



**Auditor of State
Betty Montgomery**

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE

PAGE

Independent Accountants' Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	1
---	---

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

City of South Euclid
Cuyahoga County
1349 South Green Road
South Euclid, Ohio 44121

We have audited the financial statements of the City of South Euclid, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 that we have reported to management of the City in a separate letter dated May 15, 2003.

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 to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 15, 2003.

City of South Euclid
Cuyahoga County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 15, 2003

CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

ISSUED BY THE DEPARTMENT OF FINANCE

JANET BIHARY, CPA,

FINANCE DIRECTOR

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
Table of Contents

<i>I. Introductory Section</i>	Page
Table of Contentsi
Transmittal Letter	v
Organization Chart	xii
City of South Euclid Elected and Appointed City Officials.....	xiii
GFOA Certificate of Achievement.....	xiv
 <i>II. Financial Section</i>	
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual: General Fund	20
Statement of Fiduciary Assets and Liabilities - Fiduciary Fund	21
Notes to the Basic Financial Statements	22
Combining Statements and Individual Fund Schedules:	
Combining Statements - Nonmajor Governmental Funds:	
Fund Descriptions.....	45
Combining Balance Sheet - Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	49
Combining Balance Sheet - Nonmajor Special Revenue Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	53

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
Table of Contents (continued)

Combining Balance Sheet - Nonmajor Capital Projects Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	58
Combining Statements - Agency Funds:	
Fund Descriptions.....	60
Combining Statement of Changes in Assets and Liabilities - Agency Funds	61
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual:	
General Fund	63
General Obligation Bond Retirement Fund.....	68
General Capital Improvements Fund.....	69
Road Improvement Fund.....	70
Flood Control Fund	71
Issue II Projects Fund	72
Operation Home Improvement Fund.....	73
COPS Grant Fund.....	74
Street Construction, Maintenance and Repair Fund.....	75
State Highway Fund	76
Parking Lots and Meters Fund	77
Swimming Pools Fund	78
Permissive Motor Vehicle License Fund	79
HUD Grant Fund.....	80
Court Security Grant Fund	81
Law Enforcement Fund.....	82
FEMA Firefighters Grant Fund.....	83
Street Lighting Fund.....	84
Sewer Rental Fund	85
Police Pension Fund	86
Fire Pension Fund.....	87
Special Assessment Bond Retirement Fund.....	88
Safety Forces Vehicle Fund	89
Recreation Improvement Fund	90
Sidewalk Improvement Fund	91
Stanhope Parking Lot Fund.....	92
Land Acquisition Fund.....	93
Sewer Rehabilitation Fund.....	94

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
Table of Contents (continued)

III. Statistical Section

Governmental Activities Revenues by Source and Expenses by Program – Last Two Years	S1
General Fund Revenues by Source and Expenditures by Function - Last Ten Years	S2
Property Tax Levies and Collections - Real and Public Utility Taxes - Last Ten Years.....	S4
Property Tax Levies and Collections - Tangible Personal Property Taxes - Last Ten Years.....	S6
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	S8
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years.....	S10
Computation of Legal Debt Margin.....	S11
Special Assessments Billed and Collected - Last Ten Years.....	S12
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years	S14
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Years.....	S15
Computation of Direct and Overlapping General Obligation Bonded Debt.....	S16
Demographic Statistics - Last Ten Years.....	S17
Property Value, Construction and Bank Deposits - Last Ten Years.....	S18
Principal Property Taxpayers.....	S20
Miscellaneous Statistics	S21

This page intentionally left blank.

CITY OF SOUTH EUCLID



May 15, 2003

Citizens of South Euclid and
Honorable Members of City Council
South Euclid, Ohio 44121

We are pleased to present the Comprehensive Annual Financial Report of the City of South Euclid for the year ended December 31, 2002. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the 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 as follows:

1. The introductory section includes a table of contents, this transmittal letter, the City's organization chart, a list of elected and appointed City officials, and the GFOA Certificate of Achievement.
2. The financial section begins with the independent accountants' report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of South Euclid (the primary government) and its potential component units.

The South Euclid-Lyndhurst City School District, South Euclid-Lyndhurst Regional Branch of the Cuyahoga County Public Library and Northeast Ohio Regional Sewer Council of Governments have not been included in the accompanying financial statements because none have boards appointed by the City and none are fiscally dependent on the City.

The City participates in the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission which have been determined to be joint ventures and the Northeast Ohio Public Energy Council and the First Suburbs Consortium of Northeast Ohio Council of Governments which are jointly governed organizations. In addition, the City is a member of the Northern Ohio Risk Management Association, a shared risk pool. The joint ventures, jointly governed organizations and the shared risk pool are discussed in Notes 14, 15, and 16.

The City and Form of Government

The City of South Euclid, Ohio, is located in the northeast portion of Cuyahoga County, 10 miles from downtown Cleveland, with the cities of Lyndhurst to the east, Cleveland Heights to the west, University Heights and Beachwood to the south, and Cleveland, Euclid, and Richmond Heights to the north. The City has 23,537 residents, according to the most recent data from the United States Census Bureau.

The City is in the Cleveland Primary Metropolitan Statistical Area, comprised of the four counties of Cuyahoga, Geauga, Lake and Medina, which is the 16th largest of 71 in the United States. The City is also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area which is the 11th most populous of 20 in the country.

The City operates under and is governed by its Charter which voters first adopted in 1953 and which has been amended from time to time. The last amendment was made in 1997, effective 1998. The City is also subject to certain general laws applicable to all Ohio cities. Under the Ohio Constitution, the City may exercise all local self-government and police powers to the extent that none are in conflict with applicable general laws. The Charter also establishes certain administrative departments.

The Charter provides for a mayor-council form of government. Legislative authority is vested in a seven-member Council. The Council consists of three council members elected at-large and four elected by wards. Council members are elected for a four year term. Each member has a right to vote. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to the City services, tax levies, appropriations and indebtedness, licensing of regulated businesses and trades and other municipal purposes. The presiding officer is the President who is elected by Council for a two-year term.

The City's chief executive and administrative officer is the Mayor who is elected by the voters specifically to that office for a four-year term. The other elected official is the Municipal Court Judge, elected to a six-year term.

The Mayor appoints all of the directors of the City departments, including the Directors of Finance, Law, Service and Community Center, the Zoning Administrator, the City Engineer and the Community Relations Coordinator. The Mayor also appoints the Chiefs of Police and Fire and Police and Fire personnel after competitive civil service examinations. The Mayor also appoints members to a number of boards and commissions, and in accordance with civil service requirements, may remove all appointed officials and employees, except Council officers and employees. The Mayor may veto any legislation passed by Council, but Council may override a veto by a vote of five Council members.

In 1994, the responsibilities of Safety Director were transferred to the Mayor. This move was made to establish a stronger bond between the Mayor and the safety forces. The Mayor took on the duties of the Safety Director with no additional remuneration.

The City provides basic services to its residents including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, municipal court and general administrative services. The City of Cleveland provides water and sewer services to the City's residents.

The South Euclid-Lyndhurst Recreation Commission organizes programs for City residents. This Commission is a governmental joint venture among the City of South Euclid, the City of Lyndhurst and the South Euclid-Lyndhurst City School District. Each entity supports the Commission through funds paid to the Commission and each has access to the year-round activities and classes.

Economic Condition and Outlook

The City is primarily a residential community with a preponderance of single family homes. A major medical facility, University Suburban Health Care, provides quality health care to South Euclid residents as well as to our neighboring communities. South Euclid is home to Notre Dame College, a private, four-year institute of higher learning. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Aero Controlex, Division of Transdigm, Inc. is a Fortune 500 company which manufactures custom components for the aerospace industry; Glastic Corporation manufactures thermoset polymers used in appliances; Gent Machine Company manufactures automotive and aircraft components.

Several retail shopping centers in South Euclid are available for the City's residents. These shopping centers are among the major tax contributors within the City. Last year, the City welcomed a new 14,000 square foot shopping center at the intersection of Mayfield and Green, which is anchored by CVS. This supplements the existing Mayfield Road-Green Road shopping center that houses over fifty-eight retail stores. This shopping area includes Marc's discount store and Blockbuster Video. The largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads and features forty-eight retail stores. Another small shopping center is located in the northern section of the City known as Glengate Shopping Center and houses thirteen retail stores. A smaller strip of stores is located on Cedar and Green Roads.

The year 2002 brought the groundbreaking for the City of South Euclid's first Planned Unit Residential Development. Monticello Place will offer thirty-eight single family detached units when completed in 2003. Construction began on twelve of these homes. As of year-end, three have been completed. An additional six new homes were built in 2002. The total value of the new housing built in 2002 was \$2,045,600.

In residential areas, homeowners carefully maintain their property, which increases property value and enhances the appearance of the City's neighborhoods. To encourage individual upkeep, the City continues to administer their exterior residential property maintenance program. This program establishes minimum standards governing the maintenance of dwelling structures, which allows the City to work to create neighborhoods that are enjoyable to inhabit. Without the support of property owners who have genuine concern for the community, the goals of the program would not be reached. Under the program, each year a specific area of the City is targeted for inspection. The area is selected in a systematic way to achieve the program's goal to inspect the entire City every four years and to eliminate selective enforcement of the City Code. During the past year, residents have improved their homes by alterations and additions valued at \$6,861,206. A total of 1,178 permits were issued in 2002, including 70 commercial permits for additions or improvements totaling \$7,595,022. The City is emphasizing enforcement of maintenance standards on its population of rental housing as well with a program goal of annual exterior inspections with interior inspections performed every three years.

Now in its ninth year, the sidewalk program, instituted by the City and supervised by the Building Department, saw that a section of the City was inspected and that sidewalks were marked for improvement. Residents were given the opportunity to repair them or have the City do so and bill the residents. The program will continue to assure all of the City's sidewalks remain in good repair.

Major Initiatives

For the Year In 2002, the City of South Euclid continued its commitment to provide quality services and facilities to the City's residents. Emphasis continued to be placed on the maintenance and improvement of the City's infrastructure, specifically streets and sewers. In addition to the City's traditional annual road resurfacing program, an additional \$2.9 million in roadwork was accomplished. A total of ten streets were reconstructed in 2002 adding significantly to the quality of life for our residents who travel them.

