$ 43,448	\$ 15,419	\$ 5,547	
Cash with fiscal agents	3,300								
Investments	2,228,300	1,100			10,000				
Accounts receivable									
Rehabilitation loans receivable	3,609		87			33			
Accrued interest receivable									
Due from other funds	182,066			14,565			401,224		
Due from other governments									
Income tax receivable	1,369,148			14,565					
Property tax receivable	3,790,064	1,101	79,006	14,565	10,052	43,481	416,643	5,547	
Total assets	\$ 3,790,064	\$ 1,101	\$ 79,006	\$ 14,565	\$ 10,052	\$ 43,481	\$ 416,643	\$ 5,547	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$		\$	\$	\$	\$	\$	\$	
Contracts payable									
Accrued wages and benefits			2,403	1,046			390,092		
Compensated absences payable	3,300								
Matured interest payable									
Due to other funds				13,519					
Deferred revenue	1,543,486								
General obligation notes payable									
Construction loan payable			2,403	14,565			390,092		
Total liabilities	1,546,786		2,403	14,565			390,092		
FUND BALANCES									
Reserved for encumbrances			2,656			10,000	86,786		
Reserved for debt service	2,243,278								
Reserved for rehab loans									
Reserved for endowment									
Unreserved, undesignated	2,243,278	1,101	73,947		10,052	33,481	(60,235)	5,547	
Total fund balances	\$ 3,790,064	\$ 1,101	\$ 79,006	\$ 14,565	\$ 10,052	\$ 43,481	\$ 26,551	\$ 5,547	
Total liabilities and fund balances							\$ 416,643	\$ 5,547	

(Continued on subsequent page)

City of Elyria, Ohio
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2003

	Capital Projects		Total Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	South Recreation Construction	Industrial Parkway			
ASSETS					
Equity in pooled cash and cash equivalents	\$ 14,342	\$ 587,100	\$ 744,828	\$	\$ 2,218,878
Cash with fiscal agents					3,300
Investments		899,500	910,600	394,684	4,623,484
Accounts receivable					277
Rehabilitation loans receivable					3,816,990
Accrued interest receivable		1,491	1,611	1,062	7,576
Due from other funds					36,688
Due from other governments			415,789		1,774,085
Income tax receivable					698,892
Property tax receivable					1,801,506
Total assets	\$ 14,342	\$ 1,488,091	\$ 2,072,828	\$ 395,746	\$ 14,981,676
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$	\$ 393,541	\$	\$ 53,018
Contracts payable					597,629
Accrued wages and benefits					369,776
Compensated absences payable					58,074
Matured interest payable					3,300
Due to other funds			13,519		13,519
Deferred revenue					2,920,908
General obligation notes payable		2,000,000	2,000,000		2,000,000
Construction loan payable		2,000,000	2,407,060		179,850
Total liabilities					6,196,074
FUND BALANCES					
Reserved for encumbrances		650,396	749,838		1,147,367
Reserved for debt service					2,243,278
Reserved for rehab loans				395,746	3,816,990
Reserved for endowment					395,746
Unreserved, undesignated	14,342	(1,162,305)	(1,084,070)		1,182,221
Total fund balances	14,342	(511,909)	(334,232)	395,746	8,785,602
Total liabilities and fund balances	\$ 14,342	\$ 1,488,091	\$ 2,072,828	\$ 395,746	\$ 14,981,676

City of Elyria, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2003

	Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
	State Issue II Capital Projects	Gulf Rd. Stabilization	South Recreation Construction	Industrial Parkway	Cemetery Trust	Total Nonmajor Governmental Funds
REVENUES						
Taxes:						
Property		\$	\$	\$	\$	\$
Income						
Intergovernmental revenues	401,224					2,114,488
Charges for service						2,968,741
Licenses and permits					12,586	4,956,460
Interest earnings	101	176	186	7,512		285,005
Fines and forfeitures					5,937	61,403
Contributions						533,433
Miscellaneous revenues						53,155
Total Revenues	401,325	176	186	7,512	18,523	11,206,562
EXPENDITURES						
Current:						
Public safety						4,205,403
Health						1,091,704
Culture and recreation						39,505
Community environment						860,749
Highways and streets						1,580,228
General government						342,561
Capital outlay	446,530	8,295		73,058		2,153,717
Debt service:						
Principal retirement						984,073
Interest and fiscal charges						1,072,708
Total expenditures	446,530	8,295		73,058		12,330,648
Excess (deficiency) of revenues over (under) expenditures	(45,205)	(8,119)	186	(65,546)	18,523	(1,124,096)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	71,472					687,099
Operating transfers out	(21,323)			100,000	(4,304)	(125,627)
Proceeds from sale of bonds/notes						74,747
Total other financing sources (uses)	50,149			100,000	(4,304)	646,219
Net change in fund balances	4,944	(8,119)	186	34,454	14,219	(477,877)
Fund balances - beginning	21,607	13,666	14,156	(546,363)	381,527	9,263,479
Fund balances - ending	\$ 26,551	\$ 5,547	\$ 14,342	\$ (511,909)	\$ 395,746	\$ 8,785,602

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
SPECIAL ASSESSMENT BOND RETIREMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>SPECIAL ASSESSMENT BOND RETIREMENT FUND</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 4,000	\$ 3,031	\$ 3,030	\$ (1)
Special assessments	619,015	609,232	609,032	(200)
TOTAL REVENUES	<u>623,015</u>	<u>612,263</u>	<u>612,062</u>	<u>(201)</u>
EXPENDITURES				
DEBT SERVICE				
Special Assessment Bond Retirement				
Operation and maintenance	27,000	25,005	25,004	1
Principal retirement	445,175	445,175	445,175	
Interest	150,840	141,883	141,883	
Total Special Assessment Bond Retirement	<u>623,015</u>	<u>612,063</u>	<u>612,062</u>	<u>1</u>
TOTAL DEBT SERVICE	<u>623,015</u>	<u>612,063</u>	<u>612,062</u>	<u>1</u>
TOTAL EXPENDITURES	<u>623,015</u>	<u>612,063</u>	<u>612,062</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures		200		(200)
FUND BALANCE AT BEGINNING OF YEAR				
FUND BALANCE AT END OF YEAR	<u>\$</u>	<u>\$ 200</u>	<u>\$</u>	<u>\$ (200)</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
CHESTNUT COMMONS / RIDGE IMPROVEMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	CHESTNUT COMMONS / RIDGE IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$	\$	\$ 4,379	\$ 4,379
TOTAL REVENUES			4,379	4,379
EXPENDITURES				
COMMUNITY ENVIRONMENT				
Chestnut Commons / Ridge Impr.				
Operating and maintenance		309,000	91,106	217,894
Capital outlay		2,115,000	2,097,495	17,505
Total Chestnut Commons / Ridge Impr.		2,424,000	2,188,601	235,399
TOTAL COMMUNITY ENVIRONMENT		2,424,000	2,188,601	235,399
TOTAL EXPENDITURES		2,424,000	2,188,601	235,399
Excess (deficiency) of revenues over expenditures		(2,424,000)	(2,184,222)	239,778
OTHER FINANCING SOURCES				
Proceeds of notes		2,500,000	2,500,000	
TOTAL OTHER FINANCING SOURCES		2,500,000	2,500,000	
Excess (deficiency) of revenues and other sources over expenditures		76,000	315,778	239,778
FUND BALANCE AT BEGINNING OF YEAR				
FUND BALANCE AT END OF YEAR	\$	\$ 76,000	\$ 315,778	\$ 239,778

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MUNICIPAL BUILDING CONSTRUCTION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	MUNICIPAL BUILDING CONSTRUCTION FUND			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Interest earnings	\$ 33,000	\$ 23,500	\$ 26,484	\$ 2,984
TOTAL REVENUES	<u>33,000</u>	<u>23,500</u>	<u>26,484</u>	<u>2,984</u>
EXPENDITURES				
COMMUNITY ENVIRONMENT				
Municipal Building Const/Imp				
Operation and maintenance	27,473	77,473	75,155	2,318
Capital outlay	2,402,105	4,415,105	4,414,428	677
Total Municipal Bldg Const/Imp	<u>2,429,578</u>	<u>4,492,578</u>	<u>4,489,583</u>	<u>2,995</u>
TOTAL COMMUNITY ENVIRONMENT	<u>2,429,578</u>	<u>4,492,578</u>	<u>4,489,583</u>	<u>2,995</u>
TOTAL EXPENDITURES	<u>2,429,578</u>	<u>4,492,578</u>	<u>4,489,583</u>	<u>2,995</u>
Excess (deficiency) of revenues over expenditures	(2,396,578)	(4,469,078)	(4,463,099)	5,979
OTHER FINANCING SOURCES				
Proceeds of notes		2,200,000	2,200,000	
TOTAL OTHER FINANCING SOURCES		<u>2,200,000</u>	<u>2,200,000</u>	
Excess (deficiency) of revenues and other sources over expenditures	(2,396,578)	(2,269,078)	(2,263,099)	5,979
Adjustment for prior year encumbrances	1,993,420	1,993,420	1,993,420	
FUND BALANCE AT BEGINNING OF YEAR	<u>403,226</u>	<u>403,226</u>	<u>403,226</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 68</u>	<u>\$ 127,568</u>	<u>\$ 133,547</u>	<u>\$ 5,979</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 1,414,000	\$ 1,464,000	\$ 1,520,313	\$ 56,313
Interest earnings	5,000	1,240	1,248	8
Miscellaneous revenues	6,000	6,000	6,601	601
TOTAL REVENUES	1,425,000	1,471,240	1,528,162	56,922
EXPENDITURES				
PUBLIC SAFETY				
Traffic Lights				
Personal services	241,335	236,335	234,225	2,110
Fringe benefits	79,565	89,565	88,251	1,314
Operation and maintenance	87,705	98,705	97,774	931
Capital outlay	13,700	5,700	5,075	625
Total Traffic Lights	422,305	430,305	425,325	4,980
TOTAL PUBLIC SAFETY	422,305	430,305	425,325	4,980
HIGHWAYS AND STREETS				
Street				
Personal services	859,675	839,675	818,410	21,265
Fringe benefits	256,850	251,850	248,359	3,491
Operation and maintenance	351,800	350,800	297,628	53,172
Capital outlay	171,000	172,000	170,776	1,224
Total Street	1,639,325	1,614,325	1,535,173	79,152
TOTAL HIGHWAYS AND STREETS	1,639,325	1,614,325	1,535,173	79,152
TOTAL EXPENDITURES	2,061,630	2,044,630	1,960,498	84,132
Excess (deficiency) of revenues over expenditures	(636,630)	(573,390)	(432,336)	141,054
OTHER FINANCING SOURCES				
Operating transfers in	425,000	425,000	425,000	
Other sources			1,901	1,901
TOTAL OTHER FINANCING SOURCES	425,000	425,000	426,901	1,901
Excess (deficiency) of revenues and other sources over expenditures and other uses	(211,630)	(148,390)	(5,435)	142,955
Adjustment for prior year encumbrances	195,868	195,868	195,868	
FUND BALANCE AT BEGINNING OF YEAR	15,762	15,762	15,762	
FUND BALANCE AT END OF YEAR	\$	\$ 63,240	\$ 206,195	\$ 142,955

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
STATE HIGHWAY FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	STATE HIGHWAY FUND			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 111,000	\$ 120,000	\$ 120,251	\$ 251
Interest earnings	2,000	260	258	(2)
TOTAL REVENUES	<u>113,000</u>	<u>120,260</u>	<u>120,509</u>	<u>249</u>
EXPENDITURES				
HIGHWAYS AND STREETS				
State Highway				
Operation and maintenance	222,683	297,683	262,431	35,252
Total State Highway	<u>222,683</u>	<u>297,683</u>	<u>262,431</u>	<u>35,252</u>
TOTAL HIGHWAYS AND STREETS	<u>222,683</u>	<u>297,683</u>	<u>262,431</u>	<u>35,252</u>
TOTAL EXPENDITURES	<u>222,683</u>	<u>297,683</u>	<u>262,431</u>	<u>35,252</u>
Excess (deficiency) of revenues over expenditures	(109,683)	(177,423)	(141,922)	35,501
OTHER FINANCING SOURCES				
Operating transfers in		75,000	75,000	
TOTAL OTHER FINANCING SOURCES		<u>75,000</u>	<u>75,000</u>	
Excess (deficiency) of revenues and other sources over expenditures	(109,683)	(102,423)	(66,922)	35,501
Adjustment for prior year encumbrances	5,387	5,387	5,387	
FUND BALANCE AT BEGINNING OF YEAR	<u>104,296</u>	<u>104,296</u>	<u>104,296</u>	
FUND BALANCE AT END OF YEAR	<u>\$</u>	<u>\$ 7,260</u>	<u>\$ 42,761</u>	<u>\$ 35,501</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
FIRE PENSION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 245,700	\$ 252,300	\$ 253,939	\$ 1,639
Intergovernmental revenues	22,000	27,300	27,489	189
Interest earnings	3,000	2,450	2,446	(4)
TOTAL REVENUES	270,700	282,050	283,874	1,824
EXPENDITURES				
PUBLIC SAFETY				
Fire Pension				
Fringe benefits	205,000	205,000	205,000	
Operation and maintenance	4,500	4,630	4,630	
Debt service - principal retirement	23,100	23,100	23,100	
Interest	35,500	35,500	35,499	1
Total Fire Pension	268,100	268,230	268,229	1
TOTAL PUBLIC SAFETY	268,100	268,230	268,229	1
TOTAL EXPENDITURES	268,100	268,230	268,229	1
Excess of revenues over expenditures	2,600	13,820	15,645	1,825
FUND BALANCE AT BEGINNING OF YEAR	65,173	65,173	65,173	
FUND BALANCE AT END OF YEAR	\$ 67,773	\$ 78,993	\$ 80,818	\$ 1,825

