

City Of Euclid, Ohio

Comprehensive Annual Financial Report

December 31, 2002

**Prepared by the Department of Finance
Richard T. Balazs, Director**



**Auditor of State
Betty Montgomery**

City Council
City of Euclid
585 East 222nd Street
Euclid, OH 44123

We have reviewed the Independent Auditor's Report of the City of Euclid, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

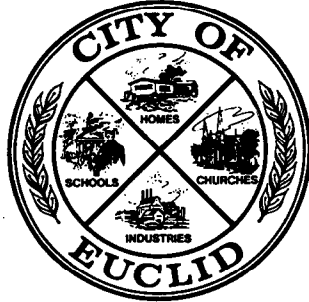
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Euclid is responsible for compliance with these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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 10, 2003

This Page is Intentionally Left Blank.



**CITY OF EUCLID, OHIO
INTRODUCTORY SECTION**

This Page is Intentionally Left Blank.

CITY OF EUCLID, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2002

TABLE OF CONTENTS PAGE

Introductory Section

Title Page	i
Table of Contents	ii
Letter of Transmittal	v
City of Euclid Principal Officials.....	xx
Organizational Chart.....	xxi
GFOA Certificate of Achievement	xxii

Financial Section

Independent Auditors' Report.....	1
General Purpose Financial Statements - Combined Overview:	3
Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Unit.....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Discretely Presented Component Unit.....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Governmental Fund Types.....	10
Combined Statement of Revenues, Expenses, and Changes in Total Fund Equity – All Proprietary Fund Types	14
Combined Statement of Revenues, Expenses and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Proprietary Fund Types.....	16
Combined Statement of Cash Flows – All Proprietary Fund Types.....	18
Notes to the Combined Financial Statements.....	20

CITY OF EUCLID, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2002

TABLE OF CONTENTS	PAGE
Combining, Individual Fund and Account Group Statements:	
Special Revenue Funds:	
Combining Balance Sheet	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	51
Schedules of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis):	
Streets and Highways	53
Community Development Block Grant.....	54
Recreation Operating	55
Court Computerization.....	56
Other Grants	57
Total - Special Revenue Funds	58
Capital Projects Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	61
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis):	
Capital Bond and Note Construction	62
Capital Improvement.....	63
Total - Capital Projects Funds.....	64
Enterprise Funds:	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenses, and Changes in Total Fund Equity.....	67
Schedules of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Waste Water	68
Golf Course	69
Total - Enterprise Funds.....	70
Combining Statement of Cash Flows	71
Agency Funds - Combining Statement of Changes in Assets and Liabilities.....	73

CITY OF EUCLID, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2002

TABLE OF CONTENTS	PAGE
Account Group Schedules:	
General Fixed Assets Account Group - Schedule of General Fixed Assets by Source	75
Schedule of General Fixed Assets by Function and Activity	76
Schedule of Changes in General Fixed Assets by Program and Department	77
Statistical Section	
Operations Statistics:	
General Governmental Expenditures by Function	79
General Governmental Revenues by Source	80
Tax Statistics:	
Property Tax Levies and Collections	81
Assessed and Estimated Actual Value of Taxable Property	82
Assessed Value of Real Property by Class	83
Property Tax Rates - Direct and Overlapping Governments	84
Debt Statistics:	
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	85
Computation of Legal Debt Margin	86
Computation of Direct and Overlapping Debt	87
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	88
Revenue Loan Coverage	89
Principal Amount of General Long and Short-Term Debt	90
Ratio of Debt to Total Population, Assessed Value of Real and Personal Property and Per Capita Income	92
Economic Demographic And Miscellaneous Statistics:	
Property Values, Bank Deposits and Construction	93
Principal Property Taxpayers - Personal Property	94
Principal Property Taxpayers - Real Property	95
Demographic Statistics	96
Miscellaneous Statistical Data	99
Special Assessment Billings and Collections	102
Schedule of Insurance	103

CITY OF EUCLID, OHIO

TRANSMITTAL LETTER

The Transmittal Letter is a non-technical narrative that explains the legal and policy reasons for the publication of a Comprehensive Annual Financial Report and discusses its substantive highlights.



<http://www.ci.euclid.oh.us>

585 East 222nd Street, Euclid, OH 44123-2099

Department of **FINANCE**

Richard T. Balazs, Director

Phone: 216/289-2850

Fax: 216/289-2764

June 17, 2003

Honorable Mayor Paul Oyaski,
Members of Euclid City Council and
Residents of the City of Euclid:

We are pleased to submit the City of Euclid's (the City) Comprehensive Annual Financial Report for the fiscal year ending December 31, 2002. We believe this report, prepared by the Department of Finance, presents comprehensive financial and operating information about the City's activities during 2002 that should be useful to citizens, elected officials, investment institutions, rating agencies and other interested parties.

This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: the Introductory Section, a series of Financial Sections and a Statistical Section.

The Introductory Section includes this transmittal letter from the Director of Finance, a general governmental organizational chart, and a list of the principal officials. The transmittal letter includes summarized financial information about the City of Euclid, an analysis of the past year's operations of general government and major enterprise activities, and an overview of the City of Euclid's current economic picture as well as its initiatives and financial accomplishments for the year.

The Financial Section includes our external auditor's letter expressing an opinion as to the accuracy and fairness of the presentation, the audited general purpose financial statements and the supporting schedules and notes. The combined statements in this section present an overview of the City of Euclid's entire financial operations. Combined and individual fund statements present financial data of each of the separate funds and account groups of the City of Euclid. Data from the prior fiscal year, which ended December 31, 2001, has been included in certain statements and schedules for comparative purposes.

The Statistical Section includes a number of statistical tables and charts representing various financial, economic, social and demographic information presented on a ten year basis.

The City of Euclid receives federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1984, and Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and *Government Auditing Standards*, issued by the Comptroller General of the United States has been performed for the fiscal year ended December 31, 2002. The required reports on supplementary information, compliance, and internal controls along with various supplementary schedules will be provided under a separate report cover.

THE REPORTING ENTITY

The City of Euclid, which covers 10.2 square miles, is situated in the industrial Midwest and is bounded on the west by the City of Cleveland, on the north by Lake Erie and on the south and east by other smaller cities. The City was incorporated as a village in 1903, became incorporated, as a city in 1931 and then became a Charter City in 1951. The form of government established by the Charter is the Mayor/Council form. The executive power of the City is vested in the Mayor, who is elected for a term of four (4) years. The legislative power of the City is vested in a Council of nine (9) members elected for a term of two (2) years. The judicial power of the City is vested in the Municipal Court Judge, elected to a six (6) year term. The Mayor appoints the directors of Administration, Finance, Community Service, Law, Parks & Recreation, and Public Service.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, establishes the criteria used for defining the financial reporting entity of a governmental unit. These principles provide that the reporting entity is comprised of the primary government, organizations, for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the general purpose financial statements to be misleading or incomplete. Pursuant to these principles, the City has included in this report all funds, account groups, agencies, boards and commissions for which the City is financially accountable. In addition, the activities of the Euclid Development Corporation (EDCOR) are included as a discretely presented component unit in the special revenue funds in this report as part of the primary government reporting entity because these activities are so intertwined with the primary government that they are, in substance, the same as the primary government. EDCOR provides administrative assistance to the City in conjunction with its Community Development Block Grant award and is an integral part of the City's economic development program.

The following entities are affiliated organizations of the City of Euclid; however the City is not financially accountable for these entities. Therefore, these entities have been excluded from the financial reporting entity.

- The Board of Education of the Euclid City School District is a separate political sub-division of the State, the territorial boundaries of which are coterminous with the City limits. The Euclid Board of Education provides public education for grades 1 through 12.

CITY SERVICES

The City of Euclid offers its citizens a full range of municipal services that include a municipal court, police and fire protection, sanitation, street maintenance and improvements, health and welfare, community and economic development, a civic cultural center, and a community center that is home to many senior citizen organizations and community activities. In addition, the City's recreational facilities include an 18-hole municipal golf course, an indoor ice skating rink, several swimming pools, and a variety of sports fields which provide opportunities for competitive sports. Fine health care is available in Euclid for people living and working in the City, due to the presence of Euclid Hospital, affiliated with the Cleveland Clinic, and University Mednet's Clinic.

The City operates two enterprises, Briardale Greens golf course and the Waste Water Treatment Plant. Both are

accounted for in the City's enterprise funds. The City of Euclid provides waste water treatment for the cities of Wickliffe, Willowick, Willoughby Hills, and parts of Richmond Heights, Ohio. Each of these communities depends in whole or in part on the City of Euclid's sanitary sewer system for transportation of their waste water to the City's waste water treatment plant.

The maintenance of the sanitary sewer system within each community is the responsibility of each individual community. The firm of DMG-Maximus, Inc. determines annually and independently the revenues required to provide waste water services and recommends a rate structure that would equitably recover these costs from the system users.

The Cleveland Electric Illuminating Company (nka FirstEnergy Corp.) and the East Ohio Gas Company, both independent, publicly-owned utilities, provide the residents of the City with electricity and natural gas, respectively. Cleveland Public Power, a municipally owned electric utility, serves a small portion of the community and the Regional Transit Authority, a county wide transit system provides bus service within the city.

ECONOMIC CONDITION AND OUTLOOK

The economic downturn of late 2001 continued in 2002. Income tax collections, a barometer of commercial/industrial health, decreased by \$1,692,804.00 or by 8% during 2002. Overall job loss was not significant, but a severe cut back in hours worked and the elimination of overtime took its toll on income tax collections.

Even though the recession had a firm hold on northeast Ohio, some positive developments began to take shape during 2002. A new owner surfaced for the Rockwell Automation complex which had been vacant since mid 2001. At first the potential business was considering leasing four hundred thousand sq. ft. from Rockwell. After meeting with staff from the Development Department, the company changed course and decided to purchase one-half of the Rockwell Automation complex. Rockwell will continue to own and occupy the remaining half of the complex. The new owner will be relocating 200 jobs to the City with anticipated further new jobs creation.

The Lincoln Electric Company, a company that reduced their employment in the City by attrition and early retirements, was persuaded by the Development Department to relocate its distribution center to its headquarters campus. Lincoln intends to combine the distribution center with its service center and create a new Worldwide Corporate Customer Service Center. The project will consist of \$25,375,000.00 in new machinery, equipment and inventory. Thirty-two new jobs will be created representing a new payroll of approximately \$1.2 million.

The two decade long dream of a marina, boardwalk, fishing pier and townhouses started to become a realistic fact in 2002. Though it may take at least three more years for the project to receive all necessary permits and construction completion, it will be done. The owner of the Harbor Crest and Waters Edge apartment complexes has already invested over five million dollars in rehab to the two complexes. The developer also bought 22 houses located west of the project area. The purchase of this street was a key element necessary to the construction of townhouses and the marina. Plans currently call for the construction of 88 single-family attached homes. Total construction value will exceed \$26.5 million. When the project is complete, there will be an increase in disposable income, a lakefront project that will draw people into Euclid and an economic spinoff in commercial development.

Another long awaited lakefront single-family home project also drew near to construction during 2002. The City-owned land located at East 205th Street and Edgecliff Drive was sold to the Coral Company during 2002. During the summer of 2003, the Coral Company will build three detached single-family homes valued at more than \$1.2 million and 4 clusters of two single-family attached homes valued at more than \$2.8 million.

These investments in our industrial sector and our housing sector will help solidify the Euclid economy. The City, despite the economic recession, is still developing projects that will reap benefits in the near future. During a recession, development may not be fast and furious, but projects that are future oriented will position the City of Euclid to be that much stronger when the recession ends.

FINANCIAL INFORMATION

Internal Accounting and Reporting Control

As part of its continuing commitment to excellence in financial reporting, the City administration and Council have continued to rely on a fully integrated computerized financial accounting, budgeting and reporting system that has proven successful since its implementation in 1992. Being an integrated and widely deployed system, the City's current financial status is available to management on a moment's notice. The timeliness and accuracy of the information provided to management allows for more informed daily decision making, performance evaluation and planning.

The Mayor and administrators are responsible for implementing an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the determination of costs and benefits requires estimates and judgements by management.

All internal controls are designed within the above framework. Accordingly, we believe the City's system of internal accounting controls is adequate to safeguard assets and provide reasonable assurance of proper recording of transactions.

Summary of Accounting Policies and Budgetary Control

The City of Euclid's financial statements for its governmental and fiduciary funds are prepared on a modified accrual basis of accounting which conforms to generally accepted accounting principles. Revenues on this basis are recognized when measurable and available to finance current City operations; expenditures are recognized when the liability is incurred, if measurable, except for interest on general obligation debt, which is recognized when due.

The City's enterprise and internal service funds are accounted for on the accrual basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred. See Note 1 to the general purpose financial statements for a summary of the City's significant accounting policies.

The City's budgeting process is governed by Ohio law and is divided between the City's Mayor and Finance Director (who prepares the tax budget), Council, the Cuyahoga County Budget Commission (consisting of the County Auditor, County Treasurer and County Prosecutor) and the County Auditor. The major features of the budgeting process are discussed below.

On or before the fifteenth day of July of each year, the Council must adopt a tax budget for the next succeeding fiscal year. The tax budget is prepared on a cash or non-GAAP basis. Based upon its review of the tax budget, the County Budget Commission certifies tax levies that may be levied within and in excess of the ten-mill tax

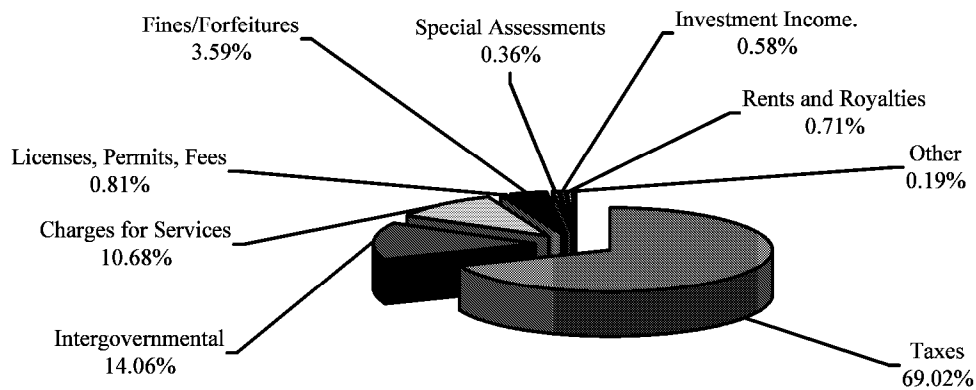
limitation. The County Budget Commission also issues an "official certificate of estimated resources," stating the City's estimated resources, by fund. The City must then revise its tax budget so that the total contemplated appropriations and expenditures, by fund, will not exceed the City's estimated resources, by fund, as determined by the County Budget Commission's certificate. The revised tax budget is the basis of the annual appropriation measure. On or about the first of each year, the fiscal officer of the City certifies the total amount of all sources (taxes and revenues) available for expenditure from each fund, together with balances existing at the end of the preceding year. Year-end balances are to be unencumbered balances; that is, the balances shall be reduced by unliquidated and outstanding obligations at the end of the year. The County Budget Commission then issues an amended official certificate of estimated resources.

The total appropriations made during the fiscal year from any fund may not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereto, certified prior to the appropriations. Based on the revised tax budget and official certificate of estimated resources, or amendments thereto, the City's Council will pass the annual appropriation measure and any supplemental appropriations. The Council may pass a temporary appropriation measure and delay the passage of the annual appropriation measure to a date not later than April 1st. Appropriation measures are not effective until the County Auditor files with the Council a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the amounts shown in the official or amended official certificate of estimated resources. When the County Auditor may properly give such certificate, he must do so forthwith upon his receipt from the Council of a certified copy of the appropriation measure. The temporary, annual and supplemental appropriation measures establish the maximum amount that may be encumbered or expended from each fund during the fiscal year. These encumbrances are reported as a reservation of fund balance at December 31, 2002. Budgets are legally adopted and controlled on a cash/encumbrance basis. Unencumbered appropriations lapse at year-end and become available for future appropriations.

General Governmental Functions

The following chart presents a summary and compares revenues for the general governmental functions that include the General Fund; Special Revenue Funds and Debt Service Fund revenues for the year ended December 31, 2002.

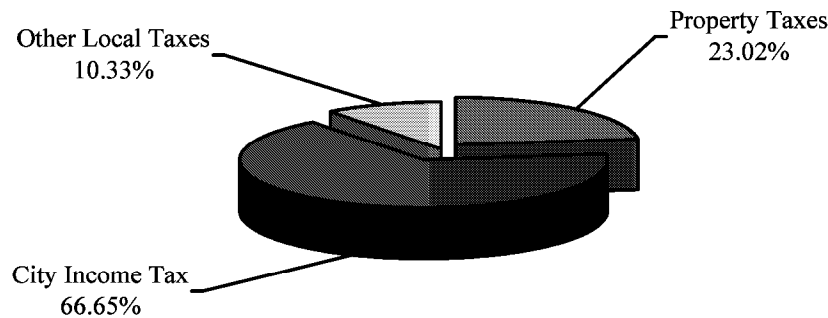
Revenue Sources



<u>Revenue Sources</u>	<u>2002 Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From 2001</u>
Taxes	\$ 26,190,660	69.02%	\$ (2,647,147)
Intergovernmental	5,334,633	14.06%	(148,497)
Charges for Services	4,053,681	10.68%	(62,694)
License, Permits, Fees	305,921	0.81%	2,407
Fines and Forfeitures	1,363,606	3.59%	(142,773)
Special Assessments	135,540	0.36%	(43,859)
Investment Income	221,330	0.58%	(745,960)
Rental and Royalties	268,929	0.71%	(24,720)
Other	70,891	0.19%	(145,919)
Total	\$ 37,945,191	100.00%	\$ (3,959,162)

The revenue source that showed a significant decrease compared to the prior year is the Municipal Income Tax. Although the City diligently pursued delinquent taxpayers in 2002, total tax receipts were down due to reductions in the work force of some of the major employers in the City. There was also a sharp reduction in Investment Income revenue due to declining interest rates. The City is presently reviewing its revenue structure and implementing changes necessary to mitigate the loss of revenue.

Tax Revenue



<u>Tax Revenue</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>2002 Amount</u>	<u>Percentage of Total</u>
Property Taxes	\$ 2,440,982	\$ 469,754	\$ 3,117,994	\$ 6,028,730	23.02%
City Income Tax	17,455,629	-	-	17,455,629	66.65%
Other Local Taxes	1,491,354	1,214,947	-	2,706,301	10.33%
Total	\$ 21,387,965	\$ 1,684,701	\$ 3,117,994	\$ 26,190,660	100.00%

Ohio law authorizes the levy of a municipal income tax at a rate not to exceed 1% by an act of council, solely, without a vote of the electors. Municipal income taxes at a rate in excess of 1% must first be approved by a vote of the electors and be for a specified purpose. The City's municipal income tax rate has slowly increased to its present rate of 2.85%. On July 1, 1968, the tax rate levied by the City and approved by council was increased to 1% per annum. The tax rate was increased from 1% to 1.5% per annum based upon a vote of the electors on June 7, 1977. On July 1, 1982, after a vote of the electors, an additional .5% was levied to raise the tax rate to 2% and then in 1994 the electors voted in an increase of .85% joint tax to be split between the City and the Euclid Board of Education. Presently, the .85% increase in the income tax rate is allocated .47% to the Euclid Board of Education and .38% to the City of Euclid. The 2.0% remaining is solely for the City of Euclid.

The City's income tax is levied upon the net income of corporations and other business entities and on the wages, salaries and compensation of individuals. The income tax is collected and administered on behalf of the City by the Central Collection Agency, a regional council of governments organized under Ohio law.

In Ohio, the assessed value of real property is equal to 35% of its appraised value. The County auditor is responsible for administering the property tax, including establishment of real property assessed values. The Auditor's office conducts a reappraisal of property every six years and an update adjustment in the third year following reappraisal. These functions are known as the "sexennial" reappraisal and the "triennial" adjustment. The most recent reappraisal was conducted in 2000 and in the ad valorem taxes distributed to the City in 1995.

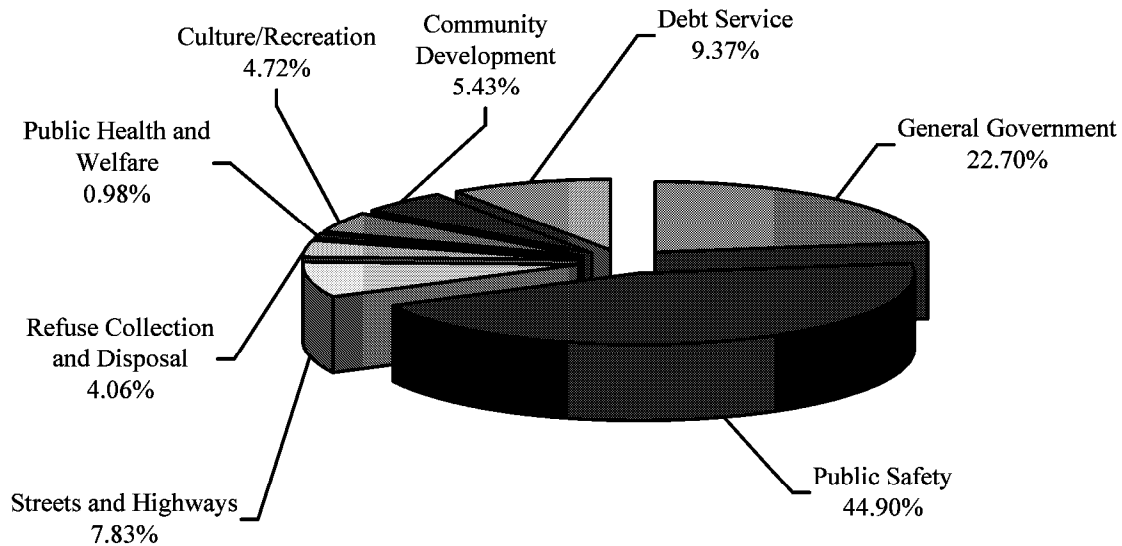
Under Ohio law for tax year 2002 (collection year 2003) tangible personal property used in business (except for the public utility business) is assessed at 25% of true value (in general, true value is net book value). The assessment level of public utility tangible personal property, except that of a railroad and a rural electric company whose tangible personal property is assessed at 25% and 50% respectively, was changed from 100% for all such property to either 88% or 100% of true value depending on the nature of the public utility. The true value of the production equipment of an electric company is the equipments original cost less fifty- percent (50%) of that cost as an allowance for depreciation and obsolescence.

The details of property tax valuations and tax rates relating to collections for the last three years are as follows:

TAX RATES (Per \$1,000 of assessed Valuation)			
Purpose	2002	2001	2000
General Fund	\$ 6.72	\$ 6.72	\$ 6.72
Recreation Operating	1.30	1.30	1.30
Bond Retirement	3.88	3.88	3.88
Capital Improvements	1.70	1.70	1.70
Sewers	2.00	2.00	2.00
Totals	<u>\$ 15.60</u>	<u>\$ 15.60</u>	<u>\$ 15.60</u>
Assessed Valuation	<u>\$ 826,000,544</u>	<u>\$ 828,468,557</u>	<u>\$ 768,218,306</u>

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund expenditures for the year ended December 31, 2002 and the increases and decreases in relation to prior year expenditures.

Expenditures



<u>Functions</u>	<u>2002 Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) from 2001</u>
General Government	\$ 10,327,685	22.70%	\$ (157,545)
Public Safety	20,426,282	44.90%	(510,981)
Streets and Highways	3,562,999	7.83%	(652,490)
Refuse Collection and Disposal	1,844,813	4.06%	34,625
Public Health and Welfare	445,574	0.98%	(36,671)
Culture/Recreation	2,146,046	4.72%	(227,831)
Community Development	2,470,602	5.43%	6,253
Debt Service	4,263,856	9.37%	219,752
Total	\$ 45,487,857	100.00%	\$ (1,324,888)

Overall the City reduced its spending in order to match the decreases in revenue. These decreases in expenditures were the results of certain cost cutting measures and effective budget management by each of the department managers.

The City of Euclid has classified its funds into three categories: governmental funds, proprietary funds and fiduciary funds. The funds within each category are described as follows:

Governmental Funds

The acquisition, use and balance of the City's expendable financial resources and the related current liabilities (except those accounted for in the Proprietary Funds) are accounted for through governmental funds. The measurement focus is based upon determination of financial position.

