

CITY OF BEREA, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398
www.auditor.state.oh.us

Honorable Mayor, Finance Director,
Clerk of Courts, and Members of Council
City of Berea
11 Berea Commons
Berea, Ohio 44017

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

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

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

JIM PETRO
Auditor of State

July 10, 2002

This Page is Intentionally Left Blank.

CITY OF BEREA, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001

TABLE OF CONTENTS

	<u>PAGE</u>
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7-8
Status of Prior Citations and Recommendations	9

This Page is Intentionally Left Blank.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Honorable Mayor, Finance Director, and
Members of Council
City of Berea, Ohio

We have audited the general purpose financial statements of the City of Berea, Ohio (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated May 10, 2002. The City adopted Governmental Accounting Standards Board Statements 33 and 36 for the year ended December 31, 2001, as described in Note 2 to the general purpose financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance which we have reported to the management of the City of Berea in a separate letter dated May 10, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control and noncompliance over financial reporting that we have reported to the management of the City in a separate letter dated May 10, 2002.

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

May 10, 2002

James G. Zupka
Certified Public Accountant

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Honorable Mayor, Finance Director,
and Members of City Council
City of Berea, Ohio

Compliance

We have audited the compliance of the City of Berea, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The City of Berea, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Berea, Ohio's management. Our responsibility is to express an opinion on the City of Berea, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 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 Berea, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Berea, Ohio's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City of Berea, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Berea, Ohio’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. We noted immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated May 10, 2002.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the City of Berea, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 10, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of the City of Berea, Ohio. 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 for the information and use of the audit committee, members of City Council, management, 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.

May 10, 2002

James G. Zupka
Certified Public Accountant

CITY OF BEREA, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Pass Through Entity Identifying Number	Revenues/ Receipts	Expenditures/ Disbursements
<u>United States Department of Housing and Urban Development</u>				
Passed through the Ohio Department of Development				
Community Development Block Grant - Exterior Maintenance	14.219	CE12527-01	\$ 33,493	\$ 48,938
Community Development Block Grant - West 5 th Water Main	14.218	CE11560-01	133,635	156,987
Community Development Block Grant - Bevans Monroe Stanmary	14.218		29,649	0
Total Community Development Block Grant			<u>196,777</u>	<u>205,925</u>
Total United States Department of Housing and Urban Development			<u>196,777</u>	<u>205,925</u>
<u>United States Department of Justice</u>				
COPS Universal Hiring Award Grant	16.710		15,000	15,000
Total United States Department of Justice			<u>15,000</u>	<u>15,000</u>
<u>United States Department of Transportation</u>				
Pass Through the Ohio Department of Transportation				
Highway Planning and Construction (Federal Aid Highway Program)	20.205	PID18025	147,139	152,797
Total United States Department of Transportation			<u>147,139</u>	<u>152,797</u>
Total Expenditures of Federal Awards			<u><u>\$ 358,916</u></u>	<u><u>\$ 373,722</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF BEREA, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1: **GENERAL**

The accompanying Schedule of Expenditures of Federal Awards of the City of Berea, Ohio, presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note 1 to the City's general purpose financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2001.

	<u>Receipt Recognized</u>	<u>Direct Program Expenditures</u>
<u>Department of HUD</u>		
Community Development -		
Cash Basis	\$ 196,777	\$ 205,925
Accrual Adjustment	0	0
Community Development - Accrual Basis	\$ 196,777	\$ 205,925
<u>Department of Justice</u>		
Cash Basis	\$ 15,000	\$ 15,000
Accrual Adjustment	0	0
Department of Justice - Accrual Basis	\$ 15,000	\$ 15,000
<u>Department of Transportation</u>		
Cash Basis	\$ 147,139	\$ 152,797
Accrual Adjustment	0	0
Department of Transportation - Accrual Basis	\$ 147,139	\$ 152,797

CITY OF BEREA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2001

1. **SUMMARY OF AUDITOR'S RESULTS**

2001(i)	Type of Financial Statement Opinion	Unqualified
2001(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2001(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2001(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2001(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2001(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2001(v)	Type of Major Programs' Compliance Opinions	Unqualified
2001(vi)	Are there any reportable findings under .510?	No
2001(vii)	Major Programs (list):	<ol style="list-style-type: none"> 1. Highway Planning and Construction (Federal Aid Highway Program) 2. Community Development Block Grant
2001(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2001(ix)	Low Risk Auditee?	No

CITY OF BEREA, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2001

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

CITY OF BEREA, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

The prior audit report, as of December 31, 2000, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

This Page is Intentionally Left Blank.

CITY OF BEREA, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2001

Prepared by the Department of Finance
Dana J. Kavander, CPA, CFE, CIA, Director of Finance
Andrea D. Morris, Assistant Director of Finance

Cover Story: In honor of the tragic events of September 11, 2001, the City pays tribute to all veterans, active military and reserve personnel, and police, fire and rescue workers.

(THIS PAGE INTENTIONALLY LEFT BLANK.)

CITY OF BEREA, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2001
 Table of Contents

	Page
I. Introductory Section	
Title Page	i
Table of Contents	iii
Letter of Transmittal	ix
Certificate of Achievement	xx
Organizational Chart	xxi
List of Principal Officials	xxii
 II. Financial Section	
Report of Independent Accountants	1
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types	14
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types	15
Combined Statement of Cash Flows - All Proprietary Fund Types	18
Notes to the General Purpose Financial Statements	20
Combining, Individual Fund and Account Group Statements and Schedules	
 Governmental Funds:	
<i>General Fund:</i>	
Description of Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	55

CITY OF BEREA, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2001
 Table of Contents (continued)

	Page
<i>Special Revenue Funds:</i>	
Description of Funds	59
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
Recreation Fund	74
Municipal Income Tax Fund	75
State Highway Fund	76
Street Construction, Maintenance & Repair Fund	77
Fire Pension Transfer Fund	78
Police Pension Transfer Fund	79
COPS Grant Fund	80
Street Lighting Fund	81
Tri-City Senior Center Fund	82
Community Hospital Fund	83
Community Development Block Grant Fund	84
Municipal Vehicle Tax Levy Fund	85
Law Enforcement Fund	86
Probation Fund	87
Indigent Drivers Alcohol Treatment Fund	88
DUI Education Fund	89
DUI Housing Cost Fund	90
Indigent Driving School Fund	91
Court Computer Fund	92
Court Computer Research Fund	93
State Highway Patrol Fund	94
Mayor's Special Project Fund	95
All Special Revenue Funds	96
 <i>Debt Service Funds:</i>	
Description of Funds	98
 <i>Capital Projects Funds:</i>	
Description of Funds	99
Combining Balance Sheet	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	102

CITY OF BEREA, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2001
 Table of Contents (continued)

	Page
<i>Capital Projects Funds (Continued):</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Improvement Fund	104
Safety Capital Improvement Fund	105
Sewer Capital Improvement Fund	106
Water Capital Improvement Fund	107
Recreation Capital Improvement Fund	108
Railroad Capital Improvement Fund	109
All Capital Improvement Funds	110
 Proprietary Funds:	
<i>Enterprise Funds:</i>	
Description of Funds	111
Combining Balance Sheet	112
Combining Statement of Revenues, Expenses and Changes in Fund Equity	114
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual	
Water Revenue Fund	115
Sewer Revenue Fund	116
All Enterprise Funds	117
Combining Statement of Cash Flows	118
 <i>Internal Service Funds:</i>	
Description of Funds	120
Combining Balance Sheet	121
Combining Statement of Revenues, Expenses and Changes in Fund Equity	122
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual	
Medical Benefits Fund	123
Property & Liability Fund	124
All Internal Service Funds	125
Combining Statement of Cash Flows	126

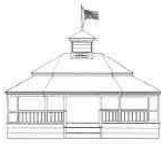
CITY OF BEREA, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2001
 Table of Contents (continued)

	Page
<i>Fiduciary Funds:</i>	
<i>Expendable Trust and Agency Funds:</i>	
Description of Funds	129
Combining Balance Sheet - All Trust and Agency Funds	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Expendable Trust Funds	132
Schedule of Revenues, Expenses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
Unclaimed Monies Trust Fund	133
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	134
 <i>General Fixed Assets Account Group:</i>	
Description of Account Group	138
Schedule of General Fixed Assets - By Sources	139
Schedule of General Fixed Assets by Function and Activity	140
Schedule of Changes in General Fixed Assets By Function and Activity	142
 III. Statistical Section	
General Fund Expenditures by Function - Last Ten Years	S-2
General Fund Revenues by Source - Last Ten Years	S-4
Property Tax Levies and Collections - Last Ten Years	S-6
Assessed Valuation and Estimated True Values of Taxable Property - Last Ten Years	S-7
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	S-8
Special Assessment Collections - Last Ten Years	S-9
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Years	S-10
Computation of Legal Debt Margin	S-11

CITY OF BEREA, OHIO
Comprehensive Annual Financial Report
For the Year Ended December 31, 2001
Table of Contents (continued)

	Page
III. Statistical Section (Continued)	
Computation of Direct and Overlapping Debt	S-12
Ratio of Annual Debt Principal Expenditures for General Bonded Debt to Total General Fund Expenditures	S-13
Demographic Statistics	S-14
Construction and Bank Deposits - Last Ten Years	S-15
Principal Taxpayers	S-16
Miscellaneous Statistics	S-17

(THIS PAGE INTENTIONALLY LEFT BLANK.)



CITY OF BEREA

"The Grindstone City"

Joseph W. Biddlecombe
Mayor

11 Berea Commons
Berea, Ohio 44017
(440) 826-5800
Fax: (440) 826-1446

website: www.bereaohio.com

May 10, 2002

Honorable Mayor Joseph W. Biddlecombe
Members of City Council
Citizens of Berea, Ohio

We are pleased to submit the Comprehensive Annual Financial Report of the City of Berea for the fiscal year ended December 31, 2001. Responsibility for both the accuracy of the information contained herein, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects 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: introductory, financial, and statistical. The introductory section includes a table of contents, the letter of transmittal, a list of principal elected and appointed officials, and City's organizational charts. The financial section includes the independent accountants' report on the financial statements and schedules, the general purpose financial statements, and the combining individual fund and account group statements and schedules. The statistical section includes selected financial and demographic data that provide users a summarized history of information.

A reporting entity includes 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 includes all funds, departments, and activities that are part of the legal entity. 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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes.

Using these criteria, the City includes all City departments, boards, and commissions whose activities are directly controlled by the City Council through the budgetary process. The City has oversight

"City of Champions"



responsibility for the Berea Municipal Court by appropriating and financing its operations through the General Fund. The reporting entity of the City does not include any component units.

The City participates in several jointly governed organizations, including the Southwest General Health Center, the Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, and the Southwest Suburban Airport Council of Governments. Note 9 to the general purpose financial statements describes the City's relationship to these entities.

History of Berea

Berea earned its named by the flip of a coin on September 27, 1836. Berea grew from an agricultural area to a quarry town in 1840. John Baldwin is credited with the discovery of a lathe to cut slabs of stone into grindstones, thus making "Berea sandstone" world famous. The grindstones were used to sharpen tools for farm, home and industry. The large sandstone from Berea quarries were used in prestigious buildings in the United States and abroad. In the 1940's, grindstones were replaced with carbon grinding wheels, and cement was being used more often in construction. The City holds a "Grindstone Festival" every year to honor its past. (Berea Historical Society and "Men of Grit and Greatness" by W. F. Holzworth)

Situated in the southwest portion of Cuyahoga County, Berea is 10 miles from downtown Cleveland. Current population is 18,790 residents and a total land area of 5.9 square miles.

The City is served by diversified transportation facilities. Immediate access is to four State and U.S. highways and Interstate highways: I-71, I-80, I-90, and I-480. The City is served by Norfolk-Southern and CSX railroads and is adjacent to areas served by Amtrak railroad. The City is also served by the Cleveland Hopkins International Airport, located within 3 miles of the City, and by Burke Lakefront Airport, located within 15 miles of the City. This proximity makes Berea a desirable location for residents and commercial enterprises.

Baldwin Wallace College, founded in 1845, a private liberal arts college well known for its Conservatory of Music, is located in the City. Within commuting distance of the City are several public and private two-year and four-year colleges and universities, including Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain Community College, Notre Dame College, Ursaline College, Oberlin College and the University of Akron.

The City utilizes over 80 acres of City-owned Park land to house a variety of recreational facilities including an outdoor municipal pool, playgrounds, softball and football fields. In addition, approximately 370 acres of the Cleveland Metroparks System are located in the City. The Metropark's Rocky River Reservation contains the Wallace and Baldwin Lakes for swimming, boating, ice skating and fishing along with all-purpose trails for biking, jogging, hiking and physical fitness facilities. Other features of the Reservation include the Berea Falls Scenic Overlook, Music Mound, hiking trails, horseback riding trails, and the Wallace Lake, Baldwin Lake, and South Baldwin picnic areas.

Form of Government

The City operates under and is governed by the laws of the State of Ohio and its own Charter, which was first adopted by the electorate in 1960. The charter provides for a mayor-council form of government. Legislative authority is vested in a seven-member council. The Council is composed of two members elected at-large and five members who are elected by wards, for two-year terms. The presiding officer is the President of Council, who is elected at-large by the electors for a two-year term. All members of Council serve in a part-time capacity.

The City's chief executive and administrative officer is the Mayor who is elected to a four-year term and serves in a full-time capacity. The Mayor may also veto legislation passed by Council. A two-thirds vote of all members of Council will override a veto.

Judicial services for the City of Berea are provided by the Berea Municipal Court. The jurisdiction of the Court, as established by the Ohio Revised Code, encompasses the communities of Berea, Brook Park, Middleburg Heights, Strongsville, Olmsted Falls, Olmsted Township, parts of the Ohio Turnpike and Metroparks.

Established by charter, the municipal government consists of six departments. A director who is appointed by and reports directly to the Mayor heads each department. All directors work closely with the Mayor in providing the citizens of Berea with the highest quality of services while maintaining efficiency and cost effectiveness.

The **Police Department** enforces local, state, and federal laws in addition to protecting citizens and their property. Most recently, the department has taken a more community oriented policing approach, which has been met with great success. Numerous programs are offered to citizens and students. The department, which is headed by the Chief of Police, consists of three bureaus: the Patrol Division, the Services Operational Division, and the Detective Bureau. The Patrol Division oversees the staff of patrol officers. The Services Operational Budget oversees the dispatch, Drug Abuse Resistance Education, Animal Control, Parking Control, Auxiliary, School Guards, Jail operations, and firearms training. The Detective Bureau oversees the City's investigative services and the Youth Diversion program handled by the City and also the County's diversion program's satellite office at City hall.

The **Fire Department** provides fire suppression, emergency medical services, Haz-Mat response, extrication, and search and rescue, along with community fire prevention and education to our residents and businesses. The Chief of Fire heads the department, which is staffed by 23 full-time members. The department has 2 fully equipped advanced-life-support rescue squads, two pumpers and a 110-foot Aerial Tower.

The **Service Department** is comprised of several divisions administered by a director. This department is responsible for the maintenance of all City vehicles, buildings and traffic lights and signs, public grounds, tree trimming, snow and leaf removal. Storm Sewers and Drains maintain proper drainage control. Rubbish Collection and Disposal collects waste and processes recyclables. Street Paving and Repair handles the non-contractual maintenance of City streets. Street Striping and Markings is responsible for the painting of street lines and markings. The City has its own water plant, which is also handled by the Service Department. The water plant has a supply division and a distribution division, which insures the water supply is safe

and the water lines are properly maintained. The Sewer department oversees the collection of sewage and the maintenance of the City's sewer lines. The Building Department is responsible for interpreting and enforcing all building codes in the City. The department also issues permits and citations, conducts site inspections, and licenses all contractors. This department is responsible for the implementation of plans and programs that promote the comprehensive and orderly development of the City. The Engineering Department must insure that all contractors working in Berea meet the general engineering requirements of the City. This department controls the review and implementation of plans and programs relating to the City's infrastructure.

The **Recreation Department** provides numerous recreational activities and programs throughout the year. The City has a recreation center, which includes an indoor pool, sauna, steam room, racquetball courts, weight room, basketball courts and various multi-purpose rooms. The recreation center offers many classes and programs to residents and non-residents. The department also oversees the outdoor pool, free canoe rentals, rental of the gazebo and pavilion area at the City's Coe Lake. The recreation department also supervises several baseball/softball fields and maintains several playgrounds throughout the City. The department also oversees the collection and distribution of food for Berea Welfare. Several programs and assistance to seniors and handicapped and disable individuals are offered, including free snow removal for qualifying individuals.

The **Finance Department** is responsible for the accurate recording of all receipts and disbursements. The department issues bi-weekly payroll and maintains the fixed asset system. The department compiles the annual budget, the tax budget, the annual financial report, and assists the Mayor in all financial decisions. The department also handles the billing and collection for the City's water department and the Northeast Ohio Regional Sewer district. The City's computer operations are also managed through the finance department. This includes the City's web page and the maintenance of all City computer and electronic equipment. This department also handles all purchasing needed to maintain operations for all departments. In addition to overseeing these duties, the Director of Finance is also the City's Tax Administrator and utilizes the Regional Income Tax Agency to oversee the collection and distribution of the City's income tax.

The **Law Department** advises the Mayor, Council, and all departments on legal matters concerning the City. The department prepares all contracts, legislation, and legal documents. This department's prosecutors prosecute traffic and criminal cases in the Berea Municipal Court.

Economic Condition and Outlook

The City has continued its aggressive position to increase its commercial and economic development. The Rocco J. Colonna Industrial Park, annexed in 1987, has several new industries and businesses, which have added to the City's employment and economic tax base.

The City has seen signs of growth and expansion in both the Berea City School District and Baldwin-Wallace College. Baldwin-Wallace College, for example, has seen record high student population, and has build a new dormitory in 2000 to meet expanding housing needs.

The Cleveland Browns returned to Berea in 1999. The City owns a \$21 million dollar full training facility and administrative offices used by the former team.

Major Initiatives

Current Year Projects - The largest projects in the history of the City of Berea are the two railroad underpass projects on the two main roads in the City. During 1998, CSX Corporation (CSX) and Norfolk Southern Corporation (NS) entered into an operations play for the purchase of the Conrail Corporation operations. Part of the plan involved routing and re-routing train traffic in the Cleveland area. Berea is the crossing point of both major railroad lines, thus causing a significant increase in train traffic through two of Berea's main thoroughfares. As a result, The City of Berea, CSX Corporation and NS Corporation entered into an agreement in June 1998. The agreement secured \$47.25 million in federal, state and railroad funds to construct rail/grade underpasses at these two main intersections in Berea. In 2001 the initial design phase was completed and plan implementation began. This phase saw the beginning of land acquisition surrounding the Bagley Road area. Actual construction is expected to begin in late summer 2002 for the West Bagley Road underpass and early 2003 for the Front Street underpass. Both projects should be complete in 2004. The West Bagley Road underpass project will involve moving the railroad tracts further west. In moving the tracks, a road off Bagley Road will be eliminated. Therefore, in 2001 Karl Street was expanded to allow entrance to several businesses in this area.

In 2001, the city was involved in several road, water and sewer projects. The North Rocky River turn-lane was a joint project with the county to ease congestion at a major intersection in the city. The Front Street/North Rocky River area, Fillier Street and W. Fifth Street all received replacement water and sewer lines, as well as road replacements.

In addition the city began its city wide traffic signalization project. The project entails replacing all city traffic signals with new state of the art computerized signals. The cost of the project is \$2,352,000 and is paid for by a grant with the Ohio Department of Transportation. The project should be completed in 2002.

A much anticipated project was completed in 2001. The recreation Department saw major improvements to Groza Field; named after the Cleveland Browns Hall of Fame football legion, Lou "The Toe" Groza. The project included a new building, which houses the scorekeeper's area, concession, maintenance, restrooms, and storage that was previously in several different buildings. The fencing for the three fields were replaced, with improvements to the dugouts and a bullpen was added.

Future Projects - The City's two railroad underpass projects continues to be the largest undertaking in the city's history. In 2002, the city purchased several property's affected by the underpasses in preparation of the construction phase. The construction phase is expected to begin in Fall 2002 for the Bagley Road project. The Front Street project is about 6 months behind.

Besides the two railroad underpass projects, the city is active in several other projects as well. The Central Sewer Project began in 2002. In 2001, City Council authorized the issuance and sale of bond anticipation notes in the amount of \$800,000 to cover half of the cost of the major sanitary sewer and water line replacement project along North Rocky River Drive. The project replaces one of the City's main interceptors, replacing a 18-inch Sanitary Sewer with a 48-inch sanitary sewer line. In addition several smaller water and sewer line projects are scheduled for 2002 throughout the city.

The Recreation Department plans to complement its 2001 Groza Field improvements by updating the Groza Field basketball courts, pathways and parking lot areas. In addition, improvements are also planned for the Dora Lee Field.

Financial Information

Internal Control - Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

An independent review is done periodically on the fixed assets of the City to value and insure their existence. The Finance Department is committed to strengthening internal controls to assure the safeguarding of assets and to provide reasonable assurance that the financial transactions are properly recorded. The City's fixed asset software system allows for detailed reporting and analysis. Individual departments perform an annual inventory and work with the Finance Department to assure accuracy and accountability.

Budgetary controls - Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and in the City's Charter. The Mayor, with the assistance of the Director of Finance, is required to submit to council not less than 30 days before the end of each fiscal year an estimate of revenue and expenditures termed the "budget" for the succeeding fiscal year. The Director of Finance, based on the annual estimate, submits to Council an appropriation ordinance for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance within ninety days after the beginning of the fiscal year covered by such ordinance. Council usually adopts the final appropriation ordinance for the year before the end of that year. The Director of Finance prepares the City's tax budget and the tax budget ordinance is approved by Council, and then forwarded by July 20th to the Cuyahoga County Budget Commission.

The City maintains budgetary control on a cash (non-GAAP) basis by fund and within each fund by department at major object levels that include personal service and other expenditures. For management purposes, the major object level is further defined, with budgeted amounts not to exceed the aggregate appropriated by Council. Budgetary control is maintained by an encumbrance accounting system. Encumbered amounts lapse at year-end, however, the encumbrances generally are re-appropriated as part of the following year's budget.

Accounting system - The City's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Generally accepted accounting principles determine the type of funds used.

The City maintains records on a budgetary basis for all fund types. To prepare this report, the finance department prepares adjusting entries for the

various funds to convert the budgetary basis records to modified accrual basis of accounting for all governmental and fiduciary fund types, and to the accrual basis for the proprietary fund types. Modified accrual basis of accounting requires that revenues be recognized when both measurable and available. Expenditures are recorded as fund liabilities when incurred, except for interest on long-term debt which is recorded when due. The accrual basis of accounting recognizes revenues when earned and expense when incurred. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the General Purpose Financial Statements, located in the Financial Section of this report.

General governmental function - The General Fund encompasses the general governmental functions of the City and all other functions not accounted for in other funds. General Fund revenues and expenditures of significant increases and decreases on a GAAP basis are summarized as follows:

<u>Revenues:</u>	<u>2001</u>	<u>2000</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Property Taxes	\$1,603,669	\$1,245,867	357,802	28.72%
Municipal income taxes	6,387,988	7,119,648	(731,660)	(10.28)
Other local taxes	211,822	218,203	(6,381)	(2.92)
Intergovernmental	1,868,990	1,811,636	57,354	3.17
Charges for services	33,669	134,317	(100,648)	(74.93)
Licenses and permits	156,720	185,528	(28,808)	(15.53)
Fines and forfeitures	948,028	843,110	104,918	12.44
Special assessments	820	0	820	100.00
Investment income	157,963	277,351	(119,388)	(43.05)
Miscellaneous income	<u>71,841</u>	<u>38,898</u>	<u>32,943</u>	84.69
Total Revenue	<u>\$11,441,510</u>	<u>\$11,874,558</u>	<u>\$(433,048)</u>	

The property tax revenue increased 28.72 percent due to a reappraisal conducted by the County Auditor in 2000. The Municipal income tax revenue decreased 10.28 percent due to a downturn in the economy. Intergovernmental revenue increased 3.17 percent due to an increases in grant revenue. Charges for services decreased 74.93 percent due to probation revenue being classified as special revenue in 2001. License and permits decreased 15.53 percent due to a decrease in all areas of building and contractor fees and permits. Fines and forfeitures increased 12.44 percent due to an increase in fines collected in the criminal division of the Berea Municipal Court. Special assessments revenue increased 100.00 percent due to the City assessing a taxpayer for the demolition of their home. Investment income increased 43.05 percent due to a decline in interest rates in 2001.

General Fund expenditures and explanations of significant increases and decreases on the GAAP basis are summarized as follows:

<u>Expenditures:</u>	<u>2001</u>	<u>2000</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Security of persons and property	\$4,174,145	\$3,812,881	\$ 361,264	9.47%
Leisure time activities	241,687	238,765	2,922	1.22
Community environment	265,809	306,069	(40,260)	(13.15)
Basic Utility services	1,036,364	978,654	57,710	5.90
General government	<u>4,204,367</u>	<u>4,003,124</u>	<u>201,243</u>	5.03
Total expenditures	<u>\$9,922,372</u>	<u>\$9,339,493</u>	<u>\$ 582,879</u>	

Expenditures for security of persons and property increased by 9.47 percent due to the hiring of two police cadets. Community environment expenditures decreased by 13.15 percent due to the GAAP adjustments for accounts payable.