Work continued on the \$6.7 million Bexley Drainage Infrastructure Improvement project. Financed with the cooperation of the State of Ohio, the project will provide new sewers, waterlines and pavement replacement and is anticipated to be completed in 2003. When complete an entire section of the City will no longer be affected by flooding previously caused by major rainstorms.

The City of South Euclid erected its first salt dome in 2002. This structure will benefit the City and its residents in a number of ways. It will allow the environmentally safe storage of approximately 5,700 tons of salt. By having this capacity, the City is able to take advantage of not only buying salt in quantity, but also having it on hand when weather conditions demand.

The City hired its first Economic Development Manager in 2002. In his first year, areas of emphasis have been retaining and attracting businesses to the City, filling existing vacancies in commercial areas and working closely with developers committed to building new housing options.

Communication continues to be a priority issue. All of City Hall has been wired for the Internet, allowing residents to electronically interface by use of e-mail at Mayor@seuclid.com, or by visiting the City's web site at WWW.CITYOFSOUTHEUCLID.COM.

For the Future The Administration is committed to working with the business community and residents to assure South Euclid provides a high quality of life.

Redevelopment of the Cedar Center area continues to be a primary focus. Potential exists for a mix of retail, professional offices and residential development. New construction offers the opportunity of first floor retail and second and third floor office and residential.

The great success of the Monticello Place Development has spurred interest from several other parties to develop similar projects.

Consideration is being given to establishing several Community Reinvestment Areas within the City, allowing the possibility of tax abatement opportunities.

Internal Accounting and Budgetary Controls

In developing the City's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial records for preparing financial statements and maintaining accountability over 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.

Budgetary Controls Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. With the assistance of the Finance Director, the Mayor is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, of the City for the next succeeding year by the first Council meeting in July. The legislative body is required to adopt the budget by July 15 and to submit it to the County Budget Commission by July 20 of each year. Based on the tax budget, the Finance Director submits to Council an appropriation ordinance for the next succeeding year.

Within ninety days of the beginning of the year covered by such ordinance, Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper. The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service, and operating transfers. 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 of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Mayor for approval and submitted to the Finance Office for the preparation of a purchase order and certification. The purchase order is reviewed for certification of the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of a department's appropriations at any time during the year.

The basis of accounting and the various funds utilized by the City of South Euclid are fully described in Note 2 of the basic financial statements. Additional information on the City's budgetary accounting can also be found in Note 2.

Financial Condition The City has prepared its financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting. The City has no proprietary funds.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. The discussion follows the independent accountants' report in the financial section of this report and provides an assessment of the City's finances for 2002.

Cash Management

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations are available interest rates and cash flows necessary to pay City liabilities. As City funds become available, they are invested immediately in short-term certificates of deposit or other securities authorized by State statute. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution and State statute.

Interest earnings for 2002 totaled \$472,003 for governmental funds. This represents a decrease of \$207,833 or 30.57 percent from 2001. All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits.

Risk Management

The City maintains risk management through a self-insurance pool with nine other cities. The Northern Ohio Risk Management Agency (NORMA) provides for general liability, property, and vehicle insurance. As part of the comprehensive plan, resources are being accumulated in the pool to meet potential losses. In addition, various risk control techniques have been implemented to minimize potential losses. The goal of the pool is to minimize loss potential in all areas of the City's operations while delivering services in the most efficient manner possible. For the year ended December 31, 2002, the City paid to NORMA premiums of \$72,571.

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.

Other Information

Independent Audit Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2002 by the Office of Betty Montgomery, Auditor of State. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

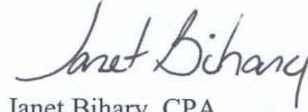
Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Euclid for the year ended December 31, 2001. This was the thirteenth year that the City of South Euclid received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment is a significant accomplishment by a governmental unit.

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

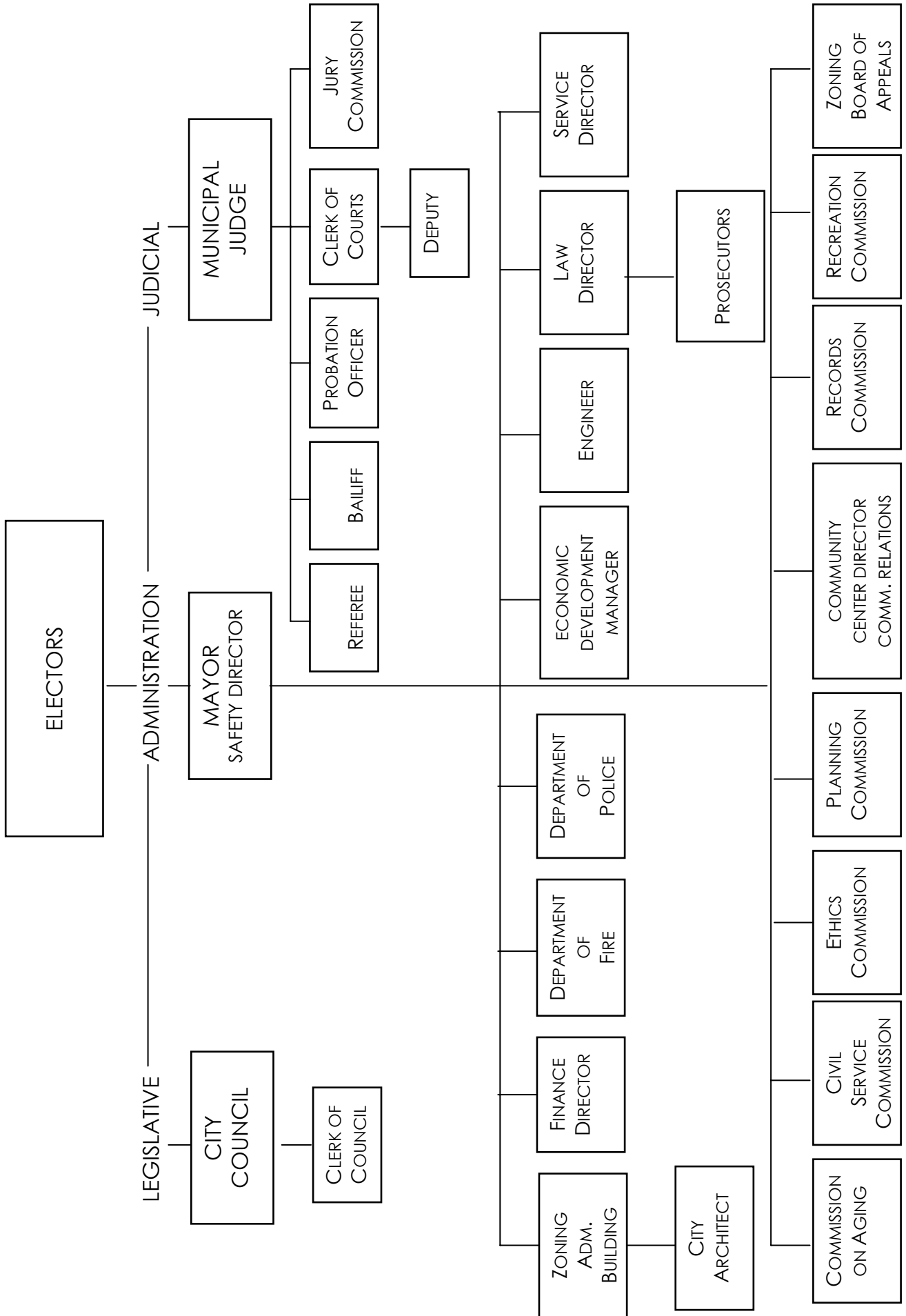
Acknowledgments This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Sincere gratitude goes to Council and to Mayor John T. Kocevar for their enthusiastic support and their granting of funds for this project. Appreciation is also expressed to all City Hall Department Heads and Superintendents for their cooperation and assistance. Special acknowledgment is extended to Local Government Services of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Janet Bihary".

Janet Bihary, CPA
Finance Director

**CITY OF SOUTH EUCLID
ORGANIZATION CHART**



CITY OF SOUTH EUCLID

ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR JOHN T. KOCEVAR

CITY COUNCIL

Joseph J. Coreno, President, Ward 1

James P. Boyle, At Large

Diane Fistek, At Large

Sunny Simon, At Large

Modestino Romeo, Ward 2

Edward A. Icove, Ward 3

Ronald L. Rosenfield, Ward 4

MUNICIPAL JUDGE

Patricia A. Kleri

APPOINTED OFFICIALS

Janet M. Bihary, Director of Finance

Vincent A. Feudo, Director of Law

Kevin P. Lynch, Director of Service

Paul Kowalczyk, Building Commissioner

Matthew Capadona, Chief of Police

Thomas Cannell, Chief of Fire

Stephen J. Hovancsek, City Engineer

A. Calisto Caminati, Jr., Economic Development Manager

Marilyn Doehring, Director of Community Center

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Euclid,
Ohio

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

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



President

Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of South Euclid
Cuyahoga County
1349 South Green Road
South Euclid, Ohio 44121

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, as of December 31, 2002, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, General Obligation Bond Retirement, General Capital Improvements, Road Improvement, Flood Control and Issue II Projects Funds and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

May 15, 2003

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The discussion and analysis of the City of South Euclid's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2002. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the transmittal letter, as well as the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City of South Euclid exceeded its liabilities at December 31, 2002 by \$40,414,242. Of this amount, \$6,583,603 may be used to meet the City's ongoing obligations to citizens and creditors.
- Total assets increased by \$7,631,997 which represents an increase of 14.2 percent from 2001 to 2002. This was primarily due to an increase of \$6,535,630 in capital assets. Cash and Cash Equivalents also increased by \$1,667,677.
- Total liabilities increased by \$3,450,704, which represents an increase of 19.9 percent from 2001 to 2002. This was primarily due to an increase of \$3,000,000 in Notes Payable.
- In total, net assets in governmental activities increased \$4,181,293 during 2002. This represents an 11.5 percent increase from 2001.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City of South Euclid's basic financial statements. These statements are organized so that the reader can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City. They provide both an aggregate view of the City's finances in addition to a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Government-wide financial statements – Reporting the City of South Euclid as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets presents information, excluding fiduciary funds, on all the City of South Euclid's assets and liabilities, with the difference between the two reported as net assets. Over time, increase or decrease in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws and the condition of capital assets should also be considered. Both the Statement of Net Assets and the

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Statement of Activities use the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets
- Program Revenues and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the City of South Euclid's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 8. Fund financial reports provide detailed information about the City's major funds. The City of South Euclid has established many funds that account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General fund, General Obligation Bond Retirement and General Capital Improvements, Road Improvement, Flood Control and Issue II Projects capital projects funds.