General Fund

The primary operating fund of the City, the General fund traditionally accounts for most of the general governmental revenue and expenditures. The General Fund is responsible for funding the major services of the City, which include the safety forces, parks and recreation, administrative departments, appointed commissions, health and sanitation services. The General Fund budget is prepared by the Mayor with the assistance of the Finance Director and all other City directors, and is submitted to Council for its consideration prior to the start of the new fiscal year. A series of public budget hearings, which take place on various dates over a period of up to 60 days, constitutes the review process. Final appropriations and amendments thereof are passed by Council in the form of ordinances as required by the City Charter and State statutes.

The City's major revenue source is the municipal income tax. A great variety of other sources of income flow into the General Fund, including general property taxes, licenses, fees, permits, sales taxes, court fines, penalties and amounts received from other governments.

The fund balance of the General Fund at December 31, 2002 was \$5,097,684. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Euclid and the general laws of the State of Ohio. It is the goal of the Mayor and his administration to provide a sufficient fund balance in the General Fund to serve as a hedge against any future economic downturn.

Special Revenue Fund

Special Revenue Funds of the City are funds used to account for revenues (other than expendable trusts or major capital projects) derived from specific taxes or other legally restricted revenue sources. The funds include the Community Development Block Grant Fund, the Streets and Highways Fund, and the Recreation Operating Fund. The expenditures of these funds are legally restricted for specified purposes.

All special revenue funds are controlled through the same detailed budget process used for the General Fund. Federal monies have continued to play an important role in the City's revitalization programs and the Community Development staff, which is responsible for monitoring the City's compliance with applicable federal laws and regulations has provided for the administration and utilization of these resources at an optimum level.

Capital Projects Funds

The Capital Projects Funds account for financial resources to be used for acquisition or construction of major capital facilities except for those financed by Proprietary or Trust funds. Major sewer reconstruction projects, street resurfacing and curbs, and real estate and equipment acquisitions are accounted for in capital projects funds. The main sources of revenue for capital projects funds are property taxes, the sale of bond and notes, special assessments and government grants.

Proprietary Funds

Proprietary Funds are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The intent of the City concerning these funds is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's proprietary fund types:

Enterprise Funds

Enterprise Funds of the City of Euclid include the Golf Course Fund (Briardale Greens) and the Waste Water Treatment Fund. These funds, which are comparable to for-profit businesses, were established to account for the City's self-supporting activities. The Waste Water Treatment Fund accounts for the operation of the City's sanitary sewer and waste water treatment system which not only services Euclid, but several other surrounding communities. The City's enterprise funds are required to adopt budgets and operate under the same budgetary controls as the General Fund

The firm of DMG-Maximus, Inc., to date, has completed their eleventh (11th) rate study analysis concerning the adequacy of user rates. Upon their recommendations, user fees rate increases went into effect April 1, 2000 for all users. The rate increase was earmarked to fund the United States Environmental Protection Agency court mandated projects and provide the necessary operating funds for this enterprise fund. DMG-Maximus, Inc. has been retained to evaluate the User Charge System annually.

The Briardale Greens Golf Course, over the past three years, continued an increase in net income. A rate increase in 1995 was approved by the Euclid City Council to provide additional revenue from the users to enable this fund to operate as a profit making business. Recent Renovations to the Driving Range and the retirement of some capital debt should further improve the financial outcome of the course.

Internal Service Fund

The Internal Service Fund is used to account for self-funded insurance programs initiated by the City. The City of Euclid's Self-Insurance Program has continued under the authority of Section 2744.08 of the Ohio Revised Code. The program has operated successfully since its inception based on an incident generated "Risk Management" concept initiated and operated by the City administration. See footnote 15 to the general purpose financial statements for a discussion of funding requirements related to this fund.

The City's Self-Insurance Risk Management Program has accepted the following types of potential loss exposures: general liability, automobile liability and physical damage, and public officials and law enforcement professional liability. In an ongoing effort to reduce the City's potential liability within the self-insurance risk categories, the City has continued to make procedural changes in day-to-day operations along with safety and loss control programs.

Risk Management

In 1988, the City undertook and implemented its own self-funded insurance plan that covers all areas of Risk Management, including general liability, property and vehicle coverage. The City instituted a medical self-insurance program in 1989 designed to provide city employees with maximum health care benefits while controlling the increasing cost of health insurance. Individual funds are charged for the per-capita cost of specific claims and administration. The level of risk assumed is limited by the City's purchase of specific stop-loss coverage per employees. A detailed listing of the insurance coverage carried by the City can be found in Table 20 in the Statistical Section of this report.

The City participates in a retrospective rating program for workers' compensation insurance. The program was initiated in conjunction with various safety and loss control programs designed to reduce the level of risk. Under the retrospective rating program, the City agrees to pay an administrative premium based on a percentage of gross payroll from the previous year, which is a fraction of the premium it would normally pay, while accepting the responsibility of reimbursing workers' compensation claims as they come due. The City expects to realize a reduction in workers' compensation costs through this plan, not only through lower initial premiums, but also from the cash flow accumulation the City realizes. The level of risk assumed by the City is limited to a maximum of two times the actual annual premium.

Debt Administration

The City's outstanding General Obligation debt is currently rated "Aa3" by Moody's Investors Service. This rating was confirmed in 2002 with the City's last long-term bond issue. This high investment grade rating is attributed to the City's conservative financial management, diverse tax base and moderate debt position. Maintaining its superior credit rating enables the City to obtain short term and long term financing at the lowest possible interest rates. As of December 31, 2002, the City's General Obligation debt totaled \$33,035,000.

Debt Capacity

The City is well within statutory limitations for both voted and not voted debt. The computation of the legal debt margins at December 31, 2002 is included in the Statistical Section of this report under the heading "Debt Statistics" along with other related computations and ratios relevant to the City's note and bonded debt.

The ratio of general bonded debt to assessed valuation and the amount of net bonded debt per capita provide useful information concerning the level of the City's debt to management and investors. The information as of December 31, 2002 for the City of Euclid is as follows:

	<u>Amount</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
General Obligation Debt (Bonded)	\$ 33,035,000	3.60%	\$569.27

Cash Management

The City believes that appropriate cash management activities are integral to the City's overall financial well being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income.

The program's efficiency is enhanced using direct deposits and wire transfers to accelerate the availability of investable balances; cash budgeting and the use of controlled disbursements to control expenditures; and the use of appropriate portfolio management techniques to maximize earnings.

This portfolio program, which aggregates the excess cash of substantially all funds for investment purchases, adheres to the following priorities: assuring the safety of all invested principal, providing needed liquidity to meet the City's obligations on a timely basis, and earning a market rate of return over budgetary and economic cycles. The securities and maturities utilized are authorized by the Ohio Revised Code, Section 135.14 as amended. The City approaches investment selection in two ways: (1) it purchases eligible securities which mature at specific times to pay known obligations of the City (maturity matching); and (2) it diversifies other maturities over the permissible investment horizon, given cash flow forecasts and market conditions, by constructing a "laddered" configuration.

The City purchases Certificates of Deposit, over-night repurchase agreements with eligible depositories, and Treasury and Agency/Instrumentality securities permitted by the Ohio Revised Code. It also uses the State Treasurers' Star Ohio account for short-term investments. The City does not invest in derivative securities nor engage in leverage. It utilizes yield curve analysis and relative value approaches to investment selection.

All investments are transacted competitively, using three bids/offers from eligible bank and dealer firms. The City uses a third-party safekeeping bank and securities transactions are settled on a delivery versus payment basis.

The City follows the procedure permitted by Ohio law regarding the safekeeping of deposits and investments. Deposits are generally secured by a pool of eligible investments, not in the City's name, held by depository institutions or at their Federal Reserve Bank account for the City. Investments in specific instruments, such as U.S. Treasury notes, are held in safekeeping for the City by an eligible depository institution in their Federal Reserve account, for the Account of the City of Euclid.

Fixed Assets

The City is required to maintain and record City assets that it owns or has within its responsibility. Fixed assets that are directly involved in revenue producing activities pertaining to enterprise funds are accounted for within those funds and their related costs are included in the determination of the user charge rate structure.

The City of Euclid engaged the appraisal firm of American Appraisal Associates to conduct a professional asset valuation service. The purpose of this appraisal was to provide an accurate valuation report to establish improved property record reporting and controls and to provide more accurate asset reporting to enable a sound basis for the management and accounting of the general fixed asset group of accounts. The current fixed asset program is an ongoing program that provides accurate up-to-date data and is integrated into a fixed asset financial reporting system.

The General Fixed Assets Account Group includes all fixed assets of the City not used in a proprietary operation. Such assets include the solid waste disposal plant, buildings, land, parks and recreation facilities other than the golf course, motor vehicles and other major equipment. Infrastructure (streets, highways, sidewalks, curbs, gutters and bridges) which the City owns and is responsible for is excluded from the amounts shown. Depreciation of general fixed assets is not recorded in the General Fixed Assets Account Group. As of December 31, 2002, the general fixed assets of the City of Euclid amounted to \$51,216,284.

Pension Obligations

The employees of the city belong to one of the two state sponsored pension systems. Police and Fire are members of the Ohio Police and Fire Pension Fund ("OPFPF"). All other employees are members of the Public Employees Retirement System of Ohio ("PERS"). Both PERS and OPFPF are cost sharing multiple employer public retirement systems. More detailed information on both pension systems can be found in the notes to the financial statements in the Financial Section of this report.

OTHER INFORMATION

Independent Audit

In accordance with Ohio law, annual independent audits are required to be performed on all financial operations of the City. The accounting firm of Ciuni & Panichi, Inc. performed the 2002 audit. The independent accountants' unqualified opinion has been included in this report. The administration plans to continue this audit procedure as required by law as part of the preparation of a Comprehensive Annual Financial Report. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Euclid for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2001. This was the twentieth (20th) consecutive year the City of Euclid has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The 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 Government Finance Officers Association (GFOA) to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

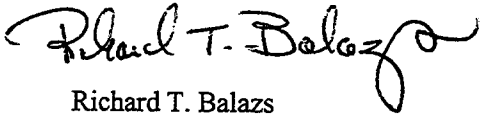
While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Euclid to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and presentation of this report rest mainly with the City's Finance Department. Successful preparation of a report of this magnitude that meets rigid conformance guidelines requires significant dedication of the many staff employees who have participated in producing this report. The performance of the Finance Department again represented a great team effort, but a special thanks and acknowledgement to Paul C. Beckwith for his efforts in coordinating and producing this report. A special thanks to Mr. Robert Gliha for his narrative expressing the business and economic outlook for the City of Euclid.

POSTSCRIPT

The publication of this comprehensive annual financial report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City management and investors. In addition, recipients of this report will include state and federal officials, university students, schools, libraries, newspapers, investment banking firms, banks and rating agencies. A copy of this report will be made available to any person or organization requesting it.

I would like to emphasize that our administration policy pertaining to financial information is a continual open book policy for all residents, investors and interested parties, so that they may have a greater awareness of the financial transactions and statistics of our City, known as the "City of Superior Services", Euclid, Ohio.

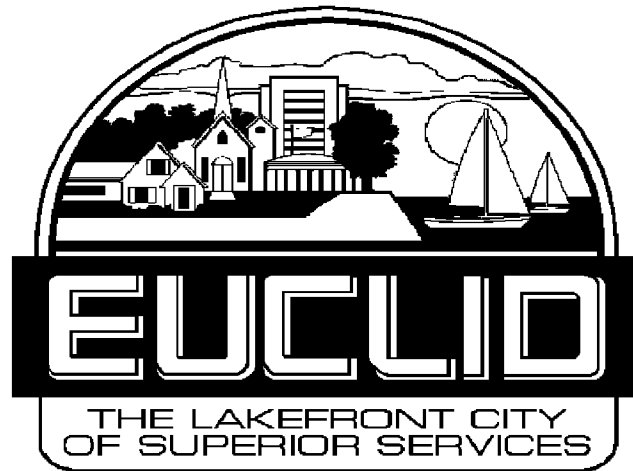
Respectfully submitted,

A handwritten signature in black ink that reads "Richard T. Balazs". The signature is written in a cursive style with a large, looping flourish at the end.

Richard T. Balazs
Director of Finance

CITY OF EUCLID, OHIO
“A City of Superior Services”

Mayor
PAUL OYASKI



Administrative Directors

PATRICK MURPHY – *Law*

JACK JOHNSON – *Administration*

RICHARD BALAZS – *Finance*

ANTHONY DINERO – *Public Service*

KORY KORAN – *Community Development*

ROBERT DEMINICO – *Recreation*

CHIEF WAYNE BAUMGART – *Police*

CHIEF MICHAEL DWORNING – *Fire*

DEBORAH LEBARRON – *Judge Municipal Court*

Euclid City Council

WILLIAM CERVENIK – *President of Council*

KIRSTEN HOLZHEIMER-GAIL – *Ward I*

DANIEL FLOWERS – *At-Large*

MEG MC GARRY – *Ward II*

PATRICK GALLAGHER – *At-Large*

JOHN KOROSEC – *Ward III*

D. FAY MILLER – *At-Large*

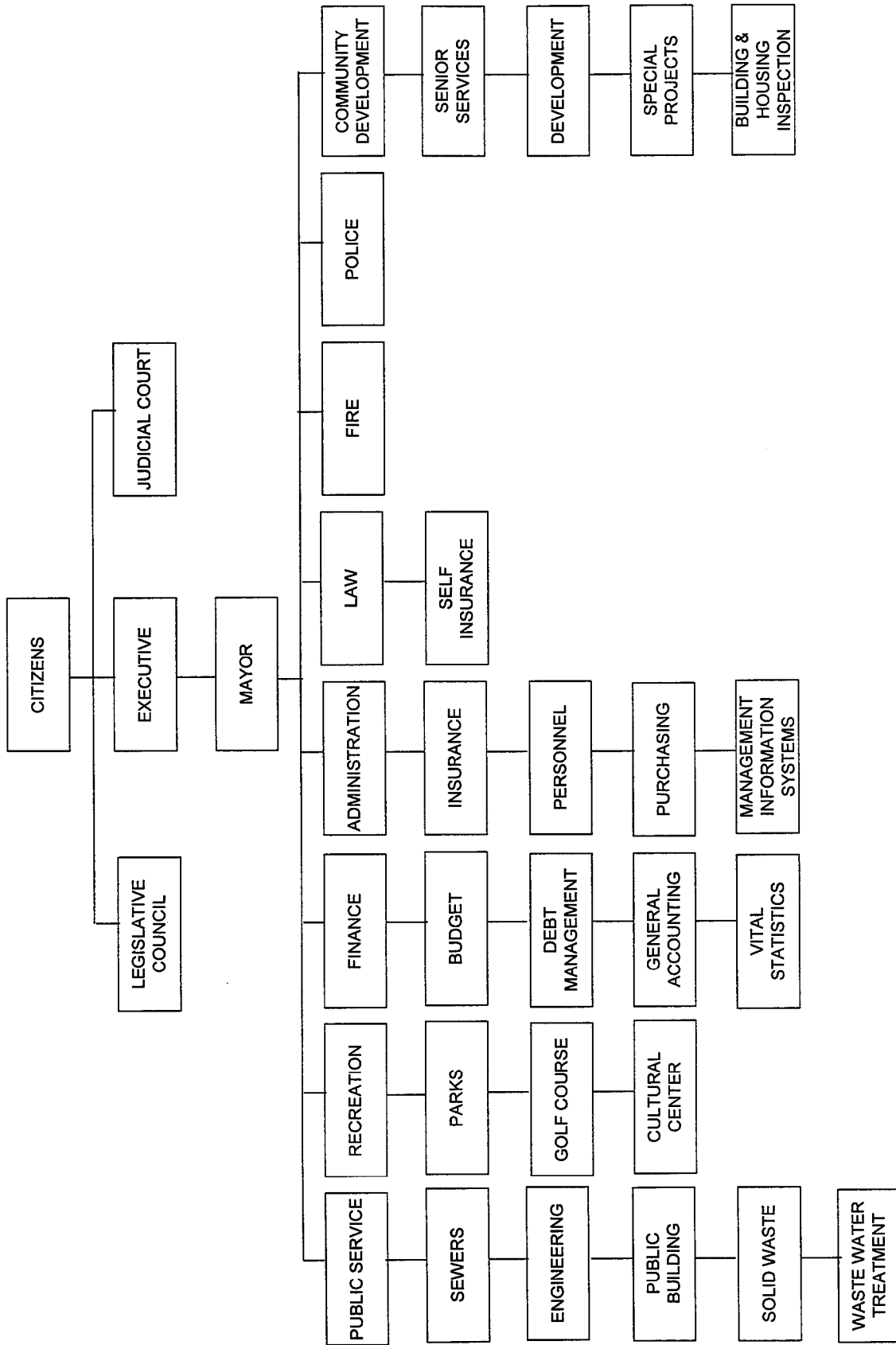
CHRISTOPHER GRUBER – *Ward IV*

BEVERLY VALENCIC – *At-Large*

CITY OF EUCLID

Organizational Chart

December 31, 2002



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Euclid,
Ohio

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

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



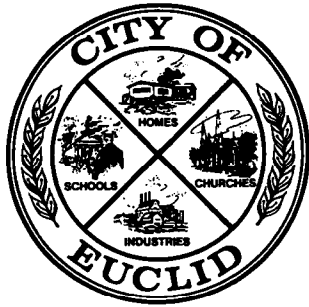
William Patrick Wata

President

Jeffrey R. Emer

Executive Director

THIS PAGE INTENTIONALLY LEFT BLANK



**CITY OF EUCLID, OHIO
FINANCIAL SECTION**



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

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Independent Auditors' Report

Members of the City Council of the
City of Euclid, Ohio

We have audited the accompanying general-purpose financial statements of the City of Euclid, as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Euclid's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Euclid, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2003 on our consideration of the City of Euclid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



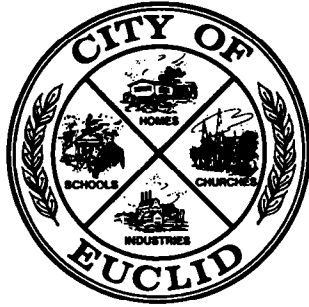
Members of the City Council of the
City of Euclid, Ohio

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

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

Cini & Panichi, Inc.

Cleveland, Ohio
May 23, 2003



CITY OF EUCLID, OHIO
GENERAL PURPOSE
FINANCIAL STATEMENTS —
COMBINED OVERVIEW

CITY OF EUCLID, OHIO

GENERAL-PURPOSE FINANCIAL STATEMENTS

The general-purpose financial statements of the City include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of proprietary fund types.

CITY OF EUCLID, OHIO

**COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT**

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
ASSETS AND OTHER DEBITS						
Assets						
Cash and Cash Equivalents	\$ 3,614,660	\$ 819,812	\$ 2,991,667	\$ 1,482,719	\$ 5,742,375	\$ 1,000,814
Receivables:						
Taxes	9,095,835	489,142	3,325,380	639,648	752,527	-
Accounts (Net of Allowances for Doubtful Accounts)	185,641	321,081	15,901	8,197	2,788,840	-
Interest	59,751	141	36,980	152	43	100
Intergovernmental	472,409	563,044	-	-	-	-
Special Assessments	-	-	2,771,701	192,685	-	-
Notes	1,859,941	-	-	-	-	-
Interfund Receivable	206,383	-	-	-	-	-
Inventory of Supplies at Cost	73,491	219,806	-	-	45,697	-
Deposits	-	-	-	-	-	-
	<u>15,568,111</u>	<u>2,413,026</u>	<u>9,141,629</u>	<u>2,323,401</u>	<u>9,329,482</u>	<u>1,000,914</u>
Restricted Assets						
Cash and Cash Equivalents	-	-	-	-	-	-
Fixed Assets						
Land	-	-	-	-	6,470,412	-
Land Improvements	-	-	-	-	1,182,610	-
Utility Plant/Sanitary Sewers	-	-	-	-	72,942,508	-
Buildings and Improvements	-	-	-	-	1,669,449	-
Furniture, Fixtures, and Equipment	-	-	-	-	2,841,438	-
Less: Accumulated Depreciation	-	-	-	-	(37,066,719)	-
Net Fixed Assets	-	-	-	-	<u>48,039,698</u>	-
Amount Available in Debt Service Funds						
	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt						
	-	-	-	-	-	-
Total Assets and Other Debits	\$ <u>15,568,111</u>	\$ <u>2,413,026</u>	\$ <u>9,141,629</u>	\$ <u>2,323,401</u>	\$ <u>57,369,180</u>	\$ <u>1,000,914</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	Primary Government 2002		Reporting Entity	
					2002	2001
\$ 1,002,720	\$ -	\$ -	\$ 16,654,767	\$ -	\$ 16,654,767	\$ 20,700,398
-	-	-	14,302,532	-	14,302,532	15,060,791
144,760	-	-	3,464,420	-	3,464,420	3,576,115
-	-	-	97,167	-	97,167	414,939
-	-	-	1,035,453	-	1,035,453	1,271,828
-	-	-	2,964,386	-	2,964,386	3,083,112
-	-	-	1,859,941	1,442,665	3,302,606	3,567,832
-	-	-	206,383	-	206,383	114,454
-	-	-	338,994	-	338,994	289,276
-	-	-	-	-	-	15
<u>1,147,480</u>	<u>-</u>	<u>-</u>	<u>40,924,043</u>	<u>1,442,665</u>	<u>42,366,708</u>	<u>48,078,760</u>
<u>198,316</u>	<u>-</u>	<u>-</u>	<u>198,316</u>	<u>629,164</u>	<u>827,480</u>	<u>658,568</u>
-	8,945,894	-	15,416,306	-	15,416,306	15,416,307
-	-	-	1,182,610	-	1,182,610	1,182,610
-	-	-	72,942,508	-	72,942,508	72,552,329
-	30,891,853	-	32,561,302	-	32,561,302	32,367,156
-	11,378,537	-	14,219,975	-	14,219,975	13,353,030
-	-	-	(37,066,719)	-	(37,066,719)	(35,368,086)
<u>-</u>	<u>51,216,284</u>	<u>-</u>	<u>99,255,982</u>	<u>-</u>	<u>99,255,982</u>	<u>99,503,346</u>
-	-	3,024,670	3,024,670	-	3,024,670	3,533,956
<u>-</u>	<u>-</u>	<u>39,541,720</u>	<u>39,541,720</u>	<u>-</u>	<u>39,541,720</u>	<u>40,752,495</u>
\$ <u>1,345,796</u>	\$ <u>51,216,284</u>	\$ <u>42,566,390</u>	\$ <u>182,944,731</u>	\$ <u>2,071,829</u>	\$ <u>185,016,560</u>	\$ <u>192,527,125</u>

Continued

CITY OF EUCLID, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES, FUND EQUITY AND OTHER CREDITS						
Accounts Payable	\$ 168,778	\$ 604,653	\$ -	\$ 271,691	\$ 406,572	\$ -
Claims Payable	-	-	-	-	33,000	1,198,000
Accrued Wages and Benefits	867,426	95,141	1,335	-	105,490	2,489
Accrued Compensated Absences	354,226	47,407	9,693	-	775,620	17,961
Due to Other Governments	2,242,107	414,859	6,184	-	762,254	7,419
Interfund Payable	-	102,968	-	-	-	-
Deferred Revenue	5,701,201	857,564	6,097,081	832,332	752,528	-
Accrued Pension	1,136,689	104,795	2,666	-	117,611	3,119
Accrued Interest Payable	-	-	-	-	652,249	-
Loan Payable	-	-	-	-	4,296,009	-
Ohio Water Development Authority Loans	-	-	-	-	17,226,034	-
Capital Lease Payable	-	-	-	-	539,513	-
General Obligation Bonds Payable	-	-	-	-	1,845,000	-
Deposits Held	-	-	-	-	-	-
Total Liabilities	10,470,427	2,227,387	6,116,959	1,104,023	27,511,880	1,228,988
Fund Equity and Other Credits						
Investment in General Fixed Assets	-	-	-	-	-	-
Contributed Capital	-	-	-	-	18,274,455	-
Retained Earnings:						
Reserved for Capital Improvements	-	-	-	-	320,363	-
Unreserved	-	-	-	-	11,262,482	(228,074)
Total Retained Earnings	-	-	-	-	11,582,845	(228,074)
Fund Balance:						
Reserved for Encumbrances	88,531	331,259	-	353,324	-	-
Reserved for Inventory	73,491	219,806	-	-	-	-
Reserved for Notes Receivable	1,859,941	-	-	-	-	-
Unreserved (Deficit)	3,075,721	(365,426)	3,024,670	866,054	-	-
Total Fund Balance	5,097,684	185,639	3,024,670	1,219,378	-	-
Total Fund Equity (Deficit) and Other Credits	5,097,684	185,639	3,024,670	1,219,378	29,857,300	(228,074)
Total Liabilities, Fund Equity, and Other Credits	\$ 15,568,111	\$ 2,413,026	\$ 9,141,629	\$ 2,323,401	\$ 57,369,180	\$ 1,000,914