Special revenue funds - The special revenue funds are used for certain revenue sources, primarily grants and fees that are restricted by law or other formal action to expenditures for specific purposes. All special revenue funds are subject to an annual budget. The special revenue funds include: Recreation, Municipal Income Tax, State Highway, Street Construction, Maintenance and Repair, Litter Control, Fire Pension, Police Pension, COPS Grant, Street Lighting, Tri-City Senior Center, Community Hospital, Community Development Block Grant, Municipal Vehicle Tax Levy, Law Enforcement, Indigent Drivers Alcohol Treatment, DUI Education, DUI Housing, Court Computer, Court Computer Research, State Highway Patrol, and Mayor's Special Projects funds.

Capital project funds - The capital project funds include all major capital improvement projects of the City, including the construction of additional water and sewer lines and water plant building improvements. The primary source for financing the City's capital improvement program are general obligation bond and note proceeds, income taxes, ambulance fees, grants and other outside funding sources, and contributions from the General Fund. The capital project funds include General Capital Improvement, Safety Capital Improvement, Sewer Capital Improvement, Water Capital Improvement, Recreation Capital Improvement, and Railroad Capital Improvement funds.

Enterprise funds - The Enterprise Funds account for the operations of the City's water plant and sewer collection system. In addition, the Cleveland Browns Enterprise Fund accounts for the Cleveland Browns portion of the urban renewal taxable bonds. The City receives revenue from the Browns, through a trustee, to pay off the debt. The City is not responsible for paying off the Browns' portion of the debt, however, due to lease provisions, the City may pay on the debt if it chooses, although the City has no legal obligation to do so.

The Water Revenue Fund is used for the operations of the City's water plant. The plant is the only water plant in Cuyahoga County other than those operated in the Cleveland system. The City of Berea provides water service to all residential and business customers within the City and to approximately 100 customers in the cities of Middleburg Heights and Olmsted Falls.

The Sewer Revenue Fund is used to for the maintenance of the sewer lines that

are owned by the City. The City contracts with the Northeast Ohio Regional Sewer District to provide sewer services. The City does the billing on behalf of the Regional Sewer District and maintains a separate fund, the Regional Sewer Agency Fund, for these monies which are sent to the District.

Operating resources for the water and sewer funds are provided by user charges and operating transfers from the General Fund. In addition, with the passage of an income tax rate increase in 1992, the water rates were frozen for ten years and the Municipal Income Tax Special Revenue Fund transfers monies to offset the deficits created by the frozen rates. Construction and acquisition of capital assets for the water and sewer operations are financed by general obligation bonds, bond anticipation note proceeds, or transfers from the General or Municipal Income Tax Funds. A committee has been established in 2002 to review the current water rates.

Internal service funds - The City maintains self-insurance funds for employee health benefits and for its property and liability insurance. The Medical Benefits Internal Service Fund accounts for the City's health insurance plans include medical, surgical, prescription drug, and dental and vision benefits. The plan provides coverage with certain deductibles, co-pays, and maximum benefits. The City has excess insurance coverage for claims over a specified amount. The fund accounts for the self-insured claims and payments of premiums for the excess liability insurance coverage and administrative costs. Revenues of the fund consist of payments from other City funds. The premium is determined using historical cost data provided by the insurance carriers and is charged to the fund that records the salary expenditure of the covered employee using the pre-determined rate for family or single coverage.

The Property/Liability Insurance Internal Service Fund accounts for the City's uninsured and insured risk of loss from its exposure to various risks of loss due to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The fund accounts for the insurance cost to provide coverage with certain deductibles and excess insurance coverage over specified amounts for significant claims and to pay for administrative costs. This City contracts with a risk claims manager who provides self-insured administration and claims handling for the City. Revenues of the fund consist of payments from other City funds based on estimates of the amounts needed to the claims.

Debt Administration

The Debt Service Funds accumulates resources for the payment of principal and interest on long-term general obligations of the City and special assessment obligations with governmental commitment. The source of revenue for the bond retirement funds include property taxes, restricted income taxes, special assessment funds and transfers from other funds.

The City's has a respectable Aa3 bond rating from Moody's Investors Service, Inc. Several factors are used by Moody's to determine a communities bond rating. Some of the City's key credit characteristics include: (1) the City's diversified tax base including its favorable location in the Cleveland Metro area, significant development in its industrial parks, and plans for continued development, (2) the return of the Cleveland Browns football team and its impact on the City's income tax revenues, (3) the City's history of prudent fiscal management, which enabled the City to manage its finances despite the loss in income tax revenues and (4) the City's manageable debt burden of 3.3% and a slight above average amortization rate of 60% over ten years.

Under state statutes, the debt limitation is 10.5 percent of the total assessed property valuation. As of December 31, 2001, the City's net general obligation debt of \$14,342,087 was well below the legal limit of \$35,374,848, resulting in a ration of net bonded debt to assessed valuation of 4.36 percent. The debt per capita is \$791.92.

In 2001, the City issued bond anticipation notes in the amount of \$800,000, with an interest rate of 3%, to cover a portion of the cost replacing the main sanitary sewer and water lines for the north end of Berea.

Cash Management

Cash management is a vital component in the City's overall financial strategy. The finance department has an aggressive cash management program to maximize the use of the City's cash resources. The primary objectives of the City's investment policy are safety, liquidity, and yield. Preservation of capital and the protection of investment principal are of prime importance. In addition to protecting investments, the City must plan for short and long-term liabilities. Cash balances and investment schedules are continually evaluated to ensure both liquidity and maximum yield. Major considerations are timing of cash flows necessary to pay City liabilities and available interest rates. As City funds become available they are invested in short-term certificates of deposit or other securities authorized by state statute. The City currently uses interest bearing checking accounts and certificate of deposits. Interest earned is allocated to the General Fund based on the requirements of the Ohio constitution, state statutes and local ordinances. Interest earnings for 2001 totaled \$201,174. The City cash is pooled for investment purposes, unless designated for a specific purpose, in order to generate the highest possible yield. By law, financial institutions may establish a collateral pool to cover all public deposits. All deposits and investments are covered by pooled collateral with a face value equal to at least 110% of deposits. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold the collateral.

Risk Management

The City is self-insured for its property and liability insurance. The Property/Liability Insurance Internal Service Fund accounts for the insurance costs to provide coverage with certain deductibles and excess insurance coverage over specified amounts for significant claims and to pay for administrative costs. This City contracts with Admiral Risk Management to provide self-insured administration and claims handling for the City. Revenues of the fund consist of payments from other City funds based on estimates of the amounts needed to the claims. Property valuations are revised annually to provide insurance companies and the City with an accurate inventory of insurable property and replacement cost values.

The City also has a self-insurance program for employee health care. The Medical Benefits Internal Service Fund accounts for the City's health insurance plans include medical, surgical, prescription drug, and dental and vision benefits. The plan provides coverage with certain deductibles, co-pays, and maximum benefits. The City has excess insurance coverage for claims over a specified amount. The premium is determined using historical cost data provided by the insurance carriers and is charged to the fund that records the salary expenditure of the covered employee using the pre-determined rate for family or single coverage. The City expects to assume no additional risks in the near future.

Other Information

Independent audit - In accordance with Ohio law, annual independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Included in this report is an unqualified audit opinion regarding the City's financial statements for the year ended December 31, 2001. The independent public accounting firm, James G. Zupka, CPA, Inc., conducted this year's audit.

GFOA Certificate of Achievement Award - 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 Berea, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements - This comprehensive annual financial report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Appreciation is also expressed to all City departments for their cooperation and assistance. We would also like to acknowledge the cooperation of the team from James G. Zupka, CPA, Inc., who conducted a thorough audit of our finances.

In closing we would like to thank the Mayor and City Council, and the citizens of our fine community, for without your continued support, the preparation of this report to help ensure the continued financial integrity of the City, would not have been possible.

Respectfully submitted,



Dana J. Kavander, CPA, CFE, CIA
Director of Finance



Andrea D. Morris,
Assistant Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Berea,
Ohio

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

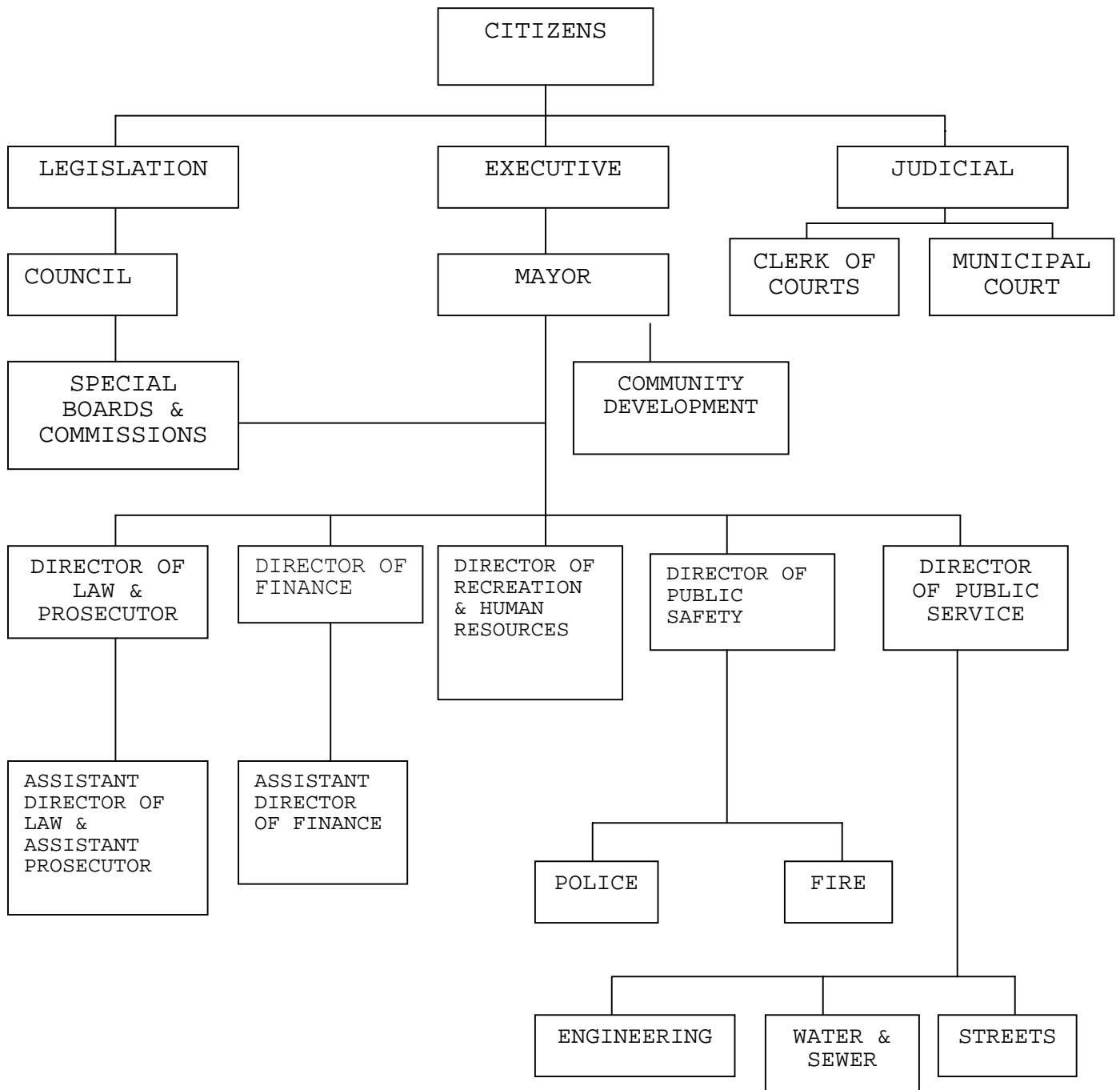
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Thomas A. Brewer
President

Jeffrey L. Essler
Executive Director

CITY OF BEREA, OHIO
ORGANIZATIONAL CHART



CITY OF BEREA, OHIO
List of Principal Officials
December 31, 2001

ELECTED OFFICIALS

Mayor	Joseph W. Biddlecombe
President of Council	Stanley F. Maxwell
Council Member-at-Large	Richard T. Malott
Council Member-at-Large	James N. Walters
Council Member - Ward 1	Markiel J. Perkins
Council Member - Ward 2	James J. Brown
Council Member - Ward 3	Edward L. Gibbs
Council Member - Ward 4	George Capellas
Council Member - Ward 5	James M. Baker

APPOINTED OFFICIALS

Director of Finance	Dana J. Kavander
Director of Law	Gregory M. Sponseller
Director of Recreation and Human Resources	Linda S. Root
Director of Service	R. James Brown

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants
5240 East 98th Street
Garfield Heights, Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475-6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Joseph W. Biddlecombe, Mayor
and Members of City Council
City of Berea, Ohio

The Honorable Jim Petro
Auditor of State
State of Ohio

We have audited the accompanying general purpose financial statements of the City of Berea, Ohio, as of and for the year ended December 31, 2001, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the City of Berea, Ohio'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 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 Berea, Ohio, as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 2, during the year ended December 31, 2001, the City adopted Governmental Accounting Standards Board Statements 33 and 36.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2002 on our consideration of the City of Berea, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Berea, Ohio taken as a whole. The combining and individual fund and account group financial statement and schedules listed in the accompanying 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 Berea, Ohio. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

May 10, 2002


James G. Zupka
Certified Public Accountant

CITY OF BEREA, OHIO

Combined Balance Sheet - All Fund Types and Account Groups
As of December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
Assets and other debits:				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,161,798	\$ 361,144	129,491	\$ 1,323,963
Receivables:				
Taxes	3,768,470	1,439,343	2,110,658	0
Accounts	0	0	0	35,859
Accrued interest	85	0	0	0
Intergovernmental	571,787	253,206	7,416	1,581,230
Interfund	90,838	35,699	195,001	0
Special assessments	8,814	515,055	12,392	0
Cleveland Browns	0	0	0	0
Prepaid items	9,548	544	0	0
Inventory of supplies	8,746	65,681	0	0
Fixed assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other debits:				
Amount available in debt service for retirement of general long-term obligations	0	0	0	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0
Amount to be provided for retirement of taxable obligation bonds	0	0	0	0
Total assets and other debits	<u>\$ 5,620,086</u>	<u>\$ 2,670,672</u>	<u>\$ 2,454,958</u>	<u>\$ 2,941,052</u>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 74,201	\$ 31,792	\$ 1,280,979	\$ 0	\$ 0	\$ 4,363,368
0	0	0	0	0	7,318,471
402,696	0	747,718	0	0	1,186,273
94,014	0	0	0	0	94,099
0	0	0	0	0	2,413,639
0	0	0	0	0	321,538
0	0	0	0	0	536,261
4,482,474	0	0	0	0	4,482,474
0	5,049	0	0	0	15,141
17,710	0	0	0	0	92,137
8,481,201	0	0	43,552,986	0	52,034,187
0	0	0	0	129,492	129,492
0	0	0	0	16,371,725	16,371,725
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>869,526</u>	<u>869,526</u>
<u>\$13,552,296</u>	<u>\$ 36,841</u>	<u>\$ 2,028,697</u>	<u>\$43,552,986</u>	<u>\$17,370,743</u>	<u>\$90,228,331</u>

(continued)

CITY OF BEREA, OHIO

Combined Balance Sheet - All Fund Types and Account Groups
As of December 31, 2001
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
Liabilities, fund equity and other credits:				
Liabilities:				
Accounts payable	\$ 90,953	\$ 74,442	\$ 0	\$ 1,338,381
Interfund payable	132,231	62,770	0	0
Accrued wages and benefits	145,155	32,983	0	0
Accrued compensated absences	35,630	3,428	0	0
Accrued worker's compensation	146,974	27,343	0	0
Accrued pension	0	0	0	0
Due to other governments	0	0	0	0
Deposits held and due to others	0	0	0	0
Deferred revenue	2,886,877	1,657,442	1,977,657	1,178,039
Accrued interest payable	0	0	0	11,467
General obligation bonds payable	0	0	0	0
Taxable obligation bonds payable:				
City's portion	0	0	0	0
City's portion covered by Cleveland Browns receivable	0	0	0	0
Cleveland Browns bonds payable	0	0	0	0
Cleveland Browns interest payable	0	0	0	0
Notes payable	0	0	0	850,000
O.W.D.A. loans payable	0	0	0	0
Total liabilities	<u>3,437,820</u>	<u>1,858,408</u>	<u>1,977,657</u>	<u>3,377,887</u>
Fund equity and other credits:				
Investment in general fixed Assets	0	0	0	0
Contributed capital	0	0	0	0
Retained earnings:				
Unreserved (deficit)	0	0	0	0
Fund balance:				
Reserved for encumbrances	6,790	20,500	0	338,291
Reserved for inventory	8,746	65,681	0	0
Reserved for prepaids	9,548	544	0	0
Reserved for debt service	0	0	477,301	0
Undesignated	2,157,182	725,539	0	(775,126)
Total fund equity (deficit), and other credits	<u>2,182,266</u>	<u>812,264</u>	<u>477,301</u>	<u>(436,835)</u>
Total liabilities, fund equity and other credits	<u>\$ 5,620,086</u>	<u>\$ 2,670,672</u>	<u>\$ 2,454,958</u>	<u>\$ 2,941,052</u>

See accompanying notes to the general purpose financial statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 14,216	\$ 150,679	\$ 447,648	\$ 0	\$ 0	\$ 2,116,319
0	0	126,537	0	0	321,538
27,902	0	0	0	0	206,040
48,866	0	0	0	771,430	859,354
23,291	0	0	0	0	197,608
35,293	0	0	0	372,700	407,993
0	0	245,357	0	0	245,357
0	0	552,716	0	0	552,716
0	0	0	0	0	7,700,015
101,509	0	0	0	0	112,976
0	0	0	0	15,357,087	15,357,087
0	0	0	0	869,526	869,526
325,538	0	0	0	0	325,538
4,250,950	0	0	0	0	4,250,950
0	0	0	0	0	0
0	0	0	0	0	850,000
<u>3,427,526</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,427,526</u>
<u>8,255,091</u>	<u>150,679</u>	<u>1,372,258</u>	<u>0</u>	<u>17,370,743</u>	<u>37,800,543</u>
0	0	0	43,552,986	0	43,552,986
6,570,772	0	0	0	0	6,570,772
(1,273,567)	(113,838)	0	0	0	(1,387,405)
0	0	1,926	0	0	367,507
0	0	0	0	0	74,427
0	0	0	0	0	10,092
0	0	0	0	0	477,301
<u>0</u>	<u>0</u>	<u>654,513</u>	<u>0</u>	<u>0</u>	<u>2,762,108</u>
<u>5,297,205</u>	<u>(113,838)</u>	<u>656,439</u>	<u>43,552,986</u>	<u>0</u>	<u>52,427,788</u>
<u>\$13,552,296</u>	<u>\$ 36,841</u>	<u>\$ 2,028,697</u>	<u>\$43,552,986</u>	<u>\$17,370,743</u>	<u>\$90,228,331</u>

CITY OF BEREA, OHIO
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Funds
 For the Year Ended December 31, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Property taxes	\$ 1,603,669	\$ 743,543	\$ 1,896,113
Municipal income taxes	6,387,988	2,129,328	0
Other local taxes	211,822	0	0
Intergovernmental	1,868,990	917,757	453,291
Charges for services	33,669	242,788	0
Licenses and permits	156,720	0	0
Fines and forfeitures	948,028	370,978	0
Special assessments	820	478,641	24,032
Investment income	157,963	105	0
Miscellaneous income	71,841	9,909	0
Total revenues	11,441,510	4,893,049	2,373,436
Expenditures:			
Current operations and maintenance:			
Security of persons and property	4,174,145	1,581,318	0
Public health and welfare	0	128,241	0
Leisure time activities	241,687	1,047,442	0
Community development	265,809	48,938	0
Basic utility services	1,036,364	0	0
Transportation	0	1,184,728	0
General government	4,204,367	185,317	7,764
Capital outlay	0	0	0
Debt service:			
Principal retirement	0	0	1,334,937
Interest and fiscal charges	0	0	1,074,103
Total expenditures	9,922,372	4,175,984	2,416,804
Excess (deficiency) of revenues over expenditures	1,519,138	717,065	(43,368)
Other financing sources (uses):			
Operating transfers - in	0	1,490,900	300,000
Operating transfers - out	(1,823,000)	(2,421,269)	0
Proceeds from sale of notes	0	0	0
Sale of fixed assets	0	0	0
Total other financing sources (uses)	(1,823,000)	(930,369)	300,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(303,862)	(213,304)	256,632
Fund balance, beginning of year (Restated - Note 2)	2,487,468	993,532	220,669
Increase (decrease) in reserve for Inventory	(1,340)	32,036	0
Fund balance, end of year	\$ 2,182,266	\$ 812,264	\$ 477,301

See accompanying notes to the general purpose financial statements

<u>Capital Project</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ 0	\$ 0	\$ 4,243,325
0	0	8,517,316
0	0	211,822
1,473,375	0	4,713,413
286,132	0	562,589
0	0	156,720
30,095	0	1,349,101
0	0	503,493
43,106	0	201,174
<u>1,790,014</u>	<u>285</u>	<u>1,872,049</u>
<u>3,622,722</u>	<u>285</u>	<u>22,331,002</u>
0	0	5,755,463
0	0	128,241
0	0	1,289,129
0	0	314,747
0	0	1,036,364
0	0	1,184,728
0	0	4,397,448
6,182,138	0	6,182,138
50,000	0	1,384,937
11,467	0	1,085,570
<u>6,243,605</u>	<u>0</u>	<u>22,758,765</u>
<u>(2,620,883)</u>	<u>285</u>	<u>(427,763)</u>
1,487,269	0	3,278,169
0	0	(4,244,269)
800,000	0	800,000
9,736	0	9,736
<u>2,297,005</u>	<u>0</u>	<u>(156,364)</u>
<u>(323,878)</u>	<u>285</u>	<u>(584,127)</u>
(112,957)	4,320	3,593,032
<u>0</u>	<u>0</u>	<u>30,696</u>
\$ <u>(436,835)</u>	\$ <u>4,605</u>	\$ <u>3,039,601</u>

CITY OF BEREA, OHIO

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Property taxes	\$ 1,479,633	\$ 1,479,633	\$ 0
Municipal income taxes	6,404,842	6,404,842	0
Other local taxes	209,871	209,871	0
Intergovernmental	1,911,565	1,911,565	0
Charges for services	35,669	35,669	0
Licenses and permits	156,720	156,720	0
Fines and forfeitures	927,639	927,639	0
Investment income	175,536	175,536	0
Other	71,841	71,841	0
TOTAL REVENUES	<u>11,373,316</u>	<u>11,373,316</u>	<u>0</u>
<u>EXPENDITURES:</u>			
Current operations and maintenance:			
Security of persons and property	4,193,000	4,169,005	23,995
Leisure time activities	307,000	232,761	74,239
Community development	320,000	284,213	35,787
Basic utility services	1,082,000	1,022,764	59,236
General government	4,296,424	4,122,778	173,646
TOTAL EXPENDITURES	<u>10,198,424</u>	<u>9,831,521</u>	<u>366,903</u>
Excess of revenues over (under) expenditures	<u>1,174,892</u>	<u>1,541,795</u>	<u>(366,903)</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers - out	(1,823,000)	(1,823,000)	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,823,000)</u>	<u>(1,823,000)</u>	<u>0</u>
Excess of revenue and other Financing sources over (under) Expenditures and other uses	(648,108)	(281,205)	366,903
Fund balance, at beginning of year	1,436,212	1,436,212	0
Encumbrances, at end of year	<u>6,790</u>	<u>6,790</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 794,894</u>	<u>\$ 1,161,797</u>	<u>\$ 366,903</u>

CITY OF BEREA, OHIO

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001
(continued)

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 687,142	\$ 687,142	\$ 0
Municipal income taxes	2,134,947	2,134,947	0
Intergovernmental	903,141	889,052	(14,089)
Charges for services	242,788	242,788	0
Fines and forfeitures	345,339	345,339	0
Special assessments	475,730	475,730	0
Investment income	140	140	0
Other	9,909	9,909	0
TOTAL REVENUES	4,799,136	4,785,047	(14,089)
EXPENDITURES:			
Current operations and maintenance:			
Security of persons and property	1,442,127	1,416,518	25,609
Public health and welfare	121,902	121,902	0
Leisure time activities	1,080,773	1,072,854	7,919
Community environment	49,238	48,938	300
Transportation	1,236,480	1,220,266	16,214
General government	366,665	344,497	22,168
TOTAL EXPENDITURES	4,297,185	4,224,975	72,210
Excess of revenues over (under) expenditures	501,951	560,072	58,121
Other financing sources (uses):			
Operating transfers - in	1,490,900	1,490,900	0
Operating transfers - out	(2,421,320)	(2,421,269)	51
Total other financing sources (uses)	(930,420)	(930,369)	51
Excess of revenues and other financing sources over (under) expenditures and other uses	(428,469)	(370,297)	58,172
Fund balance, at beginning of year	710,936	710,936	0
Encumbrances, at end of year	20,500	20,500	0
Fund balance, at end of year	\$ 302,967	\$ 361,139	\$ 58,172

(continued)

CITY OF BEREA, OHIO

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001
(continued)

	Combined Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 1,549,734	\$ 1,549,734	\$ 0
Intergovernmental	453,291	453,291	0
Special assessments	24,138	24,138	0
Total revenues	2,027,163	2,027,163	0
Expenditures:			
Current operations and maintenance:			
General government	7,764	7,764	0
Debt service:			
Bond Principal retirement	1,334,937	1,334,937	0
Interest and fiscal charges	1,074,103	1,074,103	0
Total expenditures	2,416,804	2,416,804	0
Excess of revenues over (under) expenditures	(389,641)	(389,641)	0
Other financing sources (uses):			
Operating transfers - in	300,000	300,000	0
Total other financing sources (uses)	300,000	300,000	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(89,641)	(89,641)	0
Fund balance, at beginning of year	219,133	219,133	0
Fund balance at end of year	\$ 129,492	\$ 129,492	\$ 0