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
POLICE PENSION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

POLICE PENSION FUND				
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 245,700	\$ 252,300	\$ 253,939	\$ 1,639
Intergovernmental revenues	22,000	27,300	27,489	189
Interest earnings	3,500	3,364	3,364	
TOTAL REVENUES	<u>271,200</u>	<u>282,964</u>	<u>284,792</u>	<u>1,828</u>
EXPENDITURES				
PUBLIC SAFETY				
Police Pension				
Fringe benefits	300,000	300,000	300,000	
Operation and maintenance	4,500	4,583	4,582	1
Debt service - principal retirement	11,900	11,900	11,900	
Interest	18,286	18,286	18,286	
Total Police Pension	<u>334,686</u>	<u>334,769</u>	<u>334,768</u>	<u>1</u>
TOTAL PUBLIC SAFETY	<u>334,686</u>	<u>334,769</u>	<u>334,768</u>	<u>1</u>
TOTAL EXPENDITURES	<u>334,686</u>	<u>334,769</u>	<u>334,768</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(63,486)	(51,805)	(49,976)	1,829
FUND BALANCE AT BEGINNING OF YEAR	<u>124,283</u>	<u>124,283</u>	<u>124,283</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 60,797</u>	<u>\$ 72,478</u>	<u>\$ 74,307</u>	<u>\$ 1,829</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
HEALTH GRANT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	HEALTH GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 550,175	\$ 574,460	\$ 586,643	\$ 12,183
Charges for services	213,000	185,421	181,165	(4,256)
TOTAL REVENUES	763,175	759,881	767,808	7,927
EXPENDITURES				
Current:				
Health				
Personal services	132,962	140,962	139,337	1,625
Fringe benefits	38,672	41,672	40,685	987
Operation and maintenance	212,478	219,678	219,398	280
Capital outlay	_____	12,800	11,968	832
Total Child and Family Health Services	384,112	415,112	411,388	3,724
Infant Mortality Program				
Personal services	86,228	85,228	84,244	984
Fringe benefits	36,486	39,486	37,667	1,819
Operation and maintenance	27,286	39,486	39,155	331
Total Infant Mortality Program	150,000	164,200	161,066	3,134
CFHS Project Income				
Personal services	233,074	186,543	181,111	5,432
Fringe benefits	70,058	60,058	57,180	2,878
Operation and maintenance	30,868	37,399	37,399	_____
Total CFHS Project Income	334,000	284,000	275,690	8,310
Infrastructure (Disease/Bioterrorism)				
Personal services	26,188	34,988	34,662	326
Fringe benefits	9,175	13,115	12,679	436
Operation and maintenance	812	4,288	3,051	1,237
Capital outlay	_____	3,386	3,358	28
Total Infrastructure (Disease/Bioterrorism)	36,175	55,777	53,750	2,027
TOTAL HEALTH	904,287	919,089	901,894	17,195
TOTAL EXPENDITURES	904,287	919,089	901,894	17,195
Excess (deficiency) of revenues over expenditures	(141,112)	(159,208)	(134,086)	25,122
Adjustment for prior year encumbrances	44,302	44,302	44,302	_____
FUND BALANCE AT BEGINNING OF YEAR	144,624	144,624	144,624	_____
FUND BALANCE AT END OF YEAR	\$ 47,814	\$ 29,718	\$ 54,840	\$ 25,122

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MUNICIPAL MOTOR VEHICLE TAX FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	MUNICIPAL MOTOR VEHICLE TAX FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 500,000	\$ 500,000	\$ 505,227	\$ 5,227
Interest earnings	3,000	3,000	3,267	267
TOTAL REVENUES	<u>503,000</u>	<u>503,000</u>	<u>508,494</u>	<u>5,494</u>
EXPENDITURES				
HIGHWAYS AND STREETS				
Municipal Motor Vehicle Tax				
Operation and maintenance	900	900	785	115
Capital outlay	590,000	590,000	582,921	7,079
Total Municipal Motor Vehicle Tax	<u>590,900</u>	<u>590,900</u>	<u>583,706</u>	<u>7,194</u>
TOTAL HIGHWAYS & STREETS	<u>590,900</u>	<u>590,900</u>	<u>583,706</u>	<u>7,194</u>
TOTAL EXPENDITURES	<u>590,900</u>	<u>590,900</u>	<u>583,706</u>	<u>7,194</u>
Excess (deficiency) of revenues over expenditures	(87,900)	(87,900)	(75,212)	12,688
Adjustment for prior year encumbrances	57,094	57,094	57,094	
FUND BALANCE AT BEGINNING OF YEAR	<u>31,025</u>	<u>31,025</u>	<u>31,025</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 219</u>	<u>\$ 219</u>	<u>\$ 12,907</u>	<u>\$ 12,688</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BLOCK GRANT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	BLOCK GRANT FUND			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 1,340,000	\$ 1,200,000	\$ 948,931	\$ (251,069)
Special assessments	5,000	5,000	5,729	729
Miscellaneous revenues	100,000	100,000	53,544	(46,456)
TOTAL REVENUES	<u>1,445,000</u>	<u>1,305,000</u>	<u>1,008,204</u>	<u>(296,796)</u>
EXPENDITURES				
COMMUNITY ENVIRONMENT				
Administration				
Personal services	91,361	93,361	93,247	114
Fringe benefits	20,305	24,905	24,406	499
Operation and maintenance	232,405	194,405	178,266	16,139
Debt service - principal retirement	80,000	80,000	80,000	
Interest	18,570	18,570	18,561	9
Capital outlay	483,000	443,000	435,883	7,117
Total Administration	<u>925,641</u>	<u>854,241</u>	<u>830,363</u>	<u>23,878</u>
Rehab/Operations				
Personal services	267,888	267,888	266,268	1,620
Fringe benefits	85,225	83,225	80,039	3,186
Operation and maintenance	131,000	131,000	104,992	26,008
Total Rehab/Operations	<u>484,113</u>	<u>482,113</u>	<u>451,299</u>	<u>30,814</u>
TOTAL COMMUNITY ENVIRONMENT	<u>1,409,754</u>	<u>1,336,354</u>	<u>1,281,662</u>	<u>54,692</u>
TOTAL EXPENDITURES	<u>1,409,754</u>	<u>1,336,354</u>	<u>1,281,662</u>	<u>54,692</u>
Excess (deficiency) of revenues over expenditures	35,246	(31,354)	(273,458)	(242,104)
OTHER FINANCING SOURCES				
Other financing sources			503	503
TOTAL OTHER FINANCING SOURCES			<u>503</u>	<u>503</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	35,246	(31,354)	(272,955)	(241,601)
Adjustment for prior year encumbrances	355,908	355,908	355,908	
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>(322,703)</u>	<u>(322,703)</u>	<u>(322,703)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 68,451</u>	<u>\$ 1,851</u>	<u>\$ (239,750)</u>	<u>\$ (241,601)</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
C.H.I.P. GRANT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	C.H.I.P. GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 416,000	\$ 266,000	\$ 96,445	\$ (169,555)
Miscellaneous revenues	50,000	50,000	93,880	43,880
TOTAL REVENUES	<u>466,000</u>	<u>316,000</u>	<u>190,325</u>	<u>(125,675)</u>
EXPENDITURES				
COMMUNITY ENVIRONMENT				
C.H.I.P. Grant				
Personal services	42,368	41,868	41,178	690
Fringe benefits	11,126	11,626	11,200	426
Operation and maintenance	362,100	272,100	258,782	13,318
Total C.H.I.P. Grant	<u>415,594</u>	<u>325,594</u>	<u>311,160</u>	<u>14,434</u>
TOTAL COMMUNITY ENVIRONMENT	<u>415,594</u>	<u>325,594</u>	<u>311,160</u>	<u>14,434</u>
TOTAL EXPENDITURES	<u>415,594</u>	<u>325,594</u>	<u>311,160</u>	<u>14,434</u>
Excess (deficiency) of revenues over expenditures	50,406	(9,594)	(120,835)	(111,241)
Adjustment for prior year encumbrances	9,920	9,920	9,920	
FUND BALANCE AT BEGINNING OF YEAR	<u>4,986</u>	<u>4,986</u>	<u>4,986</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 65,312</u>	<u>\$ 5,312</u>	<u>\$ (105,929)</u>	<u>\$ (111,241)</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MUNI COURT TECHNOLOGY FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	MUNI COURT TECHNOLOGY FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 190,000	\$ 190,000	\$ 186,778	\$ (3,222)
TOTAL REVENUES	<u>190,000</u>	<u>190,000</u>	<u>186,778</u>	<u>(3,222)</u>
EXPENDITURES				
PUBLIC SAFETY				
Muni Court Technology				
Personal services	56,350	56,350	54,885	1,465
Fringe benefits	16,576	18,576	17,698	878
Operation and maintenance	118,400	114,400	108,383	6,017
Capital outlay	70,000	70,000	49,883	20,117
Total Muni Court Technology	<u>261,326</u>	<u>259,326</u>	<u>230,849</u>	<u>28,477</u>
TOTAL PUBLIC SAFETY	<u>261,326</u>	<u>259,326</u>	<u>230,849</u>	<u>28,477</u>
TOTAL EXPENDITURES	<u>261,326</u>	<u>259,326</u>	<u>230,849</u>	<u>28,477</u>
Excess (deficiency) of revenues over expenditures	(71,326)	(69,326)	(44,071)	25,255
Adjustment for prior year encumbrances	26,071	26,071	26,071	
FUND BALANCE AT BEGINNING OF YEAR	<u>46,029</u>	<u>46,029</u>	<u>46,029</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 774</u>	<u>\$ 2,774</u>	<u>\$ 28,029</u>	<u>\$ 25,255</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MUNI COURT SECURITY FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	MUNI COURT SECURITY FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 2,000	\$ 2,000	\$ 1,455	\$ (545)
Fines and forfeitures	75,000	69,000	74,515	5,515
TOTAL REVENUES	<u>77,000</u>	<u>71,000</u>	<u>75,970</u>	<u>4,970</u>
EXPENDITURES				
PUBLIC SAFETY				
Muni Court Security				
Personal services	60,760	52,760	49,220	3,540
Fringe benefits	14,264	11,264	10,248	1,016
Operation and maintenance	21,800	21,800	8,350	13,450
Capital outlay	30,000			
Total Muni Court Security	<u>126,824</u>	<u>85,824</u>	<u>67,818</u>	<u>18,006</u>
TOTAL PUBLIC SAFETY	<u>126,824</u>	<u>85,824</u>	<u>67,818</u>	<u>18,006</u>
TOTAL EXPENDITURES	<u>126,824</u>	<u>85,824</u>	<u>67,818</u>	<u>18,006</u>
Excess (deficiency) of revenues over expenditures	(49,824)	(14,824)	8,152	22,976
FUND BALANCE AT BEGINNING OF YEAR	<u>100,197</u>	<u>100,197</u>	<u>100,197</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 50,373</u>	<u>\$ 85,373</u>	<u>\$ 108,349</u>	<u>\$ 22,976</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MUNI COURT CONSTRUCTION AND IMPROVEMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>MUNI COURT CONSTRUCTION AND IMPROVEMENT FUND</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 5,000	\$ 5,000	\$ 5,269	\$ 269
Fines and forfeitures	100,000	100,000	111,432	11,432
TOTAL REVENUES	<u>105,000</u>	<u>105,000</u>	<u>116,701</u>	<u>11,701</u>
EXPENDITURES				
PUBLIC SAFETY				
Muni Court Constr/Imp				
Operation and maintenance	15,000	15,000	7,123	7,877
Total Muni Court Constr/Imp	<u>15,000</u>	<u>15,000</u>	<u>7,123</u>	<u>7,877</u>
TOTAL PUBLIC SAFETY	<u>15,000</u>	<u>15,000</u>	<u>7,123</u>	<u>7,877</u>
TOTAL EXPENDITURES	<u>15,000</u>	<u>15,000</u>	<u>7,123</u>	<u>7,877</u>
Excess (deficiency) of revenues over expenditures	90,000	90,000	109,578	19,578
FUND BALANCE AT BEGINNING OF YEAR	<u>342,336</u>	<u>342,336</u>	<u>342,336</u>	
FUND BALANCE AT END OF YEAR	<u><u>\$ 432,336</u></u>	<u><u>\$ 432,336</u></u>	<u><u>\$ 451,914</u></u>	<u><u>\$ 19,578</u></u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
SPECIAL PARKING FINES FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	SPECIAL PARKING FINES FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 700	\$ 700	\$ 617	\$ (83)
Fines and forfeitures	15,000	15,000	14,852	(148)
TOTAL REVENUES	<u>15,700</u>	<u>15,700</u>	<u>15,469</u>	<u>(231)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Special Parking Fine				
Operation and maintenance	13,000	18,000	10,245	7,755
Capital outlay	40,000	40,000	12,458	27,542
Total Special Parking Fine	<u>53,000</u>	<u>58,000</u>	<u>22,703</u>	<u>35,297</u>
TOTAL GENERAL GOVERNMENT	<u>53,000</u>	<u>58,000</u>	<u>22,703</u>	<u>35,297</u>
TOTAL EXPENDITURES	<u>53,000</u>	<u>58,000</u>	<u>22,703</u>	<u>35,297</u>
Excess (deficiency) of revenues over expenditures	(37,300)	(42,300)	(7,234)	35,066
FUND BALANCE AT BEGINNING OF YEAR	<u>51,118</u>	<u>51,118</u>	<u>51,118</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 13,818</u>	<u>\$ 8,818</u>	<u>\$ 43,884</u>	<u>\$ 35,066</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
LEGAL RESEARCH & COURT COMPUTERIZATION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>LEGAL RESEARCH & COURT COMPUTERIZATION FUND</u>			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 54,000	\$ 54,000	\$ 56,414	\$ 2,414
TOTAL REVENUES	<u>54,000</u>	<u>54,000</u>	<u>56,414</u>	<u>2,414</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Legal Research & Court Computerization				
Operation and maintenance	35,000	35,000	30,157	4,843
Capital outlay		6,680		6,680
Total Legal Research & Court Comp.	<u>35,000</u>	<u>41,680</u>	<u>30,157</u>	<u>11,523</u>
TOTAL GENERAL GOVERNMENT	<u>35,000</u>	<u>41,680</u>	<u>30,157</u>	<u>11,523</u>
TOTAL EXPENDITURES	<u>35,000</u>	<u>41,680</u>	<u>30,157</u>	<u>11,523</u>
Excess (deficiency) of revenues over expenditures	19,000	12,320	26,257	13,937
FUND BALANCE AT BEGINNING OF YEAR	<u>91,053</u>	<u>91,053</u>	<u>91,053</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 110,053</u>	<u>\$ 103,373</u>	<u>\$ 117,310</u>	<u>\$ 13,937</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MUNI COURT SPECIAL COLLECTIONS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	MUNI COURT SPECIAL COLLECTIONS FUND			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Fines and forfeitures	\$ 11,000	\$ 26,000	\$ 28,626	\$ 2,626
TOTAL REVENUES	11,000	26,000	28,626	2,626
Excess (deficiency) of revenues over expenditures	11,000	26,000	28,626	2,626
FUND BALANCE AT BEGINNING OF YEAR	12,724	12,724	12,724	
FUND BALANCE AT END OF YEAR	\$ 23,724	\$ 38,724	\$ 41,350	\$ 2,626

