



Dave Yost • Auditor of State

CITY OF LORAIN
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**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Funding</i>			
Community Development Block Grant:			
Community Development Block Grant	N/A	14.218	\$1,361,555
Community Development Block Grant - Neighborhood Stabilization	B-08-MN-39-0010	14.218	261,224
Total Community Development Block Grant			<u>1,622,779</u>
Community Development Block Grant - Section 108 Loan Guarantees	N/A	14.248	6,327
HOME Investment Partnership Program	N/A	14.239	386,653
Lead-Based Paint Hazard Control in Privately-Owned Housing	OHLHB0470-10	14.900	526,097
<i>Passed Through Lorain County</i>			
Community Development Block Grant-Neighborhood	NSP 3	14.218	<u>126,045</u>
Total U.S. Department of Housing and Urban Development			<u>2,667,901</u>
U.S. Department of Transportation			
<i>Passed Through Ohio Department of Transportation</i>			
Federal-Aid Highway Program	PID No. 82953	20.205	382,473
<i>Passed Through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	HVEO-2013-47-00-00-00381-01	20.600	21,945
Alcohol Impaired Driving Countermeasures Incentive Grants I	HVEO-2013-47-00-00-00381-01	20.601	<u>5,066</u>
Total U.S. Department of Transportation			<u>409,484</u>
U.S. Department of Health and Human Services			
<i>Direct Funding</i>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	1U79SM060312-01	93.243	598,874
<i>Passed Through Ohio Department of Health</i>			
Public Health Infrastructure Grant	47-1-001-2-PH-0413	93.283	35,545
Public Health Infrastructure Grant	47-1-001-2-PH-0514	93.283	34,963
HIV Prevention Program	263-440-5238-6	93.940	62,585
Total U.S. Department of Health and Human Services			<u>731,967</u>
U.S. Department of Justice			
<i>Direct Funding</i>			
Equitable Sharing Program	N/A	16.922	14,226
<i>Passed Through Lorain County</i>			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2012-H1825-OH-DJ	16.738	<u>19,409</u>
Total U.S. Department of Justice			<u>33,635</u>
(continued)			
U.S. Department of Homeland Security			
<i>Direct Funding</i>			
Assistance to Firefighters Grant	FEMA-EMW-2010-FH-00904	97.044	128,532

CITY OF LORAIN
LORAIN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
Assistance to Firefighters Grant	FEMA-EMW-2011-FO-09189	97.044	72,060
Assistance to Firefighters Grant	FEMA-EMW-2012-FV-00887	97.044	280,000
Total U.S. Department of Homeland Security			<u>480,592</u>
U.S. Environmental Protection Agency			
<i>Direct Funding</i>			
Brownsfield Assessments and Cleanup Cooperative Agreements	BF00E942010	66.818	18,801
Brownsfield Assessments and Cleanup Cooperative Agreements	BF00E003710	66.818	33,173
<i>Passed Through Ohio Environmental Protection Agency</i>			
Capitalization Grants for Clean Water State State Revolving Funds	CS390532-0017	66.458	16,023,250
Great Lakes Program	LOR-FDAOC12	66.469	37,791
Total U.S. Environmental Protection Agency			<u>16,113,015</u>
U.S. Department of Energy			
<i>Direct Funding</i>			
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)	DE-SC0002962	81.128	313,707
Total U.S. Department of Energy			<u>313,707</u>
U.S. Department of Commerce			
<i>Direct Funding</i>			
Economic Adjustment Assistance	N/A	11.307	2,603,011
Habitat Conservation (NOAA Phase I)	NA10NMF4630412	11.463	110,632
Habitat Conservation (NOAA Phase II)	NA11NMF4630139	11.463	842,288
Habitat Conservation (NOAA Phase III)	NA11NMF4630140	11.463	35,000
Total U.S. Department of Commerce			<u>3,590,931</u>
U.S. Department of the Interior			
<i>Direct Funding</i>			
Fish and Wildlife Management Assistance	F11AC00394	15.608	3,118
Total U.S. Department of the Interior			<u>3,118</u>
U.S. Executive Office of the President			
<i>Passed through Ohio High Intensity Drug Trafficking Area</i>			
High Intensity Drug Trafficking Areas Program	N/A	95.001	1,858
Total U.S. Executive Office of the President			<u>1,858</u>
Total Federal Disbursements			<u><u>\$24,346,208</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF LORAIN
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

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

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

These loans are collateralized by mortgages on the properties.

Activity in the CDBG revolving loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$9,225,080
Loans made	287,236
Loan principal repaid	952,974
Loans written off during year	<u>52,207</u>
Ending loans receivable balance as of December 31, 2013	<u><u>\$8,507,135</u></u>
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$1,905,994
Administrative costs expended during 2013	\$46,054

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, the City estimates \$621,125 to be uncollectible.

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

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

These loans are collateralized by mortgages on the properties.

**CITY OF LORAIN
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2013
(Continued)**

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

Activity in the EDA revolving loan fund during 2013 is as follows:

Ending loans receivable balance as of December 31, 2013	\$2,748,265
Cash Balance	1,627,831
Administrative Expenses	<u>49,288</u>
Subtotal	<u>\$4,425,384</u>
Federal Participation Rate	<u>58.82%</u>
Federal Awards Expended	<u><u>\$2,603,011</u></u>

NOTE E - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, County, Ohio (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 24, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies in internal control. We consider findings 2013-001 through 2013-003 to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-003.

Entity's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2014



Dave Yost • Auditor of State

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

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Lorain's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Lorain's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Community Development Block Grant Cluster and the Energy Efficient and Conservation Block Grant Program

As described in Findings 2013-004 through 2013-006 in the accompanying schedule of findings, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-004	14.218 and 14.253	Community Development Block Grant Cluster	Reporting
2013-005	81.128	Energy Efficient and Conservation Block Grant Program	Procurement
2013-006	81.128	Energy Efficient and Conservation Block Grant Program	Reporting

Compliance with these requirements is necessary, in our opinion, for the City to comply with the requirements applicable to these programs.

Qualified Opinion on Community Development Block Grant Cluster and the Energy Efficient and Conservation Block Grant Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant Cluster and the Energy Efficient and Conservation Block Grant Program* paragraph, the City of Lorain complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant Cluster and the Energy Efficient and Conservation Block Grant Program* for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, City of Lorain complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2013.

Other Matters

The City's responses to our noncompliance findings are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2013-004 through 2013-006 to be material weaknesses.

The City's responses to our internal control over compliance findings are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

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

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lorain, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated September 24, 2014. We conducted our audit to opine on the City's' basic financial statements. We have not performed any procedures to the audited financial statements subsequent to September 24, 2014. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2014

CITY OF LORAIN
LORAIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified for all major programs except for Community Development Block Grant Cluster and the Energy Efficient and Conservation Block Grant Program which we qualified.
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant - CFDA #14.218; Assistance to Firefighters - CFDA #97.044; Clean Water Revolving Fund - CFDA #66.458; Energy Efficient and Conservation Block Grant Program - CFDA #81.128
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 730,386 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

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

FINDING NUMBER 2013-001

Significant Deficiency - Bank Reconciliations and Bonds on Hand Reports – Lorain Municipal Court

The Clerk of Court is responsible for collecting and distributing Court revenue to appropriate individuals and jurisdictions. There are seven branch divisions and each has its own bank account (Traffic/Criminal, Civil, Small Claims, Restitution, Trusteeship, Landlord/Tenant and Jury & Witness Fees).

Timely reconciliation of cash receipts and disbursements is critical in determining the cash fund balances and obligation of the Court divisions. The reconciliation process verifies that cash balance reported in each Court division agrees to the adjusted balance per the bank statement and it is also used to determine whether all cash receipts and disbursements have been properly recorded and distributed.

Further the Court acts as a custodian of funds for those individuals who deposit monies with the Court while litigating their cases. An Open Bond Report or Bonds on Hand Report is a listing of all cases for which the Court has received money that have not been fully distributed. The required distributions are made once the cases are closed.

The following weaknesses were identified:

- The Court has not reconciled its seven bank accounts from October 2013 through December 2013.

Failure to reconcile these bank accounts resulted in the Court's inability to distribute monies as required to appropriate individuals and jurisdictions for these months. This deficiency could also result in errors or irregularities to occur, including theft, which would not be detected by management in a timely manner.
- The Open Bond Report for each classification was last reconciled on September 30, 2013. On October 1, 2013, the Court's went live with its new software. After the implementation of the new software the Clerk' office could not produce an Open Bond Report or Bond on Hand Report for the months of October 2013 to December 2013. As a result, the Open Bond Report or Bonds on Hand Report has not been accounted for and reconciled each month.

The September 30, 2013 ending balance for Bonds on Hand totaled \$119,514. However when the new software was implemented effective October 1, 2013 the Bonds on Hand beginning balance totaled \$115, 553. The understatement of \$3,961 was not determined by the software provider or Court management.

Failures to reconcile bonds on hand could result in errors or irregularities to occur, including theft, and not be detected by management in a timely manner. This deficiency could result in insufficient fund to repay outstanding bonds.

Court management indicated the aforementioned weakness were due to errors with and concerns over its new software which went live on October 1, 2013. Court management has indicated they have been unable to rely on its system generated cashbooks to assist in the reconciliation.

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

FINDING NUMBER 2013-001 (Continued)

Significant Deficiency - Bank Reconciliations and Bonds on Hand Reports – Lorain Municipal Court (Continued)

We recommend the Court management take appropriate steps to ensure all bank accounts are reconciled on a monthly basis and supported by accurate Court system generated reports (i.e. cash books, bonds on hand reports).

Official's Response:

The Auditor's office will work with the Court management personnel to perform the required bank reconciliations.

FINDING NUMBER 2013-002

Significant Deficiency - Software Implementation – Lorain Municipal Court

The Lorain Municipal Court (the Court) acquired new software in September 2013. However, Court management failed to adequately implement controls to ensure successful implementation. Also the Court has not fully resolved known software deficiencies that were identified after implementation.

Although a conversion plan was utilized it resulted in inadequate outcomes because of input errors and programming errors which diminished the reliability of monthly reports. The Court has been unable to reconcile its cashbooks to its bank accounts from October 2013 to December 2013. Further the Court has not distributed certain revenues collected to the appropriate jurisdictions during this time frame due to the diminished reliability of monthly reports.

These conditions could lead to potential misstatements to accounts within the financial statements that receive distributions from the Court.

Implementing new software is a significant event that should require risk analysis before, during, and after the implementation. Court management should have an effective risk assessment process to identify internal and external events and circumstances that may occur, and respond appropriately to them. An effective risk assessment process can significantly reduce the risk of misstated financial statements.

Also, according to Court management the decision to not operate parallel systems upon implementation of the new software was based on the recommendation by the vendor and the former Court's IT Director that it was not needed and too expensive. However operating parallel systems would have permitted the Court to identify and correct errors or bugs in the new software before becoming solely reliant on the new software.

Therefore to increase control and accountability we recommend Court management adequately risk assess the implementation of new software applications. This would include establishing policies, procedures and controls to address the following questions:

- Is the development or revision of information systems over financial reporting based on a strategic plan and interrelated with the entity's overall information systems, and is it responsive to achieving the entity wide and activity-level objectives?
- Are management and end-users involved in determining specifications for new IT and its eventual selection?

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

FINDING NUMBER 2013-002 (Continued)

Significant Deficiency - Software Implementation – Lorain Municipal Court (Continued)

- Does management monitor progress toward successful implementation of new IT acquisitions?
- Does management ensure that the organization's personnel have been adequately trained to use any new IT acquisitions?

Also, we recommend the Court consider utilizing parallel systems in the future when implementing new software.

Finally, the Court should take appropriate actions to ensure all revenues collected are distributed to the appropriate jurisdictions, as required, in a timely manner.

Official's Response:

The Auditor's office will work with the Court management personnel to ensure proper software selection, testing and implementation is completed for new software acquisition. The Auditor's office will work also with the City administration and City Council to transfer the Court Computer position into the City IT Department in the Auditor's office. Until the Court software system financial processing is corrected or the software replaced, the Court will distribute revenues collected on an estimated basis.

FINDING NUMBER 2013-003

Noncompliance/Significant Deficiency - Prior Year Illegal Transfers

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

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

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

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

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

FINDING NUMBER 2013-003 (Continued)

Noncompliance/Significant Deficiency - Prior Year Illegal Transfers (Continued)

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

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

However the City has not petitioned the Lorain County Court of Common Pleas and the Tax Commissioner of the State of Ohio nor has it made restitution for these illegal transfers.

We deem this matter to be qualitatively material and management should make resolving it a priority.

We recommend management take the necessary steps to address this matter and have the Economic Development Fund (which is included in the General Fund for reporting purposes) return the \$50,000 illegal transfers to the Water and Water Pollution Control Fund; respectively.

Official's Response:

The City has decided to repay the transfers – See the Corrective Action.

3. FINDINGS FOR FEDERAL AWARDS

Noncompliance/Material Weakness – Reporting

Finding Number	2013-004
CFDA Title and Number	Community Development Block Grant - 14.218
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	N/A

24 CFR Part 91.520(a), (d) and (e) describe the required performance reporting requirements that are applicable the City of Lorain. These requirements are as follows:

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

FINDING NUMBER 2013-004 (Continued)

Noncompliance/Material Weakness - Reporting (Continued)

(a) Each jurisdiction that has an approved consolidated plan shall annually review and report, in a form prescribed by HUD, on the progress it has made in carrying out its strategic plan and its action plan. The performance report must include a description of the resources made available, the investment of available resources, the geographic distribution and location of investments, the families and persons assisted (including the racial and ethnic status of persons assisted), actions taken to affirmatively further fair housing, and other actions indicated in the strategic plan and the action plan. This performance report shall be submitted to HUD within 90 days after the close of the jurisdiction's program year.

(d) For CDBG recipients, the report shall include a description of the use of CDBG funds during the program year and an assessment by the jurisdiction of the relationship of that use to the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities that were identified. This element of the report must specify the nature of and reasons for any changes in its program objectives and indications of how the jurisdiction would change its programs as a result of its experiences. This element of the report also must include the number of extremely low income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.

(e) For HOME participating jurisdictions, the report shall include the results of onsite inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations, an assessment of the jurisdiction's affirmative marketing actions and outreach to minority-owned and women owned businesses, and data on the amount and use of program income for projects, including the number of projects and owner and tenant characteristics.

Additionally, 24 CFR Part 91.520(i) states that HUD shall review the performance report and determine whether it is satisfactory. If a satisfactory report is not submitted in a timely manner, HUD may suspend funding until a satisfactory report is submitted, or may withdraw and reallocate funding if HUD determines, after notice and opportunity for a hearing, that the jurisdiction will not submit a satisfactory report.

The fiscal year 2013 performance report also known as the Consolidated Annual Performance and Evaluation Report (CAPER) which is due on March 31, 2014 has yet to be filed.

Failure to file the CAPER in timely manner could result in HUD to suspend, withdraw or reallocate funding.

We recommend the City establish policies and procedures to ensure the reporting requirement are met.

Official's Response:

See the Corrective Action.

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

Noncompliance/Material Weakness – Procurement

Finding Number	2013-005
CFDA Title and Number	Energy Efficient and Conservation Block Grant Program – 81.128
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Energy
Pass-Through Agency	N/A

26 U.S.C. § 1605 sets forth the Buy American provisions for recipients of Recovery Act financial assistance. This section states that none of the funds appropriated or otherwise made available by this Act may be used for a *project* for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

The City contracted with a vendor to purchase and install street lights (the project) for the City of Lorain. Expenditures paid to this vendor totaled \$241,058 or 78% of this federal grant.

No evidence was provided by the City's CDBG department (which administers this program) that the iron, steel, and manufactured goods used in the project; totaling \$241,058, were produced in the United States.

Failure to maintain documentation supporting that the City complied with this requirement could jeopardize future funding.

The City should establish policies and procedures to ensure evidence is obtained and retained supporting that compliance requirements are met.

Official's Response:

This appears to be a non-issue. See the Corrective Action.

Noncompliance/Material Weakness - Reporting

Finding Number	2013-006
CFDA Title and Number	Energy Efficient and Conservation Block Grant Program – 81.128
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Energy
Pass-Through Agency	N/A

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)**

FINDING NUMBER 2013-006 (Continued)

Noncompliance/Material Weakness – Reporting (Continued)

26 U.S.C. § 1512 of the Recovery Act requires reporting on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009). Aimed at providing transparency into the use of these funds, the recipient reports are required to include the following detailed information:

- Total amount of funds received; and of that the amount spent on projects and activities;
- A list of those projects and activities funded by name to include:
 - Description;
 - Completion status;
 - Estimates on jobs created or retained;
- Details on sub-awards and other payments

The City could only provide evidence two of the four (50%) quarterly 1512 reports were completed and submitted. Also the final quarterly 1512 report reflected \$310,707 in expenditures whereas actual expenditures totaled \$313,707. This represents a 1% variance.

Failure to file required reports diminishes transparency and could result in errors or irregularities to occur that would not be detected by the federal agency in a timely manner and could jeopardize future federal funding.

We recommend all expenditures included on the Section 1512 reports be supported by documentation that reconciles to the City's accounting ledgers.

Official's Response:

All ARRA grants ended with the January 2014 reporting. The new Director of Building, Housing and Planning will put procedures in place to ensure proper reporting of future grants. See the Corrective Action.

**CITY OF LORAIN
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	<p>We have been unable to reconcile bank accounts since the AMCAD Software was installed live on October 1, 2013. Once all Bonds are entered we will be able to work on reconciliations.</p> <p>We are currently entering the Outstanding Bonds (20 pages) for Criminal and Traffic Divisions since AMCAD did not enter amounts as agreed</p> <p>Civil and Small Claims Division bonds were entered January 21, 2014</p>	<p>11/30/2014</p> <p>9/15/2014</p> <p>Completed</p>	Lori Maiorana Clerk of Court
2013-002	<p>Due to the decision to not run a parallel test system, AMCAD Court Software deficiencies were not identified until implementation of the system and the financial portion of the system was never completed nor tested correctly. At this time, we are currently working with former programmers of AMCAD, located in Texas, to assist us in correcting financial deficiencies of the system.</p> <p>Due to a data storage hardware failure on 5/19/2014, court data was lost because the Court IT person did not have a current data file backup (the most current was 2/28/2014). We recently contracted with former AMCAD IT employees in an attempt to recover the lost data. We still do not have records of receipts that were lost, but are hoping to use reports created by these former AMCAD employees to piece together a financial reconciliation in order to disburse money to various agencies. These former AMCAD employees will help to keep the system working until we are able to enter all missing information.</p> <p>Since AMCAD is no longer supporting this software, we must begin researching new court software to replace the AMCAD system. This process cannot really commence until we have recovered the lost data and stabilize the AMCAD system.</p>	<p>12/31/2014</p> <p>12/31/2014</p> <p>12/31/2016</p>	<p>Lori Maiorana Clerk of Court</p> <p>Judge Mark Mihok Lorain Municipal Court Judge</p> <p>Judge Thomas Elwell Lorain Municipal Court Judge</p>

**CITY OF LORAIN
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2013
(Continued)**

2013-003	<p>The City has decided not to pursue petitioning the Lorain Court of Common Pleas. The City has decided to repay the money transferred. The City will repay \$20,000 per year for five years (\$10,000 to the Water fund & \$10,000 to the Sewer Fund). This repayment will begin in 2015.</p> <p>No future transfers will be made without the proper approval.</p>	12/31/2019	Ronald L Mantini Lorain City Auditor
2013-004	CAPER Waiver 2013 and approval for extension submission; this will equate to a finding, and the report has not yet been completed due to the responsibility being that of the Director, who resigned in June (described as CHAS in job description, now referred to as the CAPER).	10/31/2014	Leon Mason Director Building, Housing and Planning
2013-005	<p>The contract pertaining to Zenith Systems did include a statement stating that the contractor must adhere to the federal Buy American Provision which is provided on page # 2 of City of Lorain contract number 13-19. As stated on page #1 of the aforementioned contract, the project specs were amended to include the purchase and installation of "New Acorn LED Head and Lamp. 70 watt LED (6000 lumens minimum)."</p> <p>Although not included in the contract document, these fixtures/lights were purchased from the Holophane, whose corporate office is located at 3825 Columbus Rd Granville, Ohio 43023, and are the Granville LED Fixtures, which are manufactured in Newark, Ohio.</p> <p>It is not clear as to why the spec sheet or information pertaining to this was not included in the contract, but this could be due to a vendor change (from Lamplight Industries, a Lorain, Ohio based company) to Holophane.</p> <p>Will forward specification sheet to auditors.</p>	9/30/2014	Leon Mason Director Building, Housing and Planning

**CITY OF LORAIN
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2013
(Continued)**

2013-006	<p>With the reduction in force of staff, the duties of reporting on the EECBG came under the purview of the Safety/Service Department. It was discovered during consultation with the U.S. Department of Energy, that issues existed in previous submissions with the grant. In addition, the new grant manager was required to register with FederalReporting.gov.</p> <p>Numerous correspondences between the U.S. Department of Energy and the City occurred pertaining to systems issues in submitting the required reports to the U.S. DOE, and it was recommended that the grantee submit a hardcopy (Excel) file in the place of the digital form.</p> <p>Quarterly reporting for all ARRA awards ended with the January 2014 reporting period.</p>	Completed	Leon Mason Director Building, Housing and Planning
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**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Significant Deficiency/Noncompliance Finding, Ohio Revised Code § 5705.14 - Illegal Transfers from the Water and Water Pollution Control funds to the Economic Development fund totaling \$100,000.	No	Plan to repay the transferred funds from the year end fund balance of the Economic Development Fund on an annual basis until the entire amount of \$100,000 is repaid.
2012-02	Noncompliance and Material Weakness, Reporting CFDA #97.044 Assistance to Firefighters Grant - Overstatement of current year expenditures on the semiannual financial status reports.	Yes	Finding No Longer Valid – grant expired.

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

Ronald L. Mantini
Lorain City Auditor

City of Lorain, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2013
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The City of Lorain, Ohio
Ronald L. Mantini, Auditor

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Lorain, Ohio 44052-1647

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

September 24, 2014

Citizens of Lorain
Lorain, Ohio

I am pleased to submit the comprehensive annual financial report of the City of Lorain for the year ended December 31, 2013.

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

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

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Office of the Auditor of State has issued an unmodified ("clean") opinion on the City of Lorain's financial statements for the year ended December 31, 2013. The Auditor of State report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal, and should be read in conjunction with it.

Profile of the City

The City of Lorain, incorporated in 1874, is located in Lorain County in northeastern Ohio on the shore of Lake Erie, approximately 30 miles west of Cleveland and 90 miles east of Toledo. It was founded on July 16, 1834 when a group of settlers had a plat of a 40-acre town drawn up and submitted to the Lorain County recorder as Charleston village. It currently occupies 24.25 square miles and serves a population of 64,313 based on the most recent estimate from the United States Census Bureau for the year 2013. The City is the largest City in the County and the 10th most populous City in the State.

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

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

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

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

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

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

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

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

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

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

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

Local Economy

The economy of the City continues to improve as evidenced by the reduction of the City's unemployment rate from a high of 11.2 percent in 2010 to 8.6 percent in 2013 although there are still challenges present. The City has a relatively diverse base with a mix of service oriented and manufacturing businesses. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Mercy Health (formerly Mercy Regional Medical Center), the City's largest employer, is a full service hospital affiliated with Cincinnati, Ohio based Catholic Health Care Partners, one of the largest not-for-profit healthcare systems in the United States and the largest in Ohio; Lorain City School District; Lorain Tubular, a division of United States Steel Corporation (U.S. Steel), is a leading manufacturer of seamless steel pipe; Industrias CH, S.A. (Republic Steel) is North America's leading supplier of high quality bar steel; CAMACO Inc., an automotive seating systems supplier; Grace Management Services which operates the Sprenger Health Care Systems; Cleveland Clinic Foundation which is a world renowned hospital and medical center; Wal-Mart; The Nord Center, a health care facility; Superior Medical, a comprehensive primary care medical facility; K-mart, Kohl's Department Store, Home Depot, Lowe's, Lorain National Bank and Emerson Network Power, a major global telecommunications service provider.

The Lorain City School District is in the final stage of a state-assisted classroom facilities project with a total estimated cost of \$216 million. Between 2004 and 2010, 10 elementary and 3 middle schools were constructed at a total cost of \$138 million. The school board has decided to build one new high school rather than remodel the two existing high schools. A site was selected and has been approved by the Ohio Schools Facility Commission. Demolition of the high school currently on the site is complete. Architectural drawings have been approved and building plans and permit application were submitted to the City building department in the fourth quarter 2013. Construction began in the second quarter 2014 and will cost approximately \$70 million. Final construction is expected to be completed in August 2016. The City anticipates receiving substantial revenue from income tax revenue from construction jobs for this project.

In May 2012 Republic Steel broke ground on the new electric arc furnace which is part of a planned \$85.2 million investment in its Lorain facilities. The new arc furnace began operation in March 2014. Republic makes highly engineered steel at the plant which has the strength needed for automotive and industrial applications. The additional capacity created by the furnace is expected to create an estimated 449 new jobs at the Lorain facility. 250 jobs have been added to date. In addition, Republic has an agreement with U.S. Steel, Tubular Products Division (Lorain Tubular) to supply steel rounds to the operation starting in 2014.

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

In February 2014, Camaco purchased an additional 3.46 acres of land in the Riverbend Commerce Park with plans on adding an additional 40,000 square foot addition and potentially add new jobs. This addition will bring the total size of the facility 200,000 square feet.

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

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

New residential projects are continuing to show signs of improvement. Plans call for 80 to 90 new homes to be built on the lots in 2014. Similar to other political subdivisions in Ohio and throughout the nation, the demand for new housing construction has considerably decreased since the housing market and the national and global economy slowed in late 2008 but is showing some signs of progress.

Long Term Financial Planning

The Administration is committed to working with the business community and residents to assure that the City of Lorain provides a high quality of life and services. The City, in July 2012, passed legislation which amended the City's income tax regulations to permanently increase the municipal income tax by one half (0.5) percent. The ordinance was subsequently forwarded to the Lorain County Board of Elections and passed by voters on the November 6, 2012 general election ballot. The measure became effective January 1, 2013. One quarter (0.25) percent of the increase is restricted for the streets fund for general street repair and maintenance and one quarter (0.25) percent is levied for general fund purposes. The additional .25 percent in the General Fund is expected to generate approximately \$2.2 million annually.

Also in an attempt to avert any unforeseen future shortfalls, the City has instituted a policy of setting aside a general fund balance reserve for budget stabilization of a minimum of one million dollars over the course of four years. As of December 31, 2013 the City has reserved \$775,000 and a reservation of \$225,000 has been included in the 2014 budget. It is the intent of the City's administration to continue to fund the general reserve balance fund in future years, but at a lower annual funding level. The City is also committed to the sound fiscal policy of maintaining a balanced budget for all City funds in 2014 and all future years.

Major Initiatives

Lorain Street Department As a result of the passage of the .25 additional income tax in November 2012 restricted for street purposes, the administration has instituted a comprehensive plan to repair and/or replace many of the roads within the City in an effort to upgrade and update the City's aging infrastructure. In 2013 the City issued over \$5.1 million in bonds and received over \$5 million in loans to jumpstart the progression of the plan. Construction completed in 2013 included seventeen local roadway rehabilitation projects. In 2014 the City will issue \$13.5 million in bonds for road projects. Construction plans for 2014 include thirty four local roadway rehabilitation projects including major work on W. 11th Street, E. 31st St, New Jersey Avenue, Meister Road, and Seneca Avenue.

Lorain Utilities Department The utilities department commitment to upgrade the City's aging infrastructure progressed in 2013 with the completion of the Reid and Washington Avenue water mains and the continuation of the Black River wastewater storage and conveyance tunnel project. The department in 2014 is continuing its waterline replacement program in conjunction with the roadway repair program being undertaken by the street department. The department has received over \$4.7 million in loans from the Ohio Water Development Authority in the first half of 2014 for the replacement of an estimated 3.6 miles of waterlines in the City. Waterline replacements are scheduled for 2nd Street, 3rd Street, 5th Street, 6th Street and Hamilton Avenue.

Labor Contracts

The labor agreements for four of the five bargaining units in the City expired on December 31, 2013. The City has reached new agreements with Fraternal Order of Police, Lodge No. 3 and Fraternal Order of Police, Ohio Labor Council, Inc. (Detention Officers). Negotiations are currently in progress with International association of Firefighters, Local 267 and Ohio Patrolmen's Benevolent Association (Dispatchers). The labor agreement for United Steel Workers of America, Local 6621 expires September 30, 2014.

Awards and Acknowledgements

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012. This was the nineteenth consecutive year that the City has achieved this prestigious award.

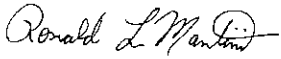
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The CAFR is judged by an impartial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

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Ronald L. Mantini". The signature is written in black ink and is positioned above the printed name.

Ronald L. Mantini
Lorain City Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Lorain
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

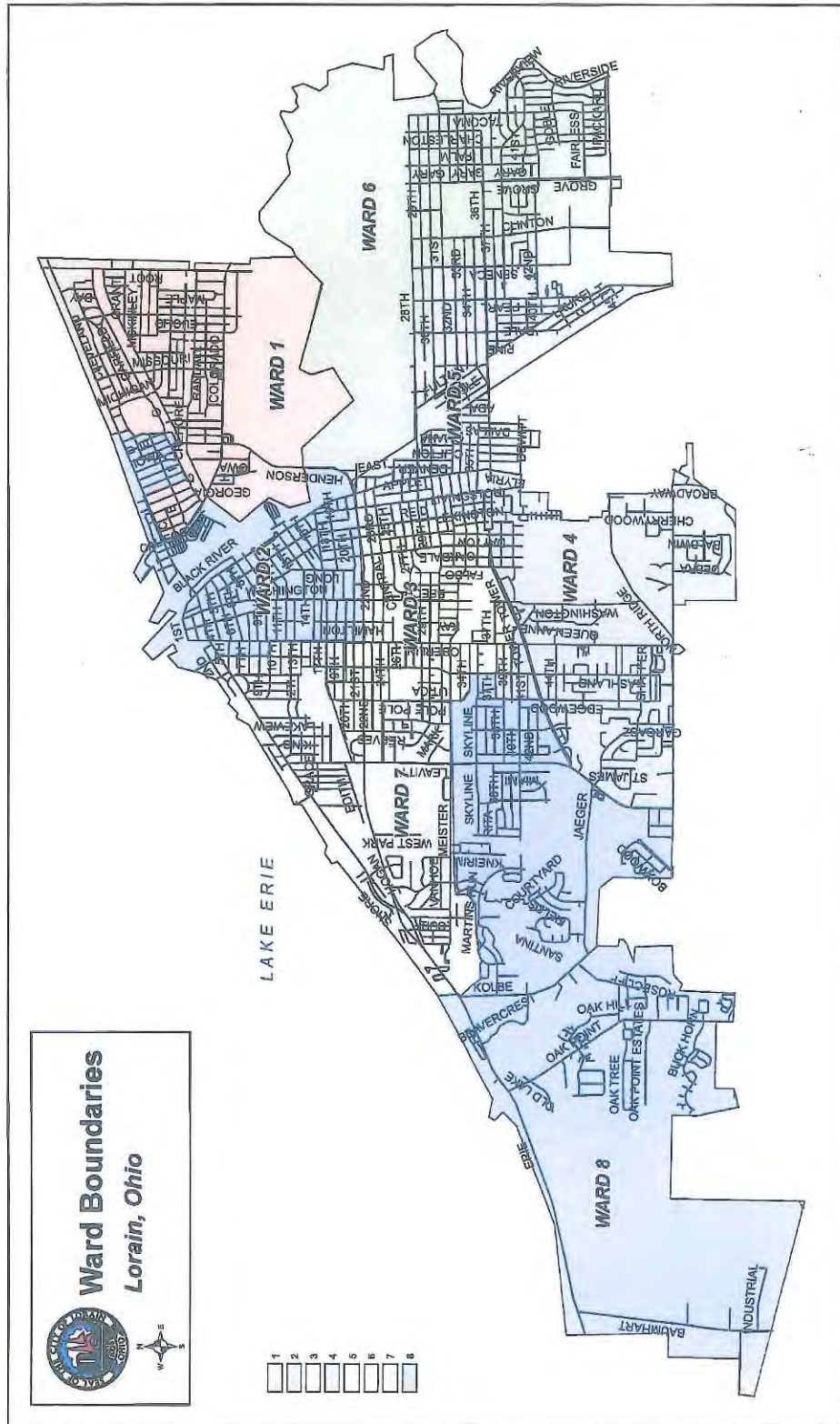
CITY OF LORAIN, OHIO
ELECTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Mayor	Chase Ritenauer	2	4
City Auditor	Ronald L. Mantini	14	14
City Treasurer	Karen Shawver	4	27
Director of Law	Patrick D. Riley	5	5
Clerk of Courts	Lori Maiorana	8	33
Judge	Mark Mihok	12	25
Judge	Thomas Elwell	10	10
<i>Members of Council:</i>			
Council President	Joel Arrendondo	6	6
Council at Large	Anthony Richardson	2	2
Council at Large	Daniel Given	8	20
Council at Large	Anne Molnar	6	14
1 st Ward	Brian Gates	4	4
2 nd Ward	Dennis Flores	2	4
3 rd Ward	Tim D. Howard	6	6
4 th Ward	Bret Schuster	8	8
5 th Ward	Eddie Edwards	16	16
6 th Ward	Richard Lucente	4	4
7 th Ward	Myroslaw Silecky	8	8
8 th Ward	Frank DeTillio	1	1

APPOINTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Director of Public Safety /Service	Robert Fowler	2	2
Police Chief	Celestino Rivera	19	43
Fire Chief	Thomas Brown	8	26
Director of Utilities	William Donohue	1	1
Director of the Department of Building, Housing & Planning	Vacant		
Public Property Manager	Harold Kendrick	2	2
Building Inspector	Richard Klinar	6	20
City Engineer	Dale Vandersommen	3	19
Chief Deputy Auditor	Anita Harper	14	14
IT Director	David Comer	20	20
Clerk of Council	Nancy Greer	19	22

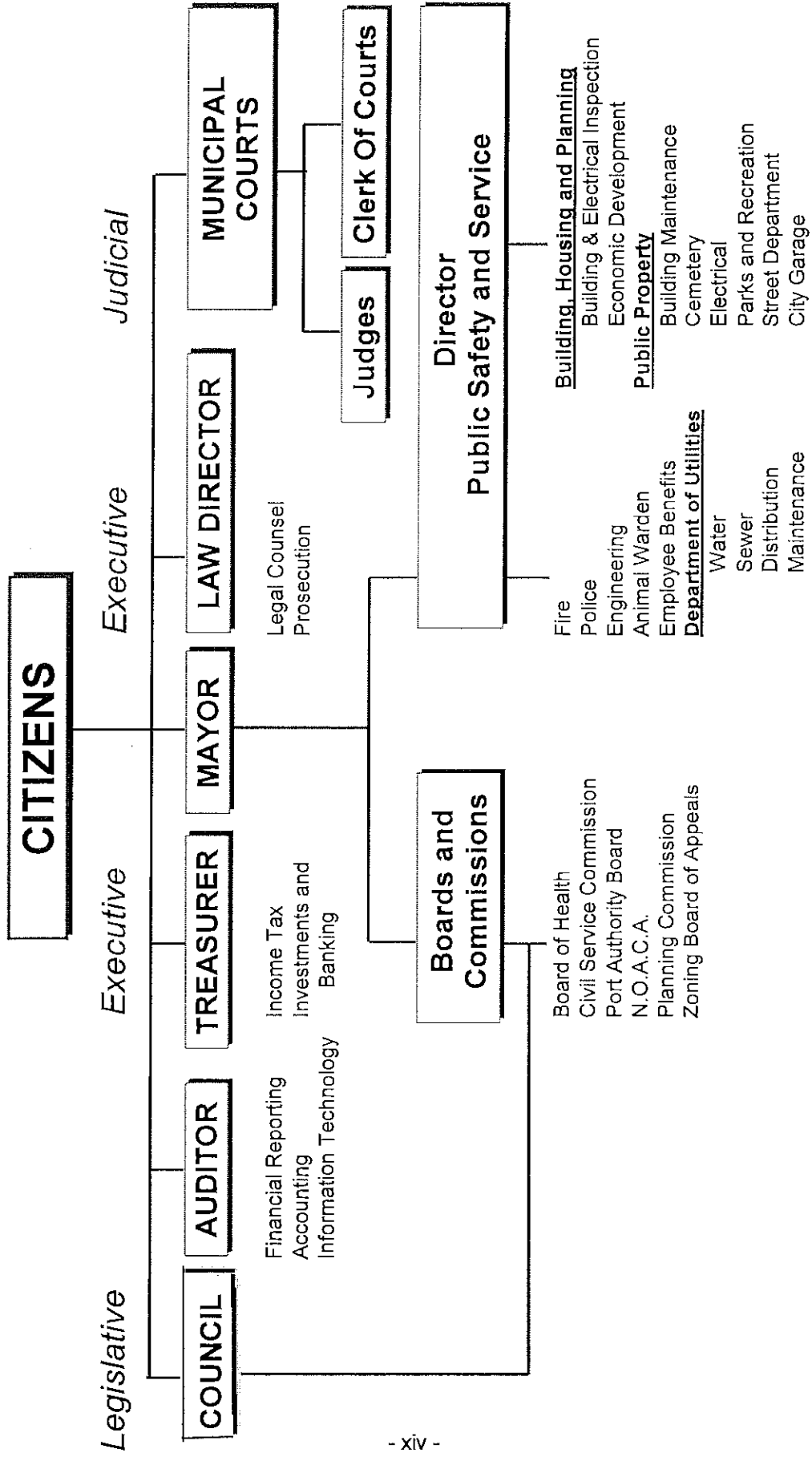
City of Lorain Voting Wards



ENGINEERING DEPARTMENT

NOT TO SCALE

City of Lorain - Organizational Chart





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, Lorain County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, Lorain County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Community Development funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 24, 2014

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City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of the City of Lorain's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, as well as the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are:

- The City was removed from fiscal watch by the Auditor of State on October 21, 2013.
- \$11,990,000 in general obligation bonds were issued in 2013 for property acquisition and roadway improvements.
- \$29.8 million in Ohio Water Development loans were received for various waterline projects throughout the City and for the continuing construction of phase one of the Black River wastewater storage and conveyance tunnel project.
- \$2.69 million in Ohio Public Works Commission, State Infrastructure Bank loans were received for various roadway improvements within the City.
- The City entered into capital leases totaling over \$4.5 million for upgrades to the City's financial and income tax software and new equipment for various departments of the City.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business. The *statement of net position* and *statement of activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in one total column.