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)	
	General	General	Primary		Reporting	
	Fixed	Long-Term	Government		Entity	
Trust And Agency	Assets	Obligations	2002		2002	2001
\$ -	\$ -	\$ -	\$ 1,451,694	\$ -	\$ 1,451,694	\$ 1,572,814
-	-	-	1,231,000	-	1,231,000	831,000
-	-	-	1,071,881	1,152	1,073,033	1,121,426
-	-	6,179,932	7,384,839	-	7,384,839	7,611,981
18,420	-	-	3,451,243	-	3,451,243	3,590,292
103,415	-	-	206,383	-	206,383	114,454
-	-	-	14,240,706	-	14,240,706	13,374,178
-	-	-	1,364,880	-	1,364,880	1,392,139
-	-	-	652,249	-	652,249	709,925
-	-	2,606,540	6,902,549	-	6,902,549	6,243,217
-	-	-	17,226,034	-	17,226,034	18,333,990
-	-	744,918	1,284,431	-	1,284,431	236,396
-	-	33,035,000	34,880,000	-	34,880,000	37,255,000
<u>1,223,961</u>	<u>-</u>	<u>-</u>	<u>1,223,961</u>	<u>-</u>	<u>1,223,961</u>	<u>869,467</u>
<u>1,345,796</u>	<u>-</u>	<u>42,566,390</u>	<u>92,571,850</u>	<u>1,152</u>	<u>92,573,002</u>	<u>93,256,279</u>
-	51,216,284	-	51,216,284	-	51,216,284	50,841,868
-	-	-	18,274,455	-	18,274,455	18,274,455
-	-	-	320,363	-	320,363	1,044,828
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,034,408</u>	<u>-</u>	<u>11,034,408</u>	<u>10,346,861</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,354,771</u>	<u>-</u>	<u>11,354,771</u>	<u>11,391,689</u>
-	-	-	773,114	-	773,114	1,656,389
-	-	-	293,297	-	293,297	246,818
-	-	-	1,859,941	1,442,665	3,302,606	3,567,832
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,601,019</u>	<u>628,012</u>	<u>7,229,031</u>	<u>13,291,795</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,527,371</u>	<u>2,070,677</u>	<u>11,598,048</u>	<u>18,762,834</u>
<u>-</u>	<u>51,216,284</u>	<u>-</u>	<u>90,372,881</u>	<u>2,070,677</u>	<u>92,443,558</u>	<u>99,270,846</u>
\$ <u>1,345,796</u>	\$ <u>51,216,284</u>	\$ <u>42,566,390</u>	\$ <u>182,944,731</u>	\$ <u>2,071,829</u>	\$ <u>185,016,560</u>	\$ <u>192,527,125</u>

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
Taxes	\$ 21,387,965	\$ 1,684,701
Intergovernmental	3,498,503	1,836,130
Charges for Services	2,430,993	1,541,509
License/Permit and Inspection Fees	305,921	-
Fines and Forfeitures	1,248,945	95,379
Special Assessments	-	-
Investment Income	137,063	11,892
Rents and Royalties	252,429	16,500
Other	36,178	18,812
Total Revenues	<u>29,297,997</u>	<u>5,204,923</u>
<u>Expenditures</u>		
Current:		
General Government	10,153,387	172,990
Public Safety	19,831,262	595,020
Streets and Highways	-	3,562,999
Refuse Collection and Disposal	1,762,594	82,219
Public Health and Welfare	445,574	-
Culture/Recreation	987,648	1,158,398
Community Development	806,731	1,663,871
Debt Service:		
Principal Retirement	65,000	97,632
Interest and Fiscal Charges	150,975	-
Total Expenditures	<u>34,203,171</u>	<u>7,333,129</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,905,174)</u>	<u>(2,128,206)</u>
<u>Other Financing Sources (Uses)</u>		
Debt Proceeds	-	447,179
Operating Transfers – In	861,456	442,563
Operating Transfers – Out	(1,074,563)	-
Inception of Capital Lease	-	-
Total Other Financing Sources (Uses)	<u>(213,107)</u>	<u>889,742</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,118,281)	(1,238,464)
Fund Balance at Beginning of Year	10,222,000	1,371,589
Increase (Decrease) in Inventory Reserve	<u>(6,035)</u>	<u>52,514</u>
Fund Balance at End of Year	<u>\$ 5,097,684</u>	<u>\$ 185,639</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Debt Service	Capital Projects	Totals (Memorandum Only)		Totals (Memorandum Only)	
		Primary Government	Component Unit	Reporting Entity	
		2002		2002	2001
\$ 3,117,994	\$ 619,969	\$ 26,810,629	\$ -	\$ 26,810,629	\$ 30,368,310
-	10,360	5,344,993	32,563	5,377,556	5,741,732
81,179	96,061	4,149,742	-	4,149,742	4,642,160
-	-	305,921	-	305,921	303,514
19,282	-	1,363,606	-	1,363,606	1,506,379
135,540	151,681	287,221	-	287,221	258,963
72,375	25,181	246,511	50,714	297,225	1,109,626
-	-	268,929	-	268,929	293,649
<u>15,901</u>	<u>3,197</u>	<u>74,088</u>	<u>-</u>	<u>74,088</u>	<u>492,832</u>
<u>3,442,271</u>	<u>906,449</u>	<u>38,851,640</u>	<u>83,277</u>	<u>38,934,917</u>	<u>44,717,165</u>
1,308	728,617	11,056,302	-	11,056,302	11,948,092
-	156,827	20,583,109	-	20,583,109	21,246,143
-	768,626	4,331,625	-	4,331,625	5,612,092
-	26,009	1,870,822	-	1,870,822	1,861,473
-	-	445,574	-	445,574	482,245
-	171,821	2,317,867	-	2,317,867	2,739,069
-	196,174	2,666,776	36,395	2,703,171	3,642,286
2,225,000	-	2,387,632	-	2,387,632	2,398,902
<u>1,725,249</u>	<u>-</u>	<u>1,876,224</u>	<u>-</u>	<u>1,876,224</u>	<u>2,244,424</u>
<u>3,951,557</u>	<u>2,048,074</u>	<u>47,535,931</u>	<u>36,395</u>	<u>47,572,326</u>	<u>52,174,726</u>
<u>(509,286)</u>	<u>(1,141,625)</u>	<u>(8,684,291)</u>	<u>46,882</u>	<u>(8,637,409)</u>	<u>(7,457,561)</u>
-	-	447,179	-	447,179	11,495,000
-	-	1,304,019	-	1,304,019	2,547,214
-	(75,000)	(1,149,563)	-	(1,149,563)	(1,663,023)
-	<u>824,509</u>	<u>824,509</u>	<u>-</u>	<u>824,509</u>	<u>149,179</u>
-	<u>749,509</u>	<u>1,426,144</u>	<u>-</u>	<u>1,426,144</u>	<u>12,528,370</u>
(509,286)	(392,116)	(7,258,147)	46,882	(7,211,265)	5,070,809
3,533,956	1,611,494	16,739,039	2,023,795	18,762,834	13,644,349
-	-	46,479	-	46,479	47,676
<u>\$ 3,024,670</u>	<u>\$ 1,219,378</u>	<u>\$ 9,527,371</u>	<u>\$ 2,070,677</u>	<u>\$ 11,598,048</u>	<u>\$ 18,762,834</u>

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Taxes	\$ 23,661,486	\$ 23,256,443	\$ (405,043)
Intergovernmental	3,643,295	3,565,434	(77,861)
Charges for Services	2,631,667	2,575,427	(56,240)
License/Permit and Inspection Fees	312,601	305,921	(6,680)
Fines and Forfeitures	1,275,850	1,248,583	(27,267)
Investment Income	371,343	363,407	(7,936)
Rents and Royalties	263,390	257,761	(5,629)
Other	<u>36,970</u>	<u>36,178</u>	<u>(792)</u>
Total Revenues	<u>32,196,602</u>	<u>31,609,154</u>	<u>(587,448)</u>
<u>Expenditures</u>			
Current:			
General Government	10,628,082	10,272,652	355,430
Public Safety	20,012,020	19,637,624	374,396
Refuse Collection and Disposal	1,784,870	1,737,781	47,089
Public Health and Welfare	458,963	443,252	15,711
Culture/Recreation	1,024,921	990,311	34,610
Community Development	938,851	802,400	136,451
Debt Service:			
Principal Retirement	65,000	65,000	-
Interest and Fiscal Charges	<u>152,000</u>	<u>150,975</u>	<u>1,025</u>
Total Expenditures	<u>35,064,707</u>	<u>34,099,995</u>	<u>964,712</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,868,105)</u>	<u>(2,490,841)</u>	<u>377,264</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	286,456	361,456	75,000
Operating Transfers – Out	<u>(950,563)</u>	<u>(663,981)</u>	<u>286,582</u>
Total Other Financing Sources (Uses)	<u>(664,107)</u>	<u>(302,525)</u>	<u>361,582</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,532,212)	(2,793,366)	738,846
Unencumbered Fund Balance at Beginning of Year	<u>6,391,247</u>	<u>6,391,247</u>	<u>-</u>
Unencumbered Fund Balance at End of Year	\$ <u>2,859,035</u>	\$ <u>3,597,881</u>	\$ <u>738,846</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 2,014,433	\$ 1,892,874	\$ (121,559)
Intergovernmental	2,492,778	1,670,286	(822,492)
Charges for Services	2,037,288	1,780,723	(256,565)
Fines and Forfeitures	110,000	91,429	(18,571)
Investment Income	69,328	11,795	(57,533)
Rents and Royalties	16,360	16,500	140
Other	89,437	17,214	(72,223)
Total Revenues	<u>6,829,624</u>	<u>5,480,821</u>	<u>(1,348,803)</u>
<u>Expenditures</u>			
Current:			
General Government	226,595	173,275	53,320
Public Safety	1,002,769	552,499	450,270
Streets and Highways	3,454,682	2,954,760	499,922
Refuse Collection and Disposal	99,670	79,713	19,957
Culture/Recreation	1,249,436	1,153,985	95,451
Community Development	2,179,762	1,619,422	560,340
Debt Service:			
Principal Retirement	97,720	97,632	88
Total Expenditures	<u>8,310,634</u>	<u>6,631,286</u>	<u>1,679,348</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,481,010)</u>	<u>(1,150,465)</u>	<u>330,545</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	572,028	447,179	(124,849)
Operating Transfers – In	682,563	531,981	(150,582)
Total Other Financing Sources (Uses)	<u>1,254,591</u>	<u>979,160</u>	<u>(275,431)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(226,419)	(171,305)	55,114
Unencumbered Fund Balances at Beginning of Year	<u>951,600</u>	<u>951,600</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>725,181</u>	\$ <u>780,295</u>	\$ <u>55,114</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Debt Service Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 3,081,494	\$ 3,152,624	\$ 71,130
Charges for Services	139,320	81,179	(58,141)
Fines and Forfeitures	33,090	19,282	(13,808)
Special Assessments	232,610	135,540	(97,070)
Investment Income	274,980	160,229	(114,751)
Total Revenues	<u>3,761,494</u>	<u>3,548,854</u>	<u>(212,640)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	2,322,632	2,225,000	97,632
Interest and Fiscal Charges	<u>4,177,368</u>	<u>1,724,078</u>	<u>2,453,290</u>
Total Expenditures	<u>6,500,000</u>	<u>3,949,078</u>	<u>2,550,922</u>
Excess of Revenues Over (Under) Expenditures	(2,738,506)	(400,224)	2,338,282
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	<u>3,900,000</u>	<u>-</u>	<u>(3,900,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,161,494	(400,224)	(1,561,718)
Unencumbered Fund Balances at Beginning of Year	<u>3,387,796</u>	<u>3,387,796</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>4,549,290</u>	\$ <u>2,987,572</u>	\$ <u>(1,561,718)</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 604,983	\$ 619,969	\$ 14,986
Intergovernmental	241,193	10,360	(230,833)
Charges for Services	462,008	300,007	(162,001)
Special Assessments	124,469	151,681	27,212
Investment Income	26,181	25,051	(1,130)
Other	14,161	-	(14,161)
Total Revenues	<u>1,472,995</u>	<u>1,107,068</u>	<u>(365,927)</u>
<u>Expenditures</u>			
Current:			
General Government	378,594	14,039	364,555
Public Safety	156,828	116,761	40,067
Streets and Highways	864,769	486,473	378,296
Refuse Collection and Disposal	16,328	5,649	10,679
Culture/Recreation	311,410	130,795	180,615
Community Development	<u>241,079</u>	<u>135,598</u>	<u>105,481</u>
Total Expenditures	<u>1,969,008</u>	<u>889,315</u>	<u>1,079,693</u>
Excess of Revenues Over (Under) Expenditures	<u>(496,013)</u>	<u>217,753</u>	<u>713,766</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	87,483	-	(87,483)
Operating Transfers – Out	<u>(87,483)</u>	<u>(75,000)</u>	<u>12,483</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(496,013)</u>	<u>142,753</u>	<u>638,766</u>
Unencumbered Fund Balances at Beginning of Year	<u>1,109,356</u>	<u>1,109,356</u>	<u>-</u>
Unencumbered Fund Balances at Net Income	\$ <u>613,343</u>	\$ <u>1,252,109</u>	\$ <u>638,766</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN TOTAL FUND EQUITY – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Operating Revenues</u>				
Charges for Services	\$ 11,104,305	\$ -	\$ 11,104,305	\$ 11,030,577
License/Permit and Inspection Fees	21,183	-	21,183	45,156
Other	<u>11,622</u>	<u>-</u>	<u>11,622</u>	<u>16,778</u>
Total Operating Revenues	<u>11,137,110</u>	<u>-</u>	<u>11,137,110</u>	<u>11,092,511</u>
<u>Operating Expenses</u>				
Personal Services	4,275,961	79,281	4,355,242	4,527,999
Materials and Supplies	1,150,544	4,656	1,155,200	928,433
Contractual Services	1,831,209	24,657	1,855,866	4,023,980
Utilities	742,375	-	742,375	812,096
Depreciation	1,754,700	-	1,754,700	1,771,131
Claims	<u>-</u>	<u>553,766</u>	<u>553,766</u>	<u>55,637</u>
Total Operating Expenses	<u>9,754,789</u>	<u>662,360</u>	<u>10,417,149</u>	<u>12,119,276</u>
Operating Income (Loss)	<u>1,382,321</u>	<u>(662,360)</u>	<u>719,961</u>	<u>(1,026,765)</u>
<u>Non-Operating Income (Expenses)</u>				
Interest Income	701	12,680	13,381	126
Interest Expense	(1,310,287)	-	(1,310,287)	(1,477,885)
Sewer Levy	<u>726,483</u>	<u>-</u>	<u>726,483</u>	<u>716,195</u>
Total Non-Operating Income (Expense)	<u>(583,103)</u>	<u>12,680</u>	<u>(570,423)</u>	<u>(761,564)</u>
Income (Loss) Before Operating Transfers	<u>799,218</u>	<u>(649,680)</u>	<u>149,538</u>	<u>(1,788,329)</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN TOTAL FUND EQUITY – ALL PROPRIETARY FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Operating Transfers</u>				
Operating Transfers – In	1,463,000	-	1,463,000	1,313,000
Operating Transfers – Out	<u>(1,649,456)</u>	<u>-</u>	<u>(1,649,456)</u>	<u>(2,227,191)</u>
Total Operating Transfers	<u>(186,456)</u>	<u>-</u>	<u>(186,456)</u>	<u>(914,191)</u>
Net Income (Loss)	612,762	(649,680)	(36,918)	(2,702,520)
Retained Earnings, January 1	<u>10,970,083</u>	<u>421,606</u>	<u>11,391,689</u>	<u>14,094,209</u>
Retained Earnings (Deficit), December 31	<u>11,582,845</u>	<u>(228,074)</u>	<u>11,354,771</u>	<u>11,391,689</u>
Contributed Capital, January 1	<u>18,274,455</u>	<u>-</u>	<u>18,274,455</u>	<u>18,274,455</u>
Contributed Capital, December 31	<u>18,274,455</u>	<u>-</u>	<u>18,274,455</u>	<u>18,274,455</u>
Fund Equity (Deficit) at End of Year	\$ <u>29,857,300</u>	\$ <u>(228,074)</u>	\$ <u>29,629,226</u>	\$ <u>29,666,144</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 13,323,382	\$ 11,186,992	\$ (2,136,390)
Sewer Levy	711,745	726,483	14,738
License/Permit and Inspection Fees	23,687	21,183	(2,504)
Investment Income	1,200	659	(541)
Other	<u>12,170</u>	<u>11,622</u>	<u>(548)</u>
Total Revenues	<u>14,072,184</u>	<u>11,946,939</u>	<u>(2,125,245)</u>
<u>Expenses</u>			
Current:			
Personal Services	4,826,640	4,321,111	505,529
Materials and Supplies	1,171,481	1,007,030	164,451
Contractual Services	4,486,654	2,138,182	2,348,472
Utilities	1,002,688	742,375	260,313
Claims	40,000	33,000	7,000
Debt Service:			
Principal Retirement	1,605,006	1,370,882	234,124
Interest and Fiscal Charges	<u>1,597,509</u>	<u>1,367,964</u>	<u>229,545</u>
Total Expenses	<u>14,729,978</u>	<u>10,980,544</u>	<u>3,749,434</u>
Excess of Revenues Over (Under) Expenses	<u>(657,794)</u>	<u>966,395</u>	<u>1,624,189</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	783,354	431,191	(352,163)
Operating Transfers – In	1,588,000	1,463,000	(125,000)
Operating Transfers – Out	<u>(1,649,456)</u>	<u>(1,649,456)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>721,898</u>	<u>244,735</u>	<u>(477,163)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	64,104	1,211,130	1,147,026
Unencumbered Fund Balances at Beginning of Year	<u>4,447,174</u>	<u>4,447,174</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>4,511,278</u>	\$ <u>5,658,304</u>	\$ <u>1,147,026</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL PROPRIETARY FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Internal Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Investment Income	\$ -	\$ 12,580	\$ 12,580
<u>Expenses</u>			
Current:			
Personal Services	97,385	87,689	9,696
Materials and Supplies	9,000	4,656	4,344
Contractual Services	54,000	24,657	29,343
Claims	<u>664,900</u>	<u>120,766</u>	<u>544,134</u>
Total Expenses	<u>825,285</u>	<u>237,768</u>	<u>587,517</u>
Excess of Revenues Over (Under) Expenses	(825,285)	(225,188)	600,097
Unencumbered Fund Balances at Beginning of Year	<u>1,226,002</u>	<u>1,226,002</u>	-
Unencumbered Fund Balances at End of Year	\$ <u>400,717</u>	\$ <u>1,000,814</u>	\$ <u>600,097</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENTS OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Cash Flows from Operating Activities</u>				
Cash Received From Customers	\$ 11,186,992	\$ -	\$ 11,186,992	\$ 11,167,349
Cash Payments for Goods and Services	(3,966,914)	(29,313)	(3,996,227)	(5,521,641)
Cash Payments to Employees	(4,321,111)	(87,689)	(4,408,800)	(4,481,355)
Other Operating Revenues	32,805	-	32,805	56,934
Other Operating Expenses	(33,000)	(120,766)	(153,766)	(168,637)
Net Cash Provided by (Used in) Operating Activities	<u>2,898,772</u>	<u>(237,768)</u>	<u>2,661,004</u>	<u>1,052,650</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Operating Transfers – In From Other Funds	1,463,000	-	1,463,000	1,313,000
Operating Transfers – Out To Other Funds	(1,649,456)	-	(1,649,456)	(2,227,191)
Net Cash Used in Non-Capital Financing	<u>(186,456)</u>	<u>-</u>	<u>(186,456)</u>	<u>(914,191)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Payment on Capital Leases Acquisition and Construction on Capital Assets	(56,518)	-	(56,518)	(19,194)
Proceeds from Additional Borrowings on Construction Loans	(549,746)	-	(549,746)	(610,534)
Principal Payment on Construction Loans	431,191	-	431,191	1,943,199
Proceeds Received from a Sewer Levy	(1,314,364)	-	(1,314,364)	(1,219,850)
Interest Paid on Loans	726,483	-	726,483	716,195
Net Cash Used in Capital and Related Financing Activities	<u>(1,367,964)</u>	<u>-</u>	<u>(1,367,964)</u>	<u>(1,467,803)</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENTS OF CASH FLOWS – ALL PROPRIETARY FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Cash Flows From Investing Activities</u>				
Interest on Investments	659	12,580	13,239	46,800
Net Increase (Decrease) in Cash and Cash Equivalents	582,057	(225,188)	356,869	(472,728)
Cash and Cash Equivalents at Beginning of Year	5,160,318	1,226,002	6,386,320	6,859,048
Cash and Cash Equivalents at End of Year	\$ 5,742,375	\$ 1,000,814	\$ 6,743,189	\$ 6,386,320
<u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u>				
Operating Income (Loss)	\$ 1,382,321	\$ (662,360)	\$ 719,961	\$ (1,026,765)
<u>Adjusting to Reconcile Operating Income (Loss) to Net Cash</u>				
Depreciation Expense	1,754,700	-	1,754,700	1,771,131
Decrease (Increase) in Accounts Receivable, Net	82,687	-	82,687	131,801
Increase (Decrease) in Accounts Payable	(199,261)	-	(199,261)	247,126
Increase (Decrease) in Claims Payable	(33,000)	433,000	400,000	(113,000)
Increase (Decrease) in Accrued Wages and Benefits	(11,576)	(373)	(11,949)	52,884
Increase (Decrease) in Due to Other Governments	(17,204)	(359)	(17,563)	(11,117)
(Increase) Decrease in Inventory of Supplies	(3,239)	-	(3,239)	590
Increase (Decrease) in Accrued Compensated Absences	(48,823)	(7,196)	(56,019)	-
Increase (Decrease) Accrued Pension	(7,833)	(480)	(8,313)	-
Total Adjustments	1,516,451	424,592	1,941,043	2,079,415
Net Cash Provided by (Used in) Operating Activities	\$ 2,898,772	\$ (237,768)	\$ 2,661,004	\$ 1,052,650

NonCash Investments, Capital and Financing Activities

During the year, the City acquired fixed assets through capital leases in the amounts of \$548,704 and \$344,970 in the Waste Water and Golf Course Enterprise Funds, respectively.

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2002

NOTE 1 – THE REPORTING ENTITY

The City of Euclid, Ohio (the City) was incorporated in 1931 and includes an area of approximately 10.3 square miles. The City operates under an elected Mayor/Council (nine members) administrative/legislative form of government and provides services to its more than 54,000 residents in many areas, including law enforcement, administration of justice, community enrichment and development, human services and sewage services. The City established a formal charter in 1951 which governs its operations.

A reporting entity is comprised 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. For the City of Euclid this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, municipal court and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

The Euclid Municipal Court – The City budgets and appropriates funds for the operation of the Court. The City also establishes the compensation of certain Court employees and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court, along with its share of the Court's administrative and operating costs, are recorded in the City's General Fund. Due to this relationship, the Court is not considered a component unit of the City but rather as part of the primary government unit itself. Monies held by the Court in a fiduciary capacity are recorded as an agency fund in the accompanying financial statements.