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
FOOD SERVICE OPERATIONS FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	FOOD SERVICE OPERATIONS FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 54,000	\$ 57,500	\$ 57,527	\$ 27
Interest earnings	1,000	514	513	(1)
TOTAL REVENUES	<u>55,000</u>	<u>58,014</u>	<u>58,040</u>	<u>26</u>
EXPENDITURES				
HEALTH				
Food Service				
Personal services	50,930	50,230	50,184	46
Fringe benefits	18,094	18,794	18,299	495
Operation and maintenance	6,046	4,561	3,073	1,488
Capital outlay		1,485	1,470	15
Total Food Service	<u>75,070</u>	<u>75,070</u>	<u>73,026</u>	<u>2,044</u>
TOTAL HEALTH	<u>75,070</u>	<u>75,070</u>	<u>73,026</u>	<u>2,044</u>
TOTAL EXPENDITURES	<u>75,070</u>	<u>75,070</u>	<u>73,026</u>	<u>2,044</u>
Excess (deficiency) of revenues over expenditures	(20,070)	(17,056)	(14,986)	2,070
FUND BALANCE AT BEGINNING OF YEAR	<u>27,262</u>	<u>27,262</u>	<u>27,262</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 7,192</u>	<u>\$ 10,206</u>	<u>\$ 12,276</u>	<u>\$ 2,070</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
DENTAL HEALTH GRANT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	DENTAL HEALTH GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 42,000	\$ 42,000	\$ 48,627	\$ 6,627
Charges for services	1,000	1,000	966	(34)
TOTAL REVENUES	43,000	43,000	49,593	6,593
EXPENDITURES				
HEALTH				
Dental Health Grant				
Operation and maintenance		165	148	17
Total Dental Health Grant		165	148	17
Dental Sealant Program				
Personal services	11,437	15,437	14,560	877
Fringe benefits	1,830	2,330	2,076	254
Operation and maintenance	5,733	6,033	5,991	42
Capital outlay	1,000	1,000		1,000
Total Dental Sealant Program	20,000	24,800	22,627	2,173
Pediatric Dental Care				
Personal services	5,863	7,063	6,703	360
Fringe benefits	938	1,138	954	184
Operation and maintenance	15,199	15,199	13,808	1,391
Total Pediatric Dental Care	22,000	23,400	21,465	1,935
TOTAL HEALTH	42,000	48,365	44,240	4,126
TOTAL EXPENDITURES	42,000	48,365	44,240	4,126
Excess (deficiency) of revenues over expenditures	1,000	(5,365)	5,353	10,718
Adjustment for prior year encumbrances	562	562	562	
FUND BALANCE AT BEGINNING OF YEAR	8,106	8,106	8,106	
FUND BALANCE AT END OF YEAR	\$ 9,668	\$ 3,303	\$ 14,021	\$ 10,718

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
SWIMMING POOL INSPECTION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	SWIMMING POOL INSPECTION FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 3,700	\$ 3,700	\$ 3,875	\$ 175
Interest earnings	100	100	42	(58)
TOTAL REVENUES	<u>3,800</u>	<u>3,800</u>	<u>3,917</u>	<u>117</u>
EXPENDITURES				
HEALTH				
Swimming Pool Inspection				
Personal services	6,921	6,521	6,356	165
Fringe benefits	2,305	2,205	1,895	310
Operation and maintenance	174	715	353	362
Total Swimming Pool Inspection	<u>9,400</u>	<u>9,441</u>	<u>8,604</u>	<u>837</u>
TOTAL HEALTH	<u>9,400</u>	<u>9,441</u>	<u>8,604</u>	<u>837</u>
TOTAL EXPENDITURES	<u>9,400</u>	<u>9,441</u>	<u>8,604</u>	<u>837</u>
Excess (deficiency) of revenues over expenditures	(5,600)	(5,641)	(4,687)	954
Adjustment for prior year encumbrances	12	12	12	
FUND BALANCE AT BEGINNING OF YEAR	<u>5,629</u>	<u>5,629</u>	<u>5,629</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 41</u>	<u>\$</u>	<u>\$ 954</u>	<u>\$ 954</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
LAW ENFORCEMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	LAW ENFORCEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 2,500	\$ 1,520	\$ 1,518	\$ (2)
Miscellaneous revenues	50,000	34,000	33,788	(212)
TOTAL REVENUES	<u>52,500</u>	<u>35,520</u>	<u>35,306</u>	<u>(214)</u>
EXPENDITURES				
PUBLIC SAFETY				
Law Enforcement				
Personal services	60,000	60,000	60,000	
Fringe benefits	13,170	13,170	13,170	
Operation and maintenance	36,600	30,906	29,345	1,561
Capital outlay	66,120	66,120	61,050	5,070
Total Law Enforcement	<u>175,890</u>	<u>170,196</u>	<u>163,565</u>	<u>6,631</u>
TOTAL PUBLIC SAFETY	<u>175,890</u>	<u>170,196</u>	<u>163,565</u>	<u>6,631</u>
TOTAL EXPENDITURES	<u>175,890</u>	<u>170,196</u>	<u>163,565</u>	<u>6,631</u>
Excess (deficiency) of revenues over expenditures	(123,390)	(134,676)	(128,259)	6,417
Adjustment for prior year encumbrances	16,073	16,073	16,073	
FUND BALANCE AT BEGINNING OF YEAR	<u>118,604</u>	<u>118,604</u>	<u>118,604</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 11,287</u>	<u>\$ 1</u>	<u>\$ 6,418</u>	<u>\$ 6,417</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
MANDATORY DRUG FINE FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	MANDATORY DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 700	\$ 332	\$ 343	\$ 11
Fines and forfeitures	5,000	6,870	9,032	2,162
Miscellaneous revenues			310	310
TOTAL REVENUES	5,700	7,202	9,685	2,483
EXPENDITURES				
PUBLIC SAFETY				
Mandatory Drug Fine				
Operation and maintenance	21,234	21,234	16,800	4,434
Capital outlay	23,100	23,100	16,998	6,102
Total Mandatory Drug Fine	44,334	44,334	33,798	10,536
TOTAL PUBLIC SAFETY	44,334	44,334	33,798	10,536
TOTAL EXPENDITURES	44,334	44,334	33,798	10,536
Excess (deficiency) of revenues over expenditures	(38,634)	(37,132)	(24,113)	13,019
Adjustment for prior year encumbrances	11,782	11,782	11,782	
FUND BALANCE AT BEGINNING OF YEAR	27,467	27,467	27,467	
FUND BALANCE AT END OF YEAR	\$ 615	\$ 2,117	\$ 15,136	\$ 13,019