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

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Proprietary Funds

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

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

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

Fiduciary Funds

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

The fiduciary fund financial statement can be found on page 34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 75 of this report.

Other Information

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

Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole. Table I provides a summary of the City's net position at December 31, 2013 as compared to December 31, 2012.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

TABLE 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$56,877,387	\$51,497,799	\$20,823,011	\$15,752,339	\$77,700,398	\$67,250,138
Capital Assets,						
Non-Depreciable	30,015,506	15,502,383	43,807,297	38,085,407	73,822,803	53,587,790
Capital Assets,						
Depreciable, Net	74,859,383	78,408,842	99,049,411	74,726,791	173,908,794	153,135,633
<i>Total Assets</i>	<u>161,752,276</u>	<u>145,409,024</u>	<u>163,679,719</u>	<u>128,564,537</u>	<u>325,431,995</u>	<u>273,973,561</u>
Deferred Outflows of Resources	191,216	203,955	0	0	191,216	203,955
Liabilities						
Current and Other Liabilities	3,963,325	3,375,362	3,472,685	3,235,999	7,436,010	6,611,361
Long-Term Liabilities:						
Due Within One Year	6,698,958	6,103,011	5,103,734	4,078,857	11,802,692	10,181,868
Due in More Than One Year	65,419,893	54,896,035	78,476,299	51,245,898	143,896,192	106,141,933
<i>Total Liabilities</i>	<u>76,082,176</u>	<u>64,374,408</u>	<u>87,052,718</u>	<u>58,560,754</u>	<u>163,134,894</u>	<u>122,935,162</u>
Deferred Inflows of Resources	3,053,865	2,980,441	0	0	3,053,865	2,980,441
Net Position						
Net Investment in Capital Assets	52,754,936	54,637,305	62,156,781	59,864,311	114,911,717	114,501,616
Restricted:						
Capital Projects	2,235,651	1,450,090	0	0	2,235,651	1,450,090
Debt Service	4,073,508	3,262,703	0	0	4,073,508	3,262,703
Utility Reserve	0	0	1,955,578	1,877,887	1,955,578	1,877,887
Capital Leases	1,366,060	1,634,491	1,034,851	836,875	2,400,911	2,471,366
Other Purposes	21,465,196	18,314,881	0	0	21,465,196	18,314,881
Unrestricted (Deficit)	912,100	(1,041,340)	11,479,791	7,424,710	12,391,891	6,383,370
<i>Total Net Position</i>	<u>\$82,807,451</u>	<u>\$78,258,130</u>	<u>\$76,627,001</u>	<u>\$70,003,783</u>	<u>\$159,434,452</u>	<u>\$148,261,913</u>

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. The largest portion of the City's net position reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, furniture and fixtures and infrastructure including water and sewer lines), less any outstanding debt used to acquire those assets.

Total net position increased from 2012 to 2013. The growth in current and other assets is essentially the result of increases in cash and cash equivalents from operations and capital financing activities. The increase includes over \$40 million in capital asset additions for easements, equipment purchases and infrastructure improvements. Total liabilities increased from 2012 to 2013 as a result of the rise in long-term liabilities especially outstanding debt.

Table 2 shows the changes in net position for the years ended December 31, 2013 and 2012 and corresponds to the Statement of Activities on page 22.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services and Assessments	\$8,204,090	\$5,870,986	\$24,546,199	\$22,434,511	\$32,750,289	\$28,305,497
Operating Grants and Contributions	8,461,891	6,669,460	0	0	8,461,891	6,669,460
Capital Grants and Contributions	2,972,669	1,702,509	1,833,799	2,393,244	4,806,468	4,095,753
Total Program Revenues	19,638,650	14,242,955	26,379,998	24,827,755	46,018,648	39,070,710
General Revenues:						
Property Taxes	2,479,505	3,127,011	0	0	2,479,505	3,127,011
Municipal Income Taxes	23,560,252	18,227,982	0	0	23,560,252	18,227,982
Payments in Lieu of Taxes	890,274	1,008,778	0	0	890,274	1,008,778
Grants and Entitlements not Restricted to Specific Programs	3,390,815	3,915,101	0	0	3,390,815	3,915,101
Franchise Fees	594,936	651,413	0	0	594,936	651,413
Investment Earnings	36,297	23,096	29	0	36,326	23,096
Gain on Sale of Capital Assets	0	0	8,480	700	8,480	700
Miscellaneous	3,738,577	850,886	195,782	57,614	3,934,359	908,500
Total General Revenues	34,690,656	27,804,267	204,291	58,314	34,894,947	27,862,581
Total Revenues	54,329,306	42,047,222	26,584,289	24,886,069	80,913,595	66,933,291
Program Expense:						
General Government	6,233,640	10,393,507	0	0	6,233,640	10,393,507
Security of Persons and Property	25,189,457	22,770,490	0	0	25,189,457	22,770,490
Transportation	9,841,983	9,539,291	0	0	9,841,983	9,539,291
Public Health	2,054,913	2,263,408	0	0	2,054,913	2,263,408
Community Environment	440,263	380,767	0	0	440,263	380,767
Economic Development	2,828,155	3,889,164	0	0	2,828,155	3,889,164
Leisure Time Activities	941,124	671,450	0	0	941,124	671,450
Interest and Fiscal Charges	2,337,966	2,227,483	0	0	2,337,966	2,227,483
Water Works	0	0	9,190,069	8,276,927	9,190,069	8,276,927
Water Pollution Control	0	0	10,683,486	13,508,372	10,683,486	13,508,372
Total Expenses	49,867,501	52,135,560	19,873,555	21,785,299	69,741,056	73,920,859
Increase (Decrease) in Net Position						
Before Transfers	4,461,805	(10,088,338)	6,710,734	3,100,770	11,172,539	(6,987,568)
Transfers	87,516	80,000	(87,516)	(80,000)	0	0
Increase (Decrease) in Net Position	4,549,321	(10,008,338)	6,623,218	3,020,770	11,172,539	(6,987,568)
Net Position, January 1	78,258,130	88,266,468	70,003,783	66,983,013	148,261,913	155,249,481
Net Position, December 31	\$82,807,451	\$78,258,130	\$76,627,001	\$70,003,783	\$159,434,452	\$148,261,913

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Program revenues increased in 2013. This increase is primarily reflected in charges for services. Both Operating Grants and Contributions and Capital Grants and Contributions also saw gains in 2013. While program revenues provide considerable assistance in the provision of governmental services, the burden of governmental support is met by general revenues such as municipal income taxes, property taxes, and unrestricted grants and entitlements. General revenues increased by over \$7 million from the prior year and is principally attributed to the increase in the City's income tax rate and the receipt of a large legal settlement although the City again saw a decline in property taxes and local government grants and entitlements revenue received. Other general revenue sources remained relatively stable with a slight decrease in payments in lieu of taxes received.

Governmental Activities

There are several revenue sources that fund the City's governmental activities. Income tax revenues account for one of the largest sources of revenue. The income tax rate for the general fund of the City is 2.00 percent and was last amended in 2012. In 1992 an additional .25 percent was approved by the citizens of Lorain for the Police (money collected is in a separate police levy fund). In 2012 an additional .25 percent was approved by the citizens of Lorain for the Streets (money collected is in the streets special revenue fund). In 2013, the revenue from income taxes increased by over \$5.3 million primarily as a result of the 2012 income tax rate increase of .50 percent which became effective on January 1, 2013. The income tax credit in effect for 2013 and future years is 100 percent of the tax paid to another city up to the City's total current tax rate of 2.50 percent.

The second largest source of revenue in governmental activities, Operating Grants and Contributions, increased due to the receipt of an Ohio Department Development Clean Ohio Revitalization Fund grants for remediation of the St. Joseph Community Center. Additionally, there was an increase in loan repayment revenue in the community development fund.

The City has a strong economic development program, through our Community Development Department, which is aggressively pursuing new businesses to support the City's governmental activities. The City of Lorain, through the Administration and City Council, continues to pursue strategies that will expand the local tax base, expand employment opportunities, improve economic conditions and diversify the local industrial base.

The City received a legal settlement in the amount of \$3,000,000 in 2013 and is reflected in miscellaneous general revenue.

Charges for services increased significantly in 2013 and corresponds to gains in building permit revenue, special assessments, and rate increases instituted for the water, water pollution control (sewer), and general sewer (storm sewer) departments.

Total governmental program expenses for 2013 were down approximately \$2.3 million as compared to 2012 predominately due to decreases in expenditures for the general government and economic development functions. Security of persons and property accounted for the largest portion of program expenses and includes the operations of the police and fire departments.

In addition to financial support from General Fund revenues, the Police Department has a special income tax levy of .25 percent which is used for additional police officers and equipment. This money is utilized to purchase new vehicles, equipment that will better serve our community and provide extra police officers. In 2013 the police department purchased 21 new vehicles.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The Fire Department is funded with General Fund revenues. The Department continues to upgrade emergency fire and rescue equipment, as needed, to better serve the community. In 2013, the fire department purchased a new pumper truck and a fleet vehicle.

Transportation expenses were for the depreciation, maintenance and repairs to the City's roads and infrastructure. Expenditures for transportation were up slightly due to an increase in infrastructure projects undertaken. The City paid for these projects from general revenues, license plate fees, and State gas taxes.

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

Business-Type Activities

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

The Utilities Department continued construction on phase one of the Black River wastewater storage and conveyance tunnel. Phase one of the tunnel project is estimated to cost approximately \$66 million and is financed through the Ohio Water Development Authority. This is the final phase of the Citywide sanitary sewer overflow (SSO) elimination program. The 28th Street waterline replacement project was completed in 2013 and other waterline replacement projects were undertaken including State Route 611, Washington and Reid Avenues, Eagle Avenue, Euclid Avenue, and the South Lorain waterline project.

The City's Funds

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

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

As of the end of the current year, the City of Lorain's governmental funds reported combined ending fund balances of \$34,971,577, an increase of \$3.1 million in comparison with the prior year. Nonspendable fund balance of \$355,040 includes material and supplies inventory, prepaid expenses, and unclaimed monies. Fund balance in the amount of \$29,598,415 is restricted to indicate that it is not available for new spending because it has already been restricted by parties outside of the City or pursuant to enabling legislation. It is restricted for economic development, inventory held for resale, debt service, police and municipal court operations, and capital projects. Fund balance in the amount of \$1,643,785 is committed to storm sewer maintenance and improvements, contractual obligations, and funds set aside for compensated absences and payroll reserve. Assigned fund balance includes \$527,963 for general governmental purchases on order in various departments. There is a surplus of \$2,846,374 that constitutes unassigned fund balance or all balances not previously classified.

The General Fund is the main operating fund of the City. The increase in fund balance is the result of various efforts by the City to reduce spending and increase revenues. Efforts by management included zero wage

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increases for all non-bargaining and bargaining units of the City and continued close monitoring of revenue receipts and expenditures.

The Community Development Fund accounts for State and Federal grants restricted for the issuance of loans to individuals and businesses for acquisition and rehabilitation of real property, economic development, administrative costs, and public facilities. The community development department continued their efforts to stabilize distressed neighborhoods by either demolishing or rehabilitating abandoned and foreclosed homes purchased to improve the City's neighborhoods.

The General Obligation Bond Retirement Fund accounts for the accumulation of resources to pay principal and interest on general obligation debt. The City's general obligation bond retirement fund's ending fund balance consists entirely of accumulated excess payments in lieu of taxes received specifically restricted for debt service on the City's various urban renewal bonds.

The Capital Improvements Fund accounts for State grants and loans, bond proceeds, transfers in and various other financing sources used for the construction of various improvements of the City.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law, adopted by an ordinance of City Council and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The General Fund is organized upon the basis of eighteen (18) departments each with its own set of line-item budgeted accounts. The recording of General Fund revenues and expenditures, along with original budget amounts, necessitates updates toward a final budget. Recommendations and requests for budget changes are referred to a City Council meeting for ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within account categories within departments within the same fund.

At the direction of Council, all capital projects and requests for capital type purchases must be reviewed and approved individually by Council. The General Fund supports many major activities such as the Police Department, Fire Department, Lorain Municipal Court and Building Department as well as the legislative and executive activities. Some economic development and capital projects are funded with General Fund dollars. By ordinance, these funds are transferred from the General Fund to various special revenue and capital improvement funds of the City where the revenue and expenditures for the projects are tracked and monitored.

During the course of 2013, the City amended its General Fund budget numerous times. The actual revenue amount was less than the final budget. Municipal income taxes collected were under anticipated receipts by approximately \$797,600 as a result of employer contributions related to employment within the City not meeting expectations and accounts for the largest negative variance in the revenue budget. Charges for services came in under the final estimated budget by roughly \$334,000 and accounted for the second largest negative variance in revenue. The deviation relates to amounts budgeted for reimbursements for engineering services and chargebacks by general fund departments for services to other City departments not being realized. In 2013 amendments of approximately \$2.1 million were made to the original budget to account for the receipt of the settlement of a lawsuit the City was a party to, a capital lease for the purchase of equipment, various reimbursements, and other unanticipated miscellaneous receipts. Miscellaneous revenue came in over the final amended budget by roughly \$532,000 as a result of the receipt of the legal settlement accepted at year end and accounts for the largest positive variance in the revenue budget.

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

In an effort to prevent future economic downturns from negatively affecting general fund operations, City Council passed an ordinance in March 2010 to create and maintain a reserve balance for budget stabilization. The reserve balance was set at a minimum of \$1,000,000 and is to be funded by setting aside \$250,000 per year beginning in 2011. The City set aside \$25,000 in 2010, \$250,000 in 2011, 2012 and 2013. The budget stabilization reserve currently has a balance of \$775,000 and is not available for appropriation in 2014. The ordinance includes provisions for repayment in circumstances where the funds must be used by the General Fund. In the event it is necessary to use all or a portion of the reserve, the balance is to be replenished by securing \$250,000 a year until the balance is restored to the \$1,000,000 mark.

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

Capital Assets and Debt Administration

Capital Assets

Table 3
Capitals Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$9,519,239	\$9,519,239	\$1,060,557	\$669,368	\$10,579,796	\$10,188,607
Easements	6,659,949	0	0	0	6,659,949	0
Construction in Progress	13,836,318	5,983,144	42,746,740	37,416,039	56,583,058	43,399,183
Buildings and Improvements	15,058,543	15,422,019	22,456,801	23,144,892	37,515,344	38,566,911
Machinery and Equipment	12,231,410	10,212,555	8,689,888	7,126,235	20,921,298	17,338,790
Furniture and Fixtures	203,706	202,714	0	0	203,706	202,714
Infrastructure:						
Streets and Sidewalks	47,365,724	52,571,554	0	0	47,365,724	52,571,554
Water Lines	0	0	17,998,111	16,719,583	17,998,111	16,719,583
Sewer Lines	0	0	49,904,611	27,736,081	49,904,611	27,736,081
Total Capital Assets	\$104,874,889	\$93,911,225	\$142,856,708	\$112,812,198	\$247,731,597	\$206,723,423

The most significant increases in governmental capital assets were in construction in progress and easements. Construction in progress includes the recognition of various street and other infrastructure projects begun but not yet completed. The increase in easements is a result of the acquisition from the First Energy Corporation of certain interests in real property. Major equipment purchases include two new tower trucks for the electrical department, a new pumper truck for the fire department, twenty-one new vehicles for the police department, and dump trucks, pickup trucks, a motor grader, durapatcher, hydraulic excavators and street sweepers for the street department. The largest decrease in governmental capital assets is in infrastructure which is attributed to depreciation.

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Business-type activities saw substantial additions to construction in progress, water lines and sewer lines. The most significant construction in progress additions were for phase one of the Black River tunnel construction which began in 2012, and the commencement of the Westside water tower, Oberlin Avenue waterline, Washington and Reid Avenues waterline and the State Route 611 waterline replacement projects which began in 2013. The increase in water lines is due to the completion of the 28th Street waterline replacement project. The increase in sewer lines is a result of the completion of the Westside Relief Sewer project. The water and sewer departments purchased a number of new vehicles for meter readers and service personnel and large equipment in 2013 including a new Caterpillar wheel loader, backhoe, mini hydraulic excavators, and a vactor sewer cleaner truck.

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

See Note 10 of the Notes to the Basic Financial Statements for additional information on the City's capital assets.

Long-Term Obligations

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

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$46,007,912	\$36,699,993	\$1,806,793	\$2,569,975	\$47,814,705	\$39,269,968
Special Assessment Bonds	1,439,566	1,509,770	0	0	1,439,566	1,509,770
OWDA Loans	0	0	76,768,586	49,706,750	76,768,586	49,706,750
HUD Section 108 Loans	2,200,000	2,506,000	0	0	2,200,000	2,506,000
ODOD Loan	1,837,449	2,045,488	0	0	1,837,449	2,045,488
OPWC Loans	2,533,138	2,568,667	0	0	2,533,138	2,568,667
ODOT Loans	3,788,746	1,707,674	0	0	3,788,746	1,707,674
Installment Loans	1,154,523	1,366,872	0	0	1,154,523	1,366,872
Capital Leases	4,471,716	3,210,621	3,169,758	1,522,326	7,641,474	4,732,947
Long Term Note	0	180,000	0	0	0	180,000
Pollution Remediation	854,891	854,891	401,215	282,243	1,256,106	1,137,134
Claims and Judgments	117,668	235,085	0	0	117,668	235,085
Compensated Absences	7,713,242	8,113,985	1,433,681	1,243,461	9,146,923	9,357,446
<i>Total</i>	<u>\$72,118,851</u>	<u>\$60,999,046</u>	<u>\$83,580,033</u>	<u>\$55,324,755</u>	<u>\$155,698,884</u>	<u>\$116,323,801</u>

The seventeen general obligation bonds include the Riverfront, Heritage, and Lighthouse Village urban renewal bonds, an energy conservation bond, the Pellet Terminal bond issued for the purchase and improvement of the old pellet terminal site located on the Black River, the Health Claims bond issued to defer the cost of the City's self-insurance claims and various purpose refunding bonds issued to refinance the City's 1995 Various Purpose, 1999 Accrued Pension Fund Liability, 1995 Water Revenue bonds, and the 2002 Safety/Service bond. The

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remainder of the bonds were issued for various purposes including infrastructure improvements dating back to 1998. The interest and principal on the general obligation bonds of the governmental activities are paid from real estate taxes and payments in lieu of taxes in the case of the urban renewal bonds. Interest and principal for business-type activities general obligation bonds are paid from water and sewer user fees.

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

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

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

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

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

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

The installment loans are for improvements to one of the City's fire stations, engineering services performed by the Lorain County engineer for planned future road construction projects and the purchase and installation of a court case management system.

The City has entered into capitalized lease obligations for various equipment including fire trucks, street sweepers, dump trucks, excavation and snow removal equipment for the street department, IP phone equipment and copiers/scanners for all City departments, police cruisers, and a high pressure jet truck for the water pollution control department. In 2013 the City entered into a lease for the purchase of software and hardware upgrades for the City's accounting, utilities and income tax systems, a dump truck with snow removal equipment, a bobcat, mini excavator, leaf loaders and street sweepers for the street department, mowers for the parks and cemetery departments, and utility vehicles, dump trucks, a forklift, backhoe with trailer, an excavator with trailer, a high pressure water jet truck, a crane/boom truck, and mowers for the water and water pollution control departments at a cost of \$3,986,983. The minimum lease payments required are paid from the general fund, streets, parkland and police levy special revenue funds, general sewer capital projects fund, and the water works and water pollution control enterprise funds.

The long term note, which was paid off from the proceeds of the legal settlement received, was for the purpose of financing legal fees related to the City's Community Reinvestment Area (CRA) litigation.

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

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

The compensated absence category represents the dollar value of accumulated but unused sick leave and vacation time at year end. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see note 14 to the basic financial statements.

The City's general obligation bond rating is A3, based on the global rating scale, issued by Moody's and was assigned this rating May 19, 2011 and reaffirmed on March 14, 2013.

See Notes 12 and 13 to the Basic Financial Statements for additional information on the City's outstanding debt obligations.

Economic Factors and Current Financial Issues

Many of the financial issues that the City has encountered in the last several years are still being addressed. The City continues to face many of the same issues as other communities including decreasing revenue sources, rising operating costs, and capital needs that cannot be funded. The December 2013 unemployment rate for the City was 8.6 percent while the unemployment rate for Lorain County was 7.2 percent and the State of Ohio was 7.17 percent (based on the Ohio Job & Family Services, Office of Workforce Development).

The City's overall financial condition in 2013 has improved over 2012 and continues to require constant and unrelenting attention to maintain a positive financial position especially in the General Fund. The General Fund unassigned balance went from \$3,003,372 in 2012 to \$2,999,220 in 2013 due largely to the decrease in local government revenue funding from the State and the expiration of the estate tax in Ohio. The passage of a permanent income tax rate increase by .50 percent, one-half of which (.25 percent) goes towards general operations has helped to stabilize the City's finances, but there continues to be challenges going forward. There continues to be a concerted effort on the part of City Council and the City's administration to curtail spending wherever possible without compromising City services when possible.

City employees have not had pay increases since 2007-08 and with the expiration of bargaining unit contracts in 2014, it is not known what effect the completion of these contracts will have on the finances of the City.

The City's residential/agricultural real estate property values decreased 16 percent, from 2011 to 2012 as a result of the County's sexennial reappraisal to adjust the true value of real property to reflect the current market values. This was followed by a .4 percent reduction from 2012 to 2013.

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

- The Lorain City School District (the "School District") is the City's second largest employer. In 2001, the School District voters approved a \$41 million bond issue to pay the local share of a state-assisted classroom facilities project with a total estimated cost of \$216 million. Between 2004 and 2011, 10 elementary and 3 middle schools were constructed at a total cost of \$138 million. The school board has decided to build one new high school rather than remodel the two existing high schools. A site has been selected and has been approved by the Ohio Schools Facility Commission. Demolition of the high school currently on the site is complete. Architectural drawings have been approved and building plans

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and permit application were submitted to the City building department in the fourth quarter 2013. Construction will begin in the second quarter 2014 and will cost approximately \$70 million. Final construction is expected to be completed in August 2016. The City anticipates receiving substantial revenue from income tax revenue from construction jobs for this project.

- U.S. Steel Corp. recently announced that it is considering investing \$100 million in the Lorain Tubular Operations four seamless hot mill to expand the size capacity of its pipe to six inches to further meet the increased demand of the on-shore exploration of oil and gas resources and market demand for larger pipe. This project is expected to begin the second quarter 2014.
- In May 2012 Republic Steel, the City's fourth largest employer, broke ground on a planned \$85.2 million investment in its Lorain facilities which will go toward installing a new electric arc furnace and supporting equipment. The new furnace is scheduled to begin production in the 3rd quarter 2014. Republic makes highly engineered steel at the plant which has the strength needed for automotive and industrial applications. The additional capacity created by the furnace is expected to increase production by one million tons of steel per year and create an estimated 449 new jobs at the Lorain facility and add more than \$1 billion in annual economic activity to Ohio.
- In relation to the Republic Steel investment, FirstEnergy Corporation broke ground in May 2012 for a substation and associated transmission lines in Lorain designed to support the new electric arc furnace. The Black River substation will provide 138 kilovolt (or 138,000 volts) power to support future operations at Republic Steel's Lorain plant. The new substation will also have the capacity to supply power to much of the City. The new substation began operation in the summer of 2013 and the existing Edgewater substation and transmission lines along the Lake Erie waterfront have been demolished. FirstEnergy said the Black River substation will involve more than 75 FirstEnergy employees and local contractors.
- In February 2014, Camaco purchased an additional 3.46 acres of land in the Riverbend Commerce Park with plans on adding an additional 40,000 square foot addition and potentially add new jobs. This addition will bring the total size of the facility 200,000 square feet.
- Emerson Network Power announced it would be opening an Advanced Engineering Center at its Lorain facility in 2014. The center will be responsible for accelerating next-generation power and controller technology for all forms of communications networks. The center will add 30 or more highly-skilled engineering, marketing, and service positions by 2014.

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

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

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Ronald L. Mantini, Auditor

Ron_Mantini@cityoflorain.org

or

Anita J. Harper, Chief Deputy Auditor

Anita_Harper@cityoflorain.org

City of Lorain
200 W. Erie Ave. – 6th Floor
Lorain, OH 44052-1647



Basic Financial Statements

City of Lorain, Ohio
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,464,670	\$14,326,239	\$30,790,909
Cash and Cash Equivalents:			
In Segregated Accounts	458,402	0	458,402
With Fiscal Agents	1,366,060	1,034,851	2,400,911
Accounts Receivable	2,121,139	4,185,348	6,306,487
Inventory Held for Resale	1,976,520	0	1,976,520
Materials and Supplies Inventory	1,493,415	852,012	2,345,427
Internal Balances	530,036	(530,036)	0
Intergovernmental Receivable	11,174,221	637,092	11,811,313
Prepaid Items	113,143	56,727	169,870
Municipal Income Taxes Receivable	3,152,108	0	3,152,108
Property Taxes Receivable	3,311,917	0	3,311,917
Payments in Lieu of Taxes Receivable	448,672	0	448,672
Special Assessments Receivable	3,177,590	0	3,177,590
Loans Receivable	11,089,494	260,778	11,350,272
Nondepreciable Capital Assets	30,015,506	43,807,297	73,822,803
Depreciable Capital Assets, Net	74,859,383	99,049,411	173,908,794
<i>Total Assets</i>	<u>161,752,276</u>	<u>163,679,719</u>	<u>325,431,995</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	191,216	0	191,216
Liabilities			
Accounts Payable	898,220	520,029	1,418,249
Contracts Payable	378,875	152,327	531,202
Accrued Wages and Benefits	637,724	284,352	922,076
Matured Compensated Absences Payable	90,625	1,154	91,779
Vacation Benefits Payable	9,457	0	9,457
Intergovernmental Payable	702,092	218,243	920,335
Retainage Payable	158,748	2,286,391	2,445,139
Accrued Interest Payable	252,502	4,602	257,104
Claims Payable	577,876	0	577,876
Claims and Judgments Payable	257,206	5,587	262,793
Long-Term Liabilities:			
Due Within One Year	6,698,958	5,103,734	11,802,692
Due In More Than One Year	65,419,893	78,476,299	143,896,192
<i>Total Liabilities</i>	<u>76,082,176</u>	<u>87,052,718</u>	<u>163,134,894</u>
Deferred Inflows of Resources			
Property Taxes	3,053,865	0	3,053,865
Net Position			
Net Investment in Capital Assets	52,754,936	62,156,781	114,911,717
Restricted for:			
Capital Projects	2,235,651	0	2,235,651
Debt Service	4,073,508	0	4,073,508
Utility Reserve	0	1,955,578	1,955,578
Community Development	16,687,695	0	16,687,695
Police	1,631,859	0	1,631,859
Streets	1,551,312	0	1,551,312
Capital Leases	1,366,060	1,034,851	2,400,911
Municipal Courts	658,236	0	658,236
Other Purposes	936,094	0	936,094
Unrestricted	912,100	11,479,791	12,391,891
<i>Total Net Position</i>	<u>\$82,807,451</u>	<u>\$76,627,001</u>	<u>\$159,434,452</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$6,233,640	\$5,201,845	\$26,995	\$0
Security of Persons and Property	25,189,457	1,304,465	105,979	280,000
Transportation	9,841,983	70,905	2,633,555	2,692,669
Public Health	2,054,913	747,165	792,812	0
Community Environment	440,263	851,224	15,153	0
Economic Development	2,828,155	10,487	4,887,397	0
Leisure Time Activities	941,124	17,999	0	0
Interest and Fiscal Charges	2,337,966	0	0	0
<i>Total Governmental Activities</i>	<u>49,867,501</u>	<u>8,204,090</u>	<u>8,461,891</u>	<u>2,972,669</u>
Business-Type Activities				
Water Works	9,190,069	9,464,177	0	0
Water Pollution Control	10,683,486	15,082,022	0	1,833,799
<i>Total Business-Type Activities</i>	<u>19,873,555</u>	<u>24,546,199</u>	<u>0</u>	<u>1,833,799</u>
<i>Total</i>	<u>\$69,741,056</u>	<u>\$32,750,289</u>	<u>\$8,461,891</u>	<u>\$4,806,468</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Police Pension
- Fire Pension
- Debt Service

Municipal Income Taxes Levied for

- General Purposes
- Police Levy
- Streets

Payments in Lieu of Taxes

Grants and Entitlements not Restricted
to Specific Programs

- Franchise Fees
- Investment Earnings
- Gain on Sale of Capital Assets
- Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activity	Total
(\$1,004,800)	\$0	(\$1,004,800)
(23,499,013)	0	(23,499,013)
(4,444,854)	0	(4,444,854)
(514,936)	0	(514,936)
426,114	0	426,114
2,069,729	0	2,069,729
(923,125)	0	(923,125)
(2,337,966)	0	(2,337,966)
(30,228,851)	0	(30,228,851)
0	274,108	274,108
0	6,232,335	6,232,335
0	6,506,443	6,506,443
(30,228,851)	6,506,443	(23,722,408)
1,530,563	0	1,530,563
165,324	0	165,324
165,324	0	165,324
618,294	0	618,294
18,991,492	0	18,991,492
2,414,008	0	2,414,008
2,154,752	0	2,154,752
890,274	0	890,274
3,390,815	0	3,390,815
594,936	0	594,936
36,297	29	36,326
0	8,480	8,480
3,738,577	195,782	3,934,359
34,690,656	204,291	34,894,947
87,516	(87,516)	0
34,778,172	116,775	34,894,947
4,549,321	6,623,218	11,172,539
78,258,130	70,003,783	148,261,913
\$82,807,451	\$76,627,001	\$159,434,452

City of Lorain, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,245,741	\$4,231,574	\$583,862	\$5,848,155	\$4,495,997	\$16,405,329
Cash and Cash Equivalents:						
In Segregated Accounts	299,654	0	0	158,748	0	458,402
With Fiscal Agents	721,679	1,004	0	0	643,377	1,366,060
Accounts Receivable	1,644,680	0	355,361	0	121,098	2,121,139
Inventory Held for Resale	0	1,976,520	0	0	0	1,976,520
Materials and Supplies Inventory	70,526	894	0	0	119,294	190,714
Interfund Receivable	387,451	0	0	0	44,736	432,187
Intergovernmental Receivable	2,797,662	6,337,554	90,805	885,624	1,062,576	11,174,221
Prepaid Items	95,343	783	0	0	14,761	110,887
Municipal Income Taxes Receivable	2,530,285	0	0	0	621,823	3,152,108
Property Taxes Receivable	2,124,954	0	741,851	0	445,112	3,311,917
Payments in Lieu of Taxes Receivable	0	73,006	375,666	0	0	448,672
Special Assessments Receivable	456,836	0	0	0	2,720,754	3,177,590
Loans Receivable	0	10,945,491	144,003	0	0	11,089,494
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	53,439	0	0	0	0	53,439
Total Assets	\$12,428,250	\$23,566,826	\$2,291,548	\$6,892,527	\$10,289,528	\$55,468,679
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$620,821	\$81,167	\$0	\$39,093	\$82,120	\$823,201
Contracts Payable	0	34,280	0	300,296	44,299	378,875
Accrued Wages and Benefits	494,242	15,010	0	0	116,461	625,713
Matured Compensated Absences Payable	39,382	0	0	0	51,243	90,625
Intergovernmental Payable	538,876	52,035	0	0	99,887	690,798
Retainage Payable	0	0	0	158,748	0	158,748
Interfund Payable	42,545	35,044	0	0	148,448	226,037
Claims and Judgments Payable	252,203	391	0	0	3,810	256,404
Accrued Interest Payable	99	0	0	0	19,568	19,667
Total Liabilities	1,988,168	217,927	0	498,137	565,836	3,270,068
Deferred Inflows of Resources						
Property Taxes	1,959,386	0	684,049	0	410,430	3,053,865
Unavailable Revenue	3,320,135	5,890,730	681,192	757,892	3,523,220	14,173,169
Total Deferred Inflows of Resources	5,279,521	5,890,730	1,365,241	757,892	3,933,650	17,227,034
Fund Balances						
Nonspendable	219,308	1,677	0	0	134,055	355,040
Restricted	982,665	17,456,492	926,307	5,636,498	4,596,453	29,598,415
Committed	431,405	0	0	0	1,212,380	1,643,785
Assigned	527,963	0	0	0	0	527,963
Unassigned (Deficit)	2,999,220	0	0	0	(152,846)	2,846,374
Total Fund Balances	5,160,561	17,458,169	926,307	5,636,498	5,790,042	34,971,577
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$12,428,250	\$23,566,826	\$2,291,548	\$6,892,527	\$10,289,528	\$55,468,679

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2013*

Total Governmental Fund Balances		\$34,971,577
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		104,874,889
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Special Assessments	\$3,177,590	
Delinquent Property Taxes	258,052	
Intergovernmental	9,686,676	
Municipal Income Taxes	484,353	
Payments in Lieu of Taxes	409,579	
Loans	156,919	
Total		14,173,169
Two internal service funds are used by management to charge the costs of insurance and garage repairs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Net Position (Deficit)	(3,706,476)	
Capital Assets	(179,452)	
Bonds Payable	4,387,871	
Compensated Absences	66,783	
Internal Balances	389,017	
Total		957,743
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(232,835)
Vacation benefits payable is not due and payable with expendable available financial resources and therefore are not reported in the funds.		(9,457)
Long-term liabilities are not due and payable in the current period therefore they are not reported in the funds:		
General Obligation Bonds	(46,007,912)	
Special Assessment Bonds	(1,439,566)	
HUD Section 108 Loans	(2,200,000)	
OPWC Loans	(2,533,138)	
State Infrastructure Bank Loans	(3,788,746)	
Other Loans	(2,991,972)	
Compensated Absences	(7,713,242)	
Capital Leases	(4,471,716)	
Pollution Remediation	(854,891)	
Claims and Judgments	(117,668)	
Deferred Charge on Refunding	191,216	
Total		(71,927,635)
Net Position of Governmental Activities		\$82,807,451