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; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may 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 the following component units:

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – THE REPORTING ENTITY (CONTINUED)

Euclid Development Corporation – In 1978, the City established the Euclid Development Corporation (EDCOR), a nonprofit corporation formed for the purpose of providing administrative program assistance to the Community Development Department while combating deterioration and lessening the burdens of government by advancing, encouraging and promoting residential and commercial redevelopment and revitalization within the City of Euclid. EDCOR directly benefits the City through cost effective administration of low interest home improvement loans to Euclid residents under terms which satisfy and comply with the short and long-term objectives relating to the rehabilitation of existing housing units as specified in the City's Housing and Community Development Block Grant (CDBG) application filed annually. EDCOR has been included as a discretely presented component unit of the government for financial reporting purposes. EDCOR qualifies to be reported as a component unit as it is fiscally dependent on the City and due to the relationship between EDCOR and the City, EDCOR's exclusion would cause the City's financial statements to be incomplete. The City subsidizes EDCOR's entire operation from its Community Development Block Grant. By performing this administrative CDBG program assistance, EDCOR is providing a vital service to the City of Euclid in order to help it meet the terms of its CDBG grant agreement. EDCOR issues a stand alone financial report. That report may be obtained by writing to the Euclid Development Corporation at 291 East 222nd Street, Euclid, Ohio 44123.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounting system is organized and operated on the basis of funds and account groups, each of which is defined as a fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

Governmental Funds – are those funds through which most governmental functions of the City are financed. The acquisition, use and balances of the City’s expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The following are the City’s governmental fund types:

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

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

Debt Service Fund – is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Proprietary Funds – are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The measurement focus is upon determination of net income, financial position and cash flows.

Fiduciary Funds – are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups – are used to establish accounting control and accountability for the City’s general fixed assets and general long-term debt obligations. The following are the City’s account groups:

General Fixed Assets Account Group – is used to account for fixed assets other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group – is used to account for all long-term obligations of the City that are not a specific liability of any proprietary fund.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

Component Unit – The accounts of EDCOR are organized on the basis of funds using the modified accrual basis of accounting. The operations are accounted for in a General Fund.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, state-levied locally shared taxes, fines and forfeitures, and income taxes.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2002, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

Levied special assessments are measurable and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expense. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund types utilize the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year-end.

C. BUDGETARY PROCESS

The budgetary process is prescribed by the Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on a Non-GAAP budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budget control is at the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary modifications at the fund level may only be made by ordinance of City Council.

Tax Budget

By July 15, the Finance Director submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenues. The Budget Commission then certifies its action to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The budgeted revenues reported in the Budget and Actual (Non-GAAP Budgetary Basis) statements reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund level. The appropriation ordinance may be amended during the year by ordinance of City Council as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several amended appropriation ordinances were approved.

Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types are provided on the budgetary basis to provide a comparison of actual results, including encumbrances, with the final budget, including all amendments and modifications.

Encumbrances

As part of the formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year-end, however, are reported as reservations of fund balances in the governmental funds for subsequent year expenditures in the accompanying general purpose financial statements.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Lapsing of Appropriations

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

D. CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet.

For presentation on the combined balance sheet, 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 considered to be cash equivalents. Investments not purchased from the pool with an initial maturity of more than three months are reported as investments.

E. INVENTORY

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which it was consumed. At December 31, 2002, the amount of the prepaid items was not material.

G. FIXED ASSETS AND DEPRECIATION

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for those assets for which historical cost is not practicably determinable) in the General Fixed Asset Account Group. Contributed fixed assets are recorded at their fair market value as of the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems (i.e., infrastructure assets), have not been capitalized. Such assets are normally immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. FIXED ASSETS AND DEPRECIATION (CONTINUED)

The City has elected not to record depreciation in the General Fixed Assets Account Group. Assets that have been transferred between operating departments have been recorded net (assets transferred-in minus assets transferred-out) on the Schedule of Changes in General Fixed Assets by Function and Activity. The balance of net transfers represents transfers to the enterprise funds.

Property, plant and equipment acquired by proprietary funds are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Interest, if significant, is capitalized during the construction period for proprietary fund assets. Contributed fixed assets are recorded at their fair market value as of the date received.

Depreciation on proprietary fund fixed assets has been provided using the straight-line method over the following estimated useful lives:

Land Improvements	20-40 years
Utility Plant and Sanitary Sewers	40-50 years
Buildings and Improvements	20-40 years
Furniture, Fixtures and Equipment	3-10 years

H. INTERGOVERNMENTAL REVENUES

In governmental funds, grants awarded on a non-reimbursement basis, shared revenues and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues in the period when all applicable eligibility requirements have been met and the resources are available.

I. INTERFUND ASSETS AND LIABILITIES

Receivables and payables resulting from transactions between funds for services provided or goods received and agency funds assets due to operating funds are classified as “due from other funds” and “due to other funds” on the combined balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.”

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. COMPENSATED ABSENCES

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2002. Additionally, certain salary-related payments associated with the payment of compensated absences have been accrued. For governmental fund types, the portion of the liability that will not be liquidated with expendable, available financial resources is recorded in the General Long-Term Debt Account Group.

All employees earn sick leave at a rate of 1.25 days per month of work completed except for school guards and certain part-time employees who accrue sick leave at a rate of 4.6 hours per 80 hours of work completed and fire department employees who accrue sick leave at a rate of 1.5 days per month. Accumulated vacation is based upon length of service as follows:

After 1 year	2 weeks earned per year
After 5 years	3 weeks earned per year
After 10 years	4 weeks earned per year
After 15 years	5 weeks earned per year
After 20 years	6 weeks earned per year

Accumulated vacation may not be carried forward without specific approval.

At December 31, 2002, the City's accumulated, unpaid compensated absences, primarily vacation and sick leave benefits, amounted to \$7,384,839, of which \$6,179,934 is recorded in the General Long-Term Debt Account Group.

Employees receive payment in cash for a certain portion of their accumulated sick leave hours upon retirement or death. Employees also receive payments in cash for accumulated vacation time upon resignation, termination or retirement.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

L. INTERFUND TRANSACTIONS

During the course of its operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. Transfers for current operations are recorded as operating transfers. The classification of amounts recorded as operating transfers, advances, or equity contributions is determined by City management.

M. FUND EQUITY

Reservations of fund balance or retained earnings indicate that a portion of the balance is not available for expenditure or is legally segregated for a specific future use. Balances are reserved for inventories of materials and supplies, prepaid expenses, encumbrances and long-term receivables (for governmental funds) and contractual commitments.

N. 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.

O. TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major difference between the budgetary basis and the GAAP basis lies in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis for Governmental Fund Types and Proprietary Fund Types is as follows:

	<u>Excess of Revenues and Other Financing Sources Over (Under)</u> <u>Expenditures and Other Financing Uses</u>			
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>
GAAP Basis	\$ (5,118,281)	\$ (1,238,464)	\$ (509,286)	\$ (392,116)
<u>Increase (Decrease) Due to:</u>				
Revenue Accruals	1,811,157	365,316	106,583	(704,068)
Expenditure Accruals	530,537	741,360	6,574	1,469,547
Net Impact of Encumbrances on Budget Basis Expenditures	<u>(16,779)</u>	<u>(39,517)</u>	<u>(4,095)</u>	<u>(230,610)</u>
Budgetary Basis	\$ <u>(2,793,366)</u>	\$ <u>(171,305)</u>	\$ <u>(400,224)</u>	\$ <u>142,753</u>

	<u>Excess Revenues Over (Under)</u> <u>Expenses, Advances and Transfers/Net Income (Loss)</u>	
	<u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
Net Income (Loss)	\$ 612,762	\$ (649,680)
<u>Increase (Decrease) Due to:</u>		
Revenue Accruals	1,241,020	(100)
Expense Accruals	1,192,880	424,592
Increase in Inventory	3,239	-
Depreciation Expense	(1,754,700)	-
Budget Basis Encumbrances	<u>(84,071)</u>	<u>-</u>
Budget Basis	\$ <u>1,211,130</u>	\$ <u>(225,188)</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources for a majority of the City's individual funds are combined to form a pool of cash and investments which are stated at cost and amortized cost. The City's policy is to allocate investment earnings to the General Fund unless the allocation of such earnings is legally or otherwise restricted.

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. None of the investments are reported at amortized cost at year end.

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

- Bonds, notes or other obligations guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest;
- Discount notes of the Federal National Mortgage Association;
- Bonds of the State of Ohio; and
- 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.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities with an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

The Governmental Accounting Standards Board, Statement No. 3, has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 – Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 – Uncollateralized, although secured by pooled securities pledged by financial institutions.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments:

- Category 1 – Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 – Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. DEPOSITS AND SHORT-TERM INVESTMENTS

At year end, the carrying amount of the City's deposits, excluding the Component Unit, was \$1,276,335 and the bank balance was \$1,466,059. Of the bank balance:

1. \$426,630 was covered by the federal depository insurance, by collateral held by the City or by its agent in the name of the City.
2. \$1,039,429 was collateralized with securities held by the pledging financial institution or their trust departments or agents but not in the City's name.

At year end, the carrying amount of the Component Unit (EDCOR's) deposits was \$629,164 and the bank balance was \$633,089. Of the bank balance, \$208,589 was covered by the federal depository insurance, by collateral held by EDCOR or by its agent in the name of EDCOR and \$424,500 was collateralized with securities held by the pledging financial institution or their trust departments or agents but not in the City's name.

B. INVESTMENTS

The City's investments are detailed below by type and are categorized to give an indication of the level of risk assumed as of year-end.

<u>Description</u>	<u>Risk Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 10,023,437	\$ 10,023,437	\$ 10,023,437
State Treasurer's Investment Pool (Star Ohio)*	-	4,750,000	4,750,000
Repurchase Agreements	<u>803,311</u>	<u>803,311</u>	<u>803,311</u>
Total Investments	\$ <u>10,826,748</u>	\$ <u>15,576,748</u>	\$ <u>15,576,748</u>

*Non-categorized

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2002.

NOTE 5 – RECEIVABLES

A. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years with a triennial update. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable by June 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Taxpayers become liable for tangible personal property taxes (other than public utility) on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. In 2002, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding year on assessed values of December 31 of that preceding year, the lien date. Public utility tangible personal property currently is generally assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Euclid. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 5 – RECEIVABLES (CONTINUED)

A. PROPERTY TAXES (CONTINUED)

The full tax rate of all City operations for the year ended December 31, 2002 was \$15.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based totaled \$826,000,544 which was comprised of \$698,146,480 in real property, \$25,710,060 in public utility property and \$102,144,004 in personal property.

B. INCOME TAXES

The City levies a 2.85 percent income tax on substantially all income earned within the City. The .85 percent collected is to be split between the City and the school board at a ratio of .38 percent for the City and .47 percent for the schools. In addition, residents are required to pay City income tax on income earned outside the City; however, a 100 percent credit is allowed for income taxes paid to other municipalities. Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City's agent, Central Collection Agency (CCA), either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax liability quarterly and file a declaration annually. All income tax proceeds are recorded in the General Fund.

C. OTHER TAXES

In addition to property and income taxes, certain other taxes are recognized as revenue by the City. These taxes include state shared taxes, gasoline taxes, inheritance taxes and miscellaneous other taxes which have various lien, levy and collection dates.

D. NOTES RECEIVABLE

General funds notes receivable represent amounts loaned to a major corporation in connection with an economic development and rehabilitation project. These notes will be paid back to the City over 30 years by the corporation at an interest rate of 2%. The City will incur interest charges at a rate of 8.25% on the bonds that had been issued by the City in conjunction with this program. The difference in the interest rates is a subsidy which will be funded by nontax revenue sources.

Component unit notes receivable represent low interest loans for home improvements granted to eligible City residents through EDCOR under the Federal Community Development Block Grant program. The loans bear interest at an annual rate of 3 percent. The loans are to be repaid over periods ranging from five to fifteen years.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 6 – FIXED ASSETS

General Fixed Assets

A summary of changes in the General Fixed Assets Account Group follows:

	<u>Balance</u> <u>1-1-02</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12-31-02</u>
Land	\$ 8,945,894	\$ -	\$ -	\$ 8,945,894
Buildings and Improvements	30,751,671	140,182	-	30,891,853
Furniture, Fixtures and Equipment	<u>11,144,303</u>	<u>318,017</u>	<u>83,783</u>	<u>11,378,537</u>
Total	\$ <u>50,841,868</u>	\$ <u>458,199</u>	\$ <u>83,783</u>	\$ <u>51,216,284</u>

Included in buildings and improvements at December 31, 2002 is approximately \$6,500,000 relating to an incinerator plant which became idle during 1987 when the City contracted with an outside firm to perform its sanitation services. The plant is being held for future use in the event that it is decided to again use City personnel and facilities to provide sanitation services. Future use of the plant could require substantial start-up costs, the amount of which cannot presently be determined.

In November 1992, the City entered into an agreement with Waste Management of Ohio, Inc., (Waste Management) that gives Waste Management the right to operate and maintain a recycling-transfer station and provide solid waste disposal and recycling services on the site of the City's idle incinerator plant. The term of the agreement is 20 years, beginning November 1, 1992, with one 10-year option. The City retains ownership of the property throughout the term of the agreement and any property improvements made by Waste Management become the property of the City at the end of the agreement. Under the terms of the agreement, Waste Management paid the City \$2,000,000 in 1992 and 1993, respectively.

Proprietary Fund Type Fixed Assets

A summary of proprietary fund type property, plant and equipment at December 31, 2002 follows:

	<u>Balance</u> <u>12-31-01</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12-31-02</u>
Land	\$ 6,470,412	\$ -	\$ -	\$ 6,470,412
Land Improvements	1,182,610	-	-	1,182,610
Utility Plant/Sanitary Sewers	72,552,329	390,179	-	72,942,508
Buildings and Improvements	1,615,485	53,964	-	1,669,449
Furniture, Fixtures and Equipment	<u>2,208,728</u>	<u>688,777</u>	<u>56,067</u>	<u>2,841,438</u>
Total	84,029,564	1,132,920	56,067	85,106,417
Less Accumulated Depreciation	<u>(35,368,086)</u>	<u>(1,754,700)</u>	<u>56,067</u>	<u>(37,066,719)</u>
Net Proprietary Fund Type Fixed Assets	\$ <u>48,661,478</u>	\$ <u>(621,780)</u>	\$ <u>-</u>	\$ <u>48,039,698</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – LONG-TERM DEBT

A. BONDED DEBT

Detail of the changes in the bonds, notes and other long-term obligations of the City, included in the General Long-Term Debt Account Group, for the year ended December 31, 2002 is as follows:

	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2002</u>
GENERAL OBLIGATION BONDS:				
4.80% to 6.625% Various Purpose Bonds, Series 1991 Due Through 2011	\$ 3,090,000	\$ -	\$ 370,000	\$ 2,720,000
3.70% to 5.55% Various Purpose Bonds, Series 1995 Due Through 2009	5,155,000	-	540,000	4,615,000
3.70% to 5.50% Various Purpose Bonds, Series 1995 Due Through 2015	6,005,000	-	430,000	5,575,000
3.80% to 4.90% Various Purpose Bonds, Series 1998 Due Through 2018	5,500,000	-	305,000	5,195,000
3.80% to 5.125% Waterline Improvement Bonds, Series 1998 Due Through 2018	920,000	-	35,000	885,000
3.25% to 5.50% Peterson Improvement Bonds, Series 2001 Due Through 2020	4,175,000	-	145,000	4,030,000
3.25% to 5.50% Various Purpose Bonds, Series 2001 Due Through 2020	<u>7,035,000</u>	<u>-</u>	<u>345,000</u>	<u>6,690,000</u>
Total General Obligation Bonds	\$ <u>31,880,000</u>	\$ <u>-</u>	\$ <u>2,170,000</u>	\$ <u>29,710,000</u>
DEVELOPMENT REVENUE BONDS:				
8.25% Development Revenue Bond Due Through 2016	\$ <u>1,830,000</u>	\$ <u>-</u>	\$ <u>65,000</u>	\$ <u>1,765,000</u>
SPECIAL ASSESSMENT BONDS:				
4.35% to 5.60% Heritage Drive Improvement Bonds, Series 1999 Due Through 2019	\$ <u>1,615,000</u>	\$ <u>-</u>	\$ <u>55,000</u>	\$ <u>1,560,000</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. BONDED DEBT (CONTINUED)

OTHER OBLIGATIONS:

	Balance January 1, <u>2002, Restated</u>	<u>Additions</u>	<u>Retirements</u>	Balance January 1, <u>2002</u>
OPWC Loans:				
0% Ohio Public Works Commission, Waterline/Pavement Replacement Project Loan Due Through 2020	\$ 2,256,993	\$ 447,179	\$ 97,632	\$ 2,606,540
Capital Lease Obligations	223,541	824,509	303,132	744,918
Accrued Compensated Absences	<u>6,480,917</u>	-	<u>300,985</u>	<u>6,179,932</u>
Total Other Obligations	\$ <u>8,961,451</u>	\$ <u>1,271,688</u>	\$ <u>701,749</u>	\$ <u>9,531,390</u>
Total Long-Term General Obligation Bonds and Other Obligations	\$ <u>44,286,451</u>	\$ <u>1,271,688</u>	\$ <u>2,991,749</u>	\$ <u>42,566,390</u>

In 1998, the City defeased a general obligation bond issue by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's General Long-Term Debt Account Group. As of December 31, 2002, the amount of defeased debt outstanding amounted to \$2,605,000.

In 1995, the City defeased a general obligation bond issue by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's General Long-Term Debt Account Group. As of December 31, 2002, the amount of defeased debt outstanding amounted to \$4,890,000.

Detail of the changes in Capital Leases of the Enterprise Funds for the year ended December 31, 2002 is as follows:

	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2002</u>
Capital Lease Obligations	\$ <u>12,857</u>	\$ <u>583,174</u>	\$ <u>56,518</u>	\$ <u>539,513</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. BONDED DEBT (CONTINUED)

Detail of the changes in General Obligation Bonds and Ohio Water Development Authority Loans of the Enterprise Funds for the year ended December 31, 2002 is as follows:

	<u>Balance</u> <u>January 1,</u> <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31,</u> <u>2002</u>
General Obligation Bonds:				
3.80% to 5.125% Waterline Improvement Bonds, Series 1998				
Due Through 2018	\$ <u>1,930,000</u>	\$ <u> </u>	\$ <u>85,000</u>	\$ <u>1,845,000</u>
Total General Obligation Bonds	\$ <u>1,930,000</u>	\$ <u> </u>	\$ <u>85,000</u>	\$ <u>1,845,000</u>

	<u>Balance</u> <u>January 1,</u> <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31,</u> <u>2002</u>
OWDA Loans:				
5.2% Ohio Water Development Authority Waste Water Facility Project Loan Due Through 2013				
	\$ 9,842,765	\$ -	\$ 576,280	\$ 9,266,485
4.56% Ohio Water Development Authority Waste Water Facility Project Loan Due Through 2014				
	2,397,760	-	138,743	2,259,017
11.19% Ohio Water Development Authority Waste Water Facility Project Loan Due Through 2011				
	<u>6,093,465</u>	<u>-</u>	<u>392,933</u>	<u>5,700,532</u>
Total OWDA Loan Payable	\$ <u>18,333,990</u>	\$ <u>-</u>	\$ <u>1,107,956</u>	\$ <u>17,226,034</u>

OPWC Loans:

0% Ohio Public Works Commission
Various Purpose Project Loans

Due Through 2019 and 2020	\$ <u>3,986,226</u>	\$ <u>431,191</u>	\$ <u>121,408</u>	\$ <u>4,296,009</u>
Total OPWC Loans Payable	\$ <u>3,986,226</u>	\$ <u>431,191</u>	\$ <u>121,408</u>	\$ <u>4,296,009</u>

In 1992, the City entered into a loan agreement with the Ohio Water Development Authority (OWDA) to fund certain improvements mandated by the United States Environmental Protection Agency. The borrowings under the original loan agreement were limited to \$13,338,783. The loan bears interest at the rate of 5.2% per year and is payable over 20 years, beginning in 1994. During 1994, the City made a supplemental agreement with OWDA increasing the maximum amount borrowable under the 5.2% OWDA Waste Water Facility Project Loan by \$3,797,401 to \$17,136,184. The interest rate for the amounts borrowed under the supplemental agreement is 4.56% per year.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. BONDED DEBT (CONTINUED)

All Ohio Water Development Authority Waste Water Facility Project Loans are secured by the revenues of the facility. Under the terms of the loans, the City is required to charge rates and fees for the services of the facility so that revenues will be at least sufficient to service the loan principal and interest payments and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City did not pledge the general resources or the general credit of the City to secure the repayment of the loans. The City, at its option, may use any of its general resources in meeting its obligations for the construction, maintenance, operation or debt service of the facility.

The loans payable, from the Ohio Public Works Commission, represent 20-year interest-free loans, with payments beginning in 2001 and running through 2022.

A summary of the City's future debt service requirements, including principal and interest at December 31, 2002 is as follows:

	General Obligation Bonds	Development Revenue Bonds	Special Assessment Bonds	Ohio Water Development Authority Loans	Ohio Public Works Commission Loans	Total
2003	\$ 3,888,626	\$ 215,613	\$ 143,965	\$ 2,402,017	\$ 370,202	\$ 7,020,423
2004	3,852,256	219,838	141,265	2,402,017	370,202	6,985,578
2005	3,850,847	218,238	143,475	2,402,017	370,202	6,984,779
2006	3,605,774	216,225	145,355	2,402,017	370,202	6,739,573
2007	3,329,794	218,800	141,925	2,402,017	370,202	6,462,738
2008-2012	13,748,652	1,082,876	719,905	10,397,897	1,851,012	27,800,342
2013-2017	8,848,255	868,039	719,400	2,114,097	1,851,012	14,400,803
2018-2022	2,957,926	-	287,400	-	1,349,515	4,594,841
Total	\$ <u>44,082,130</u>	\$ <u>3,039,629</u>	\$ <u>2,442,690</u>	\$ <u>24,522,079</u>	\$ <u>6,902,549</u>	\$ <u>80,989,077</u>

B. CAPITAL LEASES

The City has entered into agreements to lease equipment. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term lease obligations in the financial statements. The lease contracts contain options that would allow the City to cancel the leases if sufficient funds are not appropriated by City Council. Since cancellation of the leases is not foreseen, the leases have been capitalized. Further, upon satisfaction of the lease obligations, title to the equipment will pass to the City. During 2001, operating lease payments for the City were immaterial.

The capital leases payable are recorded in the General Long-Term Obligations Account Group and the Golf Course Enterprise Fund in the amount of \$744,918 and \$539,513, respectively. The leases relate to vehicles and equipment which are leased under a long-term agreement which meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases."

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. CAPITAL LEASES (CONTINUED)

The following is a schedule of the future minimum lease payments under capital leases and the present value of net minimum lease payments at December 31, 2002:

	<u>General Long-Term Obligations</u>	<u>Waste Water Enterprise Fund</u>	<u>Golf Course Enterprise Fund</u>
2003	\$ 233,097	\$ 70,396	\$ 15,156
2004	233,096	70,396	7,699
2005	234,460	70,396	7,699
2006	124,230	70,396	7,699
2007	-	70,396	-
2008-2011	-	<u>281,582</u>	-
Total Minimum Lease Payments	824,883	633,562	38,253
Less: Amount Representing Interest	<u>(79,965)</u>	<u>(128,354)</u>	<u>(3,948)</u>
 Present Value of Net Minimum Lease Payments	 \$ <u>744,918</u>	 \$ <u>505,208</u>	 \$ <u>34,305</u>

The vehicles and equipment are capitalized in the General Fixed Assets Account Group at a cost of approximately \$999,525. Equipment is capitalized and depreciated in the Golf Course Enterprise Fund and in the Waste Water Enterprise Fund.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Euclid contributes to the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The System issues a stand-alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4042 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer contribution rate for local governments was 13.55 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2002, 2001, and 2000, were \$1,186,078, \$1,336,279, and \$909,545, respectively, equal to the required contributions for each year.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 8 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. OHIO POLICE AND FIRE PENSION FUND

The City of Euclid 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 to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City of Euclid contributions to OP&F for the years ending December 31, 2002, 2001, and 2000, were \$2,403,203, \$2,463,889, and \$2,380,306, respectively, equal to the required contributions for each year.

NOTE 9 – POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55 percent of covered payroll; 5.0 percent was the portion used to fund health care for the year. During 2002, the City's portion that was used to fund health care was \$693,613, representing 5.0 percent of covered payroll.

The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on PERS's latest actuarial review performed as of December 31, 2001; an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2001 was 8.0 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used – meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.0 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.0 percent base increase were assumed to range from 0.50 percent to 6.3 percent; and health care costs are assumed to increase 4.0 percent annually. The actuarially accrued postretirement health care liability for PERS at December 31, 2002 was \$16,400,000,000. The net assets were \$11,600,000,000, leaving an unfunded actuarial accrued liability of \$4,800,000,000. The number of active participants was 402,041.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)

B. OHIO POLICE AND FIRE PENSION FUND

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer’s contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. The Ohio Revised Code provides the statutory authority allowing the Ohio Police and Fire Pension Fund’s Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50 percent and 7.75 percent of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, was 13,174 for police and 10,239 for firefighters. The City’s actual contributions for 2001 that were used to fund post-employment benefits were \$458,662 for police and \$403,372 for firefighters. OP&F’s total health care expenses for the year ending December 31, 2001, the date of the last actuarial valuation available, was \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to property, machinery, general liability, workers’ compensation and employees medical benefits.