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
INDIGENT DRIVERS ALCOHOL TREATMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	INDIGENT DRIVERS ALCOHOL TREATMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 7,000	\$ 5,346	\$ 5,347	\$ 1
Fines and forfeitures	50,000	50,000	51,010	1,010
TOTAL REVENUES	<u>57,000</u>	<u>55,346</u>	<u>56,357</u>	<u>1,011</u>
EXPENDITURES				
PUBLIC SAFETY				
Indigent Drivers Alcohol Treatment				
Operation and maintenance	55,050	55,050	22,361	32,689
Total Indigent Drivers Alcohol Treatment	<u>55,050</u>	<u>55,050</u>	<u>22,361</u>	<u>32,689</u>
TOTAL PUBLIC SAFETY	<u>55,050</u>	<u>55,050</u>	<u>22,361</u>	<u>32,689</u>
TOTAL EXPENDITURES	<u>55,050</u>	<u>55,050</u>	<u>22,361</u>	<u>32,689</u>
Excess (deficiency) of revenues over expenditures	1,950	296	33,996	33,700
Adjustment for prior year encumbrances	357	357	357	
FUND BALANCE AT BEGINNING OF YEAR	<u>358,699</u>	<u>358,699</u>	<u>358,699</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 361,006</u>	<u>\$ 359,352</u>	<u>\$ 393,052</u>	<u>\$ 33,700</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
ALCOHOL ENFORCEMENT AND EDUCATION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>ALCOHOL ENFORCEMENT AND EDUCATION FUND</u>				
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Interest earnings	\$ 100	\$ 100	\$ 177	\$ 77
Fines and forfeitures	2,500	2,500	2,676	176
TOTAL REVENUES	<u>2,600</u>	<u>2,600</u>	<u>2,853</u>	<u>253</u>
EXPENDITURES				
PUBLIC SAFETY				
Alcohol Enforcement and Education				
Operation and maintenance	6,000			
Total Alcohol Enforcement and Education	<u>6,000</u>			
TOTAL PUBLIC SAFETY	<u>6,000</u>			
TOTAL EXPENDITURES	<u>6,000</u>			
Excess (deficiency) of revenues over expenditures	(3,400)	2,600	2,853	253
FUND BALANCE AT BEGINNING OF YEAR	<u>12,761</u>	<u>12,761</u>	<u>12,761</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 9,361</u>	<u>\$ 15,361</u>	<u>\$ 15,614</u>	<u>\$ 253</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
POLICE LEVY FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	POLICE LEVY FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,580,000	\$ 2,980,000	\$ 2,968,532	\$ (11,468)
Interest earnings	18,000	8,230	8,232	2
Miscellaneous revenues	30,000	16,000	14,254	(1,746)
TOTAL REVENUES	2,628,000	3,004,230	2,991,018	(13,212)
EXPENDITURES				
PUBLIC SAFETY				
Police Levy				
Personal services	2,058,139	2,078,139	2,010,625	67,514
Fringe benefits	689,073	729,073	710,902	18,171
Operation and maintenance	433,069	433,069	410,510	22,559
Capital outlay	193,329	193,329	188,089	5,240
Total Police Levy	3,373,610	3,433,610	3,320,126	113,484
TOTAL PUBLIC SAFETY	3,373,610	3,433,610	3,320,126	113,484
TOTAL EXPENDITURES	3,373,610	3,433,610	3,320,126	113,484
Excess (deficiency) of revenues over expenditures	(745,610)	(429,380)	(329,108)	100,272
OTHER FINANCING SOURCES				
Other financing sources			3,685	3,685
TOTAL OTHER FINANCING SOURCES			3,685	3,685
Excess (deficiency) of revenues and other sources over expenditures and other uses	(745,610)	(429,380)	(325,423)	103,957
Adjustment for prior year encumbrances	135,972	135,972	135,972	
FUND BALANCE AT BEGINNING OF YEAR	612,007	612,007	612,007	
FUND BALANCE AT END OF YEAR	\$ 2,369	\$ 318,599	\$ 422,556	\$ 103,957

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
WAGNER TRUST FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>WAGNER TRUST FUND</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 100	\$ 100	\$ 80	\$ (20)
Miscellaneous revenues	5,000	5,000	4,729	(271)
TOTAL REVENUES	<u>5,100</u>	<u>5,100</u>	<u>4,809</u>	<u>(291)</u>
EXPENDITURES				
Wagner Trust				
Operation and maintenance	11,306	11,306	9,343	1,963
Total Wagner Trust	<u>11,306</u>	<u>11,306</u>	<u>9,343</u>	<u>1,963</u>
TOTAL EXPENDITURES	<u>11,306</u>	<u>11,306</u>	<u>9,343</u>	<u>1,963</u>
Excess (deficiency) of revenues over expenditures	(6,206)	(6,206)	(4,534)	1,672
FUND BALANCE AT BEGINNING OF YEAR	<u>6,469</u>	<u>6,469</u>	<u>6,469</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 263</u>	<u>\$ 263</u>	<u>\$ 1,935</u>	<u>\$ 1,672</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
FINDLEY TRUST FUND-LEGAL APPROPRIATION LEVEL

	FINDLEY TRUST FUND			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Interest earnings	\$ 2,000	\$ 2,000	\$ 1,590	\$ (410)
Miscellaneous revenues	33,000	45,400	48,426	3,026
TOTAL REVENUES	<u>35,000</u>	<u>47,400</u>	<u>50,016</u>	<u>2,616</u>
EXPENDITURES				
Findley Trust				
Personal services	20,000	6,000	4,657	1,343
Fringe benefits	3,200	706	616	90
Operation and maintenance	51,450	51,450	37,506	13,944
Capital outlay	76,000			
Total Findley Trust	<u>150,650</u>	<u>58,156</u>	<u>42,779</u>	<u>15,377</u>
TOTAL EXPENDITURES	<u>150,650</u>	<u>58,156</u>	<u>42,779</u>	<u>15,377</u>
Excess (deficiency) of revenues over expenditures	(115,650)	(10,756)	7,237	17,993
Adjustment for prior year encumbrances	851	851	851	
FUND BALANCE AT BEGINNING OF YEAR	<u>115,396</u>	<u>115,396</u>	<u>115,396</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 597</u>	<u>\$ 105,491</u>	<u>\$ 123,484</u>	<u>\$ 17,993</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
CEMETERY MAINTENANCE AND IMPROVEMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>CEMETERY MAINTENANCE AND IMPROVEMENT FUND</u>			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Interest earnings	\$ 1,000	\$ 1,000	\$ 1,135	\$ 135
Miscellaneous revenues	61,000	75,600	84,559	8,959
TOTAL REVENUES	<u>62,000</u>	<u>76,600</u>	<u>85,694</u>	<u>9,094</u>
EXPENDITURES				
Cemetery Maintenance and Improvement				
Personal services	70,000	55,000	50,930	4,070
Fringe benefits	11,200	8,200	7,511	689
Operation and maintenance	74,550	74,550	46,686	27,864
Capital outlay	2,500	2,500	1,557	943
Total Cemetery Maintenance and Improvement	<u>158,250</u>	<u>140,250</u>	<u>106,684</u>	<u>33,566</u>
TOTAL EXPENDITURES	<u>158,250</u>	<u>140,250</u>	<u>106,684</u>	<u>33,566</u>
Excess (deficiency) of revenues over expenditures	(96,250)	(63,650)	(20,990)	42,660
OTHER FINANCING SOURCES				
Operating transfers in	5,000	5,000	4,304	(696)
Other sources			40	40
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>5,000</u>	<u>4,344</u>	<u>(656)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(91,250)	(58,650)	(16,646)	42,004
Adjustment for prior year encumbrances	3,697	3,697	3,697	
FUND BALANCE AT BEGINNING OF YEAR	<u>87,918</u>	<u>87,918</u>	<u>87,918</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 365</u>	<u>\$ 32,965</u>	<u>\$ 74,969</u>	<u>\$ 42,004</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL BOND RETIREMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL BOND RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,511,000	\$ 1,596,300	\$ 1,606,317	\$ 10,017
Intergovernmental revenues	136,000	173,400	174,098	698
Interest earnings	50,000	57,000	57,144	144
TOTAL REVENUES	1,697,000	1,826,700	1,837,559	10,859
EXPENDITURES				
DEBT SERVICE				
General Bond Retirement				
Operation and maintenance	33,000	33,000	32,641	359
Principal retirement	1,051,700	1,049,073	1,049,073	
Interest	977,295	1,000,362	1,000,362	
Total General Bond Retirement	2,061,995	2,082,435	2,082,076	359
TOTAL DEBT SERVICE	2,061,995	2,082,435	2,082,076	359
TOTAL EXPENDITURES	2,061,995	2,082,435	2,082,076	359
Excess (deficiency) of revenues over expenditures	(364,995)	(255,735)	(244,517)	11,218
OTHER FINANCING SOURCES				
Sale of notes		74,747	74,748	1
TOTAL OTHER FINANCING SOURCES		74,747	74,748	1
Excess (deficiency) of revenues and other sources over expenditures and other uses	(364,995)	(180,988)	(169,769)	11,219
FUND BALANCE AT BEGINNING OF YEAR	2,383,606	2,383,606	2,383,606	
FUND BALANCE AT END OF YEAR	\$ 2,018,611	\$ 2,202,618	\$ 2,213,837	\$ 11,219

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BRIDGE PROJECTS FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	BRIDGE PROJECTS FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$	\$	\$ 12	\$ 12
TOTAL REVENUES			12	12
EXPENDITURES				
COMMUNITY ENVIRONMENT				
Capital Projects				
Operation and maintenance	1,033			
Total Capital Projects	1,033			
TOTAL COMMUNITY ENVIRONMENT	1,033			
TOTAL EXPENDITURES	1,033			
Excess (deficiency) of revenues over expenditures	(1,033)		12	12
Adjustment for prior year encumbrances	1,032	1,032	1,032	
FUND BALANCE AT BEGINNING OF YEAR	57	57	57	
FUND BALANCE AT END OF YEAR	\$ 56	\$ 1,089	\$ 1,101	\$ 12

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
PARKS IMPROVEMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	PARKS IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$	\$	\$ 819	\$ 819
Miscellaneous revenues	70,000	79,041	79,041	
TOTAL REVENUES	<u>70,000</u>	<u>79,041</u>	<u>79,860</u>	<u>819</u>
EXPENDITURES				
COMMUNITY ENVIRONMENT				
Parks Improvement				
Operating and maintenance		6,000	6,000	
Capital outlay	70,000			
Total Parks Improvement	<u>70,000</u>	<u>6,000</u>	<u>6,000</u>	
TOTAL COMMUNITY ENVIRONMENT	<u>70,000</u>	<u>6,000</u>	<u>6,000</u>	
TOTAL EXPENDITURES	<u>70,000</u>	<u>6,000</u>	<u>6,000</u>	
Excess (deficiency) of revenues over expenditures		73,041	73,860	819
FUND BALANCE AT BEGINNING OF YEAR				
FUND BALANCE AT END OF YEAR	<u>\$</u>	<u>\$ 73,041</u>	<u>\$ 73,860</u>	<u>\$ 819</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
CLEAN OHIO GRANT (TAPPAN) FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	CLEAN OHIO GRANT (TAPPAN) FUND			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Intergovernmental grants	\$ 616,200	\$ 454,421	\$ 397,761	\$ (56,660)
TOTAL REVENUES	<u>616,200</u>	<u>454,421</u>	<u>397,761</u>	<u>(56,660)</u>
EXPENDITURES				
COMMUNITY ENVIRONMENT				
Clean Ohio Grant (Tappan)				
Operation and maintenance	616,200	454,421	423,518	30,903
Total Clean Ohio Grant (Tappan)	<u>616,200</u>	<u>454,421</u>	<u>423,518</u>	<u>30,903</u>
TOTAL COMMUNITY ENVIRONMENT	<u>616,200</u>	<u>454,421</u>	<u>423,518</u>	<u>30,903</u>
TOTAL EXPENDITURES	<u>616,200</u>	<u>454,421</u>	<u>423,518</u>	<u>30,903</u>
Excess (deficiency) of revenues over expenditures			(25,757)	(25,757)
OTHER FINANCING SOURCES				
Operating transfers in			13,519	13,519
TOTAL OTHER FINANCING SOURCES			<u>13,519</u>	<u>13,519</u>
Excess (deficiency) of revenues and other sources over expenditures			(12,238)	(12,238)
FUND BALANCE AT BEGINNING OF YEAR				
FUND BALANCE AT END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ (12,238)</u>	<u>\$ (12,238)</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
CAPITAL IMPROVEMENT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

CAPITAL IMPROVEMENT FUND			
	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual
REVENUES			
Interest earnings	\$	\$	\$
		142	142
TOTAL REVENUES		142	142
EXPENDITURES			
HIGHWAYS AND STREETS			
Capital Improvement			
Capital outlay		12,000	11,848
			152
Total Capital Improvement		12,000	11,848
			152
TOTAL HIGHWAYS AND STREETS		12,000	11,848
			152
TOTAL EXPENDITURES		12,000	11,848
			152
Excess (deficiency) of revenues over expenditures		(12,000)	(11,706)
			294
OTHER FINANCING SOURCES			
Operating transfers in		21,325	21,323
			(2)
TOTAL OTHER FINANCING SOURCES		21,325	21,323
			(2)
Excess of revenues and other sources over expenditures and other uses		9,325	9,617
			292
FUND BALANCE AT BEGINNING OF YEAR	435	435	435
FUND BALANCE AT END OF YEAR	\$ 435	\$ 9,760	\$ 10,052
		\$ 10,052	\$ 292

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
CASCADE/ELYWOOD FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	CASCADE/ELYWOOD FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$	\$ 10,000	\$ 10,000	\$
Interest earnings			300	300
Miscellaneous revenues		22,805	22,805	
TOTAL REVENUES		32,805	33,105	300
EXPENDITURES				
CULTURE AND RECREATION				
Cascade/Elywood				
Operating and maintenance		5,000	5,000	
Capital outlay	15,000	10,000	10,000	
Total Cascade/Elywood	15,000	15,000	15,000	
TOTAL CULTURE AND RECREATION	15,000	15,000	15,000	
TOTAL EXPENDITURES	15,000	15,000	15,000	
Excess (deficiency) of revenues over expenditures	(15,000)	17,805	18,105	300
FUND BALANCE AT BEGINNING OF YEAR	15,341	15,341	15,341	
FUND BALANCE AT END OF YEAR	\$ 341	\$ 33,146	\$ 33,446	\$ 300