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,856,269	\$0	\$731,857	\$0	\$398,786	\$2,986,912
Payments in Lieu of Taxes	0	128,312	997,880	60,346	0	1,186,538
Municipal Income Taxes	18,905,019	0	0	0	4,519,047	23,424,066
Charges for Services	1,088,851	0	0	0	1,772,860	2,861,711
Licenses and Permits	918,593	0	0	0	301,241	1,219,834
Fines and Forfeitures	1,131,860	0	0	0	920,619	2,052,479
Intergovernmental	3,706,845	3,119,864	141,826	3,032,296	3,514,955	13,515,786
Franchise Fees	594,936	0	0	0	0	594,936
Special Assessments	0	0	0	0	80,691	80,691
Interest	24,751	2,150	9,393	0	3	36,297
Contributions and Donations	133,691	0	0	250,000	0	383,691
Miscellaneous	3,077,336	53,485	363,216	0	244,540	3,738,577
<i>Total Revenues</i>	<u>31,438,151</u>	<u>3,303,811</u>	<u>2,244,172</u>	<u>3,342,642</u>	<u>11,752,742</u>	<u>52,081,518</u>
Expenditures						
Current:						
General Government	9,055,579	0	28,690	0	402,344	9,486,613
Security of Persons and Property	18,973,503	0	0	0	3,118,022	22,091,525
Transportation	0	0	0	0	3,901,721	3,901,721
Public Health	240,069	0	0	0	1,513,764	1,753,833
Community Environment	362,003	0	0	0	6,995	368,998
Economic Development	185,657	2,376,511	0	0	0	2,562,168
Leisure Time Activities	623,400	0	0	0	0	623,400
Capital Outlay	0	0	0	16,583,054	1,344,886	17,927,940
Debt Service:						
Principal Retirement	283,453	514,039	3,418,915	0	948,624	5,165,031
Interest and Fiscal Charges	27,036	175,914	1,642,230	0	147,777	1,992,957
Bond Issuance Costs	0	0	0	247,626	0	247,626
<i>Total Expenditures</i>	<u>29,750,700</u>	<u>3,066,464</u>	<u>5,089,835</u>	<u>16,830,680</u>	<u>11,384,133</u>	<u>66,121,812</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,687,451</u>	<u>237,347</u>	<u>(2,845,663)</u>	<u>(13,488,038)</u>	<u>368,609</u>	<u>(14,040,294)</u>
Other Financing Sources (Uses)						
Capital Leases Issued	772,702	0	0	0	1,650,376	2,423,078
Bonds Issued	0	0	0	11,990,000	0	11,990,000
Loans Received	0	0	0	2,694,131	0	2,694,131
Discount on Debt Issuance	0	0	0	(54,472)	0	(54,472)
Transfers In	125,285	250,000	2,976,513	0	391,013	3,742,811
Transfers Out	(2,337,175)	(102,490)	0	(157,000)	(1,047,248)	(3,643,913)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,439,188)</u>	<u>147,510</u>	<u>2,976,513</u>	<u>14,472,659</u>	<u>994,141</u>	<u>17,151,635</u>
<i>Net Change in Fund Balances</i>	<u>248,263</u>	<u>384,857</u>	<u>130,850</u>	<u>984,621</u>	<u>1,362,750</u>	<u>3,111,341</u>
<i>Fund Balances Beginning of Year</i>	<u>4,912,298</u>	<u>17,073,312</u>	<u>795,457</u>	<u>4,651,877</u>	<u>4,427,292</u>	<u>31,860,236</u>
<i>Fund Balances End of Year</i>	<u>\$5,160,561</u>	<u>\$17,458,169</u>	<u>\$926,307</u>	<u>\$5,636,498</u>	<u>\$5,790,042</u>	<u>\$34,971,577</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013*

Net Change in Fund Balances - Total Governmental Funds **\$3,111,341**

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

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

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

Capital Asset Additions	\$20,461,847	
Current Year Depreciation	(9,255,465)	
Total		11,206,382

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (242,718)

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

Delinquent Property Taxes	(507,407)	
Intergovernmental	925,898	
Municipal Income Taxes	136,186	
Special Assessments	1,508,585	
Payments in Lieu of Taxes	(296,264)	
Total		1,766,998

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

Bonds Issued	(11,990,000)	
Bond Discount	54,472	
Loans Received	(2,694,131)	
Capital Lease Proceeds	(2,423,078)	
Total		(17,052,737)

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

Governmental Funds	5,165,031	
Internal Service Fund	257,676	
Total		5,422,707

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

Accrued Interest	(324,335)	
Amortization of Bond Premium	1,864	
Amortization of Bond Discount	(9,799)	
Amortization of Deferred Charge on Refunding	(12,739)	
Total		(345,009)

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

Compensated Absences	400,743	
Claims and Judgments	117,417	
Vacation Benefits	3,386	
Total		521,546

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

Change in Net Position	260,390	
Capital Assets	267	
Compensated Absences	(3,268)	
Principal Retirement	(257,676)	
Interest Expense	311,543	
Internal Balance	(150,445)	
Total		160,811

Change in Net Position of Governmental Activities **\$4,549,321**

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$1,946,447	\$1,946,447	\$1,856,269	(\$90,178)
Municipal Income Taxes	19,316,678	19,316,678	18,519,069	(797,609)
Charges for Services	1,224,661	1,422,848	1,088,851	(333,997)
Licenses and Permits	1,035,325	1,040,325	918,593	(121,732)
Fines and Forfeitures	1,204,500	1,204,500	964,470	(240,030)
Intergovernmental	3,978,251	4,080,309	4,351,661	271,352
Franchise Fees	650,000	650,000	606,672	(43,328)
Interest	10,100	10,100	13,493	3,393
Contributions and Donations	133,691	133,691	133,691	0
Miscellaneous	50,780	1,076,204	1,608,166	531,962
<i>Total Revenues</i>	<u>29,550,433</u>	<u>30,881,102</u>	<u>30,060,935</u>	<u>(820,167)</u>
Expenditures:				
Current:				
General Government	8,158,872	9,413,476	8,894,407	519,069
Security of Persons and Property	18,872,256	19,134,619	19,006,296	128,323
Public Health	255,920	241,655	239,986	1,669
Community Environment	391,381	367,212	361,676	5,536
Economic Development	54,529	54,529	54,529	0
Leisure Time Activities	600,485	603,125	591,828	11,297
Debt Service:				
Principal Retirement	248,484	283,366	282,503	863
Interest and Fiscal Charges	27,051	27,051	27,051	0
<i>Total Expenditures</i>	<u>28,608,978</u>	<u>30,125,033</u>	<u>29,458,276</u>	<u>666,757</u>
<i>Excess of Revenues Over Expenditures</i>	<u>941,455</u>	<u>756,069</u>	<u>602,659</u>	<u>(153,410)</u>
Other Financing Sources (Uses):				
Advances In	100,297	100,297	100,297	0
Advances Out	0	(200,000)	(135,172)	64,828
Capital Leases Issued	0	757,852	757,852	0
Transfers Out	(2,442,255)	(2,827,088)	(2,577,087)	250,001
<i>Total Other Financing Sources (Uses)</i>	<u>(2,341,958)</u>	<u>(2,168,939)</u>	<u>(1,854,110)</u>	<u>314,829</u>
<i>Net Change in Fund Balance</i>	<u>(1,400,503)</u>	<u>(1,412,870)</u>	<u>(1,251,451)</u>	<u>161,419</u>
<i>Fund Balance Beginning of Year</i>	<u>1,704,417</u>	<u>1,704,417</u>	<u>1,704,417</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>581,170</u>	<u>581,170</u>	<u>581,170</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$885,084</u>	<u>\$872,717</u>	<u>\$1,034,136</u>	<u>\$161,419</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$100,553	\$104,105	\$128,312	\$24,207
Intergovernmental	7,046,258	11,222,115	4,743,463	(6,478,652)
Interest	2,890	2,890	2,056	(834)
Miscellaneous	5,350	8,230	53,485	45,255
<i>Total Revenues</i>	<u>7,155,051</u>	<u>11,337,340</u>	<u>4,927,316</u>	<u>(6,410,024)</u>
Expenditures:				
Current:				
Economic Development	8,179,518	12,563,269	3,672,991	8,890,278
Debt Service:				
Principal Retirement	598,530	517,007	514,039	2,968
Interest and Fiscal Charges	175,914	175,914	175,914	0
<i>Total Expenditures</i>	<u>8,953,962</u>	<u>13,256,190</u>	<u>4,362,944</u>	<u>8,893,246</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,798,911)</u>	<u>(1,918,850)</u>	<u>564,372</u>	<u>2,483,222</u>
Other Financing Sources (Uses):				
Advances In	0	0	34,617	34,617
Advances Out	(61,294)	(96,224)	(96,221)	3
Transfers In	250,000	250,000	250,000	0
Transfers Out	(290,685)	(218,178)	(102,490)	115,688
<i>Total Other Financing Sources (Uses)</i>	<u>(101,979)</u>	<u>(64,402)</u>	<u>85,906</u>	<u>150,308</u>
<i>Net Change in Fund Balance</i>	<u>(1,900,890)</u>	<u>(1,983,252)</u>	<u>650,278</u>	<u>2,633,530</u>
<i>Fund Balance Beginning of Year</i>	<u>2,462,257</u>	<u>2,462,257</u>	<u>2,462,257</u>	<u>0</u>
Prior Year Encumbrances Appropriated	428,299	428,299	428,299	0
<i>Fund Balance End of Year</i>	<u><u>\$989,666</u></u>	<u><u>\$907,304</u></u>	<u><u>\$3,540,834</u></u>	<u><u>\$2,633,530</u></u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$12,370,661	\$12,370,661	\$5,902
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	415,740	1,539,838	1,955,578	0
With Fiscal Agents	621,968	412,883	1,034,851	0
Accounts Receivable	1,653,631	2,531,717	4,185,348	0
Materials and Supplies Inventory	609,261	242,751	852,012	1,302,701
Interfund Receivable	88	1,253	1,341	160
Intergovernmental Receivable	0	637,092	637,092	0
Prepaid Items	35,922	20,805	56,727	2,256
Loans Receivable	0	37,781	37,781	0
<i>Total Current Assets</i>	<u>3,336,610</u>	<u>17,794,781</u>	<u>21,131,391</u>	<u>1,311,019</u>
<i>Noncurrent Assets</i>				
Loans Receivable	0	222,997	222,997	0
Non-Depreciable Capital Assets	15,308,561	28,498,736	43,807,297	0
Depreciable Capital Assets, Net	26,239,031	72,810,380	99,049,411	179,452
<i>Total Noncurrent Assets</i>	<u>41,547,592</u>	<u>101,532,113</u>	<u>143,079,705</u>	<u>179,452</u>
<i>Total Assets</i>	<u>44,884,202</u>	<u>119,326,894</u>	<u>164,211,096</u>	<u>1,490,471</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	218,568	301,461	520,029	75,019
Contracts Payable	42,394	109,933	152,327	0
Accrued Wages and Benefits	138,709	145,643	284,352	12,011
Matured Compensated Absences Payable	1,154	0	1,154	0
Intergovernmental Payable	104,462	113,781	218,243	11,294
Retainage Payable	649,326	1,637,065	2,286,391	0
Accrued Interest Payable	4,398	204	4,602	0
Interfund Payable	142,360	0	142,360	65,291
Claims Payable	0	0	0	577,876
Claims and Judgments Payable	3,374	2,213	5,587	802
Capital Leases Payable	367,860	342,885	710,745	0
Compensated Absences Payable	42,564	42,200	84,764	0
Pollution Remediation Payable	0	220,000	220,000	0
Bonds Payable	568,568	26,344	594,912	273,395
OWDA Loans	1,310,474	2,182,839	3,493,313	0
<i>Total Current Liabilities</i>	<u>3,594,211</u>	<u>5,124,568</u>	<u>8,718,779</u>	<u>1,015,688</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>				
Capital Leases Payable	1,287,824	1,171,189	2,459,013	0
Compensated Absences Payable	560,339	788,578	1,348,917	66,783
Pollution Remediation Payable	0	181,215	181,215	0
Bonds Payable	1,184,322	27,559	1,211,881	4,114,476
OWDA Loans	22,566,218	50,709,055	73,275,273	0
<i>Total Long-Term Liabilities</i>	<u>25,598,703</u>	<u>52,877,596</u>	<u>78,476,299</u>	<u>4,181,259</u>
<i>Total Liabilities</i>	<u>29,192,914</u>	<u>58,002,164</u>	<u>87,195,078</u>	<u>5,196,947</u>
Net Position				
Net Investment in Capital Assets	14,894,653	47,262,128	62,156,781	131,581
Restricted For:				
Utility Reserve	415,740	1,539,838	1,955,578	0
Capital Leases	621,968	412,883	1,034,851	0
Unrestricted (Deficit)	<u>(241,073)</u>	<u>12,109,881</u>	<u>11,868,808</u>	<u>(3,838,057)</u>
<i>Total Net Position (Deficit)</i>	<u>\$15,691,288</u>	<u>\$61,324,730</u>	<u>77,016,018</u>	<u>(\$3,706,476)</u>

Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets are included with business-type activities (389,017)

Net position business-type activities \$76,627,001

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013*

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues				
Charges for Services	\$9,464,177	\$15,082,022	\$24,546,199	\$7,494,241
Miscellaneous	96,384	99,398	195,782	0
<i>Total Operating Revenues</i>	<u>9,560,561</u>	<u>15,181,420</u>	<u>24,741,981</u>	<u>7,494,241</u>
Operating Expenses				
Personal Services	4,490,358	4,778,853	9,269,211	569,480
Materials and Supplies	972,341	500,771	1,473,112	986,828
Contractual Services	1,459,776	1,202,660	2,662,436	935
Claims	0	0	0	5,343,340
Basic Utilities	527,945	668,354	1,196,299	0
Other Expense	315,889	262,301	578,190	5,047
Depreciation	893,039	2,279,821	3,172,860	5,296
<i>Total Operating Expenses</i>	<u>8,659,348</u>	<u>9,692,760</u>	<u>18,352,108</u>	<u>6,910,926</u>
<i>Operating Income</i>	<u>901,213</u>	<u>5,488,660</u>	<u>6,389,873</u>	<u>583,315</u>
Non-Operating Revenues (Expenses)				
Gain on Sale of Capital Assets	8,480	0	8,480	0
Interest	29	0	29	0
Loss on Disposal of Assets	0	(2,650)	(2,650)	0
Interest and Fiscal Charges	(606,638)	(1,062,604)	(1,669,242)	(311,543)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(598,129)</u>	<u>(1,065,254)</u>	<u>(1,663,383)</u>	<u>(311,543)</u>
<i>Income Before Contributions and Transfers</i>	303,084	4,423,406	4,726,490	271,772
Capital Contributions	0	1,833,799	1,833,799	0
Transfers Out	(41,744)	(45,772)	(87,516)	(11,382)
<i>Change in Net Position</i>	261,340	6,211,433	6,472,773	260,390
<i>Net Position (Deficit) Beginning of Year</i>	<u>15,429,948</u>	<u>55,113,297</u>		<u>(3,966,866)</u>
<i>Net Position (Deficit) End of Year</i>	<u>\$15,691,288</u>	<u>\$61,324,730</u>		<u>(\$3,706,476)</u>

Some amounts reported for business-type activities in the statement of activities are different because internal service fund assets are included with business-type activities 150,445

Change in net position business-type activities \$6,623,218

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$9,084,298	\$14,875,915	\$23,960,213	\$0
Cash Received from Transactions with Other Funds	0	0	0	7,536,530
Cash Payments for Goods and Services	(3,265,478)	(2,472,491)	(5,737,969)	(1,334,376)
Cash Payments for Employee Services and Benefits	(4,413,615)	(4,635,543)	(9,049,158)	(586,986)
Cash Payments for Claims	0	0	0	(5,278,888)
Other Operating Revenues	96,384	136,943	233,327	0
<i>Net Cash Provided by Operating Activities</i>	<u>1,501,589</u>	<u>7,904,824</u>	<u>9,406,413</u>	<u>336,280</u>
Cash Flows from Noncapital Financing Activities				
Principal Paid on Bonds	0	0	0	(235,000)
Interest Paid on Bonds	0	0	0	(308,475)
Advances In	142,360	0	142,360	65,291
Transfers Out	(41,744)	(45,772)	(87,516)	(11,382)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>100,616</u>	<u>(45,772)</u>	<u>54,844</u>	<u>(489,566)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(14,643,406)	(18,576,614)	(33,220,020)	(5,029)
Sale of Capital Assets	8,480	0	8,480	0
OWDA Loans Received	13,644,178	16,177,187	29,821,365	0
Capital Leases Issued	1,187,767	892,618	2,080,385	0
Principal Paid on Bonds	(733,719)	(25,533)	(759,252)	(22,676)
Interest Paid on Bonds	(80,698)	(3,456)	(84,154)	(3,068)
Principal Paid on OWDA Loans	(670,500)	(2,089,029)	(2,759,529)	0
Interest Paid on OWDA Loans	(513,867)	(1,040,404)	(1,554,271)	0
Principal Paid on Capital Leases	(209,978)	(222,975)	(432,953)	0
Interest Paid on Capital Leases	(18,274)	(18,847)	(37,121)	0
Capital Grant	0	1,899,690	1,899,690	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,030,017)</u>	<u>(3,007,363)</u>	<u>(5,037,380)</u>	<u>(30,773)</u>
Cash Flows from Investing Activities				
Interest	29	0	29	0
Net Increase (Decrease) in Cash and Cash Equivalents	(427,783)	4,851,689	4,423,906	(184,059)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,465,491</u>	<u>9,471,693</u>	<u>10,937,184</u>	<u>189,961</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,037,708</u>	<u>\$14,323,382</u>	<u>\$15,361,090</u>	<u>\$5,902</u>

(continued)

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$901,213	\$5,488,660	\$6,389,873	\$583,315
<i>Adjustments:</i>				
Depreciation	893,039	2,279,821	3,172,860	5,296
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	(379,079)	(219,013)	(598,092)	0
Interfund Receivable	46	393	439	42,289
Intergovernmental Receivable	0	14,550	14,550	0
Materials and Supplies Inventory	(84,999)	(9,924)	(94,923)	(331,502)
Prepaid Items	2,000	(4,496)	(2,496)	(2,073)
Loans Receivable	0	37,545	37,545	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	(26,914)	(86,956)	(113,870)	(18,708)
Contracts Payable	(489,598)	(821,624)	(1,311,222)	0
Accrued Wages and Benefits	24,813	26,094	50,907	10,263
Claims Payable	0	0	0	75,381
Claims and Judgments Payable	2,188	(122,787)	(120,599)	802
Compensated Absences Payable	48,467	115,401	163,868	(26,349)
Interfund Payable	(38,949)	(22,646)	(61,595)	0
Intergovernmental Payable	36	(986)	(950)	(2,434)
Retainage Payable	649,326	1,111,820	1,761,146	0
Pollution Remediation Payable	0	118,972	118,972	0
<i>Total Adjustments</i>	<u>600,376</u>	<u>2,416,164</u>	<u>3,016,540</u>	<u>(247,035)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$1,501,589</u>	<u>\$7,904,824</u>	<u>\$9,406,413</u>	<u>\$336,280</u>

Noncash Capital Financing Activities

During 2013, the Water Pollution Control fund had \$18,000 of capital asset additions which related to the trade in allowance received and recorded on fully depreciated equipment traded in.

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$783,597</u></u>
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Liabilities

Deposits Held and Due to Others	<u><u>\$783,597</u></u>
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See accompanying notes to the basic financial statements

Note 1 – Description of City and Reporting Entity

The City of Lorain is a statutory municipal corporation established and operated under the laws of the State of Ohio. The City began as an unincorporated village under the name of Charleston in 1834. It was incorporated as a village under the name of Lorain in 1874 and became a City in 1896. The City operates under a council-mayor form of government. Elected officials include eleven council members, a council president, and a mayor.

On October 17, 2002, the Auditor of State's office declared the City of Lorain to be in a state of "Fiscal Watch" in accordance with Section 118.022 of the Ohio Revised Code. This declaration was a result of a forecasted deficit in excess of 1/12 of the preceding year's general fund revenue. The fiscal watch stays in effect until none of the conditions giving rise to the fiscal watch are present and the State Auditor cancels the fiscal watch.

The Auditor of State's office conducted a review of the City's financial condition as of December 31, 2012 along with an additional three year financial forecast in 2013. The Auditor of State determined the City no longer met the fiscal watch conditions as set forth in Section 118.022 of the Ohio Revised Code. Accordingly, the City of Lorain's status of fiscal watch was terminated on October 21, 2013.

Reporting Entity

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

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

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

The City participates in the Northeast Ohio Areawide Coordinating Agency (NOACA) and the Northeast Ohio Public Energy Council (NOPEC), both jointly governed organizations, the Lorain Port Authority, a related organization, and the Public Entity Risk Consortium (PERC), a shared risk pool. These organizations are presented in Notes 18, 19, and 20 respectively.

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds, which are used to collect and distribute deposits, inspection fees and bonds for developers, waste collection fees, State fees and fines for entities outside the City and employee flexible benefits deposits.

Measurement Focus

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

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

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

Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, payments in lieu of taxes, income taxes, special assessments, loans and intergovernmental grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

Budgetary Data

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

resources and sets annual limits on expenditures plus encumbrances at a level of control selected by Council. The legal level of budgetary control is at the object level within each department for all funds. Any budgetary modifications at this level may only be made by resolution of the City Council.

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

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

Pooled Cash and Cash Equivalents

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

The general fund made advances to the fire pension fund, water works fund, and the hospitalization fund to cover deficit cash balances. The fire pension, water works, and hospitalization funds have an interfund payable for the amount received from the general fund and the general fund has an interfund receivable for the same amounts on the balance sheet.

The City has segregated bank accounts for monies held separate from the City's bank accounts. These interest-bearing deposit accounts are presented on the statement of net position and balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. The cash of the Municipal Court is included in this line item. The balance presented on the statement of net position and balance sheet as "cash and cash equivalents with fiscal agents" represents deposits for future debt service payments on Community Development urban redevelopment loans and deposits in escrow for the purchase of capital assets through lease/purchase agreements.

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

During 2013, investments were limited to interest bearing deposit accounts, money market funds, certificates of deposit, and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share price, which is the price the investment could be sold for on December 31, 2013.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2013 amounted to \$24,751 of which 77.34 percent or \$19,142 was assigned from other City funds.

Inventory Held for Resale

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

Materials and Supplies Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Deferred Charge on Refunding

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

Bond Premiums and Discounts

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

Restricted Assets

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

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Capital Assets

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

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

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

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

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

Interfund Balances

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

Compensated Absences

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City's policy limits the accrual of annual vacation time to one year from the employee's anniversary date. Any unused annual vacation can either be paid to the employee in the subsequent year or placed in the employee's vacation bank, within certain limits, to be paid upon retirement. The outstanding liability for amounts to be paid to employees in the subsequent year is recorded as "vacation benefits payable" on the statement of net position rather than as long-term liability.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted for other purposes include resources for health services, municipal court activities and police and fire pension payments.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the governmental-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Operating Revenues and Expenses

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

Estimates

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

Capital Grants

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

Note 3 – Change in Accounting Principles

For 2013, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus." GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. The implementation of the statement did not result in any change in the City's financial statements.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Note 4 -- Fund Deficits and Legal Compliance

Fund Deficits

Fund balances at December 31, 2013 included the following individual fund balance deficits:

Nonmajor Funds:	Deficit
Special Revenue Funds:	
Health Services	\$51,871
Fire Pension	72,215
Capital Projects Fund:	
Municipal Court Improvements	21,895
Internal Service Fund:	
Hospitalization	4,996,181

The deficit in the health services and fire pension special revenue, municipal court improvements capital projects, and hospitalization internal service funds are due to accrued liabilities. The general fund is liable for any deficit and provides transfers when cash is required, rather than when accruals occur.

Legal Compliance

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

Major Fund:	Final Appropriations	Expenditures Plus Encumbrances	Excess
Water Works			
Capital Outlay	\$13,712,822	\$14,583,490	(\$870,668)

Management has indicated that appropriations will be closely monitored to ensure no future violations occur.

Note 5 – Fund Balances

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Fund Balances	General Fund	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Material and Supplies Inventory	\$70,526	\$894	\$0	\$0	\$119,294	\$190,714
Prepays	95,343	783	0	0	14,761	110,887
Unclaimed Monies	53,439	0	0	0	0	53,439
<i>Total Nonspendable</i>	<u>219,308</u>	<u>1,677</u>	<u>0</u>	<u>0</u>	<u>134,055</u>	<u>355,040</u>
<u>Restricted for:</u>						
Loans Receivable	0	10,945,491	0	0	0	10,945,491
Road Improvements	0	0	0	5,636,498	1,446,339	7,082,837
Economic Development Projects	0	4,533,477	0	0	0	4,533,477
Inventory Held for Resale	0	1,976,520	0	0	0	1,976,520
Law Enforcement	0	0	0	0	1,673,411	1,673,411
Equipment Purchases	721,679	0	0	0	643,377	1,365,056
Municipal Court Operations	258,428	0	0	0	672,189	930,617
Debt Service Payments	0	1,004	926,307	0	0	927,311
Drug and Alcohol Enforcement	0	0	0	0	90,743	90,743
Community Environment Enhancement	0	0	0	0	70,351	70,351
Cemetery Operations	2,558	0	0	0	0	2,558
Public Health Initiatives	0	0	0	0	43	43
<i>Total Restricted</i>	<u>982,665</u>	<u>17,456,492</u>	<u>926,307</u>	<u>5,636,498</u>	<u>4,596,453</u>	<u>29,598,415</u>
<u>Committed to:</u>						
Storm Sewer Maintenance and Repair	0	0	0	0	1,212,380	1,212,380
Payroll Reserve	148,010	0	0	0	0	148,010
Compensated Absences Reserve	123,200	0	0	0	0	123,200
Economic Development Incentives	86,955	0	0	0	0	86,955
Park Operations	45,869	0	0	0	0	45,869
Jail Operations	27,371	0	0	0	0	27,371
<i>Total Committed</i>	<u>431,405</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,212,380</u>	<u>1,643,785</u>
<u>Assigned to:</u>						
Purchases on Order	527,963	0	0	0	0	527,963
Unassigned (Deficits)	2,999,220	0	0	0	(152,846)	2,846,374
Total Fund Balances	<u>\$5,160,561</u>	<u>\$17,458,169</u>	<u>\$926,307</u>	<u>\$5,636,498</u>	<u>\$5,790,042</u>	<u>\$34,971,577</u>

Stabilization Arrangement

City council adopted an ordinance to establish and maintain a revenue stabilization reserve ("rainy day fund") in the general fund. The principal resource for this reserve is income tax revenue received. The revenue will be reserved on an annual basis with a maximum of \$250,000 being set aside in any one year until the total reserve amount of \$1million is established. Amounts in the reserve are not available for appropriation unless approved by City Council by a majority vote. The balance of the reserve at December 31, 2013 is \$775,000.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Note 6 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance

	General	Community Development
GAAP Basis	\$248,263	\$384,857
Net Adjustment for Revenue Accruals	(1,394,841)	(276,546)
Beginning Unrecorded Cash	33,033	36,688
Ending Unrecorded Cash	(15,408)	(240)
Loan Repayments	0	1,863,603
Net Adjustment for Expenditure Accruals	594,075	(319,298)
Loans Issued	0	(287,236)
Advances In	100,297	34,617
Advances Out	(135,172)	(96,221)
Excess of Revenue Over (Under) Expenditures		
Economic Development	(129,655)	0
Park Land	3,291	0
Encumbrances	(555,334)	(689,946)
Budget Basis	(\$1,251,451)	\$650,278

Note 7 - Deposits and Investments

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
6. The State Treasurer's investment pool (STAR Ohio);
7. Time certificates of deposit or savings or deposit accounts, including but not limited to, passbook accounts; and
8. Commercial paper and bankers' acceptances if trading requirements have been met.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, \$12,634,789 of the City's bank balance of \$13,634,789 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

Investments are reported at fair value. As of December 31, 2013, the City had the following investments:

<u>Description</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>	<u>Credit Rating</u>	<u>% of Total Investment</u>
Money Market Funds	\$2,559,659	\$2,559,659	AAAm	14.70%
STAR Ohio	14,856,034	14,856,034	AAAm	71.80%
Total Investments	<u>\$17,415,693</u>	<u>\$17,415,693</u>		

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The City's money market funds are invested with Blackrock US Treasury obligations and carry a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk The City's investment policy allows investments in Repurchase Agreements, Money Market Mutual Funds, certificates of deposit, and STAR Ohio and allowable

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

investments as defined by the Ohio Revised Code. The City does not limit the amount that can be invested in each type.

Note 8 – Receivables

Receivables at December 31, 2013, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes, special assessments, and loans receivable are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$1,282,088. At December 31, 2013, the amount of delinquent special assessments was \$1,455,035.

The loans receivable at December 31, 2013, include revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. The loans receivable balance of \$10,945,491 on the basic financial statements is stated net of estimated uncollectible of \$690,861 with \$519,359 collectible in one year.

In April of 2002, the City entered into an installment loan agreement with Horizon Activities Center Inc. for the sale of real estate owned by the City, deemed no longer needed for public use, in the amount of \$250,000. The loan has a term of 20 years at 5.75 percent interest with monthly payments of \$1,755. Per the Ohio Revised Code, Section 5705.10, the proceeds from this sale are deposited in the general obligation bond retirement fund. At December 31, 2013 the fund has recorded a loan receivable balance of \$144,003 as a result of this transaction, with \$12,421 collectible in one year.

The City's sewer department issued zero percent interest emergency loans to property owners in 2007 to provide some immediate relief to replace property damaged due to a major sewer line collapse. At December 31, 2013 the fund has recorded a loan receivable balance of \$260,778 as a result of these transactions, with \$37,781 collectible in one year.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City of Lorain. Property tax revenues received in 2013 for real and public utility property represent the collection of 2012 taxes.

Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Real property taxes which were levied in 2013 are collected in and intended to finance 2014. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

City of Lorain, Ohio
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For The Year Ended December 31, 2013

Public utility property tax revenues received in 2013 represent the collection of 2012 taxes. Public utility property taxes received in 2013 became a lien on December 31, 2012, were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The full tax rate for all City of Lorain operations for the year ended December 31, 2013, was \$4.96 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

Real Property	\$730,225,620
Public Utility Personal Property	<u>58,393,860</u>
Total	<u>\$788,619,480</u>

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

Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies a municipal income tax of two and one-half percent on substantially all salaries, wages, commissions and other compensation, and net profits earned within the City as well as income of residents earned outside of the City. Two percent (2.00 percent) is levied for general purposes, one quarter percent (0.25 percent) is restricted for the police levy fund, and one quarter percent (0.25 percent) is restricted for the streets fund. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Residents that work outside the City are credited with 100 percent of the taxes paid to another City up to a maximum of two and one-half percent (the City's current tax rate) of gross wages.

Payments in Lieu of Taxes

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
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Intergovernmental Receivables

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

<u>Governmental Activities</u>	<u>Amount</u>
Grants	\$8,690,090
Local Government	1,223,334
Gasoline Tax	578,498
Motor Vehicle Tax	320,848
Homestead and Rollback	304,485
Permissive Tax	37,525
Liquor and Beer Tax	12,838
Estate Tax	6,285
Other Taxes	318
Total Governmental Activities	<u>11,174,221</u>
<u>Business-Type Activities</u>	
Grants	607,841
Utility Charges	29,251
Total Business-Type Activities	<u>637,092</u>
Total	<u><u>\$11,811,313</u></u>

Note 9 - Inventory Held for Resale

Inventory held for resale represents land purchased and homes purchased and repaired to be resold under the Community Development infill housing and neighborhood stabilization projects. During 2013, the City sold two properties. As of December 31, 2013, the City has 142 properties remaining which are being held for resale.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$9,519,239	\$0	\$0	\$9,519,239
Easements	0	6,659,949	0	6,659,949
Construction in Progress	5,983,144	10,512,941	(2,659,767)	13,836,318
<i>Total Capital Assets, Not Being Depreciated</i>	<u>15,502,383</u>	<u>17,172,890</u>	<u>(2,659,767)</u>	<u>30,015,506</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	23,775,001	75,960	0	23,850,961
Machinery and Equipment	20,245,924	3,159,479	(856,903)	22,548,500
Furniture and Fixtures	311,482	16,990	0	328,472
Infrastructure:				
Streets, Sidewalks, Bridges and Storm Sewers	1,016,325,078	2,696,295	(96,467)	1,018,924,906
<i>Total Capital Assets, Being Depreciated</i>	<u>1,060,657,485</u>	<u>5,948,724</u>	<u>(953,370)</u>	<u>1,065,652,839</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(8,352,982)	(439,436)	0	(8,792,418)
Machinery and Equipment	(10,033,369)	(994,373)	710,652	(10,317,090)
Furniture and Fixtures	(108,768)	(15,998)	0	(124,766)
Infrastructure:				
Streets, Sidewalks, Bridges and Storm Sewers	(963,753,524)	(7,805,658)	0	(971,559,182)
<i>Total Accumulated Depreciation</i>	<u>(982,248,643)</u>	<u>(9,255,465) *</u>	<u>710,652</u>	<u>(990,793,456)</u>
Total Capital Assets, Being Depreciated, Net	<u>78,408,842</u>	<u>(3,306,741)</u>	<u>(242,718)</u>	<u>74,859,383</u>
Governmental Activities Capital Assets, Net	<u>\$93,911,225</u>	<u>\$13,866,149</u>	<u>(\$2,902,485)</u>	<u>\$104,874,889</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Business - Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$669,368	\$391,189	\$0	\$1,060,557
Construction in Progress	37,416,039	30,761,869	(25,431,168)	42,746,740
<i>Total Capital Assets, Not Being Depreciated</i>	<u>38,085,407</u>	<u>31,153,058</u>	<u>(25,431,168)</u>	<u>43,807,297</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	52,613,205	263,868	0	52,877,073
Machinery and Equipment	25,316,639	2,070,799	(204,868)	27,182,570
Infrastructure:				
Water Lines	29,822,994	1,771,333	0	31,594,327
Sewer Lines	61,052,915	23,410,130	0	84,463,045
<i>Total Capital Assets, Being Depreciated</i>	<u>168,805,753</u>	<u>27,516,130</u>	<u>(204,868)</u>	<u>196,117,015</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(29,468,313)	(951,959)	0	(30,420,272)
Machinery and Equipment	(18,190,404)	(486,496)	184,218	(18,492,682)
Infrastructure:				
Water Lines	(13,103,411)	(492,805)	0	(13,596,216)
Sewer Lines	(33,316,834)	(1,241,600)	0	(34,558,434)
<i>Total Accumulated Depreciation</i>	<u>(94,078,962)</u>	<u>(3,172,860)</u>	<u>184,218</u>	<u>(97,067,604)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,726,791</u>	<u>24,343,270</u>	<u>(20,650)</u>	<u>99,049,411</u>
Business - Type Activities Capital Assets, Net	<u>\$112,812,198</u>	<u>\$55,496,328</u>	<u>(\$25,451,818)</u>	<u>\$142,856,708</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$2,196,202
Security of Persons and Property	634,480
Transportation	6,106,795
Public Health	35,664
Community Environment	3,325
Economic Development	75,662
Leisure Time Activities	203,337
Total Depreciation Expense	<u>\$9,255,465</u>

Note 11 - Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participated in the Public Entity Risk Consortium (PERC), a shared risk pool (see Note 20) for all City real and personal property, comprehensive general liability including law enforcement liability, blanket crime coverage and public official's liability insurance. Arthur J. Gallagher & Company is the administrator. PERC is a shared risk joint self-insurance pool restricted to mid-size public entities. Lexington Insurance Company covers up to \$250,000,000 per occurrence for real and personal property subject to a \$75,000 self-insured retention with the exception of a \$5,000 retention in respect to automobile physical damage. The Underwriters at Lloyd's, London provides \$2,000,000 per occurrence limit each for Automobile Liability, General Liability, Law Enforcement Liability and Public Official's Liability. These liability policies each have a \$50,000 self-insured retention. An \$8,000,000 Excess Liability policy is provided over all liability policies by Genesis Insurance Company. The City also carries a comprehensive Boiler and Machinery policy by the Travelers Property Casualty Company of America on all City buildings with the property damage limits of \$100,000,000 subject to a \$1,000 deductible. Gallagher Bassett Services, Inc. is the claims administrator for the City. A summary of coverage and limits provided through the pool is as follows:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Property including Auto Physical Damage	\$216,571,000
Liability:	10,000,000
General Liability	
Law Enforcement Liability	
Automobile Liability	
Public Officials Errors & Omissions	
Crime:	
Employee Dishonesty	500,000
Depositors Forgery	50,000
Money & Securities	50,000
Boiler & Machinery	100,000,000

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

Workers' Compensation

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

Health Insurance Benefits

The City manages the hospital/medical, and prescription drug benefits for its employees on a self-insured basis through the hospitalization self-insurance internal service fund. Rates for 2013 were \$1,060/single and \$1,020/family, January through February, \$935/single and \$895/family March through September, \$1,035/single and \$995/family, October through November and \$1,635/single and \$1,595/family for the month of December. Employees covered under separate ordinances for non-bargaining, management, United Steelworkers Local 6621, Police, Dispatchers, Corrections Officers, Fire and elected officials pay

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\$80 per month for family coverage and \$40 a month for single coverage per month. The Plan Administrator for the City determines these rates. Medical Mutual of Ohio, the third party administrator, processes and pays the medical and prescription drug claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$125,000 per employee and an aggregate of \$5,409,802 per year. The \$125,000 specific threshold was exceeded by \$501,585. The City received an invoice credit for the excess. The aggregate was not exceeded.