The City of Euclid is self-funded with regard to general liability, and has been since 1988. An internal service fund is used to process claims made against the City. The fund was created to accumulate monies within the General Fund to pay third-party claims against the City. The City’s Administrative Code included provisions that the council shall annually appropriate funds to cover the costs of this fund. The City annually appropriates transfers to the Self-Insurance Fund sufficient to cover its cash basis requirements.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – RISK MANAGEMENT (CONTINUED)

Contracts with commercial insurance companies exist to provide property, boiler and machinery insurance. The City carries a commercial package property insurance policy for blanket coverage in excess of \$77,000,000. The policy coverage includes loss of business income for specific locations, personal property, crime, securities and property in the open. The deductible payable by the City is \$5,000. The City also carries a boiler and machinery policy through a commercial insurance carrier with a \$50,000,000 limit. The deductible for this coverage is \$5,000 and the limit per occurrence is \$1,000,000 for all related claims submitted under the policy.

There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

The City accounts for its insurance premiums as well as its deductibles in the General Fund. Based on the requirements of Government Accounting Standards Board Statement No. 10, a liability for claims should be reported if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The City believes that, pursuant to these standards, no liability exists at December 31, 2002.

The City of Euclid provides to eligible employees a comprehensive major medical plan, which includes dental coverage. Some employees have an individual deductible of \$150 or co-insurance of \$125; for families the deductible is \$250 or the co-insurance is \$185. After the deductibles or co-insurances have been met the medical plan covers 100% of the usual, customary and reasonable charges. The remaining employees are under the prior medical plan agreement which pays 100% of the usual, customary and reasonable charges. Dental insurance for employees has no deductible. The medical and dental plan is self-funded utilizing a third party administrator. The plan has a catastrophic coverage at a threshold of \$100,000 per occurrence. Employee medical and dental benefits are charged to the various funds of the City in accordance with where an employee's salary is charged.

The City is required to purchase workers' compensation insurance through the State of Ohio. The City applied for and was accepted into the State's Retrospective Rating Plan whereby the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the City's injured workers' claims are incurred, the City must reimburse the State fund for those costs, subject to the plan's individual claim cost limitation and the City's premium limitation. The City pays workers' compensation claims from various funds based on payroll allocations. The City's retrospective rating plan provides for a \$250,000 catastrophic limit per claim and an unlimited claim limit.

At December 31, 2002, \$3,215,055 has been accrued (in various funds of the City as a component of Due to Other Governments) for workers' compensation claims representing estimates of amounts to be paid for reported claims and incurred but not reported claims based upon the current available information.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – RISK MANAGEMENT (CONTINUED)

The schedule below presents the changes in Workers' Compensation claims liabilities as of December 31, 2002:

	<u>2002</u>	<u>2001</u>
Beginning of Fiscal Year Liability	\$ 3,497,395	\$ 3,388,071
Current Year Claims and Changes in Estimates	82,160	374,859
Claim Payments	<u>(364,500)</u>	<u>(265,535)</u>
Balance at Fiscal Year End	\$ <u>3,215,055</u>	\$ <u>3,497,395</u>

NOTE 11 – COMMITMENTS

Federal and State Grants – Under the terms of various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2002, there were no questioned costs that had not been resolved with various federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of City officials, no material grant expenditures will be disallowed.

Worker's Compensation – Beginning in 1989, the City elected to participate in the Retrospective Rating Program provided by the Ohio Bureau of Worker's Compensation (OBWC). Under this program, the City will be required to make a final payment on claims, once ten years has elapsed. The OBWC will calculate the amount due to cover future liabilities on the claims; and thus assume the liability from the City on an ongoing basis. The City is not able to estimate the amount of the future payment at December 31, 2002 and, therefore, no liability has been recorded in the General Long-Term Debt Account Group.

Financial Matters – Over the past few years, the City has been operating at a level whereby certain governmental fund types have incurred a deficiency of revenues over expenditures and debt levels have increased. The City continues to evaluate alternative measures to increase revenues and/or reduce expenditures to improve its financial position.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 12 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains two enterprise funds which provide sewer service and leisure time services. Financial information as of December 31, 2002 and for the year then ended for the two enterprise funds is summarized as follows:

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Total</u>
Operating Revenues	\$ 10,331,984	\$ 805,126	\$ 11,137,110
Sewer Levy	726,483	-	726,483
Depreciation	1,709,973	44,727	1,754,700
Operating Income	1,351,061	31,260	1,382,321
Operating Transfers – In	1,463,000	-	1,463,000
Operating Transfers – Out	(1,649,456)	-	(1,649,456)
Net Income	582,995	29,767	612,762
Property, Plant and Equipment Additions	1,048,821	84,099	1,132,920
Net Working Capital	5,569,148	155,010	5,724,158
Total Assets	49,896,226	7,472,954	57,369,180
Long-Term Debt	23,872,251	34,305	23,906,556
Total Equity	22,651,979	7,205,321	29,857,300

NOTE 13 – INTERFUND ACTIVITY

A. INTERFUND RECEIVABLES AND PAYABLES

The General Fund has interfund receivables from the Municipal Court Agency Fund, the Community Development Block Grant Special Revenue Fund, and the Community Reinvestment Special Revenue Fund in the amounts of \$103,415, \$66,764, and \$36,204, respectively.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 13 – INTERFUND ACTIVITY (CONTINUED)

B. OPERATING TRANSFERS

Following is a summary of Council-approved operating transfers for all funds for 2002 from the general purpose financial statements:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ <u>861,456</u>	\$ <u>1,074,563</u>
Special Revenue:		
Streets and Highways	120,000	-
Court Computerization	142,563	-
Other Grants	<u>180,000</u>	<u>-</u>
Total Special Revenue	<u>442,563</u>	<u>-</u>
Capital Projects:		
Economic Development	<u>-</u>	<u>75,000</u>
Enterprise:		
Waste Water	<u>1,463,000</u>	<u>1,649,456</u>
Agency	<u>32,000</u>	<u>-</u>
Total All Funds	\$ <u><u>2,799,019</u></u>	\$ <u><u>2,799,019</u></u>

NOTE 14 – CONTINGENCIES/PENDING LITIGATION

The City is a party to various legal proceedings for which it has established accruals for estimated loss contingencies. In the opinion of the City Law Director, the ultimate disposition of these proceedings will not have a material, adverse effect on the City's financial position or results of operations.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 15 – SOLID WASTE

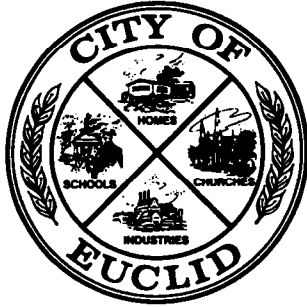
In accordance with a notice letter received from the Ohio Environmental Protection Agency, the City of Euclid executed the final closure financial assurance instrument for the temporary solid waste transfer station by the required deadline. The sum of post-closure cost estimate assured by the financial test was \$180,000 and the City met all of the requirements set forth by Ohio Administrative Code Rule 3745-27-17. The City does not currently accrue a liability for this cost. This treatment is in accordance with the Government Accounting Standards Board.

NOTE 16 – ACCOUNTABILITY – FUND EQUITY DEFICIT

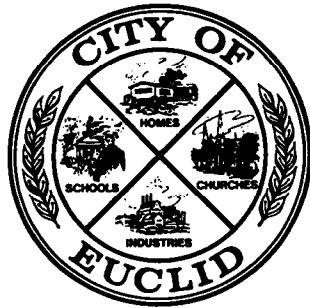
Special Revenue Fund – The Community Development Block Grant Fund and the Recreation Operating Fund have fund deficits of \$349,364 and \$54,204, respectively, due to the application of generally accepted accounting principles. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

Internal Service Fund – This fund has a retained earnings deficit in the amount of \$228,074, due to an increase in claims payable. The General Fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

THIS PAGE INTENTIONALLY LEFT BLANK



**CITY OF EUCLID, OHIO
COMBINING AND
INDIVIDUAL FUND
STATEMENTS**



CITY OF EUCLID, OHIO

SPECIAL REVENUE FUNDS

Court Computerization Fund -- Accounts for revenues and expenditures related to fees collected through the Municipal Court for computerization of the Court and the Clerk of Courts office.

Streets and Highways Fund -- Accounts for revenues from state license and gas taxes which are used for the repair, maintenance and construction associated with the City's streets.

Community Development Block Grant Fund -- Accounts for revenues and expenditures related to the Community Development Block Grant Program of the United States Department of Housing and Urban Development.

Recreation Operating Fund -- Accounts for operations and maintenance of all recreational facilities within the City as well as City sponsored recreation programs which are funded by participation fees and facility rentals.

Other Grants Fund -- Accounts for revenues and expenditures related to federal and state grants.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS

DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Streets and Highways</u>	<u>Community Development Block Grant</u>	<u>Recreation Operating</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 253,218	\$ 53,386	\$ 60,454
Receivables:			
Taxes	-	-	489,142
Accounts	296,390	-	4,098
Interest	118	-	-
Intergovernmental	563,044	-	-
Inventory of Supplies at Cost	117,425	-	2,556
Total Assets	<u>\$ 1,230,195</u>	<u>\$ 53,386</u>	<u>\$ 556,250</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts Payable	\$ 455,734	\$ 88,504	\$ 22,851
Accrued Wages and Benefits	58,336	17,393	13,788
Accrued Compensated Absences	10,047	23,000	4,037
Due to Other Governments	198,933	151,543	63,595
Interfund Payable	-	102,968	-
Deferred Revenue	368,421	-	489,143
Accrued Pension	61,130	19,342	17,040
Total Liabilities	<u>1,152,601</u>	<u>402,750</u>	<u>610,454</u>
Fund Equity:			
Reserved for Encumbrances	9,235	264,370	1,261
Reserved for Inventory	117,425	-	2,556
Unreserved (Deficit)	<u>(49,066)</u>	<u>(613,734)</u>	<u>(58,021)</u>
Total Fund Equity (Deficit)	<u>77,594</u>	<u>(349,364)</u>	<u>(54,204)</u>
Total Liabilities and Fund Equity	<u>\$ 1,230,195</u>	<u>\$ 53,386</u>	<u>\$ 556,250</u>

	Court Computerization	Other Grants	Totals	
			2002	2001
\$	167,133	\$ 285,621	\$ 819,812	\$ 1,757,084
	-	-	489,142	487,660
	3,950	16,643	321,081	258,358
	-	23	141	44
	-	-	563,044	734,117
	-	99,825	219,806	167,292
\$	<u>171,083</u>	<u>\$ 402,112</u>	<u>\$ 2,413,026</u>	<u>\$ 3,404,555</u>
\$	-	\$ 37,564	\$ 604,653	\$ 358,093
	661	4,963	95,141	103,964
	195	10,128	47,407	36,179
	-	788	414,859	427,118
	-	-	102,968	13,550
	-	-	857,564	984,826
	116	7,167	104,795	109,236
	<u>972</u>	<u>60,610</u>	<u>2,227,387</u>	<u>2,032,966</u>
	12,000	44,393	331,259	1,256,057
	-	99,825	219,806	167,292
	<u>158,111</u>	<u>197,284</u>	<u>(365,426)</u>	<u>(51,760)</u>
	<u>170,111</u>	<u>341,502</u>	<u>185,639</u>	<u>1,371,589</u>
\$	<u>171,083</u>	<u>\$ 402,112</u>	<u>\$ 2,413,026</u>	<u>\$ 3,404,555</u>

CITY OF EUCLID, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Streets and Highways</u>	<u>Community Development Block Grant</u>	<u>Recreation Operating</u>
<u>Revenues</u>			
Taxes	\$ 1,214,947	\$ -	\$ 469,754
Intergovernmental	187,883	1,490,312	-
Charges for Services	875,903	-	648,499
Fines and Forfeitures	-	-	-
Investment Income	8,553	-	-
Rents and Royalties	-	-	16,500
Other	5,192	-	5,567
Total Revenues	<u>2,292,478</u>	<u>1,490,312</u>	<u>1,140,320</u>
<u>Expenditures</u>			
Current:			
General Government	-	-	-
Public Safety	418,250	-	-
Streets and Highways	3,562,999	-	-
Refuse Collection and Disposal	82,219	-	-
Culture/Recreation	-	-	1,158,398
Community Development	-	1,607,050	-
Debt Service:			
Principal Retirement	97,632	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>4,161,100</u>	<u>1,607,050</u>	<u>1,158,398</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,868,622)</u>	<u>(116,738)</u>	<u>(18,078)</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	447,179	-	-
Operating Transfers – In	120,000	-	-
Total Other Financing Sources (Uses)	<u>567,179</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,301,443)	(116,738)	(18,078)
Fund Balance (Deficit) at Beginning of Year	1,346,378	(232,626)	(36,017)
Increase (Decrease) in Inventory Reserve	<u>32,659</u>	<u>-</u>	<u>(109)</u>
Fund Balance (Deficit) at End of Year	\$ <u>77,594</u>	\$ <u>(349,364)</u>	\$ <u>(54,204)</u>

	<u>Court Computerization</u>	<u>Other Grants</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
\$	-	\$ -	\$ 1,684,701	\$ 1,895,514
	-	157,935	1,836,130	1,561,836
	-	17,107	1,541,509	1,662,346
	95,379	-	95,379	-
	-	3,339	11,892	149,103
	-	-	16,500	15,900
	-	8,053	18,812	148,901
	<u>95,379</u>	<u>186,434</u>	<u>5,204,923</u>	<u>5,433,600</u>
	-	172,990	172,990	270,668
	67,831	108,939	595,020	542,833
	-	-	3,562,999	4,215,489
	-	-	82,219	67,733
	-	-	1,158,398	1,308,790
	-	56,821	1,663,871	1,221,165
	-	-	97,632	217,632
	-	-	-	199,258
	<u>67,831</u>	<u>338,750</u>	<u>7,333,129</u>	<u>8,043,568</u>
	<u>27,548</u>	<u>(152,316)</u>	<u>(2,128,206)</u>	<u>(2,609,968)</u>
	-	-	447,179	4,260,000
	<u>142,563</u>	<u>180,000</u>	<u>442,563</u>	<u>330,000</u>
	<u>142,563</u>	<u>180,000</u>	<u>889,742</u>	<u>4,590,000</u>
	170,111	27,684	(1,238,464)	1,980,032
	-	293,854	1,371,589	(670,445)
	-	19,964	52,514	62,002
\$	<u>170,111</u>	<u>\$ 341,502</u>	<u>\$ 185,639</u>	<u>\$ 1,371,589</u>

CITY OF EUCLID, OHIO

STREETS AND HIGHWAYS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 1,551,799	\$ 1,423,120	\$ (128,679)
Charges for Services	1,393,783	1,131,760	(262,023)
Investment Income	11,166	8,479	(2,687)
Other	<u>5,564</u>	<u>5,192</u>	<u>(372)</u>
Total Revenues	<u>2,962,312</u>	<u>2,568,551</u>	<u>(393,761)</u>
<u>Expenditures</u>			
Current:			
Public Safety	435,158	418,250	16,908
Streets and Highways	3,454,682	2,954,760	499,922
Refuse Collection and Disposal	99,670	79,713	19,957
Debt Service:			
Principal Retirement	<u>97,720</u>	<u>97,632</u>	<u>88</u>
Total Expenditures	<u>4,087,230</u>	<u>3,550,355</u>	<u>536,875</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,124,918)</u>	<u>(981,804)</u>	<u>143,114</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	572,028	447,179	(124,849)
Operating Transfers – In	<u>225,000</u>	<u>120,000</u>	<u>(105,000)</u>
Total Other Financing Sources (Uses)	<u>797,028</u>	<u>567,179</u>	<u>(229,849)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(327,890)</u>	<u>(414,625)</u>	<u>(86,735)</u>
Unencumbered Fund Balances at Beginning of Year	<u>667,843</u>	<u>667,843</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	<u>\$ 339,953</u>	<u>\$ 253,218</u>	<u>\$ (86,735)</u>

CITY OF EUCLID, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 2,291,466	\$ 1,490,312	\$ (801,154)
<u>Expenditures</u>			
Current:			
Community Development	<u>2,129,283</u>	<u>1,569,194</u>	<u>560,089</u>
Excess of Revenues Over (Under) Expenditures	162,183	(78,882)	(241,065)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	<u>-</u>	<u>89,418</u>	<u>89,418</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	162,183	10,536	(151,647)
Unencumbered Fund Balances at Beginning of Year	<u>3,333</u>	<u>3,333</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u><u>165,516</u></u>	\$ <u><u>13,869</u></u>	\$ <u><u>(151,647)</u></u>

CITY OF EUCLID, OHIO

RECREATION OPERATING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 462,634	\$ 469,754	\$ 7,120
Charges for Services	642,993	648,499	5,506
Rents and Royalties	16,360	16,500	140
Other	<u>3,935</u>	<u>3,969</u>	<u>34</u>
Total Revenues	<u>1,125,922</u>	<u>1,138,722</u>	<u>12,800</u>
<u>Expenditures</u>			
Current:			
Culture/Recreation	<u>1,249,436</u>	<u>1,153,985</u>	<u>95,451</u>
Excess of Revenues Over (Under) Expenditures	(123,514)	(15,263)	108,251
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	<u>85,000</u>	<u>-</u>	<u>(85,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(38,514)	(15,263)	23,251
Unencumbered Fund Balances at Beginning of Year	<u>75,717</u>	<u>75,717</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>37,203</u>	\$ <u>60,454</u>	\$ <u>23,251</u>

CITY OF EUCLID, OHIO

COURT COMPUTERIZATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$ <u>110,000</u>	\$ <u>91,429</u>	\$ <u>(18,571)</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>215,212</u>	<u>66,859</u>	<u>148,353</u>
Excess of Revenues Over (Under) Expenditures	(105,212)	24,570	129,782
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>142,563</u>	<u>142,563</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	37,351	167,133	129,782
Unencumbered Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u><u>37,351</u></u>	\$ <u><u>167,133</u></u>	\$ <u><u>129,782</u></u>

CITY OF EUCLID, OHIO

OTHER GRANTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 201,312	\$ 179,974	\$ (21,338)
Charges for Services	512	464	(48)
Investment Income	58,162	3,316	(54,846)
Other	79,938	8,053	(71,885)
Total Revenues	<u>339,924</u>	<u>191,807</u>	<u>(148,117)</u>
<u>Expenditures</u>			
Current:			
General Government	226,595	173,275	53,320
Public Safety	352,399	67,390	285,009
Community Development	50,479	50,228	251
Total Expenditures	<u>629,473</u>	<u>290,893</u>	<u>338,580</u>
Excess of Revenues Over (Under) Expenditures	(289,549)	(99,086)	190,463
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	<u>230,000</u>	<u>180,000</u>	<u>(50,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(59,549)	80,914	140,463
Unencumbered Fund Balances at Beginning of Year	<u>204,707</u>	<u>204,707</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>145,158</u>	\$ <u>285,621</u>	\$ <u>140,463</u>

CITY OF EUCLID, OHIO

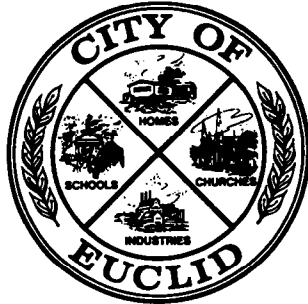
TOTAL SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 2,014,433	\$ 1,892,874	\$ (121,559)
Intergovernmental	2,492,778	1,670,286	(822,492)
Charges for Services	2,037,288	1,780,723	(256,565)
Fines and Forfeitures	110,000	91,429	(18,571)
Investment Income	69,328	11,795	(57,533)
Rents and Royalties	16,360	16,500	140
Other	<u>89,437</u>	<u>17,214</u>	<u>(72,223)</u>
Total Revenues	<u>6,829,624</u>	<u>5,480,821</u>	<u>(1,348,803)</u>
<u>Expenditures</u>			
Current:			
General Government	226,595	173,275	53,320
Public Safety	1,002,769	552,499	450,270
Streets and Highways	3,454,682	2,954,760	499,922
Refuse Collection and Disposal	99,670	79,713	19,957
Culture/Recreation	1,249,436	1,153,985	95,451
Community Development	2,179,762	1,619,422	560,340
Debt Service:			
Principal Retirement	<u>97,720</u>	<u>97,632</u>	<u>88</u>
Total Expenditures	<u>8,310,634</u>	<u>6,631,286</u>	<u>1,679,348</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,481,010)</u>	<u>(1,150,465)</u>	<u>330,545</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	572,028	447,179	(124,849)
Operating Transfers – In	<u>682,563</u>	<u>531,981</u>	<u>(150,582)</u>
Total Other Financing Sources (Uses)	<u>1,254,591</u>	<u>979,160</u>	<u>(275,431)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(226,419)	(171,305)	55,114
Unencumbered Fund Balances at Beginning of Year	<u>951,600</u>	<u>951,600</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>725,181</u>	\$ <u>780,295</u>	\$ <u>55,114</u>

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF EUCLID, OHIO

CAPITAL PROJECTS FUNDS

Capital Bond and Note Construction — To account for the proceeds of debt used to fund capital acquisitions and construction.

Capital Improvement — To account for miscellaneous revenues which fund capital projects.