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
STATE ISSUE II CAPITAL PROJECTS FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	STATE ISSUE II CAPITAL PROJECTS FUND			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenues	\$ 99,833	\$ 562,320	\$ 99,833	\$ (462,487)
Interest earnings	54	54	101	47
TOTAL REVENUES	99,887	562,374	99,934	(462,440)
EXPENDITURES				
HIGHWAYS AND STREETS				
St. Rt. 57 & 113/Poplar St. Improvement				
Capital outlay	46,787	46,787	46,786	1
Total St. Rt. 57 & 113/Poplar St. Impr.	46,787	46,787	46,786	1
Midway Blvd./University Ave.				
Capital outlay	24,261	24,261	24,260	1
Total Midway Blvd./University Ave.	24,261	24,261	24,260	1
David Dr./Gulf Rd. Improvement				
Capital outlay	31,285	31,285	31,285	
Total David Dr./Gulf Rd. Improvement	31,285	31,285	31,285	
Winckles St./Woodford Ave. Improvement				
Personal services		2,334	2,112	222
Fringe benefits		361	311	50
Operation and maintenance		515	515	
Capital outlay		161,903	161,903	
Total Winckles St./Woodford Ave. Improvement		165,113	164,841	272
Huron St./Hilliard Rd. Improvement				
Personal services		1,820	1,661	159
Fringe benefits		300	236	64
Operation and maintenance		507	507	
Capital outlay		186,817	186,817	
Total Huron St./Hilliard Rd. Improvement		189,444	189,221	223

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
STATE ISSUE II CAPITAL PROJECTS FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	STATE ISSUE II CAPITAL PROJECTS FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Foster Ave./E. Broad St. Improvement				
Personal services		2,182	2,058	124
Fringe benefits		323	298	25
Operation and maintenance		523	523	
Capital outlay		176,374	176,374	
Total Foster Ave./E. Broad St. Improvement		<u>179,402</u>	<u>179,253</u>	<u>149</u>
TOTAL HIGHWAYS AND STREETS	<u>102,333</u>	<u>636,292</u>	<u>635,646</u>	<u>646</u>
TOTAL EXPENDITURES	<u>102,333</u>	<u>636,292</u>	<u>635,646</u>	<u>646</u>
Excess (deficiency) of revenues over expenditures	<u>(2,446)</u>	<u>(73,918)</u>	<u>(535,712)</u>	<u>(461,794)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		71,472	71,472	
Operating transfers out	<u>(21,325)</u>	<u>(21,325)</u>	<u>(21,323)</u>	<u>2</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(21,325)</u>	<u>50,147</u>	<u>50,149</u>	<u>2</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(23,771)</u>	<u>(23,771)</u>	<u>(485,563)</u>	<u>(461,792)</u>
Adjustment for prior year encumbrances	123,668	123,668	123,668	
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>(99,897)</u>	<u>(99,897)</u>	<u>(99,897)</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ (461,792)</u>	<u>\$ (461,792)</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GULF ROAD STABILIZATION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	GULF ROAD STABILIZATION FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$	\$	\$ 177	\$ 177
TOTAL REVENUES			177	177
EXPENDITURES				
HIGHWAYS AND STREETS				
Gulf Road Stabilization				
Capital outlay	15,539	18,839	18,839	
Total Gulf Road Stabilization	15,539	18,839	18,839	
TOTAL HIGHWAYS AND STREETS	15,539	18,839	18,839	
TOTAL EXPENDITURES	15,539	18,839	18,839	
Excess (deficiency) of revenues over expenditures	(15,539)	(18,839)	(18,662)	177
Adjustment for prior year encumbrances	15,539	15,539	15,539	
FUND BALANCE AT BEGINNING OF YEAR	8,671	8,671	8,671	
FUND BALANCE AT END OF YEAR	\$ 8,671	\$ 5,371	\$ 5,548	\$ 177

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
SOUTH RECREATION CONSTRUCTION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

SOUTH RECREATION CONSTRUCTION FUND				
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Interest earnings	\$	\$	\$ 187	\$ 187
TOTAL REVENUES			187	187
Excess of revenues over expenditures			187	187
Adjustment for prior year encumbrances	(82,264)	(82,264)	(82,264)	
FUND BALANCE AT BEGINNING OF YEAR	96,419	96,419	96,419	
FUND BALANCE AT END OF YEAR	\$ 14,155	\$ 14,155	\$ 14,342	\$ 187

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
INDUSTRIAL PARKWAY FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	INDUSTRIAL PARKWAY FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental grants	\$ 5,890,000	\$	\$	\$
Interest earnings	5,000	5,000	6,023	1,023
TOTAL REVENUES	5,895,000	5,000	6,023	1,023
EXPENDITURES				
HIGHWAYS AND STREETS				
Industrial Parkway				
Operation and maintenance	30,000	680,000	670,297	9,703
Capital outlay	7,544,420	54,000	54,000	
Principal retirement	500,000	500,000	500,000	
Total Industrial Parkway	8,074,420	1,234,000	1,224,297	9,703
TOTAL HIGHWAYS AND STREETS	8,074,420	1,234,000	1,224,297	9,703
TOTAL EXPENDITURES	8,074,420	1,234,000	1,224,297	9,703
Excess (deficiency) of revenues over expenditures	(2,179,420)	(1,229,000)	(1,218,274)	10,726
OTHER FINANCING SOURCES				
Proceeds of notes	2,300,000	2,000,000	2,000,000	
Other sources			842	842
TOTAL OTHER FINANCING SOURCES	2,300,000	2,000,000	2,000,842	842
Excess (deficiency) of revenues and other sources over expenditures	120,580	771,000	782,568	11,568
Adjustment for prior year encumbrances	49,469	49,469	49,469	
FUND BALANCE AT BEGINNING OF YEAR	4,169	4,169	4,169	
FUND BALANCE AT END OF YEAR	\$ 174,218	\$ 824,638	\$ 836,206	\$ 11,568

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
CEMETERY TRUST FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>CEMETERY TRUST FUND</u>			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest earnings	\$ 5,000	\$ 5,000	\$ 4,311	\$ (689)
Charges for services	<u>8,200</u>	<u>8,200</u>	<u>12,587</u>	<u>4,387</u>
TOTAL REVENUES	<u>13,200</u>	<u>13,200</u>	<u>16,898</u>	<u>3,698</u>
OPERATING TRANSFERS OUT	<u>(5,000)</u>	<u>(5,000)</u>	<u>(4,304)</u>	<u>696</u>
Excess (deficiency) of revenues and other sources over expenditures	8,200	8,200	12,594	4,394
FUND BALANCE AT BEGINNING OF YEAR	<u>381,516</u>	<u>381,516</u>	<u>381,516</u>	<u></u>
FUND BALANCE AT END OF YEAR	<u>\$ 389,716</u>	<u>\$ 389,716</u>	<u>\$ 394,110</u>	<u>\$ 4,394</u>

PROPRIETARY FUNDS

Proprietary Funds are established to account for operations that are financed and operated in a manner similar to private sector businesses where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has 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.

* * * * *

Water

To account for the operations of the City's water utility.

Special Parks and Recreation

To account for the operations of the concession stands and athletic programs in the various City parks.

Sanitation

To account for the operations of the City's rubbish and garbage collection operations.

Wastewater Pollution Control

To account for the operations and improvement of the City's wastewater treatment plant and sanitary sewer system.

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
WATER FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	WATER FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for service	\$ 4,741,000	\$ 4,581,000	\$ 4,533,884	\$ (47,116)
Licenses and permits	135,000	135,000	133,140	(1,860)
Interest earnings	40,000	74,500	69,345	(5,155)
Special assessments	11,300	11,300	11,047	(253)
Fines and forfeitures	15,000	18,900	20,053	1,153
Miscellaneous revenues	1,000	10,300	11,300	1,000
TOTAL REVENUES	4,943,300	4,831,000	4,778,769	(52,231)
EXPENSES				
Public Utility Services				
Personal services	760,800	753,800	752,410	1,390
Fringe benefits	262,300	260,300	257,049	3,251
Operation and maintenance	203,600	203,600	191,756	11,844
Capital outlay		7,005	7,005	
Total Public Utilities	1,226,700	1,224,705	1,208,220	16,485
Water Pumping				
Personal services	1,094,965	1,020,965	1,014,213	6,752
Fringe benefits	331,645	328,645	324,611	4,034
Operation and maintenance	1,013,701	1,013,701	936,642	77,059
Capital outlay	540,363	513,363	455,033	58,330
Total Water Pumping	2,980,674	2,876,674	2,730,499	146,175
Water Distribution				
Personal services	512,890	492,890	484,179	8,711
Fringe benefits	139,096	144,096	141,278	2,818
Operation and maintenance	138,974	138,974	126,828	12,146
Capital outlay	45,000	20,000	19,998	2
Total Water Distribution	835,960	795,960	772,283	23,677

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
WATER FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	WATER FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Water Miscellaneous				
Personal services	171,885	214,885	213,802	1,083
Fringe benefits	60,858	69,858	68,901	957
Operation and maintenance	495,500	515,500	511,256	4,244
Capital outlay	5,642,165	5,652,165	5,515,048	137,117
Debt service:				
Principal retirement	6,197,314	6,197,314	6,197,313	1
Interest	187,158	187,158	187,157	1
Reimbursements	230,000	235,000	224,752	10,248
Total Water Miscellaneous	12,984,880	13,071,880	12,918,229	153,651
TOTAL EXPENSES	18,028,214	17,969,219	17,629,231	339,988
Operating loss	(13,084,914)	(13,138,219)	(12,850,462)	287,757
NONOPERATING REVENUES				
Proceeds of notes	6,000,000	6,000,000	6,000,000	
Other sources	600,000	600,000	587,192	(12,808)
TOTAL NONOPERATING REVENUES	6,600,000	6,600,000	6,587,192	(12,808)
OPERATING TRANSFERS IN	3,000	3,000	1,517	(1,483)
Excess (deficiency) of revenues and other sources over expenditures	(6,481,914)	(6,535,219)	(6,261,753)	273,466
Adjustment for prior year encumbrances	3,988,660	3,988,660	3,988,660	
FUND BALANCE AT BEGINNING OF YEAR	2,546,559	2,546,559	2,546,559	
FUND BALANCE AT END OF YEAR	\$ 53,305	\$	\$ 273,466	\$ 273,466

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
SPECIAL PARKS AND RECREATION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL PARKS AND RECREATION FUND				
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Charges for service	\$ 200,000	\$ 200,000	\$ 214,094	\$ 14,094
Interest earnings	2,000	2,000	2,458	458
Miscellaneous revenues	77,000	77,000	83,117	6,117
TOTAL REVENUES	<u>279,000</u>	<u>279,000</u>	<u>299,669</u>	<u>20,669</u>
EXPENSES				
Special Parks and Recreation				
Personal services	122,600	112,600	108,615	3,985
Fringe benefits	18,390	17,390	15,969	1,421
Operation and maintenance	199,520	199,520	147,809	51,711
Capital outlay	110,000	110,000	26,268	83,732
Total Special Parks and Recreation	<u>450,510</u>	<u>439,510</u>	<u>298,661</u>	<u>140,849</u>
TOTAL EXPENSES	<u>450,510</u>	<u>439,510</u>	<u>298,661</u>	<u>140,849</u>
Excess (deficiency) of revenues and other sources over expenditures	(171,510)	(160,510)	1,008	161,518
Adjustment for prior year encumbrances	23,210	23,210	23,210	
FUND BALANCE AT BEGINNING OF YEAR	<u>168,799</u>	<u>168,799</u>	<u>168,799</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 20,499</u>	<u>\$ 31,499</u>	<u>\$ 193,017</u>	<u>\$ 161,518</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
SANITATION FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	SANITATION FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 150,000	\$ 150,000	\$ 150,000	\$
Charges for services	2,600,000	2,615,000	2,629,793	14,793
Interest earnings	10,000	3,500	3,496	(4)
Miscellaneous revenues			401	401
TOTAL REVENUES	2,760,000	2,768,500	2,783,690	15,190
EXPENSES				
Sanitation				
Personal services	1,167,093	1,150,093	1,144,112	5,981
Fringe benefits	407,871	413,871	394,448	19,423
Operation and maintenance	1,071,100	1,086,100	1,072,939	13,161
Capital outlay	16,236	16,286	16,286	
Debt service:				
Principal retirement	330,000	330,000	330,000	
Interest	6,600	6,600	6,600	
Reimbursements	180,000	194,000	190,597	3,403
Total Sanitation	3,178,900	3,196,950	3,154,982	41,968
Recycling				
Operation and maintenance	55,913	65,913	65,691	222
Capital outlay	96,200	86,200	86,131	69
Total Recycling	152,113	152,113	151,822	291
TOTAL EXPENSES	3,331,013	3,349,063	3,306,804	42,259
Operating loss	(571,013)	(580,563)	(523,114)	57,449
NON-OPERATING REVENUES				
Proceeds of notes	230,000	230,000	230,000	
TOTAL NON-OPERATING REVENUES	230,000	230,000	230,000	
OPERATING TRANSFERS IN	3,000	3,000	1,517	(1,483)
Excess (deficiency) of revenues and other sources over expenditures	(338,013)	(347,563)	(291,597)	55,966
Adjustment for prior year encumbrances	55,862	55,862	55,862	
FUND BALANCE AT BEGINNING OF YEAR	297,538	297,538	297,538	
FUND BALANCE AT END OF YEAR	\$ 15,387	\$ 5,837	\$ 61,803	\$ 55,966