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

The claims liability of \$577,876 reported in the hospitalization fund at December 31, 2013 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include other allocated claim adjustment expenses. Changes in the fund's claims liability amount for 2012 and 2013 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2012	\$371,377	\$4,706,118	\$4,575,000	\$502,495
2013	502,495	5,343,340	5,267,959	577,876

Note 12 – Long-Term Obligations

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<i>General Obligation Bonds:</i>			
1998 Capital Purposes	3.80-5.00 %	\$3,680,000	December 1, 2018
2003 Riverfront Urban Renewal Phase II & III	2.40-4.75	4,470,000	December 1, 2032
2003 Park and Street Improvements (G.O. Portion)	2.00-5.00	1,200,500	December 1, 2023
2005 Energy Conservation	4.35	2,499,223	December 1, 2015
2006 Lighthouse Urban Renewal Phase I	4.10-5.00	1,510,000	December 1, 2026
2007 Riverfront Urban Renewal Refunding	4.00-4.30	4,970,000	December 1, 2028
2007A Colorado Avenue	4.00-4.125	505,000	December 1, 2027
2007A US Route 6	4.00-4.125	775,000	December 1, 2022
2007B Heritage Urban Renewal	4.00-4.20	1,315,000	December 1, 2028
2008 Pellet Terminal Improvement	6.00-6.75	5,440,000	December 1, 2028
2010 Health Claims	6.50-7.00	5,000,000	December 1, 2025
2011 Street Improvements (G.O. Portion)	2.00-5.45	455,920	December 1, 2031
2011 Various Purpose Refunding (G.O. Portion)	3.00-4.75	2,074,175	December 1, 2024
2012 Jaeger Road	2.00-4.00	5,535,000	December 1, 2032
2012 Various Purpose Refunding	2.00-3.30	5,815,000	December 1, 2026
2013 Property Acquisition Bond	2.00-4.10	6,885,000	December 1, 2038
2013 Street Improvements Bond	2.00-4.00	5,105,000	December 1, 2032

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Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Special Assessment Bonds with</i>			
<i>Government Commitment:</i>			
2003 Park and Street Improvements (S.A. Portion)	2.00-5.00	574,500	December 1, 2023
2009 Street Improvements	5.00-7.25	390,000	December 1, 2029
2010 Street Improvements	4.00-5.875	245,000	December 1, 2030
2011 Street Improvements	2.00-5.45	554,080	December 1, 2031
<i>HUD Section 108 Loans:</i>			
Community Development - Series 2002-A (B-02-MC-39-0016)	4.64-7.90	1,100,000	August 1, 2013
Colorado Industrial Park - Series 2010-A (B-99-MC-0016)	4.40-6.00	2,000,000	August 1, 2019
Land Aquisition - Series 2004-A (B-03-MC-39-0016)	3.50-6.00	2,200,000	August 1, 2024
<i>Ohio Public Works Commission Loans:</i>			
1997 Local Roadway Rehab (#CI04A)	0.00	18,040	January 1, 2014
Oak Point Road Improvements (#CI002)	0.00	405,776	January 1, 2021
Longbrook Bridge Replacement (#CI01D)	0.00	250,000	July 1, 2021
California Avenue (#CI31D)	0.00	483,645	January 1, 2022
Jaeger Road (#CI40E)	0.00	259,191	January 1, 2013
2002 Local Roadway Rehab (#CI22F)	0.00	236,844	July 1, 2014
Fulmer/Meister Road Improvements (#CI48G)	0.00	412,449	January 1, 2015
2003 Local Roadway Rehab (#CI22G)	0.00	102,000	January 1, 2015
2004 Local Roadway Rehab (#CI33H)	0.00	123,575	January 1, 2016
E. 36th Street Rehab Phase I (#CI29I)	0.00	463,749	January 1, 2017
2005 Local Roadway Rehab (#CI19I)	0.00	144,591	January 1, 2018
E. 36th Street Rehab Phase II (#CI44J)	0.00	242,147	July 1, 2018
2006 Local Roadway Rehab (#CI09J)	0.00	225,000	January 1, 2019
2007 Local Roadway Rehab (#CI13K)	0.00	133,224	January 1, 2019
2008 Local Roadway Rehab (#CI33L)	0.00	447,645	January 1, 2020
2009 Local Roadway Rehab (#CI48M)	0.00	70,314	January 1, 2020
2008 Local Roadway Rehab (#CI11L)	0.00	130,376	January 1, 2021
2010 Local Roadway Rehab (#CI32N)	0.00	577,480	January 1, 2026
2011 Local Roadway Rehab (#CI17N)	0.00	60,329	January 1, 2022
2012 Local Roadway Rehab (#CI12O)	0.00	200,848	January 1, 2027
Washington Avenue Bridge (#CI36O)	0.00	123,154	January 1, 2029
<i>Ohio Department of Transportation State Infrastructure Bank Loans:</i>			
E. 36th Street Rehab Phase II (#SB060011)	3.00	449,506	October 25, 2014
2007 Local Roadway Rehab (#SB080001)	3.00	311,060	October 25, 2017
North Ridge Road Project (#SB090002)	3.00	74,815	January 30, 2019
Local Roadway Rehab and State Route 58 (#SB090007)	3.00	1,200,395	August 26, 2019
Oberlin Avenue Phase I (#SB110003)	3.00	308,998	January 12, 2021
2013 Issue 2 (LRR Rnd 25) (#SB130004)	3.00	4,412,953	August 15, 2022
2013 Washington & Reid Avenue Rehab (#SB130005)	3.00	365,790	August 15, 2022

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Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Installment Loans:</i>			
Fire Station Improvements	4.20 %	\$50,000	November 30, 2014
Lorain County Engineer - Tower Boulevard	0.00	503,332	April 30, 2019
Lorain County Engineer - Cooper Foster Park Road	0.00	272,801	September 15, 2020
Lorain County Engineer - Oberlin Avenue Phase I	0.00	220,000	October 13, 2021
Lorain County Engineer - Oberlin Avenue Phase II	0.00	200,000	April 1, 2022
Court Case Management System	3.44	425,000	June 1, 2017
<i>Long Term Note:</i>			
Operating Note	7.00	300,000	July 7, 2015
<i>Enterprise General Obligation Bonds:</i>			
Energy Conservation Bond-Water	4.35	73,816	December 1, 2015
Energy Conservation Bond-Sewer	4.35	226,961	December 1, 2015
2011 Various Purpose Refunding (Water Fund Portion)	3.00-4.75	3,140,825	December 1, 2024
<i>Ohio Water Development Authority Loans:</i>			
2000 East Erie Waterlines (#2037)	5.50	2,211,916	January 1, 2020
2000 E. 28th St./Pearl Ave. Relief Sewer, Pump Station (#2321)	2.91	1,137,701	July 1, 2020
2001 Colorado Ave./Root Rd. Waterline Replacement (#3188)	6.12	449,287	January 1, 2021
2001 Colorado/Root/E. Erie Waterline Replacement (#3253)	4.38	2,712,348	January 1, 2021
2001 Westside Waterline Replacement (#3284)	4.64	2,425,073	July 1, 2021
2001 Tacoma Avenue Relief Sewer (#2322)	2.81	4,860,364	January 1, 2021
2001 Idaho Avenue SSO Elimination (#3268)	3.66	9,744,494	July 1, 2021
2003 4W Waterline Replacement (Various locations) (#3814)	4.90	3,585,574	July 1, 2034
2004 Kay Drive Retention Basin (#4150)	3.81	2,295,633	January 1, 2023
2004 Amherst Township Relief Sewer (#4151)	3.81	898,208	January 1, 2022
2004 Pearl Road & Tacoma Pump Station (#4156)	3.81	1,282,116	July 1, 2023
2006 East Central Relief Sewer (#4548)	4.59	3,400,652	July 1, 2025
2006 Westside Relief Sewer (#4586)	3.24	21,855,197	July 1, 2028
2007 Brownell Avenue Waterline (#4775)	4.47	770,575	January 1, 2028
2010 Pearl Avenue Water Mains (#5628)	3.84	1,700,936	January 1, 2031
2011 28th Street Waterline (#5863)	4.45	1,749,427	January 1, 2030
2012 Black River Tunnel Phase I (#6166)	2.48	23,647,755	January 1, 2035
2013 Eagle Road Waterline Design (#6293)	3.74	38,372	July 1, 2018
2013 Oberlin Avenue Waterline Replacement (#6394)	3.09	3,619,527	January 1, 2034
2013 Euclid Avenue Et Al Waterline Design (#6410)	3.65	8,199	January 1, 2019
2013 SR611 Waterline Replacement (#6416)	3.15	3,136,209	January 1, 2034
2013 Washington & Reid Ave. Waterline Replacement (#6461)	3.44	5,348,752	July 1, 2034
2013 Westside Elevated Tank (#6466)	3.29	1,051,247	January 1, 2035
2013 South Lorain Waterline Replacement Phase 1 (#6542)	4.24	269,820	July 1, 2034
2013 Euclid Avenue Waterline Replacement (#6614)	4.12	172,052	July 1, 2034

City of Lorain, Ohio
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Changes in bonds and other long-term obligations of the City during 2013 were as follows:

	Principal Outstanding 12/31/12	Additions	Deletions	Principal Outstanding 12/31/13	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Capital Purposes	\$160,000	\$0	\$110,000	\$50,000	\$10,000
Riverfront Urban Renewal Phase II & III	3,975,000	0	135,000	3,840,000	135,000
Unamortized Premium	14,343	0	1,242	13,101	0
Park and Street Improvements	774,407	0	54,107	720,300	57,489
Energy Conservation	874,729	0	281,163	593,566	290,088
Lighthouse Urban Renewal Phase I	1,435,000	0	75,000	1,360,000	80,000
2007 Riverfront Urban Renewal Refunding	4,370,000	0	200,000	4,170,000	205,000
Unamortized Discount	(34,345)	0	(2,230)	(32,115)	0
2007A Colorado Avenue	410,000	0	20,000	390,000	20,000
2007A US Route 6	570,000	0	45,000	525,000	50,000
2007B Heritage Urban Renewal	1,165,000	0	55,000	1,110,000	55,000
Unamortized Discount	(4,216)	0	(267)	(3,949)	0
2008 Pellet Terminal Improvement	4,855,000	0	185,000	4,670,000	195,000
Unamortized Discount	(57,756)	0	(3,664)	(54,092)	0
2010 Health Claims	4,575,000	0	235,000	4,340,000	250,000
2011 Street Improvements	446,892	0	15,799	431,093	15,799
Unamortized Discount	(4,586)	0	(247)	(4,339)	0
2011 Various Purpose Refunding	1,849,585	0	259,585	1,590,000	260,000
Unamortized Discount	(2,622)	0	(225)	(2,397)	0
2012 Jaeger Road	5,535,000	0	215,000	5,320,000	220,000
Unamortized Discount	(19,703)	0	(1,001)	(18,702)	0
2012 Various Purpose Refunding	5,815,000	0	500,000	5,315,000	500,000
Unamortized Discount	(1,735)	0	(127)	(1,608)	0
2013 Property Acquisition	0	6,885,000	0	6,885,000	190,000
Unamortized Discount	0	(53,841)	(1,503)	(52,338)	0
2013 Street Improvements	0	5,105,000	250,000	4,855,000	195,000
Unamortized Discount	0	(631)	(23)	(608)	0
Total General Obligation Bonds	36,699,993	11,935,528	2,627,609	46,007,912	2,728,376
<i>Special Assessment Bonds with Government Commitment:</i>					
Park and Street Improvements	370,593	0	25,893	344,700	27,511
Street Improvements	365,000	0	15,000	350,000	15,000
Unamortized Premium	10,435	0	622	9,813	0
Street Improvements	230,000	0	10,000	220,000	10,000
Unamortized Discount	(3,793)	0	(212)	(3,581)	0
Street Improvements	543,108	0	19,201	523,907	19,201
Unamortized Discount	(5,573)	0	(300)	(5,273)	0
Total Special Assessment Bonds	1,509,770	0	70,204	1,439,566	71,712
<i>HUD Section 108 Loans:</i>					
Community Development	86,000	0	86,000	0	0
Colorado Industrial Park	875,000	0	125,000	750,000	125,000
Land Acquisition	1,545,000	0	95,000	1,450,000	100,000
Total HUD Section 108 Loans	2,506,000	0	306,000	2,200,000	225,000
<i>Other Obligations:</i>					
ODOD Urban Redevelopment Loans	2,045,488	0	208,039	1,837,449	214,350
OPWC Loans	2,568,667	324,002	359,531	2,533,138	393,048
ODOT State Infrastructure Bank Loans	1,707,674	2,370,129	289,057	3,788,746	322,974
Installment Loans	1,366,872	0	212,349	1,154,523	212,677
Capital Leases	3,210,621	2,423,078	1,161,983	4,471,716	1,251,750
Long Term Note	180,000	0	180,000	0	0
Pollution Remediation	854,891	0	0	854,891	0
Claims and Judgments	235,085	0	117,417	117,668	58,783
Compensated Absences	8,113,985	902,008	1,302,751	7,713,242	1,220,288
Total Governmental Activities	\$60,999,046	\$17,954,745	\$6,834,940	\$72,118,851	\$6,698,958

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	Principal Outstanding 12/31/12	Additions	Deletions	Principal Outstanding 12/31/13	Due Within One Year
Business-Type Activities					
<i>General Obligation Bonds:</i>					
Energy Conservation - Water	\$25,835	\$0	\$8,304	\$17,531	\$8,568
Energy Conservation - Sewer	79,436	0	25,533	53,903	26,344
Various Purpose Refunding - Water	2,450,415	0	725,415	1,725,000	560,000
Unamortized Premium	14,289	0	3,930	10,359	0
<i>Total General Obligation Bonds</i>	<u>2,569,975</u>	<u>0</u>	<u>763,182</u>	<u>1,806,793</u>	<u>594,912</u>
<i>Ohio Water Development</i>					
<i>Authority Loans:</i>					
East Erie Waterlines	1,051,870	0	127,239	924,631	134,237
E. 28th St./Pearl Ave. Relief Sewer	505,012	0	61,182	443,830	62,976
Colorado Ave./Root Rd. Waterline	245,503	0	24,606	220,897	26,137
Colorado/Root/E. Erie Waterline	1,370,800	0	146,517	1,224,283	153,004
Westside Waterline Replacement	1,303,915	0	128,377	1,175,538	134,404
Tacoma Avenue Relief Sewer	2,273,637	0	257,234	2,016,403	264,513
Idaho Avenue SSO Elimination	5,011,383	0	512,597	4,498,786	531,530
4W Waterline Replacement	3,027,885	0	82,001	2,945,884	86,068
Kay Drive Retention Basin	1,407,134	0	124,526	1,282,608	129,316
Amherst Township Relief Sewer	533,645	0	51,095	482,550	53,060
Pearl Road & Tacoma Pump Station	819,923	0	18,449	801,474	40,860
East Central Relief Sewer	2,748,533	0	137,065	2,611,468	143,429
Westside Relief Sewer	18,033,901	0	926,881	17,107,020	957,155
Brownell Avenue Waterline	636,426	0	30,576	605,850	31,957
Pearl Avenue Water Main	1,582,985	0	62,427	1,520,558	64,847
28th Street Waterline	1,683,630	0	68,757	1,614,873	71,851
Black River Tunnel Phase I	7,470,568	16,177,187	0	23,647,755	0
Eagle Rd. Waterline Design	0	38,372	0	38,372	3,525
Oberlin Ave. Waterline Replacement	0	3,619,527	0	3,619,527	173,861
Euclid Ave Et Al Waterline Design	0	8,199	0	8,199	755
SR 611 Waterline Replacement	0	3,136,209	0	3,136,209	172,729
Washington & Reid Waterline Repl	0	5,348,752	0	5,348,752	142,719
Westside Elevated Tank	0	1,051,247	0	1,051,247	0
S. Lorain Waterline Repl. Phase 1	0	269,820	0	269,820	83,629
Euclid Ave. Waterline Replacement	0	172,052	0	172,052	30,751
<i>Total Ohio Water Development</i>					
<i>Authority Loans</i>	<u>49,706,750</u>	<u>29,821,365</u>	<u>2,759,529</u>	<u>76,768,586</u>	<u>3,493,313</u>
<i>Other Obligations:</i>					
Capital Leases	1,522,326	2,080,385	432,953	3,169,758	710,745
Pollution Remediation	282,243	200,000	81,028	401,215	220,000
Compensated Absences	1,243,461	296,195	105,975	1,433,681	84,764
<i>Total Business-Type Activities</i>	<u>\$55,324,755</u>	<u>\$32,397,945</u>	<u>\$4,142,667</u>	<u>\$83,580,033</u>	<u>\$5,103,734</u>

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

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In 2007, the City defeased a 2000 riverfront urban renewal general obligation bond in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2013, \$3,530,000 of the defeased bonds is still outstanding.

In 2013, the City issued general obligation bonds in the amount of \$11,990,000. \$6,885,000 of the bonds is for the purpose of acquiring certain interests in real property including, but not limited to, easements for future economic development. The property acquisition bonds were issued with interest rates varying from 2 percent to 4.1 percent, were issued for a twenty-five year period with final maturity on December 1, 2038, and were sold at a discount of \$53,841. \$5,105,000 of the bonds is for various roadway improvements within the City. The bonds were issued with interest rates varying from 2 percent to 4.0 percent, were issued for a twenty year period with final maturity on December 1, 2032, and were sold at a discount of \$631. The bonds will be retired through the general obligation bond retirement debt service fund.

The City has pledged a portion of municipal income tax revenues to repay the \$5,105,000 in general obligation bonds issued in 2013 to finance the reconstruction and repair of local roadways. These bonds are payable solely from the one-quarter percent municipal income tax revenue in the streets fund and is projected to use approximately 19 percent of the available municipal income tax over the life of the bonds. Total principal and interest remaining on the bonds is \$6,803,244, payable through 2032. Principal and interest payments for the current year were \$356,104 and total income tax revenues were \$1,851,040.

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

The City has pledged a portion of future motor vehicle gas tax revenues to repay \$760,566 in ODOT State infrastructure bank loans issued from 2006 to 2008, to finance the reconstruction and repair of local roadways. These loans are payable solely from the motor vehicle gas tax revenue in the streets fund and were projected to use approximately 12 percent of the available gas tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$273,581, payable through 2017. Principal and interest payments for the current year were \$141,507 and total gas tax revenues were \$1,169,247.

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

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

In an effort to revitalize its downtown area, in 2002 the City purchased the old pellet terminal site, a total of 19 acres, on the Black River for future development. This site was previously used for storing, loading and unloading iron ore pellets onto ships and by rail for use in northeast Ohio steel production since the 1890's and was also the location of the former Brush Beryllium Plant until 1948. The City voluntarily determined that due to the nature of the previous land use an environmental assessment on the property was warranted before any development could commence. The City contracted with a certified consultant in 2006 to assess the property. It was determined by the consultant that environmental remediation was necessary due to unacceptable concentrations of beryllium, lead, and other miscellaneous chemicals and to comply with the Ohio Environmental Protection Agency's voluntary action plan standards for environmental contamination cleanup.

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The cost of the remediation estimated by the consultants is \$854,891 as of 2013 with the potential for additional costs in the future due to price increases. The City expects no recoveries to reduce the liability for the remediation.

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

The cost of the remediation estimated by the firm is \$401,215 as of 2013 with the potential for additional costs in the future due to price increases. The City expects no recoveries to reduce the liability for the remediation.

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

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

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

The City has pledged future revenues to repay OWDA loans in the Water Works fund. The debt is payable solely from net revenues and is payable through 2035. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 66 percent of net revenues and less than 12 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$35,515,116. Principal and interest payments for the current year were \$1,184,367, net revenues were \$1,794,252, and total revenues were \$9,560,561.

The City has pledged future revenues to repay OWDA loans in the Water Pollution Control fund. The debt is payable solely from net revenues and is payable through 2035. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 40 percent of net revenues and less than 20 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$71,640,157. Principal and interest payments for the current year were \$3,129,433, net revenues were \$7,768,481, and total revenues were \$15,181,420.

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The City's overall legal debt margin was \$45,280,991 at December 31, 2013. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

Governmental Activities:

Years	General Obligation Bonds		Special Assessment Bonds		HUD Section 108 Loans		ODOD Urban Redevelopment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$2,728,376	\$1,935,563	\$71,712	\$77,511	\$225,000	\$103,165	\$214,350	\$57,121
2015	2,822,404	1,840,617	76,073	74,520	230,000	95,724	220,854	50,076
2016	2,437,308	1,741,368	77,692	71,326	235,000	87,347	227,554	42,817
2017	2,520,690	1,656,167	79,310	67,912	240,000	77,993	234,458	35,338
2018	2,425,690	1,565,683	79,310	64,146	245,000	67,928	241,571	27,631
2019-2023	13,463,502	6,240,590	476,498	254,427	855,000	189,876	698,662	34,319
2024-2028	12,380,422	3,125,600	379,578	129,972	170,000	10,217	0	0
2029-2033	5,461,567	998,217	198,434	19,816	0	0	0	0
2034-2038	1,925,000	242,570	0	0	0	0	0	0
Total	\$46,164,959	\$19,346,375	\$1,438,607	\$759,630	\$2,200,000	\$632,250	\$1,837,449	\$247,302

Years	OPWC	ODOT		Total	
	Loans	State Infrastructure Bank Loans	Installment Loans	Governmental Activities	
	Principal	Principal	Interest	Principal	Interest
2014	\$393,048	\$322,974	\$43,749	\$212,677	\$9,888
2015	354,870	331,411	59,865	204,613	6,668
2016	322,969	430,180	90,828	204,613	3,716
2017	293,603	443,182	77,826	162,113	739
2018	263,186	412,223	64,761	119,614	0
2019-2023	695,176	1,250,569	173,261	250,893	0
2024-2028	206,179	598,207	50,454	0	0
2029-2033	4,107	0	0	0	0
2034-2038	0	0	0	0	0
Total	\$2,533,138	\$3,788,746	\$560,744	\$1,154,523	\$21,011

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Business-Type Activities:

Years	GO Bonds		OWDA Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$594,912	\$55,595	\$2,885,344	\$1,503,790	\$3,480,256	\$1,559,385
2015	611,522	37,276	3,015,743	1,397,708	3,627,265	1,434,984
2016	590,000	18,438	3,129,866	1,283,586	3,719,866	1,302,024
2017	0	0	3,248,469	1,164,983	3,248,469	1,164,983
2018	0	0	3,371,736	1,041,716	3,371,736	1,041,716
2019-2023	0	0	13,343,299	3,403,997	13,343,299	3,403,997
2024-2028	0	0	9,022,198	1,291,733	9,022,198	1,291,733
2029-2033	0	0	1,348,052	200,985	1,348,052	200,985
2034-2038	0	0	111,946	2,743	111,946	2,743
Total	\$1,796,434	\$111,309	\$39,476,653	\$11,291,241	\$41,273,087	\$11,402,550

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

Enterprise Funds	December 31, 2013	
	Principal Outstanding	Amount Financed
<i>Water Works:</i>		
Eagle Rd. Waterline Design	\$38,372	\$529,629
Oberlin Ave. Waterline Replacement	3,619,527	4,726,214
Euclid Ave. Waterline Design	8,199	224,926
State Route 611 Waterline Replacement	3,136,209	4,724,713
Washington and Reid Ave. Waterline Replacement	5,348,752	8,116,139
Westside Elevated Tank	1,051,247	4,297,218
South Lorain Waterline Replacement - Phase I	269,820	5,184,881
Euclid Ave. Waterline Replacement	172,052	1,881,786
<i>Water Pollution Control:</i>		
Black River Tunnel Phase I	23,647,755	66,255,744
Total Loans not Finalized	\$37,291,933	\$95,941,250

Note 13 - Capital Leases

During 2013, the City entered into leases for the acquisition of computer hardware and software to upgrade the City's existing general accounting, utilities, and income tax systems, street sweepers and leaf loaders for the general sewer department, police cruisers, mowers for the parks and cemetery departments, dump trucks with snow removal equipment, a bobcat, and a mini excavator for the street department, dump trucks, a mini excavator, backhoe, end loader, and fleet vehicles for the water department, and dump trucks, a high pressure water jet truck, a crane/ boom truck, forklift, mini excavator and fleet vehicles for the water pollution control department. In prior years, the City entered into leases for the acquisition of police cruisers, street, electrical, and fire equipment, fleet vehicles, an IP phone

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system and software, copier/scanner equipment, and dump trucks, excavators, equipment and fleet vehicles for the water and water pollution control departments. The City's lease obligations meet the criteria of a capital lease. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

As part of the agreement for the 2013 lease for the computer hardware/software upgrade, and the parks, cemetery, streets, general sewer, water and water pollution control equipment, Fifth Third Bank, the lessor, deposited \$3,986,963 in an escrow account in 2013 so that the City could obtain the equipment from various vendors. \$1,934,030 was paid to the vendors in 2013 and the balance of \$2,052,933 will be paid to the vendors in 2014 at the direction of the City upon receipt of the equipment.

As part of the agreement for the 2012 lease of the parks, streets, fire, electrical, police, general sewer, water and water pollution control equipment, Huntington National Bank, the lessor, deposited \$4,171,460 in an escrow account in 2012 so that the City could obtain the equipment from various vendors. \$3,824,486 was paid to the vendors in 2012 and 2013 and the balance of \$346,974 will be paid to the vendors in 2014 at the direction of the City upon receipt of the equipment.

At year-end, capital assets that have been received have been recorded for these capital leases.

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

	Governmental Activities	Business-Type Activities
<i>Capital Assets, Being Depreciated:</i>		
Machinery and Equipment	\$7,915,272	\$1,909,115
Less Accumulated Depreciation:		
Machinery and Equipment	(1,823,657)	(232,468)
<i>Capital Assets, Net</i>	<u>\$6,091,615</u>	<u>\$1,676,647</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of minimum lease payments as of December 31, 2013:

Year Ending December 31,	Governmental Activities	Business-type Activities
2014	\$1,343,952	\$758,973
2015	1,145,266	748,238
2016	955,345	747,406
2017	955,345	747,406
2018	265,559	289,768
Total Minimum Lease Payments	4,665,467	3,291,791
Less: Amount Representing Interest	(193,751)	(122,033)
Present Value of Minimum Lease Payments	<u>\$4,471,716</u>	<u>\$3,169,758</u>

Note 14 - Compensated Absences

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

Note 15 - Defined Benefit Pension Plans

Ohio Public Employee Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2013, member and employer contribution rates were consistent across all three plans.

The City's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1.00 percent for 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.00 percent for 2013. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$1,902,071, \$1,399,617 and \$1,449,613 and, respectively. For 2013, 91.04 percent has been contributed with the balance being reported as an

intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$49,001 made by the City and \$35,001 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Under the Ohio Revised Code plan members were required to contribute from January 1, 2013 thru July 1, 2013, 10.0 percent of their annual covered salary. From July 2, 2013 thru December 31, 2013, plan members were required to contribute 10.75 percent of their covered salary. Throughout 2013, Employers were required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 14.81 percent (January 1, 2013 thru May 31, 2013) and 16.65 percent (June 1, 2013 thru December 31, 2013) of covered payroll for police officers. The portion of employer contributions used to fund firefighters pension benefits was 19.31 percent (January 1, 2013 thru May 31, 2013) and 21.15 percent (June 1, 2013 thru December 31, 2013) of covered payroll. The City's contributions to OP&F's for police and firefighters pension were \$827,237 and \$873,860 for the year ended December 31, 2013, \$769,719 and \$836,361 for the year ended December 31, 2012, and \$781,322 and \$866,671 for the year ended December 31, 2011, respectively. For 2013, 91.20 percent for police and 90.93 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Note 16 - Post Employment Benefits

Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

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The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent for 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$146,455, \$559,687 and \$579,805 respectively. For 2013, 91.04 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

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

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent

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child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of the plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, 19.5 percent and 24.0 percent of covered payroll for police and fire employees, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401 (h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the employer contributions made into the pension plan to the Section 115 trust and the Section 401 (h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to insure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401 (h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amount vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$172,173 and \$141,851 for the year ended December 31, 2013, \$407,401 and \$327,353 for the year ended December 31, 2012, and \$413,543 and \$339,216 for the year ended December 31, 2011, respectively. For 2013, 92.54 percent has been contributed for police and 79.35 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Note 17 – Significant Commitments

Contractual Commitments

As of December 31, 2013, the open construction contracts for the street and general sewer, water, and water pollution control departments were \$15,017,585, \$7,514,120 and \$39,169,197 respectively.

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The City has numerous open construction contracts for various local roadway repair and replacement projects throughout the City. These open contracts include \$7,720,919 with Underground Utilities, Inc., \$1,099,954 with Smith Paving Inc., \$748,579 with Karvo Paving Company, \$516,423 with Terminal Ready Mix, \$329,108 with Fechko Excavating Inc., \$134,263 with Fabrizi Trucking and Paving Co., Inc., \$92,574 with The Shelly Co., and \$90,860 with Precision Paving Inc. For the Jaeger Road project the City had open construction contracts with KS Associates in the amount of \$69,151 for engineering services and \$3,976,282 with Fabrizi Trucking and Paving Co., Inc. for roadway construction. In addition the City had an open construction contract of \$239,472 with CT Consultants for engineering services on the Martins Run storm sewer project.

The water department open construction contracts, in association with the Ohio Water Development Authority, includes \$216,676 with Jones and Henry for engineering services and construction oversight of the Washington and Reid Avenues waterline, \$323,160 with Engineering Associates for engineering services and construction oversight of the Eagle Avenue and 28th Street waterline project, and \$90,327 with CT Consultants for engineering services and construction oversight of the Oberlin Avenue water main. The State Route 611 waterline project has open contracts of \$457,533 with CT Consultants for engineering services and construction oversight and \$3,398,023 with Fabrizi Trucking for construction. The water department also has open contracts in the amount of \$23,955 with Malcolm-Pirnie for the engineering services and construction oversight and \$3,004,446 with Landmark Structures LP for the construction of a Westside water tower.

In conjunction with the Ohio Water Development Authority, the water pollution control department has open construction contracts with Walsh/Super Excavator, JV and Electrical Corporation of America for construction, and Malcolm-Pirnie for engineering and construction oversight of the Black River storage and conveyance tunnel project in the amount of \$34,483,997, \$2,093,000 and \$2,164,042 respectively. In partnership with the National Oceanic and Atmospheric Association (NOAA) the water pollution control department has open construction contracts with Mark Haynes Construction for the Black River Restoration project in the amount of \$78,586 and Malcolm-Pirnie in the amount of \$104,452 for engineering and construction oversight on the project. In addition, the City has contracted with Coldwater Consulting, LLC for professional services related to the management of the ongoing commitment to improve the ecology of the Lower Black River. The balance of the contract is 245,120.

Encumbrances

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

<i>Governmental Funds:</i>		<i>Business-Type Funds:</i>	
General Fund	\$555,334	Water	\$328,124
Community Development	689,946	Water Pollution Control	1,420,482
Capital Improvements	5,663,410	Total Business-Type	<u>\$1,748,606</u>
Nonmajor Funds	<u>1,772,942</u>		
Total Governmental	<u>\$8,681,632</u>		

Note 18 – Jointly Governed Organizations

Northeast Ohio Areawide Coordinating Agency

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five county region. NOACA is controlled by a 38 member board that includes the Mayor of the City of Lorain. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the board. During 2013, the City contributed \$19,073 to the agency.

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens.

The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Lorain did not contribute to NOPEC during 2013. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 19 - Related Organization

Lorain Port Authority

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

Note 20 – Shared Risk Pool

Public Entity Risk Consortium (PERC)

The City participates in PERC, a shared risk joint self-insurance pool restricted to mid-size public entities including pools. PERC was formed as an Ohio not-for-profit corporation as authorized by Ohio Revised

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Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Code Section 2744.081 and operates a property, crime, and liability insurance program. The Public Entity Risk Consortium (PERC) is a shared risk pool comprised of Tuscarawas County, Wayne County, the City of Lorain and the member participants of four pools: the Buckeye Ohio Risk Management Association, Inc. (BORMA); the Midwest Pool Risk Management Agency, Inc. (MPRMA); the Ohio Housing Authority Property and Casualty, Inc. (OHAPCI); and the State Housing Authority Risk Pool Association, Inc. (SHARP). Each member appoints one person to represent the City on the Board of Trustees. The Board of Directors consists of five trustees as determined by Board of Trustee vote. The Board of Directors governs and administers PERC. Each member's control over the budgeting and financing of PERC is limited to its voting authority and any representation it may have on the Board of Directors. Participation in PERC is by written application subject to approval of the Board of Directors and the payment of premiums. Members are required to remain members of PERC until the end of the PERC fiscal year (November 30). Any member may withdraw from PERC at the end of the PERC fiscal year upon providing at least three months prior written notice. After withdrawal, the former member continues to be fully obligated for its portion of any claim against the assets of the joint self-insurance pool that was created during the term of its membership. In addition, any distribution of surplus PERC funds allocable to the withdrawing member are forfeited by the withdrawing member and is distributed to the then remaining members in proportion to their interest in the surplus funds or other equitable manner as determined by the Board of Directors. In 2013, the City made payments in the amount of \$530,210 to PERC. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., MK Ferguson Plaza, 1500 West Third Street, Suite 405, Cleveland, OH 44113.

Note 21 - Interfund Transfers and Balances

Transfers

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

Transfers were made from the streets, municipal court computer, municipal court security, municipal court probation, general sewer, municipal court improvements, water, water pollution control, garage, and hospitalization funds to the general fund for the purpose of establishing the compensated absences and payroll reserve funds.

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

Transfers made during the year ended December 31, 2013 were as follows:

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

<u>Transfer To</u>	Transfer From								Totals
	Governmental Funds				Enterprise Funds		Governmental Funds - Internal Service		
	General	Community	Capital	Other	Water Works	Water Pollution	Garage	Hospitalization	
		Development	Improvements	Governmental Funds		Control			
Governmental Funds									
General	\$0	\$0	\$0	\$26,387	\$41,744	\$45,772	\$10,681	\$701	\$125,285
Community Development	250,000	0	0	0	0	0	0	0	250,000
General Obligation Bond Retirement	1,696,162	102,490	157,000	1,020,861	0	0	0	0	2,976,513
Other Governmental Funds	391,013	0	0	0	0	0	0	0	391,013
Total	<u>\$2,337,175</u>	<u>\$102,490</u>	<u>\$157,000</u>	<u>\$1,047,248</u>	<u>\$41,744</u>	<u>\$45,772</u>	<u>\$10,681</u>	<u>\$701</u>	<u>\$3,742,811</u>

Balances

The interfund balances as of December 31, 2013 represent eliminating negative cash, unallocated municipal court fines, utility and petroleum costs.

<u>Interfund Payable</u>	Interfund Receivable						Totals
	Governmental Funds		Enterprise Funds		Internal Service Fund		
	General	Other	Water Works	Water	Garage	Hospitalization	
		Governmental Funds		Pollution Control			
Governmental Funds							
General	\$0	\$41,394	\$0	\$1,151	\$0	\$42,545	
Community Development	34,617	77	88	102	160	35,044	
Other Governmental Funds	145,183	3,265	0	0	0	148,448	
Total Governmental Funds	<u>179,800</u>	<u>44,736</u>	<u>88</u>	<u>1,253</u>	<u>160</u>	<u>226,037</u>	
Enterprise Fund							
Water Works	142,360	0	0	0	0	142,360	
Internal Service Fund							
Hospitalization	65,291	0	0	0	0	65,291	
Total	<u>\$387,451</u>	<u>\$44,736</u>	<u>\$88</u>	<u>\$1,253</u>	<u>\$160</u>	<u>\$433,688</u>	

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

Note 22 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the City at December 31, 2013.

Litigation

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

Note 23 - Subsequent Events

On April 24, 2014 the City signed a loan agreement with the Ohio Water Development Authority for the replacement of the 2nd, 4th, 5th, 6th, Hamilton, and Reid streets waterline replacement for \$4,664,868. The loan is payable over a term of twenty years with payments to be made semi-annually beginning in 2016 at an interest rate of 3.95 percent.

On May 19, 2014, a data storage device in the City's data center malfunctioned. This device contained data for most City departments including the Lorain Municipal Court. The data for all City departments, except the Lorain Municipal Court, was restored within two days. The Lorain Municipal Court did not have a current backup of their data – the most current backup was dated February 28, 2014. The failed data storage device was given to an outside company specializing in data recovery. It was hoped they could recover the data lost between February 28, 2014 and May 19, 2014. The cost for this outside company was \$40,000 and to date the data has not been recovered. On June 30, 2014 the data was restored as of February 28, 2014 in order for them to begin processing daily transactions. Going forward, there will be considerable time spent in re-entering the lost data but the City anticipates this will be accomplished by the end of the year. In addition, on June 23, 2014 the Lorain Municipal Court received an e-mail from their court software provider Amcad announcing that they were exiting the justice software solutions business. As a result of Amcad's decision, the Lorain Municipal Court will no longer have software support to resolve their lost data or solve any software related issues. The courts have currently contracted with a former employee of Amcad to assist them with maintenance and support issues of the system in the amount of \$6,000.

On June 4, 2014 the City issued \$5,790,000 in general obligation bonds. The bonds are for various roadway improvements throughout the City and are payable over a term of twenty years with payments to be made semi-annually beginning in 2014 at an interest rate ranging from 2.00 percent in 2014 to 3.875 percent in 2034.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2013

On September 1, 2014 the City entered into a loan agreement with the Ohio Department of Transportation through the State Transportation Infrastructure GRF Bond Fund Program to finance \$7,165,000 in various local roadway improvements. The loan is payable over a term of twenty years with payments to be made semi-annually beginning in 2014 at an interest rate ranging from 2.00 percent to 5.00 percent.

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**Combining and Individual Fund Statements
and Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Streets Fund

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

Permissive License Fund

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

Health Services Fund

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

Litter Control Fund

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

Police Levy Fund

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

Mandatory Drug Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Indigent Drivers Fund

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

Park Land Fund

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Cemetery Fund

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

Law Enforcement Fund

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

Municipal Court Computer Fund

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

Legal Research Fund

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

Municipal Court Security Fund

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

Municipal Court Probation Fund

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

Economic Development Fund

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

Substance Abuse Mental Health Services Administration (SAMHSA) Grant Fund

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

Municipal Court Operating Fund

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

Compensated Absences Fund

This fund accounts for and reports revenues received for the purpose of accumulating resources for the payment of accumulated sick leave and vacation leave, and for payments in lieu of taking compensatory time off, upon the termination of employment or the retirement of officers and employees of the City. This fund is included with the general fund for GAAP reporting as it does not receive a substantial portion of inflows from restricted or committed revenue sources.