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS

DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	Capital Bond and Note <u>Construction</u>	Capital <u>Improvement</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 563,414	\$ 919,305	\$ 1,482,719	\$ 1,695,689
Receivables:				
Taxes	-	639,648	639,648	637,709
Accounts	-	8,197	8,197	216,251
Interest	119	33	152	72,209
Special Assessments	-	192,685	192,685	200,402
Total Assets	\$ <u>563,533</u>	\$ <u>1,759,868</u>	\$ <u>2,323,401</u>	\$ <u>2,822,260</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts Payable	\$ 154,729	\$ 116,962	\$ 271,691	\$ 372,655
Deferred Revenue	-	832,332	832,332	838,111
Total Liabilities	<u>154,729</u>	<u>949,294</u>	<u>1,104,023</u>	<u>1,210,766</u>
Fund Equity:				
Reserved for Encumbrances	196,149	157,175	353,324	252,521
Unreserved	<u>212,655</u>	<u>653,399</u>	<u>866,054</u>	<u>1,358,973</u>
Total Fund Equity	<u>408,804</u>	<u>810,574</u>	<u>1,219,378</u>	<u>1,611,494</u>
Total Liabilities and Fund Equity	\$ <u>563,533</u>	\$ <u>1,759,868</u>	\$ <u>2,323,401</u>	\$ <u>2,822,260</u>

CITY OF EUCLID, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	Capital Bond and Note <u>Construction</u>	Capital <u>Improvement</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Revenues</u>				
Taxes	\$ -	\$ 619,969	\$ 619,969	\$ 1,530,503
Intergovernmental	-	10,360	10,360	234,530
Charges for Services	-	96,061	96,061	525,785
Special Assessments	55,491	96,190	151,681	79,564
Investment Income	2,902	22,279	25,181	90,899
Other	-	3,197	3,197	34,854
Total Revenues	<u>58,393</u>	<u>848,056</u>	<u>906,449</u>	<u>2,496,135</u>
<u>Expenditures</u>				
Current:				
General Government	101,793	626,824	728,617	1,462,862
Public Safety	-	156,827	156,827	308,880
Streets and Highways	-	768,626	768,626	1,396,603
Refuse Collection and Disposal	-	26,009	26,009	51,285
Culture/Recreation	32,128	139,693	171,821	365,192
Community Development	54,824	141,350	196,174	1,146,726
Debt Service:				
Principal Retirement	-	-	-	296,270
Interest and Fiscal Charges	-	-	-	302,952
Total Expenditures	<u>188,745</u>	<u>1,859,329</u>	<u>2,048,074</u>	<u>5,330,770</u>
Excess of Revenues Over (Under) Expenditures	<u>(130,352)</u>	<u>(1,011,273)</u>	<u>(1,141,625)</u>	<u>(2,834,635)</u>
<u>Other Financing Sources (Uses)</u>				
Debt Proceeds	-	-	-	7,235,000
Operating Transfers – In	-	-	-	812,955
Operating Transfers – Out	(75,000)	-	(75,000)	(946,523)
Inception of Capital Lease	-	824,509	824,509	149,179
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>824,509</u>	<u>749,509</u>	<u>7,250,611</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(205,352)	(186,764)	(392,116)	4,415,976
Fund Balance (Deficit) at Beginning of Year	<u>614,156</u>	<u>997,338</u>	<u>1,611,494</u>	<u>(2,804,482)</u>
Fund Balance at End of Year	\$ <u>408,804</u>	\$ <u>810,574</u>	\$ <u>1,219,378</u>	\$ <u>1,611,494</u>

CITY OF EUCLID, OHIO

CAPITAL BOND AND NOTE CONSTRUCTION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 214,524	\$ -	\$ (214,524)
Special Assessments	65,000	55,491	(9,509)
Investment Income	2,500	2,783	283
Other	<u>14,161</u>	<u>-</u>	<u>(14,161)</u>
Total Revenues	<u>296,185</u>	<u>58,274</u>	<u>(237,911)</u>
<u>Expenditures</u>			
Current:			
General Government	230,880	-	230,880
Culture/Recreation	50,000	15,484	34,516
Community Development	<u>100,000</u>	<u>54,824</u>	<u>45,176</u>
Total Expenditures	<u>380,880</u>	<u>70,308</u>	<u>310,572</u>
Excess of Revenues Over (Under) Expenditures	<u>(84,695)</u>	<u>(12,034)</u>	<u>72,661</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	12,483	-	(12,483)
Operating Transfers – Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(62,517)</u>	<u>(75,000)</u>	<u>(12,483)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(147,212)</u>	<u>(87,034)</u>	<u>60,178</u>
Unencumbered Fund Balances at Beginning of Year	<u>460,798</u>	<u>460,798</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	<u>\$ 313,586</u>	<u>\$ 373,764</u>	<u>\$ 60,178</u>

CITY OF EUCLID, OHIO

CAPITAL IMPROVEMENT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 604,983	\$ 619,969	\$ 14,986
Intergovernmental	26,669	10,360	(16,309)
Charges for Services	462,008	300,007	(162,001)
Special Assessments	59,469	96,190	36,721
Investment Income	<u>23,681</u>	<u>22,268</u>	<u>(1,413)</u>
Total Revenues	<u>1,176,810</u>	<u>1,048,794</u>	<u>(128,016)</u>
<u>Expenditures</u>			
Current:			
General Government	147,714	14,039	133,675
Public Safety	156,828	116,761	40,067
Streets and Highways	864,769	486,473	378,296
Refuse Collection and Disposal	16,328	5,649	10,679
Culture/Recreation	261,410	115,311	146,099
Community Development	<u>141,079</u>	<u>80,774</u>	<u>60,305</u>
Total Expenditures	<u>1,588,128</u>	<u>819,007</u>	<u>769,121</u>
Excess of Revenues Over (Under) Expenditures	<u>(411,318)</u>	<u>229,787</u>	<u>641,105</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	75,000	-	(75,000)
Operating Transfers – Out	<u>(12,483)</u>	<u>-</u>	<u>12,483</u>
Total Other Financing Sources (Uses)	<u>62,517</u>	<u>-</u>	<u>(62,517)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(348,801)</u>	<u>229,787</u>	<u>578,588</u>
Unencumbered Fund Balances at Beginning of Year	<u>648,558</u>	<u>648,558</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>299,757</u>	\$ <u>878,345</u>	\$ <u>578,588</u>

CITY OF EUCLID, OHIO

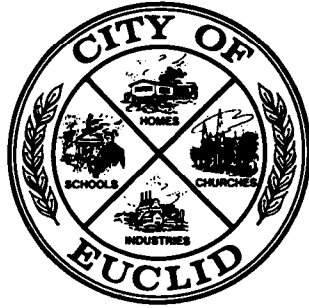
TOTAL CAPITAL PROJECT FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 604,983	\$ 619,969	\$ 14,986
Intergovernmental	241,193	10,360	(230,833)
Charges for Services	462,008	300,007	(162,001)
Special Assessments	124,469	151,681	27,212
Investment Income	26,181	25,051	(1,130)
Other	<u>14,161</u>	<u>-</u>	<u>(14,161)</u>
Total Revenues	<u>1,472,995</u>	<u>1,107,068</u>	<u>(365,927)</u>
<u>Expenditures</u>			
Current:			
General Government	378,594	14,039	364,555
Public Safety	156,828	116,761	40,067
Streets and Highways	864,769	486,473	378,296
Refuse Collection and Disposal	16,328	5,649	10,679
Culture/Recreation	311,410	130,795	180,615
Community Development	<u>241,079</u>	<u>135,598</u>	<u>105,481</u>
Total Expenditures	<u>1,969,008</u>	<u>889,315</u>	<u>1,079,693</u>
Excess of Revenues Over (Under) Expenditures	<u>(496,013)</u>	<u>217,753</u>	<u>713,766</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	87,483	-	(87,483)
Operating Transfers – Out	<u>(87,483)</u>	<u>(75,000)</u>	<u>12,483</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(496,013)</u>	<u>142,753</u>	<u>638,766</u>
Unencumbered Fund Balances at Beginning of Year	<u>1,109,356</u>	<u>1,109,356</u>	<u>-</u>
Unencumbered Fund Balances at Net Income	\$ <u>613,343</u>	\$ <u>1,252,109</u>	\$ <u>638,766</u>

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF EUCLID, OHIO ENTERPRISE FUNDS

Waste Water Treatment Fund — Accounts for revenues and expenses related to the operation and maintenance of Euclid's sewage treatment plant and the construction and maintenance of the City's sanitary and storm sewers. Primary revenue sources are user charges and a two mill sewer levy which is used for the construction and maintenance of the sewer lines.

Golf Course Fund — Accounts for the operations of the City owned golf course. Debt issued to construct the golf course is accounted for in the debt service fund.

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – ENTERPRISE FUNDS

DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 5,363,981	\$ 378,394	\$ 5,742,375	\$ 5,160,318
Receivables:				
Taxes	752,527	-	752,527	750,245
Accounts (Net of Allowance for Doubtful Accounts)	2,788,840	-	2,788,840	2,871,528
Interest	43	-	43	-
Inventory of Supplies at Cost	<u>35,753</u>	<u>9,944</u>	<u>45,697</u>	<u>42,458</u>
Total Current Assets	<u>8,941,144</u>	<u>388,338</u>	<u>9,329,482</u>	<u>8,824,549</u>
Fixed Assets:				
Land	103,686	6,366,726	6,470,412	6,470,412
Land Improvements	-	1,182,610	1,182,610	1,182,610
Utility Plant/Sanitary Sewers	72,942,508	-	72,942,508	72,552,329
Buildings and Improvements	1,470,207	199,242	1,669,449	1,615,485
Furniture, Fixtures and Equipment	2,422,012	419,426	2,841,438	2,208,728
Less: Accumulated Depreciation	<u>(35,983,331)</u>	<u>(1,083,388)</u>	<u>(37,066,719)</u>	<u>(35,368,086)</u>
Net Fixed Assets	<u>40,955,082</u>	<u>7,084,616</u>	<u>48,039,698</u>	<u>48,661,478</u>
Total Assets	\$ <u>49,896,226</u>	\$ <u>7,472,954</u>	\$ <u>57,369,180</u>	\$ <u>57,486,027</u>

Continued

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – ENTERPRISE FUNDS (CONTINUED)

DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Liabilities and Fund Equity</u>				
Current Liabilities:				
Accounts Payable	\$ 400,684	\$ 5,888	\$ 406,572	\$ 605,834
Claims Payable	33,000	-	33,000	66,000
Accrued Wages and Benefits	95,678	9,812	105,490	117,066
Accrued Compensated Absences	648,499	127,121	775,620	824,443
Due to Other Governments	684,967	77,287	762,254	779,458
Deferred Revenue	752,528	-	752,528	750,246
Accrued Pension	105,099	12,512	117,611	125,448
Accrued Interest Payable	<u>651,541</u>	<u>708</u>	<u>652,249</u>	<u>709,923</u>
Total Current Liabilities	<u>3,371,996</u>	<u>233,328</u>	<u>3,605,324</u>	<u>3,978,418</u>
Long-Term Debt:				
Loans Payable	4,296,009	-	4,296,009	3,986,226
Ohio Water Development Authority Loans	17,226,034	-	17,226,034	18,333,990
Capital Lease Payable	505,208	34,305	539,513	12,855
General Obligation Bonds Payable	<u>1,845,000</u>	<u>-</u>	<u>1,845,000</u>	<u>1,930,000</u>
Total Liabilities	<u>27,244,247</u>	<u>267,633</u>	<u>27,511,880</u>	<u>28,241,489</u>
<u>Fund Equity and Other Credits</u>				
Contributed Capital	11,488,183	6,786,272	18,274,455	18,274,455
Retained Earnings:				
Reserved for Capital Improvements	319,607	756	320,363	1,044,828
Unreserved	<u>10,844,189</u>	<u>418,293</u>	<u>11,262,482</u>	<u>9,925,255</u>
Total Retained Earnings	<u>11,163,796</u>	<u>419,049</u>	<u>11,582,845</u>	<u>10,970,083</u>
Total Fund Equity and Other Credits	<u>22,651,979</u>	<u>7,205,321</u>	<u>29,857,300</u>	<u>29,244,538</u>
Total Liabilities, Fund Equity, and Other Credits				
	\$ <u>49,896,226</u>	\$ <u>7,472,954</u>	\$ <u>57,369,180</u>	\$ <u>57,486,027</u>

CITY OF EUCLID, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES – ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	Waste Water	Golf Course	Totals	
			2002	2001
<u>Operating Revenues</u>				
Charges for Services	\$ 10,310,801	\$ 793,504	\$ 11,104,305	\$ 11,030,547
License/Permit and Inspection Fees	21,183	-	21,183	45,156
Other Operating Revenues	-	11,622	11,622	16,778
Total Operating Revenues	<u>10,331,984</u>	<u>805,126</u>	<u>11,137,110</u>	<u>11,092,481</u>
<u>Operating Expenses</u>				
Personal Services	3,778,347	497,614	4,275,961	4,418,170
Materials and Supplies	1,050,515	100,029	1,150,544	927,293
Contractual Services	1,735,409	95,800	1,831,209	4,007,754
Utilities	706,679	35,696	742,375	812,096
Depreciation	1,709,973	44,727	1,754,700	1,771,131
Total Operating Expenses	<u>8,980,923</u>	<u>773,866</u>	<u>9,754,789</u>	<u>11,936,444</u>
Operating Income (Loss)	<u>1,351,061</u>	<u>31,260</u>	<u>1,382,321</u>	<u>(843,963)</u>
<u>Non-Operating Income (Expense)</u>				
Interest Income	701	-	701	126
Interest Expense	(1,308,794)	(1,493)	(1,310,287)	(1,477,885)
Sewer Levy	726,483	-	726,483	716,195
Total Non-Operating Income (Expense)	<u>(581,610)</u>	<u>(1,493)</u>	<u>(583,103)</u>	<u>(761,564)</u>
Income (Loss) Before Operating Transfers	<u>769,451</u>	<u>29,767</u>	<u>799,218</u>	<u>(1,605,527)</u>
<u>Operating Transfers</u>				
Operating Transfers – In	1,463,000	-	1,463,000	1,313,000
Operating Transfers – Out	(1,649,456)	-	(1,649,456)	(2,227,191)
Total Operating Transfers	<u>(186,456)</u>	<u>-</u>	<u>(186,456)</u>	<u>(914,191)</u>
Net Income (Loss)	582,995	29,767	612,762	(2,519,718)
Retained Earnings, January 1,	<u>10,580,801</u>	<u>389,282</u>	<u>10,970,083</u>	<u>13,489,801</u>
Retained Earnings, December 31	<u>11,163,796</u>	<u>419,049</u>	<u>11,582,845</u>	<u>10,970,083</u>
Contributed Capital, January 1	<u>11,488,183</u>	<u>6,786,272</u>	<u>18,274,455</u>	<u>18,274,455</u>
Contributed Capital, December 31	<u>11,488,183</u>	<u>6,786,272</u>	<u>18,274,455</u>	<u>18,274,455</u>
Fund Equity at End of Year	\$ <u>22,651,979</u>	\$ <u>7,205,321</u>	\$ <u>29,857,300</u>	\$ <u>29,244,538</u>

CITY OF EUCLID, OHIO

WASTE WATER

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 12,492,592	\$ 10,393,488	\$ (2,099,104)
Sewer Levy	711,745	726,483	14,738
License/Permit and Inspection Fees	23,687	21,183	(2,504)
Investment Income	<u>1,200</u>	<u>659</u>	<u>(541)</u>
Total Revenues	<u>13,229,224</u>	<u>11,141,813</u>	<u>(2,087,411)</u>
<u>Expenses</u>			
Current:			
Personal Services	4,332,115	3,835,701	496,414
Materials and Supplies	1,061,984	909,849	152,135
Contractual Services	4,290,240	1,988,314	2,301,926
Utilities	966,038	706,679	259,359
Claims	40,000	33,000	7,000
Debt Service:			
Principal Retirement	1,591,981	1,357,861	234,120
Interest and Fiscal Charges	<u>1,594,534</u>	<u>1,365,831</u>	<u>228,703</u>
Total Expenses	<u>13,876,892</u>	<u>10,197,235</u>	<u>3,679,657</u>
Excess of Revenues Over (Under) Expenses	<u>(647,668)</u>	<u>944,578</u>	<u>1,592,246</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	783,354	431,191	(352,163)
Operating Transfers – In	1,588,000	1,463,000	(125,000)
Operating Transfers – Out	<u>(1,649,456)</u>	<u>(1,649,456)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>721,898</u>	<u>244,735</u>	<u>(477,163)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	74,230	1,189,313	1,115,083
Unencumbered Fund Balance at Beginning of Year	<u>4,090,597</u>	<u>4,090,597</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>4,164,827</u>	\$ <u>5,279,910</u>	\$ <u>1,115,083</u>

CITY OF EUCLID, OHIO

GOLF COURSE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 830,790	\$ 793,504	\$ (37,286)
Other	<u>12,170</u>	<u>11,622</u>	<u>(548)</u>
Total Revenues	<u>842,960</u>	<u>805,126</u>	<u>(37,834)</u>
<u>Expenses</u>			
Current:			
Personal Services	494,525	485,410	9,115
Materials and Supplies	109,497	97,181	12,316
Contractual Services	196,414	149,868	46,546
Utilities	36,650	35,696	954
Debt Service:			
Principal Retirement	13,025	13,021	4
Interest and Fiscal Charges	<u>2,975</u>	<u>2,133</u>	<u>842</u>
Total Expenses	<u>853,086</u>	<u>783,309</u>	<u>69,777</u>
Excess of Revenues Over (Under) Expenses	(10,126)	21,817	31,943
Unencumbered Fund Balance at Beginning of Year	<u>356,577</u>	<u>356,577</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>346,451</u>	\$ <u>378,394</u>	\$ <u>31,943</u>

CITY OF EUCLID, OHIO

TOTAL ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 13,323,382	\$ 11,186,992	\$ (2,136,390)
Sewer Levy	711,745	726,483	14,738
License/Permit and Inspection Fees	23,687	21,183	(2,504)
Investment Income	1,200	659	(541)
Other	12,170	11,622	(548)
Total Revenues	<u>14,072,184</u>	<u>11,946,939</u>	<u>(2,125,245)</u>
<u>Expenses</u>			
Current:			
Personal Services	4,826,640	4,321,111	505,529
Materials and Supplies	1,171,481	1,007,030	164,451
Contractual Services	4,486,654	2,138,182	2,348,472
Utilities	1,002,688	742,375	260,313
Claims	40,000	33,000	7,000
Debt Service:			
Principal Retirement	1,605,006	1,370,882	234,124
Interest and Fiscal Charges	<u>1,597,509</u>	<u>1,367,964</u>	<u>229,545</u>
Total Expenses	<u>14,729,978</u>	<u>10,980,544</u>	<u>3,749,434</u>
Excess of Revenues Over (Under) Expenses	<u>(657,794)</u>	<u>966,395</u>	<u>1,624,189</u>
<u>Other Financing Sources (Uses)</u>			
Debt Proceeds	783,354	431,191	(352,163)
Operating Transfers – In	1,588,000	1,463,000	(125,000)
Operating Transfers – Out	<u>(1,649,456)</u>	<u>(1,649,456)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>721,898</u>	<u>244,735</u>	<u>(477,163)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	64,104	1,211,130	1,147,026
Unencumbered Fund Balances at Beginning of Year	<u>4,447,174</u>	<u>4,447,174</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>4,511,278</u>	\$ <u>5,658,304</u>	\$ <u>1,147,026</u>

CITY OF EUCLID, OHIO

COMBINING STATEMENTS OF CASH FLOWS – ENTERPRISE FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Cash Flows from Operating Activities</u>				
Cash Received From Customers	\$ 10,393,488	\$ 793,504	\$ 11,186,992	\$ 11,167,319
Cash Payments for Goods and Services	(3,730,337)	(236,577)	(3,966,914)	(5,499,132)
Cash Payments to Employees	(3,835,701)	(485,410)	(4,321,111)	(4,387,680)
Other Operating Revenues	21,183	11,622	32,805	56,934
Other Operating Expenses	<u>(33,000)</u>	<u>-</u>	<u>(33,000)</u>	<u>(33,000)</u>
Net Cash Provided by Operating Activities	<u>2,815,633</u>	<u>83,139</u>	<u>2,898,772</u>	<u>1,304,441</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Operating Transfers – In From Other Funds	1,463,000	-	1,463,000	1,313,000
Operating Transfers – Out To Other Funds	<u>(1,649,456)</u>	<u>-</u>	<u>(1,649,456)</u>	<u>(2,227,191)</u>
Net Cash Used in Non-Capital Financing	<u>(186,456)</u>	<u>-</u>	<u>(186,456)</u>	<u>(914,191)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Payment on Capital Leases Acquisition and Construction on Capital Assets	(43,497)	(13,021)	(56,518)	(19,194)
Proceeds from Additional Borrowings on Construction Loans	(500,117)	(49,629)	(549,746)	(610,534)
Principal Payment on Construction Loans	431,191	-	431,191	1,943,199
Proceeds Received from a Sewer Levy	(1,314,364)	-	(1,314,364)	(1,219,850)
Interest Paid	726,483	-	726,483	716,195
	<u>(1,365,831)</u>	<u>(2,133)</u>	<u>(1,367,964)</u>	<u>(1,467,803)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(2,066,135)</u>	<u>(64,783)</u>	<u>(2,130,918)</u>	<u>(657,987)</u>

Continued

CITY OF EUCLID, OHIO

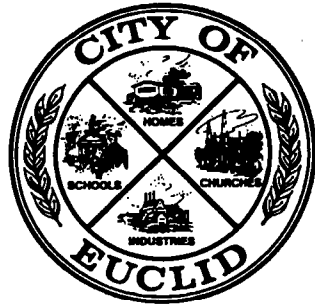
COMBINING STATEMENTS OF CASH FLOWS – ENTERPRISE FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Cash Flows From Investing Activities</u>				
Interest on Investments	659	-	659	126
Net Increase (Decrease) in Cash and Cash Equivalents	563,701	18,356	582,057	(267,611)
Cash and Cash Equivalents at Beginning of Year	4,800,280	360,038	5,160,318	5,427,929
Cash and Cash Equivalents at End of Year	\$ 5,363,981	\$ 378,394	\$ 5,742,375	\$ 5,160,318
<u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u>				
Operating Income (Loss)	\$ 1,351,061	\$ 31,260	\$ 1,382,321	\$ (843,963)
<u>Adjusting to Reconcile Operating Income (Loss) to Net Cash</u>				
Depreciation Expense	1,709,973	44,727	1,754,700	1,771,131
Decrease (Increase) in Accounts Receivable, Net	82,687	-	82,687	131,771
Increase (Decrease) in Accounts Payable	(197,531)	(1,730)	(199,261)	247,126
Decrease in Claims Payable	(33,000)	-	(33,000)	(33,000)
(Decrease) Increase in Accrued Wages and Benefits	(10,434)	(1,142)	(11,576)	41,632
(Decrease) Increase in Due to Other Governments	(15,197)	(2,007)	(17,204)	(10,846)
Decrease (Increase) in Inventory Of Supplies	(5,805)	2,566	(3,239)	590
Increase (Decrease) in Accrued Compensated Absences	(58,862)	10,039	(48,823)	-
Increase (Decrease) in Accrued Pension	(7,259)	(574)	(7,833)	-
Total Adjustments	1,464,572	51,879	1,516,451	2,148,404
Net Cash Provided by Operating Activities	\$ 2,815,633	\$ 83,139	\$ 2,898,772	\$ 1,304,441

Noncash Investments, Capital and Financial Activities

During the year, the City acquired fixed assets through capital leases in the amounts of \$548,704 and \$34,470 in the Waste Water and Golf Course Enterprise funds, respectively.



CITY OF EUCLID, OHIO

AGENCY FUNDS

Municipal Court Fund — Accounts for money received by the City's Municipal Court for fines and court costs which are distributed to the City, State and various other State Agencies.

Building Deposits Fund — Accounts for building deposits received and disbursed by the City's building and housing Department.

Other Agency Fund — Accounts primarily for the Workers Compensation which is charged to each fund monthly and deposited into this fund. Workers compensation is then paid to the state annually from this fund.

CITY OF EUCLID, OHIO

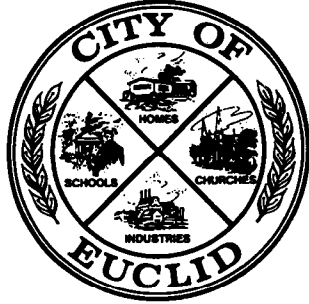
AGENCY FUNDS

COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
<u>MUNICIPAL COURT</u>				
<u>Assets</u>				
Restricted Cash and Cash Equivalents	\$ 201,739	\$ 2,716,043	\$ 2,719,466	\$ 198,316
Total Assets	<u>\$ 201,739</u>	<u>\$ 2,716,043</u>	<u>\$ 2,719,466</u>	<u>\$ 198,316</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 18,176	\$ 220,200	\$ 219,956	\$ 18,420
Interfund Payable	100,904	1,341,075	1,338,564	103,415
Deposits Held	<u>82,659</u>	<u>1,154,768</u>	<u>1,160,946</u>	<u>76,481</u>
Total Liabilities	<u>\$ 201,739</u>	<u>\$ 2,716,043</u>	<u>\$ 2,719,466</u>	<u>\$ 198,316</u>
<u>BUILDING DEPOSITS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 293,148	\$ 171,007	\$ 86,779	\$ 377,376
Accounts Receivable	-	<u>144,760</u>	-	<u>144,760</u>
Total Assets	<u>\$ 293,148</u>	<u>\$ 315,767</u>	<u>\$ 86,779</u>	<u>\$ 522,136</u>
<u>Liabilities</u>				
Deposits Held	<u>\$ 293,148</u>	<u>\$ 315,767</u>	<u>\$ 86,779</u>	<u>\$ 522,136</u>
Total Liabilities	<u>\$ 293,148</u>	<u>\$ 315,767</u>	<u>\$ 86,779</u>	<u>\$ 522,136</u>
<u>OTHER AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 493,660	\$ 27,937,720	\$ 27,806,036	\$ 625,344
Total Assets	<u>\$ 493,660</u>	<u>\$ 27,937,720</u>	<u>\$ 27,806,036</u>	<u>\$ 625,344</u>
<u>Liabilities</u>				
Deposits Held	<u>\$ 493,660</u>	<u>\$ 27,937,720</u>	<u>\$ 27,806,036</u>	<u>\$ 625,344</u>
Total Liabilities	<u>\$ 493,660</u>	<u>\$ 27,937,720</u>	<u>\$ 27,806,036</u>	<u>\$ 625,344</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 786,808	\$ 28,108,727	\$ 27,892,815	\$ 1,002,720
Restricted Cash and Cash Equivalents	201,739	2,716,043	2,719,466	198,316
Accounts Receivable	-	<u>144,760</u>	-	<u>144,760</u>
Total Assets	<u>\$ 988,547</u>	<u>\$ 30,969,530</u>	<u>\$ 30,612,281</u>	<u>\$ 1,345,796</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 18,176	\$ 220,200	\$ 219,956	\$ 18,420
Interfund Payable	100,904	1,341,075	1,338,564	103,415
Deposits Held	<u>869,467</u>	<u>29,408,255</u>	<u>29,053,761</u>	<u>1,223,961</u>
Total Liabilities	<u>\$ 988,547</u>	<u>\$ 30,969,530</u>	<u>\$ 30,612,281</u>	<u>\$ 1,345,796</u>

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF EUCLID, OHIO
GENERAL FIXED ASSETS

CITY OF EUCLID, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

AS OF DECEMBER 31, 2002

GENERAL FIXED ASSETS:

Land	\$ 8,945,894
Buildings and Improvements	30,891,853
Furniture, Fixtures and Equipment	<u>11,378,537</u>
Total General Fixed Assets	\$ <u>51,216,284</u>

INVESTMENTS IN GENERAL FIXED ASSETS FROM:

General Fund	\$ 10,830,175
Special Revenue Fund	2,697,529
Capital Projects Fund	25,955,778
Undistributed (1)	<u>11,732,802</u>
Total Investment in General Fixed Assets	\$ <u>51,216,284</u>

NOTE:

- (1) Unrealized amount represents general fixed assets prior to December 31, 1983 for which the sources of funds are not available.