(continued)

CITY OF BEREA, OHIO

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001
(continued)

	Combined Capital Project Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 875,002	\$ 875,002	\$ 0
Charges for services	486,944	486,944	0
Fines and forfeitures	30,095	30,095	0
Investment income	43,106	43,106	0
Other	<u>1,790,014</u>	<u>1,790,014</u>	<u>0</u>
Total revenues	<u>3,225,161</u>	<u>3,225,161</u>	<u>0</u>
Expenditures:			
Capital outlay	5,056,871	5,002,077	54,794
Debt service:			
Note Principal retirement	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total expenditures	<u>5,106,871</u>	<u>5,052,077</u>	<u>54,794</u>
Excess of revenues over (under) expenditures	<u>(1,881,710)</u>	<u>(1,826,916)</u>	<u>54,794</u>
Other financing sources (uses):			
Operating transfers - in	1,487,269	1,487,269	0
Proceeds from sale of notes	800,000	800,000	0
Sale of fixed assets	<u>9,736</u>	<u>9,736</u>	<u>0</u>
Total other financing sources(uses)	<u>2,297,005</u>	<u>2,297,005</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	415,295	470,089	54,794
Fund balance, at beginning of year	324,979	324,979	0
Encumbrances, at end of year	<u>528,894</u>	<u>528,894</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 1,269,168</u>	<u>\$ 1,323,962</u>	<u>\$ 54,794</u>

(continued)

CITY OF BEREA, OHIO

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001
(continued)

	Expendable Trust Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous income	\$ <u>285</u>	\$ <u>285</u>	\$ <u>0</u>
Total revenues	<u>285</u>	<u>285</u>	<u>0</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	285	285	0
Fund balance, at beginning of year	<u>4,320</u>	<u>4,320</u>	<u>0</u>
Fund balance, at end of year	\$ <u><u>4,605</u></u>	\$ <u><u>4,605</u></u>	\$ <u><u>0</u></u>

(continued)

CITY OF BEREA, OHIO

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 3,716,509	\$ 3,716,509	\$ 0
Municipal income taxes	8,539,789	8,539,789	0
Other local taxes	209,871	209,871	0
Intergovernmental	4,142,999	4,128,910	(14,089)
Charges for services	765,401	765,401	0
Licenses and permits	156,720	156,720	0
Fines and forfeitures	1,303,073	1,303,073	0
Special assessments	499,868	499,868	0
Investment income	218,782	218,782	0
Miscellaneous income	1,872,049	1,872,049	0
Total revenues	<u>21,425,061</u>	<u>21,410,972</u>	<u>(14,089)</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property	5,635,127	5,585,523	49,604
Public health and welfare	121,902	121,902	0
Leisure time activities	1,387,773	1,305,615	82,158
Community development	369,238	333,151	36,087
Basic utility services	1,082,000	1,022,764	59,236
Transportation	1,236,480	1,220,266	16,214
General government	4,670,853	4,475,039	195,814
Capital outlay	5,056,871	5,002,077	54,794
Debt service:			
Principal retirement	1,384,937	1,384,937	0
Interest and fiscal charges	1,074,103	1,074,103	0
Total expenditures	<u>22,019,284</u>	<u>21,525,377</u>	<u>493,907</u>
Excess (deficiency) of revenues over expenditures	<u>(594,223)</u>	<u>(114,405)</u>	<u>479,818</u>
Other financing sources (uses):			
Operating transfers - in	3,278,169	3,278,169	0
Operating transfers - out	(4,244,320)	(4,244,269)	51
Proceeds from sale of notes	800,000	800,000	0
Sale of fixed assets	9,736	9,736	0
Total other financing sources (uses)	<u>(156,415)</u>	<u>(156,364)</u>	<u>51</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(750,638)</u>	<u>(270,769)</u>	<u>479,869</u>
Fund balance, at beginning of year	2,695,580	2,695,580	0
Encumbrances, at end of year	<u>556,184</u>	<u>556,184</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 2,501,126</u>	<u>\$ 2,980,995</u>	<u>\$ 479,869</u>

See accompanying notes to the general purpose financial statements

CITY OF BEREA, OHIO

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

	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues:			
Charges for services	\$ 1,314,315	\$ 0	\$ 1,314,315
Miscellaneous income	0	1,055,147	1,055,147
Total operating revenues	<u>1,314,315</u>	<u>1,055,147</u>	<u>2,369,462</u>
Operating expenses:			
Personal services	1,343,977	0	1,343,977
Contractual services	387,097	1,297,741	1,684,838
Materials and supplies	164,642	0	164,642
Transportation	13,997	0	13,997
Depreciation	296,297	0	296,297
Total operating expenses	<u>2,206,010</u>	<u>1,297,741</u>	<u>3,503,751</u>
Operating loss	(891,695)	(242,594)	(1,134,289)
Non-operating revenues (expenses):			
Interest income	0	1,031	1,031
Interest expense	(204,439)	0	(204,439)
Total non-operating revenues (expenses)	<u>(204,439)</u>	<u>1,031</u>	<u>(203,408)</u>
Loss before operating transfers	(1,096,134)	(241,563)	(1,337,697)
Operating transfers - in	857,100	155,000	1,012,100
Operating transfers - out	<u>(46,000)</u>	<u>0</u>	<u>(46,000)</u>
Net loss	(285,034)	(86,563)	(371,597)
Add: Depreciation on fixed assets acquired under contributed capital	<u>296,297</u>	<u>0</u>	<u>296,297</u>
Increase (decrease) in retained Earnings	11,263	(86,563)	(75,300)
Retained earnings (deficit), beginning of year (Restated - Note 2)	<u>(1,284,830)</u>	<u>(27,275)</u>	<u>(1,312,105)</u>
Retained earnings (deficit), end of year	<u>(1,273,567)</u>	<u>(113,838)</u>	<u>(1,387,405)</u>
Contributed capital, beginning of year	6,503,836	0	6,503,836
Less: Depreciation on fixed assets acquired with contributed capital	(296,297)	0	(296,297)
Add: Capital contributed from government	<u>363,233</u>	<u>0</u>	<u>363,233</u>
Contributed capital, end of year	<u>6,570,772</u>	<u>0</u>	<u>6,570,772</u>
Total fund equity (deficit), end of year	<u>\$ 5,297,205</u>	<u>\$ (113,838)</u>	<u>\$ 5,183,367</u>
See accompanying notes to the general purpose financial statements			

CITY OF BEREA, 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, 2001

	Combined Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,319,723	\$ 1,319,723	\$ 0
Total revenues	<u>1,319,723</u>	<u>1,319,723</u>	<u>0</u>
Expenditures:			
Personal services	1,349,187	1,338,706	10,481
Contractual services	409,006	408,832	174
Materials and supplies	165,174	165,168	6
Travel and Transportation	13,686	13,686	0
Note Principal retirement	165,618	165,618	0
Interest and fiscal charges	210,459	210,459	0
Total expenditures	<u>2,313,130</u>	<u>2,302,469</u>	<u>10,661</u>
Excess of revenues over (under) expenditures	(993,407)	(982,746)	10,661
Other financing sources (uses):			
Operating transfers - in	913,107	913,107	0
Operating transfers - out	(46,000)	(46,000)	0
Total other financing sources (uses)	<u>867,107</u>	<u>867,107</u>	<u>0</u>
Excess of revenues and other Finance sources over (under) expenditures and other uses	(126,300)	(115,639)	10,661
Fund equity (deficit) at beginning of year	<u>189,838</u>	<u>189,838</u>	<u>0</u>
Fund equity (deficit) at end of year	<u>\$ 63,538</u>	<u>\$ 74,199</u>	<u>\$ 10,661</u>

(continued)

CITY OF BEREA, 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, 2001
(continued)

	Internal Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment income	\$ 1,031	\$ 1,031	\$ 0
Other	<u>1,055,147</u>	<u>1,055,147</u>	<u>0</u>
Total revenues	<u>1,056,178</u>	<u>1,056,178</u>	<u>0</u>
Expenditures:			
Contractual services	<u>1,355,000</u>	<u>1,332,950</u>	<u>22,050</u>
Total expenditures	<u>1,355,000</u>	<u>1,332,950</u>	<u>22,050</u>
Excess of revenues over (under) expenditures	(298,822)	(276,772)	22,050
Other financing sources (uses):			
Operating transfers - in	<u>155,000</u>	<u>155,000</u>	<u>0</u>
Total other financing sources (uses)	<u>155,000</u>	<u>155,000</u>	<u>0</u>
Excess of revenues and other Financing sources over (under) expenditures and other uses	(143,822)	(121,772)	22,050
Fund equity (deficit) at beginning of year	<u>153,054</u>	<u>153,054</u>	<u>0</u>
Encumbrances at end of Year	510	510	0
Fund equity (deficit) at end of year	<u>\$ 9,742</u>	<u>\$ 31,792</u>	<u>\$ 22,050</u>

(continued)

CITY OF BEREA, 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, 2001
(continued)

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,319,723	\$ 1,319,723	\$ 0
Investment income	1,031	1,031	0
Miscellaneous income	1,055,147	1,055,147	0
Total revenues	2,375,901	2,375,901	0
Expenses:			
Personal services	1,349,187	1,338,706	10,481
Contractual services	1,764,006	1,741,782	22,224
Materials and supplies	165,174	165,168	6
Transportation	13,686	13,686	0
Principal retirement	165,618	165,618	0
Interest	210,459	210,459	0
Total expenses	3,668,130	3,635,419	32,711
Excess (deficiency) of revenues over expenses	(1,292,229)	(1,259,518)	(32,711)
Other financing sources (uses):			
Operating transfers - in	1,068,107	1,068,107	0
Operating transfers - out	(46,000)	(46,000)	0
Total operating financing sources (uses)	1,022,107	1,022,107	0
Excess (deficiency) of revenues over expenses and operating transfers	(270,122)	(237,411)	(32,711)
Fund equity, at beginning of year	342,892	342,892	0
Encumbrances, at end of year	510	510	0
Fund equity, at end of year	\$ 73,280	\$ 105,991	\$ 32,711

See accompanying notes to the general purpose financial statements

CITY OF BEREA

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

	Enterprise	Internal Service	Total (Memorandum Only)
Increase (decrease) in cash and cash equivalents:			
Cash flows from operating activities:			
Cash received from customers	\$ 1,375,730	\$ 0	\$ 1,375,730
Cash received from other revenues	0	1,055,147	1,055,147
Cash payments for personal services	(1,338,706)	0	(1,338,706)
Cash payments for travel and transportation	(13,686)	0	(13,686)
Cash payments for contractual services	(408,832)	(1,332,440)	(1,741,272)
Cash payments for vendors for supplies and materials	(165,168)	0	(165,168)
Net cash (used) by operating activities	(550,662)	(277,293)	(827,955)
Cash flows from non-capital financing activities:			
Operating transfers to other funds	(46,000)	0	(46,000)
Operating transfers from other funds	857,100	155,000	1,012,100
Net cash provided by non-capital financing activities	811,100	155,000	966,100
Cash flow used in capital and related financing activities:			
Principal paid on OWDA loans	(165,618)	0	(165,618)
Interest paid on OWDA loans	(210,459)	0	(210,459)
Net cash (used) in capital and related financing activities	(376,077)	0	(376,077)
Cash flow from investing activities:			
Interest received	0	1,031	1,031
Net cash provided by investing activities	0	1,031	1,031
Net increase (decrease) in cash and cash equivalents	(115,639)	(121,262)	(236,901)
Cash and cash equivalents, beginning of year	189,840	153,054	342,894
Cash and cash equivalents, end of year	\$ 74,201	\$ 31,792	\$ 105,993

See accompanying notes to the general purpose financial statements

CITY OF BEREA, OHIO

Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year ended December 31, 2001
(continued)

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
Reconciliation of operating loss to net cash (used)for operating activities:			
Operating loss	\$ (891,695)	\$ (242,594)	\$ (1,134,289)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	296,297	0	296,297
Changes in assets and liabilities:			
Decrease in accounts receivable	61,415	0	61,415
Increase in inventory of supplies	(1,144)	0	(1,144)
Increase in prepaid items	0	(93)	(93)
Decrease in accounts payable	(20,805)	(34,606)	(55,411)
Decrease in accrued worker's compensation	(776)	0	(776)
Increase in accrued wages and benefits	8,178	0	8,178
Decrease in accrued compensated absences	(11,282)	0	(11,282)
Increase in accrued pension	9,150	0	9,150
Net cash used for operating Activities	\$ (550,662)	\$ (277,293)	\$ (827,955)

See accompanying notes to the general purpose financial statements

CITY OF BEREA

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE REPORTING ENTITY

The City of Berea is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted May 3, 1960.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the City are not misleading. This definition of reporting entity is found in GASB Statement No. 14, "The Financial Reporting Entity".

The City of Berea's primary government consists of all funds and departments which are not legally separate from the City. They include a police force, a fire fighting force, a street maintenance and sanitation force, planning and zoning departments, a parks and recreation system, a water treatment system, and a staff to provide essential support to these service providers.

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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

The City is associated with five jointly governed organizations, the Northeast Ohio Public Energy Council, the Southwest Council of Governments, the Southwest General Health Center, the Southwest Suburban Airport Council of Governments, and the Woodvale Union Cemetery. These organizations are presented in Note 9 to the combined financial statements.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (continued)

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types. The following categories and fund types are used by the City:

GOVERNMENTAL FUNDS

Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use, and balances 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 upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

General Fund

The general fund is 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 Berea and/or the general laws of Ohio.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources, other than amounts relating to major capital projects, whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or Federal and State statutes.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources for, and the payment of general long-term and special assessment principal, interest, and related costs, other than those paid by proprietary funds.

Capital Project Funds

The capital project funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

PROPRIETARY FUNDS

The proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (continued)

Enterprise Funds

The enterprise funds are used to account for the City's water and sewer operations. They are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds

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

FIDUCIARY FUNDS

Expendable trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

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

General Fixed Assets Account Group

The general fixed assets account group is used to account for fixed assets other than those accounted for in the proprietary funds. These assets do not represent financial resources available for expenditure.

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all unmatured long-term obligations of the City that are not a specific liability of the proprietary funds.

C. BASIS OF ACCOUNTING

The financial statements of the City of Berea have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING (continued)

standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the City has adopted GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, special assessment, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

Special assessment installments which are measurable, but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2001, but which are not intended to finance 2001 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and nonexpendable trust funds. Revenues are recognized when

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING (continued)

they are earned and expenses are recognized when they are incurred.

D. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reported in the combined financial statements:

TAX BUDGET

A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary to the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted.

ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include the actual fund balances at December 31. Further amendments may be made during the year if the Director of Finance determines that the previous revenue estimates need to be increased or decreased, and the County Budget Commission considers the changes reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued in 2001.

ANNUAL ESTIMATE

The Mayor, with the assistance of the Director of Finance, is required by charter to submit to Council, on or before December 1 of each fiscal year, an estimated expenditures for each fund of the City for the next succeeding fiscal year. The annual estimate serves as the basis for appropriations (the appropriated budget) in each fund.

APPROPRIATIONS

An appropriation ordinance (appropriated budget) to control the level of expenditures for all funds must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. The Council approves appropriations by department for personal services and other. The other expenditures include fringes, contractual services, materials and supplies, capital outlay, and miscellaneous. Amounts shown in the financial statements represent the original appropriated budget amounts and all supplemental appropriations adopted through December 31, 2001.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETS AND BUDGETARY ACCOUNTING (continued)

BUDGETED LEVEL OF EXPENDITURE

Administrative control is maintained through the establishment of budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made to personal services and other for each department. The appropriations set by Council must remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the Director of Finance as long as the allocations are within Council's appropriated amount.

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds, and as a note disclosure for proprietary funds.

LAPSING OF APPROPRIATION

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is reappropriated.

E. POOLED CASH AND INVESTMENTS

To improve cash management, the City pools all individual cash balances in a bank account and short-term cash equivalents. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the combined balance sheet. Interest allocation is determined by the Ohio Constitution, state statutes, and local ordinances adopted under City Charter. Under these provisions, City funds required to receive interest allocations are: 1) those which receive proceeds from the sale of notes and/or bonds; 2) those which receive distributions of state gasoline tax and motor vehicle licenses fees (street maintenance and state highway special revenue funds); 3) the self-insurance fund. All remaining interest is allocated to the general fund. Legally, proprietary funds generally do not receive interest. Interest credited to the general fund during fiscal year 2001, amounted to \$157,963, which includes \$80,561 assigned from other City funds. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for non participating investment contracts (certificates of deposit) which are reported at cost. See Note 3 Deposits and Investments. For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments with original

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. POOLED CASH AND INVESTMENTS (continued)

maturities of three months or less are considered to be cash equivalents.

F. INTERFUND RECEIVABLES/PAYABLES

Receivables and payables arising between funds for goods provided or services rendered are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, or the short-term portion of advances, are classified as "interfund receivables/payables."

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the allocation method. Prepayments are reported as assets of the fund that will derive future benefits from the expenditure. The reserve for prepaids, in the governmental funds, indicates the amount of the prepaid is not available as a current financial resource of the fund.

H. INVENTORY OF SUPPLIES

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost 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.

I. FIXED ASSETS

The fixed asset values were initially determined at December 31, 1986, assigning original acquisition costs when such information was available. In cases where information supporting original costs were not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

GENERAL FIXED ASSETS

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost in the general fixed asset account group.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, lighting systems, and drainage systems, are not capitalized and are not reported. These assets are immovable and of value only to the government.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FIXED ASSETS (continued)

PROPRIETARY FUND FIXED ASSETS

Fixed assets associated with enterprise fund activities are accounted for in those funds. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. The assets in the enterprise funds are depreciated on the following basis:

	<u>YEARS</u>
Buildings	7 - 50
Machinery and equipment	6 - 40
Vehicles	5 - 7
Sewer lines	50
Water lines	50

CAPITALIZATION OF INTEREST

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2001, interest incurred on proprietary fund construction projects was immaterial.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. COMPENSATED ABSENCES

A liability for leave benefits should be accrued according to NCGA Statement 4 if they meet the following conditions:

1. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

The determination of the amount is based on the various benefit policies of the City. The amount of the liabilities at year end is the amount of benefits payable based on the policy. The liabilities are split between current and non-current.

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on a calendar year basis. The City does not allow the unused balance to be carried over from one calendar year to the next without the approval of the Director of the department and the Mayor. City employees are paid for earned, unused vacation leave at the end of each year and at the time of termination of employment.

For all employees, except firefighters, sick leave is earned at the rate of four and six-tenths hours for every eighty hours worked. Firefighters earn sick leave at the rate of 24 hours, which equals one tour of duty, per month. Each employee with 10 - 20 years of service with the City is paid for one-third of the employee's earned unused sick leave, not to exceed 360 hours, or 17 tours of duty for firefighters, upon separation from the City. Each employee with 20 or more years of service with the City is paid for one-third of the employee's earned unused sick leave, limited to 63 tours for firefighters, upon separation from the City. The full balance may be transferred to another governmental agency if not taken upon separation.

Additionally, beginning January 1, 1995, firefighters with 20 or more years of service with the City may elect to sell back up to 12 tours of duty of accumulated sick leave in any one calendar year. The firefighter will be paid at their current pay rate multiplied by one-third of the total number of sick leave tours sold back.

GASB Statement 16, effective for fiscal years beginning after June 15, 1993, prescribes changes in the accrual for compensated absences. According to this statement, a liability for compensated absences should be recorded when future payments for such absences have been earned by employees regardless of their vesting status. The City employs the vesting method of calculation with the following assumptions: 1.) for all police and fire employees, it was assumed that they will achieve ten years of employment 2.) for all other City employees, it was assumed that if they have been employed five years, they will achieve ten years of employment. An accrual was made for these individuals based on normal sick leave limitations of the City. If the employee has not reached five years of employment, it was assumed that they would not achieve ten years of

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. COMPENSATED ABSENCES (continued)

employment. No accrual was made for these employees.

For governmental funds, the City provides a liability for unpaid accumulated sick leave for employees. The current portion of unpaid compensated absences is the amount to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the general long-term obligation account group. At December 31, 2001 these amounts were \$39,058 and \$771,430, respectively.

In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability. The liability for compensated absences in the proprietary funds at December 31, 2001 was \$48,866.

K. LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligation account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligation account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service funds. To comply with GAAP reporting requirements, the City's debt retirement funds have been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Contributed capital represents donations by developers, contributions made by the City and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

Prior to 1987, the City had not prepared its financial statements in accordance with generally accepted accounting principles. Therefore, the exact amount of contributed capital pertaining to years prior to 1987 cannot be determined. It has been the policy of the City to construct and acquire capital assets used in operations of the water and sewer funds with resources of the capital project funds or through donations by developers. These assets are recorded as contributed capital in the accompanying combined financial statements.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. RESERVES OF FUND EQUITY

Reserves of fund equity in governmental funds indicate that a portion of the fund balances are not available for expenditure or are legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventory of supplies, and prepaid items.

N. INTERFUND TRANSACTIONS

During the course of normal 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. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Non-recurring and non-routine transfers of equity between funds, capital contributions to the enterprise funds, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the general fund, capital project funds, or debt service funds (when financed with debt proceeds) are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

O. INTERGOVERNMENTAL REVENUES

In governmental funds, federal grants awarded on a non-reimbursement basis are recorded as intergovernmental receivables and revenues when measurable and available. Federal reimbursable grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred.

P. STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments held by trustees, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and investments with the City's treasurer are also considered to be cash equivalents since they are available to the proprietary funds on demand.

Q. MEMORANDUM ONLY - 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 do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Change in Accounting Principle

For December 31, 2001, the City has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. GASB Statement No. 36 modified the provisions of GASB Statement No. 33 for certain specific nonexchange revenues.

Due to the implementation of GASB Statement No. 33, prior year fund balances were restated for the following funds:

General Fund

Fund Balance as of December 31, 2000	\$2,379,091
Real Estate Taxes	31,642
Local Government	76,536
Special Assessments	<u>199</u>
Restated Fund Balance, December 31, 2000	<u>\$2,487,468</u>

Special Revenue Fund

Fund Balance as of December 31, 2000	\$ 894,819
Real Estate Taxes	4,746
Intergovernmental	37,384
Special Assessments	<u>56,583</u>
Restated Fund Balance, December 31, 2000	<u>\$ 993,532</u>

Debt Service Fund

Fund Balance as of December 31, 2000	\$ 219,132
Special Assessments	<u>1,537</u>
Restated Fund Balance, December 31, 2000	<u>\$ 220,669</u>

NOTE 3 - FUND EQUITY DEFICITS

SPECIAL REVENUE FUNDS

The recreation fund has a deficit of \$23,731, caused by the application of generally accepted accounting principles. The general fund or the municipal income tax fund is liable for any deficit in the recreation fund and provides operating transfers when cash is needed, not when accruals occur.

CAPITAL PROJECTS FUNDS

The sewer capital improvement fund and the railroad capital improvement fund have deficits of \$16,592 and \$690,318, respectively, caused by the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 3 - FUND EQUITY DEFICITS (continued)

INTERNAL SERVICE FUNDS

The medical benefits fund has retained deficit earnings of \$136,170, as a result of accumulated operating losses, and the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and cash equivalents. State statutes classify monies held by the City into three categories.

Category 1 consists of active funds. "Active" funds are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" funds. Inactive funds are public deposits that Council has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Category 3 consists of "interim" funds. Interim funds are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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 of aggregate market value equal to the excess of deposits not insured by the Federal Depository 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 legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City of 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. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Investments:

- Category 1 Insured or registered, with 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.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

DEPOSITS

At year end, the carrying amount and fair value of the City's deposits was \$4,363,368 and the bank balance was \$4,568,111. Of the bank balance:

1. \$512,794 was covered by Federal depository insurance.
2. \$4,055,317 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions but not in the name of the City.

INVESTMENTS

The City's investments were categorized as follows:

	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreement	\$641,106	\$ 641,106
	\$641,106	641,106
State Treasury Asset Reserve of Ohio (STAR Ohio)		1,945,278
Total Investments		\$2,586,384

All investments are reported at fair value, which equals their carrying amount.