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Payroll Reserve Fund

This fund accounts for and reports revenues received for the purpose of accumulating resources for payment of salaries and wages during any fiscal year when the number of pay periods exceeds the usual and customary number of pay periods. This fund is included with the general fund for GAAP reporting as it does not receive a substantial portion of inflows from restricted or committed revenue sources.

Nonmajor Debt Service Fund

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

Special Assessment Bond Retirement Fund

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

Nonmajor Capital Projects Funds

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

General Sewer Fund

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

Municipal Court Improvements Fund

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



City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,331,596	\$0	\$1,164,401	\$4,495,997
Cash and Cash Equivalents With Fiscal Agents	452,532	0	190,845	643,377
Accounts Receivable	0	0	121,098	121,098
Materials and Supplies Inventory	119,294	0	0	119,294
Interfund Receivable	35,978	0	8,758	44,736
Intergovernmental Receivable	1,062,576	0	0	1,062,576
Prepaid Items	10,816	0	3,945	14,761
Municipal Income Taxes Receivable	621,823	0	0	621,823
Property Taxes Receivable	445,112	0	0	445,112
Special Assessment Receivable	0	2,720,754	0	2,720,754
<i>Total Assets</i>	<u>\$6,079,727</u>	<u>\$2,720,754</u>	<u>\$1,489,047</u>	<u>\$10,289,528</u>
Liabilities				
Accounts Payable	\$62,868	\$0	\$19,252	\$82,120
Contracts Payable	0	0	44,299	44,299
Accrued Wages and Benefits	110,717	0	5,744	116,461
Matured Compensated Absences Payable	51,243	0	0	51,243
Intergovernmental Payable	92,778	0	7,109	99,887
Interfund Payable	119,880	0	28,568	148,448
Claims and Judgments Payable	3,810	0	0	3,810
Accrued Interest Payable	19,568	0	0	19,568
<i>Total Liabilities</i>	<u>460,864</u>	<u>0</u>	<u>104,972</u>	<u>565,836</u>
Deferred Inflows of Resources				
Property Taxes	410,430	0	0	410,430
Unavailable Revenue	802,466	2,720,754	0	3,523,220
<i>Total Deferred Inflows of Resources</i>	<u>1,212,896</u>	<u>2,720,754</u>	<u>0</u>	<u>3,933,650</u>
Fund Balances				
Nonspendable	130,110	0	3,945	134,055
Restricted	4,405,608	0	190,845	4,596,453
Committed	0	0	1,212,380	1,212,380
Unassigned (Deficit)	(129,751)	0	(23,095)	(152,846)
<i>Total Fund Balances</i>	<u>4,405,967</u>	<u>0</u>	<u>1,384,075</u>	<u>5,790,042</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,079,727</u>	<u>\$2,720,754</u>	<u>\$1,489,047</u>	<u>\$10,289,528</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$398,786	\$0	\$0	\$398,786
Municipal Income Taxes	4,519,047	0	0	4,519,047
Charges for Services	227,473	0	1,545,387	1,772,860
Licenses and Permits	301,241	0	0	301,241
Fines and Forfeitures	858,728	0	61,891	920,619
Intergovernmental	3,514,955	0	0	3,514,955
Special Assessments	0	80,691	0	80,691
Interest	0	0	3	3
Miscellaneous	244,540	0	0	244,540
<i>Total Revenues</i>	<u>10,064,770</u>	<u>80,691</u>	<u>1,607,281</u>	<u>11,752,742</u>
Expenditures				
Current:				
General Government	398,049	4,295	0	402,344
Security of Persons and Property	3,118,022	0	0	3,118,022
Transportation	3,901,721	0	0	3,901,721
Public Health	1,513,764	0	0	1,513,764
Community Environment	6,995	0	0	6,995
Capital Outlay	0	0	1,344,886	1,344,886
Debt Service:				
Principal Retirement	765,946	70,094	112,584	948,624
Interest and Fiscal Charges	58,129	80,210	9,438	147,777
<i>Total Expenditures</i>	<u>9,762,626</u>	<u>154,599</u>	<u>1,466,908</u>	<u>11,384,133</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>302,144</u>	<u>(73,908)</u>	<u>140,373</u>	<u>368,609</u>
Other Financing Sources (Uses)				
Capital Leases Issued	1,054,043	0	596,333	1,650,376
Transfers In	317,105	73,908	0	391,013
Transfers Out	(1,045,174)	0	(2,074)	(1,047,248)
<i>Total Other Financing Sources (Uses)</i>	<u>325,974</u>	<u>73,908</u>	<u>594,259</u>	<u>994,141</u>
<i>Net Change in Fund Balances</i>	628,118	0	734,632	1,362,750
<i>Fund Balances Beginning of Year</i>	<u>3,777,849</u>	<u>0</u>	<u>649,443</u>	<u>4,427,292</u>
<i>Fund Balances End of Year</i>	<u>\$4,405,967</u>	<u>\$0</u>	<u>\$1,384,075</u>	<u>\$5,790,042</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Assets					
Equity in Pooled Cash and Cash Equivalents	\$666,131	\$268,778	\$6,207	\$70,351	\$725,910
Cash and Cash Equivalents					
With Fiscal Agents	367,062	0	0	0	85,470
Materials and Supplies Inventory	73,213	0	2,947	0	43,134
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	899,346	37,525	90,705	0	0
Prepaid Items	0	0	2,718	0	6,991
Municipal Income Taxes Receivable	303,712	0	0	0	318,111
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$2,309,464</u>	<u>\$306,303</u>	<u>\$102,577</u>	<u>\$70,351</u>	<u>\$1,179,616</u>
Liabilities					
Accounts Payable	\$6,129	\$0	\$4,028	\$0	\$51,992
Accrued Wages and Benefits	52,725	0	21,028	0	30,974
Matured Compensated Absences Payable	0	0	5,350	0	0
Intergovernmental Payable	42,724	0	18,942	0	24,725
Interfund Payable	0	0	47,665	0	0
Claims and Judgments Payable	385	0	223	0	3,202
Accrued Interest Payable	1,217	0	0	0	18,351
<i>Total Liabilities</i>	<u>103,180</u>	<u>0</u>	<u>97,236</u>	<u>0</u>	<u>129,244</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	625,973	0	57,212	0	49,599
<i>Total Deferred Inflows of Resources</i>	<u>625,973</u>	<u>0</u>	<u>57,212</u>	<u>0</u>	<u>49,599</u>
Fund Balances					
Nonspendable	73,213	0	5,665	0	50,125
Restricted	1,507,098	306,303	0	70,351	950,648
Unassigned (Deficit)	0	0	(57,536)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,580,311</u>	<u>306,303</u>	<u>(51,871)</u>	<u>70,351</u>	<u>1,000,773</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,309,464</u>	<u>\$306,303</u>	<u>\$102,577</u>	<u>\$70,351</u>	<u>\$1,179,616</u>

Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Law Enforcement	Municipal Court Computer	Legal Research
\$8,451	\$54,078	\$0	\$82,013	\$754,155	\$33,670	\$85,968
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	279	0	6,212	1,835
0	17,500	17,500	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	222,556	222,556	0	0	0	0
<u>\$8,451</u>	<u>\$294,134</u>	<u>\$240,056</u>	<u>\$82,292</u>	<u>\$754,155</u>	<u>\$39,882</u>	<u>\$87,803</u>
\$0	\$0	\$0	\$0	\$0	\$719	\$0
0	0	0	0	0	2,094	0
0	0	0	0	0	0	0
0	0	0	0	0	1,462	0
0	0	72,215	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>72,215</u>	<u>0</u>	<u>0</u>	<u>4,275</u>	<u>0</u>
0	205,215	205,215	0	0	0	0
0	34,841	34,841	0	0	0	0
<u>0</u>	<u>240,056</u>	<u>240,056</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
8,451	54,078	0	82,292	754,155	35,607	87,803
0	0	(72,215)	0	0	0	0
<u>8,451</u>	<u>54,078</u>	<u>(72,215)</u>	<u>82,292</u>	<u>754,155</u>	<u>35,607</u>	<u>87,803</u>
<u>\$8,451</u>	<u>\$294,134</u>	<u>\$240,056</u>	<u>\$82,292</u>	<u>\$754,155</u>	<u>\$39,882</u>	<u>\$87,803</u>

(continued)

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Municipal Court Security	Municipal Court Probation	SAMHSA Grant	Municipal Court Operating	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$319,118	\$125,972	\$43	\$130,751	\$3,331,596
Cash and Cash Equivalents					
With Fiscal Agents	0	0	0	0	452,532
Materials and Supplies Inventory	0	0	0	0	119,294
Interfund Receivable	9,222	11,231	0	7,199	35,978
Intergovernmental Receivable	0	0	0	0	1,062,576
Prepaid Items	734	373	0	0	10,816
Municipal Income Taxes Receivable	0	0	0	0	621,823
Property Taxes Receivable	0	0	0	0	445,112
<i>Total Assets</i>	<u>\$329,074</u>	<u>\$137,576</u>	<u>\$43</u>	<u>\$137,950</u>	<u>\$6,079,727</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$62,868
Accrued Wages and Benefits	2,254	1,642	0	0	110,717
Matured Compensated Absences Payable	45,893	0	0	0	51,243
Intergovernmental Payable	2,898	2,027	0	0	92,778
Interfund Payable	0	0	0	0	119,880
Claims and Judgments Payable	0	0	0	0	3,810
Accrued Interest Payable	0	0	0	0	19,568
<i>Total Liabilities</i>	<u>51,045</u>	<u>3,669</u>	<u>0</u>	<u>0</u>	<u>460,864</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	410,430
Unavailable Revenue	0	0	0	0	802,466
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,212,896</u>
Fund Balances					
Nonspendable	734	373	0	0	130,110
Restricted	277,295	133,534	43	137,950	4,405,608
Unassigned (Deficit)	0	0	0	0	(129,751)
<i>Total Fund Balances (Deficit)</i>	<u>278,029</u>	<u>133,907</u>	<u>43</u>	<u>137,950</u>	<u>4,405,967</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$329,074</u>	<u>\$137,576</u>	<u>\$43</u>	<u>\$137,950</u>	<u>\$6,079,727</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	2,110,968	0	0	0	2,408,079
Charges for Services	0	0	227,473	0	0
Licenses and Permits	0	0	301,241	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	2,136,146	489,396	325,883	15,153	0
Miscellaneous	15,092	0	0	0	11,739
<i>Total Revenues</i>	<u>4,262,206</u>	<u>489,396</u>	<u>854,597</u>	<u>15,153</u>	<u>2,419,818</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	2,735,009
Transportation	3,496,442	405,279	0	0	0
Public Health	0	0	1,015,495	0	0
Community Environment	0	0	0	6,995	0
Debt Service:					
Principal Retirement	352,711	0	0	0	413,235
Interest and Fiscal Charges	26,771	0	0	0	31,358
<i>Total Expenditures</i>	<u>3,875,924</u>	<u>405,279</u>	<u>1,015,495</u>	<u>6,995</u>	<u>3,179,602</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>386,282</u>	<u>84,117</u>	<u>(160,898)</u>	<u>8,158</u>	<u>(759,784)</u>
Other Financing Sources (Uses)					
Capital Leases Issued	537,543	0	0	0	516,500
Transfers In	167,105	0	150,000	0	0
Transfers Out	(513,363)	0	(4,652)	0	(276,951)
<i>Total Other Financing Sources (Uses)</i>	<u>191,285</u>	<u>0</u>	<u>145,348</u>	<u>0</u>	<u>239,549</u>
<i>Net Change in Fund Balances</i>	577,567	84,117	(15,550)	8,158	(520,235)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>1,002,744</u>	<u>222,186</u>	<u>(36,321)</u>	<u>62,193</u>	<u>1,521,008</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,580,311</u>	<u>\$306,303</u>	<u>(\$51,871)</u>	<u>\$70,351</u>	<u>\$1,000,773</u>

(continued)

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2013

	Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Law Enforcement
Revenues					
Property Taxes	\$0	\$199,393	\$199,393	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	3,469	0	0	25,929	282,659
Intergovernmental	0	32,524	32,524	0	0
Miscellaneous	0	126,267	91,442	0	0
<i>Total Revenues</i>	<u>3,469</u>	<u>358,184</u>	<u>323,359</u>	<u>25,929</u>	<u>282,659</u>
Expenditures					
Current:					
General Government	0	0	0	18,241	0
Security of Persons and Property	3,334	0	0	0	250,000
Transportation	0	0	0	0	0
Public Health	0	0	0	0	0
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>3,334</u>	<u>0</u>	<u>0</u>	<u>18,241</u>	<u>250,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>135</u>	<u>358,184</u>	<u>323,359</u>	<u>7,688</u>	<u>32,659</u>
Other Financing Sources (Uses)					
Capital Leases Issued	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	(52,614)	(97,711)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(52,614)</u>	<u>(97,711)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	135	305,570	225,648	7,688	32,659
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>8,316</u>	<u>(251,492)</u>	<u>(297,863)</u>	<u>74,604</u>	<u>721,496</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,451</u>	<u>\$54,078</u>	<u>(\$72,215)</u>	<u>\$82,292</u>	<u>\$754,155</u>

Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	SAMHSA Grant	Municipal Court Operating	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$398,786
0	0	0	0	0	0	4,519,047
0	0	0	0	0	0	227,473
0	0	0	0	0	0	301,241
85,637	26,114	200,565	146,494	0	87,861	858,728
0	0	0	0	483,329	0	3,514,955
0	0	0	0	0	0	244,540
<u>85,637</u>	<u>26,114</u>	<u>200,565</u>	<u>146,494</u>	<u>483,329</u>	<u>87,861</u>	<u>10,064,770</u>
93,441	13,778	197,071	0	0	75,518	398,049
0	0	0	129,679	0	0	3,118,022
0	0	0	0	0	0	3,901,721
0	0	0	0	498,269	0	1,513,764
0	0	0	0	0	0	6,995
0	0	0	0	0	0	765,946
0	0	0	0	0	0	58,129
<u>93,441</u>	<u>13,778</u>	<u>197,071</u>	<u>129,679</u>	<u>498,269</u>	<u>75,518</u>	<u>9,762,626</u>
(7,804)	12,336	3,494	16,815	(14,940)	12,343	302,144
0	0	0	0	0	0	1,054,043
0	0	0	0	0	0	317,105
(760)	0	(476)	(1,053)	0	(97,594)	(1,045,174)
<u>(760)</u>	<u>0</u>	<u>(476)</u>	<u>(1,053)</u>	<u>0</u>	<u>(97,594)</u>	<u>325,974</u>
(8,564)	12,336	3,018	15,762	(14,940)	(85,251)	628,118
<u>44,171</u>	<u>75,467</u>	<u>275,011</u>	<u>118,145</u>	<u>14,983</u>	<u>223,201</u>	<u>3,777,849</u>
<u>\$35,607</u>	<u>\$87,803</u>	<u>\$278,029</u>	<u>\$133,907</u>	<u>\$43</u>	<u>\$137,950</u>	<u>\$4,405,967</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,163,476	\$925	\$1,164,401
Cash and Cash Equivalents With Fiscal Agents	\$190,845		190,845
Accounts Receivable	121,098	0	121,098
Interfund Receivable	245	8,513	8,758
Prepaid Items	2,745	1,200	3,945
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$1,478,409</u>	<u>\$10,638</u>	<u>\$1,489,047</u>
Liabilities			
Accounts Payable	\$19,252	\$0	\$19,252
Contracts Payable	44,299	0	44,299
Accrued Wages and Benefits	3,407	2,337	5,744
Intergovernmental Payable	5,481	1,628	7,109
Interfund Payable	0	28,568	28,568
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>72,439</u>	<u>32,533</u>	<u>104,972</u>
Fund Balances			
Nonspendable	2,745	1,200	3,945
Restricted	190,845	0	190,845
Committed	1,212,380	0	1,212,380
Unassigned (Deficit)	0	(23,095)	(23,095)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances (Deficit)</i>	<u>1,405,970</u>	<u>(21,895)</u>	<u>1,384,075</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,478,409</u>	<u>\$10,638</u>	<u>\$1,489,047</u>

City of Lorain, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2013

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Revenues			
Charges for Services	\$1,545,387	\$0	\$1,545,387
Fines and Forfeitures	0	61,891	61,891
Interest	0	3	3
<i>Total Revenues</i>	<u>1,545,387</u>	<u>61,894</u>	<u>1,607,281</u>
Expenditures			
Capital Outlay	1,263,059	81,827	1,344,886
Debt Service:			
Principal Retirement	112,584	0	112,584
Interest and Fiscal Charges	9,438	0	9,438
<i>Total Expenditures</i>	<u>1,385,081</u>	<u>81,827</u>	<u>1,466,908</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>160,306</u>	<u>(19,933)</u>	<u>140,373</u>
Other Financing Sources (Uses)			
Capital Leases Issued	596,333	0	596,333
Transfers Out	(1,621)	(453)	(2,074)
<i>Total Other Financing Sources (Uses)</i>	<u>594,712</u>	<u>(453)</u>	<u>594,259</u>
<i>Net Change in Fund Balances</i>	755,018	(20,386)	734,632
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>650,952</u>	<u>(1,509)</u>	<u>649,443</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$1,405,970</u></u>	<u><u>(\$21,895)</u></u>	<u><u>\$1,384,075</u></u>

Combining Statements – Internal Service Funds

Internal Service Funds

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

Garage Fund

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

Hospitalization Fund

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

City of Lorain, Ohio
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2013

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$5,902	\$0	\$5,902
Materials and Supplies Inventory	1,302,701	0	1,302,701
Interfund Receivable	160	0	160
Prepaid Items	2,256	0	2,256
<i>Total Current Assets</i>	<u>1,311,019</u>	<u>0</u>	<u>1,311,019</u>
<i>Noncurrent Assets</i>			
Depreciable Capital Assets, Net	179,452	0	179,452
<i>Total Assets</i>	<u>1,490,471</u>	<u>0</u>	<u>1,490,471</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	75,019	0	75,019
Accrued Wages and Benefits	10,686	1,325	12,011
Intergovernmental Payable	10,261	1,033	11,294
Interfund Payable	0	65,291	65,291
Claims Payable	0	577,876	577,876
Claims and Judgments Payable	802	0	802
Bonds Payable	23,395	250,000	273,395
<i>Total Current Liabilities</i>	<u>120,163</u>	<u>895,525</u>	<u>1,015,688</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>			
Compensated Absences Payable	56,127	10,656	66,783
Bonds Payable	24,476	4,090,000	4,114,476
<i>Total Long-Term Liabilities</i>	<u>80,603</u>	<u>4,100,656</u>	<u>4,181,259</u>
<i>Total Liabilities</i>	<u>200,766</u>	<u>4,996,181</u>	<u>5,196,947</u>
Net Position			
Net Investment in Capital Assets	131,581	0	131,581
Unrestricted (Deficit)	1,158,124	(4,996,181)	(3,838,057)
<i>Total Net Position (Deficit)</i>	<u>\$1,289,705</u>	<u>(\$4,996,181)</u>	<u>(\$3,706,476)</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2013

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for Services	<u>\$1,788,474</u>	<u>\$5,705,767</u>	<u>\$7,494,241</u>
Operating Expenses			
Personal Services	526,088	43,392	569,480
Materials and Supplies	986,828	0	986,828
Contractual Services	935	0	935
Claims	0	5,343,340	5,343,340
Other Expenses	5,047	0	5,047
Depreciation	<u>5,296</u>	<u>0</u>	<u>5,296</u>
<i>Total Operating Expenses</i>	<u>1,524,194</u>	<u>5,386,732</u>	<u>6,910,926</u>
<i>Operating Income</i>	264,280	319,035	583,315
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(3,068)</u>	<u>(308,475)</u>	<u>(311,543)</u>
<i>Income Before Transfers</i>	261,212	10,560	271,772
Transfers Out	<u>(10,681)</u>	<u>(701)</u>	<u>(11,382)</u>
<i>Change in Net Position</i>	250,531	9,859	260,390
<i>Net Position (Deficit) Beginning of Year</i>	<u>1,039,174</u>	<u>(5,006,040)</u>	<u>(3,966,866)</u>
<i>Net Position (Deficit) End of Year</i>	<u><u>\$1,289,705</u></u>	<u><u>(\$4,996,181)</u></u>	<u><u>(\$3,706,476)</u></u>

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2013

	Garage	Hospitalization	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Transactions with Other Funds	\$1,830,763	\$5,705,767	\$7,536,530
Cash Payments for Goods and Services	(1,334,376)	0	(1,334,376)
Cash Payments for Employee Services and Benefits	(544,487)	(42,499)	(586,986)
Cash Payments for Claims	0	(5,278,888)	(5,278,888)
<i>Net Cash Provided by (Used For)</i>			
<i>Operating Activities</i>	(48,100)	384,380	336,280
Cash Flows from Noncapital Financing Activities			
Principal Paid on Bonds	0	(235,000)	(235,000)
Interest Paid on Bonds	0	(308,475)	(308,475)
Advances In	0	65,291	65,291
Transfers Out	(10,681)	(701)	(11,382)
<i>Net Cash Used for Noncapital Financing Activities</i>			
	(10,681)	(478,885)	(489,566)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(5,029)	0	(5,029)
Principal Paid on Bonds	(22,676)	0	(22,676)
Interest Paid on Bonds	(3,068)	0	(3,068)
<i>Net Cash Used for Capital and Related Financing Activities</i>			
	(30,773)	0	(30,773)
Net Decrease in Cash and Cash Equivalents	(89,554)	(94,505)	(184,059)
<i>Cash and Cash Equivalents Beginning of Year</i>	95,456	94,505	189,961
<i>Cash and Cash Equivalents End of Year</i>	\$5,902	\$0	\$5,902

(continued)

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended December 31, 2013

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities			
Operating Income	\$264,280	\$319,035	\$583,315
<i>Adjustments:</i>			
Depreciation	5,296	0	5,296
<i>(Increase) Decrease in Assets:</i>			
Interfund Receivable	42,289	0	42,289
Materials and Supplies Inventory	(331,502)	0	(331,502)
Prepaid Items	(2,073)	0	(2,073)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(7,779)	(10,929)	(18,708)
Accrued Wages and Benefits	10,270	(7)	10,263
Claims Payable	0	75,381	75,381
Claims and Judgments Payable	802	0	802
Compensated Absences Payable	(27,344)	995	(26,349)
Intergovernmental Payable	(2,339)	(95)	(2,434)
<i>Total Adjustments</i>	<u>(312,380)</u>	<u>65,345</u>	<u>(247,035)</u>
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u><u>(\$48,100)</u></u>	<u><u>\$384,380</u></u>	<u><u>\$336,280</u></u>

Combining Statements - Agency Funds

Fiduciary Funds

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

Agency Funds

Allotment Improvement Fund

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

Deposits Held Fund

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

Contracts Trust Fund

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

Vital Statistics Fund

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

Flexible Spending Fund

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

County User Fee Fund

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

State Highway Patrol Fund

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

Waste Collection Fund

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

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013

	Beginning Balance 12/31/12	Additions	Deductions	Ending Balance 12/31/13
<i>Allotment Improvement</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$48,219	\$48,807	\$7,245	\$89,781
Liabilities				
Deposits Held and Due to Others	\$48,219	\$48,807	\$7,245	\$89,781
<i>Deposits Held</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$45,617	\$150,458	\$68,864	\$127,211
Liabilities				
Deposits Held and Due to Others	\$45,617	\$150,458	\$68,864	\$127,211
<i>Contracts Trust</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,260	\$79,535	\$79,955	\$7,840
Liabilities				
Deposits Held and Due to Others	\$8,260	\$79,535	\$79,955	\$7,840
<i>Vital Statistics</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$23,900	\$104,099	\$103,752	\$24,247
Liabilities				
Deposits Held and Due to Others	\$23,900	\$104,099	\$103,752	\$24,247
<i>Flexible Spending</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,138	\$125,564	\$122,701	\$18,001
Liabilities				
Deposits Held and Due to Others	\$15,138	\$125,564	\$122,701	\$18,001

(continued)

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2013

	Beginning Balance 12/31/12	Additions	Deductions	Ending Balance 12/31/13
<i>County User Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$14,678	\$60,327	\$48,497	\$26,508
Liabilities				
Deposits Held and Due to Others	\$14,678	\$60,327	\$48,497	\$26,508
 <i>State Highway Patrol</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,371	\$37,250	\$27,631	\$11,990
Liabilities				
Deposits Held and Due to Others	\$2,371	\$37,250	\$27,631	\$11,990
 <i>Waste Collection</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$91	\$4,306,918	\$3,828,990	\$478,019
Liabilities				
Deposits Held and Due to Others	\$91	\$4,306,918	\$3,828,990	\$478,019
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$158,274	\$4,912,958	\$4,287,635	\$783,597
Liabilities				
Deposits Held and Due to Others	\$158,274	\$4,912,958	\$4,287,635	\$783,597

**Individual Fund Schedules of Revenues, Expenditures/Expenses
And Changes in Fund Balances/Fund Equity –
Budget (Non - GAAP Basis) and Actual**

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$1,946,447	\$1,946,447	\$1,856,269	(\$90,178)
Municipal Income Taxes	19,316,678	19,316,678	18,519,069	(797,609)
Charges for Services	1,224,661	1,422,848	1,088,851	(333,997)
Licenses and Permits	1,035,325	1,040,325	918,593	(121,732)
Fines and Forfeitures	1,204,500	1,204,500	964,470	(240,030)
Intergovernmental	3,978,251	4,080,309	4,351,661	271,352
Franchise Fees	650,000	650,000	606,672	(43,328)
Interest	10,100	10,100	13,493	3,393
Contributions and Donations	133,691	133,691	133,691	0
Miscellaneous	50,780	1,076,204	1,608,166	531,962
<i>Total Revenues</i>	29,550,433	30,881,102	30,060,935	(820,167)
Expenditures:				
Current:				
General Government				
Civil Service:				
Wages and Benefits	83,582	84,891	84,566	325
Contractual Services	8,000	9,500	7,511	1,989
Materials and Supplies	500	500	486	14
Other	12,000	15,500	14,307	1,193
<i>Total Civil Service</i>	104,082	110,391	106,870	3,521
Council:				
Wages and Benefits	367,858	361,818	360,705	1,113
Contractual Services	5,500	5,500	5,490	10
Materials and Supplies	250	250	206	44
Capital Outlay	0	2,000	1,552	448
Other	15,250	15,250	13,112	2,138
<i>Total Council</i>	388,858	384,818	381,065	3,753
Mayor:				
Wages and Benefits	203,019	203,364	202,600	764
Contractual Services	2,967	2,967	2,128	839
Materials and Supplies	1,600	1,600	1,600	0
<i>Total Mayor</i>	207,586	207,931	206,328	1,603
Auditor:				
Wages and Benefits	522,665	531,097	530,952	145
Contractual Services	71,769	77,229	76,999	230
Materials and Supplies	28,494	23,594	23,551	43
Other	3,319	3,319	2,510	809
<i>Total Auditor</i>	\$626,247	\$635,239	\$634,012	\$1,227