CITY OF EUCLID, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

AS OF DECEMBER 31, 2002

<u>FUNCTION AND ACTIVITY</u>	<u>Land</u>	<u>Buildings And Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
General Government:				
Council	\$ -	\$ -	\$ 13,160	\$ 13,160
Court	-	-	170,673	170,673
Mayor	-	-	32,788	32,788
Finance	-	-	670,737	670,737
Law	-	-	56,478	56,478
General Operations	4,589,349	2,088,881	1,078,753	7,756,983
Building and Housing	-	30,459	209,104	239,563
Community Development Services	851,906	538,187	199,214	1,589,307
Economic Development	670,615	445,405	90,186	1,206,206
Building Maintenance	-	10,805	137,625	148,430
Engineering	-	-	68,175	68,175
Motor Maintenance	-	19,643	239,732	259,375
City Hall	<u>251,450</u>	<u>9,494,463</u>	<u>-</u>	<u>9,745,913</u>
Total General Government	<u>6,363,320</u>	<u>12,627,843</u>	<u>2,966,625</u>	<u>21,957,788</u>
Public Safety:				
Fire	278,150	1,710,062	1,958,673	3,946,885
Police	4,500	1,034,662	2,218,771	3,257,933
Traffic Control	-	38,975	102,059	141,034
Animal Shelter	<u>57,247</u>	<u>202,234</u>	<u>-</u>	<u>259,481</u>
Total Public Safety	<u>339,897</u>	<u>2,985,933</u>	<u>4,279,503</u>	<u>7,605,333</u>
Public Works:				
Sanitation	121,992	6,818,067	675,423	7,615,482
Public Properties	355,120	2,539,197	168,661	3,062,978
Streets	-	2,380,182	1,588,073	3,968,255
Water Main	<u>-</u>	<u>572,863</u>	<u>-</u>	<u>572,863</u>
Total Public Works	<u>477,112</u>	<u>12,310,309</u>	<u>2,432,157</u>	<u>15,219,578</u>
Recreation:				
Playgrounds	69,279	364,049	378,298	811,626
Pools	537,079	758,856	243,693	1,539,628
Parks	1,070,795	969,763	935,522	2,976,080
Cemetery	78,412	28,175	14,395	120,982
Historical Site	10,000	35,790	-	45,790
Arena	-	617,639	76,181	693,820
Community Center	<u>-</u>	<u>193,496</u>	<u>52,163</u>	<u>245,659</u>
Total Recreation	<u>1,765,565</u>	<u>2,967,768</u>	<u>1,700,252</u>	<u>6,433,585</u>
Total	\$ <u>8,945,894</u>	\$ <u>30,891,853</u>	\$ <u>11,378,537</u>	\$ <u>51,216,284</u>

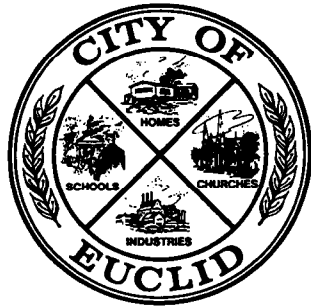
CITY OF EUCLID, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY PROGRAM AND DEPARTMENT

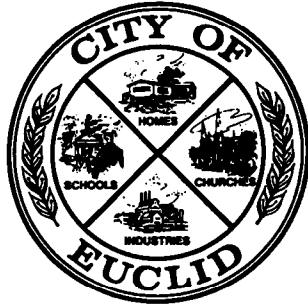
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deletions	Transfers	Balance December 31, 2002
FUNCTION AND ACTIVITY					
General Government:					
Council	\$ 13,160	\$ -	\$ -	\$ -	\$ 13,160
Court	159,787	17,767	6,881	-	170,673
Mayor	32,567	-	-	221	32,788
Finance	670,958	-	-	(221)	670,737
Law	56,478	-	-	-	56,478
General Operations	7,738,294	22,986	20,863	16,566	7,756,983
Building & Housing	239,563	-	-	-	239,563
Community Development Services	1,589,307	-	-	-	1,589,307
Economic Development	1,206,206	-	-	-	1,206,206
Building Maintenance	148,430	-	-	-	148,430
Engineering	60,785	-	-	7,390	68,175
Motor Maintenance	92,501	-	-	166,874	259,375
City Hall	<u>9,745,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,745,913</u>
Total General Government	<u>21,753,949</u>	<u>40,753</u>	<u>27,744</u>	<u>190,830</u>	<u>21,957,788</u>
Public Safety:					
Fire	3,920,102	26,783	-	-	3,946,885
Police	3,186,805	211,235	-	(140,107)	3,257,933
Traffic Control	128,069	12,965	-	-	141,034
Animal Shelter	<u>259,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,481</u>
Total Public Safety	<u>7,494,457</u>	<u>250,983</u>	<u>-</u>	<u>(140,107)</u>	<u>7,605,333</u>
Public Works:					
Sanitation	7,633,506	-	18,024	-	7,615,482
Public Properties	3,042,692	20,286	-	-	3,062,978
Streets	3,994,092	41,388	18,015	(49,210)	3,968,255
Water Main	<u>572,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,863</u>
Total Public Works	<u>15,243,153</u>	<u>61,674</u>	<u>36,039</u>	<u>(49,210)</u>	<u>15,219,578</u>
Recreation:					
Playgrounds	756,962	54,664	-	-	811,626
Pools	1,510,507	29,121	-	-	1,539,628
Parks	2,980,289	15,791	20,000	-	2,976,080
Cemetery	120,982	-	-	-	120,982
Historical Site	45,790	-	-	-	45,790
Arena	690,120	3,700	-	-	693,820
Community Center	<u>245,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,659</u>
Total Recreation	<u>6,350,309</u>	<u>103,276</u>	<u>20,000</u>	<u>-</u>	<u>6,433,585</u>
Total	\$ <u>50,841,868</u>	\$ <u>456,686</u>	\$ <u>83,783</u>	\$ <u>1,513</u>	\$ <u>51,216,284</u>

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF EUCLID, OHIO
STATISTICAL SECTION



CITY OF EUCLID, OHIO OPERATIONS STATISTICS

TABLE 1 — Expenditures by Function for all Funds.

TABLE 2 — Revenues by Source for all Funds.

CITY OF EUCLID, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
(AMOUNT IN 000's)**

LAST TEN FISCAL YEARS

TABLE 1

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets And Highways</u>	<u>Refuse Collection And Disposal</u>	<u>Public Health And Welfare</u>	<u>Culture/ Recreation</u>	<u>Community Development</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1993	\$ 7,702	\$ 14,746	\$ 2,443	\$ 1,174	\$ 729	\$ 1,836	\$ 1,169	\$ 3,536	\$ 8,067	\$ 41,402
1994	7,876	14,416	1,778	966	679	1,771	2,363	2,782	11,174	43,805
1995	8,016	15,730	1,748	1,387	321	2,028	2,701	235	28,517	60,683
1996	8,888	17,287	3,294	1,259	384	2,285	2,123	-	3,703	39,223
1997	9,395	17,711	2,804	1,553	420	2,933	2,360	-	3,290	40,466
1998	11,247	18,759	3,005	1,988	424	2,313	3,583	-	6,953	48,272
1999	14,922	20,640	5,493	2,210	410	2,983	2,228	-	3,956	52,842
2000	13,567	21,053	4,898	1,737	716	2,724	2,518	-	4,288	51,501
2001	11,948	21,246	5,612	1,862	482	2,739	3,611	-	4,643	52,143
2002	11,056	20,583	4,332	1,871	445	2,318	2,703	-	4,264	47,572

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

CITY OF EUCLID, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
(AMOUNTS IN 000's)**

LAST TEN FISCAL YEARS **TABLE 2**

Fiscal Year	Taxes	Intergovernmental	Charges For		License/Permit And Inspection Fees	Fines And Forfeitures	Investment Income	Other	Total
			Services	\$					
1993	\$ 25,606	\$ 1,849	\$ 2,338	\$ 1,162	142	1,162	418	\$ 3,099	(2) \$ 34,614
1994	26,850	2,377	2,656	1,169	237	1,169	424	723	34,436
1995	29,051	4,801	3,006	1,349	230	1,349	1,077	288	39,802
1996	29,823	4,591	3,063	1,557	197	1,557	1,294	758	41,283
1997	31,005	4,574	2,724	1,387	219	1,387	1,517	998	42,424
1998	33,401	5,195	3,491	1,642	218	1,642	1,403	416	45,766
1999	31,267	5,192	4,113	1,608	241	1,608	1,724	598	44,743
2000	31,502	5,252	4,063	1,464	260	1,464	1,650	845	45,036
2001	30,368	5,718	4,642	1,506	304	1,506	1,058	804	44,400
2002	26,811	5,377	4,150	1,364	306	1,364	297	630	38,935

NOTE: (1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
(2) Includes \$2,000,000 in revenue related to the recycling-transfer station agreement.

CITY OF EUCLID, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

TABLE 3

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent Of Delinquent Taxes To Levy</u>
1993	\$ 8,963,996	\$ 7,602,300	84.8%	\$ 207,223	\$ 7,809,523	87.1%	\$ 938,722	10.5%
1994	9,089,635	7,856,584	86.4	187,899	8,044,483	88.5	832,711	9.2
1995	8,644,603	7,616,218	88.1	174,516	7,790,734	90.1	628,556	7.3
1996	8,382,386	7,511,010	89.6	219,011	7,730,021	92.2	668,052	8.0
1997	9,057,723	7,372,636	81.4	167,871	7,540,507	83.2	700,358	7.7
1998	8,675,292	7,726,989	89.1	218,581	7,945,570	91.6	703,081	8.1
1999	7,397,989	7,103,735	96.0	223,873	7,327,608	99.0	590,818	7.9
2000	8,246,789	7,401,858	89.8	213,456	7,615,314	90.8	925,381	11.2
2001	8,106,268	7,125,178	87.9	174,586	7,299,765	90.1	715,050	8.8
2002	8,427,519	7,018,605	83.3	455,525	7,474,130	88.7	848,199	10.1

SOURCE: Cuyahoga County Auditor

CITY OF EUCLID, OHIO

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(AMOUNTS IN 000's)**

LAST TEN FISCAL YEARS

TABLE 4

Tax Collection Year	Real Property		Public Utility Property		Tangible Personal Property		Total	
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	\$ 565,830	\$ 1,616,657	\$ 44,309	\$ 44,309	\$ 121,361	\$ 485,444	\$ 731,500	\$ 2,146,410
1994	559,331	1,598,089	44,524	50,595	117,835	471,340	721,690	2,120,024
1995	618,820	1,768,056	44,078	50,088	111,021	444,083	773,919	2,262,227
1996	615,152	1,757,577	40,352	45,855	99,698	398,792	755,202	2,202,224
1997	614,788	1,756,537	38,624	43,891	111,984	447,936	765,396	2,248,364
1998	645,220	1,843,487	36,902	41,934	111,485	445,940	793,607	2,331,361
1999	643,826	1,839,502	36,010	40,920	110,781	443,124	790,617	2,323,546
2000	634,435	1,812,674	32,953	37,446	100,830	443,320	768,218	2,293,440
2001	694,216	1,983,474	31,693	36,015	102,559	410,236	828,469	2,429,725
2002	698,146	1,994,704	25,710	29,216	102,144	408,576	826,000	2,432,496

SOURCE: Cuyahoga County Auditor

NOTES: (1) The assessed value is computed at approximately the following percentages of estimated actual value: real property, 35%; public utilities, 88%; tangible personal property, 25%.

CITY OF EUCLID, OHIO

ASSESSED VALUE OF REAL PROPERTY BY CLASS (AMOUNT IN 000's)

LAST TEN FISCAL YEARS

TABLE 5

<u>Tax Collection Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Utility Real (1)</u>	<u>Total Real Property</u>
1993	\$ 373,556	\$ 134,165	\$ 57,881	\$ 228	\$ 565,830
1994	373,866	126,625	58,608	232	559,331
1995	426,026	138,123	54,398	273	618,820
1996	424,366	136,627	53,814	345	615,152
1997	424,531	137,425	52,462	370	614,788
1998	459,728	136,864	48,242	386	645,220
1999	459,091	135,744	48,573	418	643,826
2000	459,298	125,716	48,973	449	634,436
2001	502,678	132,244	58,858	436	694,216
2002	502,484	135,839	59,434	389	698,146

SOURCE: Cuyahoga County Auditor

NOTE: (1) Railroads are now the only values included in this class.

CITY OF EUCLID, OHIO

**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)**

LAST TEN FISCAL YEARS **TABLE 6**

Tax Collection Year	General Fund	(2) Recreation Operating	City of Euclid				Total City Rate	City, Library And School District		County Total
			Bond Retirement	(1) Special Revenue	Capital Improvement	Sewer Levy		District	Total	
1993	4.61	1.30	5.09	0.60	1.70	2.00	15.30	64.80	16.80	96.90
1994	6.56	1.30	5.04	0.00	1.70	2.00	16.60	64.80	16.80	98.20
1995	6.96	1.30	4.34	0.00	1.70	2.00	16.30	64.70	16.80	97.80
1996	6.96	1.30	3.94	0.00	1.70	2.00	15.90	65.40	16.60	97.90
1997	6.92	1.30	3.88	0.00	1.70	2.00	15.80	65.50	16.60	97.90
1998	6.92	1.30	3.88	0.00	1.70	2.00	15.80	65.40	16.60	97.80
1999	6.72	1.30	3.88	0.00	1.70	2.00	15.60	65.30	15.30	96.20
2000	6.72	1.30	3.88	0.00	1.70	2.00	15.60	72.20	15.30	103.10
2001	6.72	1.30	3.88	0.00	1.70	2.00	15.60	72.80	16.20	104.60
2002	6.72	1.30	3.88	0.00	1.70	2.00	15.60	73.10	16.20	104.90

SOURCE: Cuyahoga County Auditor

NOTES: (1) Comprised of a \$0.30 rate for police pension and fire pension levies, respectfully.
(2) The Recreation Operating rate was included in the General Fund rate prior to 1991.

CITY OF EUCLID, OHIO

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED PER CAPITA

LAST TEN FISCAL YEARS **TABLE 7**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Assessed Value (000's)</u>	<u>Gross General Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1993	54,875	\$ 731,500	\$ 16,924,800	\$ 974,351	\$ 15,950,449	0.022	\$ 290.67
1994	54,875	721,690	15,122,840	1,397,472	13,725,368	0.019	250.12
1995	54,875	773,919	23,515,880	3,570,884	19,944,996	0.026	363.46
1996	54,875	755,202	23,898,920	1,984,415	21,914,505	0.029	399.35
1997	54,875	765,396	22,266,960	2,580,322	19,686,638	0.026	358.75
1998	54,875	793,607	28,325,000	4,673,877	23,651,123	0.030	431.00
1999	54,875	790,617	27,915,000	4,566,409	23,348,591	0.030	425.49
2000	52,717	768,218	25,835,000	4,755,832	21,079,168	0.027	399.86
2001	52,717	828,469	35,325,000	3,533,956	31,791,044	0.038	603.05
2002	52,717	826,000	33,035,000	3,024,670	30,010,330	0.036	569.27

NOTE: (1) Population data for 1989 through 1990 is assumed to be the same as that of the 1980 census as no subsequent data is available.

CITY OF EUCLID, OHIO

COMPUTATION OF LEGAL DEBT MARGIN

DECEMBER 31, 2002

TABLE 8

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Value (2000 for 2001 Collection)	\$ 826,000,544	\$ 826,000,544
Legal Debt Limitation (Percent)	<u>10.50%</u>	<u>5.50%</u>
Legal Debt Limitation (Dollar)	<u>86,730,057</u>	<u>45,430,030</u>
Applicable Debt Outstanding	33,035,000	33,035,000
Less: Applicable Debt Service Fund Amounts	<u>3,024,670</u>	<u>3,024,670</u>
Net Indebtedness Subject to Limitation	<u>30,010,330</u>	<u>30,010,330</u>
Legal Debt Margin	\$ <u><u>56,719,727</u></u>	\$ <u><u>15,419,700</u></u>

NOTE: (1) Direct debt limitation based upon Section 133 of the Ohio Revised Code.

CITY OF EUCLID, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2002

TABLE 9

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City of Euclid (1)</u>	<u>Amount Applicable To City Of Euclid</u>
Direct:			
City of Euclid, Ohio	\$ 33,115,000	100.00%	\$ 33,115,000
Euclid City School District*	<u>13,247,440</u>	100.00	<u>13,247,440</u>
Total Direct Debt	<u>46,362,440</u>		<u>46,362,440</u>
Overlapping:			
Cuyahoga County* (2)	200,162,636	2.86%	5,724,651
Regional Transit Authority*	<u>136,310,000</u>	2.86%	<u>3,898,466</u>
Total Overlapping Debt	<u>336,472,636</u>		<u>9,623,117</u>
Total Direct and Overlapping Debt	\$ <u>382,835,076</u>		\$ <u>55,985,557</u>

*SOURCE: Cuyahoga County Auditor

- NOTES: (1) The percentage of indebtedness of the City's overlapping political subdivisions was determined by dividing the City's assessed valuation by the total assessed valuation of each overlapping subdivision.
- (2) The special taxing districts' debt (which includes the Cleveland Metropolitan Park District, Cuyahoga Community College and the Cleveland-Cuyahoga Port Authority) is included in the County total.

CITY OF EUCLID, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

LAST TEN FISCAL YEARS

TABLE 10

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio Of Debt Service To Total General Governmental Expenditures</u>
1993	\$ 1,781,960	\$ 1,262,472	\$ 3,044,432	\$ 41,402,000	0.07
1994	1,801,960	1,151,780	2,953,740	43,805,000	0.07
1995	8,746,960	908,497	9,655,457	60,683,000	0.16
1996	1,751,960	1,512,829	3,264,789	39,223,467	0.08
1997	1,631,960	1,346,415	2,978,375	40,465,908	0.07
1998	4,616,960	1,381,757	5,998,717	48,272,358	0.12
1999	2,035,000	1,570,559	3,605,559	52,674,063	0.07
2000	2,080,000	1,467,216	3,547,216	51,500,595	0.07
2001	2,005,000	1,649,881	3,654,881	52,143,513	0.07
2002	2,290,000	1,875,053	4,165,053	47,572,326	0.09

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

CITY OF EUCLID, OHIO

REVENUE LOAN COVERAGE

LAST TEN FISCAL YEARS

TABLE 11

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	
1993	\$ 11,934,273	\$ 8,496,791	\$ 3,437,482	\$ 151,261	\$ 923,696	\$ 1,074,957	3.20%
1994	10,450,750	7,507,468	2,943,282	361,299	1,252,615	1,613,914	1.82
1995	11,061,504	8,991,020	2,070,484	710,239	1,680,697	2,390,936	0.87
1996	9,478,725	7,811,294	1,667,431	756,587	1,690,356	2,446,943	0.68
1997	9,279,081	9,361,937	(82,856) (3)	807,942	1,682,148	2,490,090	(0.03)
1998	8,174,448	10,210,340	(2,035,892) (3)	863,334	1,583,607	2,446,941	(0.83)
1999	11,021,928	11,174,408	(152,480) (3)	850,695	1,450,526	2,301,221	(0.07)
2000	10,607,519	9,037,003	1,570,516	935,980	1,387,158	2,323,138	0.68
2001	10,941,808	11,112,666	(170,858) (3)	1,033,457	661,920	1,695,377	(0.10)
2002	11,059,168	8,980,923	2,078,245	1,107,956	1,330,339	2,438,295	0.85

NOTE: (1) Gross revenues represent all operating and non-operating revenues in the Waste Water Fund with the exception of proceeds of notes.
 (2) Direct operating expenses include expenses for personal services, materials and supplies, contractual services, utilities, depreciation and other.
 (3) The Waste Water Fund has experienced operating losses. This fund had available cash balances and retained earnings to offset the recent operating deficits.

CITY OF EUCLID, OHIO

PRINCIPAL AMOUNT OF GENERAL LONG- AND SHORT-TERM DEBT

LAST TEN FISCAL YEARS **TABLE 12**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
LONG-TERM INDEBTEDNESS:						
General Obligation Bonds -						
Sewer	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -
Grade Crossing	65,000	45,000	25,000	-	-	-
Various Purposes	22,146,960	27,165,000	25,185,000	21,320,000	26,785,000	24,795,000
Waterline Improvements	-	1,025,000	990,000	955,000	920,000	885,000
Peterson Improvements	-	-	-	-	4,175,000	4,030,000
Development Revenue Bonds	-	-	-	1,890,000	1,830,000	1,765,000
Waterline Improvements	-	2,145,000	2,080,000	2,005,000	1,930,000	1,845,000
Heritage Drive	-	-	1,715,000	1,670,000	1,615,000	1,560,000
OPWC Loan	-	-	3,667,713	4,107,055	6,243,219	6,902,549
Enterprise Debt – OWDA Loans	21,148,204	20,284,868	20,303,427	19,367,447	18,333,990	17,226,034
Enterprise Debt – Capital Lease	107,840	38,454	26,468	32,051	12,855	539,513
Total Long-Term	<u>43,523,004</u>	<u>50,703,322</u>	<u>53,992,608</u>	<u>51,346,553</u>	<u>61,845,064</u>	<u>59,548,096</u>

Continued

CITY OF EUCLID, OHIO

PRINCIPAL AMOUNT OF GENERAL LONG- AND SHORT-TERM DEBT (CONTINUED)

LAST TEN FISCAL YEARS

TABLE 12

	1997	1998	1999	2000	2001	2002
SHORT-TERM INDEBTEDNESS:						
General Obligation Bond						
Anticipated Notes -						
Equipment and Street Improvement	1,420,000	-	410,500	850,500	-	-
Incinerator	-	375,000	-	-	-	-
Fire vehicles and apparatus	-	-	-	234,000	-	-
Municipal building improvement	-	-	-	382,000	-	-
Motorized Equipment	2,020,000	-	221,500	465,500	-	-
Various Purposes	1,140,000	-	2,415,000	2,415,000	-	-
Field Lighting	830,000	-	-	-	-	-
Sanitary Sewers	2,090,000	-	-	-	-	-
Water Lines/Hydrants	1,000,000	-	-	2,200,000	-	-
Parklawn	-	2,040,000	2,810,000	2,810,000	-	-
Heritage	-	1,700,000	-	-	-	-
Jail Facility	-	-	68,000	68,000	-	-
Service Garage	-	-	600,000	600,000	-	-
Total Short-Term	8,500,000	4,115,000	6,525,000	10,025,000	-	-
Total Indebtedness	\$ 52,023,004	\$ 54,818,322	\$ 60,517,608	\$ 61,371,553	\$ 61,845,064	\$ 59,548,096

CITY OF EUCLID, OHIO

RATIO OF DEBT TO TOTAL POPULATION, ASSESSED VALUE OF REAL AND PERSONAL PROPERTY AND PER CAPITA INCOME

DECEMBER 31, 2002 **TABLE 13**

	1995	1996	1997	1998	1999	2000	2001	2002
Total Debt	\$ 48,790,259	\$ 49,877,868	\$ 52,023,004	\$ 54,818,322	\$ 60,517,608	\$ 61,371,553	\$ 61,845,064	\$ 59,548,096
Debt Per Capita	\$ 889.12	\$ 908.94	\$ 948.03	\$ 998.97	\$ 1,102.83	\$ 1,164.17	\$ 1,173.15	\$ 1,129.58
Percent Of Assessed Value	6.30%	6.60%	6.80%	6.91%	7.65%	7.99%	7.46%	7.21%
Debt Per Capita As A Percent Of Median Household Income	3.30%	3.38%	3.52%	3.71%	3.95%	3.31%	3.34%	3.21%

Note: (1) Per Capita Income From Complete 2000 U.S. Census was not available at time of printing.