NOTE 5 - INCOME TAX

The City levies and collects an income tax of 2% on all income earned within the City, as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100% up to 1-1/2% of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax at least quarterly to the Regional Income Tax Agency, who administers the City's income tax collections. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general fund and the municipal income tax fund. The general fund receives three-fourths and the municipal income tax fund receives one-fourth of the total income tax revenue. Income tax revenue for 2001, on the GAAP basis was \$6,387,988 for the general fund and \$2,129,328 for the municipal income tax fund. On the budget basis revenue was \$6,404,842 for the general fund and \$2,134,947 for the municipal income tax fund.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on 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. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently 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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 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 Berea. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate applied to real property for the fiscal year ended December 31, 2001 was \$17.60 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property, upon which 2001 property tax receipts were based, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 297,018,160
Public Utility Real and Tangible	12,663,290
Tangible Personal	<u>27,221,866</u>
Total	<u>\$ 336,903,316</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 7 - INTERGOVERNMENTAL RECEIVABLE

Receivables at December 31, 2001 consisted of taxes, accounts (e.g., billings for user charged services, including unbilled utility services), special assessments, interest on investments, and intergovernmental receivables arising from grants, entitlements or shared revenues. All receivables are considered fully collectable. A summary of the principal items of intergovernmental receivables follows:

<u>FUND TYPE / FUND / REVENUE CLASSIFICATION</u>	<u>AMOUNTS</u>
<u>GENERAL FUND</u>	
Local government - state & county	\$ 520,169
Homestead	5,425
Estate tax	<u>46,193</u>
Total General Fund	<u>571,787</u>
<u>SPECIAL REVENUE FUNDS</u>	
<u>State Highway Fund</u>	
Gasoline tax	20,205
Automobile registrations	5,368
Total State Highway Fund	<u>25,573</u>
<u>Street Construction, Maintenance and Repair Fund</u>	
Gasoline tax	138,918
Motor vehicle licenses	66,200
Total Street Construction Maintenance and Repair Fund	<u>205,118</u>
<u>Fire Pension Transfer Fund</u>	
Homestead	1,132
<u>Police Pension Transfer Fund</u>	
Homestead	1,132
<u>Tri-City Senior Center Fund</u>	
Homestead	51
<u>Community Hospital Fund</u>	
Homestead	260
<u>Community Development Block Grant Fund</u>	
Homestead	14,332
<u>Municipal Vehicle Tax Levy Fund</u>	
Permissive motor vehicle tax	<u>5,608</u>
Total Special Revenue Funds	<u>253,206</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 7 - INTERGOVERNMENTAL RECEIVABLE (continued)

<u>FUND TYPE / FUND / REVENUE CLASSIFICATION</u>	<u>AMOUNTS</u>
<u>DEBT SERVICE FUND</u>	
Homestead	\$ <u>7,416</u>
Total Debt Service Fund	<u>7,416</u>
<u>CAPITAL PROJECTS FUNDS</u>	
<u>General Capital Improvement Fund</u>	
Grants	309,093
<u>Railroad Capital Improvement Fund</u>	
Grants	<u>1,272,137</u>
Total Capital Projects Funds	<u>1,581,230</u>
Total Intergovernmental Receivable	<u>\$2,413,639</u>

NOTE 8 - FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during 2001 were as follows:

	<u>BALANCE</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u>
	<u>1-1-01</u>			<u>12-31-01</u>
Land	\$ 2,811,492	\$ 0	\$ 0	\$ 2,811,492
Land Improvements	6,128,134	243,865	0	6,371,999
Buildings	13,911,683	281,296	0	14,192,979
Building Improvements	10,892,999	42,340	0	10,935,339
Machinery and Equipment	2,195,087	73,314	10,265	2,258,136
Vehicles	3,174,801	476,293	0	3,651,094
Subtotal	<u>39,114,196</u>	<u>1,117,108</u>	<u>10,265</u>	<u>40,221,039</u>
Construction in Progress	<u>715,522</u>	<u>2,819,697</u>	<u>203,272</u>	<u>3,331,947</u>
Total General Fixed Assets	<u>\$39,829,718</u>	<u>\$ 3,936,805</u>	<u>\$ 213,537</u>	<u>\$43,552,986</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 8 - FIXED ASSETS (continued)

B. FUND FIXED ASSETS

All fund fixed assets relate to the sewer and water enterprise funds. The balances as of December 31, 2001, for the two funds were as follows:

	<u>WATER</u> <u>FUND</u>	<u>SEWER</u> <u>FUND</u>	<u>TOTAL</u> <u>ENTERPRISE</u> <u>FUNDS</u>
Land	\$ 76,090	\$ 34,119	\$ 110,209
Land Improvements	746,110	400,312	1,146,422
Buildings	884,817	0	884,817
Building Improvements	1,528,500	0	1,528,500
Machinery and Equipment	1,868,202	317,274	2,185,476
Vehicles	47,257	0	47,257
Sewer Lines	0	6,833,979	6,833,979
Water Lines	6,163,894	0	6,163,894
Subtotal	<u>11,314,870</u>	<u>7,585,684</u>	<u>18,900,554</u>
Construction in Progress	4,200	5,743	9,943
Total Fund Fixed Assets	<u>11,319,070</u>	<u>7,591,427</u>	<u>18,910,497</u>
Less Accumulated Depreciation	<u>(6,590,539)</u>	<u>(3,838,757)</u>	<u>(10,429,296)</u>
Net Fund Fixed Assets	<u>\$ 4,728,531</u>	<u>\$ 3,752,670</u>	<u>\$ 8,481,201</u>

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS

NORTHEAST OHIO PUBLIC ENERGY COUNCIL

The City is a member of the Northeast Ohio Public Energy Council ("NOPEC"). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS (continued)

SOUTHWEST COUNCIL OF GOVERNMENTS

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Council's Board is comprised of one member from each of the sixteen participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZMAT"), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2001, the City of Berea contributed \$7,500 to the Council. The Council's financial statements may be obtained by contacting Terrence B. Hickey, Secretary-treasurer, 6281 Pearl Road, Parma Heights, Ohio 44130.

SOUTHWEST GENERAL HEALTH CENTER

The Southwest General Health Center is an Ohio nonprofit corporation providing health services. The Health Center is a jointly governed organization among the communities of Berea, Brook Park, Columbia Township, Middleburg Heights, Olmsted Falls and Strongsville.

The Health Center is governed by a Board of Trustees consisting of the following: one member of the legislative body from each of the political subdivisions, one resident from each of the political subdivisions who is not a member of the legislative body, three persons who are residents of any of the participating political subdivisions, the president and the executive vice president of the corporations, and the president and the vice president of the medical staff. The legislative body of each political subdivision elect their own member to serve on the Board of Trustees of the Health Center.

The Board exercises total control over the operation of the Health Center including budgeting, appropriating, contracting and designating management. Each City's control is limited to its representation on the Board. In 2001, the City of Berea contributed \$121,902 of property tax levies to the Health Center.

SOUTHWEST SUBURBAN AIRPORT COUNCIL OF GOVERNMENTS

The City is a member of the Southwest Suburban Airport Council of Governments ("SSAC"). SSAC was formed to protect the environment and quality of life within the southwest suburban area from the impact of expansion of the Cleveland Hopkins International Airport. The Council presently includes the cities of Berea and Middleburg Heights.

The Council's Board is comprised of one member from each of the participating communities. The Board oversees and manages the operation of the Council. The degree of control exercised by each City is limited to its representation on the Board. Financial information can be obtained by contacting Timothy Pope,

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Treasurer, 15700 Bagley Road, Middleburg Heights, Ohio 44130.

WOODVALE UNION CEMETERY

The Woodvale Union Cemetery is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Woodvale Union Cemetery provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization among the communities of Berea and Middleburg Heights.

The Cemetery is governed by a joint council consisting of the council members from both member communities. The joint council elects and appoints the members of the Board of Trustees. The members of the Board of Trustees consists of the following: one elected member of the legislative body from each of the political subdivisions, and one appointed resident from either of the political subdivisions who is not a member of the legislative body.

The joint council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. Each City's control is limited to its representation on the Joint Council. In 2001, the City of Berea contributed \$24,500 to the Cemetery.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems, which are cost sharing, multiple-employer defined benefit pension plans.

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The following information was provided by PERS of Ohio to assist the City in complying with the GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

The City of Berea contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS 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. PERS issues a stand alone financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2001 employer contribution rate for local government employer units was 13.55 percent of covered payroll, 9.25 percent to fund the pension and 4.3 percent to fund health care. The 2001 and 2000 employer contribution rates were 13.55 and 10.84 percent, respectively. The contribution requirement of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2001, 2000, and 1999 were \$684,008, \$610,871, and \$609,290, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the PERS of Ohio. The portion of the 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 4.3 percent of covered payroll, which amounted to \$216,901.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75 percent. An annual increase of 4.75 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

B. OHIO POLICE AND FIRE PENSION FUND (the "OP&F" Fund)

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost sharing, multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2001, 2000, and 1999 were \$373,780, \$333,710, and \$326,093 for police and \$346,508, \$319,727, and \$306,228 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. OHIO POLICE AND FIRE PENSION FUND (the "OP&F" Fund) (continued)

The OP&F Fund provides post-employment 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 on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide post-employment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2001 covered payroll that was used to fund post-employment health care benefits was \$173,709 representing 7.25 percent of covered payroll for police and \$105,205 representing 7.25 percent of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. 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. As of December 31, 2000, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of post-employment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 were \$106,160,054, which was net of member contributions of \$5,657,431.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 11 - OUTSTANDING DEBT

A. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2001 are as follows:

	<u>Balance</u> January 1, 2001	<u>Addition</u>	<u>(Reduction)</u>	<u>Balance</u> December 31, 2001
<u>GENERAL OBLIGATION BONDS:</u>				
4.68% 1989 Various Purpose	\$ 1,838,475	\$ 0	\$ (450,000)	\$ 1,388,475
6.10% 1992 Library	980,000	0	(60,000)	920,000
4.68% 1989 Various Purpose	584,946	0	(164,197)	420,749
6.10% 1992 Various Purpose	2,830,000	0	(210,000)	2,620,000
4.68% 1993 Various Purpose	1,718,603	0	(140,740)	1,577,863
5.35% 1999 Various Purpose	<u>6,815,000</u>	<u>0</u>	<u>(200,000)</u>	<u>6,615,000</u>
Total General Obligation Bonds	<u>14,767,024</u>	<u>0</u>	<u>(1,224,937)</u>	<u>13,542,087</u>
<u>URBAN RENEWAL BONDS:</u>				
6.100% 1992 Urban Renewal	1,435,000	0	(85,000)	1,350,000
4.680% 1993 Urban Renewal	<u>490,000</u>	<u>0</u>	<u>(25,000)</u>	<u>465,000</u>
Total Urban Renewal Bonds	<u>1,925,000</u>	<u>0</u>	<u>(110,000)</u>	<u>1,815,000</u>
<u>OHIO WATER DEVELOPMENT AUTHORITY LOANS (OWDA):</u>				
4.56% 1994 Sewer	366,327	0	(19,200)	347,127
6.72% 1994 Water	932,252	0	(42,169)	890,083
6.11% 1997 Sewer	659,964	0	(15,008)	644,956
5.66% 1998 Sewer	189,288	0	(19,323)	169,965
5.66% 1998 Water	84,146	0	(8,606)	75,540
5.58% 1999 Sewer	674,553	0	(21,983)	652,570
5.50% 1999 Water	525,118	0	(25,063)	500,055
5.50% 1999 Water	<u>161,496</u>	<u>0</u>	<u>(14,266)</u>	<u>147,230</u>
Total OWDA Loans	<u>3,593,144</u>	<u>0</u>	<u>(165,618)</u>	<u>3,427,526</u>
<u>OTHER LONG-TERM BENEFITS:</u>				
Accrued pension	587,219	0	(214,519)	372,700
Accrued sick and vacation	<u>752,820</u>	<u>18,610</u>	<u>0</u>	<u>771,430</u>
Total Other	<u>1,340,039</u>	<u>18,610</u>	<u>(214,519)</u>	<u>1,144,130</u>
Total	<u>\$21,625,207</u>	<u>\$ 18,610</u>	<u>\$(1,715,074)</u>	<u>\$19,928,743</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 11 - OUTSTANDING DEBT (continued)

A. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (continued)

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The general obligation bonds outstanding as of December 31, 2001 are to be repaid from both voted and unvoted property taxes levied on all taxable property located within the City, municipal income taxes, and transfers from the water revenue fund for exempt properties. Exempt properties include organizations exempt from taxation, such as colleges and churches, as well as property outside the City's jurisdiction who are provided water services from the City. The City assesses these exempt properties through a surcharge on their water bills to pay for the debt.

The City pays installments on the accrued liability of the Police and Firemen's Disability and Pension Fund of Ohio. This liability was incurred when the State of Ohio established the statewide pension system for Police and Firemen in 1967. As of December 31, 2001, the liability of the City was \$262,799, payable in semi-annual payments through the year 2035. This is an accounting liability of the City, which will not vary. The liability is reported in the general long-term obligations account group. The current portion is not included as a current liability in either the police pension transfer fund or the fire pension transfer fund because it is not material in amount.

A retirement schedule for Other Long-Term Benefits is not presented due to the undeterminable nature of the annual requirements.

The City's overall legal debt margin was \$35,374,848 at December 31, 2001.

<u>TAXABLE BONDS -</u> <u>O.R.C. SECTION 725</u> <u>(URBAN RENEWAL)</u>	<u>Balance</u> <u>January 1,</u> <u>2001</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2001</u>
<u>City Portion:</u>			
11.34% 1990			
Cleveland Browns	\$ 869,526	\$ 0	\$ 869,526
<u>Cleveland Brown's</u> <u>Portion:</u>			
**11.34% 1990			
Cleveland Browns	438,868	113,330	325,538
**11.34% 1990			
Cleveland Browns	<u>4,940,606</u>	<u>689,656</u>	<u>4,250,950</u>
Total Cleveland Browns Portion	<u>5,379,474</u>	<u>802,986</u>	<u>4,576,488</u>
Total Taxable Bonds	\$ <u>6,249,000</u>	\$ <u>802,986</u>	\$ <u>5,446,014</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 11 - OUTSTANDING DEBT (continued)

A. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (continued)

The taxable municipal bonds were used for the construction of an office and training facility, which is owned by the City and leased to the Cleveland Browns.

The Cleveland Browns are responsible for \$4,576,488 of the bonds, reported in the Cleveland Browns enterprise fund, and the City is responsible for \$869,526 of the bonds, reported in the general long-term debt account group. The \$802,986 bond reduction was paid by the Cleveland Browns.

** The City's portion of the bonds will be \$350,000 annually due in the years 2003 through 2005. See Note 12 - Leases, for additional information.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2001 are as follows:

Year	General Obligation Bonds	Urban Renewal Bonds	City's Taxable Bonds	Browns Taxable Bonds	OWDA Loan	Total
2002	\$ 2,181,376	\$ 227,074	\$ 0	\$ 1,579,417	\$ 376,076	\$ 4,363,943
2003	2,193,569	225,939	350,000	1,226,842	376,076	4,372,426
2004	2,152,451	221,184	350,000	1,224,886	376,076	4,324,597
2005	1,717,389	224,249	350,000	1,834,187	376,076	4,501,901
2006	1,706,343	226,225	0	0	376,076	2,308,644
There- after	<u>11,663,719</u>	<u>1,407,213</u>	<u>0</u>	<u>0</u>	<u>3,341,749</u>	<u>16,412,681</u>
Total	<u>\$21,614,847</u>	<u>\$ 2,531,884</u>	<u>\$ 1,050,000</u>	<u>\$ 5,865,332</u>	<u>\$ 5,222,129</u>	<u>\$36,284,192</u>

B. NOTE DEBT

Note debt activity for the year ended December 31, 2001, consisted of the following:

	Balance January 1, 2001	Additions	Reductions	Balance December 31, 2001
<u>GENERAL OBLIGATION NOTES:</u>				
3.00% North Rocky River Improvements	\$ 0	\$ 800,000	\$ 0	\$ 800,000
Sub-total	<u>0</u>	<u>800,000</u>	<u>0</u>	<u>800,000</u>
Promissory Note	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Total General Obligation Notes	<u>\$ 50,000</u>	<u>\$ 800,000</u>	<u>\$ 50,000</u>	<u>\$ 800,000</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 11 - OUTSTANDING DEBT (continued)

C. SHORT-TERM NOTE DEBT

Short-term note debt activity for the year ended December 31, 2001, consisted of the following:

	<u>Balance</u> January 1, 2001	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> December 31, 2001
Promissory Note	50,000	50,000	50,000	50,000

In fiscal year 1997 the City signed a promissory note in the amount of \$250,000, with 0.00% interest, for the purchase of a building. Payments on the note are payable in five annual installments due on or before the first day of May of each year, commencing May 1, 1998 with the last payment being due on May 1, 2002. In fiscal year 1999, the building was sold. However, at the request of the note holder, the City remains responsible for the promissory note payments, per the original schedule.

NOTE 12 - LEASES

The City entered into a lease agreement in 1990 for the rental of an office and training facility with the Cleveland Browns, which for accounting purposes is reported as an operating lease. The Cleveland Browns are responsible under the lease to assume all cost of maintenance and liability insurance, including major repairs and improvements. The facility, constructed by the City on City-owned land, is the property of the City. The cost of land improvements were paid for by the Cleveland Browns, and the improvements are the property of the City.

The facility and land improvements were funded through taxable urban renewal bonds for \$10,000,000 and approximately \$5,500,000 from the Cleveland Browns. The City's original portion of the \$10,000,000 taxable bonds is \$2,496,349 plus interest and is paid out of the General Fund's non-tax revenues. The Browns' original portion of the taxable bonds is \$7,503,651. The balance of this debt as of December 31, 1998 was reclassified due to the cash relief payment agreement to \$869,526 for the City's portion of the debt and \$6,899,473 for the Cleveland Browns' portion of the debt. As of December 31, 2001, the Cleveland Browns' portion of the debt is \$4,576,488. The City is not responsible for repaying the Browns' portion of the debt; however, due to provisions in the office and training facility lease agreement, the City may pay on the debt if it chooses, although the City has no legal obligation to do so. The bond payments are to be paid to a trustee who is responsible for principal and interest payments to the holders of the bonds.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 13 - CONSTRUCTION COMMITMENTS

As of December 31, 2001 the City had the following commitments with respect to capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Prospect Water Main	\$ 134,240	February 2002
Police Department Remodel	350	May 2002
Bagley/Geiger Road	43,859	August 2002
Central Sewer Project	429,702	August 2002
Karl Street	9,265	August 2002
Traffic Signalization	141,309	August 2002
Railroad Underpass	<u>44,591,221</u>	September 2005
Total	<u>\$45,349,946</u>	

During 1998, CSX Corporation (CSX) and Norfolk Southern Corporation (NS) entered into an operations plan for the purchase of the Conrail Corporation operations. Part of the plan involved routing and rerouting train traffic in the Cleveland area. Berea is the crossing point of both major railroad lines, thus causing a significant increase in train traffic through two of Berea's main thoroughfares. As a result, the City of Berea, CSX Corporation and NS Corporation entered into an agreement June 1, 1998. This agreement secures \$47.25 million in federal, state, and railroad funds to construct rail/grade underpasses at these two main intersections in Berea.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains three enterprise funds. The water and sewer funds are intended to be self-supporting through user fees charged for services to the public. The Cleveland Browns Fund accounts for the revenues received from the Browns and for the payment of the Browns' portion of the taxable urban renewal bonds. Financial segment information as of and for the year ended December 31, 2001 is presented as follows:

	WATER REVENUE FUND	SEWER REVENUE FUND	CLEVELAND BROWNS FUND	TOTAL
Operating Revenues	\$ 820,935	\$ 493,380	\$ 0	\$ 1,314,315
Depreciation Expense	176,175	120,122	0	296,297
Operating (Loss) Income	(950,248)	58,553	0	(891,695)
Operating Transfers - In	857,100	0	0	857,100
Operating Transfers - Out	0	(46,000)	0	(46,000)
Net Loss	(194,768)	(90,266)	0	(285,034)
Contributed Capital	3,768,101	2,802,671	0	6,570,772
Property, Plant and Equipment:				
Additions	249,666	113,567	0	363,233
Deletions	0	0	0	0
Total Assets	5,025,871	3,949,937	4,576,488	13,552,296
Net Working Capital	139,542	149,930	94,014	383,486
Taxable Obligation				
Bonds Payable	0	0	231,524	231,524
Cleveland Browns Bonds Payable	0	0	4,250,950	4,250,950
Interest Payable	70,366	31,143	94,014	195,523
O.W.D.A. Loans Payable	1,612,908	1,814,618	0	3,427,526
Total Equity	2,549,259	2,747,946	0	5,297,205

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2001, the interfund receivables and payables were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 90,838	\$132,231
Fire Pension Fund	0	27,595
Police Pension Fund	0	27,595
Tri-City Senior Fund	0	1,241
Community Hospital Fund	0	6,339
Probation Fund	17,650	0
Indigent Drivers Alcohol Treatment Fund	855	0
DUI Education Fund	255	0
Court Computer Fund	13,035	0
Court Computer Research Fund	3,872	0
State Highway Patrol Fund	32	0
Debt Service Fund	195,001	0
Municipal Court Fund	<u>0</u>	<u>126,537</u>
Total Interfund Receivables/ Payables	<u>\$321,538</u>	<u>\$321,538</u>

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 16 - OPERATING TRANSFERS

The City's Combined Statement of Revenue, Expenditures, and Changes in Fund Balances displays operating transfers-in and transfers-out for the year ended December 31, 2001. These totals are not in agreement due to the regional sewer fund, an agency fund. The regional sewer fund made a transfer of \$56,007 to the water revenue fund, during the reporting period for billing charges. A reconciliation of operating transfers, including the regional sewer fund is as follows:

<u>Fund</u>	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ <u>0</u>	<u>\$1,823,000</u>
<u>Special Revenue</u>		
Recreation	786,500	0
Municipal Income Tax	0	2,221,585
S.C.M.R.	704,400	0
C.D.B.G.	0	163,284
Muni Vehicle Tax	0	36,400
Total Special Revenue	<u>1,490,900</u>	<u>2,421,269</u>
<u>Debt Service</u>		
General Bond Retirement	300,000	0
Total Debt Service	<u>300,000</u>	<u>0</u>
<u>Capital Projects</u>		
General Improvement	980,085	0
Sewer Capital Improvement	42,600	0
Water Capital Improvement	412,284	0
Recreation Capital Improvement	52,300	0
Total Capital Projects	<u>1,487,269</u>	<u>0</u>
<u>Enterprise</u>		
Water Revenue	857,100	0
Sewer Revenue	0	46,000
Total Enterprise	<u>857,100</u>	<u>46,000</u>
<u>Internal Service</u>		
Property/Liability Insurance	155,000	0
Total Internal Service	<u>155,000</u>	<u>0</u>
Total All Funds	<u>\$4,290,269</u>	<u>\$4,290,269</u>

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING (continued)

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are identified as follows:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds, and note disclosure for proprietary funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the government funds and proprietary funds are as follows:

Excess (Deficiency) of Revenues & Other Sources Over Expenditures and Other Uses All Governmental Fund Types				
Governmental Funds	General	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ (303,862)	\$ (213,304)	\$ 256,632	\$ (323,878)
<u>Increases (Decreases)</u>				
<u>Due to:</u>				
Revenue Accruals	(68,194)	(108,002)	(346,273)	(397,561)
Expenditure Accruals	90,851	(48,991)	0	1,191,528
Budget Basis	\$ (281,205)	\$ (370,297)	\$ (89,641)	\$ 470,089
Net Loss/Excess (Deficiency) of Revenues and Operating Transfers Over Expenses All Proprietary Fund Types				
Proprietary Funds	Enterprise		Internal Service	
Net (Loss) Income	\$ (285,034)		\$ (86,563)	
<u>Increases (Decreases) Due To:</u>				
Revenue Accruals	61,415		1,031	
Expense Accruals	33,832		(35,209)	
Inventory	(17,710)		0	
Depreciation Expense	296,297		0	
Debt Retirement	(204,439)		(1,031)	
Budget Basis	\$ (115,639)		\$ (121,772)	

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 18 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY INSURANCE

The City of Berea is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1993, the City established a property and liability insurance internal service fund to account for and finance its uninsured and insured risk of loss. Under this program, the property and liability insurance fund provides coverage up to a maximum of \$25,000 for each general liability claim, with stop loss of \$250,000. The City purchases commercial insurance for claims in excess of coverage provided by the fund for all risk of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The general fund, recreation special revenue fund and the water revenue and sewer revenue enterprise funds participate in the program and make payments to the property and liability insurance internal service fund based on estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$34,341 at December 31, 2001 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. Changes in the property and liability insurance internal service fund claims liability balance for the years ended 2000 and 2001 are as follows:

	<u>Balance,</u> <u>January 1</u>	<u>Current</u> <u>Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance,</u> <u>December 31</u>
2000	\$ 30,054	\$228,372	\$224,085	\$ 34,341
2001	34,341	168,615	201,422	1,534

B. MEDICAL BENEFITS

The City of Berea has elected to provide employee medical, surgical, prescription drug, dental, and vision benefits. The City maintains a self-insurance internal service fund to account for this program. The plan provides medical/surgical coverage with certain deductibles, co-pays and maximum benefits as noted in the plan. The dental/vision benefits are also subject to certain deductibles, co-pays and maximum benefits as noted in the plan. The prescription drug plan utilizes a \$2 generic, \$4 brand name deductible per prescription. The plan is administered by Benefit Services, Inc. and overseen by Legacy Administrative Services, Inc. All claims are reviewed by Benefit Services, Inc. and the City of Berea, before claims are paid by the City. All of the above limitations are subject to certain guidelines and restrictions.

The City of Berea pays into the self-insurance internal service fund \$870 for family coverage and \$390 for single coverage per month. The premium is charged to the fund that records the salary expenditure of the covered employee. The premium is based upon historical cost data provided by the insurance carriers.

CITY OF BEREA

Notes to the General Purpose Financial Statements (continued)
For the Year Ended December 31, 2001

NOTE 18 - RISK MANAGEMENT (continued)

B. MEDICAL BENEFITS (continued)

The claims liability of \$149,145 reported in the medical benefits internal service fund at December 31, 2001 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the medical benefits internal service fund's claims liability amount in 2000 and 2001 were as follows:

	<u>Balance</u> <u>January 1</u>	<u>Current</u> <u>Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>December 31</u>
2000	\$ 85,971	\$ 994,857	\$ 929,884	\$150,944
2001	150,944	1,129,219	1,131,018	149,145

C. WORKERS' COMPENSATION

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

NOTE 19 - CONTINGENCIES

A. LITIGATION

The City of Berea is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. In those cases where a loss is probable and measurable, a liability has been recognized. It is the opinion of the City that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial position of the City.