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Treasurer:				
Wages and Benefits	\$449,915	\$407,779	\$406,341	\$1,438
Contractual Services	63,498	63,998	60,408	3,590
Materials and Supplies	5,087	5,087	5,062	25
Capital Outlay	1,000	0	0	0
Other	20,203	20,303	18,341	1,962
<i>Total Treasurer</i>	<u>539,703</u>	<u>497,167</u>	<u>490,152</u>	<u>7,015</u>
Law Director:				
Wages and Benefits	759,968	721,802	718,451	3,351
Contractual Services	2,000	0	0	0
Materials and Supplies	11,000	7,000	2,853	4,147
Capital Outlay	0	19,100	19,066	34
Other	14,600	8,800	6,757	2,043
<i>Total Law Director</i>	<u>787,568</u>	<u>756,702</u>	<u>747,127</u>	<u>9,575</u>
Judges:				
Wages and Benefits	649,530	686,983	684,879	2,104
Contractual Services	12,141	13,841	13,231	610
Materials and Supplies	4,200	3,500	3,500	0
Other	3,525	9,225	7,101	2,124
<i>Total Judges</i>	<u>669,396</u>	<u>713,549</u>	<u>708,711</u>	<u>4,838</u>
Clerk of Courts:				
Wages and Benefits	899,588	955,204	952,378	2,826
Contractual Services	22,648	22,648	19,310	3,338
Materials and Supplies	91,417	74,417	56,582	17,835
Capital Outlay	600	600	350	250
Other	15,000	12,000	10,912	1,088
<i>Total Clerk of Courts</i>	<u>1,029,253</u>	<u>1,064,869</u>	<u>1,039,532</u>	<u>25,337</u>
Electrical:				
Wages and Benefits	477,061	451,368	449,806	1,562
Contractual Services	31,300	31,300	29,722	1,578
Materials and Supplies	32,054	27,641	27,506	135
Capital Outlay	204,156	204,156	203,075	1,081
Other	2,462	2,462	2,341	121
<i>Total Electrical</i>	<u>\$747,033</u>	<u>\$716,927</u>	<u>\$712,450</u>	<u>\$4,477</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety/Service:				
Wages and Benefits	\$403,759	\$388,893	\$387,268	\$1,625
Contractual Services	1,485,545	1,980,930	1,890,866	90,064
Materials and Supplies	62,220	88,478	87,915	563
Capital Outlay	0	93,000	90,894	2,106
Other	153,175	148,256	140,386	7,870
<i>Total Safety/Service</i>	<u>2,104,699</u>	<u>2,699,557</u>	<u>2,597,329</u>	<u>102,228</u>
Engineering:				
Wages and Benefits	198,669	169,441	167,170	2,271
Contractual Services	4,930	4,930	4,242	688
Materials and Supplies	10,034	10,034	9,935	99
Other	6,637	6,637	4,928	1,709
<i>Total Engineering</i>	<u>220,270</u>	<u>191,042</u>	<u>186,275</u>	<u>4,767</u>
Data Processing:				
Wages and Benefits	247,652	239,317	238,535	782
Contractual Services	356,708	348,608	342,510	6,098
Materials and Supplies	14,936	14,936	13,176	1,760
Capital Outlay	106,381	826,383	484,868	341,515
Other	8,500	6,040	5,467	573
<i>Total Data Processing</i>	<u>734,177</u>	<u>1,435,284</u>	<u>1,084,556</u>	<u>350,728</u>
<i>Total General Government</i>	<u>8,158,872</u>	<u>9,413,476</u>	<u>8,894,407</u>	<u>519,069</u>
Security of Persons and Property				
Police Department:				
Wages and Benefits	9,775,370	9,660,264	9,592,063	68,201
Contractual Services	269,846	265,046	261,317	3,729
Materials and Supplies	511,133	509,133	505,235	3,898
Capital Outlay	0	19,409	19,409	0
<i>Total Police Department</i>	<u>10,556,349</u>	<u>10,453,852</u>	<u>10,378,024</u>	<u>75,828</u>
Fire Department:				
Wages and Benefits	7,795,083	7,603,683	7,575,131	28,552
Contractual Services	200,621	182,121	175,293	6,828
Materials and Supplies	144,713	151,613	151,331	282
Capital Outlay	162,990	733,850	717,598	16,252
Other	12,500	9,500	8,919	581
<i>Total Fire Department</i>	<u>8,315,907</u>	<u>8,680,767</u>	<u>8,628,272</u>	<u>52,495</u>
<i>Total Security of Persons and Property</i>	<u>\$18,872,256</u>	<u>\$19,134,619</u>	<u>\$19,006,296</u>	<u>\$128,323</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health				
Cemetery:				
Wages and Benefits	\$208,720	\$179,605	\$178,487	\$1,118
Contractual Services	11,300	13,025	12,632	393
Materials and Supplies	20,900	22,500	22,500	0
Capital Outlay	15,000	26,525	26,367	158
<i>Total Public Health</i>	<u>255,920</u>	<u>241,655</u>	<u>239,986</u>	<u>1,669</u>
Community Environment				
Building Inspection:				
Wages and Benefits	354,509	330,040	328,225	1,815
Contractual Services	18,012	18,012	16,604	1,408
Materials and Supplies	13,360	15,660	15,660	0
Other	5,500	3,500	1,187	2,313
<i>Total Community Environment</i>	<u>391,381</u>	<u>367,212</u>	<u>361,676</u>	<u>5,536</u>
Economic Development				
St. Joseph Community Center				
Contractual Services	54,529	54,529	54,529	0
Leisure Time Activities				
Parks Department:				
Wages and Benefits	323,863	301,735	301,180	555
Contractual Services	93,122	145,172	135,609	9,563
Materials and Supplies	172,800	124,400	124,231	169
Capital Outlay	5,000	30,718	30,443	275
Other	5,700	1,100	365	735
<i>Total Leisure Time Activities</i>	<u>600,485</u>	<u>603,125</u>	<u>591,828</u>	<u>11,297</u>
Debt Service:				
Principal Retirement	248,484	283,366	282,503	863
Interest and Fiscal Charges	27,051	27,051	27,051	0
<i>Total Debt Service</i>	<u>275,535</u>	<u>310,417</u>	<u>309,554</u>	<u>863</u>
<i>Total Expenditures</i>	<u>\$28,608,978</u>	<u>\$30,125,033</u>	<u>\$29,458,276</u>	<u>\$666,757</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$941,455	\$756,069	\$602,659	(\$153,410)
Other Financing Sources (Uses):				
Advances In	100,297	100,297	100,297	0
Advances Out	0	(200,000)	(135,172)	64,828
Capital Leases Issued	0	757,852	757,852	0
Transfers Out	(2,442,255)	(2,827,088)	(2,577,087)	250,001
<i>Total Other Financing Sources (Uses)</i>	(2,341,958)	(2,168,939)	(1,854,110)	314,829
<i>Net Change in Fund Balance</i>	(1,400,503)	(1,412,870)	(1,251,451)	161,419
<i>Fund Balance Beginning of Year</i>	1,704,417	1,704,417	1,704,417	0
Prior Year Encumbrances Appropriated	581,170	581,170	581,170	0
<i>Fund Balance End of Year</i>	<u>\$885,084</u>	<u>\$872,717</u>	<u>\$1,034,136</u>	<u>\$161,419</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$100,553	\$104,105	\$128,312	\$24,207
Intergovernmental	7,046,258	11,222,115	4,743,463	(6,478,652)
Interest	2,890	2,890	2,056	(834)
Miscellaneous	5,350	8,230	53,485	45,255
<i>Total Revenues</i>	<u>7,155,051</u>	<u>11,337,340</u>	<u>4,927,316</u>	<u>(6,410,024)</u>
Expenditures:				
Current:				
Economic Development				
Wages and Benefits	1,273,653	1,094,696	864,045	230,651
Contractual Services	1,351,938	4,811,373	1,710,464	3,100,909
Materials and Supplies	191,886	164,255	64,405	99,850
Capital Outlay	580,323	1,276,920	455,712	821,208
Other	4,781,718	5,216,025	578,365	4,637,660
<i>Total Economic Development</i>	<u>8,179,518</u>	<u>12,563,269</u>	<u>3,672,991</u>	<u>8,890,278</u>
Debt Service:				
Principal Retirement	598,530	517,007	514,039	2,968
Interest and Fiscal Charges	175,914	175,914	175,914	0
<i>Total Debt Service</i>	<u>774,444</u>	<u>692,921</u>	<u>689,953</u>	<u>2,968</u>
<i>Total Expenditures</i>	<u>8,953,962</u>	<u>13,256,190</u>	<u>4,362,944</u>	<u>8,893,246</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,798,911)</u>	<u>(1,918,850)</u>	<u>564,372</u>	<u>2,483,222</u>
Other Financing Sources (Uses):				
Advances In	0	0	34,617	34,617
Advances Out	(61,294)	(96,224)	(96,221)	3
Transfers In	250,000	250,000	250,000	0
Transfers Out	(290,685)	(218,178)	(102,490)	115,688
<i>Total Other Financing Sources (Uses)</i>	<u>(101,979)</u>	<u>(64,402)</u>	<u>85,906</u>	<u>150,308</u>
<i>Net Change in Fund Balance</i>	<u>(1,900,890)</u>	<u>(1,983,252)</u>	<u>650,278</u>	<u>2,633,530</u>
<i>Fund Balance Beginning of Year</i>	2,462,257	2,462,257	2,462,257	0
Prior Year Encumbrances Appropriated	428,299	428,299	428,299	0
<i>Fund Balance End of Year</i>	<u>\$989,666</u>	<u>\$907,304</u>	<u>\$3,540,834</u>	<u>\$2,633,530</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$775,086	\$775,086	\$731,857	(\$43,229)
Payments in Lieu of Taxes	633,611	646,811	997,880	351,069
Intergovernmental	144,550	144,550	141,826	(2,724)
Miscellaneous	885,522	892,868	442,187	(450,681)
<i>Total Revenues</i>	<u>2,438,769</u>	<u>2,459,315</u>	<u>2,313,750</u>	<u>(145,565)</u>
Expenditures:				
Current:				
General Government				
Other	<u>0</u>	<u>28,800</u>	<u>28,690</u>	<u>110</u>
Debt Service:				
Principal Retirement	3,041,877	3,418,977	3,418,915	62
Interest and Fiscal Charges	<u>1,375,170</u>	<u>1,646,871</u>	<u>1,642,230</u>	<u>4,641</u>
<i>Total Debt Service</i>	<u>4,417,047</u>	<u>5,065,848</u>	<u>5,061,145</u>	<u>4,703</u>
<i>Total Expenditures</i>	<u>4,417,047</u>	<u>5,094,648</u>	<u>5,089,835</u>	<u>4,813</u>
<i>Excess of Revenues Under Expenditures</i>	(1,978,278)	(2,635,333)	(2,776,085)	(140,752)
Other Financing Sources:				
Transfers In	<u>2,268,111</u>	<u>2,925,166</u>	<u>2,976,513</u>	<u>51,347</u>
<i>Net Change in Fund Balance</i>	289,833	289,833	200,428	(89,405)
<i>Fund Balance Beginning of Year</i>	<u>383,434</u>	<u>383,434</u>	<u>383,434</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$673,267</u></u>	<u><u>\$673,267</u></u>	<u><u>\$583,862</u></u>	<u><u>(\$89,405)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$98,455	\$95,455	\$60,346	(\$35,109)
Intergovernmental	3,715,479	3,715,479	2,943,657	(771,822)
Contributions and Donations	0	0	250,000	250,000
<i>Total Revenues</i>	<u>3,813,934</u>	<u>3,810,934</u>	<u>3,254,003</u>	<u>(556,931)</u>
Expenditures:				
Capital Outlay				
Wages and Benefits	0	1,000	306	694
Contractual Services	9,052,162	18,062,383	15,292,129	2,770,254
Materials and Supplies	500	500	0	500
Capital Outlay	0	6,548,000	6,547,977	23
Other	5,200	6,700	1,405	5,295
<i>Total Capital Outlay</i>	<u>9,057,862</u>	<u>24,618,583</u>	<u>21,841,817</u>	<u>2,776,766</u>
Debt Service:				
Bond Issuance Costs	0	251,528	247,626	3,902
<i>Total Expenditures</i>	<u>9,057,862</u>	<u>24,870,111</u>	<u>22,089,443</u>	<u>2,780,668</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,243,928)</u>	<u>(21,059,177)</u>	<u>(18,835,440)</u>	<u>2,223,737</u>
Other Financing Sources (Uses):				
Bonds Issued	0	11,990,000	11,990,000	0
Loans Received	4,719,488	4,719,488	2,694,131	(2,025,357)
Discount on Debt Issuance	0	(54,472)	(54,472)	0
Transfers Out	(6,182)	(163,183)	(157,000)	6,183
<i>Total Other Financing Sources (Uses)</i>	<u>4,713,306</u>	<u>16,491,833</u>	<u>14,472,659</u>	<u>(2,019,174)</u>
<i>Net Change in Fund Balance</i>	<u>(530,622)</u>	<u>(4,567,344)</u>	<u>(4,362,781)</u>	<u>204,563</u>
<i>Fund Balance Beginning of Year</i>	4,405,353	4,405,353	4,405,353	0
<i>Prior Year Encumbrances Appropriated</i>	<u>300,921</u>	<u>300,921</u>	<u>300,921</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,175,652</u>	<u>\$138,930</u>	<u>\$343,493</u>	<u>\$204,563</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Water Works Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$10,206,889	\$10,206,889	\$9,135,535	(\$1,071,354)
OWDA Loans Received	168,575	12,055,897	13,644,178	1,588,281
Capital Lease	0	1,187,767	1,187,767	0
Interest	0	0	29	29
Sale of Capital Assets	0	0	8,480	8,480
Miscellaneous	110,000	115,000	96,384	(18,616)
<i>Total Revenues</i>	<u>10,485,464</u>	<u>23,565,553</u>	<u>24,072,373</u>	<u>506,820</u>
Expenses:				
Personnel Services	4,153,686	4,453,880	4,424,360	29,520
Materials and Supplies	961,928	1,251,528	1,176,464	75,064
Contractual Services	1,019,453	1,725,395	1,604,689	120,706
Basic Utilities	518,000	568,500	554,583	13,917
Capital Outlay	1,992,689	13,712,822	14,583,490	(870,668)
Other Expense	322,303	340,103	317,782	22,321
Debt Service:				
Principal Retirement	1,694,093	1,615,493	1,614,197	1,296
Interest and Fiscal Charges	682,568	612,868	612,839	29
<i>Total Expenses</i>	<u>11,344,720</u>	<u>24,280,589</u>	<u>24,888,404</u>	<u>(607,815)</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(859,256)	(715,036)	(816,031)	(100,995)
Transfers Out	(50,000)	(95,265)	(41,744)	53,521
<i>Net Change in Fund Equity</i>	(909,256)	(810,301)	(857,775)	(47,474)
<i>Fund Equity Beginning of Year</i>	812,353	812,353	812,353	0
Prior Year Encumbrances Appropriated	579,178	579,178	579,178	0
<i>Fund Equity End of Year</i>	<u>\$482,275</u>	<u>\$581,230</u>	<u>\$533,756</u>	<u>(\$47,474)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Water Pollution Control Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$15,630,668	\$15,630,668	\$14,971,729	(\$658,939)
OWDA Loans Received	0	27,500,000	16,177,187	(11,322,813)
Capital Lease	0	892,618	892,618	0
Intergovernmental	0	2,333,370	1,899,690	(433,680)
Miscellaneous	47,400	47,400	136,943	89,543
<i>Total Revenues</i>	<u>15,678,068</u>	<u>46,404,056</u>	<u>34,078,167</u>	<u>(12,325,889)</u>
Expenses:				
Personnel Services	5,104,970	5,183,305	4,645,389	537,916
Materials and Supplies	611,529	631,529	603,624	27,905
Contractual Services	1,149,339	5,167,342	2,908,984	2,258,358
Basic Utilities	745,000	761,100	678,420	82,680
Capital Outlay	3,454,014	29,858,021	17,840,971	12,017,050
Other Operating Expense	404,937	593,748	437,588	156,160
Debt Service:				
Principal Retirement	2,376,609	2,338,409	2,337,537	872
Interest and Fiscal Charges	1,067,755	1,062,755	1,062,707	48
<i>Total Expenses</i>	<u>14,914,153</u>	<u>45,596,209</u>	<u>30,515,220</u>	<u>15,080,989</u>
<i>Excess of Revenues Over Expenses Before Transfers</i>	<u>763,915</u>	<u>807,847</u>	<u>3,562,947</u>	<u>2,755,100</u>
Transfers Out	(50,000)	(69,942)	(45,772)	24,170
<i>Net Change in Fund Equity</i>	<u>713,915</u>	<u>737,905</u>	<u>3,517,175</u>	<u>2,779,270</u>
<i>Fund Equity Beginning of Year</i>	<u>7,050,213</u>	<u>7,050,213</u>	<u>7,050,213</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>2,301,490</u>	<u>2,301,490</u>	<u>2,301,490</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$10,065,618</u></u>	<u><u>\$10,089,608</u></u>	<u><u>\$12,868,878</u></u>	<u><u>\$2,779,270</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Streets Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Municipal Income Tax	\$1,990,750	\$1,990,750	\$1,851,040	(\$139,710)
Intergovernmental	2,163,000	2,163,000	2,130,661	(32,339)
Miscellaneous	500	17,000	15,092	(1,908)
<i>Total Revenues</i>	<u>4,154,250</u>	<u>4,170,750</u>	<u>3,996,793</u>	<u>(173,957)</u>
Expenditures:				
Current:				
Transportation				
Wages and Benefits	1,449,226	1,605,421	1,592,840	12,581
Contractual Services	162,304	796,032	776,710	19,322
Materials and Supplies	930,856	768,348	767,538	810
Capital Outlay	665,398	1,309,141	1,245,492	63,649
Other	11,200	11,200	10,030	1,170
<i>Total Transportation</i>	<u>3,218,984</u>	<u>4,490,142</u>	<u>4,392,610</u>	<u>97,532</u>
Debt Service:				
Principal Retirement	315,276	352,776	352,711	65
Interest and Fiscal Charges	27,940	27,940	27,940	0
<i>Total Debt Service</i>	<u>343,216</u>	<u>380,716</u>	<u>380,651</u>	<u>65</u>
<i>Total Expenditures</i>	<u>3,562,200</u>	<u>4,870,858</u>	<u>4,773,261</u>	<u>97,597</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>592,050</u>	<u>(700,108)</u>	<u>(776,468)</u>	<u>(76,360)</u>
Other Financing Sources (Uses):				
Capital Lease Issued	0	537,543	537,543	0
Transfers In	167,105	167,105	167,105	0
Transfers Out	(141,508)	(513,363)	(513,363)	0
<i>Total Other Financing Sources (Uses)</i>	<u>25,597</u>	<u>191,285</u>	<u>191,285</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	617,647	(508,823)	(585,183)	(76,360)
<i>Fund Balance Beginning of Year</i>	107,784	107,784	107,784	0
Prior Year Encumbrances Appropriated	632,379	632,379	632,379	0
<i>Fund Balance End of Year</i>	<u>\$1,357,810</u>	<u>\$231,340</u>	<u>\$154,980</u>	<u>(\$76,360)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Permissive License Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$485,000	\$485,000	\$487,246	\$2,246
Expenditures:				
Current:				
Transportation				
Contractual Services	400,000	400,000	265,778	134,222
Materials and Supplies	253,667	253,667	165,734	87,933
<i>Total Expenditures</i>	<u>653,667</u>	<u>653,667</u>	<u>431,512</u>	<u>222,155</u>
<i>Net Change in Fund Balance</i>	(168,667)	(168,667)	55,734	224,401
<i>Fund Balance Beginning of Year</i>	182,527	182,527	182,527	0
Prior Year Encumbrances Appropriated	<u>8,667</u>	<u>8,667</u>	<u>8,667</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$22,527</u></u>	<u><u>\$22,527</u></u>	<u><u>\$246,928</u></u>	<u><u>\$224,401</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Health Services Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$198,650	\$228,450	\$229,003	\$553
Licenses and Permits	271,045	296,090	301,241	5,151
Intergovernmental	390,021	390,021	304,937	(85,084)
<i>Total Revenues</i>	<u>859,716</u>	<u>914,561</u>	<u>835,181</u>	<u>(79,380)</u>
Expenditures:				
Current:				
Public Health				
Wages and Benefits	825,835	867,035	849,542	17,493
Contractual Services	111,117	116,142	108,543	7,599
Materials and Supplies	11,948	7,948	5,801	2,147
Other	56,477	69,097	65,090	4,007
<i>Total Expenditures</i>	<u>1,005,377</u>	<u>1,060,222</u>	<u>1,028,976</u>	<u>31,246</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(145,661)</u>	<u>(145,661)</u>	<u>(193,795)</u>	<u>(48,134)</u>
Other Financing Sources (Uses):				
Advances In	0	0	47,665	47,665
Transfers In	150,000	150,000	150,000	0
Transfers Out	(4,652)	(4,652)	(4,652)	0
<i>Total Other Financing Sources (Uses)</i>	<u>145,348</u>	<u>145,348</u>	<u>193,013</u>	<u>47,665</u>
<i>Net Change in Fund Balance</i>	(313)	(313)	(782)	(469)
<i>Fund Balance Beginning of Year</i>	284	284	284	0
<i>Prior Year Encumbrances Appropriated</i>	<u>498</u>	<u>498</u>	<u>498</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$469</u>	<u>\$469</u>	<u>\$0</u>	<u>(\$469)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$7,993	\$7,993	\$15,153	\$7,160
Expenditures:				
Current:				
Community Environment				
Capital Outlay	0	7,045	6,995	50
<i>Net Change in Fund Balance</i>	7,993	948	8,158	7,210
<i>Fund Balance Beginning of Year</i>	62,193	62,193	62,193	0
<i>Fund Balance End of Year</i>	<u>\$70,186</u>	<u>\$63,141</u>	<u>\$70,351</u>	<u>\$7,210</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$2,386,013	\$2,386,013	\$2,390,132	\$4,119
Miscellaneous	6,000	11,910	11,739	(171)
<i>Total Revenues</i>	<u>2,392,013</u>	<u>2,397,923</u>	<u>2,401,871</u>	<u>3,948</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	1,378,232	1,355,232	1,270,754	84,478
Contractual Services	161,840	164,840	160,409	4,431
Materials and Supplies	242,573	268,483	267,719	764
Capital Outlay	961,577	961,577	773,489	188,088
Other	111,178	111,178	90,462	20,716
<i>Total Security of Persons and Property</i>	<u>2,855,400</u>	<u>2,861,310</u>	<u>2,562,833</u>	<u>298,477</u>
Debt Service:				
Principal Retirement	329,384	413,384	413,235	149
Interest and Fiscal Charges	14,186	14,186	14,186	0
<i>Total Debt Service</i>	<u>343,570</u>	<u>427,570</u>	<u>427,421</u>	<u>149</u>
<i>Total Expenditures</i>	<u>3,198,970</u>	<u>3,288,880</u>	<u>2,990,254</u>	<u>298,626</u>
<i>Excess of Revenue Under Expenditures</i>	(806,957)	(890,957)	(588,383)	302,574
Other Financing Sources Uses:				
Transfers Out	(270,679)	(276,952)	(276,951)	1
<i>Net Change in Fund Balance</i>	(1,077,636)	(1,167,909)	(865,334)	302,575
<i>Fund Balance Beginning of Year</i>	972,349	972,349	972,349	0
Prior Year Encumbrances Appropriated	465,817	465,817	465,817	0
<i>Fund Balance End of Year</i>	<u>\$360,530</u>	<u>\$270,257</u>	<u>\$572,832</u>	<u>\$302,575</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Mandatory Drug Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$10,000	\$10,000	\$3,469	(\$6,531)
Expenditures:				
Current:				
Security of Persons and Property				
Other	8,000	8,000	3,347	4,653
<i>Net Change in Fund Balance</i>	2,000	2,000	122	(1,878)
<i>Fund Balance Beginning of Year</i>	8,329	8,329	8,329	0
<i>Fund Balance End of Year</i>	<u>\$10,329</u>	<u>\$10,329</u>	<u>\$8,451</u>	<u>(\$1,878)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$211,861	\$211,861	\$199,393	(\$12,468)
Intergovernmental	40,632	45,332	32,524	(12,808)
<i>Total Revenues</i>	<u>252,493</u>	<u>257,193</u>	<u>231,917</u>	<u>(25,276)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	93,960	93,960	93,960	0
Other	0	4,700	4,661	39
<i>Total Security of Persons and Property</i>	<u>93,960</u>	<u>98,660</u>	<u>98,621</u>	<u>39</u>
<i>Excess of Revenues Over Expenditures</i>	158,533	158,533	133,296	(25,237)
Other Financing Uses:				
Transfers Out	(52,614)	(52,614)	(52,614)	0
<i>Net Change in Fund Balance</i>	105,919	105,919	80,682	(25,237)
<i>Fund Balance Beginning of Year</i>	<u>61,307</u>	<u>61,307</u>	<u>61,307</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$167,226</u>	<u>\$167,226</u>	<u>\$141,989</u>	<u>(\$25,237)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$211,861	\$211,861	\$199,393	(\$12,468)
Intergovernmental	79,727	84,427	32,524	(51,903)
<i>Total Revenues</i>	<u>291,588</u>	<u>296,288</u>	<u>231,917</u>	<u>(64,371)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	133,373	133,373	133,373	0
Other	0	4,700	4,662	38
<i>Total Security of Persons and Property</i>	<u>133,373</u>	<u>138,073</u>	<u>138,035</u>	<u>38</u>
<i>Excess of Revenues Over Expenditures</i>	158,215	158,215	93,882	(64,333)
Other Financing Uses:				
Transfers Out	(97,712)	(97,712)	(97,711)	1
<i>Net Change in Fund Balance</i>	60,503	60,503	(3,829)	(64,332)
<i>Fund Balance Beginning of Year</i>	<u>23,715</u>	<u>23,715</u>	<u>23,715</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$84,218</u></u>	<u><u>\$84,218</u></u>	<u><u>\$19,886</u></u>	<u><u>(\$64,332)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$25,000	\$25,000	\$28,418	\$3,418
Expenditures:				
Current:				
General Government				
Contractual Services	50,440	50,440	33,878	16,562
<i>Net Change in Fund Balance</i>	(25,440)	(25,440)	(5,460)	19,980
<i>Fund Balance Beginning of Year</i>	87,033	87,033	87,033	0
<i>Fund Balance End of Year</i>	<u>\$62,033</u>	<u>\$62,033</u>	<u>\$82,013</u>	<u>\$19,980</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Park Land Fund*
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$0	\$0	\$18,240	\$18,240
Expenditures:				
Current:				
Leisure Time Activities				
Capital Outlay	0	14,850	14,850	0
Debt Service:				
Principal Retirement	0	1,416	950	466
Interest and Fiscal Charges	0	84	84	0
<i>Total Debt Service</i>	0	1,500	1,034	466
<i>Total Expenditures</i>	0	16,350	15,884	466
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(16,350)	2,356	18,706
Other Financing Sources:				
Capital Lease Issued	0	14,850	14,850	0
<i>Net Change in Fund Balance</i>	0	(1,500)	17,206	18,706
<i>Fund Balance Beginning of Year</i>	28,663	28,663	28,663	0
<i>Fund Balance End of Year</i>	<u>\$28,663</u>	<u>\$27,163</u>	<u>\$45,869</u>	<u>\$18,706</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,558	2,558	2,558	0
<i>Fund Balance End of Year</i>	<u>\$2,558</u>	<u>\$2,558</u>	<u>\$2,558</u>	<u>\$0</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$100,000	\$100,000	\$282,659	\$182,659
Expenditures:				
Current:				
Security of Persons and Property				
Other	250,000	250,000	250,000	0
<i>Net Change in Fund Balance</i>	(150,000)	(150,000)	32,659	182,659
<i>Fund Balance Beginning of Year</i>	721,496	721,496	721,496	0
<i>Fund Balance End of Year</i>	<u>\$571,496</u>	<u>\$571,496</u>	<u>\$754,155</u>	<u>\$182,659</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Computer Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$105,000	\$105,000	\$85,657	(\$19,343)
Expenditures:				
Current:				
General Government				
Wages and Benefits	65,715	75,715	73,241	2,474
Contractual Services	9,174	9,174	0	9,174
Materials and Supplies	1,000	1,000	0	1,000
Capital Outlay	63,416	53,416	19,451	33,965
Other	2,000	2,000	1,972	28
<i>Total Expenditures</i>	141,305	141,305	94,664	46,641
<i>Excess of Revenues Under Expenditures</i>	(36,305)	(36,305)	(9,007)	27,298
Other Financing Uses:				
Transfers Out	0	(760)	(760)	0
<i>Net Change in Fund Balance</i>	(36,305)	(37,065)	(9,767)	27,298
<i>Fund Balance Beginning of Year</i>	41,409	41,409	41,409	0
<i>Fund Balance End of Year</i>	\$5,104	\$4,344	\$31,642	\$27,298

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Legal Research Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Fines and Forfeitures	\$12,000	\$12,000	\$26,091	\$14,091
Expenditures:				
Current:				
General Government				
Contractual Services	2,544	2,544	0	2,544
Materials and Supplies	6,000	6,000	0	6,000
Capital Outlay	23,380	23,380	12,293	11,087
Other	2,000	2,000	1,485	515
<i>Total Expenditures</i>	<u>33,924</u>	<u>33,924</u>	<u>13,778</u>	<u>20,146</u>
<i>Net Change in Fund Balance</i>	(21,924)	(21,924)	12,313	34,237
<i>Fund Balance Beginning of Year</i>	65,901	65,901	65,901	0
Prior Year Encumbrances Appropriated	<u>7,754</u>	<u>7,754</u>	<u>7,754</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$51,731</u></u>	<u><u>\$51,731</u></u>	<u><u>\$85,968</u></u>	<u><u>\$34,237</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Security Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$200,000	\$200,000	\$209,003	\$9,003
Expenditures:				
Current:				
General Government				
Wages and Benefits	143,053	143,053	117,731	25,322
Contractual Services	22,837	22,837	13,833	9,004
Capital Outlay	53,464	53,464	21,892	31,572
<i>Total Expenditures</i>	<u>219,354</u>	<u>219,354</u>	<u>153,456</u>	<u>65,898</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(19,354)	(19,354)	55,547	74,901
Other Financing Uses:				
Transfers Out	<u>0</u>	<u>(476)</u>	<u>(476)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(19,354)	(19,830)	55,071	74,901
<i>Fund Balance Beginning of Year</i>	258,413	258,413	258,413	0
Prior Year Encumbrances Appropriated	<u>2,988</u>	<u>2,988</u>	<u>2,988</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$242,047</u>	<u>\$241,571</u>	<u>\$316,472</u>	<u>\$74,901</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Probation Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$160,000	\$160,000	\$144,746	(\$15,254)
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	138,969	138,969	130,605	8,364
Materials and Supplies	3,124	3,124	1,131	1,993
Capital Outlay	6,000	6,000	2,000	4,000
Other	5,000	5,000	389	4,611
<i>Total Expenditures</i>	153,093	153,093	134,125	18,968
<i>Excess of Revenues Over Expenditures</i>	6,907	6,907	10,621	3,714
Other Financing Uses:				
Transfers Out	0	(1,053)	(1,053)	0
<i>Net Change in Fund Balance</i>	6,907	5,854	9,568	3,714
<i>Fund Balance Beginning of Year</i>	115,211	115,211	115,211	0
<i>Fund Balance End of Year</i>	\$122,118	\$121,065	\$124,779	\$3,714

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Economic Development				
Contractual Services	168,179	168,179	123,405	44,774
Other	25,000	25,000	9,650	15,350
<i>Total Expenditures</i>	193,179	193,179	133,055	60,124
<i>Excess of Revenues Under Expenditures</i>	(193,179)	(193,179)	(133,055)	60,124
Other Financing Sources:				
Transfers In	191,500	191,500	93,987	(97,513)
<i>Net Change in Fund Balance</i>	(1,679)	(1,679)	(39,068)	(37,389)
<i>Fund Balance Beginning of Year</i>	122,623	122,623	122,623	0
<i>Fund Balance End of Year</i>	<u>\$120,944</u>	<u>\$120,944</u>	<u>\$83,555</u>	<u>(\$37,389)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Substance Abuse Mental Health Services Administration (SAMHSA) Grant Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$498,506	\$498,506	\$498,398	(\$108)
Expenditures:				
Current:				
Public Health				
Wages and Benefits	1,420	1,420	1,376	44
Contractual Services	497,000	497,000	496,893	107
<i>Total Expenditures</i>	498,420	498,420	498,269	151
<i>Excess of Revenues Over Expenditures</i>	86	86	129	43
Other Financing Uses:				
Advances Out	(86)	(86)	(86)	0
<i>Net Change in Fund Balance</i>	0	0	43	43
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$43	\$43

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Operating Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$72,000	\$72,000	\$86,691	\$14,691
Expenditures:				
Current:				
General Government				
Contractual Services	35,820	35,820	0	35,820
Capital Outlay	153,903	153,903	153,903	0
<i>Total Expenditures</i>	189,723	189,723	153,903	35,820
<i>Excess of Revenues Under Expenditures</i>	(117,723)	(117,723)	(67,212)	50,511
Other Financing Uses:				
Transfers Out	(97,598)	(97,598)	(97,594)	4
<i>Net Change in Fund Balance</i>	(215,321)	(215,321)	(164,806)	50,515
<i>Fund Balance Beginning of Year</i>	63,269	63,269	63,269	0
Prior Year Encumbrances Appropriated	153,903	153,903	153,903	0
<i>Fund Balance End of Year</i>	<u>\$1,851</u>	<u>\$1,851</u>	<u>\$52,366</u>	<u>\$50,515</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Compensated Absences Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:	0	0	0	0
Other Financing Sources:				
Transfers In	123,200	123,200	123,200	0
<i>Net Change in Fund Balance</i>	123,200	123,200	123,200	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$123,200</u>	<u>\$123,200</u>	<u>\$123,200</u>	<u>\$0</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Payroll Reserve Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:	0	0	0	0
Other Financing Sources:				
Transfers In	148,010	148,010	148,010	0
<i>Net Change in Fund Balance</i>	148,010	148,010	148,010	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$148,010</u>	<u>\$148,010</u>	<u>\$148,010</u>	<u>\$0</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$70,000	\$74,300	\$80,691	\$6,391
Expenditures:				
Current:				
General Government				
Other	0	4,300	4,295	5
Debt Service:				
Principal Retirement	70,094	70,094	70,094	0
Interest and Fiscal Charges	80,211	80,211	80,210	1
<i>Total Debt Service</i>	150,305	150,305	150,304	1
<i>Total Expenditures</i>	150,305	154,605	154,599	6
<i>Excess of Revenues Under Expenditures</i>	(80,305)	(80,305)	(73,908)	6,397
Other Financing Sources:				
Transfers In	80,305	80,305	73,908	(6,397)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Sewer Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,700,000	\$1,700,000	\$1,559,139	(\$140,861)
Expenditures:				
Capital Outlay				
Wages and Benefits	267,540	265,939	201,471	64,468
Contractual Services	134,886	134,886	120,586	14,300
Materials and Supplies	12,739	12,739	12,720	19
Capital Outlay	1,462,265	2,016,598	1,419,048	597,550
Other	5,850	5,850	4,810	1,040
<i>Total Capital Outlay</i>	<u>1,883,280</u>	<u>2,436,012</u>	<u>1,758,635</u>	<u>677,377</u>
Debt Service:				
Principal Retirement	71,054	113,054	112,584	470
Interest and Fiscal Charges	9,438	9,438	9,438	0
<i>Total Debt Service</i>	<u>80,492</u>	<u>122,492</u>	<u>122,022</u>	<u>470</u>
<i>Total Expenditures</i>	<u>1,963,772</u>	<u>2,558,504</u>	<u>1,880,657</u>	<u>677,847</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(263,772)</u>	<u>(858,504)</u>	<u>(321,518)</u>	<u>536,986</u>
Other Financing Sources (Uses):				
Capital Lease Issued	0	596,333	596,333	0
Transfers Out	(293,500)	(295,121)	(1,621)	293,500
<i>Total Other Financing Sources (Uses)</i>	<u>(293,500)</u>	<u>301,212</u>	<u>594,712</u>	<u>293,500</u>
<i>Net Change in Fund Balance</i>	<u>(557,272)</u>	<u>(557,292)</u>	<u>273,194</u>	<u>830,486</u>
<i>Fund Balance Beginning of Year</i>	274,024	274,024	274,024	0
Prior Year Encumbrances Appropriated	289,389	289,389	289,389	0
<i>Fund Balance End of Year</i>	<u>\$6,141</u>	<u>\$6,121</u>	<u>\$836,607</u>	<u>\$830,486</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Improvements Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Fines and Forfeitures	\$103,000	\$103,000	\$59,908	(\$43,092)
Interest	0	0	3	3
<i>Total Revenues</i>	<u>103,000</u>	<u>103,000</u>	<u>59,911</u>	<u>(43,089)</u>
Expenditures:				
Current:				
Capital Outlay				
Wages and Benefits	87,887	87,887	74,736	13,151
Contractual Services	2,885	2,885	2,885	0
Capital Outlay	1,000	1,000	0	1,000
Other	5,000	5,000	4,035	965
<i>Total Expenditures</i>	<u>96,772</u>	<u>96,772</u>	<u>81,656</u>	<u>15,116</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,228</u>	<u>6,228</u>	<u>(21,745)</u>	<u>(27,973)</u>
Other Financing Sources (Uses):				
Advances In	0	0	25,303	25,303
Advances Out	(3,990)	(3,990)	(3,990)	0
Transfers Out	0	(453)	(453)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,990)</u>	<u>(4,443)</u>	<u>20,860</u>	<u>25,303</u>
<i>Net Change in Fund Balance</i>	2,238	1,785	(885)	(2,670)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	885	885	885	0
<i>Fund Balance End of Year</i>	<u>\$3,123</u>	<u>\$2,670</u>	<u>\$0</u>	<u>(\$2,670)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Garage Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,975,000	\$1,975,000	\$1,830,763	(\$144,237)
Expenses:				
Current:				
Personnel Services	636,122	549,722	544,298	5,424
Materials and Supplies	1,396,956	1,464,759	1,386,062	78,697
Contractual Services	1,800	1,800	817	983
Capital Outlay	5,029	5,029	5,029	0
Other	20,500	5,500	5,047	453
Debt Service:				
Principal Retirement	0	23,000	22,676	324
Interest and Fiscal Charges	0	3,100	3,068	32
<i>Total Expenses</i>	<u>2,060,407</u>	<u>2,052,910</u>	<u>1,966,997</u>	<u>85,913</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(85,407)	(77,910)	(136,234)	(58,324)
Transfers Out	<u>0</u>	<u>(10,681)</u>	<u>(10,681)</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	(85,407)	(88,591)	(146,915)	(58,324)
<i>Fund Equity Beginning of Year</i>	27,216	27,216	27,216	0
Prior Year Encumbrances Appropriated	<u>64,785</u>	<u>64,785</u>	<u>64,785</u>	<u>0</u>
<i>Fund Equity (Deficit) End of Year</i>	<u>\$6,594</u>	<u>\$3,410</u>	<u>(\$54,914)</u>	<u>(\$58,324)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Hospitalization Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$5,631,300	\$5,753,500	\$5,705,767	(\$47,733)
Expenses:				
Current:				
Personnel Services	47,301	43,301	42,588	713
Claims	4,885,700	5,257,900	5,240,848	17,052
Debt Service:				
Principal Retirement	0	235,000	235,000	0
Interest and Fiscal Charges	0	308,475	308,475	0
<i>Total Expenses</i>	<u>4,933,001</u>	<u>5,844,676</u>	<u>5,826,911</u>	<u>17,765</u>
<i>Excess of Revenues Over (Under) Expenses Before Advances and Transfers</i>	698,299	(91,176)	(121,144)	(29,968)
Advances In	0	0	27,587	27,587
Transfers Out	(543,475)	(701)	(701)	0
<i>Net Change in Fund Equity</i>	154,824	(91,877)	(94,258)	(2,381)
<i>Fund Equity Beginning of Year</i>	82,267	82,267	82,267	0
Prior Year Encumbrances Appropriated	11,991	11,991	11,991	0
<i>Fund Equity End of Year</i>	<u>\$249,082</u>	<u>\$2,381</u>	<u>\$0</u>	<u>(\$2,381)</u>

Statistical Section

This part of the City of Lorain, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S13
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.	S14-S21
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S22-S32
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S33-S36
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S38-S43

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB 54 in 2011.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Net Investment in Capital Assets	\$52,754,936	\$54,637,305	\$59,846,248	\$68,630,911
Restricted for:				
Capital Projects	2,235,651	1,450,090	811,105	1,748,331
Debt Service	4,073,508	3,262,703	2,869,661	1,976,270
Community Development	16,687,695	15,612,821	18,081,736	15,791,001
Law Enforcement	1,631,859	1,391,854	1,449,202	1,066,384
Streets	1,551,312	452,012	594,117	535,193
Capital Leases	1,366,060	1,634,491	0	0
Other Purposes	1,594,330	858,194	1,138,329	417,581
Unrestricted (Deficit)	912,100	(1,041,340)	3,476,070	1,216,048
<i>Total Governmental Activities Net Position</i>	<u>82,807,451</u>	<u>78,258,130</u>	<u>88,266,468</u>	<u>91,381,719</u>
Business-Type Activities				
Net Investment in Capital Assets	62,156,781	59,864,311	56,147,460	55,922,833
Restricted for:				
Debt Service	0	0	0	2,763,530
Replacement and Improvement	0	0	0	300,000
Utility Reserve	1,955,578	1,877,887	1,338,599	1,408,605
Capital Leases	1,034,851	836,875	0	0
Unrestricted	11,479,791	7,424,710	9,496,954	5,805,068
<i>Total Business-Type Activities Net Position</i>	<u>76,627,001</u>	<u>70,003,783</u>	<u>66,983,013</u>	<u>66,200,036</u>
Primary Government				
Net Investment in Capital Assets	114,911,717	114,501,616	115,993,708	124,553,744
Restricted	32,130,844	27,376,927	26,282,749	26,006,895
Unrestricted (Deficit)	12,391,891	6,383,370	12,973,024	7,021,116
<i>Total Primary Government Net Position</i>	<u>\$159,434,452</u>	<u>\$148,261,913</u>	<u>\$155,249,481</u>	<u>\$157,581,755</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$77,419,157	\$85,270,139	\$97,026,059	112,337,952	124,391,028	138,745,022
747,170	2,184,529	1,235,939	1,377,196	1,414,714	4,745,648
999,595	929,267	833,898	778,135	468,373	713,569
21,696,627	18,492,807	19,225,551	21,519,172	25,355,904	26,814,060
0	920,481	1,942,192	2,057,953	1,873,284	1,737,320
0	0	1,022,586	1,126,833	0	0
0	0	991,591	0	0	0
694,098	234,737	753,219	1,273,910	2,932,848	1,531,493
<u>(5,284,326)</u>	<u>(3,002,825)</u>	<u>(1,775,323)</u>	<u>(2,382,357)</u>	<u>(3,124,749)</u>	<u>(5,195,260)</u>
<u>96,272,321</u>	<u>105,029,135</u>	<u>121,255,712</u>	<u>138,088,794</u>	<u>153,311,402</u>	<u>169,091,852</u>
48,300,584	46,112,133	42,339,183	38,814,751	37,679,295	36,496,435
2,707,499	2,647,896	2,662,538	2,621,486	2,572,039	2,485,022
300,000	300,000	300,000	300,000	300,000	300,000
1,354,532	1,394,584	1,305,744	334,744	1,305,744	1,468,618
0	0	0	0	0	0
4,264,323	4,015,416	4,389,634	5,065,097	3,742,237	2,453,020
<u>56,926,938</u>	<u>54,470,029</u>	<u>50,997,099</u>	<u>47,136,078</u>	<u>45,599,315</u>	<u>43,203,095</u>
125,719,741	131,382,277	139,365,242	151,152,703	171,228,705	175,241,457
28,499,521	27,104,301	30,273,258	31,389,429	36,222,906	39,795,730
<u>(1,020,003)</u>	<u>1,012,591</u>	<u>2,614,311</u>	<u>2,682,740</u>	<u>(8,540,894)</u>	<u>(2,742,240)</u>
<u>\$153,199,259</u>	<u>\$159,499,169</u>	<u>\$172,252,811</u>	<u>\$185,224,872</u>	<u>\$198,910,717</u>	<u>\$212,294,947</u>

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

Program Revenues	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities:				
Charges for Services and Assessments:				
General Government	\$5,201,845	\$3,386,134	\$3,991,164	\$3,534,873
Security of Persons and Property	1,304,465	1,023,281	816,728	723,048
Transportation	70,905	78,167	94,597	177,084
Public Health	747,165	695,622	785,070	812,519
Community Environment	851,224	658,404	647,154	726,154
Economic Development	10,487	14,536	19,812	49,099
Leisure Time Activities	17,999	14,842	17,475	36,090
Subtotal Charges for Services	<u>8,204,090</u>	<u>5,870,986</u>	<u>6,372,000</u>	<u>6,058,867</u>
Operating Grants and Contributions:				
General Government	26,995	58,087	184,470	666,852
Security of Persons and Property	105,979	99,777	2,441,235	591,520
Transportation	2,633,555	2,623,284	2,579,889	2,443,696
Public Health	792,812	937,242	1,596,028	468,323
Community Environment	15,153	0	0	0
Economic Development	4,887,397	2,945,320	5,456,527	3,705,378
Leisure Time Activities	0	5,750	50,000	65,175
Subtotal Operating Grants and Contributions	<u>8,461,891</u>	<u>6,669,460</u>	<u>12,308,149</u>	<u>7,940,944</u>
Capital Grants and Contributions:				
General Government	0	6,000	0	0
Security of Persons and Property	280,000	150,363	70,872	583,343
Transportation	2,692,669	1,500,001	0	1,633,299
Public Health	0	46,145	0	0
Subtotal Capital Grants and Contributions	<u>2,972,669</u>	<u>1,702,509</u>	<u>70,872</u>	<u>2,216,642</u>
<i>Total Governmental Activities Program Revenues</i>	<u>19,638,650</u>	<u>14,242,955</u>	<u>18,751,021</u>	<u>16,216,453</u>
Business-Type Activities:				
Charges for Services:				
Water Works	9,464,177	8,128,920	7,983,612	8,324,068
Water Pollution Control	15,082,022	14,305,591	14,046,469	12,558,356
Capital Grants and Contributions:				
Water Pollution Control	1,833,799	2,393,244	3,612,676	4,057,648
<i>Total Business-Type Activities Program Revenues</i>	<u>26,379,998</u>	<u>24,827,755</u>	<u>25,642,757</u>	<u>24,940,072</u>
<i>Total Primary Government Program Revenues</i>	<u>\$46,018,648</u>	<u>\$39,070,710</u>	<u>\$44,393,778</u>	<u>\$41,156,525</u>