Governmental Funds

All of the City's activities are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

Government-wide Financial Analysis – City of South Euclid as a Whole

As noted earlier, the Statement of Net Assets looks at the City as a whole and can be used as an indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2002 compared to 2001.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Table 1
Net Assets

	Governmental Activities	
	2002	2001
Assets		
Current and Other Assets	\$32,978,586	\$31,882,219
Capital Assets, Net	<u>28,242,767</u>	<u>21,707,137</u>
Total Assets	<u>61,221,353</u>	<u>53,589,356</u>
Liabilities		
Current Liabilities	5,763,149	5,439,916
Long-Term Liabilities		
Due Within One Year	514,719	474,799
Due in More Than One Year	<u>14,529,243</u>	<u>11,441,692</u>
Total Liabilities	<u>20,807,111</u>	<u>17,356,407</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	14,528,405	15,960,784
Restricted for:		
Capital Projects	12,337,811	10,221,386
Debt Service	4,624,328	564,075
Other Purposes	2,340,095	2,446,212
Unrestricted	<u>6,583,603</u>	<u>7,040,492</u>
Total Net Assets	<u>\$40,414,242</u>	<u>\$36,232,949</u>

Total assets increased by \$7,631,997 from 2001 to 2002. Of that increase, capital assets was the most significant, increasing by \$6,535,630 net of depreciation expense. This was due to the ongoing construction of major infrastructure improvements which will be discussed in more detail later in this analysis.

Total liabilities increased by \$3,450,704. The majority of the increase resulted from the City issuing \$3,000,000 in new notes benefiting the Road Improvement capital projects fund.

Net assets of the City's governmental activities increased by \$4,181,293 in 2002. The following factors were partly responsible for this increase:

- Construction of the Bexley Infrastructure Improvement Project and 2002 Road Improvement Program contributed to Capital Assets increasing by \$6,535,630, as well as increasing long-term liabilities by \$3,000,000 due to issuance of notes to finance the road work.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

- Implementation of Emergency Medical Services transport fees in February 2002 generated \$268,318 for the year 2002.

Table 2 shows the changes in net assets for the years ended December 31, 2001 and 2002 and corresponds to the Statement of Activities on page 15. Since this is the second year the City has prepared statements following the GASB 34 format, revenue and expense comparisons can be made between the years 2001 and 2002.

Table 2
Changes in Net Assets

	Governmental Activities 2002	Governmental Activities 2001
Revenues		
Program Revenues		
Charges for Services and Operating Assessments	\$4,150,389	\$3,995,807
Operating Grants, Contributions and Interest	797,868	824,666
Capital Grants, Contributions and Capital Assessments	2,690,808	672,508
Total Program Revenues	7,639,065	5,492,981
General Revenues		
Property Taxes	4,938,016	4,791,148
Income Taxes	5,573,741	5,897,127
Grants and Entitlements	1,921,190	2,324,610
Increase in Investment in Joint Venture	103,518	163,469
Investments	472,003	635,777
Gain on Sale of Capital Assets	9,800	149,725
Miscellaneous	30,405	32,623
Total General Revenues	13,048,673	13,994,479
<i>Total Revenues</i>	<i>20,687,738</i>	<i>19,487,460</i>
Program Expenses		
General Government:		
Legislative and Executive	1,953,365	1,895,080
Judicial System	373,524	371,504
Security of Persons and Property:		
Police	4,085,718	3,853,772
Fire	2,854,567	2,665,347
Public Health Services	132,411	157,173
Leisure Time Activities	387,883	381,627
Community Development	307,024	243,728
Building Department	657,134	563,338

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Table 2 (continued)
Changes in Net Assets

	Governmental Activities 2002	Governmental Activities 2001
Program Expenses		
Transportation	\$2,167,781	\$1,928,058
Basic Utility Services	2,368,217	2,019,669
Swimming Pools	773,327	746,909
Interest and Fiscal Charges	445,494	398,380
Total Program Expenses	<u>16,506,445</u>	<u>15,224,585</u>
Increase in Net Assets	<u>\$4,181,293</u>	<u>\$4,262,875</u>

Total revenues increased by \$1,200,278 between 2001 and 2002. Increases in revenues were seen in charges of services, property tax collections and capital grants. The majority of the revenue increase is due to the receipt of the Issue II grant from the State of Ohio for the Bexley Infrastructure Improvement project. This increase is reflected within the capital grants, contributions and capital assessments program revenue. Decreases were seen in the collection of municipal income tax (5.5 percent) and interest income (25.8 percent) due to economic factors. Changes in the State Estate Tax law were a contributing factor in a decrease of 3.2 in operating grants and entitlements.

Total program expenses increased by \$1,281,860 between 2001 and 2002. This 8.4 percent increase was due in general to a higher cost of operations.

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate is 1.5 percent and has not changed since 1984. Residents of the City who work in another community receive a 100 percent credit of their City tax for South Euclid, the credit limit being .75 percent. In recent history, the City has experienced consistent growth in income tax collections. The collections in the year 2002 were down slightly due to a downturn in the local economy. The City remains committed to collecting all taxes due to it and in 2002 worked in conjunction with the Regional Income Tax Agency to identify and assess individuals who were delinquent in filing their income tax returns. Property tax revenues grew 3.1 percent in 2002 and are the City's second largest source of revenues. Revenues from grants and entitlements decreased by 3.2 percent in 2002. The majority of these funds are received from the State of Ohio in the form of Local Government Assistance and Estate Taxes. Due to changes in State funding formulas, the City of South Euclid received a decrease from the 2001 funding level.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The City of South Euclid has committed to devote major resources in its quest to renovate the City's aging infrastructure system, in particular the sewer system. As a part of this commitment, beginning in 2001, each property in the City is annually assessed \$231.00 per sewer connection. This assessment generates approximately \$330,000 devoted to ongoing sewer maintenance and \$2,000,000 designated for Flood Control projects. A portion of this assessment will be used to repay Issue II loans and note borrowings.

In 2002, the City continued construction on the Bexley Infrastructure Improvement Project that will result in new sewers, waterlines and roads for the Bexley-Ellison neighborhood. This project is being financed with assistance from the Ohio Public Works Commission through its Issue II program. The entire project cost is estimated at \$6,751,880, with \$2,700,752 in the form of a grant, \$2,025,564 as a zero-interest, 20-year loan and the City funding the remainder of \$2,025,564. At the end of 2002, the project was approximately 66 percent complete. As of year-end the entire grant portion was utilized as well as \$1,332,895 from the City.

The City continued its commitment to providing quality roads and sidewalks to our residents. The City demonstrated this commitment by issuing a new \$3,000,000 in notes benefiting the Road Improvement Capital Projects fund. Coupled with the proceeds from the existing 3-mill property tax levy, the City was able to reconstruct/resurface a total of ten roads in 2002. Due to favorable construction prices, the City was able to complete this project below initial estimates, and will utilize the remaining funds in 2003 for additional road construction.

The City's Funds

Information about the City's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,064,126, and expenditures of \$29,234,580. The General Fund had a fund balance at year-end of \$4,896,600 compared to annual expenditures of \$11,891,669. During 2002, \$1,400,000 million was transferred from the general fund, enabling the City to fund capital improvements and acquisitions and providing operating funds for the swimming pools, parking lots and matching grant funds.

The General Obligation Bond Retirement and Road Improvement funds are being classified as major funds in 2002 for the first time. The General Obligation Bond Retirement fund became a major fund due to the rolling over of the \$5,900,000 note in April 2002. The Road Improvement fund was the recipient of the proceeds of a new \$3,000,000 note thereby making it a major fund. The majority of those proceeds were expended on the 2002 Road Improvement Program.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at a Finance Committee meeting, which is open to the public, the budget is adopted at an object level by City Council at a regularly

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

held council meeting. Council must approve any revisions in the budget that alter the object level or the total appropriations for any department or fund.

Both the original revenue and expense budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2002, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed. The final budgeted revenue amount exceeded the original budget by \$945,653. The majority of this was due to the receipt of increased income and property tax collections.

The City's ending unobligated budgetary fund balance was \$1,675,799 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2002, the City of South Euclid had \$28,242,767 invested in land, buildings, equipment, vehicles, infrastructure and construction in progress. Table 3 shows 2002 balances of Capital Assets as compared to 2001.

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2002	2001
Land	\$1,161,867	\$1,161,867
Buildings	2,172,457	1,843,144
Improvements Other than Buildings	2,674,556	2,957,272
Equipment	1,256,763	1,183,331
Vehicles	1,134,990	991,678
Infrastructure		
Streets	10,457,899	8,050,063
Sewers and Culverts	3,803,540	3,821,745
Waterlines	1,134,131	1,157,287
Construction in Progress	4,446,564	540,750
Total Capital Assets	\$28,242,767	\$21,707,137

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Capital assets increased by \$6,535,630 in 2002. This was primarily due to the replacement or renovation of various infrastructure assets within the City. Construction on the Bexley Infrastructure Improvement Project, representing \$4,442,984, is still in progress as of December 31, 2002. Ten streets were reconstructed in 2002 utilizing the proceeds of a new \$3,000,000 note issue.

In 2002 the City erected a Salt Dome, at a cost of \$383,068. This structure will allow contained storage of 5,700 tons of salt. The Salt Dome is critical in assuring that the City of South Euclid is able to respond to residents' needs when winter storms arise.