B. GRANTS

The disbursement of funds received under federal and state grants generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any potential disallowed claims resulting from such an audit could become a liability of the City. However, City management believes any such disallowed claims would be immaterial on the overall financial position of the City at December 31, 2001.

**Combining, Individual Fund
and Account Group Statements
and Schedules**

GENERAL FUND

The general fund is established to account for resources traditionally associated with the general governmental operations of the City that are not required to be accounted for in other specific funds.

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 1,479,633	\$ 1,479,633	\$ 0
Municipal income taxes	6,404,842	6,404,842	0
Other local taxes	209,871	209,871	0
Intergovernmental	1,911,565	1,911,565	0
Charges for services	35,669	35,669	0
Licenses and permits	156,720	156,720	0
Fines and forfeitures	927,639	927,639	0
Investment income	175,536	175,536	0
Miscellaneous income	71,841	71,841	0
Total revenues	<u>11,373,316</u>	<u>11,373,316</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
<i>Security of persons and property</i>			
Police department			
Personal service	2,415,000	2,410,591	4,409
Other	<u>243,000</u>	<u>230,980</u>	<u>12,020</u>
Total police department	<u>2,658,000</u>	<u>2,641,571</u>	<u>16,429</u>
Fire department			
Personal service	1,476,000	1,469,506	6,494
Other	<u>59,000</u>	<u>57,928</u>	<u>1,072</u>
Total fire department	<u>1,535,000</u>	<u>1,527,434</u>	<u>7,566</u>
<i>Total security of persons and Property</i>	<u>4,193,000</u>	<u>4,169,005</u>	<u>23,995</u>
<i>Leisure time activities</i>			
Public grounds			
Personal service	144,000	141,481	2,519
Other	<u>163,000</u>	<u>91,280</u>	<u>71,720</u>
Total public grounds	<u>307,000</u>	<u>232,761</u>	<u>74,239</u>
<i>Total leisure time activities</i>	<u>\$ 307,000</u>	<u>\$ 232,761</u>	<u>\$ 74,239</u> (continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Community development</i>			
Building department			
Personal service	\$ 278,000	\$ 271,138	\$ 6,862
Other	<u>42,000</u>	<u>13,075</u>	<u>28,925</u>
Total building department	<u>320,000</u>	<u>284,213</u>	<u>35,787</u>
<i>Total community development</i>	<u>320,000</u>	<u>284,213</u>	<u>35,787</u>
<i>Basic utility services</i>			
Storm sewers and drains			
Personal service	114,000	106,245	7,755
Other	<u>90,000</u>	<u>82,225</u>	<u>7,775</u>
Total storm sewers and drains	<u>204,000</u>	<u>188,470</u>	<u>15,530</u>
Refuse collection and disposal			
Personal service	458,000	455,356	2,644
Other	<u>420,000</u>	<u>378,938</u>	<u>41,062</u>
Total refuse collection and Disposal	<u>878,000</u>	<u>834,294</u>	<u>43,706</u>
<i>Total basic utility services</i>	<u>1,082,000</u>	<u>1,022,764</u>	<u>59,236</u>
<i>General Government</i>			
Council			
Personal service	150,250	146,024	4,226
Other	<u>8,000</u>	<u>6,407</u>	<u>1,593</u>
Total council	<u>158,250</u>	<u>152,431</u>	<u>5,819</u>
Mayor			
Personal service	142,250	141,312	938
Other	<u>4,500</u>	<u>4,213</u>	<u>287</u>
Total mayor	<u>146,750</u>	<u>145,525</u>	<u>1,225</u>
Finance			
Personal service	291,500	281,705	9,795
Other	<u>15,500</u>	<u>14,627</u>	<u>873</u>
Total finance	<u>307,000</u>	<u>296,332</u>	<u>10,668</u>
Community development			
Personal service	116,500	115,862	638
Other	<u>74,500</u>	<u>73,678</u>	<u>822</u>
Total community development	<u>\$ 191,000</u>	<u>\$ 189,540</u>	<u>\$ 1,460</u> (continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Law			
Personal service	\$ 211,413	\$ 209,167	\$ 2,246
Other	<u>14,500</u>	<u>13,813</u>	<u>687</u>
Total law	<u>225,913</u>	<u>222,980</u>	<u>2,933</u>
Civil service commission			
Personal service	6	5	1
Other	<u>755</u>	<u>750</u>	<u>5</u>
Total civil service commission	<u>761</u>	<u>755</u>	<u>6</u>
Municipal court			
Personal service	566,000	563,359	2,641
Other	<u>371,500</u>	<u>370,695</u>	<u>805</u>
Total municipal court	<u>937,500</u>	<u>934,054</u>	<u>3,446</u>
General government land and buildings			
Personal service	0	0	0
Other	<u>360,000</u>	<u>297,443</u>	<u>62,557</u>
Total general government land and buildings	<u>360,000</u>	<u>297,443</u>	<u>62,557</u>
Service administration			
Personal service	128,000	119,496	8,504
Other	<u>13,000</u>	<u>12,496</u>	<u>504</u>
Total service administration	<u>141,000</u>	<u>131,992</u>	<u>9,008</u>
Planning and development			
Personal service	0	0	0
Other	<u>7,500</u>	<u>7,497</u>	<u>3</u>
Total planning and development	<u>7,500</u>	<u>7,497</u>	<u>3</u>
Contingencies			
Personal service	25,000	0	25,000
Other	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total contingencies	\$ <u>50,000</u>	\$ <u>0</u>	\$ <u>50,000</u> (continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration			
Personal service	\$ 105,750	\$ 104,022	\$ 1,728
Other	<u>1,665,000</u>	<u>1,640,207</u>	<u>24,793</u>
Total administration	<u>1,770,750</u>	<u>1,744,229</u>	<u>26,521</u>
<i>Total general government</i>	<u>4,296,424</u>	<u>4,122,778</u>	<u>173,646</u>
Total expenditures	<u>10,198,424</u>	<u>9,831,521</u>	<u>366,903</u>
Excess (deficiency) of revenues over expenditures	<u>1,174,892</u>	<u>1,541,795</u>	<u>(366,903)</u>
Other financing sources (uses):			
Operating transfers - out	<u>(1,823,000)</u>	<u>(1,823,000)</u>	<u>0</u>
Total other financing sources (uses)	<u>(1,823,000)</u>	<u>(1,823,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(648,108)	(281,205)	336,903
Fund balance, beginning of year	1,436,212	1,436,212	0
Encumbrances at end of year	<u>6,790</u>	<u>6,790</u>	<u>0</u>
Fund balance, end of year	<u>\$ 794,894</u>	<u>\$ 1,161,797</u>	<u>\$ 336,903</u>

SPECIAL REVENUE FUNDS

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

Recreation Fund - to account for fees collected and property taxes levied for the purpose of paying the costs of acquiring, constructing, improving, operating or maintaining the City's recreational facilities and programs.

Municipal Income Tax Fund - to account for the accumulation of income taxes levied.

State Highway Fund - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

S.C.M.R. Fund - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Fire Pension Transfer Fund - to accumulate property taxes levied for the payment of current employer contributions for fire disability and pension benefits and the accrued liability.

Police Pension Transfer Fund - to accumulate property taxes levied for the payment of current employer contributions for police disability and pension benefits and the accrued liability.

COPS Grant Fund - to account for revenues received from the U. S. Department of Justice and expenditures incurred as prescribed under the COPS Grant Program.

Street Lighting Fund - to account for special assessments levied to pay the costs of street lighting in certain areas of the City.

Tri-City Senior Center Fund - to account for a special property tax levied to provide the City's contribution to the Tri-City Senior Center, a nonprofit organization serving the senior citizens of Berea, Brook Park, and Middleburg Heights.

Community Hospital Fund - to account for a special property tax levied to provide resources to support a health care facility.

Community Development Block Grant Fund - to account for revenues received from the federal government and expenditures incurred as prescribed under the Community Development Block Grant Program.

Municipal Vehicle Tax Levy Fund - to account for the additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

(continued)

SPECIAL REVENUE FUNDS (continued)

Law Enforcement Fund - to account for monies seized from criminals by law enforcement officials in the course of their work and restricted, by State statute, for expenditures that would enhance the police department.

Probation Services Fund - to account for court fees, restricted for the operation of the Court probation program.

Indigent Drivers Alcohol Treatment Fund - to account for the resources obtained from DUI fines and designated, by state statute, for a state approved alcohol treatment program.

DUI Education Fund - to account for court fees obtained from DUI cases and restricted by State statute, for expenditures that would enhance DUI education.

DUI Housing Cost Fund - to account for court fees obtained from DUI cases and restricted by State statute, for expenditures incurred in housing costs due to DUI offenses.

Indigent Driving School Fund - to account for court fees, restricted for the payment of driving school fees charge to indigent defendants.

Court Computer Fund - to account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Clerk of Courts Office.

Court Computer Research Fund - to account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Judge's Office.

State Highway Patrol Fund - to account for the resources obtained from state highway fines and designated, by state statute, for expenditures that would enhance the law library.

Mayor's Special Projects - to account for revenue received to be used for the Berea Welfare Program.

(THIS PAGE INTENTIONALLY LEFT BLANK.)

CITY OF BEREA, OHIO
Combining Balance Sheet
All Special Revenue Funds
December 31, 2001

	<u>Recreation</u>	<u>Municipal Income Tax</u>	<u>State Highway</u>	<u>Street Maintenance</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 13,510	\$ 5,856	\$ 12,701	\$ 16,493
Receivables:				
Taxes	0	647,713	0	0
Accrued interest	0	0	0	0
Intergovernmental	0	0	25,573	205,118
Interfund	0	0	0	0
Special assessments	0	0	0	0
Prepaid items	544	0	0	0
Inventory of supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,681</u>
Total Assets	<u>\$ 14,054</u>	<u>\$ 653,569</u>	<u>\$ 38,274</u>	<u>\$ 287,292</u>
Liabilities:				
Accounts payable	\$ 13,724	\$ 0	\$ 0	\$ 8,551
Interfund payable	0	0	0	0
Accrued wages and benefits	10,084	0	0	18,160
Accrued compensated absences	172	0	0	3,256
Accrued worker's compensation	12,805	0	0	14,538
Deferred revenue	<u>0</u>	<u>302,745</u>	<u>20,371</u>	<u>140,961</u>
Total Liabilities	<u>36,785</u>	<u>302,745</u>	<u>20,371</u>	<u>185,466</u>
Fund Equity				
Fund balance:				
Reserved for encumbrances	0	0	0	100
Reserved for inventory	0	0	0	65,681
Reserved for prepaids	544	0	0	0
Undesignated	<u>(23,275)</u>	<u>350,824</u>	<u>17,903</u>	<u>36,045</u>
Total Fund Equity (deficit)	<u>(22,731)</u>	<u>350,824</u>	<u>17,903</u>	<u>101,826</u>
Total Liabilities and Fund Equity	<u>\$ 14,054</u>	<u>\$ 653,569</u>	<u>\$ 38,274</u>	<u>\$ 287,292</u>

<u>Fire Pension</u>	<u>Police Pension</u>	<u>COPS Grant</u>	<u>Street Lighting</u>	<u>Tri-City Senior</u>	<u>Community Hospital</u>
\$ 82,399	\$ 29,012	\$ 0	\$ 32,340	\$ 1,093	\$ 7,013
327,812	327,812	0	0	17,704	118,302
0	0	0	0	0	0
1,132	1,132	0	0	51	260
0	0	0	0	0	0
0	0	0	515,055	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 411,343</u>	<u>\$ 357,956</u>	<u>\$ 0</u>	<u>\$ 547,395</u>	<u>\$ 18,848</u>	<u>\$ 125,575</u>
\$ 0	\$ 0	\$ 0	\$ 38,261	\$ 0	\$ 0
27,595	27,595	0	0	1,241	6,339
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>305,475</u>	<u>305,475</u>	<u>0</u>	<u>455,561</u>	<u>16,506</u>	<u>110,348</u>
<u>333,070</u>	<u>333,070</u>	<u>0</u>	<u>493,822</u>	<u>17,747</u>	<u>116,687</u>
0	0	0	12,500	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>78,273</u>	<u>24,886</u>	<u>0</u>	<u>41,073</u>	<u>1,101</u>	<u>8,888</u>
<u>78,273</u>	<u>24,886</u>	<u>0</u>	<u>53,573</u>	<u>1,101</u>	<u>8,888</u>
<u>\$ 411,343</u>	<u>\$ 357,956</u>	<u>\$ 0</u>	<u>\$ 547,395</u>	<u>\$ 18,848</u>	<u>\$ 125,575</u>

(continued)

CITY OF BEREA, OHIO
Combining Balance Sheet
All Special Revenue Funds (continued)
December 31, 2001

	<u>Community Development Block Grant</u>	<u>Municipal Vehicle Tax Levy</u>	<u>Law Enforcement</u>	<u>Probation</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ (10,560)	\$ 6,188	\$ 1,060	\$ 1,856
Receivables:				
Taxes	0	0	0	0
Accrued interest	0	0	0	0
Intergovernmental	14,332	5,608	0	0
Interfund	0	0	0	17,650
Special assessments	0	0	0	0
Prepaid items	0	0	0	0
Inventory of supplies	0	0	0	0
Total Assets	<u>\$ 3,772</u>	<u>\$ 11,796</u>	<u>\$ 1,060</u>	<u>\$ 19,506</u>
Liabilities:				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0
Interfund payable	0	0	0	0
Accrued wages and benefits	0	0	0	4,739
Accrued compensated absences	0	0	0	0
Accrued worker's compensation	0	0	0	0
Deferred revenue	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,739</u>
Fund Equity				
Fund balance:				
Reserved for encumbrances	0	0	0	0
Reserved for inventory	0	0	0	0
Reserved for prepaids	0	0	0	0
Undesignated	3,772	11,796	1,060	14,767
Total Fund Equity (deficit)	<u>3,772</u>	<u>11,796</u>	<u>1,060</u>	<u>14,767</u>
Total Liabilities and Fund Equity	<u>\$ 3,772</u>	<u>\$ 11,796</u>	<u>\$ 1,060</u>	<u>\$ 19,506</u>

<u>Indigent Drivers Alcohol</u>	<u>DUI Education</u>	<u>DUI Housing</u>	<u>Indigent Driving School</u>	<u>Court Computer</u>	<u>Court Computer Research</u>
\$ 22,700	\$ 6,618	\$ 58	\$ 908	\$ 103,137	\$ 28,288
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
855	255	0	0	13,035	3,872
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 23,555</u>	<u>\$ 6,873</u>	<u>\$ 58</u>	<u>\$ 908</u>	<u>\$ 116,172</u>	<u>\$ 32,160</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,741	\$ 165
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,741</u>	<u>165</u>
2,650	0	0	0	5,085	165
0	0	0	0	0	0
0	0	0	0	0	0
<u>20,905</u>	<u>6,873</u>	<u>58</u>	<u>908</u>	<u>97,346</u>	<u>31,830</u>
<u>23,555</u>	<u>6,873</u>	<u>58</u>	<u>908</u>	<u>102,431</u>	<u>31,995</u>
<u>\$ 23,555</u>	<u>\$ 6,873</u>	<u>\$ 58</u>	<u>\$ 908</u>	<u>\$ 116,172</u>	<u>\$ 32,160</u>

(continued)

CITY OF BEREA, OHIO
Combining Balance Sheet
All Special Revenue Funds (continued)
December 31, 2001

	<u>State Highway Patrol</u>	<u>Mayor's Special Projects</u>	<u>Totals</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 474	\$ 0	\$ 361,144
Receivables:			
Taxes	0	0	1,439,343
Accrued interest	0	0	0
Intergovernmental	0	0	253,206
Interfund	32	0	35,699
Special assessments	0	0	515,055
Prepaid items	0	0	544
Inventory of supplies	0	0	65,681
Total Assets	<u>\$ 506</u>	<u>\$ 0</u>	<u>\$ 2,670,672</u>
Liabilities:			
Accounts payable	\$ 0	\$ 0	\$ 74,442
Interfund payable	0	0	62,770
Accrued wages and benefits	0	0	32,983
Accrued compensated absences	0	0	3,428
Accrued worker's compensation	0	0	27,343
Deferred revenue	0	0	1,657,442
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,858,408</u>
Fund Equity			
Fund balance:			
Reserved for encumbrances	0	0	20,500
Reserved for inventory	0	0	65,681
Reserved for prepaids	0	0	544
Undesignated	506	0	725,539
Total Fund Equity (deficit)	<u>506</u>	<u>0</u>	<u>812,264</u>
Total Liabilities and Fund Equity	<u>\$ 506</u>	<u>\$ 0</u>	<u>\$ 2,670,672</u>

(THIS PAGE INTENTIONALLY LEFT BLANK.)

CITY OF BEREA, OHIO

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

	Recreation	Municipal Income Tax	State Highway
Revenues:			
Property taxes	\$ 0	\$ 0	\$ 0
Municipal income taxes	0	2,129,328	0
Intergovernmental	0	0	41,138
Charges for services	242,788	0	0
Fines and forfeitures	0	0	0
Special assessments	0	0	0
Investment income	0	0	0
Miscellaneous income	6,562	0	0
Total revenues	249,350	2,129,328	41,138
Expenditures:			
Current operations and maintenance:			
Security of persons and property	0	0	0
Public health and welfare	0	0	0
Leisure time activities	1,023,793	0	0
Community development	0	0	0
Transportation	0	0	30,000
General government	0	19,075	0
Total expenditures	1,023,793	19,075	30,000
Excess (deficiency) of revenues over expenditures	(774,443)	2,110,253	11,138
Other financing sources (uses):			
Operating transfers - in	786,500	0	0
Operating transfers - out	0	(2,221,585)	0
Total other financing sources (uses)	786,500	(2,221,585)	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	12,057	(111,332)	11,138
Fund balance, beginning of year	(34,788)	462,156	6,765
Increase (decrease) in reserve for Inventory	0	0	0
Fund balance, end of year	\$ (22,731)	\$ 350,824	\$ 17,903

<u>Street Maintenance</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>COPS Grant</u>	<u>Street Lighting</u>
\$ 0	\$ 317,435	\$ 317,435	\$ 0	\$ 0
0	0	0	0	0
424,193	69,205	71,247	17,377	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	478,641
0	0	0	0	0
0	0	0	0	0
<u>424,193</u>	<u>386,640</u>	<u>388,682</u>	<u>17,377</u>	<u>478,641</u>
0	377,901	412,369	17,377	620,534
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
1,154,728	0	0	0	0
0	0	0	0	0
<u>1,154,728</u>	<u>377,901</u>	<u>412,369</u>	<u>17,377</u>	<u>620,534</u>
<u>(730,535)</u>	<u>8,739</u>	<u>(23,687)</u>	<u>0</u>	<u>(141,893)</u>
704,400	0	0	0	0
0	0	0	0	0
<u>704,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(26,135)</u>	<u>8,739</u>	<u>(23,687)</u>	<u>0</u>	<u>(141,893)</u>
95,925	69,534	48,573	0	195,466
32,036	0	0	0	0
<u>\$ 101,826</u>	<u>\$ 78,273</u>	<u>\$ 24,886</u>	<u>\$ 0</u>	<u>\$ 53,573</u> (continued)

CITY OF BEREA, OHIO

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

	Tri-City Senior Center	Community Hospital	Community Development Block Grant
Revenues:			
Property taxes	\$ 15,614	\$ 93,059	\$ 0
Municipal income taxes	0	0	0
Intergovernmental	4,922	39,335	211,109
Charges for services	0	0	0
Fines and forfeitures	0	0	0
Special assessments	0	0	0
Investment income	0	0	0
Miscellaneous income	0	0	0
Total revenues	<u>20,536</u>	<u>132,394</u>	<u>211,109</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property	0	0	0
Public health and welfare	0	128,241	0
Leisure time activities	20,302	0	0
Community development	0	0	48,938
Transportation	0	0	0
General government	0	0	0
Total expenditures	<u>20,302</u>	<u>128,241</u>	<u>48,938</u>
Excess (deficiency) of revenues over expenditures	<u>234</u>	<u>4,153</u>	<u>162,171</u>
Other financing sources (uses):			
Operating transfers - in	0	0	0
Operating transfers - out	0	0	(163,284)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(163,284)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>234</u>	<u>4,153</u>	<u>(1,113)</u>
Fund balance, beginning of year	867	4,735	4,885
Increase (decrease) in reserve for Inventory	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	\$ <u>1,101</u>	\$ <u>8,888</u>	\$ <u>3,772</u>

Municipal Vehicle Tax Levy	Law Enforcement	Probation	Indigent Drivers Alcohol	DUI Education	DUI Housing
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
39,231	0	0	0	0	0
0	0	0	0	0	0
0	1,225	167,973	29,070	893	0
0	0	0	0	0	0
105	0	0	0	0	0
0	0	0	0	0	0
<u>39,336</u>	<u>1,225</u>	<u>167,973</u>	<u>29,070</u>	<u>893</u>	<u>0</u>
0	165	148,467	0	3,955	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	4,739	56,630	0	0
<u>0</u>	<u>165</u>	<u>153,206</u>	<u>56,630</u>	<u>3,955</u>	<u>0</u>
<u>39,336</u>	<u>1,060</u>	<u>14,767</u>	<u>(27,560)</u>	<u>(3,062)</u>	<u>0</u>
0	0	0	0	0	0
(36,400)	0	0	0	0	0
<u>(36,400)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,936</u>	<u>1,060</u>	<u>14,767</u>	<u>(27,560)</u>	<u>(3,062)</u>	<u>0</u>
8,860	0	0	51,115	9,935	58
0	0	0	0	0	0
<u>\$ 11,796</u>	<u>\$ 1,060</u>	<u>\$ 14,767</u>	<u>\$ 23,555</u>	<u>\$ 6,873</u>	<u>\$ 58</u>

(continued)

CITY OF BEREA, OHIO

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

	Indigent Driver's School	Court Computer	Court Computer Research
Revenues:			
Property taxes	\$ 0	\$ 0	\$ 0
Municipal income taxes	0	0	0
Intergovernmental	0	0	0
Charges for services	0	0	0
Fines and forfeitures	1,458	130,386	38,388
Special assessments	0	0	0
Investment income	0	0	0
Miscellaneous income	0	0	0
Total revenues	<u>1,458</u>	<u>130,386</u>	<u>38,388</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property	550	0	0
Public health and welfare	0	0	0
Leisure time activities	0	0	0
Community development	0	0	0
Transportation	0	0	0
General government	0	85,256	18,500
Total expenditures	<u>550</u>	<u>85,256</u>	<u>18,500</u>
Excess (deficiency) of revenues over expenditures	<u>908</u>	<u>45,130</u>	<u>19,888</u>
Other financing sources (uses):			
Operating transfers - in	0	0	0
Operating transfers - out	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>908</u>	<u>45,130</u>	<u>19,888</u>
Fund balance, beginning of year	0	57,301	12,107
Increase (decrease) in reserve for Inventory	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	\$ <u>908</u>	\$ <u>102,431</u>	\$ <u>31,995</u>