2009	2008	2007	2006	2005	2004
\$1,768,208	\$1,833,887	\$1,573,146	\$1,870,561	\$2,161,128	\$2,707,135
692,478	468,592	732,371	527,665	385,001	383,545
77,203	37,877	42,063	31,289	0	0
1,471,921	1,456,947	1,410,674	1,540,597	808,413	760,541
657,190	610,078	651,875	925,482	730,199	784,024
11,823	22,507	151,841	103,089	0	0
35,005	84,057	80,801	37,760	27,048	27,514
<u>4,713,828</u>	<u>4,513,945</u>	<u>4,642,771</u>	<u>5,036,443</u>	<u>4,111,789</u>	<u>4,662,759</u>
225,533	182,823	176,343	0	25,028	27,153
315,920	332,873	244,034	351,582	58,354	214,611
2,438,807	2,527,797	2,604,665	2,504,273	2,516,671	2,352,792
389,116	387,009	489,943	404,635	492,717	442,083
226,690	235,190	401,690	224,690	211,784	140,000
6,430,895	2,196,557	(91,116)	2,751,887	2,908,573	6,195,473
0	0	0	0	0	0
<u>10,026,961</u>	<u>5,862,249</u>	<u>3,825,559</u>	<u>6,237,067</u>	<u>6,213,127</u>	<u>9,372,112</u>
0	0	0	0	0	0
0	0	0	0	0	0
1,757,274	1,478,968	752,315	1,741,684	935,158	1,717,034
0	0	159,690	0	0	0
<u>1,757,274</u>	<u>1,478,968</u>	<u>912,005</u>	<u>1,741,684</u>	<u>935,158</u>	<u>1,717,034</u>
<u>16,498,063</u>	<u>11,855,162</u>	<u>9,380,335</u>	<u>13,015,194</u>	<u>11,260,074</u>	<u>15,751,905</u>
7,813,777	8,250,437	7,925,938	8,145,916	8,528,739	8,306,689
12,046,880	11,223,392	10,895,096	10,210,893	9,221,532	8,287,136
0	700,813	0	225,000	0	0
<u>19,860,657</u>	<u>20,174,642</u>	<u>18,821,034</u>	<u>18,581,809</u>	<u>17,750,271</u>	<u>16,593,825</u>
<u>\$36,358,720</u>	<u>\$32,029,804</u>	<u>\$28,201,369</u>	<u>\$31,597,003</u>	<u>\$29,010,345</u>	<u>\$32,345,730</u>

(continued)

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

Expenses	2013	2012	2011	2010
Governmental Activities:				
General Government	\$6,233,640	\$10,393,507	\$10,869,025	\$11,620,641
Security of Persons and Property	25,189,457	22,770,490	20,983,753	18,236,104
Transportation	9,841,983	9,539,291	10,920,414	12,699,874
Public Health	2,054,913	2,263,408	2,355,372	1,352,681
Community Environment	440,263	380,767	469,293	461,164
Economic Development	2,828,155	3,889,164	2,813,491	3,020,976
Leisure Time Activities	941,124	671,450	566,774	513,928
Interest and Fiscal Charges	2,337,966	2,227,483	3,241,289	2,252,399
<i>Total Governmental Activities Expenses</i>	<u>49,867,501</u>	<u>52,135,560</u>	<u>52,219,411</u>	<u>50,157,767</u>
Business-Type Activities:				
Water Works	9,190,069	8,276,927	7,447,722	7,551,751
Water Pollution Control	10,683,486	13,508,372	13,420,975	13,566,764
<i>Total Business-Type Activities Expenses</i>	<u>19,873,555</u>	<u>21,785,299</u>	<u>20,868,697</u>	<u>21,118,515</u>
<i>Total Primary Government Expenses</i>	<u>69,741,056</u>	<u>73,920,859</u>	<u>73,088,108</u>	<u>71,276,282</u>
Net (Expense)/Revenue				
Governmental Activities	(30,228,851)	(37,892,605)	(33,468,390)	(33,941,314)
Business-Type Activities	6,506,443	3,042,456	4,774,060	3,821,557
<i>Total Primary Government Net Expense</i>	<u>(23,722,408)</u>	<u>(34,850,149)</u>	<u>(28,694,330)</u>	<u>(30,119,757)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied For:				
General Purposes	1,530,563	1,911,656	2,193,536	2,538,308
Police Pension	165,324	219,477	276,173	251,381
Fire Pension	165,324	219,478	276,257	251,381
Debt Service	618,294	776,400	940,062	837,938
Municipal Income Taxes Levied For:				
General Purposes	18,991,492	15,974,811	16,691,300	15,118,368
Streets	2,414,008	0	0	0
Police Levy	2,154,752	2,253,171	2,331,737	2,126,884
Payments in Lieu of Taxes	890,274	1,008,778	743,321	903,799
Grants and Entitlements not Restricted to Specific Programs	3,390,815	3,915,101	5,614,431	6,069,092
Franchise Fees	594,936	651,413	625,031	606,987
Investment Earnings	36,297	23,096	21,653	22,265
Miscellaneous	3,738,577	850,886	539,638	1,255,426
Transfers	87,516	80,000	100,000	(931,117)
<i>Total Governmental Activities</i>	<u>\$34,778,172</u>	<u>\$27,884,267</u>	<u>\$30,353,139</u>	<u>\$29,050,712</u>

2009	2008	2007	2006	2005	2004
\$12,043,738	\$12,788,107	\$12,812,199	\$12,267,533	\$13,003,383	\$11,596,965
19,793,984	22,346,039	19,390,489	18,573,582	19,197,977	17,624,224
12,665,797	13,855,345	14,435,681	14,679,897	14,881,296	15,196,365
1,786,441	2,021,791	1,995,300	2,018,981	2,030,073	1,799,704
654,143	636,040	1,104,662	696,834	964,323	671,404
2,222,946	4,623,187	2,926,740	7,417,102	3,736,841	2,538,197
1,090,661	1,582,512	501,112	1,188,751	1,266,922	1,139,638
2,139,598	2,114,164	1,950,140	2,028,001	1,893,394	1,831,945
<u>52,397,308</u>	<u>59,967,185</u>	<u>55,116,323</u>	<u>58,870,681</u>	<u>56,974,209</u>	<u>52,398,442</u>
7,579,138	7,594,813	7,614,864	7,537,738	7,161,733	7,019,598
9,856,268	9,167,502	9,149,590	9,667,949	8,294,509	8,740,898
<u>17,435,406</u>	<u>16,762,315</u>	<u>16,764,454</u>	<u>17,205,687</u>	<u>15,456,242</u>	<u>15,760,496</u>
69,832,714	76,729,500	71,880,777	76,076,368	72,430,451	68,158,938
(35,899,245)	(48,112,023)	(45,735,988)	(45,855,487)	(45,714,135)	(36,646,537)
2,425,251	3,412,327	2,056,580	1,376,122	2,294,029	833,329
<u>(33,473,994)</u>	<u>(44,699,696)</u>	<u>(43,679,408)</u>	<u>(44,479,365)</u>	<u>(43,420,106)</u>	<u>(35,813,208)</u>
2,679,184	2,773,576	3,124,027	2,368,671	2,595,040	2,598,358
138,349	257,898	310,780	270,002	291,931	260,833
179,102	257,898	342,860	270,001	279,497	260,833
1,151,160	998,299	984,638	876,357	866,125	861,309
13,701,298	15,938,664	16,308,518	16,809,771	17,087,103	15,163,796
0	0	0	0	0	0
1,934,387	2,234,626	2,296,810	2,367,849	2,484,300	2,488,604
916,189	524,641	276,499	214,280	174,536	92,639
5,221,222	7,371,329	6,083,171	5,719,663	5,250,113	5,549,380
602,430	690,859	255,821	252,481	263,481	233,946
53,381	377,061	811,699	690,650	274,833	217,102
524,420	460,595	435,314	793,154	366,726	347,717
0	0	(2,327,231)	0	0	0
<u>\$27,101,122</u>	<u>\$31,885,446</u>	<u>\$28,902,906</u>	<u>\$30,632,879</u>	<u>\$29,933,685</u>	<u>\$28,074,517</u>

(continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Business-Type Activities:				
Investment Earnings	\$29	\$0	\$17	\$66
Gain on Sale of Capital Assets	8,480	700	0	6,606
Miscellaneous	195,782	57,614	47,187	61,891
Extraordinary Items	0	0	0	513,574
Transfers	<u>(87,516)</u>	<u>(80,000)</u>	<u>(100,000)</u>	<u>931,117</u>
<i>Total Business-Type Activities</i>	<u>116,775</u>	<u>(21,686)</u>	<u>(52,796)</u>	<u>1,513,254</u>
<i>Total Primary Government</i>	<u>34,894,947</u>	<u>27,862,581</u>	<u>30,300,343</u>	<u>30,563,966</u>
Change in Net Position				
Governmental Activities	4,549,321	(10,008,338)	(3,115,251)	(4,890,602)
Business-Type Activities	<u>6,623,218</u>	<u>3,020,770</u>	<u>4,721,264</u>	<u>5,334,811</u>
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u><u>\$11,172,539</u></u>	<u><u>(\$6,987,568)</u></u>	<u><u>\$1,606,013</u></u>	<u><u>\$444,209</u></u>

2009	2008	2007	2006	2005	2004
\$1,158	\$39,053	\$110,225	\$104,026	\$56,689	\$9,621
0	0	0	0	0	0
71,804	21,555	60,374	56,615	45,502	61,739
0	0	(693,389)	0	0	0
0	0	2,327,231	0	0	0
72,962	60,608	1,804,441	160,641	102,191	71,360
27,174,084	31,946,054	30,707,347	30,793,520	30,035,876	28,145,877
(8,798,123)	(16,226,577)	(16,833,082)	(15,222,608)	(15,780,450)	(8,572,020)
2,498,213	3,472,935	3,861,021	1,536,763	2,396,220	904,689
<u>(\$6,299,910)</u>	<u>(\$12,753,642)</u>	<u>(\$12,972,061)</u>	<u>(\$13,685,845)</u>	<u>(\$13,384,230)</u>	<u>(\$7,667,331)</u>

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

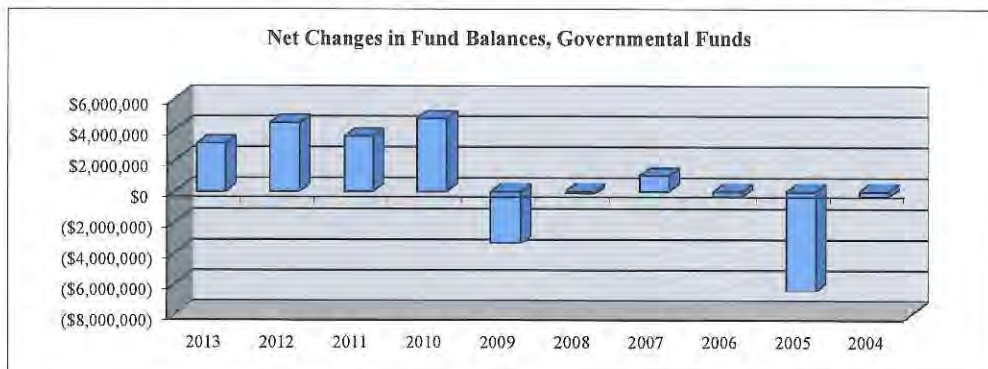
	2013	2012	2011	2010
General Fund				
Nonspendable	\$219,308	\$206,037	\$222,510	\$251,410
Restricted	982,665	705,984	125,018	189,098
Committed	431,405	233,428	216,602	135,917
Assigned	527,963	763,477	198,749	123,358
Unassigned	2,999,220	3,003,372	3,666,804	1,478,381
Reserved	0	0	0	0
Designated for Capital Acquisitions	0	0	0	0
Unreserved (Deficit)	0	0	0	0
<i>Total General Fund</i>	<u>5,160,561</u>	<u>4,912,298</u>	<u>4,429,683</u>	<u>2,178,164</u>
All Other Governmental Funds				
Nonspendable	135,732	181,576	2,501,153	2,567,959
Restricted	28,615,750	26,711,217	20,530,757	19,802,941
Committed	1,212,380	650,952	599,252	314,967
Unassigned (Deficit)	(152,846)	(595,807)	(653,817)	(1,011,238)
Reserved	0	0	0	0
Undesignated (Deficit), Reported in:				
Special Revenue funds	0	0	0	0
Debt Service funds	0	0	0	0
Capital Projects funds	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>29,811,016</u>	<u>26,947,938</u>	<u>22,977,345</u>	<u>21,674,629</u>
<i>Total Governmental Funds</i>	<u><u>\$34,971,577</u></u>	<u><u>\$31,860,236</u></u>	<u><u>\$27,407,028</u></u>	<u><u>\$23,852,793</u></u>

Note: The City implemented GASB 54 in 2011

2009	2008	2007	2006	2005	2004
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
164,743	246,789	687,255	168,006	659,816	80,690
0	0	525,000	0	600,000	0
(1,398,518)	222,753	88,414	1,061,018	(884,514)	(591,250)
(1,233,775)	469,542	1,300,669	1,229,024	375,302	(510,560)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
16,892,525	15,034,853	17,348,267	17,895,624	21,566,305	21,184,019
3,886,549	6,407,782	6,493,381	7,034,810	4,454,830	5,247,036
454,241	330,314	219,762	188,401	(4,879,317)	213,668
(892,831)	242,263	(2,733,331)	(2,337,652)	2,802,085	4,631,159
20,340,484	22,015,212	21,328,079	22,781,183	23,943,903	31,275,882
<u>\$19,106,709</u>	<u>\$22,484,754</u>	<u>\$22,628,748</u>	<u>\$24,010,207</u>	<u>\$24,319,205</u>	<u>\$30,765,322</u>

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

	2013	2012	2011	2010
Revenues				
Property Taxes	\$2,986,912	\$3,422,090	\$3,291,509	\$3,946,538
Payments in Lieu of Taxes	1,186,538	695,739	747,569	734,343
Municipal Income Taxes	23,424,066	18,330,321	19,080,666	17,030,074
Charges for Services	2,861,711	2,126,964	2,015,313	1,745,691
Licenses and Permits	1,219,834	1,082,878	1,107,550	1,136,780
Fines and Forfeitures	2,052,479	2,165,344	2,001,966	1,934,753
Intergovernmental	13,515,786	13,002,984	15,294,309	15,476,834
Franchise Fees	594,936	651,413	625,031	606,987
Special Assessments	80,691	69,882	43,949	52,108
Interest	36,297	23,096	21,653	22,265
Contributions and Donations	383,691	183,837	99,910	570,058
Miscellaneous	3,738,577	693,967	539,638	1,255,423
Total Revenues	52,081,518	42,448,515	44,869,063	44,511,854
Expenditures				
Current:				
General Government	9,486,613	8,022,727	7,674,673	8,394,131
Security of Persons and Property	22,091,525	20,362,434	19,921,573	18,050,868
Transportation	3,901,721	2,712,808	2,494,279	2,313,133
Public Health	1,753,833	2,194,945	2,209,410	1,331,025
Community Environment	368,998	365,273	413,375	426,257
Economic Development	2,562,168	3,500,654	2,641,821	2,872,413
Leisure Time Activities	623,400	451,109	332,550	275,681
Capital Outlay	17,927,940	3,182,821	2,765,407	1,616,835
Debt Service:				
Principal Retirement	5,165,031	4,661,144	3,549,320	3,390,872
Refunded Bonds Redeemed	0	5,545,000	0	0
Interest and Fiscal Charges	1,992,957	1,941,889	1,811,649	2,031,361
Bond Issuance Costs	247,626	259,400	82,039	9,205
Total Expenditures	66,121,812	53,200,204	43,896,096	40,711,781
Excess of Revenues Over (Under) Expenditures	(14,040,294)	(10,751,689)	972,967	3,800,073
Other Financing Sources (Uses)				
Capital Leases Issued	2,423,078	2,677,334	450,740	16,716
Sale of Capital Assets	0	0	0	0
Bonds Issued	11,990,000	5,535,000	1,010,000	245,000
Refunding Bonds Issued	0	5,815,000	2,074,175	0
Notes Issued	0	0	0	300,000
Loans Received	2,694,131	1,119,366	991,510	288,520
Premium on Debt Issuance	0	0	0	0
Discount on Debt Issuance	(54,472)	(21,803)	(13,860)	(4,225)
Payment to Refunded Bond Escrow Agent	0	0	(2,031,297)	0
Transfers In	3,742,811	3,839,044	2,107,462	2,568,242
Transfers Out	(3,643,913)	(3,759,044)	(2,007,462)	(2,468,242)
Total Other Financing Sources (Uses)	17,151,635	15,204,897	2,581,268	946,011
Net Change in Fund Balances	\$3,111,341	\$4,453,208	\$3,554,235	\$4,746,084
Debt Service as a Percentage of Noncapital Expenditures	15.7%	13.3%	13.2%	13.9%



2009	2008	2007	2006	2005	2004
\$4,085,257	\$4,218,010	\$4,547,743	\$4,022,546	\$4,002,419	\$3,957,055
688,593	524,641	276,499	214,280	174,536	92,639
15,688,501	18,161,503	18,637,946	19,181,559	19,546,306	17,680,283
1,780,212	1,533,956	1,411,545	1,623,511	1,419,251	1,343,239
1,047,477	1,015,843	1,188,733	1,431,398	1,098,063	1,167,853
1,824,570	1,813,678	1,781,036	1,627,837	1,438,755	1,619,879
15,798,768	13,929,093	13,432,851	15,915,009	13,260,054	16,814,124
602,430	690,859	255,821	252,481	263,481	233,946
66,625	71,717	71,842	82,614	73,280	122,704
53,381	377,061	811,699	690,650	274,833	217,102
0	0	0	0	0	0
514,802	449,983	425,077	790,843	359,769	338,478
<u>42,150,616</u>	<u>42,786,344</u>	<u>42,840,792</u>	<u>45,832,728</u>	<u>41,910,747</u>	<u>43,587,302</u>
8,592,192	9,751,483	8,817,909	7,783,356	10,178,686	7,472,394
19,171,278	21,024,167	19,449,378	19,158,303	18,735,767	18,334,999
2,620,162	3,431,181	3,284,017	2,770,818	3,002,534	2,261,567
1,709,057	2,050,837	1,992,874	2,007,742	2,058,113	1,872,129
633,603	639,207	1,095,395	792,667	869,283	715,893
2,680,510	3,830,250	2,882,602	7,386,562	3,606,065	2,606,100
922,661	1,269,838	1,178,575	1,002,442	1,037,882	1,009,957
6,394,806	3,938,553	3,227,967	5,037,231	4,918,114	8,707,726
2,920,967	2,979,133	2,427,744	2,297,103	11,027,373	5,672,618
0	0	0	0	0	0
2,153,744	1,970,367	1,879,931	2,010,962	1,950,882	1,753,457
24,943	136,664	326,044	82,219	0	0
<u>47,823,923</u>	<u>51,021,680</u>	<u>46,562,436</u>	<u>50,329,405</u>	<u>57,384,699</u>	<u>50,406,840</u>
<u>(5,673,307)</u>	<u>(8,235,336)</u>	<u>(3,721,644)</u>	<u>(4,496,677)</u>	<u>(15,473,952)</u>	<u>(6,819,538)</u>
266,033	23,995	1,425,000	0	1,849,994	0
0	0	0	20,128	0	0
390,000	5,440,000	2,595,000	1,510,000	2,297,663	0
0	0	4,970,000	0	0	0
0	0	0	0	4,750,000	4,150,000
1,626,699	2,700,683	507,572	2,652,923	130,178	2,352,536
12,530	0	1,072	4,628	0	0
0	(73,336)	(52,476)	0	0	0
0	0	(4,715,431)	0	0	0
2,664,088	2,188,546	2,697,744	1,749,236	1,995,288	1,853,219
<u>(2,664,088)</u>	<u>(2,188,546)</u>	<u>(2,697,744)</u>	<u>(1,749,236)</u>	<u>(1,995,288)</u>	<u>(1,853,219)</u>
<u>2,295,262</u>	<u>8,091,342</u>	<u>4,730,737</u>	<u>4,187,679</u>	<u>9,027,835</u>	<u>6,502,536</u>
<u>(\$3,378,045)</u>	<u>(\$143,994)</u>	<u>\$1,009,093</u>	<u>(\$308,998)</u>	<u>(\$6,446,117)</u>	<u>(\$317,002)</u>
12.4%	11.2%	11.4%	10.2%	25.8%	18.6%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated True Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU			Assessed Value
2013	\$562,608,850	\$167,616,770	\$2,086,358,914	\$58,393,860	\$66,356,659
2012	563,833,220	169,350,210	2,094,809,800	58,135,160	66,062,682
2011	673,629,950	178,610,500	2,434,972,714	57,286,180	65,097,932
2010	677,121,420	181,040,570	2,451,891,400	58,216,700	66,155,341
2009	682,370,300	177,968,350	2,458,110,429	59,104,670	67,164,398
2008	733,306,300	177,358,300	2,601,898,857	59,834,380	67,993,614
2007	746,514,550	175,555,690	2,634,486,400	62,526,510	71,052,852
2006	738,092,310	169,800,110	2,593,978,343	70,128,370	79,691,330
2005	650,032,220	162,381,030	2,321,180,714	74,269,390	84,397,034
2004	638,438,820	166,955,950	2,301,127,914	77,299,320	87,840,136

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

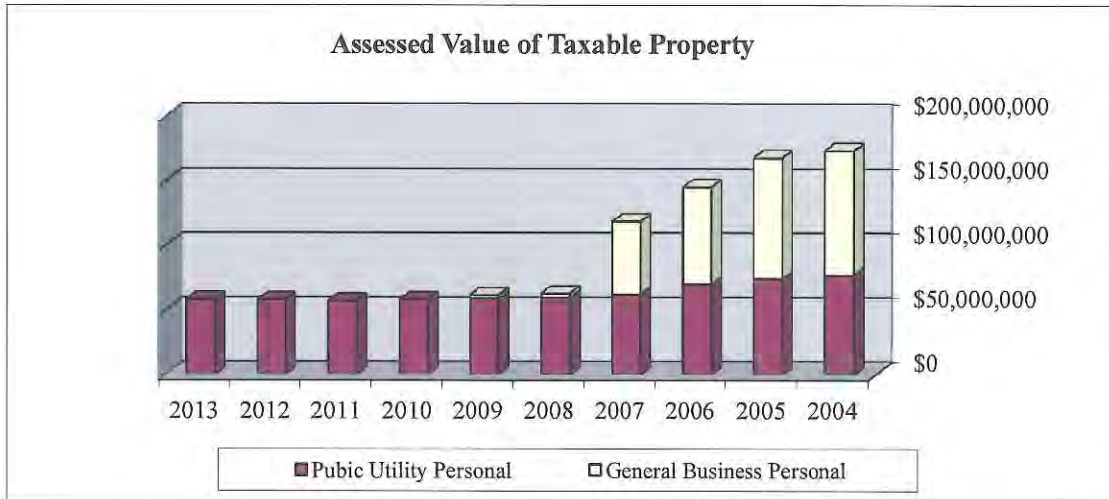
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General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

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

Source: Lorain County, Ohio; County Auditor

Tangible Personal Property

General Business		Total			Tax Rate Per per \$1,000 of Assessed Value
Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Ratio	
\$0	\$0	\$788,619,480	\$2,152,715,573	36.63%	\$4.96
0	0	791,318,590	2,160,872,482	36.62	4.96
0	0	909,526,630	2,500,070,646	36.38	4.96
0	0	916,378,690	2,518,046,741	36.39	4.96
2,773,226	44,371,616	922,216,546	2,569,646,442	35.89	4.96
3,281,400	52,502,400	973,780,380	2,722,394,871	35.77	4.96
56,325,250	450,602,000	1,040,922,000	3,156,141,252	32.98	4.96
75,436,138	402,326,069	1,053,456,928	3,075,995,742	34.25	4.96
94,023,132	408,796,226	980,705,772	2,814,373,974	34.85	4.96
96,508,986	419,604,287	979,203,076	2,808,572,338	34.86	4.96



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

	2013	2012	2011	2010
Unvoted Millage				
Operating	\$3.3600	\$3.3600	\$3.3600	\$3.3600
Bond Retirement	1.0000	1.0000	1.0000	1.0000
Fire Pension	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>

Overlapping Rates by Taxing District

Lorain City School District				
Residential/Agricultural Real	\$29.618828	\$40.631390	\$29.618828	\$29.390339
Commerical/Industrial and Public Utility Real	49.381265	55.490672	49.381265	48.479933
General Business and Public Utility Personal	60.210000	66.640000	60.210000	60.080000
Amherst Exempted School District				
Residential/Agricultural Real	32.941994	40.222283	32.941994	32.826844
Commerical/Industrial and Public Utility Real	36.235849	42.634811	36.235849	36.103873
General Business and Public Utility Personal	67.950000	73.650000	67.950000	67.850000
Vermilion City School District				
Residential/Agricultural Real	30.735026	32.602918	30.735026	30.758985
Commerical/Industrial and Public Utility Real	54.066400	55.740915	54.066400	54.038610
General Business and Public Utility Personal	68.100000	68.720000	68.100000	68.170000
Clearview City School District				
Residential/Agricultural Real	38.860342	45.280159	38.860342	38.658571
Commerical/Industrial and Public Utility Real	38.672882	42.440699	38.672882	38.269377
General Business and Public Utility Personal	54.910000	59.260000	54.910000	54.760000
Firelands Local School District				
Residential/Agricultural Real	29.976711	31.671504	29.976711	24.994414
Commerical/Industrial and Public Utility Real	30.510571	30.956167	30.510571	24.270663
Elyria City School District				
Residential/Agricultural Real	42.950026	42.950026	39.520899	39.314928
Commerical/Industrial and Public Utility Real	48.993207	48.993207	46.269374	45.620258
General Business and Public Utility Personal	71.350000	71.350000	69.730000	69.580000
Lorain County				
Residential/Agricultural Real	12.222552	12.853367	12.222552	12.214265
Commerical/Industrial and Public Utility Real	12.484079	12.519299	12.484079	12.389031
General Business and Public Utility Personal	13.690000	13.655000	13.690000	13.690000

Source: County Auditor

Notes:

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

2009	2008	2007	2006	2005	2004
\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>

\$29.277396	\$26.620358	\$26.401790	\$26.294987	\$28.904986	\$28.986588
49.652864	49.065013	49.460471	48.869978	51.125934	50.102276
60.030000	59.680000	59.410000	59.410000	59.610000	59.610000

32.792363	31.747243	24.664626	24.849649	26.921603	26.982197
35.888926	35.665123	28.879896	29.412375	32.090072	32.488818
67.830000	67.680000	60.560000	60.660000	60.980000	60.980000

30.724270	29.877602	31.010390	30.400024	25.550044	25.607768
54.041340	52.644888	53.885384	50.761422	49.070040	45.305123
68.170000	67.670000	68.800000	68.300000	63.450000	63.450000

37.404938	35.298400	35.062174	28.837199	29.132649	29.854798
37.089070	35.665762	35.385118	28.884064	29.153153	30.021832
53.530000	52.510000	52.290000	46.090000	46.340000	47.340000

25.029806	24.392658	24.550690	24.210033	24.690030	24.690006
24.270006	24.602755	24.696224	24.210027	27.476008	27.556536

34.014735	31.736220	31.509357	27.570005	29.977001	26.237827
39.945772	38.753910	38.253750	34.092496	36.500243	32.767017
64.320000	63.500000	63.300000	59.400000	60.230000	56.480000

11.534565	10.937983	10.961756	10.926994	12.174480	10.759740
11.971785	11.843570	11.906101	11.818414	12.779647	12.030494
13.390000	13.390000	13.390000	13.490000	13.490000	13.190000

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

<u>Year</u>	<u>Current Tax Levy (1)</u>	<u>Current Tax Collections (1)</u>	<u>Percent Collected</u>	<u>Delinquent Tax Collections (3)</u>
2013	\$3,534,680	\$3,228,770	91.3%	\$121,750
2012	4,072,394	3,855,165	94.7	231,509
2011	4,104,093	3,492,266	85.1	233,722
2010	4,119,592	4,176,371	101.4	231,315
2009	4,389,496	4,044,647	92.1	321,682
2008	4,448,907	4,141,595	93.1	197,196
2007	4,427,436	4,135,641	93.4	179,211
2006	4,022,380	3,814,286	94.8	125,930
2005	3,996,835	3,805,202	95.2	140,840
2004	3,956,482	3,773,999	95.4	124,093

Source: Lorain County Auditor

- (1). State Reimbursement of Rollback and Homestead Exemptions are included.
- (2). Penalties and interest are included, since by Ohio Law they become part of the tax
- (3). The Lorain County Auditor does not identify delinquent collections by year.

Note: The County's current reporting system does not track delinquency tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

Total Tax Collections	Percent of Total Collections To Current Tax Levy	Accumulated Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes To Current Tax Levy
\$3,350,520	94.8%	\$258,052	7.3%
4,086,674	100.4	79,878	2.0
3,725,989	90.8	1,060,540	25.8
4,407,686	107.0	666,016	16.2
4,366,329	99.5	353,563	8.1
4,338,791	97.5	340,866	7.7
4,314,852	97.5	451,061	10.2
3,940,217	98.0	372,022	9.2
3,946,042	98.7	333,010	8.3
3,898,092	98.5	302,980	7.7

City of Lorain, Ohio
Principal Real Property Taxpayers
2013 and 2004

Taxpayer	2013		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$26,666,060	1	3.65%
Ohio Edison	20,060,880	2	2.75
American Transmission	7,675,630	3	1.05
Walmart Real Estate	6,274,810	4	0.86
Industrias CH, S.A. de C.V. (Republic Steel)	5,758,010	5	0.79
Columbia Gas of Ohio	5,081,490	6	0.70
Lowes Home Centers Inc.	3,981,500	7	0.54
Billy Rowland	3,633,050	8	0.50
Lexington TRAMK Lorain (K-Mart)	3,134,310	9	0.43
Camaco	2,782,500	10	0.38
	<u>\$85,048,240</u>		<u>11.65%</u>
Total Real Property Assessed Valuation	<u>\$730,225,620</u>		

Taxpayer	2004		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$40,810,560	1	5.07%
Ohio Edison	19,016,800	2	2.36
Ford Motor Company	15,395,980	3	1.91
Century Telephone	7,815,790	4	0.97
American Transmission	7,708,940	5	0.96
Republic Technologies Int'l	7,312,620	6	0.91
Society National Bank	3,886,520	7	0.48
Oster Construction	2,792,860	8	0.35
Reliance Comm/Tec	2,385,870	9	0.29
United States Steel LLC	2,243,330	10	0.28
	<u>\$109,369,270</u>		<u>13.58%</u>
Total Real Property Assessed Valuation	<u>\$805,394,770</u>		

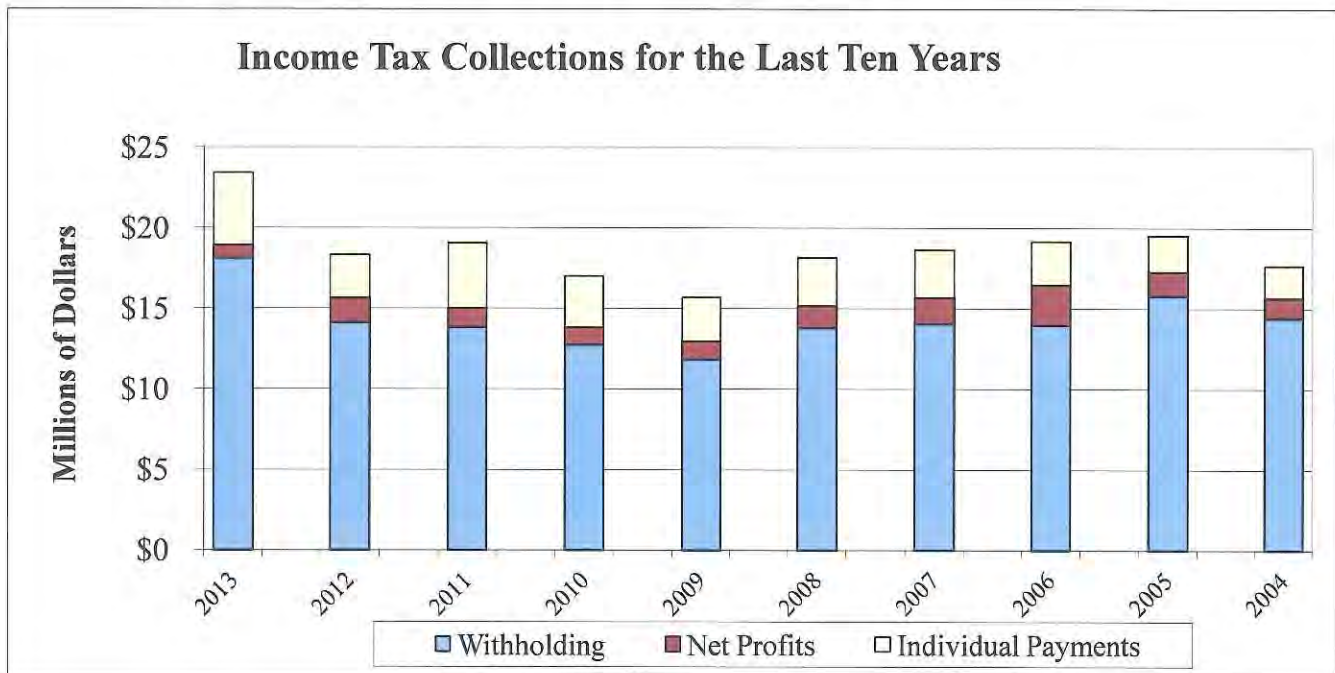
Source: County Auditor

City of Lorain, Ohio
Income Tax Revenue Base and Collections
Last Ten Years
(Modified Accrual Basis of Accounting)

Tax Year	Tax Rate (1)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2013	2.50 %	\$23,424,066	\$18,125,064	77.38 %	\$825,981	3.52 %	\$4,473,022	19.10 %
2012	2.00	18,330,321	14,126,645	77.07	1,516,837	8.27	2,686,839	14.66
2011	2.00	19,080,666	13,844,811	72.56	1,178,220	6.17	4,057,634	21.27
2010	2.00	17,030,074	12,753,274	74.89	1,077,434	6.33	3,199,366	18.79
2009	2.00	15,688,501	11,847,648	75.52	1,135,290	7.24	2,705,563	17.25
2008	2.00	18,161,503	13,810,258	76.04	1,360,024	7.49	2,991,221	16.47
2007	2.00	18,637,946	14,057,705	75.43	1,629,344	8.74	2,950,897	15.83
2006	2.00	19,181,559	13,985,760	72.91	2,496,101	13.01	2,699,698	14.07
2005	2.00	19,546,306	15,807,433	80.87	1,492,483	7.64	2,246,390	11.49
2004	1.75	17,680,283	14,416,262	81.54	1,268,333	7.17	1,995,688	11.29

Source: City of Lorain Income Tax Department/Inovative Software Services - years are tax years.

(1) Effective January 1, 2013 City of Lorain Electors voted to increase the City income tax by .50%.