In 2001 the City Council approved the implementation of fees for Emergency Medical Services (EMS) transports beginning in 2002. The first \$200,000 collected annually is designated for the replacement of safety forces vehicles. This will allow the Fire and Police Departments to follow their scheduled replacement timetable without relying on traditional revenue sources. A utility pickup truck for the Fire Department was purchased in 2002 utilizing these funds.

A 2002 Braun Chief XL rescue squad was purchased and equipped for use at a cost of approximately \$130,000. Additional vehicles acquired in 2002 included 10 police cars, 2 automobiles for use by the administration, 2 trucks and 2 truck bodies for service department use. The City's garage staff works to maintain the fleet of vehicles at a high level of repair to extend their longevity. When replacement is required, City vehicles continue to be purchased from the General Improvement and Repair Fund, which receives funding from the General Fund.

The City Engineer maintains a comprehensive listing of all the streets, sewer and waterlines, bridges and culverts within the City of South Euclid. Each spring, this inventory is updated with current conditions and recommendations made for repair or replacement. As mentioned before, the City has been very aggressive in pursuing funding to assist in the financing of infrastructure projects.

For 2002, infrastructure capital assets were calculated without inclusion of the traffic light inventory. These will be added in 2003 to complete the infrastructure capital assets. For more information about the City's capital assets, see Note 8 to the basic financial statements.

Long-Term Obligations

At December 31, 2002, the City of South Euclid had \$15,043,962 in outstanding long-term obligations, of which \$3,208,030 was in General Obligation Bonds. Table 4 summarizes the long-term obligations outstanding.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Table 4
Outstanding Long-Term Obligations at Year End

	<u>Governmental Activities</u>	
	<u>2002</u>	<u>2001</u>
General Obligation Bonds	\$3,208,030	\$3,542,458
Special Assessment Bonds	460,000	485,000
OPWC Loans	1,146,332	718,895
Notes Payable	8,903,404	5,901,549
Police and Fire Pension Liability	342,520	347,358
Compensated Absences	983,676	921,231
Total	<u>\$15,043,962</u>	<u>\$11,916,491</u>

The General Obligation Bonds were issued for the purpose of improving the City's recreational areas, including all three of the City's swimming pools. Approved by the voters in 1990 payments are made from property taxes collected by the County Auditor. These bonds were refinanced in 1998 to take advantage of lower interest rates.

The Special Assessment Bonds were issued to reconstruct the Stanhope Parking Lot in 1994. Principal and interest for these bonds are paid from the collection of special assessments by the County Auditor.

The OPWC loans represent two, twenty-year zero-interest loans. As mentioned previously, the OPWC loan's repayment source is service assessments being collected in the Flood Control Fund. Payment on the Liberty Road Bridge loan began in 2002. Payment on the Bexley Infrastructure Improvement Project loan has not yet begun since the project was not completed as of December 31, 2002.

The notes payable represent \$5,900,000 in sewer system improvement notes and \$3,000,000 in various road improvement notes. These were issued for the purpose of improving various sewer systems and roads throughout the City. Principal and interest on the sewer notes will be paid with annual assessments collected by the County Auditor. Principal and interest on the road improvement notes will be paid with proceeds of the City's 3-mill road levy.

The City of South Euclid's overall legal debt margin \$29,377,513 with an unvoted debt margin of \$12,900,016 on December 31, 2002. For more information about the City's long-term obligations, see Note 9 to the basic financial statements.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Current Financial Related Activities

The City of South Euclid is strong financially. Despite the continued downturn of the national and local economy, the year 2002 was one in which the City fared well. The Administration provided strong fiscal management, holding general operating expenses in check while maintaining City services at a high level. The Administration continues toward its goal of keeping all residents and other interested parties fully informed as to the financial status of the City of South Euclid.

Contacting the City of South Euclid's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director Janet Bihary, CPA, at the City of South Euclid, 1349 South Green Road, South Euclid, Ohio 44121-3985, (216) 381-0400, or e-mail to Financedir@seuclid.com.

This page intentionally left blank.

City of South Euclid, Ohio

Statement of Net Assets

December 31, 2002

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$20,821,324
Cash and Cash Equivalents:	
In Segregated Accounts	31,450
Accounts Receivable	64,686
Accrued Interest Receivable	15,436
Intergovernmental Receivable	1,340,491
Prepaid Items	74,913
Materials and Supplies Inventory	139,978
Income Tax Receivable	2,146,355
Property Taxes Receivable	4,970,247
Special Assessments Receivable	3,270,188
Investment in Joint Venture	103,518
Nondepreciable Capital Assets	5,608,431
Depreciable Capital Assets	22,634,336
	<hr/>
<i>Total Assets</i>	<u>61,221,353</u>
Liabilities	
Accounts Payable	269,396
Accrued Wages	209,216
Intergovernmental Payable	425,551
Accrued Interest Payable	197,432
Deferred Revenue	4,661,554
Long-Term Liabilities:	
Due Within One Year	514,719
Due In More Than One Year	14,529,243
	<hr/>
<i>Total Liabilities</i>	<u>20,807,111</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	14,528,405
Restricted for:	
Capital Projects	12,337,811
Debt Service	4,624,328
Other Purposes	2,340,095
Unrestricted	6,583,603
	<hr/>
<i>Total Net Assets</i>	<u><u>\$40,414,242</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2002

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Operating Assessments	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Capital Assessments	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
General Government:					
Legislative and Executive	\$1,953,365	\$64,126	\$0	\$0	(\$1,889,239)
Judicial System	373,524	448,288	0	0	74,764
Security of Persons and Property:					
Police	4,085,718	26,077	30,765	0	(4,028,876)
Fire	2,854,567	268,318	0	0	(2,586,249)
Public Health Services	132,411	0	0	0	(132,411)
Leisure Time Activities	387,883	36,367	103,518	0	(247,998)
Community Development	307,024	98,144	0	66,231	(142,649)
Building Department	657,134	304,627	0	0	(352,507)
Transportation	2,167,781	5,943	633,585	0	(1,528,253)
Basic Utility Services	2,368,217	2,735,584	30,000	2,624,577	3,021,944
Swimming Pools	773,327	162,915	0	0	(610,412)
Interest and Fiscal Charges	445,494	0	0	0	(445,494)
<i>Total Governmental Activities</i>	<u>\$16,506,445</u>	<u>\$4,150,389</u>	<u>\$797,868</u>	<u>\$2,690,808</u>	<u>(8,867,380)</u>

General Revenues

Property Taxes Levied for:

General Purposes	3,683,343
Debt Service	490,604
Capital Projects	557,055
Other Purposes	207,014
Income Tax	5,573,741
Grants and Entitlements not Restricted to Specific Programs	1,921,190
Increase in Investment in Joint Venture	103,518
Investment Earnings	472,003
Gain on Sale of Capital Assets	9,800
Miscellaneous	30,405

Total General Revenues 13,048,673

Change in Net Assets 4,181,293

Net Assets Beginning of Year (Restated - See Note 3) 36,232,949

Net Assets End of Year \$40,414,242

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2002

	General	General Obligation Bond Retirement	General Capital Improvements	Road Improvement	Flood Control
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,552,791	\$429,268	\$2,906,165	\$1,440,659	\$7,965,681
Cash and Cash Equivalents In Segregated Accounts	31,450	0	0	0	0
Materials and Supplies Inventory	23,621	0	0	0	0
Accrued Interest Receivable	15,436	0	0	0	0
Accounts Receivable	63,391	0	0	0	0
Intergovernmental Receivable	939,951	33,286	0	35,320	0
Prepaid Items	74,913	0	0	0	0
Income Taxes Receivable	2,146,355	0	0	0	0
Property Taxes Receivable	3,658,357	512,170	0	580,220	0
Investment in Joint Venture	103,518	0	0	0	0
Special Assessments Receivable	0	0	0	0	2,019,256
<i>Total Assets</i>	<u>\$11,609,783</u>	<u>\$974,724</u>	<u>\$2,906,165</u>	<u>\$2,056,199</u>	<u>\$9,984,937</u>
Liabilities					
Accounts Payable	\$155,620	\$0	\$51,454	\$16,163	\$0
Accrued Wages	190,019	0	0	0	0
Intergovernmental Payable	85,135	0	0	0	0
Deferred Revenue	6,282,409	545,456	0	615,540	2,019,256
<i>Total Liabilities</i>	<u>6,713,183</u>	<u>545,456</u>	<u>51,454</u>	<u>631,703</u>	<u>2,019,256</u>
Fund Balances					
Reserved for Encumbrances	145,434	0	35,677	42,654	60,230
Unreserved					
Designated for Compensated Absences	33,811	0	0	0	0
Undesignated, Reported in:					
General Fund	4,717,355	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Funds	0	429,268	0	0	0
Capital Projects Funds	0	0	2,819,034	1,381,842	7,905,451
<i>Total Fund Balances</i>	<u>4,896,600</u>	<u>429,268</u>	<u>2,854,711</u>	<u>1,424,496</u>	<u>7,965,681</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,609,783</u>	<u>\$974,724</u>	<u>\$2,906,165</u>	<u>\$2,056,199</u>	<u>\$9,984,937</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2002*

Issue II Projects	Other Governmental Funds	Total Governmental Funds
\$718,332	\$2,808,428	\$20,821,324
0	0	31,450
0	116,357	139,978
0	0	15,436
0	1,295	64,686
0	331,934	1,340,491
0	0	74,913
0	0	2,146,355
0	219,500	4,970,247
0	0	103,518
0	1,250,932	3,270,188
<u>\$718,332</u>	<u>\$4,728,446</u>	<u>\$32,978,586</u>
\$0	\$46,159	\$269,396
0	19,197	209,216
0	5,174	90,309
0	1,754,007	11,216,668
<u>0</u>	<u>1,824,537</u>	<u>11,785,589</u>
89,375	19,149	392,519
0	0	33,811
0	0	4,717,355
0	1,456,501	1,456,501
0	147,089	576,357
628,957	1,281,170	14,016,454
<u>718,332</u>	<u>2,903,909</u>	<u>21,192,997</u>
<u>\$718,332</u>	<u>\$4,728,446</u>	<u>\$32,978,586</u>