CITY OF EUCLID, OHIO

PROPERTY VALUES, BANK DEPOSITS AND CONSTRUCTION

DECEMBER 31, 2002

TABLE 14

<u>Fiscal Year</u>	<u>Assessed Value Real And Personal Property (Amounts in 000's) (1)</u>	<u>Bank Deposits (Amounts in 000's) (2)</u>	<u>Building Permits Issued (3)</u>	
			<u>Number</u>	<u>Value</u>
1993	731,500	21,900,421	1,383	10,296,588
1994	721,690	20,885,453	1,161	17,242,834
1995	773,919	22,694,304	923	11,469,358
1996	755,202	27,068,211	1,060	10,170,356
1997	765,396	53,941,971 (4)	1,191	11,987,836
1998	793,607	58,904,596	1,132	11,398,567
1999	790,617	57,816,942	1,059	14,819,890
2000	768,218	61,943,764	1,115	25,979,662
2001	828,469	63,893,764	1,172	26,237,007
2002	826,000	95,761,917	1,286	39,586,980

SOURCES:

- (1) Cuyahoga County Auditor's Office Data Service (the values listed pertain to the year of collection).
- (2) Federal Reserve Bank of Cleveland (total demand, time and savings deposits for commercial banks in Cuyahoga County).
- (3) Division of Building and Housing, City of Euclid.
- (4) The majority of this increase is due to a merger/acquisition by Key Bank National Association.

CITY OF EUCLID, OHIO

PRINCIPAL PROPERTY TAXPAYERS – PERSONAL PROPERTY

DECEMBER 31, 2002

TABLE 15

<u>Property Owner</u>	<u>Assessed Value</u>	<u>Percent Of Total Assessed Value Of Real Property</u>	<u>Percent Of Total Assessed Value</u>
Lincoln Electric Company	\$ 16,624,110	16.28%	1.99%
Argo Tech Corporation	6,915,090	6.77%	0.83%
GE Lighting Inc	3,986,920	3.90%	0.48%
Turbine Engine Components	3,067,150	3.00%	0.37%
Rockwell International Corp. (Reliance Electric Industrial)	2,909,400	2.85%	0.35%
C S M Industries Incorporated	2,834,460	2.77%	0.34%
Stamco Industries, Inc.	2,687,500	2.63%	0.32%
Kerr Lakeside Incorporated	1,860,940	1.82%	0.22%
Adelphia of the Midwest, Inc.	1,761,480	1.72%	0.21%
Marine Mechanical Corp.	1,601,290	1.57%	0.19%
Mid America Steel Corp.	1,487,540	1.46%	0.18%
Park Ohio Holdings Corp.	1,445,500	1.42%	0.17%
K-Mart Corporation	1,368,930	1.34%	0.16%
Hose Master Inc	1,360,400	1.33%	0.16%
Motch Corporation	<u>1,286,920</u>	<u>1.26%</u>	<u>0.15%</u>
Total	\$ <u>51,197,630</u>	<u>50.12%</u>	<u>6.12%</u>
Total Assessed Value of Personal Property	\$ <u>102,144,004</u>	<u>100.00%</u>	<u>12.22%</u>
Total Assessed Value	\$ <u>836,000,544</u>		<u>100.00%</u>

Source: Cuyahoga County Auditor (MIS Department)

CITY OF EUCLID, OHIO

PRINCIPAL PROPERTY TAXPAYERS – REAL PROPERTY

DECEMBER 31, 2002

TABLE 16

<u>Property Owner</u>	<u>Assessed Value</u>	<u>Percent Of Total Assessed Value Of Real Property</u>	<u>Percent Of Total Assessed Value</u>
Lincoln Electric Company	\$ 12,224,820	2.43%	1.46%
Cleveland Electric Illuminating Co.	11,463,450	2.28%	1.37%
Ohio Bell Telephone Company	9,996,990	1.99%	1.20%
Indian Hills Senior Community, Inc.	8,263,500	1.64%	0.99%
Argo Tech Corporation	7,728,840	1.54%	0.92%
Aerc-Watergate, Inc.	7,053,800	1.40%	0.84%
Harbor Crest Ltd.	5,335,060	1.06%	0.64%
Troy CMBS Property, LLC.	4,566,630	0.91%	0.55%
Willo Arms Associates, LTD	4,222,670	0.84%	0.51%
Depot Land Co.	3,865,990	0.77%	0.46%
Reliance Electric & Engine Co.	3,761,210	0.75%	0.45%
Euclid Square Investments, LLC	3,600,800	0.72%	0.43%
Horizon House, LTD	3,526,250	0.70%	0.42%
Euclid Realty, LLC	3,108,700	0.62%	0.37%
Euclid Hill Villa	<u>3,054,730</u>	<u>0.61%</u>	<u>0.37%</u>
Total	\$ <u>91,773,440</u>	<u>18.26%</u>	<u>10.98%</u>
Total Assessed Value of Real Property	\$ <u>502,484,040</u>	<u>100.00%</u>	<u>60.11%</u>
Total Assessed Value	\$ <u>836,000,544</u>		<u>100.00%</u>

Source: Cuyahoga County Auditor (MIS Department)

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2002

TABLE 17

POPULATION

<u>Year</u>	<u>Population (1)</u>	<u>Increase (Decrease) (1)</u>	<u>Percent Increase (Decrease) (1)</u>	<u>County Population (2)</u>	<u>State Population (2)</u>
1940	17,866	5,115	40.1 %	1,217,250	6,907,612
1950	41,396	23,530	131.7	1,389,532	7,946,627
1960	62,998	21,602	52.2	1,647,895	9,706,397
1970	71,552	8,554	13.6	1,721,300	10,652,017
1980	59,999	(11,553)	(16.1)	1,498,400	10,797,630
1990	54,875	(5,124)	(8.5)	1,412,140	10,847,115
2000	52,717	(2,158)	(3.9)	1,393,978	11,353,140

AGE DISTRIBUTION (1)

Median age (years) = 38.9

<u>Age</u>	<u>Total</u>	
	<u>Number</u>	<u>Percentage</u>
0-4	3,327	6.3%
5-9	3,353	6.4
10-14	3,295	6.3
15-19	2,804	5.3
20-24	2,598	4.9
25-34	7,640	14.5
35-44	8,525	16.2
45-54	6,703	12.7
55-59	2,337	4.4
60-64	2,023	3.8
65-74	4,397	8.3
75-84	4,197	8.0
85+	1,518	2.9
Total	<u>52,717</u>	<u>100.0%</u>

SOURCES:

- (1) U.S. Census Bureau, Census 2000
- (2) City of Cleveland

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS (CONTINUED)

DECEMBER 31, 2002

TABLE 17

DISTRIBUTION OF HOUSEHOLDS BY INCOME BRACKET – 2000

<u>Income</u>	<u>Number</u>	<u>Percent Of all Households</u>
\$ 0 to 9,999	2,636	10.8%
\$ 10,000 to 14,999	1,686	6.9%
\$ 15,000 to 24,999	4,137	17.0%
\$ 25,000 to 34,999	3,640	15.0%
\$ 35,000 to 49,999	4,547	18.7%
\$ 50,000 to 74,999	4,499	18.5%
\$ 75,000 to 99,999	2,071	8.5%
\$ 100,000 to 149,999	798	3.3%
\$ 150,000 to 199,999	186	0.8%
\$ 200,000 or more	<u>112</u>	<u>0.5%</u>
	<u>24,312</u>	<u>100.0%</u>
Median household income		\$ 35,151
Per capita income		\$ 19,664

HOUSEHOLD TYPE (TOTAL HOUSEHOLDS – 24,353)

	<u>Number</u>
TOTAL HOUSEHOLDS	24,353
FAMILY HOUSEHOLDS (FAMILIES)	13,484
With own children under 18 years	6,071
Married Couple family	8,831
With own children under 18 years	3,586
Female Householder, no husband present	3,711
With own children under 18 years	2,089
Nonfamily Households	10,869
Householder living alone	9,677
Total Households with Persons 65+ years of age	7,515

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS (CONTINUED)

DECEMBER 31, 2002

TABLE 17

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
HOUSEHOLD SIZE				
Average Number of Persons Per unit (Total Units)	2.85	2.30	2.70	2.14
HOUSING UNITS:				
Units Occupied	24,768	25,504	24,894	24,353
Owner Occupied	14,211	14,868	14,608	14,478
Renter Occupied	10,577	10,636	10,286	9,875
Total Units	25,303	26,396	26,586	26,123
 Average household size of owner-occupied units			2.34	
Average household size of renter-occupied units			1.84	

SOURCE: U.S. Census Bureau, Census 2000

CITY OF EUCLID, OHIO

MISCELLANEOUS STATISTICAL DATA

DECEMBER 31, 2002

TABLE 18

GOVERNMENT:	Charter	Mayor and Council
	Founded	1797
	Township	1809
	Village	1903
	City	1931
POPULATION	Census 2000	52,717
AREA:	10.83 square miles (6,592 acres)	
ALTITUDE	700 feet above sea level	
CLIMATE:	Mean annual temperature	51 degrees Fahrenheit
	Average rainfall	33.5 inches
CITY STATISTICS:	Streets	143.065 miles (1.181 unpaved)
	Interstate Route 90	3.06 miles
	South Spur	1.65 miles
	Sewers	262.38 miles
	Water Mains	139.65 miles
HIGHWAYS:	U.S. Routes	6 – 20
	State Routes	2 – 175 – 283
	Interstate	90 (Lakeland Freeway), direct link with I-271 and I-77
POLICE:	Stations	1
	Mini Station	1
	Men	105
	Equipment (pieces)	59
	School guards	27
	Auxiliary	35
	Dispatchers	17
	Administrative personnel	14
	Corrections officers	42
Humane officer	5	
FIRE:	Stations	4
	Men	89
	Equipment (pieces)	20
ASSESSED VALUATION:	\$826,000,544; \$104.60 per \$1,000 combined millage (effective tax rate commercial/industrial \$79.48 per \$1,000)	
NUMBER OF DWELLINGS:	Total units	26,123

CITY OF EUCLID, OHIO

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

DECEMBER 31, 2002

TABLE 18

BANKS:	Banks and Savings & Loans	9
	Branches	15
CHURCHES:	Total	25
	Denominations	13
BUILDINGS:	Permits issued in 2001	1,286
	Valuation	\$39,586,980
INDUSTRY:	Manufacturing plants	150
	Products	Machines, automobile parts, electrical, welding equipment and small machine shop specialties, aerospace
RAILROADS:	Con-Rail	2
	Norfolk & Southern	
BUS LINES:	Regional Transit Authority (Cuyahoga County)	
MEDICAL:	Euclid Hospital	339 beds (includes Extended Care Unit)
	University Mednet Euclid Clinic	
	Medical Clinics	3
	Industrial	2
	Immediate Care Centers	4
EDUCATION:	Public Elementary (K-4)	4
	Public Magnet (K-6)	1
	Public Magnet (5-6)	1
	Public Middle School (7-8)	1
	Public Senior High (9-12)	1
	Private and Parochial	6
	Enrollment -- Public	6,005
	Enrollment -- Private	2,414
	Teachers (Administrative Personnel included)	415
	Colleges (in County)	13
LIBRARIES:	Public libraries	1
	Volumes available	270,759
	Visual aids	43,235
NEWSPAPERS:	Daily	2
	Weekly	1

CITY OF EUCLID, OHIO

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

DECEMBER 31, 2002

TABLE 18

LODGING:	Motels	1
SHOPPING CENTERS:	Including enclosed mall	4
RECREATION FACILITIES:	Recreation centers	1 (football, soccer, etc.)
	Lighted sports areas	1
	Parks -	3
	Euclid Park	17.5 acres
	Memorial Park	52 acres
	Sims Park	33.5 acres
	Metropolitan	233 acres
	Playgrounds -	
	Supervised	1
	Unsupervised	18
	Tennis courts	31 (10 lighted)
	Basketball courts	9
	Soccer fields	7
	Sand volleyball courts	3
	Bocci courts	2
	Ball diamonds	19 (6 lighted)
	Enclosed ice arena	1
	Batting cage	1 (7 units)
	Swimming Pools -	
	Indoor deep water	3 (45' x 75')
	Outdoor deep water	1 (75' x 150')
	Neighborhood deep water	1 (30' x 80')
	Neighborhood shallow water	4 (35' x 80')
	Golf course -	
	City owned public course	18 holes – 126 acres
PUBLIC MEETINGS:	Euclid Council	First and third Monday each month (7:00 p.m.)
	Zoning Board	Third Tuesday each month
	Civil Service Commission	First and third Tuesday each month
	Recreation Commission	Fourth Tuesday each month
	Architectural Review	Fourth Thursday each month

CITY OF EUCLID, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (AMOUNTS IN 000's)

DECEMBER 31, 2002

TABLE 19

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected (1)</u>
1993	121	120
1994	146	141
1995	146	142
1996	515 (2)	182
1997	156	147
1998	197	191
1999	209	198
2000	325	405
2001	238	243
2002	238	184

(1) Includes delinquents, penalties and interest.

(2) Includes a special assessment of \$329,034 for the demolition of a building.

Source: Cuyahoga County Auditor

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE

AS OF DECEMBER 31, 2002

TABLE 20

Type of Coverage	Policy Period		Coverage Limits		Annual Premium
	From	To			
Building & Contents	10/1/2002	10/1/2003	\$ 88,365,980	Blanket Coverage	\$ 48,166
			\$ 10,000	Deductible	
Boiler & Machinery	10/1/2002	10/1/2003	\$ 50,000,000	Blanket comprehensive	\$ 4,059
			\$ 10,000	Deductible	
Automobile Physical Damage	10/1/2002	10/1/2003		Comp/Collision physical for vehicles with a value of \$50,000 or more.	prem above
			\$ 5,000	Deductible	
Extra Expense	10/1/2002	10/1/2003	\$ 1,000,000	Blanket coverage at scheduled locations	prem above
			\$ 1,000	Deductible	
Valuable Papers & Records	10/1/2002	10/1/2003	\$ 100,000	Blanket coverage at all locations	prem above
			\$ 1,000	Deductible	
Accounts Receivable Insurance	10/1/2002	10/1/2003	\$ 100,000	Blanket coverage at all locations	prem above
			\$ 1,000	Deductible	
Miscellaneous Articles	10/1/2002	10/1/2003		All Risk ACV coverage	prem above
Scheduled Floater Insurance			\$ 3,170,926	Blanket coverage	prem above
Contractor's Equipment in the Open			\$ 1,000	Deductible	
Radios & Communications Equipment			\$ 50,000	Up to	prem above
			\$ 1,000	Deductible	

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE (CONTINUED)

AS OF DECEMBER 31, 2002

TABLE 20

Type of Coverage	Policy Period		Coverage Limits		Annual Premium
	From	To			
Television Broadcasting on/off Premises			\$ 196,920	Blanket coverage 1,000 Deductible	prem above
Electronic Data Processing Equipment			\$ 957,150	Blanket coverage 1,000 Deductible	prem above
Money & Securities	10/1/2002	10/1/2003	\$ 25,000	Broad form inside outside premises 250 Deductible	prem above
Public Employees Faithful Performance Blanket Position Bond	10/1/2002	10/1/2003	\$ 100,000	Blanket coverage for all employees including all required by ECO to provide a bond. Endorsed to Employee Dishonesty.	prem above
			\$ 50,000	Forgery	
			\$ 250	Deductible	
Business Income	10/1/2002	10/1/2003	\$ 1,220,000	Briardale Greens Golf Course 1,000 Deductible	prem above
Consequential Loss	10/1/2002	10/1/2003	\$ 15,000	Coverage	prem above
Newly Acquired or Constructed Property (up to 180 days)	10/1/2002	10/1/2003	\$ 1,000,000	Coverage	prem above
			\$ 10,000	Deductible	
Personal Property of Others (per person)	10/1/2002	10/1/2003	\$ 2,500	Employee	prem above
			\$ 1,000	Volunteer	
			\$ 50,000	Maximum per occurrence	

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE (CONTINUED)

AS OF DECEMBER 31, 2002

TABLE 20

Type of Coverage	Policy Period		Coverage Limits		Annual Premium
	From	To			
Property Off Premises	10/1/2002	10/1/2003	\$ 100,000	Coverage	prem above
			\$ 10,000	Deductible	
Personal Property in Transit	10/1/2002	10/1/2003	\$ 100,000	Coverage	prem above
			\$ 10,000	Deductible	
Fire Protection Device Recharge/Refill	10/1/2002	10/1/2003	\$ 10,000	Coverage	prem above
			\$ 10,000	Deductible	
Fire Department Service Charge	10/1/2002	10/1/2003	\$ 25,000	Liability	prem above
			\$ 10,000	Deductible	
Inventory or Appraisal	10/1/2002	10/1/2003	\$ 10,000	Coverage	prem above
Fine Arts	10/1/2002	10/1/2003	\$ 100,000	Coverage	prem above
\$5,000 maximum per item			\$ 1,000	Deductible	
Ordinance or Law	10/1/2002	10/1/2003	15%	Greater of \$500,000 Of building value	prem above
Communications Tower	10/1/2002	10/1/2003	\$ 100,000	Coverage	prem above
Property in Transit	10/1/2002	10/1/2003	\$ 250,000	Coverage	prem above
Miscellaneous Property	10/1/2002	10/1/2003	\$ 100,000	Coverage	prem above
			\$ 1,000	Deductible	

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE (CONTINUED)

AS OF DECEMBER 31, 2002

TABLE 20

Type of Coverage	Policy Period		Coverage Limits	Annual Premium
	From	To		
Trees, Shrubs & Landscaping	10/1/2002	10/1/2003	\$ 25,000 Coverage \$ 1,000 Deductible	prem above
Golf Course Greens & Tees	10/1/2002	10/1/2003	\$ 50,000 Coverage \$ 1,000 Deductible	prem above
Sewer Back Up	10/1/2002	10/1/2003	\$ 25,000 Coverage \$ 10,000 Deductible	prem above
C-Mac Premium is reimbursed by Cuyahoga County	10/1/2002	10/1/2003	\$ 1,000,000 CSL Liability \$ 500 Deductible -- Collision \$ 250 Deductible -- Other Than Collision	\$ 1,198
Mayor's Bond	01/1/1999	11/30/2004	\$ 25,000 Official Bond and Oath	\$ 284
Finance Director's Bond	10/1/2002	10/1/2003	\$ 25,000 Coverage	prem above
Vital Statistics Registrar's Board	10/1/2002	10/1/2003	\$ 25,000 Coverage	prem above

City Of Euclid, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 2002

CITY OF EUCLID, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards.....	5
Notes to the Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings OMB Circular A-133 Section .505	7-8
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b).....	9
Response to Findings Associated with Audit Conducted in Accordance with <i>Government Auditing Standards</i> for the Year Ended December 31, 2002.....	10



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

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

**Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the City Council of the
City of Euclid, Ohio

We have audited the financial statements of the City of Euclid as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Euclid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2002-03. We also noted certain immaterial instances of noncompliance, which we have reported to management of the City of Euclid in a separate letter dated May 23, 2003

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Euclid's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Euclid's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-01 and 2002-02.



Members of the City Council of the
City of Euclid, Ohio

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

Cini & Parichi, Inc.

Cleveland, Ohio
May 23, 2003



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

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Members of the City Council of the
City of Euclid, Ohio

Compliance

We have audited the compliance of the City of Euclid, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City of Euclid's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Euclid's management. Our responsibility is to express an opinion on the City of Euclid's compliance based on our audit.

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

In our opinion, the City of Euclid complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.



Members of the City council of the
City of Euclid, Ohio

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Euclid as of and for the year ended December 31, 2002, and have issued our report there dated May 23, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Cini & Parichi, Inc.

Cleveland, Ohio
May 23, 2003

CITY OF EUCLID, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
U.S. Department of Housing and Urban Development Community Development Block Grant Entitlement Grant Special Purpose Grant Program Total U.S. Department of Housing and Urban Development	14.218 14.218	N/A N/A	\$ 1,490,312 <u>36,204</u> 1,526,516	\$ 1,506,250 <u>22,654</u> 1,528,904
U.S. Department of Justice: COPS In School Program Local Law Enforcement Block Grant Weed and Seed Asset Forfeiture Total U.S. Department of Justice	16.710 16.710 16.595 16.595	N/A N/A N/A N/A	20,885 31,252 103,167 43,993 <u>199,297</u>	20,885 38,936 105,121 60,196 <u>225,138</u>
Federal Emergency Management Agency Wellness and Fitness Total Federal Emergency Management Agency	83.554	N/A	20,885 <u>20,885</u>	2,633 <u>2,633</u>
U.S. Department of Transportation: Pass-Through Program From: Ohio Department of Transportation: Highway Planning and Construction Total U.S. Department of Transportation	20.205	N/A	74,113 <u>74,113</u>	74,113 <u>74,113</u>
U.S. Department of Health and Human Services: Pass-Through Program From: State Department of Aging and the Western Reserve Area Agency on Aging: Special Programs for the Aging – Title III, Part C - Nutrition Services Total U.S. Department of Health and Human Services Total Expenditures of Federal Awards	93.045	N/A	55,771 <u>55,771</u> 1,725,813	55,500 <u>55,500</u> 1,886,288

The accompanying notes are an integral part of this schedule

CITY OF EUCLID, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Euclid provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant Entitlement Grants	14.218	\$ 32,661

CITY OF EUCLID, OHIO

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

DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant CFDA No. 14.218
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B:>All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

2002-01 Fixed Asset Recordkeeping

Although formal procedures to ensure the proper maintenance of fixed asset records do exist, fixed asset additions and disposals are not being recorded on a timely basis. This could result in the City reporting an overstated or understated fixed asset balance.

We understand that the City has implemented a new fixed asset system and obtained additional staff to aid in fixed asset maintenance. We recommend that the City ensure this system and staff member facilitate reliable and timely fixed asset reporting.

CITY OF EUCLID, OHIO

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

DECEMBER 31, 2002

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

2002-02 Fixed Assets Detail Report

During our audit, we noted that a comprehensive fixed asset detail list for governmental fixed assets does not exist. The lack of a detail listing could result in an overstatement or understatement of total assets. Due to the fact that original costs are unknown at the time of disposal, an estimated cost must be calculated.

We recommend that the City establish a comprehensive fixed asset list for the governmental fixed assets. This would eliminate the necessity to estimate the cost of fixed assets at the time of disposal.

2002-03 Issuance of Purchase Orders

Per ORC Section 5705.41(D), no orders or contracts involving the expenditure of money are to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During our review of expenditures, Ciuni & Panichi, Inc. noted instances where purchase orders were issued after the City received the invoice.

3. FINDINGS FOR FEDERAL AWARDS

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

CITY OF EUCLID, OHIO

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

DECEMBER 31, 2002

Finding No.	Finding Summary	Fully Corrected?	Explanation
2001-01	Fixed Asset Recordkeeping	No	The City has purchased governmental fixed asset management system software but has not yet entered into it the data from their independent appraisal.
2001-02	Fixed Asset Detail Report	No	A fixed asset detail report should be available after the City has input the data into their new fixed asset system (referred to in 2000-01 above).
2001-03	Issuance of Purchase Orders	No	The City was in non-compliance again in 2002.

CITY OF EUCLID

585 EAST 222nd STREET
EUCLID, OHIO 44123
(216) 289-2700

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-01	A Fixed Asset module within the City's financial management system was made available to a member of the Finance Department responsible for the fixed asset recordkeeping. In addition, the City has recently purchased a governmental fixed asset management system software program. This system will allow for better recordkeeping and reporting of the City's fixed assets. All fixed assets recorded during the independent appraisal completed at December 31, 1994 will be loaded into this new system. Additions and disposals of fixed assets subsequent to December 31, 1994 will also be incorporated into this new system.	December 31, 2003	Richard T. Balazs, Finance Director
2002-02	A more complete fixed asset detail report will be available as the fixed asset management system mentioned in Finding 2002-01 is implemented.	December 31, 2003	Richard T. Balazs, Finance Director
2002-03	The City will monitor expenditures to ensure that they have been properly encumbered.	December 31, 2003	Richard T. Balazs, Finance Director



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF EUCLID

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 5, 2003**