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
WASTEWATER POLLUTION CONTROL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

WASTEWATER POLLUTION CONTROL FUND				
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 9,190,000	\$ 8,620,000	\$ 8,583,385	\$ (36,615)
Fees, licenses and permits	125,000	125,000	127,944	2,944
Interest earnings	150,000	89,800	94,625	4,825
Miscellaneous revenues	275,000	318,500	340,207	21,707
TOTAL REVENUES	9,740,000	9,153,300	9,146,161	(7,139)
EXPENSES				
Wastewater Pollution Control				
Personal services	2,519,735	2,469,735	2,452,373	17,362
Fringe benefits	782,350	818,350	798,156	20,194
Operation and maintenance	1,614,750	1,614,750	1,584,330	30,420
Capital outlay	1,185,543	585,543	482,255	103,288
Total Wastewater Pollution Control	6,102,378	5,488,378	5,317,114	171,264
Wastewater Pollution Control Miscellaneous				
Personal services	303,319	340,319	338,962	1,357
Fringe benefits	96,535	91,535	87,763	3,772
Operation and maintenance	382,600	462,600	430,930	31,670
Capital outlay	2,313,735	1,506,735	1,151,857	354,878
Debt service:				
Principal retirement	1,436,889	1,436,889	1,436,889	
Interest	1,427,357	1,427,357	1,427,357	
Reimbursement	1,000,000	1,000,000	950,118	49,882
Total Wastewater Pollution Control Miscellaneous	6,960,435	6,265,435	5,823,876	441,559
Southeast Sanitary Sewer				
Operation and maintenance	1,000	0	0	
Capital outlay	22,230	0	0	
Total Southeast Sanitary Sewer	23,230	0	0	
TOTAL EXPENSES	13,086,043	11,753,813	11,140,990	612,823
Operating loss	(3,346,043)	(2,600,513)	(1,994,829)	605,684
NONOPERATING REVENUES				
Other financing sources			46	46
TOTAL NONOPERATING REVENUES			46	46

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
WASTEWATER POLLUTION CONTROL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	WASTEWATER POLLUTION CONTROL FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
OPERATING TRANSFERS IN	<u>3,000</u>	<u>3,000</u>	<u>1,517</u>	<u>(1,483)</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(3,343,043)</u>	<u>(2,597,513)</u>	<u>(1,993,266)</u>	<u>604,247</u>
Adjustment for prior year encumbrances	944,005	944,005	944,005	
FUND BALANCE AT BEGINNING OF YEAR	<u>5,140,684</u>	<u>5,140,684</u>	<u>5,140,684</u>	
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,741,646</u></u>	<u><u>\$ 3,487,176</u></u>	<u><u>\$ 4,091,423</u></u>	<u><u>\$ 604,247</u></u>

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or the other governmental units on a cost reimbursement basis.

* * * * *

Employees' Health Insurance

To account for the operations of the City's self-insured health plan.

Workers' Compensation

To account for the operations of the City's workers' compensation plan.

City of Elyria, Ohio
Combining Statement of Net Assets
Internal Service Funds
December 31, 2003

	<u>Employees' Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 357,792	\$ 326,179	\$ 683,971
Investments		2,213,900	2,213,900
Interest receivable	10	11,562	11,572
Total current assets	<u>357,802</u>	<u>2,551,641</u>	<u>2,909,443</u>
Total assets	<u>357,802</u>	<u>2,551,641</u>	<u>2,909,443</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,593		1,593
Accrued wages and benefits	1,180,456	280,492	1,460,948
Compensated absences payable		34	34
Total current liabilities	<u>1,182,049</u>	<u>280,526</u>	<u>1,462,575</u>
NET ASSETS			
Unrestricted	(824,247)	2,271,115	1,446,868
Total net assets	<u>\$ (824,247)</u>	<u>\$ 2,271,115</u>	<u>\$ 1,446,868</u>

City of Elyria, Ohio
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2003

	<u>Employees'</u> <u>Health Insurance</u>	<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,734,437	\$ 61,936	\$ 4,796,373
Other		25,013	25,013
Total operating revenues	<u>4,734,437</u>	<u>86,949</u>	<u>4,821,386</u>
Operating expenses:			
Personal services		15,983	15,983
Fringe benefits	5,136,497	178,375	5,314,872
Operating and maintenance	13,893	26,408	40,301
Total operating expenses	<u>5,150,390</u>	<u>220,766</u>	<u>5,371,156</u>
Operating loss	<u>(415,953)</u>	<u>(133,817)</u>	<u>(549,770)</u>
Nonoperating revenues (expenses)			
Investment income	3,365	60,703	64,068
Change in net assets	<u>(412,588)</u>	<u>(73,114)</u>	<u>(485,702)</u>
Total net assets - beginning	<u>(411,659)</u>	<u>2,344,229</u>	<u>1,932,570</u>
Total net assets - ending	<u>\$ (824,247)</u>	<u>\$ 2,271,115</u>	<u>\$ 1,446,868</u>

City of Elyria, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2003

	Employees' Health Insurance	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,734,437	\$ 61,936	\$ 4,796,373
Cash payments to suppliers for goods and services	(4,577,559)	(260,763)	(4,838,322)
Cash paid to employees for services		(15,918)	(15,918)
Other operating revenues		25,013	25,013
Net cash provided by (used for) operating activities	156,878	(189,732)	(32,854)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,355	60,912	64,267
Short-term investments converted to cash		2,421,876	2,421,876
Purchase of short-term investments		(2,213,900)	(2,213,900)
Net cash provided by investing activities	3,355	268,888	272,243
Net increase in cash and cash equivalents	160,233	79,156	239,389
Cash and cash equivalents - January 1, 2003	197,559	247,023	444,582
Cash and cash equivalents - December 31, 2003	\$ 357,792	\$ 326,179	\$ 683,971
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (415,953)	\$ (133,817)	\$ (549,770)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Changes in assets and liabilities:			
Accounts payable	(11)		(11)
Accrued wages and benefits	572,842	(55,884)	516,958
Compensated absences payable		(31)	(31)
Total adjustments	572,831	(55,915)	516,916
Net cash provided by (used for) operating activities	\$ 156,878	\$ (189,732)	\$ (32,854)
Noncash investing, capital and financing activities:			
Unrealized appreciation in fair value of investments		\$ 5,007	\$ 5,007

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
EMPLOYEES' HEALTH INSURANCE FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>EMPLOYEES' HEALTH INSURANCE FUND</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 4,495,000	\$ 4,735,000	\$ 4,734,437	\$ (563)
Interest earnings	7,000	3,360	3,356	(4)
TOTAL REVENUES	<u>4,502,000</u>	<u>4,738,360</u>	<u>4,737,793</u>	<u>(567)</u>
EXPENSES				
GENERAL GOVERNMENT				
Employees' Health Insurance				
Fringe benefits	4,675,000	4,675,000	4,563,655	111,345
Operation and maintenance	24,000	24,000	13,904	10,096
Total Employees' Health Insurance	<u>4,699,000</u>	<u>4,699,000</u>	<u>4,577,559</u>	<u>121,441</u>
TOTAL GENERAL GOVERNMENT	<u>4,699,000</u>	<u>4,699,000</u>	<u>4,577,559</u>	<u>121,441</u>
TOTAL EXPENSES	<u>4,699,000</u>	<u>4,699,000</u>	<u>4,577,559</u>	<u>121,441</u>
Excess (deficiency) of revenues and other sources over expenditures	(197,000)	39,360	160,234	120,874
FUND BALANCE AT BEGINNING OF YEAR	<u>197,560</u>	<u>197,560</u>	<u>197,560</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 560</u>	<u>\$ 236,920</u>	<u>\$ 357,794</u>	<u>\$ 120,874</u>

CITY OF ELYRIA, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
WORKERS' COMPENSATION FUND-LEGAL APPROPRIATION LEVEL

	WORKERS' COMPENSATION FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$	\$ 61,935	\$ 61,936	\$ 1
Interest earnings	70,000	57,150	57,142	(8)
Miscellaneous revenues		25,000	25,014	14
TOTAL REVENUES	70,000	144,085	144,092	7
EXPENSES				
FUND OPERATIONS				
Workers' Compensation				
Personal services	17,805	17,805	15,918	1,887
Fringe benefits	604,013	235,013	234,400	613
Operation and maintenance	35,740	35,740	26,408	9,332
Total Workers' Compensation	657,558	288,558	276,726	11,832
TOTAL FUND OPERATIONS	657,558	288,558	276,726	11,832
TOTAL EXPENSES	657,558	288,558	276,726	11,832
Excess (deficiency) of revenues and other sources over expenditures	(587,558)	(144,473)	(132,634)	11,839
Adjustment for prior year encumbrances	7,416	7,416	7,416	
FUND BALANCE AT BEGINNING OF YEAR	2,638,827	2,638,827	2,638,827	
FUND BALANCE AT END OF YEAR	\$ 2,058,685	\$ 2,501,770	\$ 2,513,609	\$ 11,839

AGENCY FUNDS

Agency Funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and / or other funds.

* * * * *

Consumer Deposits

Security deposits charged by the public utilities division for water services.

Excavating Permits

Security deposits held by the City for excavating projects.

State Health Fees

Fees collected by the City for the State of Ohio.

Unclaimed Monies

Monies left unclaimed which are held for five years and then deposited to the General Fund per Section 9.39 of the Ohio Revised Code.

Municipal Court

Fines and fees collected by the Elyria Municipal Court to be disbursed to various parties.

Land Purchase Deposits

To account for deposits on the sale of City owned land.

Lorain County Utility Charges

To account for the collection of utility charges for other jurisdictions to be paid to Lorain County.

Payroll Revolving

To account for monies withheld from employees' salaries and wages to be disbursed to other governmental entities.

Fire Damage Deposits

Insurance proceeds held by the City to guarantee the proper repair, securing or removal of fire damage buildings.

Police Department Deposit

Evidence monies held by the City to be disbursed to various parties as decreed by the Elyria Municipal Court.

State Building Fees

Ohio Board of Building Standards Assessment fees collected by the City for the State of Ohio.

Lower Black River Water Quality

To account for monies deposited with the City by various entities to be used for a cooperative study of the water quality of the lower Black River as mandated by the State of Ohio Environmental Protection Agency.

AGENCY FUNDS (cont.)

Contractors' Deposits

Security deposits held by the City so contractors obtain a certificate of occupancy on building projects upon completion.

Employee Cafeteria Plan

To account for monies withheld from employees' salaries and wages for reimbursement of Section 125 Plan health care and dependent care expenses.

Elyria Township JEDD Income Tax Fund

To account for the 20% share of the JEDD income tax which is due to Elyria Township.