Total Governmental Funds Balances	\$21,192,997
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	28,242,767
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	308,693
Income Tax	1,704,487
Intergovernmental	1,271,746
Special Assessments	<u>3,270,188</u>
Total	6,555,114
Intergovernmental Payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(335,242)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(197,432)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(983,676)
General Obligation Bonds	(3,208,030)
Special Assessment Bonds	(460,000)
OPWC Loan Payable	(1,146,332)
Notes Payable	(8,903,404)
Police and Fire Pension Loan	<u>(342,520)</u>
Total	<u>(15,043,962)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$40,414,242</u>

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002

	General	General Obligation Bond Retirement	General Capital Improvements	Road Improvement	Flood Control
Revenues					
Property and Other Taxes	\$3,686,307	\$491,019	\$0	\$557,532	\$0
Income Taxes	5,729,709	0	0	0	0
Special Assessments	0	0	0	0	2,004,281
Intergovernmental	2,129,756	66,573	0	70,638	0
Interest	404,433	0	0	19,594	0
Fees, Licenses and Permits	604,012	0	0	0	0
Fines and Forfeitures	449,526	0	0	0	0
Rentals	42,530	0	0	0	0
Charges for Services	84,734	0	0	0	0
Other	30,405	0	0	0	0
<i>Total Revenues</i>	<u>13,161,412</u>	<u>557,592</u>	<u>0</u>	<u>647,764</u>	<u>2,004,281</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	1,954,740	0	0	0	0
Judicial System	365,555	0	0	0	0
Security of Persons and Property:					
Police	3,773,974	0	0	0	0
Fire	2,600,447	0	0	0	0
Public Health Services	111,483	0	0	0	0
Leisure Time Activities	360,608	0	0	0	0
Community Development	139,688	0	0	0	0
Building Department	630,633	0	0	0	0
Transportation	917,306	0	0	0	0
Basic Utility Services	1,017,685	0	0	0	0
Swimming Pools	0	0	0	0	0
Capital Outlay	0	0	1,125,366	2,789,187	55,923
Debt Service:					
Principal Retirement	4,838	6,270,000	0	0	18,896
Interest and Fiscal Charges	14,712	145,080	0	0	194,159
<i>Total Expenditures</i>	<u>11,891,669</u>	<u>6,415,080</u>	<u>1,125,366</u>	<u>2,789,187</u>	<u>268,978</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,269,743</u>	<u>(5,857,488)</u>	<u>(1,125,366)</u>	<u>(2,141,423)</u>	<u>1,735,303</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	32,677	0	0	0	0
General Obligation Notes Issued	0	5,900,000	0	3,000,000	0
Premium on General Obligation Notes Issued	0	13,617	0	0	0
Proceeds of OPWC Loan	0	0	0	0	0
Transfers In	259	0	800,000	0	3,574
Transfers Out	(1,400,000)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,367,064)</u>	<u>5,913,617</u>	<u>800,000</u>	<u>3,000,000</u>	<u>3,574</u>
<i>Net Change in Fund Balances</i>	(97,321)	56,129	(325,366)	858,577	1,738,877
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>4,993,921</u>	<u>373,139</u>	<u>3,180,077</u>	<u>565,919</u>	<u>6,226,804</u>
<i>Fund Balances End of Year</i>	<u>\$4,896,600</u>	<u>\$429,268</u>	<u>\$2,854,711</u>	<u>\$1,424,496</u>	<u>\$7,965,681</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2002*

Issue II Projects	Other Governmental Funds	Total Governmental Funds
\$0	\$207,192	\$4,942,050
0	0	5,729,709
0	806,285	2,810,566
2,624,577	773,044	5,664,588
14,500	33,476	472,003
0	0	604,012
0	1,185	450,711
0	0	42,530
0	191,625	276,359
0	41,193	71,598
<u>2,639,077</u>	<u>2,054,000</u>	<u>21,064,126</u>
0	0	1,954,740
0	0	365,555
0	113,132	3,887,106
0	176,670	2,777,117
0	0	111,483
0	0	360,608
0	0	139,688
0	0	630,633
0	629,774	1,547,080
0	900,467	1,918,152
0	498,134	498,134
4,214,835	154,361	8,339,672
0	25,000	6,318,734
0	31,927	385,878
<u>4,214,835</u>	<u>2,529,465</u>	<u>29,234,580</u>
<u>(1,575,758)</u>	<u>(475,465)</u>	<u>(8,170,454)</u>
0	0	32,677
0	0	8,900,000
0	0	13,617
446,333	0	446,333
0	600,000	1,403,833
(3,574)	(259)	(1,403,833)
<u>442,759</u>	<u>599,741</u>	<u>9,392,627</u>
<u>(1,132,999)</u>	<u>124,276</u>	<u>1,222,173</u>
<u>1,851,331</u>	<u>2,779,633</u>	<u>19,970,824</u>
<u>\$718,332</u>	<u>\$2,903,909</u>	<u>\$21,192,997</u>

Net Change in Fund Balances - Total Governmental Funds \$1,222,173

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	7,896,883
Depreciation	<u>(1,275,166)</u>

Total (86,087)

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

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

Property Taxes	(4,034)
Income Tax	(155,968)
Intergovernmental	(195,342)
Special Assessments	<u>(30,844)</u>

Total (386,188)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

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

Accrued Interest on Bonds	(35,806)
Amortization of Premium	11,762
Bond Accretion	<u>(35,572)</u>

Total (59,616)

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

Compensated Absences	(62,445)
Pension Obligation	<u>(27,045)</u>

Total (89,490)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets

Proceeds of Notes	(8,900,000)
Proceeds of OPWC Loan	(446,333)
Premium on Notes	<u>(13,617)</u>

Total (9,359,950)

Change in Net Assets of Governmental Activities \$4,181,293

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,361,936	\$3,616,219	\$3,686,307	\$70,088
Income Taxes	5,092,676	5,509,000	5,683,961	174,961
Intergovernmental	2,010,410	2,174,760	2,244,631	69,871
Interest	369,771	400,000	383,467	(16,533)
Fees, Licenses and Permits	404,622	437,700	604,012	166,312
Fines and Forfeitures	393,806	426,000	431,550	5,550
Rentals	89,300	96,600	99,995	3,395
Charges for Services	80,148	86,700	84,734	(1,966)
Other	29,657	31,000	24,486	(6,514)
<i>Total Revenues</i>	<u>11,832,326</u>	<u>12,777,979</u>	<u>13,243,143</u>	<u>465,164</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,662,952	2,285,548	1,962,546	323,002
Judicial System	437,462	436,492	369,539	66,953
Security of Persons and Property:				
Police	4,045,597	4,056,396	3,754,334	302,062
Fire	2,717,018	2,771,317	2,656,536	114,781
Public Health Services	114,712	124,712	121,618	3,094
Leisure Time Activities	697,250	438,890	364,255	74,635
Community Development	161,920	195,900	141,762	54,138
Building Department	764,269	742,390	628,231	114,159
Transportation	1,121,312	1,070,017	940,832	129,185
Basic Utility Services	1,012,365	1,013,415	990,725	22,690
<i>Total Expenditures</i>	<u>13,734,857</u>	<u>13,135,077</u>	<u>11,930,378</u>	<u>1,204,699</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,902,531)</u>	<u>(357,098)</u>	<u>1,312,765</u>	<u>1,669,863</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	2,000	2,000	32,677	30,677
Advances In	93,000	93,000	93,000	0
Transfers In	25,000	25,000	259	(24,741)
Transfers Out	(25,000)	(1,400,000)	(1,400,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>95,000</u>	<u>(1,280,000)</u>	<u>(1,274,064)</u>	<u>5,936</u>
<i>Net Change in Fund Balance</i>	(1,807,531)	(1,637,098)	38,701	1,675,799
<i>Fund Balance Beginning of Year</i>	4,130,151	4,130,151	4,130,151	0
Prior Year Encumbrances Appropriated	201,257	201,257	201,257	0
<i>Fund Balance End of Year</i>	<u>\$2,523,877</u>	<u>\$2,694,310</u>	<u>\$4,370,109</u>	<u>\$1,675,799</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2002

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$577,051</u>
Liabilities	
Deposits Held and Due to Others	<u>\$557,051</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Note 1 – Description of the City and Reporting Entity

The City of South Euclid (the “City”) 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 November 3, 1953. Legislative authority is vested in a seven-member Council. Council members are elected for a four year term. The Mayor is the chief executive and administrative officer who is elected for a four year term.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of South Euclid this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, municipal court and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

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

The City is associated with five organizations, two of which are defined as joint ventures, two defined as jointly governed organizations and one shared risk pool. The joint ventures are the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission. The Northeast Ohio Public Energy Council and the First Suburbs Consortium of Northeast Ohio Council of Governments are jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. These organizations are presented in Notes 14, 15 and 16 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of South Euclid have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The City has no business-type activities. The most significant of the City's accounting policies are described below.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are classified as either governmental or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts 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 South Euclid and/or the general laws of Ohio.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

General Obligation Bond Retirement Fund - The General Obligation Bond Retirement Fund accounts for property tax collections which are used to pay the voted general obligation refunding bonds principal, interest and related costs.

General Capital Improvements Fund - The General Capital Improvements Fund accounts for operating transfers from the General Fund designated for capital construction and the acquisition of capital assets.

Road Improvement Fund – The Road Improvement Fund accounts for a special property tax levy collected for the improvement of streets and curbs within the City.

Flood Control Fund - The Flood Control Fund accounts for special assessments levied to complete projects to correct flooding within the City.

Issue II Projects Fund - The Issue II Projects Fund accounts for grant and loan monies received from the Ohio Public Works Commission plus matching funds from the City. Expenditures are restricted to specific projects within the City.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund is the deposits fund.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

E. Cash and Cash Equivalents

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

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

During the year, the City invested in Victory Federal Mutual Funds and federal home loan bank notes. Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2002, share price.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund, the street construction maintenance and repair and state highway special revenue funds and the road improvement and issue II capital projects funds. Interest revenue credited to the general fund during 2002 amounted to \$404,433, which includes \$318,511 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventory consists of expendable supplies held for consumption.