State Highway Patrol	Mayor's Special Projects	Totals
\$ 0	\$ 0	\$ 743,543
0	0	2,129,328
0	0	917,757
0	0	242,788
1,585	0	370,978
0	0	478,641
0	0	105
0	3,347	9,909
<u>1,585</u>	<u>3,347</u>	<u>4,893,049</u>
0	0	1,581,318
0	0	128,241
0	3,347	1,047,442
0	0	48,938
0	0	1,184,728
1,117	0	185,317
<u>1,117</u>	<u>3,347</u>	<u>4,175,984</u>
<u>468</u>	<u>0</u>	<u>717,065</u>
0	0	1,490,900
0	0	(2,421,269)
<u>0</u>	<u>0</u>	<u>(930,369)</u>
<u>468</u>	<u>0</u>	<u>(213,304)</u>
38	0	993,532
<u>0</u>	<u>0</u>	<u>32,036</u>
<u>\$ 506</u>	<u>\$ 0</u>	<u>\$ 812,264</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 242,788	\$ 242,788	\$ 0
Other	6,562	6,562	0
Total revenues	<u>249,350</u>	<u>249,350</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Leisure time activities			
Personal services	589,000	581,501	7,499
Other	469,365	468,945	420
Total expenditures	<u>1,058,365</u>	<u>1,050,446</u>	<u>7,919</u>
Excess of revenues over (under) expenditures	<u>(809,015)</u>	<u>(801,096)</u>	<u>7,919</u>
Other financing sources (uses):			
Operating transfers - in	786,500	786,500	0
Total other financing sources (uses)	<u>786,500</u>	<u>786,500</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>(22,515)</u>	<u>(14,596)</u>	<u>7,919</u>
Fund equity (deficit) at beginning of year	28,105	28,105	0
Encumbrances at end of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund equity (deficit) at end of year	\$ <u><u>5,590</u></u>	\$ <u><u>13,509</u></u>	\$ <u><u>7,919</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Municipal Income Tax Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Municipal income taxes	\$ 2,134,947	\$ 2,134,947	\$ 0
Total revenues	<u>2,134,947</u>	<u>2,134,947</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
General government			
Other	32,000	29,913	2,087
Total expenditures	<u>32,000</u>	<u>29,913</u>	<u>2,087</u>
Excess of revenues over (under) expenditures	<u>2,102,947</u>	<u>2,105,034</u>	<u>2,087</u>
Other financing sources (uses):			
Operating transfers - out	(2,221,585)	(2,221,585)	0
Total other financing sources (uses)	<u>(2,221,585)</u>	<u>(2,221,585)</u>	<u>0</u>
Excess of revenues and financing sources over (under) expenditures and other uses	(118,638)	(116,551)	2,087
Fund equity (deficit) at beginning of year	<u>122,406</u>	<u>122,406</u>	<u>0</u>
Fund equity (deficit) at end of year	\$ <u>3,768</u>	\$ <u>5,855</u>	\$ <u>2,087</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 40,093	\$ 40,093	\$ 0
Total revenues	40,093	40,093	0
Expenditures:			
Current operations and maintenance:			
Transportation			
Other	30,000	30,000	0
Total expenditures	30,000	30,000	0
Excess of revenues over (under) expenditures	10,093	10,093	0
Fund equity (deficit) at beginning of year	2,607	2,607	0
Fund equity (deficit) at end of year	\$ 12,700	\$ 12,700	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 411,305	\$ 411,305	\$ 0
Total revenues	<u>411,305</u>	<u>411,305</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Transportation			
Personal services	668,900	653,484	15,416
Other	537,580	536,782	798
Total expenditures	<u>1,206,480</u>	<u>1,190,266</u>	<u>16,214</u>
Excess of revenues over (under) expenditures	<u>(795,175)</u>	<u>(778,961)</u>	<u>16,214</u>
Other financing sources (uses):			
Operating transfers - in	704,400	704,400	0
Total other financing sources (uses)	<u>704,400</u>	<u>704,400</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(90,775)	(74,561)	16,214
Fund equity (deficit) at beginning of year	90,954	90,954	0
Encumbrances at end of year	100	100	0
Fund equity (deficit) at end of year	\$ <u>279</u>	\$ <u>16,493</u>	\$ <u>16,214</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 293,966	\$ 293,966	\$ 0
Intergovernmental	69,205	69,205	0
Total revenues	<u>363,171</u>	<u>363,171</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Other	353,000	350,306	2,694
Total expenditures	<u>353,000</u>	<u>350,306</u>	<u>2,694</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	10,171	12,865	2,694
Fund equity (deficit) at beginning of year	<u>69,533</u>	<u>69,533</u>	<u>0</u>
Fund Equity (deficit) at end of year	<u>\$ 79,704</u>	<u>\$ 82,398</u>	<u>\$ 2,694</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 293,966	\$ 293,966	\$ 0
Intergovernmental	<u>71,247</u>	<u>71,247</u>	<u>0</u>
Total revenues	<u>365,213</u>	<u>365,213</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Other	<u>387,750</u>	<u>384,774</u>	<u>2,976</u>
Total expenditures	<u>387,750</u>	<u>384,774</u>	<u>2,976</u>
Excess of revenue and other financing sources over (under) expenditures and other uses	(22,537)	(19,561)	2,976
Fund balance, at beginning of year	<u>48,572</u>	<u>48,572</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 26,035</u>	<u>\$ 29,011</u>	<u>\$ 2,976</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ <u>17,377</u>	\$ <u>17,377</u>	\$ <u>0</u>
Total revenues	<u>17,377</u>	<u>17,377</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Personal services	15,000	15,000	0
Other	<u>2,377</u>	<u>2,377</u>	<u>0</u>
Total expenditures	<u>17,377</u>	<u>17,377</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0
Fund balance, at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, at end of year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 475,730	\$ 475,730	\$ 0
Total revenues	475,730	475,730	0
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Other	672,000	653,187	18,813
Total expenditures	672,000	653,187	18,813
Excess of revenues and other financing sources over (under) expenditures and other uses	(196,270)	(177,457)	18,813
Fund equity (Deficit) at beginning of Year	197,297	197,297	0
Encumbrances at end of year	12,500	12,500	0
Fund balance, at end of year	\$ 13,527	\$ 32,340	\$ 18,813

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Tri-City Senior Center Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 14,365	\$ 14,365	\$ 0
Intergovernmental	4,922	4,922	0
Total revenues	19,287	19,287	0
Expenditures:			
Current operations and maintenance:			
Leisure time activities			
Other	19,061	19,061	0
Total expenditures	19,061	19,061	0
Excess of revenues and other financing sources over (under) expenditures and other uses	226	226	0
Fund balance, at beginning of year	867	867	0
Fund balance, at end of year	\$ 1,093	\$ 1,093	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Community Hospital Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 84,845	\$ 84,845	\$ 0
Intergovernmental	39,335	39,335	0
Total revenues	<u>124,180</u>	<u>124,180</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Public health and welfare			
Other	<u>121,902</u>	<u>121,902</u>	<u>0</u>
Total expenditures	<u>121,902</u>	<u>121,902</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	2,278	2,278	0
Fund balance, (Deficit) at beginning of year	<u>4,735</u>	<u>4,735</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 7,013</u>	<u>\$ 7,013</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 210,866	\$ 196,777	\$ (14,089)
Total revenues	<u>210,866</u>	<u>196,777</u>	<u>(14,089)</u>
Expenditures:			
Current operations and maintenance:			
Community Environment			
Other	49,238	48,938	300
Total expenditures	<u>49,238</u>	<u>48,938</u>	<u>300</u>
Excess of revenues over (under) expenditures	161,628	147,839	(13,789)
Other financing sources (uses)			
Operating transfers - out	(163,284)	(163,284)	0
Total other financing sources (uses)	<u>(163,284)</u>	<u>(163,284)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(1,656)	(15,445)	(13,789)
Fund equity (deficit) at beginning of year	<u>4,885</u>	<u>4,885</u>	<u>0</u>
Fund equity (deficit) at end of year	\$ <u>3,229</u>	\$ <u>(10,560)</u>	\$ <u>(13,789)</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Municipal Vehicle Tax Levy Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 38,791	\$ 38,791	\$ 0
Investment income	140	140	0
Total revenues	38,931	38,931	0
Excess of revenues over (under) expenditures	38,931	38,931	0
Other financing sources (uses):			
Operating transfers - out	(36,451)	(36,400)	51
Total other financing sources (uses)	(36,451)	(36,400)	51
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,480	2,531	51
Fund balance, at beginning of year	3,657	3,657	0
Fund balance, at end of year	\$ 6,137	\$ 6,188	\$ 51

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ <u>1,225</u>	\$ <u>1,225</u>	\$ <u>0</u>
Total revenues	<u>1,225</u>	<u>1,225</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Other	<u>7,000</u>	<u>6,919</u>	<u>81</u>
Total expenditures	<u>7,000</u>	<u>6,919</u>	<u>81</u>
Excess (deficiency) of revenues over expenditures	(5,775)	(5,694)	81
Fund balance, at beginning of year	<u>6,753</u>	<u>6,753</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 978</u>	<u>\$ 1,059</u>	<u>\$ 81</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Probation Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 150,323	\$ 150,323	\$ 0
Total revenues	<u>150,323</u>	<u>150,323</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
General Government			
Personal services	150,323	148,467	1,856
Total expenditures	<u>150,323</u>	<u>148,467</u>	<u>1,856</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	0	1,856	1,856
Fund balance, at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, at end of year	\$ <u>0</u>	\$ <u>1,856</u>	\$ <u>1,856</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Alcohol Treatment Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 28,295	\$ 28,295	\$ 0
Total revenues	28,295	28,295	0
Expenditures:			
Current operations and maintenance:			
General government			
Other	72,000	69,030	2,970
Total expenditures	72,000	69,030	2,970
Excess of revenues and other financing sources over (under) expenditures and other uses	(43,705)	(40,735)	2,970
Fund balance, at beginning of year	60,785	60,785	0
Encumbrances at end of year	2,650	2,650	0
Fund balance, at end of year	\$ 19,730	\$ 22,700	\$ 2,970

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
DUI Education Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ <u>638</u>	\$ <u>638</u>	\$ <u>0</u>
Total revenues	<u>638</u>	<u>638</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Other	<u>5,000</u>	<u>3,955</u>	<u>1,045</u>
Total expenditures	<u>5,000</u>	<u>3,955</u>	<u>1,045</u>
Excess of revenue and other financing sources over (under) expenditures and other uses	(4,362)	(3,317)	1,045
Fund balance, at beginning of year	9,935	9,935	0
Fund balance, at end of year	<u>\$ 5,573</u>	<u>\$ 6,618</u>	<u>\$ 1,045</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
DUI Housing Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0
Fund balance, at beginning of year	<u>58</u>	<u>58</u>	<u>0</u>
Fund balance, at end of year	\$ <u><u>58</u></u>	\$ <u><u>58</u></u>	\$ <u><u>0</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Indigent Driving School Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 1,458	\$ 1,458	\$ 0
Total revenues	1,458	1,458	0
Expenditures:			
Current operations and maintenance:			
General Government			
Other	1,225	550	675
Total expenditures	1,225	550	675
Excess of revenue and other financing sources over (under) expenditures and other uses	233	908	675
Fund balance, at beginning of year	0	0	0
Fund balance, at end of year	\$ 233	\$ 908	\$ 675

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Court Computer Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 124,998	\$ 124,998	\$ 0
Total revenues	124,998	124,998	0
Expenditures:			
Current operations and maintenance:			
General government			
Other	85,000	76,600	8,400
Total expenditures	85,000	76,600	8,400
Excess of revenues and other financing sources over (under) expenditures and other uses	39,998	48,398	8,400
Fund balance, at beginning of year	49,655	49,655	0
Encumbrances at end of year	5,085	5,085	0
Fund balance, at end of year	\$ 94,738	\$ 103,138	\$ 8,400

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Court Computer Research Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 36,811	\$ 36,811	\$ 0
Total revenues	<u>36,811</u>	<u>36,811</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
General government			
Other	25,000	18,820	6,180
Total expenditures	<u>25,000</u>	<u>18,820</u>	<u>6,180</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	11,811	17,991	6,180
Fund balance, at beginning of year	10,132	10,132	0
Encumbrances at end of year	<u>165</u>	<u>165</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 22,108</u>	<u>\$ 28,288</u>	<u>\$ 6,180</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
State Highway Patrol Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ <u>1,591</u>	\$ <u>1,591</u>	\$ <u>0</u>
Total revenues	<u>1,591</u>	<u>1,591</u>	<u>0</u>
Expenditures:			
Current operations and maintenance:			
General government			
Other	<u>1,117</u>	<u>1,117</u>	<u>0</u>
Total expenditures	<u>1,117</u>	<u>1,117</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	474	474	0
Fund balance, at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, at end of year	\$ <u><u>474</u></u>	\$ <u><u>474</u></u>	\$ <u><u>0</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Mayor's Special Projects Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other	\$ 3,347	\$ 3,347	\$ 0
Total revenues	3,347	3,347	0
Expenditures:			
Current operations and maintenance:			
Leisure time activities			
Other	3,347	3,347	0
Total expenditures	3,347	3,347	0
Excess (deficiency) of revenues over expenditures	0	0	0
Other financing sources (uses):			
Operating transfers - out	0	0	0
Total other financing sources (uses)	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	0	0	0
Fund balance, at beginning of year	0	0	0
Fund balance, at end of year	\$ 0	\$ 0	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Combined Special Revenue Funds
For the Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 687,142	\$ 687,142	\$ 0
Municipal income taxes	2,134,947	2,134,947	0
Intergovernmental	903,141	889,052	(14,089)
Charges for services	242,788	242,788	0
Fines and forfeitures	345,339	345,339	0
Special assessments	475,730	475,730	0
Investment income	140	140	0
Other	9,909	9,909	0
Total revenues	<u>4,799,136</u>	<u>4,785,047</u>	<u>(14,089)</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property			
Personal service	15,000	15,000	0
Other	<u>1,427,127</u>	<u>1,401,518</u>	<u>25,609</u>
Total security of persons and Property	1,442,127	1,416,518	25,609
Public health and welfare			
Other	<u>121,902</u>	<u>121,902</u>	<u>0</u>
Total public health and welfare	121,902	121,902	0
Leisure time activities			
Personal service	589,000	581,501	7,499
Other	491,773	491,353	420
Total leisure time activities	<u>1,080,773</u>	<u>1,072,854</u>	<u>7,919</u>
Community environment			
Other	<u>49,238</u>	<u>48,938</u>	<u>300</u>
Total community environment	49,238	48,938	300
Transportation			
Personal service	668,900	653,484	15,416
Other	567,580	566,782	798
Total transportation	<u>1,236,480</u>	<u>1,220,266</u>	<u>16,214</u>
General government			
Personal service	150,323	148,467	1,856
Other	216,342	196,030	20,312
Total general government	<u>366,665</u>	<u>344,497</u>	<u>22,168</u>
Total expenditures	<u>4,297,185</u>	<u>4,224,975</u>	<u>72,210</u>
Excess (deficiency) of revenues over expenditures	<u>501,951</u>	<u>560,072</u>	<u>58,121</u> (continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Combined Special Revenue Funds (Continued)
For the Year Ended December 31, 2000

Other financing sources (uses):			
Operating transfers - in	1,490,900	1,490,900	0
Operating transfers - out	<u>(2,421,320)</u>	<u>(2,421,269)</u>	<u>51</u>
Total other financing sources (uses)	<u>(930,420)</u>	<u>(930,369)</u>	<u>51</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(428,469)	(370,297)	58,172
Fund balance, at beginning of year	710,936	710,936	0
Encumbrances at end of year	<u>20,500</u>	<u>20,500</u>	<u>0</u>
Fund balance, at end of year	<u>\$ 302,967</u>	<u>\$ 361,139</u>	<u>\$ 58,172</u>

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and the payment of debt reported in the general long-term obligation account group.

General Bond Retirement Fund - to account for resources that are used for payment of principal and interest and fiscal charges on general obligation debt.

Taxable Bond Retirement Fund - to account for resources that are used for the payment of the City's portion of the principal and interest on the Cleveland Browns taxable bond.

The City is currently only using the general bond retirement fund. The taxable bond retirement fund will be used when the City is required to pay its portion of the principal and interest on the Cleveland Browns taxable bond in the year 2003.

CAPITAL PROJECTS FUNDS

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

General Improvement Fund - to account for one-half of the City's admission tax revenues and other financial resources designated for the acquisition or major repair of infrastructure or general fixed assets.

Safety Capital Improvement Fund - to account for revenue earmarked for improvements to the Police and Fire department and the acquisition of capital equipment.

Sewer Capital Improvement Fund - to account for monies borrowed which are designated for capital improvements to the wastewater system.

Water Capital Improvement Fund - to account for monies borrowed which are designated for capital improvement to the water system.

Recreation Capital Improvement Fund - to account for monies borrowed or transferred from the recreation fund designated for capital improvements for recreational purposes.

Railroad Capital Improvement Fund - to account for monies received and expended for the building of railroad underpasses in association with state and federal grants.

CITY OF BEREA, OHIO
Combining Balance Sheet
All Capital Projects Funds
December 31, 2001

	<u>General Improvement</u>	<u>Safety Capital Improvement</u>	<u>Sewer Capital Improvement</u>	<u>Water Capital Improvement</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 254,563	\$ 65,317	\$ 441,845	\$ 223,605
Receivables:				
Accounts	0	35,859	0	0
Grants	<u>309,093</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 563,656</u>	<u>\$ 101,176</u>	<u>\$ 441,845</u>	<u>\$ 223,605</u>
Liabilities:				
Accounts payable	\$ 34,757	\$ 0	\$ 8,475	\$ 25,876
Deferred revenue	147,667	0	0	0
Accrued Interest Payable	3,199	0	8,268	0
Notes Payable	<u>217,720</u>	<u>0</u>	<u>441,694</u>	<u>190,586</u>
Total Liabilities	<u>403,343</u>	<u>0</u>	<u>458,437</u>	<u>216,462</u>
Fund Equity				
Fund balance:				
Reserved for encumbrances	151,526	0	0	16,700
Undesignated	<u>8,787</u>	<u>101,176</u>	<u>(16,592)</u>	<u>(9,557)</u>
Total Fund Equity	<u>160,313</u>	<u>101,176</u>	<u>(16,592)</u>	<u>7,143</u>
Total Liabilities and Fund Equity	<u>\$ 563,656</u>	<u>\$ 101,176</u>	<u>\$ 441,845</u>	<u>\$ 223,605</u>

<u>Recreation Capital Improvement</u>	<u>Railroad Capital Improvement</u>	<u>Totals</u>
\$ 1,443	\$ 337,190	\$ 1,323,963
0	0	35,859
<u>0</u>	<u>1,272,137</u>	<u>1,581,230</u>
\$ <u>1,443</u>	\$ <u>1,609,327</u>	\$ <u>2,941,052</u>
\$ 0	\$ 1,269,273	\$ 1,338,381
0	1,030,372	1,178,039
0	0	11,467
<u>0</u>	<u>0</u>	<u>850,000</u>
<u>0</u>	<u>2,229,645</u>	<u>3,377,887</u>
0	170,065	338,291
<u>1,443</u>	<u>(860,383)</u>	<u>(775,126)</u>
<u>1,443</u>	<u>(690,318)</u>	<u>(436,835)</u>
\$ <u>1,443</u>	\$ <u>1,609,327</u>	\$ <u>2,941,052</u>

CITY OF BEREA, OHIO

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

	General Improvement	Safety Capital Improvement	Sewer Capital Improvement
Revenues:			
Intergovernmental	\$ 308,565	\$ 0	\$ 0
Charges for services	72,070	214,062	0
Fines and forfeitures	30,095	0	0
Investment income	0	0	0
Miscellaneous income	53,575	0	0
Total revenues	<u>464,305</u>	<u>214,062</u>	<u>0</u>
Expenditures:			
Capital outlay	1,479,498	151,570	526,840
Debt service:			
Principal retirement	50,000	0	0
Interest fiscal charges	3,199	0	8,268
Total expenditures	<u>1,532,697</u>	<u>151,570</u>	<u>535,108</u>
Excess (deficiency) of revenues over expenditures	<u>(1,068,392)</u>	<u>62,492</u>	<u>(535,108)</u>
Other financing sources (uses):			
Operating transfers - in	980,085	0	42,600
Proceeds from sale of notes	167,720	0	441,694
Sale of fixed assets	9,736	0	0
Total other financing sources (uses)	<u>1,157,541</u>	<u>0</u>	<u>484,294</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>89,149</u>	<u>62,492</u>	<u>(50,814)</u>
Fund balance, beginning of year	71,164	38,684	34,222
Fund balance, end of year	<u>\$ 160,313</u>	<u>\$ 101,176</u>	<u>\$ (16,592)</u>

<u>Water Capital Improvement</u>	<u>Recreation Capital Improvement</u>	<u>Railroad Capital Improvement</u>	<u>Totals</u>
\$ 0	\$ 195,182	\$ 969,628	1,473,375
0	0	0	286,132
0	0	0	30,095
0	0	43,106	43,106
0	11,439	1,725,000	1,790,014
<u>0</u>	<u>206,621</u>	<u>2,737,734</u>	<u>3,622,722</u>
655,418	113,708	3,255,104	6,182,138
0	0	0	50,000
0	0	0	11,467
<u>655,418</u>	<u>113,708</u>	<u>3,255,104</u>	<u>6,243,605</u>
<u>(655,418)</u>	<u>92,913</u>	<u>(517,370)</u>	<u>(2,620,883)</u>
412,284	52,300	0	1,487,269
0	0	0	800,000
0	0	0	9,736
<u>602,870</u>	<u>52,300</u>	<u>0</u>	<u>2,297,005</u>
<u>(52,548)</u>	<u>145,213</u>	<u>(517,370)</u>	<u>(323,878)</u>
59,691	(143,770)	(172,948)	(112,957)
\$ <u>7,143</u>	\$ <u>1,443</u>	\$ <u>(690,318)</u>	\$ <u>(436,835)</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
General Improvement Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 147,139	\$ 147,139	\$ 0
Charges for services	72,070	72,070	0
Fines and forfeitures	30,095	30,095	0
Miscellaneous income	53,575	53,575	0
Total revenues	<u>302,879</u>	<u>302,879</u>	<u>0</u>
Expenditures:			
Capital outlay	1,506,870	1,483,866	22,984
Debt service:			
Note Principal retirement	50,000	50,000	0
Total expenditures	<u>1,556,870</u>	<u>1,533,886</u>	<u>22,984</u>
Excess (deficiency) of revenues over expenditures	<u>(1,253,991)</u>	<u>(1,231,007)</u>	<u>22,984</u>
Other financing sources (uses):			
Operating transfers - in	980,085	980,085	0
Proceeds from sale of notes	167,720	167,720	0
Sale of Fixed Assets	9,736	9,736	0
Total other financing sources (uses)	<u>1,157,541</u>	<u>1,157,541</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(96,450)	(73,466)	22,984
Fund balance, beginning of year	142,861	142,861	0
Encumbrances at end of Year	<u>185,168</u>	<u>185,168</u>	<u>0</u>
Fund balance, end of year	<u>\$ 231,579</u>	<u>\$ 254,563</u>	<u>\$ 22,984</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Safety Capital Improvement Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 189,692	\$ 189,692	\$ 0
Total revenues	189,692	189,692	0
Expenditures:			
Capital outlay	152,500	151,765	735
Total expenditures	152,500	151,765	735
Excess of revenues and other financing sources over (under) expenditures and other uses	37,192	37,927	735
Fund balance, beginning of year	27,390	27,390	0
Fund balance, end of year	\$ 64,582	\$ 65,317	\$ 735

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Sewer Capital Improvement Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:			
Capital outlay	<u>98,557</u>	<u>98,557</u>	<u>0</u>
Total expenditures	<u>98,557</u>	<u>98,557</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>(98,557)</u>	<u>(98,557)</u>	<u>0</u>
Other financing sources (uses):			
Operating transfers - in	42,600	42,600	0
Proceeds from OWDA loans	<u>441,694</u>	<u>441,694</u>	<u>0</u>
Total other financing sources (uses)	<u>484,294</u>	<u>484,294</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	385,737	385,737	0
Fund balance, beginning of year	<u>56,108</u>	<u>56,108</u>	<u>0</u>
Fund balance, end of year	\$ <u><u>441,845</u></u>	\$ <u><u>441,845</u></u>	\$ <u><u>0</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Water Capital Improvement Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:			
Capital outlay	478,506	464,699	13,807
Total expenditures	<u>478,506</u>	<u>464,699</u>	<u>13,807</u>
Excess (deficiency) of revenues over expenditures	<u>(478,506)</u>	<u>(464,699)</u>	<u>13,807</u>
Other financing sources (uses):			
Operating transfers - in	412,284	412,284	0
Proceeds from OWDA loans	190,586	190,586	0
Total other financing sources (uses)	<u>602,870</u>	<u>602,870</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	124,364	138,171	13,807
Fund balance, beginning of year	59,691	59,691	0
Encumbrances at end of year	<u>25,743</u>	<u>25,743</u>	<u>0</u>
Fund balance, end of year	<u>\$ 209,798</u>	<u>\$ 223,605</u>	<u>\$ 13,807</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Recreation Capital Improvement Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 225,182	\$ 225,182	\$ 0
Other	<u>11,439</u>	<u>11,439</u>	<u>0</u>
Total revenues	<u>236,621</u>	<u>236,621</u>	<u>0</u>
Expenditures:			
Capital outlay	<u>326,410</u>	<u>326,408</u>	<u>2</u>
Total expenditures	<u>326,410</u>	<u>326,408</u>	<u>2</u>
Excess (deficiency) of revenues over expenditures	<u>(89,789)</u>	<u>(89,787)</u>	<u>2</u>
Other financing sources (uses):			
Operating transfers - in	<u>52,300</u>	<u>52,300</u>	<u>0</u>
Total other financing sources (uses)	<u>52,300</u>	<u>52,300</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(37,489)</u>	<u>(37,487)</u>	<u>2</u>
Fund balance, beginning of year	<u>38,929</u>	<u>38,929</u>	<u>0</u>
Fund balance, end of year	<u>\$ 1,440</u>	<u>\$ 1,442</u>	<u>\$ 2</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Railroad Capital Improvement Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 727,863	\$ 727,863	\$ 0
Investment income	43,106	43,106	0
Other	<u>1,725,000</u>	<u>1,725,000</u>	<u>0</u>
Total Revenues	<u>2,495,969</u>	<u>2,495,969</u>	<u>0</u>
Expenditures:			
Capital outlay	<u>2,494,028</u>	<u>2,476,762</u>	<u>17,266</u>
Total expenditures	<u>2,494,028</u>	<u>2,476,762</u>	<u>17,266</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	1,941	19,207	17,266
Encumbrances at end of Year	<u>317,983</u>	<u>317,983</u>	<u>0</u>
Fund balance, end of year	<u>\$ 319,924</u>	<u>\$ 337,190</u>	<u>\$ 17,266</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Combined Capital Projects Funds
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 875,002	\$ 875,002	\$ 0
Charges for services	486,944	486,944	0
Fines and forfeitures	30,095	30,095	0
Investment income	43,106	43,106	0
Miscellaneous income	<u>1,790,014</u>	<u>1,790,014</u>	<u>0</u>
Total revenues	<u>3,225,161</u>	<u>3,225,161</u>	<u>0</u>
Expenditures:			
Capital outlay	5,056,871	5,002,077	54,794
Debt service:			
Note Principal retirement	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total expenditures	<u>5,106,871</u>	<u>5,052,077</u>	<u>54,794</u>
Excess (deficiency) of revenues over expenditures	<u>(1,881,710)</u>	<u>(1,826,916)</u>	<u>54,794</u>
Other financing sources (uses):			
Operating transfers - in	1,487,269	1,487,269	0
Proceeds from OWDA Loans	800,000	800,000	0
Sale of Fixed Assets	<u>9,736</u>	<u>9,736</u>	<u>0</u>
Total other financing sources (uses)	<u>2,297,005</u>	<u>2,297,005</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	415,295	470,089	54,794
Fund balance, beginning of year	324,979	324,979	0
Encumbrances at end of Year	<u>528,894</u>	<u>528,894</u>	<u>0</u>
Fund balance, end of year	\$ <u>1,269,168</u>	\$ <u>1,323,962</u>	\$ <u>54,794</u>

ENTERPRISE FUNDS

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

Water Revenue Fund - to account for the operation of the water treatment plant and distribution of water to the residents and commercial users of the City and some residents of the county.