**CITY OF ELYRIA, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
CONSUMER DEPOSITS FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 298,981	\$ 461,333	\$ 667,657	\$ 92,657
Other short-term investments	282,000	516,100	282,000	516,100
Accrued interest receivable	648	1,083	648	1,083
Total assets	<u>\$ 581,629</u>	<u>\$ 978,516</u>	<u>\$ 950,305</u>	<u>\$ 609,840</u>
Liabilities:				
Other liabilities	\$ 581,629	\$ 179,768	\$ 151,557	\$ 609,840
EXCAVATING PERMITS FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,350	\$ 4,500	\$ 3,700	\$ 8,150
Liabilities:				
Other liabilities	\$ 7,350	\$ 4,500	\$ 3,700	\$ 8,150
STATE HEALTH FEES FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,670	\$ 52,147	\$ 44,046	\$ 12,771
Liabilities:				
Due to other governments	\$ 4,670	\$ 52,147	\$ 44,046	\$ 12,771
UNCLAIMED MONIES FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 46,053	\$ 2,129	\$ 48,182	\$ -
Other short-term investments	55	47,527	2	47,527
Accrued interest receivable	2	2	55	2
Total assets	<u>\$ 46,108</u>	<u>\$ 49,658</u>	<u>\$ 48,237</u>	<u>\$ 47,529</u>
Liabilities:				
Other liabilities	\$ 46,108	\$ 2,129	\$ 708	\$ 47,529
MUNICIPAL COURT FUND				
Assets:				
Cash and cash equivalents-segregated accounts	\$ 388,970	\$ 3,813,085	\$ 3,767,997	\$ 434,058
Liabilities:				
Due to other funds	\$ 127,066	\$ 119,040	\$ 127,066	\$ 119,040
Other liabilities	261,904	315,018	261,904	315,018
Total liabilities	<u>\$ 388,970</u>	<u>\$ 434,058</u>	<u>\$ 388,970</u>	<u>\$ 434,058</u>
LAND PURCHASE DEPOSITS FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,385	\$ -	\$ -	\$ 1,385
Liabilities:				
Other liabilities	\$ 1,385	\$ -	\$ -	\$ 1,385

(Continued on subsequent page)

**CITY OF ELYRIA, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
LORAIN COUNTY UTILITY CHARGES FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 33,831	\$ 237,701	\$ 236,444	\$ 35,088
Liabilities:				
Due to other governments	\$ 33,831	\$ 237,701	\$ 236,444	\$ 35,088
PAYROLL REVOLVING FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 94,545	\$ 28,280,694	\$ 28,266,437	\$ 108,802
Liabilities:				
Accounts payable	\$ 94,470	\$ 2,461,602	\$ 2,447,320	\$ 108,752
Due to other governments	75	4,280,235	4,280,260	50
Total liabilities	\$ 94,545	\$ 6,741,837	\$ 6,727,580	\$ 108,802
FIRE DAMAGE DEPOSITS FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 40,000	\$ 54,310	\$ 32,000	\$ 62,310
Liabilities:				
Accounts payable	\$ 40,000	\$ 54,310	\$ 32,000	\$ 62,310
POLICE DEPARTMENT DEPOSIT FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 79,538	\$	\$ 16,000	\$ 63,538
Liabilities:				
Other liabilities	\$ 79,538	\$	\$ 16,000	\$ 63,538
STATE BUILDING FEES FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,469	\$ 7,792	\$ 8,061	\$ 4,200
Liabilities:				
Due to other governments	\$ 4,469	\$ 7,792	\$ 8,061	\$ 4,200
LOWER BLACK RIVER WATER QUALITY FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 75,307	\$ 51,178	\$ 102,515	\$ 23,970
Liabilities:				
Accounts payable	\$ 75,307	\$ 51,178	\$ 102,515	\$ 23,970

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**CITY OF ELYRIA, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
CONTRACTORS' DEPOSITS FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 16,265	\$ 19,350	\$ 21,150	\$ 14,465
Liabilities:				
Other liabilities	\$ 16,265	\$ 19,350	\$ 21,150	\$ 14,465
EMPLOYEE CAFETERIA PLAN FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,384	\$ 38,357	\$ 37,805	\$ 7,936
Liabilities:				
Other liabilities	\$ 7,384	\$ 38,357	\$ 37,805	\$ 7,936
ELYRIA TOWNSHIP JEDD INCOME TAX FUND				
Assets:				
Equity in pooled cash and cash equivalents	\$	\$ 14,373	\$ 2,234	\$ 12,139
Income tax receivable		5,780		5,780
Total assets		\$ 20,153	\$ 2,234	\$ 17,919
Liabilities:				
Due to other governments	\$	\$ 17,919		\$ 17,919
TOTAL AGENCY FUNDS				
Assets:				
Equity in pooled cash and cash equivalents	\$ 709,778	\$ 29,223,864	\$ 29,486,231	\$ 447,411
Cash and cash equivalents-segregated accounts	388,970	3,813,085	3,767,997	434,058
investments	282,000	563,627	282,000	563,627
Income tax receivable	703	5,780	703	5,780
Accrued interest receivable		1,085		1,085
Total assets	\$ 1,381,451	\$ 33,607,441	\$ 33,536,931	\$ 1,451,961
Liabilities:				
Accounts payable	\$ 183,216	\$ 2,607,263	\$ 2,595,274	\$ 195,205
Due to other funds	127,066	119,040	127,066	119,040
Due to other governments	38,375	4,600,291	4,568,811	69,855
Other liabilities	1,032,794	567,891	532,824	1,067,861
Total Liabilities	\$ 1,381,451	\$ 7,894,485	\$ 7,823,975	\$ 1,451,961

City of Elyria, Ohio
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
Before Accumulated Depreciation
December 31, 2003

	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Utilities Distribution and Collection Systems	Infrastructure	Construction in Progress	Total
Function and Activity								
Public safety	\$ 1,445,314	\$ 10,231,720	\$ 90,683	\$ 6,024,041	\$	\$	\$ 2,489	\$ 17,794,247
Health	37,068	151,026	117,208	597,885				903,187
Culture and recreation	616,373	5,400,092	1,155,116	915,238			8,344	8,095,163
Community environment	474,578	30,340	410,264	181,303	23,916			1,120,401
Highways and streets	1,279,128	27,738		1,732,912		40,472,561	664,247	44,176,586
General government	2,258,418	970,148	551,460	1,480,615	13,405,066		9,314,543	27,980,250
Total governmental fund capital assets	<u>\$ 6,110,879</u>	<u>\$ 16,811,064</u>	<u>\$ 2,324,731</u>	<u>\$ 10,931,994</u>	<u>\$ 13,428,982</u>	<u>\$ 40,472,561</u>	<u>\$ 9,989,623</u>	<u>\$ 100,069,834</u>

City of Elyria, Ohio
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
Before Accumulated Depreciation
For the fiscal year ended December 31, 2003

Function and Activity	Governmental Funds Capital Assets January 1, 2003	Additions	Deductions	Governmental Funds Capital Assets December 31, 2003
Public safety	\$ 19,192,549	\$ 237,313	\$ (1,635,615)	\$ 17,794,247
Health	1,158,114		(254,927)	903,187
Culture and recreation	8,390,095	252,962	(547,894)	8,095,163
Community environment	553,786	836,616	(270,001)	1,120,401
Highways and streets	1,916,867	42,401,058	(141,339)	44,176,586
General government	26,451,299	2,929,994	(1,401,043)	27,980,250
Total	<u>\$ 57,662,710</u>	<u>\$ 46,657,943</u>	<u>\$ (4,250,819)</u>	<u>\$ 100,069,834</u>

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**CITY OF ELYRIA, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	Public Safety	Health	Culture & Recreation	Community Environment	General Government	Total (1)
1994	\$ 10,288,682	\$ 643,197	\$ 1,349,512	\$ 438,072	\$ 4,334,248	\$ 17,053,711
1995	11,675,132	820,871	1,639,909	604,661	4,763,608	19,504,181
1996	12,313,487	919,244	1,842,942	607,872	5,164,729	20,848,274
1997	12,077,021	1,047,259	1,991,904	621,052	5,060,306	20,797,542
1998	12,194,712	1,055,016	1,927,025	648,110	5,568,544	21,393,407
1999	13,060,557	1,337,812	2,615,917	672,576	5,541,966	23,228,828
2000	13,849,756	1,521,251	2,183,968	701,736	5,820,754	24,077,465
2001	14,227,350	1,557,719	1,986,733	768,354	5,814,895	24,355,051
2002	15,164,257	1,522,250	2,113,008	817,160	6,356,140	25,972,815
2003	14,870,702	1,590,671	2,108,540	929,707	6,801,459	26,301,079

Source: Annual audited financial statements of the City.

NOTE:

(1) Capital outlay and debt service expenditures were allocated to the function to which they relate.

CITY OF ELYRIA, OHIO
GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Taxes (1)	Intergovernmental (1)	Charges for Services	Licenses & Permits	Investment Income	Fines & Forfeitures	Miscellaneous Revenues	Total
1994	\$ 16,440,561	\$ 244,570	\$ 380,759	\$ 381,650	\$ 136,783	\$ 992,321	\$ 195,471	\$ 18,772,115
1995	17,882,343	279,078	400,093	439,322	244,017	1,378,694	134,686	20,758,233
1996	19,025,880	250,424	423,589	432,727	210,874	1,372,815	107,680	21,823,989
1997	18,646,493	202,842	568,146	410,859	219,627	1,319,272	80,559	21,447,798
1998	19,690,620	449,784	692,196	443,879	256,008	1,377,144	96,399	23,006,030
1999	21,380,874	366,157	862,012	413,692	254,481	1,576,407	94,097	24,947,720
2000	21,525,719	281,397	1,061,440	440,160	245,386	1,435,765	81,751	25,071,618
2001	22,319,733	324,748	1,230,862	653,022	189,646	1,188,660	65,570	25,972,241
2002	17,494,375	4,704,524	1,478,621	770,671	88,552	1,245,362	24,583	25,806,688
2003	18,228,760	3,775,898	1,464,701	580,593	49,956	1,127,481	53,877	25,281,266

Source: Annual audited financial statements of the City.

NOTE:

(1) Beginning in 2002, State revenues previously recorded as Taxes were reclassified and recorded as Intergovernmental Revenues.

CITY OF ELYRIA, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collection	Percent of Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1994	\$ 2,013,124	\$ 1,947,467	96.7%	\$ 59,667	\$ 2,007,134	99.7%	\$ 117,208	5.8%
1995	2,114,439	2,038,009	96.4%	73,513	2,111,522	99.9%	117,879	5.6%
1996	2,132,334	2,071,973	97.2%	72,532	2,144,505	100.6%	94,170	4.4%
1997	2,131,157	2,059,683	96.7%	58,436	2,118,119	99.4%	94,616	4.4%
1998	2,442,132	2,354,220	96.4%	62,784	2,417,004	99.0%	114,687	4.7%
1999	2,711,525	2,614,812	96.4%	73,834	2,688,646	99.2%	135,307	5.0%
2000	2,761,298	2,659,149	96.3%	79,967	2,739,116	99.2%	142,766	5.2%
2001	3,195,744	3,082,725	96.5%	94,646	3,177,371	99.4%	159,358	5.0%
2002	3,207,572	3,083,848	96.1%	84,844	3,168,692	98.8%	184,434	5.7%
2003	3,258,706	3,149,562	96.7%	124,685	3,274,247	100.5%	185,923	5.7%

Source: Lorain County Auditor's Office

CITY OF ELYRIA, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Amounts in 000s)

Tax Year	Collection Year	REAL PROPERTY		PUBLIC UTILITY PROPERTY		TANGIBLE PERSONAL PROPERTY		TOTAL
		Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1993		\$ 279,526	\$ 798,646	\$ 198,228	\$ 566,368	\$ 123,328	\$ 493,312	\$ 1,858,326
1994	1994	326,363	932,466	219,603	627,438	115,361	461,444	2,021,348
1995	1995	333,403	952,580	218,838	625,251	122,146	488,584	2,066,415
1996	1996	339,108	968,880	216,724	619,212	133,573	534,292	2,122,384
1997	1997	403,302	1,152,291	234,595	670,271	135,854	543,416	2,365,978
1998	1998	408,310	1,166,600	237,244	677,840	137,173	548,692	2,393,132
1999	1999	418,460	1,195,600	242,705	693,443	140,810	563,240	2,452,283
2000	2000	508,046	1,451,460	255,037	728,677	150,928	603,712	2,783,849
2001	2001	511,474	1,461,354	260,310	743,743	150,857	603,428	2,808,525
2002	2002	514,777	1,470,791	259,606	741,731	152,252	609,008	2,821,530

Source: Lorain County Auditor's Office

NOTE:

(1) The assessed value is computed at approximately the following percentages of the estimated actual value of property: real property - 35%; public utilities - 35% (real property) and 100% (personal property); tangible personal property - 25% and increasing amounts in collection years prior to 1992.