H. Capital Assets

The City's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

For 2002, infrastructure capital assets were calculated without the City's traffic lights. The infrastructure assets will be completed in 2003 with the inclusion of this item to the capital assets.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of two thousand five hundred dollars. The City's infrastructure consists of streets, sewers and culverts and waterlines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 years
Improvements	20 years
Vehicles and Equipment	10 years
Streets	30 years
Sewers, Culverts and Waterlines	60 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after seven years of accumulated service.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

K. Fund Balance Reserves and Designations

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances. A portion of the general fund balance has been designated for the payment of accrued compensated absences.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Other purposes include street construction maintenance and repair, swimming pools and street lighting.

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

M. Interfund Activity

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

O. Estimates

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

P. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level for all funds. The Finance Director has been authorized to allocate appropriations within the object level within each fund.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

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

Note 3 - Restatement of Fund Balance/Net Assets

During 2002, it was determined that contracts payable was overstated by \$81,938 in the flood control capital projects fund. This restatement caused the fund balance to increase from \$6,144,866 to \$6,226,804 at December 31, 2001.

During 2002, it was determined that contracts payable and intergovernmental receivable were overstated at December 31, 2001. These restatements had the following effects on net assets as they were previously reported.

Net Assets, December 31, 2001	\$36,212,270
Contracts Payable	81,938
Intergovernmental Receivable	<u>(61,259)</u>
Adjusted Net Assets December 31, 2001	<u><u>\$36,232,949</u></u>

Note 4 – Compliance and Accountability

The sewer rental special revenue fund had total original appropriations in excess of estimated resources plus carryover balances by \$87,877, contrary to Section 5705.39, Revised Code. This oversight was identified and corrected by year end.

Note 5 - 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is 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 as follows:

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund are as follows:

Net Change in Fund Balance	
	General
GAAP Basis	(\$97,321)
Net Adjustment for Revenue Accruals	87,261
Beginning Fair Value Adjustment for Investments	13,100
Ending Fair Value Adjustment for Investments	(18,630)
Advances In	93,000
Net Adjustment for Expenditures Accruals	125,343
Encumbrances	(164,052)
Budget Basis	\$38,701

Note 6 - Deposits and Investments

State statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits 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.

Interim deposits are deposits of interim monies. Interim monies 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 deposits must be evidenced by time certificates of deposits maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies reported with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The City cannot invest in the following: a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is either STAROhio or a fund created solely for the purpose of acquiring, constructing, owning, leasing or operating municipal utilities as authorized under Revised Code Section 715.02 or Section 4 of Article XVIII of the Ohio Constitution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Deposits At year end, the carrying amount of the City's deposits was \$1,683,417 and the bank balance was \$1,859,509. Of the bank balance:

1. \$300,000 was covered by federal depository insurance.
2. \$1,559,509 was uncollateralized and uninsured. Although the securities were held by the pledging financial institution's trust department or agent in the financial institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Victory Federal Mutual Funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Victory Federal Mutual Funds		\$18,726,868
Federal Home Loan Bank Notes	\$1,019,540	1,019,540
Total Investments	\$1,019,540	\$19,746,408

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with maturities of three months or less at the time of their purchase by the City.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$21,429,825	\$0
Investments:		
Victory Federal Mutual Funds	(18,726,868)	18,726,868
Federal Home Loan Bank Notes	(1,019,540)	1,019,540
<i>GASB Statement No. 3</i>	\$1,683,417	\$19,746,408

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Note 7 - Receivables

Receivables at December 31, 2002, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$435,000 in the Special Assessment Bond Retirement Fund. At December 31, 2002 the amount of delinquent special assessments was \$41,838.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of the 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes which became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2002, was \$15.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$365,344,440
Public Utility Property	9,339,420
Tangible Personal Property	<u>14,966,084</u>
Total Assessed Values	<u><u>\$389,649,944</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of South Euclid. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the road improvement capital projects fund and the police and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2002 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a 1.5 percent income tax on substantially 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 .75 percent on the income earned outside the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay estimated tax quarterly and file a return annually. Taxes collected by RITA in one month are remitted to the City on the tenth of the following month. Income tax revenue is credited entirely to the general fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government and Local Government	
Revenue Assistance	\$649,172
Homestead and Rollback	320,633
State and Local Highway Tax	117,397
Motor Vehicle License Fees	71,202
Permissive Motor Vehicle License Tax	67,464
Gasoline and Excise Tax	59,274
Estate Tax	48,624
FEMA Firefighters Grant	2,331
EMS Grant	1,755
Rental Fees	1,346
Liquor Permit Fees	1,293
Total	\$1,340,491

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2002, was as follows:

	Balance 12/31/2001	Additions	Deductions	Balance 12/31/2002
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,161,867	\$0	\$0	\$1,161,867
Construction in Progress	540,750	3,919,598	(13,784)	4,446,564
Total Capital Assets not being Depreciated	<u>1,702,617</u>	<u>3,919,598</u>	<u>(13,784)</u>	<u>5,608,431</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	9,612,422	411,368	(3,399)	10,020,391
Equipment	2,726,931	259,199	(271,667)	2,714,463
Vehicles	3,276,945	388,426	(339,363)	3,326,008
Infrastructure:				
Streets	11,208,501	2,877,365	0	14,085,866
Sewers and Culverts	4,227,893	54,711	0	4,282,604
Waterlines	1,389,382	0	0	1,389,382
Total Capital Assets being Depreciated	<u>32,442,074</u>	<u>3,991,069</u>	<u>(614,429)</u>	<u>35,818,714</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,812,006)	(361,996)	624	(5,173,378)
Equipment	(1,543,600)	(177,522)	263,422	(1,457,700)
Vehicles	(2,285,267)	(170,047)	264,296	(2,191,018)
Infrastructure:				
Streets	(3,158,438)	(469,529)	0	(3,627,967)
Sewers and Culverts	(406,148)	(72,916)	0	(479,064)
Waterlines	(232,095)	(23,156)	0	(255,251)
Total Accumulated Depreciation	<u>(12,437,554)</u>	<u>(1,275,166)</u>	<u>528,342</u>	<u>(13,184,378)</u>
Total Capital Assets being Depreciated, Net	<u>20,004,520</u>	<u>2,715,903</u>	<u>(86,087)</u>	<u>22,634,336</u>
Governmental Activities Capital Assets, Net	<u>\$21,707,137</u>	<u>\$6,635,501</u>	<u>(\$99,871)</u>	<u>\$28,242,767</u>

Depreciation expense was charged to governmental activities as follows:

General Government	
Legislative and Executive	\$5,807
Judicial System	18,878
Security of Persons and Property	
Police	124,374
Fire	92,977
Leisure Time Activities	39,996
Building Department	20,726
Transportation	550,167
Basic Utility Services	142,509
Swimming Pools	279,732
Total Depreciation Expense	<u>\$1,275,166</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Note 9 - Long-Term Obligations

Original issue amounts and interest rates of the City's debt issues are as follows.

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
1998 Recreational Facilities Improvement Refunding Bonds:			
Current Interest Serial Bonds	4.0% to 4.4%	\$4,685,000	2003 to 2009
Capital Appreciation Bonds	4.75% to 4.85%	59,999	2010 to 2011

A schedule of changes in bonds and other long-term obligations of the City during 2002 follows:

	<u>Amount Outstanding 12/31/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 12/31/2002</u>	<u>Amounts Due In One Year</u>
Governmental Activities					
<i>General Obligation Bonds</i>					
1998 Recreational Facilities Improvement Refunding Bonds					
Current Interest Serial Bonds	\$3,375,000	\$0	(\$370,000)	\$3,005,000	\$375,000
Capital Appreciation Bonds	167,458	35,572	0	203,030	0
<i>Total General Obligation Bonds</i>	<u>3,542,458</u>	<u>35,572</u>	<u>(370,000)</u>	<u>3,208,030</u>	<u>375,000</u>
<i>Special Assessment Bonds</i>					
4.0% - 6.7% - 1994 - \$630,000					
Parking Lot Improvement	485,000	0	(25,000)	460,000	25,000
<i>OPWC Loans:</i>					
0% - 2002 - \$718,895					
Liberty Road Bridge Replacement	718,895	36,996	(18,896)	736,995	37,795
0% - \$409,337					
Bexley Infrastructure	0	409,337	0	409,337	0
Total OPWC Loans	<u>718,895</u>	<u>446,333</u>	<u>(18,896)</u>	<u>1,146,332</u>	<u>37,795</u>
Notes Payable	5,900,000	8,900,000	(5,900,000)	8,900,000	0
Unamortized Premium	1,549	13,617	(11,762)	3,404	3,404
Police and Fire Pension	347,358	0	(4,838)	342,520	5,046
Compensated Absences	921,231	135,857	(73,412)	983,676	68,474
Total Governmental Activities	<u>\$11,916,491</u>	<u>\$9,531,379</u>	<u>(\$6,403,908)</u>	<u>\$15,043,962</u>	<u>\$514,719</u>

The voted General Obligation Refunding Bonds for Recreation Improvement will be paid with property tax revenue from the general obligation bond retirement fund.

The 1998 general obligation bonds include capital appreciation bonds. This year the addition on these bonds aggregating \$35,572 represents the accretion of discounted interest. The final maturity of these bonds is \$1,145,000.

The Special Assessment Parking Lot Improvement Bonds will be paid with special assessment revenue from the special assessment bond retirement fund. The Special Assessment bond issue is backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

The Liberty Road Bridge Replacement OPWC loan will be paid with special assessment revenue from the flood control capital projects fund. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The City has entered into a contractual agreement for a construction loan from OPWC for Bexley Infrastructure. Under the terms of this agreement, OPWC will reimburse, advance, or directly pay the construction costs of the approved project. OPWC will capitalize administrative costs and construction interest and add them to the total amount of the final loan. Since the loan has not yet been finalized, repayment schedules are not included in the schedule of debt service requirements.