Sewer Revenue Fund - to account for the operations of the sewage collection and treatment plant operations.

Cleveland Browns Fund - to account for the debt service payments for the construction of the Browns training facility.

CITY OF BEREA, OHIO
Combining Balance Sheet
All Enterprise Funds
December 31, 2001

	Water Revenue	Sewer Revenue	Cleveland Browns Trust	Totals
Assets				
<u>Current assets:</u>				
Equity in pooled cash and cash equivalents	\$ 44,719	\$ 29,482	\$ 0	\$ 74,201
Receivables:				
Accounts	234,911	167,785	0	402,696
Accrued interest	0	0	94,014	94,014
Inventory of supplies	17,710	0	0	17,710
Total current assets	297,340	197,267	94,014	588,621
<u>Noncurrent Assets</u>				
Receivables:				
Cleveland Browns	0	0	4,482,474	4,482,474
Fixed asset (net, where applicable, of accumulated depreciation)	4,728,531	3,752,670	0	8,481,201
Total noncurrent assets	4,728,531	3,752,670	4,482,474	12,963,675
Total assets	\$ 5,025,871	\$ 3,949,937	\$ 4,576,488	\$13,552,296
Liabilities and equity				
<u>Current Liabilities:</u>				
Accounts payable	\$ 13,327	\$ 889	\$ 0	\$ 14,216
Accrued wages and benefits	23,074	4,828	0	27,902
Accrued compensated absences	48,866	0	0	48,866
Accrued worker's compensation	18,932	4,359	0	23,291
Accrued pension	29,175	6,118	0	35,293
Accrued interest payable	70,366	31,143	0	101,509
Total current liabilities	203,740	47,337	0	251,077
<u>Noncurrent liabilities:</u>				
Taxable obligation bonds Payable				
City's portion covered by Cleveland Browns receivable	0	0	231,524	231,524
Cleveland Browns bonds Payable	0	0	4,250,950	4,250,950
Cleveland Browns interest Payable	0	0	94,014	94,014
O.W.D.A. loans payable	1,612,908	1,814,618	0	3,427,526
Total noncurrent liabilities	1,612,908	1,814,618	4,576,488	8,004,014
Total liabilities	1,816,648	1,861,955	4,576,488	8,255,091

(continued)

CITY OF BEREA, OHIO
Combining Balance Sheet
All Enterprise Funds (continued)
December 31, 2001

	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Cleveland Browns Trust</u>	<u>Totals</u>
<i>Equity:</i>				
Contributed capital	\$ 3,768,101	\$ 2,802,671	\$ 0	\$ 6,570,722
Retained earnings				
Unreserved (deficit)	<u>(558,878)</u>	<u>(714,689)</u>	<u>0</u>	<u>(1,273,567)</u>
<i>Total equity</i>	<u>3,209,223</u>	<u>2,087,982</u>	<u>0</u>	<u>5,297,205</u>
Total liabilities and fund equity	<u>\$ 5,025,871</u>	<u>\$ 3,949,937</u>	<u>\$ 4,576,488</u>	<u>\$13,552,296</u>

CITY OF BEREA, OHIO

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

	Water Revenue	Sewer Revenue	Cleveland Browns Trust	Totals
Operating revenues:				
Charges for services	\$ 820,935	\$ 493,380	\$ 0	\$ 1,314,315
Total operating revenues	820,935	493,380	0	1,314,315
Operating expenses:				
Personal services	1,108,647	235,330	0	1,343,977
Contractual services	360,279	26,818	0	387,097
Materials and supplies	112,085	52,557	0	164,642
Transportation	13,997	0	0	13,997
Depreciation	176,175	120,122	0	296,297
Total operating expenses	1,771,183	434,827	0	2,206,010
Operating loss	(950,248)	58,553	0	(891,695)
Non-operating revenues (expenses):				
Interest expense	(101,620)	(102,819)	0	(203,802)
Total non-operating revenues (expenses)	(101,620)	(102,819)	0	(204,439)
Loss before operating transfers	(1,051,868)	(44,266)	0	(1,096,134)
Operating transfers - in	857,100	0	0	857,100
Operating transfers - out	0	(46,000)	0	(46,000)
Net loss	(194,768)	(90,266)	0	(285,034)
Add: Depreciation on fixed assets acquired under contributed capital	176,175	120,122	0	296,297
Increase (decrease) in retained Earnings	(18,593)	29,856	0	11,263
Retained earnings (deficit), beginning of year	(1,200,249)	(84,581)	0	(1,284,830)
Retained earnings (deficit), end of year	(1,218,842)	(54,725)	0	(1,273,567)
Contributed capital, beginning of year	3,694,610	2,809,226	0	6,503,836
Less: Depreciation on fixed assets acquired with contributed capital	(176,175)	(120,122)	0	(296,297)
Add: Capital contributed from government	249,666	113,567	0	363,233
Contributed capital, end of year	3,768,101	2,802,671	0	6,570,772
Total fund equity (deficit), end of year	\$ 2,549,259	\$ 2,747,946	\$ 0	\$ 5,297,205

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Revenue Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 799,502	\$ 799,502	\$ 0
Total revenues	<u>799,502</u>	<u>799,502</u>	<u>0</u>
Expenses:			
Personal services	1,099,007	1,094,095	4,912
Contractual services	378,985	378,956	29
Materials and supplies	113,199	113,193	6
Transportation	13,686	13,686	0
Note Principal retirement	90,104	90,104	0
Interest and fiscal charges	105,669	105,669	0
Total expenses	<u>1,800,650</u>	<u>1,795,703</u>	<u>4,947</u>
Excess (deficiency) of revenues over expenses	<u>(1,001,148)</u>	<u>(996,201)</u>	<u>4,947</u>
Other financing sources (uses):			
Operating transfers - in	<u>913,107</u>	<u>913,107</u>	<u>0</u>
Total other financing sources (uses)	<u>913,107</u>	<u>913,107</u>	<u>0</u>
Excess of revenues and other Financing sources over (under) Expenditures and other uses	(88,041)	(83,094)	4,947
Fund equity, beginning of year	127,812	127,812	0
Encumbrances at end of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund equity, end of year	<u>\$ 39,771</u>	<u>\$ 44,718</u>	<u>\$ 4,947</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Revenue Fund
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 520,221	\$ 520,221	\$ 0
Total revenues	<u>520,221</u>	<u>520,221</u>	<u>0</u>
Expenses:			
Personal services	250,180	244,611	5,569
Contractual services	30,021	29,876	145
Materials and supplies	51,975	51,975	0
Note Principal retirement	75,514	75,514	0
Interest and fiscal charges	104,790	104,790	0
Total expenses	<u>512,480</u>	<u>506,766</u>	<u>5,714</u>
Excess (deficiency) of revenues over expenses	7,741	13,455	(5,714)
Other financing sources (uses):			
Operating transfers - out	<u>(46,000)</u>	<u>(46,000)</u>	<u>0</u>
Total operating financing sources (uses)	<u>(46,000)</u>	<u>(46,000)</u>	<u>0</u>
Excess (deficiency) of revenues over expenses and operating transfers	<u>(38,259)</u>	<u>(32,545)</u>	<u>5,714</u>
Fund equity, beginning of year	62,026	62,026	0
Encumbrances at end of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund equity, end of year	\$ <u>23,767</u>	\$ <u>29,481</u>	\$ <u>5,714</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Combined Enterprise Funds
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,319,723	\$ 1,319,723	\$ 0
Total revenues	1,319,723	1,319,723	0
Expenses:			
Personal services	1,349,187	1,338,706	10,481
Contractual services	409,006	408,832	174
Materials and supplies	165,174	165,168	6
Travel and Transportation	13,686	13,686	0
Note Principal retirement	165,618	165,618	0
Interest and fiscal charges	210,459	210,459	0
Total expenses	2,313,130	2,302,469	10,661
Excess (deficiency) of revenues over expenses	(993,407)	(982,746)	10,661
Other financing sources (uses):			
Operating transfers - in	913,107	913,107	0
Operating transfers - out	(46,000)	(46,000)	0
Total other operating financing sources (uses)	867,107	867,107	0
Excess (deficiency) of revenues over expenses and operating transfers	(126,300)	(115,639)	10,661
Fund equity, at beginning of year	189,838	189,838	0
Encumbrances, at end of year	0	0	0
Fund equity, at end of year	\$ 63,538	\$ 74,199	\$ 10,661

CITY OF BEREA

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

	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Totals</u>
Increase (decrease) in cash and cash equivalents:			
Cash flows from operating activities:			
Cash received from customers	\$ 855,509	\$ 520,221	\$ 1,375,730
Cash payments for personal services	(1,094,095)	(244,611)	(1,338,706)
Cash payments for travel and transportation	(13,686)	0	(13,686)
Cash payments for contractual services	(378,956)	(29,876)	(408,832)
Cash payments for vendors for supplies and materials	<u>(113,193)</u>	<u>(51,975)</u>	<u>(165,168)</u>
Net cash (used) by operating activities	<u>(744,421)</u>	<u>193,759</u>	<u>(550,662)</u>
Cash flows from non-capital financing activities:			
Operating transfers from other funds	857,100	0	857,100
Operating transfers to other funds	<u>0</u>	<u>(46,000)</u>	<u>(46,000)</u>
Net cash provided by non-capital financing activities	<u>857,100</u>	<u>(46,000)</u>	<u>811,100</u>
Cash flow used in capital and related financing activities:			
Principal paid on OWDA loans	(90,104)	(75,514)	(165,618)
Interest paid on OWDA loans	<u>(105,669)</u>	<u>(104,790)</u>	<u>(210,459)</u>
Net cash (used) in capital and related financing activities	<u>(195,773)</u>	<u>(180,304)</u>	<u>(376,077)</u>
Net increase(decrease) in cash and cash equivalents	(83,094)	(32,545)	(115,639)
Cash and cash equivalents, beginning of year	<u>127,813</u>	<u>62,027</u>	<u>189,840</u>
Cash and cash equivalents, end of year	\$ <u>44,719</u>	\$ <u>29,482</u>	\$ <u>74,201</u> (continued)

CITY OF BEREA, OHIO

Combining Statement of Cash Flows
All Enterprise Funds (continued)
For the Year ended December 31, 2001

	Water Revenue	Sewer Revenue	Totals
Reconciliation of operating loss to net cash (used)for operating activities:			
Operating loss	\$ (950,248)	\$ 58,553	\$ (891,695)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	176,175	120,122	296,297
Changes in assets and liabilities:			
Decrease in accounts receivable	34,574	26,841	61,415
Increase in inventory of supplies	(1,144)	0	(1,144)
Decrease in accounts payable	(18,329)	(2,476)	(20,805)
Increase (decrease)in accrued worker's Compensation	133	(909)	(776)
Increase in accrued wages and Benefits	6,044	2,134	8,178
Increase (decrease) in accrued Compensated absences	700	(11,982)	(11,282)
Increase in accrued pension	7,674	1,476	9,150
Net cash used for operating activities	\$ (744,421)	\$ 193,759	\$ (550,662)

INTERNAL SERVICE FUNDS

The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Medical Benefits Fund - *The City has one internal service fund to account for the operation of the City's self-insurance program for employee health benefits. The legal level of budgetary control is the same level reported in the general purpose financial statements.*

Property/Liability Insurance Fund - *The City has one internal service fund to account for the operation of the City's self-insurance program for property and liability insurance. The legal level of budgetary control is the same level reported in the general purpose financial statements.*

CITY OF BEREIA, OHIO
Combining Balance Sheet
All Internal Service Funds
December 31, 2001

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Totals</u>
Assets			
<i>Current assets:</i>			
Equity in pooled cash and cash equivalents	12,975	\$ 18,817	\$ 31,792
Prepaid items	<u>0</u>	<u>5,049</u>	<u>5,049</u>
Total assets	\$ <u>12,975</u>	\$ <u>23,866</u>	\$ <u>36,841</u>
Liabilities and equity			
<i>Current Liabilities:</i>			
Accounts payable	<u>149,145</u>	<u>1,534</u>	<u>150,679</u>
Total liabilities	<u>149,145</u>	<u>1,534</u>	<u>150,679</u>
<i>Equity:</i>			
Retained earnings			
Unreserved (deficit)	<u>(136,170)</u>	<u>22,332</u>	<u>(113,838)</u>
Total equity	<u>(136,170)</u>	<u>22,332</u>	<u>(113,838)</u>
Total liabilities and fund equity	\$ <u>12,975</u>	\$ <u>23,866</u>	\$ <u>36,841</u>

CITY OF BEREA, OHIO

Combining Statement of Revenues,
Expenses, and Changes in Fund Equity
All Internal Service Funds
For the Year Ended December 31, 2001

	Medical Benefits	Property/ Liability Insurance	Totals
Operating revenues:			
Miscellaneous income	\$ 1,043,957	\$ 11,190	\$ 1,055,147
Total operating revenues	1,043,957	11,190	1,055,147
Operating expenses:			
Contractual services	1,129,219	168,522	1,297,741
Total operating expenses	1,129,219	168,522	1,297,741
Operating loss	(85,262)	(157,332)	(242,594)
Non-operating revenues (expenses):			
Interest income	1,031	0	1,031
Total non-operating revenues (expenses)	1,031	0	1,031
Loss before operating transfers	(84,231)	(157,332)	(241,563)
Operating transfers - in	0	155,000	155,000
Net loss	(84,231)	(2,332)	(86,563)
Retained earnings (deficit), beginning of year	(51,939)	24,664	(27,275)
Retained earnings (deficit), end of year	(136,170)	22,332	(113,838)
Total fund equity (deficit), end of year	\$ (136,170)	\$ 22,332	\$ (113,838)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Medical Benefits Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment income	\$ 1,031	\$ 1,031	\$ 0
Other	<u>1,043,957</u>	<u>1,043,957</u>	<u>0</u>
Total revenues	<u>1,044,988</u>	<u>1,044,988</u>	<u>0</u>
Expenses:			
Contractual services	<u>1,140,000</u>	<u>1,131,528</u>	<u>8,472</u>
Total expenses	<u>1,140,000</u>	<u>1,131,528</u>	<u>8,472</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>(95,012)</u>	<u>(86,540)</u>	<u>8,472</u>
Fund equity, beginning of year	99,005	99,005	0
Encumbrances at End of Year	<u>510</u>	<u>510</u>	<u>0</u>
Fund equity, end of year	<u>\$ 4,503</u>	<u>\$ 12,975</u>	<u>\$ 8,472</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Property/Liability Fund (continued)
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Other	\$ <u>11,190</u>	\$ <u>11,190</u>	\$ <u>0</u>
Total revenues	<u>11,190</u>	<u>11,190</u>	<u>0</u>
Expenses:			
Contractual services	<u>215,000</u>	<u>201,422</u>	<u>13,578</u>
Total expenses	<u>215,000</u>	<u>201,422</u>	<u>13,578</u>
Excess (deficiency) of revenues over expenses	(203,810)	(190,232)	13,578
Other financing sources (uses):			
Operating transfers - in	<u>155,000</u>	<u>155,000</u>	<u>0</u>
Total operating financing sources (uses)	<u>155,000</u>	<u>155,000</u>	<u>0</u>
Excess (deficiency) of revenues over expenses and operating transfers	(48,810)	(35,232)	13,578
Fund equity, beginning of year	<u>54,049</u>	<u>54,049</u>	<u>0</u>
Fund equity, end of year	\$ <u><u>5,239</u></u>	\$ <u><u>18,817</u></u>	\$ <u><u>13,578</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
All Internal Service Funds
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Investment income	\$ 1,031	\$ 1,031	\$ 0
Other	<u>1,055,147</u>	<u>1,055,147</u>	<u>0</u>
Total revenues	<u>1,056,178</u>	<u>1,056,178</u>	<u>0</u>
Expenses:			
Contractual services	<u>1,355,000</u>	<u>1,332,950</u>	<u>22,050</u>
Total expenses	<u>1,355,000</u>	<u>1,332,950</u>	<u>22,050</u>
Excess (deficiency) of revenues over expenses	(298,822)	(276,772)	22,050
Other financing sources (uses):			
Operating transfers - in	<u>155,000</u>	<u>155,000</u>	<u>0</u>
Total operating financing sources (uses)	<u>155,000</u>	<u>155,000</u>	<u>0</u>
Excess (deficiency) of revenues over expenses and operating transfers	(143,822)	(121,772)	22,050
Fund equity, beginning of year	<u>153,054</u>	<u>153,054</u>	<u>0</u>
Encumbrances at end of year	510	510	510
Fund equity, end of year	\$ <u><u>9,742</u></u>	\$ <u><u>31,792</u></u>	\$ <u><u>22,050</u></u>

CITY OF BEREA

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

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Totals</u>
Increase (decrease) in cash and cash equivalents:			
Cash flows from operating activities:			
Cash received from other revenues	\$ 1,043,957	\$ 11,190	\$ 1,055,147
Cash payments for contractual services	<u>(1,131,018)</u>	<u>(201,422)</u>	<u>(1,332,440)</u>
Net cash (used) by operating activities	<u>(87,061)</u>	<u>(190,232)</u>	<u>(277,293)</u>
Cash flows from non-capital financing activities:			
Operating transfers from other funds	<u>0</u>	<u>155,000</u>	<u>155,000</u>
Net cash provided by non-capital financing activities	<u>0</u>	<u>155,000</u>	<u>155,000</u>
Cash flow from investing activities:			
Interest received	<u>1,031</u>	<u>0</u>	<u>1,031</u>
Net cash provided by investing activities	<u>1,031</u>	<u>0</u>	<u>1,031</u>
Net increase(decrease) in cash and cash equivalents	(86,030)	(35,232)	(121,262)
Cash and cash equivalents, beginning of year	<u>99,005</u>	<u>54,049</u>	<u>153,054</u>
Cash and cash equivalents, end of year	\$ <u><u>12,975</u></u>	\$ <u><u>18,817</u></u>	\$ <u><u>31,792</u></u> (continued)

CITY OF BEREA, OHIO

Combining Statement of Cash Flows
All Internal Service Funds (continued)
For the Year ended December 31, 2001

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Totals</u>
Reconciliation of operating loss to net cash (used)for operating activities:			
Operating loss	\$ (85,262)	\$ (157,332)	\$ (242,594)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Changes in assets and liabilities:			
Increase in prepaid items	0	(93)	(93)
Decrease in accounts payable	<u>(1,799)</u>	<u>(32,807)</u>	<u>(34,606)</u>
Net cash used for operating Activities	\$ <u>(87,061)</u>	\$ <u>(190,232)</u>	\$ <u>(277,293)</u>

(THIS PAGE INTENTIONALLY LEFT BLANK.)

FIDUCIARY FUNDS

Fiduciary funds are used to account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the City's fiduciary fund types:

Expendable Trust Funds

Unclaimed Monies Trust Fund - to account for monies which have been unclaimed.

Agency Funds

Regional Sewer Agency Fund - to account for the collection of revenues to be remitted to the Northeast Ohio Regional Sewer District.

Contract Retainer Fund - to account for monies withheld from payments on construction contracts, to insure compliance regarding the project with the City.

Guarantee Deposits Fund - to account for the deposits made by builders to insure compliance with building codes.

Ohio Board of Building Standards Fund - to account for state building fees collected from builders and disbursed to the State Board of Building Standards.

County Dog Licenses Fund - to account for county dog license fees collected from residents and disbursed to the County.

Municipal Court Fund - to account for the collection and distribution of revenue associated with the operations of the Berea Municipal Court.

CITY OF BEREA, OHIO
Combining Balance Sheet
All Trust and Agency Funds
December 31, 2001

	Expendable Trust Fund	Agency Funds		
	Unclaimed Monies Trust	Regional Sewer	Contract Retainer	Guarantee Deposits
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,861	\$ 500,449	\$ 20,386	\$ 70,753
Receivables:				
Accounts	<u>0</u>	<u>747,718</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 9,861</u>	<u>\$ 1,248,167</u>	<u>\$ 20,386</u>	<u>\$ 70,753</u>
Liabilities:				
Accounts payable	\$ 0	\$ 447,648	\$ 0	\$ 0
Interfund payable	0	0	0	0
Due to other governments	0	185,595	0	0
Deposits held and due to Others	<u>5,256</u>	<u>0</u>	<u>8,426</u>	<u>45,894</u>
Total Liabilities	<u>5,256</u>	<u>633,243</u>	<u>8,426</u>	<u>45,894</u>
Fund Equity				
Fund balance:				
Reserved for encumbrances	0	0	0	1,926
Undesignated	<u>4,605</u>	<u>614,924</u>	<u>11,960</u>	<u>22,933</u>
Total Fund Equity (deficit)	<u>4,605</u>	<u>614,924</u>	<u>11,960</u>	<u>24,859</u>
Total Liabilities and Fund Equity	<u>\$ 9,861</u>	<u>\$ 1,248,167</u>	<u>\$ 20,386</u>	<u>\$ 70,753</u>

Agency Funds			
Ohio Board Of Building Standards	County Dog Licenses	Municipal Court	Totals
\$ 1,787	\$ 72	\$ 677,671	\$ 1,280,979
<u>0</u>	<u>0</u>	<u>0</u>	<u>747,718</u>
<u>\$ 1,787</u>	<u>\$ 72</u>	<u>\$ 677,671</u>	<u>\$ 2,028,697</u>
\$ 0	\$ 0	\$ 0	\$ 447,648
0	0	126,537	126,537
1,614	154	57,994	245,357
<u>0</u>	<u>0</u>	<u>493,140</u>	<u>552,716</u>
<u>1,614</u>	<u>154</u>	<u>677,671</u>	<u>1,372,258</u>
0	0	0	1,926
<u>173</u>	<u>(82)</u>	<u>0</u>	<u>654,513</u>
<u>173</u>	<u>(82)</u>	<u>0</u>	<u>656,439</u>
<u>\$ 1,787</u>	<u>\$ 72</u>	<u>\$ 677,671</u>	<u>\$ 2,028,697</u>

CITY OF BEREA, OHIO

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Expendable Trust Fund
For the Year Ended December 31, 2001

	<u>Unclaimed Monies</u>
Revenues:	
Miscellaneous income	\$ <u>285</u>
Total revenues	<u>285</u>
Expenditures:	<u>0</u>
Excess (deficiency) of revenues over expenditures	285
Fund balance, beginning of year	<u>4,320</u>
Fund balance, end of year	\$ <u><u>4,605</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Unclaimed Monies Trust Fund
For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous income	\$ 285	\$ 285	\$ 0
Total revenues	285	285	0
Expenditures:	0	0	0
Excess (deficiency) of revenues over expenditures	285	285	0
Fund balance, beginning of year	4,320	4,320	0
Fund balance, end of year	\$ 4,605	\$ 4,605	\$ 0

CITY OF BEREA, OHIO

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

	<u>Balance</u> <u>12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/01</u>
Regional Sewer				
Assets:				
Equity in pooled cash and cash equivalents	\$ 486,977	\$ 13,472	\$ 0	\$ 500,499
Receivables:				
Accounts	<u>735,817</u>	<u>747,718</u>	<u>735,817</u>	<u>747,718</u>
Total Assets	\$ <u>1,222,794</u>	\$ <u>761,190</u>	\$ <u>735,817</u>	\$ <u>1,248,167</u>
Liabilities:				
Accounts payable	\$ 434,152	\$ 447,649	\$ 434,153	\$ 447,648
Due to other governments	<u>788,642</u>	<u>5,674,355</u>	<u>5,662,478</u>	<u>800,519</u>
Total Liabilities	\$ <u>1,222,794</u>	\$ <u>6,122,004</u>	\$ <u>6,096,631</u>	\$ <u>1,248,167</u>
 Contract Retainer				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>26,046</u>	\$ <u>0</u>	\$ <u>5,660</u>	\$ <u>20,386</u>
Total Assets	\$ <u>26,046</u>	\$ <u>0</u>	\$ <u>5,660</u>	\$ <u>20,386</u>
Liabilities:				
Deposits held and due to Others	\$ <u>26,046</u>	\$ <u>177,782</u>	\$ <u>183,442</u>	\$ <u>20,386</u>
Total Liabilities	\$ <u>26,046</u>	\$ <u>177,782</u>	\$ <u>183,442</u>	\$ <u>20,386</u>
 Guarantee Deposits				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>70,163</u>	\$ <u>590</u>	\$ <u>0</u>	\$ <u>70,753</u>
Total Assets	\$ <u>70,163</u>	\$ <u>590</u>	\$ <u>0</u>	\$ <u>70,753</u>
Liabilities:				
Deposits held and due to Others	\$ <u>70,163</u>	\$ <u>35,847</u>	\$ <u>35,257</u>	\$ <u>70,753</u>
Total Liabilities	\$ <u>70,163</u>	\$ <u>35,847</u>	\$ <u>35,257</u>	\$ <u>70,753</u>

(continued)

CITY OF BEREA, OHIO

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

	<u>Balance</u> <u>12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/01</u>
Ohio Board of Building Standards				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>1,814</u>	\$ <u>0</u>	\$ <u>27</u>	\$ <u>1,787</u>
Total Assets	\$ <u>1,814</u>	\$ <u>0</u>	\$ <u>27</u>	\$ <u>1,787</u>
Liabilities:				
Due to other governments	\$ <u>1,814</u>	\$ <u>6,256</u>	\$ <u>6,283</u>	\$ <u>1,787</u>
Total Liabilities	\$ <u>1,814</u>	\$ <u>6,256</u>	\$ <u>6,283</u>	\$ <u>1,787</u>
County Dog Licenses				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>30</u>	\$ <u>42</u>	\$ <u>0</u>	\$ <u>72</u>
Total Assets	\$ <u>30</u>	\$ <u>42</u>	\$ <u>0</u>	\$ <u>72</u>
Liabilities:				
Due to other governments	\$ <u>30</u>	\$ <u>1,390</u>	\$ <u>1,348</u>	\$ <u>72</u>
Total Liabilities	\$ <u>30</u>	\$ <u>1,390</u>	\$ <u>1,348</u>	\$ <u>72</u>
Municipal Court				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>358,966</u>	\$ <u>3,534,099</u>	\$ <u>3,215,394</u>	\$ <u>677,671</u>
Total Assets	\$ <u>358,966</u>	\$ <u>3,534,099</u>	\$ <u>3,215,394</u>	\$ <u>677,671</u>
Liabilities:				
Interfund payable	\$ 80,509	\$ 1,296,854	\$ 1,250,826	\$ 126,537
Due to other governments	32,517	556,924	531,447	57,994
Deposits held and due to Others	<u>245,940</u>	<u>1,680,321</u>	<u>1,433,121</u>	<u>493,140</u>
Total Liabilities	\$ <u>358,966</u>	\$ <u>3,534,099</u>	\$ <u>3,215,394</u>	\$ <u>677,671</u>

(continued)

CITY OF BEREA, OHIO

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

	<u>Balance</u> <u>12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/01</u>
Total All Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 943,996	\$ 3,548,203	\$ 3,221,081	\$ 1,271,118
Receivables:				
Accounts	<u>735,817</u>	<u>747,718</u>	<u>735,817</u>	<u>747,718</u>
Total Assets	<u>\$ 1,679,813</u>	<u>\$ 4,295,921</u>	<u>\$ 3,956,898</u>	<u>\$ 2,018,836</u>
Liabilities:				
Accounts payable	\$ 434,152	\$ 447,649	\$ 434,153	\$ 447,648
Interfund payable	80,509	1,296,854	1,250,826	126,537
Due to other governments	823,003	6,238,925	6,201,556	860,372
Deposits held and due to Others	<u>342,149</u>	<u>1,893,950</u>	<u>1,651,820</u>	<u>584,279</u>
Total Liabilities	<u>\$ 1,679,813</u>	<u>\$ 9,877,378</u>	<u>\$ 9,538,355</u>	<u>\$ 2,018,836</u>

(THIS PAGE INTENTIONALLY LEFT BLANK.)