CITY OF ELYRIA, OHIO
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$1,000 OF ASSESSED VALUATION)

CITY OF ELYRIA

Tax Year	Collection Year	General Fund	Debt Service Fund	Police Pension Fund	Fire Pension Fund	Total	Elyria School District	Lorain County		Total
								Vocational School	County	
1993	1994	\$ 2.30	\$ 1.30	\$ 0.30	\$ 0.30	\$ 4.20	\$ 48.95	\$ 2.45	\$ 11.74	\$ 67.34
1994	1995	2.30	1.30	0.30	0.30	4.20	53.68	2.45	12.69	73.02
1995	1996	2.30	1.30	0.30	0.30	4.20	53.58	2.45	12.69	72.92
1996	1997	1.90	1.70	0.30	0.30	4.20	53.58	2.45	12.69	72.92
1997	1998	1.90	1.70	0.30	0.30	4.20	52.81	2.45	10.79	70.25
1998	1999	1.90	1.70	0.30	0.30	4.20	52.71	2.45	10.79	70.15
1999	2000	1.90	1.70	0.30	0.30	4.20	57.11	2.45	10.79	74.55
2000	2001	1.90	1.70	0.30	0.30	4.20	57.11	2.45	10.79	74.55
2001	2002	1.70	1.90	0.30	0.30	4.20	56.81	2.45	12.89	76.35
2002	2003	1.70	1.90	0.30	0.30	4.20	56.73	2.45	12.89	76.27

Source: Lorain County, County Treasurer

**CITY OF ELYRIA, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Current Assessments Billed	Current Assessments Collected (1)	Collections As A Percentage Of Amount Due
1994	\$ 444,657	\$ 427,398	96.1%
1995	387,216	372,889	96.3%
1996	496,597	471,089	94.9%
1997	722,926	660,467	91.4%
1998	613,055	576,301	94.0%
1999	683,552	636,400	93.1%
2000	583,095	513,012	88.0%
2001	670,914	669,458	99.8%
2002	612,665	590,037	96.3%
2003	787,582	640,006	81.3%

Source: Lorain County Auditor

NOTE:

(1) Collections made by County Auditor only.
Does not include delinquent amounts collected.

CITY OF ELYRIA, OHIO
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	General Gross Bonded Debt (1)	Debt Service Monies Available (3)	Debt Payable From Enterprise Revenues	Net Bonded Debt	Net Bonded Debt As A Percentage Of Assessed Values	Net Bonded Debt Per Capita
1994	56,746 (2)	\$ 601,081,615	\$ 11,648,819	\$ 762,933	\$ 3,124,019	\$ 7,761,867	1.29%	\$136.78
1995	56,746 (2)	661,326,463	10,374,498	872,614	2,289,498	7,212,386	1.09	127.10
1996	56,746 (2)	674,386,318	11,745,177	1,019,819	2,130,177	8,595,181	1.27	151.47
1997	56,746 (2)	689,404,520	18,005,856	1,452,787	2,565,856	13,987,213	2.03	246.49
1998	56,746 (2)	773,751,630	16,728,784	1,378,661	2,113,784	13,236,339	1.71	233.26
1999	56,746 (2)	782,727,713	20,576,712	1,656,849	5,096,712	13,823,151	1.77	243.60
2000	55,953 (2)	801,974,850	19,079,639	1,993,416	4,184,639	12,901,584	1.61	230.58
2001	55,953 (2)	914,011,190	27,152,566	2,533,386	4,062,566	20,556,614	2.25	367.39
2002	55,953 (2)	912,696,530	30,457,742	2,424,827	1,732,742	26,300,173	2.88	470.04
2003	55,953 (2)	926,635,030	35,357,918	2,243,278	1,592,918	31,521,722	3.40	563.36

NOTES:

- (1) Includes all general obligation debt except for general obligation debt to be paid from special assessments.
- (2) Source - Bureau of Census
- (3) Includes monies in the General Bond Retirement Debt Service Fund only.

**CITY OF ELYRIA, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

**CITY OF ELYRIA, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003**

Jurisdiction	Debt Outstanding (1)	Percentage Applicable To City of Elyria (2)	Amount Applicable To City of Elyria
City of Elyria	\$ 27,535,000	100.00%	\$ 27,535,000
Elyria City School District	1,050,000	91.40%	959,700
Lorain County	25,320,000	19.96%	5,053,872
TOTAL- OVERLAPPING DEBT	26,370,000		6,013,572
TOTAL- ALL DEBT	\$ 53,905,000		\$ 33,548,572

NOTES:

(1) Source: Individual Jurisdictions (general obligation bonds reported in the business-type activities and special assessment debt have been excluded)

(2) The percentage of net debt outstanding applicable to the City was determined by dividing each jurisdiction's assessed valuation within the City by the jurisdiction's total assessed valuation.

OVERALL DEBT LIMITATION	
10 1/2 % of assessed valuation	\$ 97,296,678
Gross indebtedness - outstanding	\$ 54,311,318
Less: Debt exempt from limitation	(18,953,400)
Debt subject to 10 1/2 % limitation	35,357,918
Less: Applicable debt service fund balance	(2,243,278)
Net debt within 10 1/2 % limitation	33,114,640

LEGAL DEBT MARGIN WITHIN 10 1/2 % LIMITATION	\$ 64,182,038
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UNVOTED DEBT LIMITATION	
5 1/2 % OF ASSESSED VALUATION	\$ 50,964,927
Gross indebtedness - outstanding	\$ 54,311,318
Less: Debt exempt from limitation	(18,953,400)
Debt subject to 5 1/2% limitation	35,357,918
Less: Applicable debt service fund balance	(2,243,278)
Net debt within 5 1/2 % limitation	33,114,640

LEGAL DEBT MARGIN WITHIN 5 1/2 % LIMITATION	\$ 17,850,287
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CITY OF ELYRIA, OHIO
RATIO OF ANNUAL DEBT SERVICE
FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS

FISCAL YEAR	PRINCIPAL (1)	INTEREST (1)	TOTAL DEBT SERVICE (1)	TOTAL GENERAL FUND EXPENDITURES	DEBT SERVICE AS A PERCENTAGE OF TOTAL GENERAL FUND EXPENDITURES
1994	\$ 4,035,000	\$ 415,128	\$ 4,450,128	\$ 17,053,711	26.09%
1995	4,425,000	463,083	4,888,083	19,504,181	25.06%
1996	3,940,000	444,451	4,384,451	20,848,274	21.03%
1997	12,575,000	741,491	13,316,491	20,797,542	64.03%
1998	825,000	973,303	1,798,303	21,393,407	8.41%
1999	775,000	714,188	1,489,188	23,228,828	6.41%
2000	585,000	746,102	1,331,102	24,077,465	5.53%
2001	605,000	722,783	1,327,783	24,355,051	5.45%
2002	795,000	1,108,974	1,903,974	25,972,815	7.33%
2003	1,433,293	1,184,030	2,617,323	26,301,079	9.95%

Source: Annual audited financial statements of the City.

NOTE:

(1) Includes all general obligation notes and bonds except for State Issue II loans and debt intended to be paid from special assessments or enterprise fund revenues.

CITY OF ELYRIA, OHIO
WASTEWATER POLLUTION CONTROL
REVENUE LOAN COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	
1994	\$ 8,869,271	\$ 4,885,519	\$ 3,983,752	\$ 730,859	\$ 2,100,815	\$ 2,831,674	1.41
1995	9,466,744	5,075,414	4,391,330	790,484	2,099,111	2,889,595	1.52
1996	9,254,816	5,423,182	3,831,634	849,358	2,037,037	2,886,395	1.33
1997	9,739,476	6,048,454	3,691,022	917,815	1,970,329	2,888,144	1.28
1998	9,742,854	9,131,441	611,413	766,402	1,891,744	2,658,146	0.23
1999	9,960,677	5,306,248	4,654,429	944,858	1,921,282	2,866,140	1.62
2000 (3)	12,948,897	6,240,652	6,708,245	1,142,078	1,721,912	2,863,990	2.34
2001	9,934,251	5,981,175	3,953,076	1,236,880	1,629,409	2,866,289	1.38
2002	9,544,225	6,852,152	2,692,073	1,333,311	1,532,139	2,865,450	0.94
2003	9,112,363	6,983,835	2,128,528	1,436,889	1,427,357	2,864,245	0.74

Source: Annual audited financial statements of the City.

NOTES:

- (1) Gross revenue includes operating revenue plus interest income.
- (2) Direct operating expenses include total operating expenses exclusive of depreciation.
- (3) The large increase in gross revenue is due to settlement proceeds. See Note 4(C) in the accompanying notes to the financial statements.

CITY OF ELYRIA, OHIO
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Year	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		BANK DEPOSITS (AMOUNTS IN 000'S)		PROPERTY VALUE (AMOUNTS IN 000'S)	
	Number of Permits (1)	Value (1)	Number of Permits (1)	Value (1)	Amount (2)	Industrial / Commercial (3)	Residential (3)	
1994	170	\$ 22,584,705	1,159	\$ 16,489,326	\$ 1,254,166	\$ 198,228	\$ 279,526	
1995	161	28,695,067	1,242	19,325,057	1,237,991	219,603	326,363	
1996	198	37,777,498	1,422	17,200,726	1,329,795	218,838	333,403	
1997	199	39,150,586	1,599	17,236,096	920,050	216,724	339,108	
1998	367	40,662,114	1,580	20,528,636	444,974	234,595	403,302	
1999	308	27,867,892	1,357	20,870,414	483,871	237,244	408,310	
2000	255	21,241,393	1,482	18,755,518	513,102	269,710	508,046	
2001	267	39,872,060	1,462	23,057,586	555,591	260,310	511,474	
2002	240	54,770,652	1,590	25,109,046	614,592	255,118	506,721	
2003	185	23,737,258	1,488	24,163,319	741,024	258,973	515,410	

NOTES:

- (1) Source: City of Elyria, Building Department
- (2) Source: Federal Reserve Bank, Cleveland, Ohio for Lorain County
- (3) Source: Lorain County Auditor's Office

**CITY OF ELYRIA, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS**

Year	Population	School Enrollment (1)	Unemployment Rate % (2)
1994	56,746 (3)	9,110	6.3
1995	56,746 (3)	9,012	7.0
1996	56,746 (3)	8,746	6.9
1997	56,746 (3)	8,753	6.3
1998	56,746 (3)	8,257	5.4
1999	56,746 (3)	8,257	5.2
2000	55,953 (3)	8,361	5.5
2001	55,953 (3)	8,551	6.1
2002	55,953 (3)	8,270	7.4
2003	55,953 (3)	8,348	7.9

NOTES:

- (1) Source - City of Elyria Board of Education
- (2) Source - Ohio Bureau of Employment Services
- (3) Source - Bureau of Census

**CITY OF ELYRIA, OHIO
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2003**

Taxpayer	Type of Business	2003 Assessed Valuation	Percent of Total Assessed Valuation
WEA Midway LLC	Property Management	\$ 13,491,880	1.46%
Ohio Edison	Electric Utility	12,925,330	1.39%
Alltel Ohio	Telephone Utility	10,613,830	1.15%
First Interstate	Retail Store	5,731,540	0.62%
New Plan of Midway Inc.	Retail Store	5,004,710	0.54%
Sears Roebuck & Company	Retail Store	3,925,060	0.42%
American Transmission	Manufacturing	3,052,350	0.33%
Elyria United Methodist Village	Retirement / Assisted Living	2,993,080	0.32%
Comprehensive Ventures	Medical	2,958,220	0.32%
Holiday Inn of Elyria	Hotel	2,945,510	0.32%
TOTAL		\$ 63,641,510	6.87%
TOTAL CITY ASSESSED VALUATION		\$ 926,635,030	

Source: Lorain County Treasurer's Office

CITY OF ELYRIA, OHIO
 MISCELLANEOUS STATISTICS
 DECEMBER 31, 2003

Date of incorporation.....	February 23, 1833	Municipal water department:	
Form of government.....	Mayor-Council	Active accounts.....	22,646
Current population.....	55,953	Average daily consumption.....	9,741,213 gallons
Area.....	20.12 square miles	Miles of water mains.....	219 miles (approximately)
Miles of streets	191.0	Sewers:	
Number of street lights.....	4,774	Miles of sanitary sewers....	183.0 miles (approximately)
Fire protection:		Miles of storm sewers.....	112.0 miles (approximately)
Number of stations.....	4	Building permits issued.....	1,673
Number of firefighters and officers.....	69	Recreation and culture:	
Police protection:		Number of parks.....	18
Number of stations.....	1	Number of libraries.....	2
Number of policepersons and officers.....	99	Number of library volumes.....	375,822 (approximately)
Education (elementary only):		Employees (full time):	
Attendance centers.....	14	Classified service.....	528
Number of classrooms.....	241	Exempt.....	6
Number of teachers.....	235		
Number of students.....	4,851		



**Auditor of State
Betty Montgomery**

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CITY OF ELYRIA

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
NOVEMBER 4, 2004**