The \$5,900,000 Issue II and Flood Control note issued April 4, 2001 at 3.30 percent and outstanding at December 31, 2001, was rolled over into the \$8,900,000 various purpose improvement note, issued April 3, 2002 at 2.25 percent and maturing April 2, 2003. The note was issued at a premium of \$13,617 and is backed by the full faith of the City of South Euclid.

The police and fire pension liability represents police and fire pension obligations and will be paid from taxes received in the police and fire pension special revenue funds.

Compensated absences reported in the “compensated absences payable” account will be paid from the general fund and the street construction maintenance and repair, parking lots and meters and the sewer rental special revenue funds.

The 1998 general obligation bonds include capital appreciation bonds. The addition on these bonds represents the accretion of discounted interest.

As of December 31, 2002, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$29,377,513 and the unvoted legal debt margin was \$12,900,016.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2002 are as follows:

	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		OPWC Loan	Totals
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
2003	\$375,000	\$129,355	\$25,000	\$30,080	\$5,046	\$14,504	\$37,795	\$616,780
2004	405,000	113,417	30,000	28,755	5,263	14,287	37,795	634,517
2005	410,000	96,205	30,000	27,135	5,489	14,061	37,795	620,685
2006	430,000	78,780	35,000	25,125	5,725	13,825	37,795	626,250
2007	435,000	60,505	35,000	22,780	5,971	13,579	37,795	610,630
2008-2012	2,095,000	1,148,806	205,000	76,380	33,928	63,824	188,972	3,811,910
2012-2017	0	0	100,000	10,050	41,870	55,882	188,972	396,774
2018-2022	0	0	0	0	51,616	46,136	170,076	267,828
2023-2027	0	0	0	0	63,758	33,994	0	97,752
2028-2032	0	0	0	0	78,679	19,073	0	97,752
2033-2035	0	0	0	0	45,175	2,830	0	48,005
Total	\$4,150,000	\$1,627,068	\$460,000	\$220,305	\$342,520	\$291,995	\$736,995	\$7,828,883

Note 10 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 1987, the City joined together with neighboring cities to form the Northern Ohio Risk Management Agency (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a formalized, jointly administered self insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the general fund.

There has not been a significant reduction in coverage from the prior year and claims have not exceeded coverage provided by NORMA in any of the last three years.

B. Worker's Compensation

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 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$271,630, \$266,749, and \$190,017, respectively. The full amount has been contributed for 2000 and 2001. 75.87 percent has been contributed for 2002, with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12 percent for police and 16.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$266,318 and \$294,516 for the year ended December 31, 2002, \$262,293 and \$284,134 for the year ended December 31, 2001, and \$258,301 and \$239,854 for the year ended December 31, 2000. The full amount has been contributed for 2000 and 2001. 73.54 percent and 73.70 percent, respectively, have been contributed for 2002, with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2002, the unfunded liability of the City was \$342,520 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 12 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$158,848. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

B. Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001 the percent used to fund healthcare was 7.50 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$175,656 for police and \$140,461 for fire. The OP&F's total health care expense for the year ended December 31, 2001 (the latest information available) was \$122,289,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

Note 13 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending on length of service. Employees may use accumulated vacation after the completion of one year of service with the City. Accumulated vacation must be used within one year of being earned.

Upon termination of service, an employee is entitled to receive payment for any unused vacation time plus accrued vacation time earned during the year but not yet credited to vacation leave balance. On January 1, an employee is given credit for, and may begin using, vacation time earned during the preceding year.

Employees earn sick leave at a rate of 1.25 days per month of service. Sick leave accumulation is generally limited to 1,200 hours for all employees except for firefighters who can accumulate up to 1,248 hours. Upon retirement or death, an employee can be paid one third of the outstanding sick leave accumulated up to the maximum hours allowed.

Note 14 - Joint Ventures

A. Tri-City Consortium on Aging

The Tri-City Consortium on Aging (Consortium) is a joint venture among the Cities of South Euclid, Lyndhurst and Highland Heights, formed for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Consortium revenues consist of contributions from the member cities and federal grants. The Consortium is controlled by the Council of Governments composed of the

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

Mayors of the Cities of South Euclid, Lyndhurst, and Highland Heights, with the advice of a nine member commission. Continued existence of the Consortium is dependent on the City, however the City of South Euclid has no explicit and measurable equity interest in the Consortium. The Consortium is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2002, the City contributed \$173,060, paid from the general fund, which represented thirty-three percent of Consortium revenues. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio, 44121.

B. South Euclid-Lyndhurst Recreation Commission

The South Euclid-Lyndhurst Recreation Commission (SELREC) is a joint venture that is jointly owned and operated by the Cities of South Euclid and Lyndhurst, and the South Euclid-Lyndhurst City School District for the purpose of operating the Cities and School District's playgrounds, play fields and indoor recreation centers. Each of these governments supports SELREC through funds that are appropriated in their budgets and each shares in the equity of SELREC.

The operation of SELREC is controlled by a nine member board consisting of the following: one member appointed by the Mayor of the City of South Euclid and one member appointed by the Mayor of the City of Lyndhurst, three members that are residents of the City of South Euclid, three members that are residents of the City of Lyndhurst, and one member that is a resident of the South Euclid-Lyndhurst City School District and that lives in either the City of South Euclid or the City of Lyndhurst (jointly appointed by the Mayors of the Cities of South Euclid and Lyndhurst). The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's continued participation. SELREC is not accumulating significant financial resources or experiencing fiscal stress which would cause additional benefit or burden on the City. In 2002, the City contributed \$37,424. The City also has a measurable equity interest in SELREC because the joint venture agreement stipulates that the participants have a claim to assets and sets forth the method of distribution upon dissolution of the joint venture. SELREC has no capital assets. SELREC is audited on a two-year basis, the latest reported is for the fiscal year ended June 30, 2002. Financial statements can be obtained by contacting the fiscal agent, South Euclid-Lyndhurst City School District, 6044 Mayfield Road, Lyndhurst, Ohio 44124.

Note 15 - Jointly Governed Organizations

A. 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 and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas 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 and natural gas to the citizens of its member communities.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of South Euclid did not contribute to NOPEC during 2002. Financial information can be obtained by contacting Dan DiLiberto, Board Chairman, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

B. First Suburbs Consortium of Northeast Ohio Council of Governments

The City is a member of the First Suburbs Consortium of Northeast Ohio Council of Governments (Council). The Council is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council is currently comprised of 12 communities. The Council was formed to foster cooperation between municipalities in matters of mutual concern, including but not limited to initiation and support of policies and practices which protect, maintain, and redevelop mature communities and other matters which affect health, safety, welfare, education, economic conditions and regional development.

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2002, the City of South Euclid contributed \$6,000 to the Council. Financial information can be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

Note 16 - Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon and South Euclid. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each entity must remain a member for at least three years from the commencement date of October 1, 1987, with the exception of Cities of Eastlake and Solon whose commencement date is October 1, 1989, and the City of Maple Heights, whose commencement date is October 1, 1993. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

In 2002, the City of South Euclid paid \$72,571 in premiums from the general fund, which represents 9.59 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

Note 17 - Outstanding Contractual Commitments

The City had one outstanding contractual commitment at December 31, 2002 in the amount of \$1,229,979. The contract with Fabrizi Trucking and Paving is for Bexley Infrastructure Improvements and totaled \$5,245,891. \$4,015,912 has been expended as of December 31, 2002.

Note 18 - Contingencies

A. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2002.

Note 19 - Interfund Transfers

Interfund transfers for the year ended December 31, 2002, consisted of the following:

Transfers To	Transfers From			Total
	General	FEMA Firefighters	Issue II	
General Fund	\$0	\$259	\$0	\$259
General Capital Improvements	800,000	0	0	800,000
Flood Control	0	0	3,574	3,574
Other Governmental Funds:				
Operation Home Improvement	10,000	0	0	10,000
Parking Lots and Meters	40,000	0	0	40,000
Swimming Pools	350,000	0	0	350,000
Safety Forces Vehicle	200,000	0	0	200,000
<i>Total</i>	<u>\$1,400,000</u>	<u>\$259</u>	<u>\$3,574</u>	<u>\$1,403,833</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

A transfer from the general fund to the operation home improvement special revenue fund was to cover the City's match that is required by grant agreements. The transfers from the general fund to the parking lots and meters and swimming pools special revenue funds were to cover general operating expenditures. The general capital improvements and safety forces vehicle capital projects funds received transfers from the general fund to fund future capital purchases and improvements. Capital purchases in the safety forces vehicle fund will benefit the police and fire departments. The FEMA firefighters special revenue grant fund was over funded by the general fund and therefore the balance was transferred back to the general fund upon grant completion. The Liberty Road Bridge project was completed under budget in the Issue II capital projects fund which resulted in an over funding of City funds. These funds were returned to the Flood Control capital projects fund.

Note 20 - Subsequent Event

On March 15, 2003, the City issued 3.29 percent general obligation various purpose improvement bonds in the amount of \$9,400,000. The bonds will mature on December 1, 2018. A portion of these bonds, \$8,400,000, along with \$500,000 in monies from the flood control capital projects fund was used to repay the \$8,900,000 sewer and road improvement notes that were issued in April 2002 and matured in April 2003. The remaining \$1,000,000 was issued for road improvement projects.

**Combining Statements and
Individual Fund Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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.

Operation Home Improvement Fund The Operation Home Improvement Fund is designed to provide financial assistance to home owners with financial need through a non-refundable grant of up to \$5,000 to qualified home owners to make necessary repairs to the exterior of their home. Monies are received from the Federal Government under the Community Development Block Grant Program.

COPS Grant Fund The Cops Grant Fund accounts for monies from the State and Federal governments to be used to establish or expand policing programs.

Street Construction, Maintenance and Repair Fund The Street Construction, Maintenance and Repair Fund accounts for ninety-two and one half percent (92.5%) of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

State Highway Fund The State Highway Fund accounts for seven and one half percent (7.5%) of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Parking Lots and Meters Fund The Parking Lots and Meters Fund accounts for the operations of the parking lots within the City.

Swimming Pools Fund The Swimming Pools Fund accounts for the operations of the City's three pools.