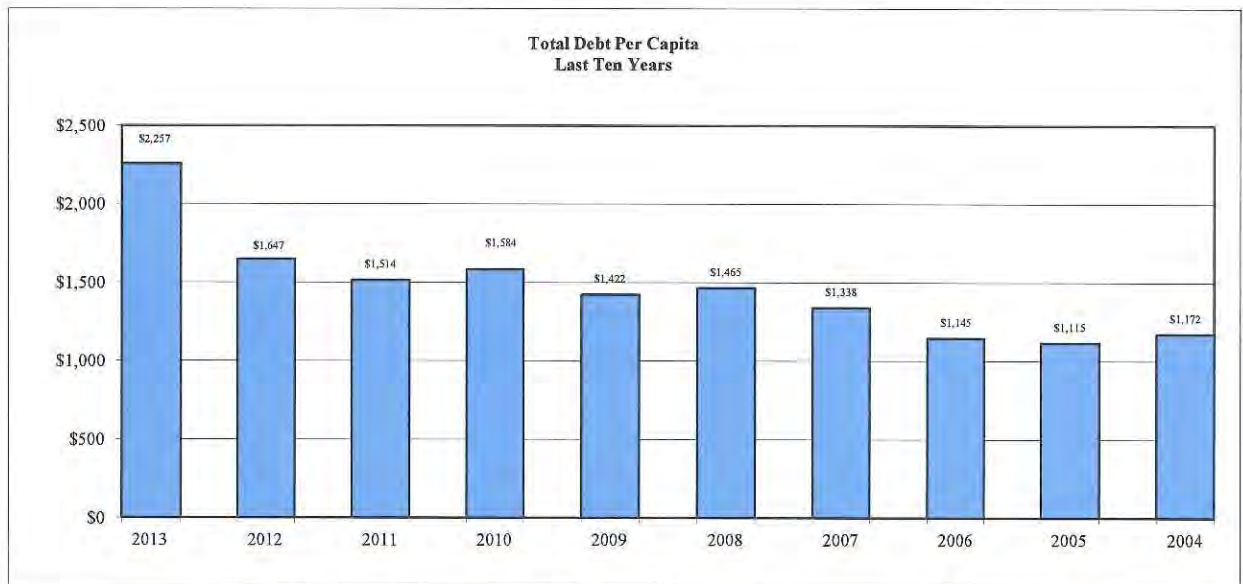
City of Lorain, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

Year	Governmental Activities							ODOD	ODOT
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Bond Anticipation Notes	HUD Loans	Urban Redevelopment Loans	State Infrastructure Loans	
2013	\$46,007,912	\$1,439,566	\$2,533,138	\$4,471,716	\$0	\$2,200,000	\$1,837,449	\$3,788,746	
2012	36,699,993	1,509,770	2,568,667	3,210,621	180,000	2,506,000	2,045,488	1,707,674	
2011	32,876,524	1,566,747	2,501,327	1,277,126	240,000	3,635,000	2,247,401	1,898,248	
2010	33,839,835	1,058,225	2,543,125	1,566,213	300,000	4,095,000	2,296,943	1,880,578	
2009	30,303,361	847,338	2,751,664	2,107,916	0	4,550,000	2,296,943	2,170,151	
2008	31,714,580	467,691	2,818,314	2,385,686	0	5,005,000	2,296,943	1,454,600	
2007	27,731,792	567,014	2,088,849	2,832,561	0	5,455,000	1,240,041	1,062,114	
2006	26,222,206	664,719	2,159,087	1,793,667	0	5,900,000	1,240,041	953,999	
2005	25,998,851	762,423	1,873,525	2,099,227	0	6,345,000	0	0	
2004	24,734,873	860,127	1,904,310	425,643	4,150,000	6,785,000	0	0	

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

Business-Type Activities

Installment Loans	General Obligation Bonds	Mortgage Revenue Bonds	Capital Leases	OWDA Loans	Total Debt	Percentage of Personal Income	Per Capita
\$1,154,523	\$1,806,793	\$0	\$3,169,758	\$76,768,586	\$145,178,187	12.21%	\$2,257
1,366,872	2,569,975	0	1,522,326	49,706,750	105,594,136	8.91	1,647
869,896	3,296,542	0	74,318	46,587,258	97,070,387	8.30	1,514
540,340	683,112	4,770,430	138,146	47,799,403	101,511,350	8.46	1,584
640,498	867,653	5,949,733	198,665	47,212,860	99,896,782	7.77	1,422
193,716	1,041,120	7,074,036	208,364	48,074,819	102,734,869	7.86	1,465
250,000	1,207,975	8,138,159	256,966	43,621,429	94,451,900	7.60	1,338
0	1,363,756	9,147,462	0	28,225,785	77,670,722	7.01	1,145
0	1,510,777	10,106,765	119,375	27,730,126	76,546,069	6.82	1,115
0	1,550,000	11,363,032	132,395	28,524,772	80,430,152	7.17	1,172



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

Year	Population (1)		Estimated True Value of Taxable Property (2)	Gross Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Value of Taxable Property	Bonded Debt Per Capita
2013	64,313	(g)	\$2,152,715,573	\$47,814,705	2.22 %	\$743.47
2012	64,097	(f)	2,160,872,482	39,269,968	1.82	612.66
2011	64,097	(f)	2,500,070,646	36,173,066	1.45	564.35
2010	64,097	(f)	2,518,046,741	34,522,947	1.37	538.60
2009	70,239	(e)	2,569,646,442	31,171,014	1.21	443.78
2008	70,124	(d)	2,722,394,871	32,755,700	1.20	467.11
2007	70,592	(c)	3,156,141,252	28,939,767	0.92	409.96
2006	67,820	(b)	3,075,995,742	27,585,962	0.90	406.75
2005	68,652	(a)	2,814,373,974	27,509,628	0.98	400.71
2004	68,652	(a)	2,808,572,338	26,302,871	0.94	383.13

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 2000 Federal Census

(b) 2006 estimate, (c) 2007 estimate, (d) 2008 estimate

(e) 2009 estimate

(f) 2010 Federal Census

(g) 2013 estimate

(2) County Auditor

(3) Includes all general obligation bonded debt with the exception of special assessment debt.

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

City of Lorain, Ohio
 Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2013

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Lorain			
General Obligation Bonds	\$46,007,912	100.00 %	\$46,007,912
Special Assessment Bonds	1,439,566	100.00	1,439,566
OPWC Loans	2,533,138	100.00	2,533,138
Capital Leases	4,471,716	100.00	4,471,716
HUD Loans	2,200,000	100.00	2,200,000
Public Improvement Installment Loans	1,154,523	100.00	1,154,523
ODOD Urban Redevelopment Loans	1,837,449	100.00	1,837,449
ODOT State Infrastructure Loans	<u>3,788,746</u>	100.00	<u>3,788,746</u>
<i>Total Direct Debt</i>	<u>63,433,050</u>		<u>63,433,050</u>
Overlapping			
Lorain City School District			
General Obligation Bonds	43,620,257	100.00%	43,620,257
Amherst Exempted Village School District			
General Obligation Bonds	17,575,482	29.28%	5,146,101
Vermilion City School District			
General Obligation Bonds	5,618,125		
Certificates of Participation	20,000,000		
Capital Leases	58,342	27.93%	7,171,437
Clearview City School District			
General Obligation Bonds	4,019,999	37.97%	1,526,394
Firelands Local School District			
Capital Leases	146,293	1.77%	2,590
Elyria City School District			
General Obligation Bonds	43,935,474		
Capital Leases	3,895,988	0.26%	124,362
Lorain County			
General Obligation Bonds	<u>25,910,000</u>	16.22%	<u>4,202,602</u>
<i>Total Overlapping Debt</i>	<u>164,779,960</u>		<u>61,793,742</u>
Total	<u><u>\$228,213,010</u></u>		<u><u>\$125,226,792</u></u>

Source: County Auditor

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

City of Lorain, Ohio
Legal Debt Margin
Last Ten Years

	2013	2012	2011	2010
General Bonded Debt Outstanding:				
General Obligation Bonds	\$46,164,959	\$36,810,613	\$32,971,112	\$34,161,128
Special Assessment Bonds	1,438,607	1,508,701	1,565,566	1,050,760
Enterprise Fund General Obligation Bonds	1,796,434	2,555,686	3,278,322	683,112
Enterprise Fund Revenue Bonds	0	0	0	4,825,000
Bond Anticipation Notes	0	180,000	1,380,000	2,345,000
OPWC Loans	2,533,138	2,568,667	2,501,327	2,543,125
Real Estate Acquisition Loan	0	0	0	0
Public Improvement Installment Loans	1,154,523	1,366,872	869,896	540,340
Total Gross Indebtedness	53,087,661	44,990,539	42,566,223	46,148,465
Percentage of Current Assessed				
Property Value	6.73%	5.69%	4.68%	5.04%
Assessed Property Value	\$788,619,480	\$791,318,590	\$909,526,630	\$916,378,690
Total Debt Per Capita	\$825	\$702	\$664	\$720
Population	64,313	64,097	64,097	64,097
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(593,566)	(874,729)	(1,142,503)	(1,396,888)
General Obligation Bonds - Urban Renewal	(10,480,000)	(10,945,000)	(11,390,000)	(11,705,000)
General Obligation Bonds - Pension	(1,255,000)	(1,350,000)	(1,435,000)	(1,430,000)
Special Assessment Bonds	(1,438,607)	(1,508,701)	(1,565,566)	(1,050,760)
Bond Anticipation Notes - Special Assessment Portion	0	0	0	(709,000)
Enterprise Fund General Obligation Bonds	(1,796,434)	(2,555,686)	(3,278,322)	(683,112)
Enterprise Fund Revenue Bonds	0	0	0	(4,825,000)
Total Net Debt Applicable to Debt Limit	37,524,054	27,756,423	23,754,832	24,348,705
Overall Legal Debt Limit				
10 1/2% of Assessed Valuation	82,805,045	83,088,452	95,500,296	96,219,762
Legal Debt Margin Within 10 1/2% Limitations	\$45,280,991	\$55,332,029	\$71,745,464	\$71,871,057
Legal Debt Margin as a Percentage of the Debt Limit	54.68%	66.59%	75.13%	74.69%
Unvoted Debt Limitation				
5 1/2% of Assessed Valuation	\$43,374,071	\$43,522,522	\$50,023,965	\$50,400,828
Net Unvoted Indebtedness Authorized by Council	52,503,799	44,658,738	42,234,422	45,816,664
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(593,566)	(874,729)	(1,142,503)	(1,396,888)
General Obligation Bonds - Urban Renewal	(10,480,000)	(10,945,000)	(11,390,000)	(11,705,000)
General Obligation Bonds - Pension	(1,255,000)	(1,350,000)	(1,435,000)	(1,430,000)
Special Assessment Bonds	(1,438,607)	(1,508,701)	(1,565,566)	(1,050,760)
Bond Anticipation Notes - Special Assessment Portion	0	0	0	(709,000)
Enterprise Fund General Obligation Bonds	(1,796,434)	(2,555,686)	(3,278,322)	(683,112)
Enterprise Fund Revenue Bonds	0	0	0	(4,825,000)
Net Debt Within 5 1/2% Limitations	36,940,192	27,424,622	23,423,031	24,016,904
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$6,433,879	\$16,097,900	\$26,600,934	\$26,383,924
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	14.83%	36.99%	53.18%	52.35%

Source: City Financial Records

2009	2008	2007	2006	2005	2004
\$30,642,312	\$32,071,189	\$28,030,011	\$26,201,525	\$25,981,800	\$24,734,873
835,035	467,691	567,014	664,719	762,423	860,127
867,653	1,041,120	1,207,975	1,363,756	1,510,777	1,550,000
6,070,000	7,260,000	8,390,000	9,465,000	10,398,234	11,363,032
2,215,000	2,019,000	5,385,000	5,900,000	5,495,000	4,150,000
2,751,664	2,818,314	2,088,849	2,159,087	1,873,525	1,904,310
0	0	0	0	0	0
640,498	193,716	250,000	0	0	0
<u>44,022,162</u>	<u>45,871,030</u>	<u>45,918,849</u>	<u>45,754,087</u>	<u>46,021,759</u>	<u>44,562,342</u>
4.77%	4.71%	4.41%	4.34%	4.69%	4.55%
\$922,216,546	\$973,780,380	\$1,040,922,000	\$1,053,456,928	\$980,705,772	\$979,203,076
\$627	\$654	\$650	\$675	\$670	\$649
70,239	70,124	70,592	67,820	68,652	68,652
(1,642,347)	(1,878,880)	(2,102,025)	(2,316,244)	(2,499,223)	0
(11,965,000)	(12,165,000)	(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)
(1,500,000)	(1,565,000)	(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)
(835,035)	(467,691)	(567,014)	(664,719)	(762,423)	(860,127)
(908,525)	(1,214,439)	(297,439)	(297,439)	(271,665)	0
(867,653)	(1,041,120)	(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)
(6,070,000)	(7,260,000)	(8,390,000)	(9,147,462)	(10,106,765)	(11,465,000)
20,233,602	20,278,900	19,504,396	19,859,467	20,110,906	19,767,215
96,832,737	102,246,940	109,296,810	110,612,977	102,974,106	102,816,323
<u>\$76,599,135</u>	<u>\$81,968,040</u>	<u>\$89,792,414</u>	<u>\$90,753,510</u>	<u>\$82,863,200</u>	<u>\$83,049,108</u>
79.10%	80.17%	82.15%	82.05%	80.47%	80.77%
\$50,721,910	\$53,557,921	\$57,250,710	\$57,940,131	\$53,938,817	\$53,856,169
43,690,361	45,540,591	45,698,909	45,565,686	46,313,228	44,695,638
(1,642,347)	(1,878,880)	(2,102,025)	(2,316,244)	(2,499,223)	0
(11,965,000)	(12,165,000)	(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)
(1,500,000)	(1,565,000)	(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)
(835,035)	(467,691)	(567,014)	(664,719)	(762,423)	(860,127)
(908,525)	(1,214,439)	(297,439)	(297,439)	(271,665)	0
(867,653)	(1,041,120)	(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)
(6,070,000)	(7,260,000)	(8,390,000)	(9,147,462)	(10,106,765)	(11,465,000)
19,901,801	19,948,461	19,284,456	19,671,066	20,402,375	19,900,511
<u>\$30,820,109</u>	<u>\$33,609,460</u>	<u>\$37,966,254</u>	<u>\$38,269,065</u>	<u>\$33,536,442</u>	<u>\$33,955,658</u>
60.76%	62.75%	66.32%	66.05%	62.17%	63.05%

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Available Revenue:				
Gross Revenues	\$9,560,561	\$8,175,102	\$8,019,772	\$8,361,324
Less: Operating Expenses (1)	<u>7,766,309</u>	<u>6,713,405</u>	<u>5,777,938</u>	<u>5,713,151</u>
Net Available Revenue	<u><u>\$1,794,252</u></u>	<u><u>\$1,461,697</u></u>	<u><u>\$2,241,834</u></u>	<u><u>\$2,648,173</u></u>
Debt Service - Revenue Bonds:				
Principal	\$0	\$0	\$600,000	\$565,000
Interest	0	0	240,705	228,291
Revenue Bond Coverage	<u>0</u>	<u>0</u>	<u>2.67</u>	<u>3.34</u>
Debt Service OWDA Loans:				
Principal	670,500	634,737	553,112	467,112
Interest	513,867	538,542	485,420	437,712
OWDA Coverage	<u>1.51</u>	<u>1.25</u>	<u>2.16</u>	<u>2.93</u>
Total Debt Service:				
Principal	670,500	634,737	1,153,112	1,032,112
Interest	513,867	538,542	726,125	666,003
Total Coverage	<u>1.51</u>	<u>1.25</u>	<u>1.19</u>	<u>1.56</u>

Source: City Auditor

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

2009	2008	2007	2006	2005	2004
\$7,848,394	\$8,271,992	\$7,966,168	\$8,191,235	\$8,555,713	\$8,342,495
6,045,523	6,065,246	5,963,954	5,829,936	5,590,805	5,407,940
<u>\$1,802,871</u>	<u>\$2,206,746</u>	<u>\$2,002,214</u>	<u>\$2,361,299</u>	<u>\$2,964,908</u>	<u>\$2,934,555</u>
\$540,000	\$510,000	\$485,000	\$465,000	\$440,000	\$420,000
257,028	283,810	308,691	331,971	353,698	365,739
<u>2.26</u>	<u>2.78</u>	<u>2.52</u>	<u>2.96</u>	<u>3.74</u>	<u>3.73</u>
445,100	424,661	381,205	357,855	347,012	618,077
459,289	480,599	464,934	483,902	502,049	449,519
<u>1.99</u>	<u>2.44</u>	<u>2.37</u>	<u>2.81</u>	<u>3.49</u>	<u>2.75</u>
985,100	934,661	866,205	822,855	787,012	1,038,077
716,317	764,409	773,625	815,873	855,747	815,258
<u>1.06</u>	<u>1.30</u>	<u>1.22</u>	<u>1.44</u>	<u>1.80</u>	<u>1.58</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Available Revenue:				
Gross Revenues	\$15,181,420	\$14,317,023	\$14,057,496	\$12,582,991
Less: Operating Expenses (1)	<u>7,412,939</u>	<u>10,310,229</u>	<u>10,161,170</u>	<u>5,960,482</u>
Net Available Revenue	<u><u>\$7,768,481</u></u>	<u><u>\$4,006,794</u></u>	<u><u>\$3,896,326</u></u>	<u><u>\$6,622,509</u></u>
Debt Service - Revenue Bonds:				
Principal	\$0	\$0	\$720,000	\$680,000
Interest	0	0	20,160	59,020
Revenue Bond Coverage	<u>0</u>	<u>0</u>	<u>5.26</u>	<u>8.96</u>
Debt Service OWDA Loans:				
Principal	2,089,029	2,067,286	2,593,205	2,422,084
Interest	1,040,404	1,168,425	1,211,958	1,401,379
OWDA Coverage	<u>2.48</u>	<u>1.24</u>	<u>1.02</u>	<u>1.73</u>
Total Debt Service:				
Principal	2,089,029	2,067,286	3,313,205	3,102,084
Interest	1,040,404	1,168,425	1,232,118	1,460,399
Total Coverage	<u>2.48</u>	<u>1.24</u>	<u>0.86</u>	<u>1.45</u>

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

Source: City Auditor

2009	2008	2007	2006	2005	2004
\$12,084,067	\$11,223,392	\$10,915,240	\$10,222,189	\$9,240,060	\$8,313,069
6,429,051	6,074,308	6,342,194	7,093,067	5,753,128	6,224,953
<u>\$5,655,016</u>	<u>\$5,149,084</u>	<u>\$4,573,046</u>	<u>\$3,129,122</u>	<u>\$3,486,932</u>	<u>\$2,088,116</u>
\$650,000	\$620,000	\$590,000	\$560,000	\$535,000	\$510,000
95,270	129,250	161,020	190,640	218,295	244,165
<u>7.59</u>	<u>6.87</u>	<u>6.09</u>	<u>4.17</u>	<u>4.63</u>	<u>2.77</u>
2,060,004	1,595,247	1,089,047	791,991	973,131	826,682
1,428,335	1,136,529	726,942	678,730	724,605	608,693
<u>1.62</u>	<u>1.88</u>	<u>2.52</u>	<u>2.13</u>	<u>2.05</u>	<u>1.45</u>
2,710,004	2,215,247	1,679,047	1,351,991	1,508,131	1,336,682
1,523,605	1,265,779	887,962	869,370	942,900	852,858
<u>1.34</u>	<u>1.48</u>	<u>1.78</u>	<u>1.41</u>	<u>1.42</u>	<u>0.95</u>

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

	2013	2012	2011	2010	2009	2008
Net Available Revenue:						
Gasoline Tax Revenue	\$1,169,247	\$1,173,588	\$1,183,619	\$1,230,746	\$1,243,353	\$1,282,853
Debt Service - ODOT State						
Infrastructure Bank (SIB) Loans						
Principal	130,755	126,919	172,679	456,846	327,370	272,511
Interest	10,752	14,590	19,428	31,019	18,986	23,246
Total Debt Service	141,507	141,509	192,107	487,865	346,356	295,757
ODOT SIB Loan Coverage	8.26	8.29	6.16	2.52	3.59	4.34

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

- E. 36th Street Phase II Rehabilitation - Loan #SB060011
- Local Roadway Rehabilitation (Round 21) - Loan #SB080001

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

Source: City Financial Records

(1) Information prior to 2008 not applicable

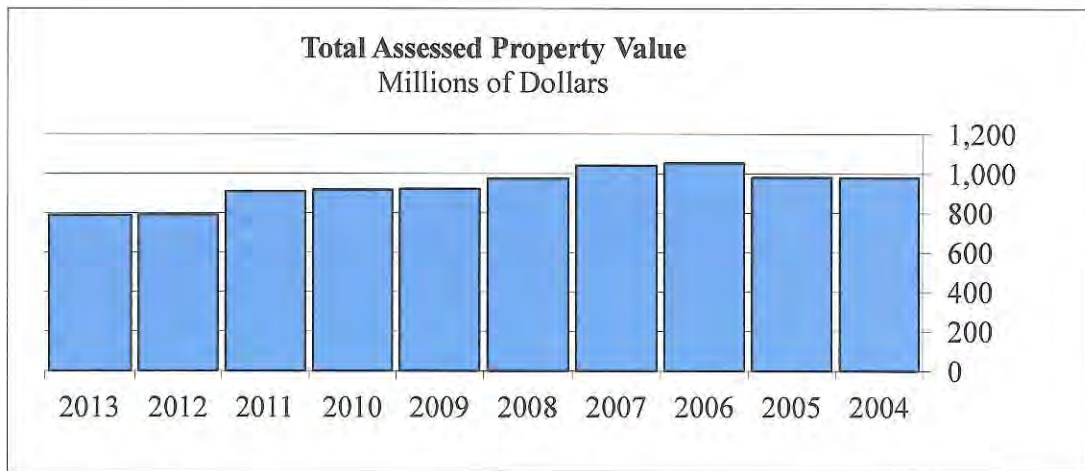
City of Lorain, Ohio
Principal Employers
2013 and 2004

Employer	2013	
	Employees	% of Total Employment
Mercy Health	1,657	6.89 %
Lorain City School District	870	3.62
Lorain Tubular	796	3.31
Republic Steel	633	2.63
CAMACO, Inc.	500	2.08
The City of Lorain	468	1.94
Grace Management Services	314	1.31
Cleveland Clinic	300	1.25
The Nord Center	228	0.95
Wal-Mart	211	0.88
	<u>5,977</u>	<u>24.86 %</u>
 Total Employment Within the City	<u>24,038</u>	
	2004	
	Employees	% of Total Employment
Community Health Partners	1,803	6.66 %
Ford Motor Company-Lorain Assembly	1,674	6.18
Lorain City School District	1,222	4.51
Republic Technologies International	1,147	4.23
City of Lorain	530	1.96
Lorain Tubular	428	1.58
Emerson Network Power/Reliance Comm	396	1.46
CAMACO, Inc.	300	1.11
The Nord Center	244	0.90
Lorain National Bank	227	0.84
	<u>7,971</u>	<u>29.43 %</u>
 Total Employment Within the City	<u>27,086</u>	

Source: City Auditor

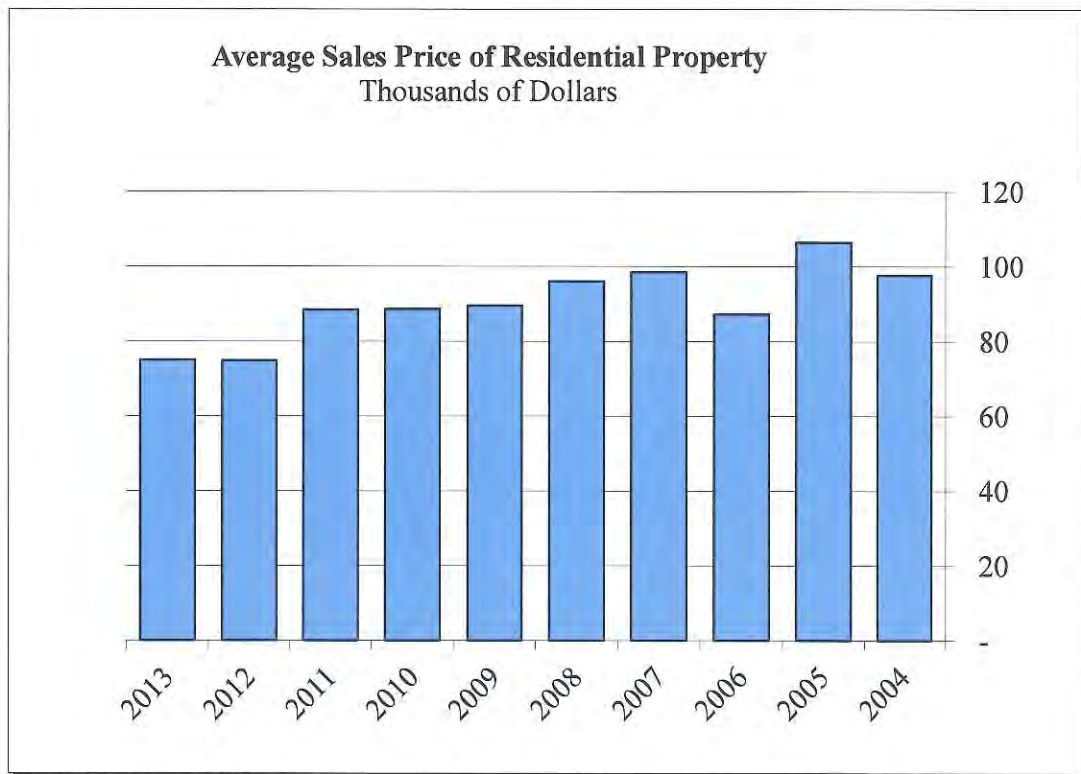
City of Lorain
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2013	64,313	\$1,189,468,935	\$18,495	\$34,823	37.3
2012	64,097	1,185,409,918	18,494	34,769	36.8
2011	64,097	1,167,334,564	18,212	35,353	36.8
2010	64,097	1,199,254,870	18,710	36,155	36.7
2009	70,239	1,285,233,222	18,298	38,033	35.1
2008	70,124	1,307,251,608	18,642	35,908	35.3
2007	70,592	1,242,489,792	17,601	37,670	33.9
2006	67,820	1,108,178,800	16,340	33,917	34.4
2005	68,652	1,121,773,680	16,340	33,917	34.4
2004	68,652	1,121,773,680	16,340	33,917	34.4



- (1) Source: U. S. Census (a) Years 2000 through 2005 - 2000 Federal Census
 (b) Year 2006 US Census Bureau estimate
 (c) Year 2007 US Census Bureau estimate
 (d) Year 2008 US Census Bureau estimate
 (e) Year 2009 US Census Bureau estimate
 (f) Years 2010 - 2012 US Census Bureau 2010 Census
 (g) Year 2013 US Census Bureau estimate
- (2) Source: Lorain City Schools
 (3) Ohio Department of Job and Family Services
 (4) Source: Lorain County Auditor-Chief Appraiser
 (5) Computation of per capita personal income multiplied by population

Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value
11.4 %	6,745	8.6 %	\$75,048	\$788,619,480
11.8	6,845	8.8	74,854	791,318,590
12.0	7,585	9.4	88,443	909,526,630
11.1	8,100	11.2	88,621	916,378,690
10.8	8,288	10.9	89,544	922,216,546
10.6	8,557	9.3	96,045	973,780,380
12.6	8,897	7.4	98,458	1,040,922,000
9.9	8,975	6.7	87,227	1,053,456,928
9.9	9,719	6.9	106,379	980,705,772
9.9	9,909	5.8	97,594	979,203,076



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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Auditor	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civil Service	0.74	4.00	4.00	4.00	4.00	4.00	4.00	1.00	1.00	1.00
Clerk of Courts	20.00	15.00	15.00	15.00	17.00	17.00	16.00	15.00	19.00	13.00
Council	13.00	12.00	11.00	13.00	14.00	14.00	14.00	15.00	14.00	13.00
Electrical	7.00	4.00	6.00	6.00	7.00	7.00	8.00	7.00	8.00	6.00
Engineering	2.50	1.75	5.00	9.00	11.00	12.00	12.00	10.00	10.00	10.00
General Sewer	3.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax/Treasurer	7.00	8.00	7.00	7.00	10.00	10.00	9.00	9.00	8.00	8.00
Judges	12.69	9.69	15.75	11.75	13.00	13.00	14.00	14.00	16.00	13.00
Law Department	7.00	9.00	11.00	11.00	13.00	13.00	11.00	12.00	13.00	10.00
Municipal Court Computer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court Security/Improvement	4.25	3.25	7.76	1.25	1.00	5.00	5.00	4.00	0.00	0.00
Municipal Court Probation	2.06	2.06	2.00	2.00	1.00	1.00	1.00	1.00	0.00	0.00
Mayor	2.00	2.00	3.00	3.00	2.00	2.00	2.50	2.50	2.50	2.50
MIS/Data Processing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Safety/Service Director	6.02	3.05	6.70	6.22	6.77	8.45	6.30	6.85	7.30	6.04
Security of Persons and Property										
Police	108.00	97.00	99.00	99.00	100.00	99.00	105.00	105.00	101.00	83.00
Police - Corrections	6.00	6.00	5.00	4.00	6.00	6.00	0.00	0.00	2.00	9.00
Police - Dispatchers/Office/Other	21.00	16.00	20.49	21.00	22.00	23.00	22.00	22.00	22.00	19.00
Fire	81.00	80.00	83.00	78.00	80.00	80.00	79.00	82.00	84.00	83.00
Fire - Secretary/Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Transportation										
Street Department	27.00	21.00	19.00	19.34	22.00	24.00	24.00	23.00	23.00	19.00
Public Health										
Cemetery	3.00	2.00	4.00	5.00	4.00	3.00	3.00	3.00	3.00	3.00
Dog Warden	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00
Health Department	13.00	14.00	16.00	18.00	20.00	23.00	19.00	25.00	23.00	22.00
Community Environment										
Building Inspection	4.00	4.00	6.00	5.00	6.00	9.00	8.00	10.00	10.00	8.00
Economic Development										
Community Development	11.00	12.00	17.00	21.00	22.00	22.00	21.00	22.00	19.00	19.71
Leisure Time Activities										
Parks & Recreation	6.00	1.00	1.00	0.33	7.00	10.00	9.00	9.00	6.00	4.00
Basic Utility Services										
Water	65.75	59.95	51.48	52.54	62.93	57.58	55.42	56.64	59.42	56.20
Water Pollution Control	72.79	62.75	55.52	65.27	64.00	66.67	60.48	66.71	66.48	69.25
Internal Services										
Garage	7.00	8.00	9.00	9.00	9.00	9.00	9.00	11.00	13.00	10.00
Hospitalization	0.70	0.50	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Totals:	527.00	470.00	493.00	499.00	538.00	552.00	531.00	545.00	544.00	500.00

Source: City of Lorain, Ohio Auditor's Office

Method: Does not include Police Auxiliary or seasonal employees. Includes full time and permanent part-time employees only. Employee counts are as of December 31.

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

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

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

Function/program	2013	2012	2011	2010
General Government (3)				
Purchase Orders Issued	2,965	3,008	2,892	2,772
Security of Persons and Property				
Police (4) (a)				
Total Arrests	2,993	3,414	2,971	3,421
Offenses (major offenses such as murder and rape)	49	42	60	61
Offenses (major offenses such as robbery and agg. assault)	298	309	420	291
Offenses (major offenses such as vehicle theft)	89	132	130	146
DUI Arrests	156	139	223	182
Prisoners	3,178	3,339	3,325	3,293
Motor Vehicle Accidents	1,399	1,542	1,483	1,428
Calls for Service	58,115	58,836	54,418	56,908
Fire (5)				
Emergency responses	2,089	2,067	1,904	1,853
Fire Safety Inspections/Re-Inspections	1,264	624	652	906
Fire Protection Systems Inspected	168	161	79	71
Building/Fire Protection Plan Review	60	61	59	60
Transportation (6)				
Road Maintenance (man hours)*	12,534	10,336	10,841	11,821
Asphalt (hot/cold) used in road maintenance (tons)	539	853	1,426	757
Concrete used in road maintenance (yards)	324	304	309	1,099
Number of Trees Removed	42	147	39	52
Truckloads of leaves picked-up	295	116	156	165
Cubic Yards of leaf humus delivered/sold	n/a	n/a	177	243
Cubic Yards of wood chips delivered/sold	n/a	n/a	n/a	n/a
Tons of snow melting salt purchased	6,750	4,721	5,989	5,762
Public Health				
Help Me Grow Visits (0-3 years of age) (2)	153	128	844	1,596
Adult Immunizations (2)	0	0	62	160
Children Immunizations (2)	81	1,234	1,312	768
Child Health Clinics (0-21 years) (2)	0	129	152	245
HIV testing (2)	567	441	436	526
BCMH Visits (2)	427	n/a	n/a	n/a
Number of Births (2)	764	861	950	1,005
Number of Deaths (2)	870	867	893	869

2009	2008	2007	2006	2005	2004
2,874	3,628	3,591	3,398	3,824	3,813
3,784	4,115	4,043	6,455	2,536	2,345
76	36	24	10	20	27
322	150	295	283	316	286
169	46	145	146	161	89
237	159	166	123	171	155
4,139	2,427	0	0	0	2,612
1,145	1,531	1,646	1,521	1,620	1,683
59,891	50,583	59,070	64,344	46,321	45,663
1,659	1,676	1,620	2,446	3,382	3,127
810	1,110	627	795	437	763
64	40	46	53	32	37
35	70	30	n/a	n/a	n/a
21,028	26,783	28,868	14,932	18,364	17,844
1,282	1,824	1,423	1,188	1,801	1,421
2,529	561	2,684	1,530	965	1,721
64	41	62	91	77	66
150	132	743	129	231	223
502	486	307	139	262	209
135	125	241	23	177	152
3,671	4,898	10,081	3,892	5,797	3,940
2,232	3,886	2,797	2,257	2,459	2,170
5,280	1,180	1,032	1,783	2,660	1,700
2,329	2,569	2,651	2,681	2,616	2,831
376	433	440	517	581	700
545	425	561	561	591	586
n/a	n/a	n/a	n/a	n/a	n/a
1,016	1,105	1,112	1,250	1,134	1,188
892	875	896	903	890	954

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

Function/program	2013	2012	2011	2010
Public Health (continued)				
Number of Environmental Inspections (2)	2,155	2,182	1,555	1,930
City of Lorain's Recycling Activity-in tons (9)	1,000	909	879	1,078
Cemetery Internments (7)	112	112	125	130
Cemetery Spaces/Lots purchased (7)	\$60,350	\$45,450	\$54,050	\$54,375
Internment Fess/Misc. Fees (7)	101,800	96,615	107,475	\$104,250
Community Environment(1)				
Construction Permits Issued	4,418	3,766	5,303	4,024
Estimated Value of Construction	\$27,323,605	\$38,320,399	\$29,973,277	\$51,911,330
Number of Planning Commission docket items	59	44	39	48
Economic Development(10)				
Number of Loans - Home In-Fill	0	1	0	0
Number of Loans - Home Rehab	7	3	3	5
Number of Loans - Business	2	5	3	5
Number of Loans/Projects - 108	0	0	0	1
Number of Loans/Projects - CDBG	0	0	0	0
Number of Loans/Projects - EDA Title IX	1	3	2	2
Number of Loans/Projects - Rental Rehab	0	1	0	2
Number of Loans/Projects - UDAG	1	3	2	1
Economic Development Projects approved (square feet)*	2,100,000	412,750	264,300	252,000
Leisure Time Activities (7)				
No. of People attending Summer Rec Programs	n/a	n/a	n/a	n/a
Attendance at Santa land	n/a	n/a	n/a	n/a
Water/Water Pollution Control				
Water/Sewer Bills mailed (8)	288,345	290,759	287,542	292,296
Number of Loans -Emergency Loan Program (10)	0	0	0	0

* Estimated n/a = not available

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

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

2009	2008	2007	2006	2005	2004
2,047	2,884	3,287	2,761	2,805	2,693
899	1,113	1,224	953	1,178	1,218
105	130	149	153	160	155
\$66,625	\$72,440	\$63,075	\$54,300	\$56,750	\$62,725
\$117,575	\$114,175	\$106,875	\$111,682	\$110,300	\$74,370
4,359	4,146	4,406	5,763	5,502	5,529
\$56,464,393	\$31,317,509	\$40,752,431	\$68,451,638	\$48,208,912	\$92,157,798
43	48	21	48	n/a	26
3	0	6	4	12	7
5	7	3	16	5	7
0	1	4	1	2	5
2	0	1	0	1	0
0	1	1	0	1	0
3	0	3	1	2	4
1	0	1	1	2	1
0	0	0	1	0	0
429,000	1,200	154,538	10,820	24,200	63,242
0	270	206	233	144	n/a
3,032	2,756	2,482	2,469	3,232	1,962
289,409	295,357	296,971	295,889	288,314	290,530
0	3	6	0	0	0

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

Function/program	2013	2012	2011	2010
General Government				
Engineering Vehicles (2)	9	6	6	8
Mayor Vehicles (10)	1	1	1	0
Security of Persons and Property				
Police (5)				
Stations	2	2	2	2
Vehicles	126	116	122	104
Fire (6)				
Stations	4	4	4	4
Vehicles	19	21	18	20
Transportation				
Streets (miles) (7)	285	285	285	285
Number of Traffic lights (2)	460	488	488	488
Vehicles (7)	65	78	78	78
Community Environment				
Inspection Vehicles (1)	6	6	6	7
Economic Development				
Dept. of Building, Housing & Planning (4)	3	3	5	7
Building Division	5	n/a	n/a	n/a
Leisure Time Activities(8)				
Number of Parks	56	56	56	56
Number of Pools	3	3	3	3
Vehicles Parks Department	17	17	17	17
Water/Water Pollution Control(9)				
Sanitary sewers (miles) Gravity	290	292	292	278
Sanitary sewers (miles) Forced Main	10	n/a	n/a	n/a
Water lines (miles)	300	311	311	310
Vehicles	99	83	78	98

Sources:

- | | |
|---|---|
| <ul style="list-style-type: none"> (1) City of Lorain Building Department (2) City of Lorain Engineering Department (3) City of Lorain Auditor's Office (4) City of Lorain Community Development Department (5) City of Lorain Police Department | <ul style="list-style-type: none"> (6) City of Lorain Fire Department (7) City of Lorain Street Department (8) City of Lorain Recreation Department (9) City of Lorain Utilities Department (10) City of Lorain Mayor's Office |
|---|---|

n/a: Information not available

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
8	8	8	8	7	6
0	0	1	1	1	1
2	2	2	4	3	3
113	113	113	111	101	92
4	4	4	4	4	4
20	20	23	28	26	27
285	285	285	285	285	281
488	488	410	518	528	528
78	78	71	52	38	44
8	8	9	9	7	7
8	10	8	7	8	7
n/a	n/a	n/a	n/a	n/a	n/a
56	56	56	56	57	57
3	3	3	3	3	3
17	17	17	18	22	n/a
278	278	277	277	280	280
n/a	n/a	n/a	n/a	n/a	n/a
294	294	293	293	310	310
90	82	82	85	86	90





Dave Yost • Auditor of State

CITY OF LORAIN

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 14, 2014