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed asset account group is used to account for long-lived assets not used in the operations of the proprietary funds.

CITY OF BEREA, OHIO

Schedule of General Fixed Assets by Sources
For the Year Ended December 31, 2001

General Fixed Assets	
Land	\$ 2,811,493
Land improvements	6,371,999
Buildings	14,192,979
Building improvements	10,935,339
Machinery and equipment	2,258,136
Vehicles	3,651,093
Construction in progress	<u>3,331,947</u>

Total general fixed assets \$43,552,986

Investments in General Fixed Assets From:	
General fund	\$12,824,037
Special revenue fund	877,541
Capital projects fund	<u>29,851,408</u>

Total general fixed assets \$43,552,986

CITY OF BEREA, OHIO

Schedule of General Fixed Assets
by Function and Activity
For the Year Ended December 31, 2001

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Land Improvement</u>
Security of persons and property			
Police department	\$ 911,912	\$ 4,550	\$ 0
Fire department	1,535,826	149,766	6,450
Street lighting	<u>108,710</u>	<u>0</u>	<u>2,500</u>
Total security of persons and property	<u>2,556,448</u>	<u>154,316</u>	<u>8,950</u>
Leisure time activities			
Administrative	508,399	386,867	30,906
Playgrounds	1,184,804	93,312	574,711
Swimming pool	308,306	0	27,093
Recreation Center	<u>4,287,217</u>	<u>0</u>	<u>163,600</u>
Total Leisure time activities	<u>6,288,726</u>	<u>480,179</u>	<u>796,310</u>
Community development			
Building department	<u>52,951</u>	<u>0</u>	<u>0</u>
Total community development	<u>52,951</u>	<u>0</u>	<u>0</u>
Basic utility services			
Refuse collection	1,272,522	0	0
Storm sewers and drains	<u>69,664</u>	<u>0</u>	<u>0</u>
Total basic utility services	<u>1,342,186</u>	<u>0</u>	<u>0</u>
Transportation			
Street paving and repair	<u>212,169</u>	<u>0</u>	<u>0</u>
Total transportation	<u>212,169</u>	<u>0</u>	<u>0</u>
General Government			
Council	32,792	0	0
Mayor	14,644	0	0
Finance	61,008	0	0
Community development	7,882	0	0
Law	26,643	0	0
Court	270,433	0	0
Government land and Buildings	5,763,126	1,106,242	1,461,430
Service administration	850,807	741	0
Administration	<u>53,831</u>	<u>0</u>	<u>0</u>
Total General Government	<u>7,081,166</u>	<u>1,106,983</u>	<u>1,461,430</u>
Library	1,424,651	20,015	0
Cleveland Browns	<u>21,262,742</u>	<u>1,050,000</u>	<u>4,105,309</u>
Total general fixed assets by Function	40,221,039	\$ <u>2,811,493</u>	\$ <u>6,371,999</u>
Construction in progress	<u>3,331,947</u>		
Total general fixed assets	<u>\$43,552,986</u>		

<u>Building</u>	<u>Building Improvement</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>
\$ 56,574	\$ 143,350	\$ 257,285	\$ 450,153
162,986	1,558	92,908	1,122,158
<u>0</u>	<u>0</u>	<u>106,210</u>	<u>0</u>
<u>219,560</u>	<u>144,908</u>	<u>456,403</u>	<u>1,572,311</u>
34,937	15,249	12,165	28,275
374,591	0	142,190	0
95,019	176,189	10,005	0
<u>0</u>	<u>3,853,021</u>	<u>190,208</u>	<u>80,388</u>
<u>504,547</u>	<u>4,044,459</u>	<u>354,568</u>	<u>108,663</u>
<u>0</u>	<u>1,215</u>	<u>41,741</u>	<u>9,995</u>
<u>0</u>	<u>1,215</u>	<u>41,741</u>	<u>9,995</u>
0	0	273,394	999,128
<u>0</u>	<u>0</u>	<u>13,002</u>	<u>56,662</u>
<u>0</u>	<u>0</u>	<u>286,396</u>	<u>1,055,790</u>
<u>0</u>	<u>0</u>	<u>140,099</u>	<u>72,070</u>
<u>0</u>	<u>0</u>	<u>140,099</u>	<u>72,070</u>
0	0	32,792	0
0	0	14,644	0
0	2,950	58,058	0
0	0	7,882	0
0	11,933	14,710	0
0	57,027	213,406	0
1,090,953	1,726,443	102,289	275,769
0	0	293,571	556,495
<u>0</u>	<u>0</u>	<u>53,831</u>	<u>0</u>
<u>1,090,953</u>	<u>1,798,353</u>	<u>791,183</u>	<u>832,264</u>
418,592	875,526	110,518	0
<u>11,959,327</u>	<u>4,070,878</u>	<u>77,228</u>	<u>0</u>
<u>\$14,192,979</u>	<u>\$10,935,339</u>	<u>\$ 2,258,136</u>	<u>\$ 3,651,093</u>

CITY OF BEREA, OHIO
Schedule of Changes in General Fixed Assets
by Function and Activity
For the Year Ended December 31, 2001

<u>Function and Activity</u>	<u>Balance January 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>
Security of persons and property			
Police department	\$ 856,360	\$ 55,552	\$ 0
Fire department	1,391,707	144,119	0
Street lighting	106,210	2,500	0
Total security of persons and property	<u>2,354,277</u>	<u>202,171</u>	<u>0</u>
Leisure time activities			
Administrative	508,399	0	0
Playgrounds	884,982	299,822	0
Swimming pool	308,306	0	0
Recreation Center	4,235,769	51,448	0
Total Leisure time activities	<u>5,937,456</u>	<u>351,270</u>	<u>0</u>
Community development			
Building department	48,742	4,209	0
Total community development	<u>48,742</u>	<u>4,209</u>	<u>0</u>
Basic utility services			
Refuse collection	1,272,522	0	0
Storm sewers and drains	61,662	8,002	0
Total basic utility services	<u>1,334,184</u>	<u>8,002</u>	<u>0</u>
Transportation			
Street paving and repair	206,251	5,918	0
Total transportation	<u>206,251</u>	<u>5,918</u>	<u>0</u>
General Government			
Council	31,244	1,548	0
Mayor	13,415	1,229	0
Finance	54,163	6,845	0
Community development	7,616	266	0
Law	22,257	4,386	0
Court	229,200	51,498	10,265
Government land and Buildings	5,293,207	469,919	0
Service administration	850,275	532	0
Administration	44,515	9,316	0
Total General Government	<u>6,545,892</u>	<u>545,539</u>	<u>10,265</u>
Library	1,424,651	0	0
Cleveland Browns	21,262,742	0	0
Total general fixed assets by Function	39,114,195	1,117,109	10,265
Construction in progress	715,523	2,819,696	203,272
Total general fixed assets	<u>\$39,829,718</u>	<u>\$3,936,805</u>	<u>\$ 213,537</u>

Balance
December 31,
2001

\$ 911,912
1,535,826
108,710

2,556,448

508,399
1,184,804
308,306
4,287,217

6,288,726

52,951

52,951

1,272,522
69,664

1,342,186

212,169

212,169

32,792
14,644
61,008
7,882
26,643
270,443

5,763,126
850,807
53,831

7,081,166

1,424,651
21,262,742

40,221,039

3,331,947
\$43,552,986

(THIS PAGE INTENTIONALLY LEFT BLANK.)

(THIS PAGE INTENTIONALLY LEFT BLANK.)

City of Berea, Ohio
 General Fund Expenditures by Function
 Last Ten Years

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Security of persons and property	\$4,174,145	\$3,812,881	\$3,690,700	\$3,437,394
Public health and welfare	0	0	0	0
Leisure time activities	241,687	238,765	146,931	94,187
Community development	265,809	306,069	282,028	233,010
Basic utility services	1,036,364	978,654	980,434	898,050
Transportation	0	0	0	0
General government	4,204,367	4,003,124	3,626,666	3,102,992
Debt Service	0	0	0	0
	<u>\$9,922,372</u>	<u>\$9,339,493</u>	<u>\$8,726,759</u>	<u>\$7,765,633</u>

Source: City of Berea records

1997	1996	1995	1994	1993	1992
\$3,477,726	\$3,372,181	\$3,258,419	\$2,967,916	\$3,236,435	\$3,017,505
0	0	0	0	94	0
81,339	55,299	113,197	93,365	79,557	80,420
231,922	252,552	293,533	250,011	275,365	223,593
895,341	929,627	924,867	935,068	924,920	899,338
0	0	0	2,334	0	0
3,144,540	3,465,346	3,395,549	3,134,313	3,368,209	3,415,910
0	0	0	0	270	0
<u>\$7,830,868</u>	<u>\$8,075,005</u>	<u>\$7,985,565</u>	<u>\$7,383,007</u>	<u>\$7,884,850</u>	<u>\$7,636,766</u>

City of Berea, Ohio
 General Fund Revenues by Source
 Last Ten Years

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Property taxes	\$1,603,669	\$1,245,867	\$1,359,736	\$1,371,358
Municipal income taxes	6,387,988	7,119,648	5,874,741	5,110,259
Other local taxes	211,822	218,203	184,570	178,857
Intergovernmental	1,868,990	1,811,636	1,618,302	1,522,782
Charges for services	33,669	134,317	6,273	16,248
Licenses and permits	156,720	185,528	228,029	240,197
Fines and forfeitures	948,028	843,110	723,687	730,872
Investment income	157,963	277,351	206,474	228,348
Refunds and reimbursements	0	0	0	22,643
Special assessments	820	0	0	0
Miscellaneous	71,841	38,898	63,341	1,889
	<u>\$11,441,510</u>	<u>\$11,874,558</u>	<u>\$10,265,153</u>	<u>\$9,423,453</u>

Source: City of Berea records

<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
\$702,266	\$1,845,239	\$1,893,395	\$1,621,015	\$1,356,129	\$1,852,758
4,752,376	5,153,799	4,993,532	4,873,547	5,553,553	4,375,191
165,450	159,565	115,014	171,883	155,088	126,617
1,426,444	1,145,382	1,131,404	759,012	846,510	889,357
49,694	20,126	93,973	140,659	36,128	17,526
226,246	123,739	176,115	159,646	146,767	192,811
682,562	664,362	681,382	751,796	675,516	445,379
214,320	184,972	184,578	75,788	67,062	85,289
6,190	213,608	92,742	295,221	98,118	44,572
0	0	0	0	0	0
17,727	6,194	98,526	19,994	15,766	17,455
<u>\$8,243,275</u>	<u>\$9,516,986</u>	<u>\$9,460,661</u>	<u>\$8,868,561</u>	<u>\$8,950,637</u>	<u>\$8,046,955</u>

City of Berea, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total (1) Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
2001	\$5,141,000	\$4,621,579	\$169,010	\$4,790,591	93.1%	\$331,816	6.4%
2000	4,592,422	4,230,158	129,836	4,356,098	94.9%	112,887	2.5%
1999	4,553,640	4,216,328	133,673	4,350,001	95.5%	104,185	2.3%
1998	4,493,534	4,194,818	87,437	4,282,115	95.3%	92,151	2.1%
1997	4,211,642	3,932,668	75,138	4,007,806	95.2%	112,699	2.7%
1996	4,227,073	3,936,751	130,576	4,067,327	96.2%	55,718	1.3%
1995	4,186,203	3,910,203	67,595	3,977,800	95.0%	70,160	1.7%
1994	3,863,653	3,536,844	71,811	3,604,719	93.3%	69,404	1.8%
1993	4,077,001	3,591,341	63,564	3,654,905	89.6%	164,614	4.0%
1992	3,915,728	3,620,097	49,205	3,669,301	93.7%	123,932	3.2%

Source: Cuyahoga County Auditor

(1) - State reimbursement of rollback and homestead exemptions are included.

City of Berea, Ohio
 Assessed Valuation and Estimated True Values
 Last Ten Years

Collection Year	Real	Public Utility Tangible	Tangible Personal	Total Assessed Valuation	Total Estimated True Values
2001	\$297,018,160	\$12,663,290	\$27,221,866	\$336,903,316	\$971,900,881
2000	261,116,900	12,577,200	26,081,201	299,775,301	864,665,362
1999	259,376,610	13,773,550	24,088,592	297,238,752	853,082,158
1998	258,944,960	14,148,170	24,163,501	297,256,631	852,574,213
1997	237,398,710	13,703,410	22,177,711	273,279,831	782,564,929
1996	236,396,400	13,878,740	21,952,150	272,227,290	778,998,181
1995	234,199,410	15,102,270	18,632,201	267,933,881	760,831,646
1994	207,552,140	14,366,010	21,500,493	243,418,643	695,333,098
1993	206,575,190	14,115,200	20,242,741	240,933,131	687,225,793
1992	199,834,720	14,188,140	18,425,570	232,448,430	657,946,806

Source: Cuyahoga County Auditor

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

Year	City of Berea			Berea School District	Olmsted Falls School District	Polaris JVSD	Cuyahoga County & Special Taxing Districts (1)	Total	
	General	Special Revenue	Debt Service						
2001	7.95	3.10	6.55	17.60	63.80	90.30	2.40	17.60	101.40
2000	7.95	3.10	6.65	17.70	63.90	91.70	2.40	16.70	100.70
1999	8.40	3.10	6.20	17.70	58.00	79.90	2.40	16.70	94.80
1998	8.55	3.10	6.15	17.80	57.90	79.90	2.40	18.00	96.10
1997	8.67	3.10	6.03	17.80	57.90	80.10	2.40	18.00	96.10
1996	8.67	3.10	6.03	17.80	57.00	78.10	2.50	18.00	95.30
1995	9.31	3.10	5.39	17.80	56.90	74.90	2.50	18.20	95.40
1994	9.20	3.10	6.00	18.30	57.00	68.50	2.50	17.80	95.60
1993	9.95	3.60	5.25	18.80	51.10	68.60	2.50	17.80	90.20
1992	9.95	3.90	5.25	19.10	50.20	69.20	2.50	17.80	89.60

(1) Cleveland Metropolitan Park District, Cuyahoga Community College District, Cleveland-Cuyahoga Port Authority, Cuyahoga County Library, and Cuyahoga County Services.

Source: Cuyahoga County Auditor

City of Berea, Ohio
Special Assessment Collections
Last Ten Years

Year	Billed	Amount Collected	Percent Collected	Total Delinquent
2001	\$651,025	\$593,260	91.13%	\$61,944
2000	612,737	557,586	91.00%	58,318
1999	619,959	579,588	93.49%	43,901
1998	560,150	522,906	93.35%	40,077
1997	578,388	542,232	93.75%	37,916
1996	568,972	546,499	96.05%	24,057
1995	492,229	471,728	95.84%	21,982
1994	514,560	489,828	95.19%	26,249
1993	480,473	456,098	94.93%	25,097
1992	399,531	380,256	95.18%	19,084

These figures represent only amounts certified to and collected by the Cuyahoga County Auditor and does not included prepayments paid directly to the City.

Source: Cuyahoga County Auditor

City of Berea, Ohio
Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt per Capita
Last Ten Years

Year	Population (1)	Assessed Valuation (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Valuation	Net Bonded Debt Per Capita
2001	18,790	\$341,662,828	15,357,087	476,890	14,880,197	4.36%	\$791.92
2000	18,790	\$299,775,301	16,692,024	219,132	16,472,892	5.50%	\$876.68
1999	19,051	297,238,752	18,152,024	216,705	17,935,319	6.03%	941.44
1998	19,051	297,256,631	19,547,024	280,160	19,266,864	6.48%	1,011.33
1997	19,051	273,279,831	20,892,024	36,353	20,855,671	7.63%	1,094.73
1996	19,051	272,227,290	22,317,026	961,572	21,355,454	7.84%	1,120.96
1995	19,051	267,933,881	23,392,026	595,025	22,797,001	8.51%	1,196.63
1994	19,051	243,418,643	23,272,026	81,850	23,190,176	9.53%	1,217.27
1993	19,051	240,933,131	21,817,023	88,813	21,728,210	9.02%	1,140.53
1992	19,051	232,448,430	18,890,000	437,964	18,452,036	7.94%	968.56

(1) Source: U.S. Bureau of Census, Census of Population, conducted in 1990 and 2000.

(2) Source: Cuyahoga County Auditor

(3) Includes all general obligation bonded debt and bond anticipation notes.

City of Berea, Ohio
 Computation of Legal Debt Margin
 December 31, 2001

<i>Total assessed valuation</i>	\$336,903,316
<i>Overall debt limitation (10 1/2% of assessed valuation)</i>	<u>35,374,848</u>
Total bonds and notes	17,258,137
Less: Urban renewal bonds	(1,815,000)
Taxable Bonds (Chapter 725)	<u>(1,101,050)</u>
Net voted and unvoted debt	14,342,087
Less: Amount available in Debt Service Funds	<u>(476,890)</u>
Net debt within 10 1/2% limitation	<u>13,865,197</u>
<i>Overall debt margin unused</i>	<u><u>21,509,651</u></u>
<i>Unvoted debt limitation (5 1/2% of assessed valuation)</i>	18,529,682
Total unvoted bonds and notes	12,033,612
Less: Amount available in Debt Service Funds	<u>(476,890)</u>
Net debt within 5 1/2% limitation	<u>11,556,722</u>
<i>Overall unvoted debt margin unused</i>	<u><u>6,972,960</u></u>

Source: City of Berea records

City of Berea, Ohio
 Computation of Direct and Overlapping Debt
 December 31, 2001

<u>Jurisdiction</u>	<u>Debt Outstanding(1)</u>	<u>Percentage Applicable To City</u>	<u>Amount Applicable To City</u>
Direct:			
City of Berea	\$15,875,561	100.00%	\$15,875,561
Overlapping:			
Berea School District	11,715,000	94.00%	11,012,100
Olmsted Falls School District	13,795,393	6.00%	827,724
Cuyahoga County	216,544,636	1.19%	2,576,881
Greater Cleveland Regional Transit Authority	123,915,000	1.19%	<u>1,474,589</u>
Total overlapping			15,891,294
Total direct and overlapping			<u><u>\$31,766,855</u></u>

Source: Cuyahoga County Auditor

The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing the overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(1) The debt outstanding includes general obligation bonded and note debt.

City of Berea, Ohio
 Ratio of Annual Debt Principal Expenditures
 for General Bonded Debt to Total General Fund Expenditures
 Last Ten Years

Year	Debt Principal (1)	General Fund Expenditures	Ratio of Debt Principal to General Fund Expenditures
2001	\$1,334,937	\$9,922,372	13.45%
2000	\$1,460,000	\$9,339,493	15.63%
1999	1,395,000	8,726,759	15.99%
1998	1,150,000	7,765,633	14.81%
1997	1,165,000	7,830,868	14.88%
1996	1,040,000	8,075,005	12.88%
1995	1,045,000	7,985,565	13.09%
1994	1,205,000	7,383,007	16.32%
1993	970,000	7,884,850	12.30%
1992	560,000	7,636,766	7.33%
1991	565,000	6,439,257	8.77%

(1) Includes principal paid on general obligation bonds, urban renewal bonds and bond anticipation notes.

Source: City of Berea records.

City of Berea, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population(1)</u>	<u>School Enrollment(2)</u>
2001	18,790	7,746
2000	18,790	7,937
1999	19,051	7,941
1998	19,051	7,946
1997	19,051	7,958
1996	19,051	7,997
1995	19,051	7,997
1994	19,051	7,879
1993	19,051	7,832
1992	19,051	7,846

Source: U.S. Census, Census of population, 1990 and 2000

Source: Berea City School District

City of Berea, Ohio
 Construction and Bank Deposits
 Last Ten Years

Year	Number of Construction Permits Issued	Residential Construction Value (1)	Commercial Construction Value (1)	Domestic Bank Deposits in the County (2) (in thousands)	Financial Institution Deposits in the City(3)
2001	751	\$4,072,726	\$17,362,677	\$63,892,769	\$4,568,111
2000	820	4,119,008	17,536,770	61,942,764	4,174,823
1999	648	4,084,185	15,116,889	57,816,942	4,343,528
1998	630	4,018,575	18,049,517	58,904,596	4,136,396
1997	612	4,164,530	9,564,505	53,941,971	3,519,104
1996	623	3,677,715	3,227,882	27,068,211	3,814,845
1995	588	7,579,751	10,084,045	22,694,304	2,327,126
1994	635	4,949,538	12,638,647	21,101,872	4,292,094
1993	606	4,187,875	10,474,890	21,008,821	3,291,003
1992	573	5,811,025	5,860,885	19,379,203	2,412,555

(1) Source: City of Berea building department reports

(2) Source: Federal Reserve Bank of Cleveland

(3) Total balances per bank for all institutions receiving City of Berea deposits.

(4) Large increase in deposits due to Key Bank becoming a single charter in 1997.

City of Berea, Ohio
Principal Taxpayers
December 31, 2001

Taxpayer	Real Property Assessed Valuation (1)	Percentage of Assessed Valuation
Cleveland Electric Illuminating Company	\$4,385,600	1.28%
Tower in the Park, Ltd.	4,014,430	1.17%
Ohio Bell Telephone Co.	3,016,670	0.88%
Aristocrat Berea Nursing	1,927,350	0.56%
A & F Machine Products Co.	1,615,810	0.47%
R. R. Donnelley & Sons, Co.	1,575,000	0.46%
Berea Square Co., LLC	1,414,110	0.41%
Trans Healthcare of Ohio	1,291,640	0.38%
West Valley Plaza	1,225,000	0.36%
Cole Investments, LLC	1,116,890	0.33%

(1) Assessed valuation based on the valuation of property for taxes collected in 2000 and a review of the largest 10 taxpayer's parcels for the City. Total valuation listed for each taxpayer does not include all parcels owned by that taxpayer in the County.

Source: Cuyahoga County Auditor

City of Berea, Ohio
 Miscellaneous Statistics
 December 31, 2001

Date of incorporation:	
As a village	1850
As a City	1930
Date Charter adopted	1960
Form of government	Mayor/Council
Area of square miles	5.9
Miles of street	60
Number of street lights (per light bill)	3,612 in 2001
Number of employees:	
Full-time	162
Part-time	92
Fire protection:	
Number of stations	1
Number of firemen and officers	23
Number of calls answered	
Fire	271
Rescue Squad	1,350
Number of formal inspections conducted	650
Police protection:	
Number of stations	1
Number of police personnel, officers, and	
Dispatchers	62
Number of patrol units	16
Number of law violations:	
Physical arrests	930
Traffic violations	2,683
Parking violations	2,634
Municipal Court:	
Number of employees, including judge	23
Total number of traffic cases	6,320
Total number of criminal cases	2,694
Total marriages performed	90
Water System:	
Number of water plants	1
Miles of water mains	60
Daily average consumption in gallons	1.63 million
Maximum daily capacity in gallons	3.6 million

City of Berea, Ohio
 Miscellaneous Statistics (Continued)
 December 31, 2001

Sewerage System:	
Miles of sanitary sewers	60
Miles of storm sewers	60
Education: (within the City)	
Number of elementary schools	4
Number of secondary schools	2
Number of parochial Schools(elementary)	2
Number of university/colleges	1
Culture and Recreation:	
Community Centers	2
Parks:	
Metroparks	1
City parks	4
Park Acreage:	
Metroparks	370
City parks	80
Municipal swimming pools:	
Outdoor	1
Indoor	1



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

CITY OF BEREA
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 6, 2002**