Permissive Motor Vehicle License Fund The Permissive Motor Vehicle License Fund accounts for additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

HUD Grant Fund The HUD Grant accounts for grant monies to be expended on certain streets within an improvement target area within the City.

Court Security Grant Fund The Court Security Grant accounts for grant monies received from the State to be used to enhance the security of the Municipal Court.

Law Enforcement Fund The Law Enforcement Fund accounts for confiscated monies from criminals that are designated, by State statute, for expenditures that would enhance the police department.

FEMA Firefighters Grant Fund This grant accounts for monies received from the Federal Emergency Management Agency to be expended on personal protective equipment for use by the fire department.

Street Lighting Fund The Street Lighting Fund accounts for the service assessment revenue to provide street lighting within the City.

Sewer Rental Fund The Sewer Rental Fund accounts for service assessment revenue that is expended for the maintenance of the sewer system within the City.

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Police Pension Fund The Police Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund The Fire Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Nonmajor Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, special assessment principal, interest and related costs.

Special Assessment Bond Retirement Fund The Special Assessment Bond Retirement Fund accounts for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

Nonmajor Capital Projects Funds

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).

Safety Forces Vehicle Fund The Safety Forces Vehicle Fund accounts for a portion of emergency medical transport fees which are used for the acquisition of police and fire vehicles.

Recreation Improvement Fund The Recreation Improvement Fund accounts for resources set aside for the improvement of City parks.

Sidewalk Improvement Fund The Sidewalk Improvement Fund accounts for resources set aside for the inspection and improvement of City sidewalks.

Stanhope Parking Lot Fund The Stanhope Parking Lot Construction Fund accounts for resources set aside for improving the Stanhope Parking Lot by repaving, striping and making other improvements.

Land Acquisition Fund The Land Acquisition Fund accounts for resources set aside for future economic growth and development.

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for service assessments that are expended for improvements to the sanitary sewer system within the City which are required by the Environmental Protection Agency.

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,377,006	\$147,089	\$1,284,333	\$2,808,428
Materials and Supplies Inventory	116,357	0	0	116,357
Accounts Receivable	1,295	0	0	1,295
Intergovernmental Receivable	331,934	0	0	331,934
Property Taxes Receivable	219,500	0	0	219,500
Special Assessments Receivable	724,701	526,231	0	1,250,932
<i>Total Assets</i>	<u>\$2,770,793</u>	<u>\$673,320</u>	<u>\$1,284,333</u>	<u>\$4,728,446</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$45,804	\$0	\$355	\$46,159
Accrued Wages	19,197	0	0	19,197
Intergovernmental Payable	5,174	0	0	5,174
Deferred Revenue	1,227,776	526,231	0	1,754,007
<i>Total Liabilities</i>	<u>1,297,951</u>	<u>526,231</u>	<u>355</u>	<u>1,824,537</u>
Fund Balances				
Reserved for Encumbrances	16,341	0	2,808	19,149
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,456,501	0	0	1,456,501
Debt Service Fund	0	147,089	0	147,089
Capital Projects Funds	0	0	1,281,170	1,281,170
<i>Total Fund Balances</i>	<u>1,472,842</u>	<u>147,089</u>	<u>1,283,978</u>	<u>2,903,909</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,770,793</u>	<u>\$673,320</u>	<u>\$1,284,333</u>	<u>\$4,728,446</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$207,192	\$0	\$0	\$207,192
Special Assessments	781,285	25,000	0	806,285
Intergovernmental	773,044	0	0	773,044
Interest	3,556	29,920	0	33,476
Fines and Forfeitures	1,185	0	0	1,185
Charges for Services	121,722	0	69,903	191,625
Other	41,193	0	0	41,193
<i>Total Revenues</i>	<u>1,929,177</u>	<u>54,920</u>	<u>69,903</u>	<u>2,054,000</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	113,132	0	0	113,132
Fire	176,670	0	0	176,670
Transportation	629,774	0	0	629,774
Basic Utility Services	900,467	0	0	900,467
Swimming Pools	498,134	0	0	498,134
Capital Outlay	0	0	154,361	154,361
Debt Service:				
Principal Retirement	0	25,000	0	25,000
Interest and Fiscal Charges	0	31,927	0	31,927
<i>Total Expenditures</i>	<u>2,318,177</u>	<u>56,927</u>	<u>154,361</u>	<u>2,529,465</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(389,000)</u>	<u>(2,007)</u>	<u>(84,458)</u>	<u>(475,465)</u>
Other Financing Sources (Uses)				
Transfers In	400,000	0	200,000	600,000
Transfers Out	(259)	0	0	(259)
<i>Total Other Financing Sources (Uses)</i>	<u>399,741</u>	<u>0</u>	<u>200,000</u>	<u>599,741</u>
<i>Net Change in Fund Balances</i>	10,741	(2,007)	115,542	124,276
<i>Fund Balances Beginning of Year</i>	<u>1,462,101</u>	<u>149,096</u>	<u>1,168,436</u>	<u>2,779,633</u>
<i>Fund Balances End of Year</i>	<u>\$1,472,842</u>	<u>\$147,089</u>	<u>\$1,283,978</u>	<u>\$2,903,909</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,549	\$13,213	\$261,650	\$51,171
Materials and Supplies Inventory	0	0	116,357	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	229,282	18,591
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$5,549</u>	<u>\$13,213</u>	<u>\$607,289</u>	<u>\$69,762</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$4,064	\$0
Accrued Wages	0	0	10,770	580
Intergovernmental Payable	0	0	2,507	194
Deferred Revenue	0	0	193,280	15,672
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>210,621</u>	<u>16,446</u>
Fund Balances				
Reserved for Encumbrances	0	0	1,761	0
Unreserved, Undesignated	5,549	13,213	394,907	53,316
<i>Total Fund Balances</i>	<u>5,549</u>	<u>13,213</u>	<u>396,668</u>	<u>53,316</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,549</u>	<u>\$13,213</u>	<u>\$607,289</u>	<u>\$69,762</u>

<u>Parking Lots and Meters</u>	<u>Swimming Pools</u>	<u>Permissive Motor Vehicle License</u>	<u>Law Enforcement</u>	<u>FEMA Firefighters Grant</u>	<u>Street Lighting</u>
\$66,222	\$230,022	\$195,125	\$45,290	\$0	\$354,041
0	0	0	0	0	0
1,040	145	0	110	0	0
0	0	67,464	0	2,331	0
0	0	0	0	0	0
22,093	0	0	0	0	365,948
<u>\$89,355</u>	<u>\$230,167</u>	<u>\$262,589</u>	<u>\$45,400</u>	<u>\$2,331</u>	<u>\$719,989</u>
\$490	\$2,288	\$0	\$3,499	\$0	\$32,711
1,131	0	0	0	0	0
452	32	0	0	0	0
22,093	0	58,026	0	2,331	365,948
24,166	2,320	58,026	3,499	2,331	398,659
1,500	6,937	0	61	0	0
63,689	220,910	204,563	41,840	0	321,330
65,189	227,847	204,563	41,901	0	321,330
<u>\$89,355</u>	<u>\$230,167</u>	<u>\$262,589</u>	<u>\$45,400</u>	<u>\$2,331</u>	<u>\$719,989</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2002

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$82,918	\$35,903	\$35,902	\$1,377,006
Materials and Supplies Inventory	0	0	0	116,357
Accounts Receivable	0	0	0	1,295
Intergovernmental Receivable	0	7,133	7,133	331,934
Property Taxes Receivable	0	109,750	109,750	219,500
Special Assessments Receivable	336,660	0	0	724,701
<i>Total Assets</i>	<u>\$419,578</u>	<u>\$152,786</u>	<u>\$152,785</u>	<u>\$2,770,793</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$2,752	\$0	\$0	\$45,804
Accrued Wages	6,716	0	0	19,197
Intergovernmental Payable	1,989	0	0	5,174
Deferred Revenue	336,660	116,883	116,883	1,227,776
<i>Total Liabilities</i>	<u>348,117</u>	<u>116,883</u>	<u>116,883</u>	<u>1,297,951</u>
Fund Balances				
Reserved for Encumbrances	6,082	0	0	16,341
Unreserved, Undesignated	65,379	35,903	35,902	1,456,501
<i>Total Fund Balances</i>	<u>71,461</u>	<u>35,903</u>	<u>35,902</u>	<u>1,472,842</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$419,578</u>	<u>\$152,786</u>	<u>\$152,785</u>	<u>\$2,770,793</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway	Parking Lots and Meters
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	74,100
Intergovernmental	30,000	0	462,251	37,480	0
Interest	0	0	2,959	597	0
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>30,000</u>	<u>0</u>	<u>465,210</u>	<u>38,077</u>	<u>74,100</u>
Expenditures					
Current:					
Security of Persons and Property:					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Transportation	0	0	546,395	21,062	0
Basic Utility Services	39,800	0	0	0	117,743
Swimming Pools	0	0	0	0	0
<i>Total Expenditures</i>	<u>39,800</u>	<u>0</u>	<u>546,395</u>	<u>21,062</u>	<u>117,743</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(9,800)</u>	<u>0</u>	<u>(81,185)</u>	<u>17,015</u>	<u>(43,643)</u>
Other Financing Sources (Uses)					
Transfers In	10,000	0	0	0	40,000
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,000</u>
<i>Net Change in Fund Balances</i>	200	0	(81,185)	17,015	(3,643)
<i>Fund Balances Beginning of Year</i>	<u>5,349</u>	<u>13,213</u>	<u>477,853</u>	<u>36,301</u>	<u>68,832</u>
<i>Fund Balances End of Year</i>	<u>\$5,549</u>	<u>\$13,213</u>	<u>\$396,668</u>	<u>\$53,316</u>	<u>\$65,189</u>

(continued)

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2002

	Swimming Pools	Permissive Motor Vehicle License	HUD Grant	Court Security Grant	Law Enforcement
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	0
Intergovernmental	0	134,141	10,118	0	1,519
Interest	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	1,185
Charges for Services	121,722	0	0	0	0
Other	41,193	0	0	0	0
<i>Total Revenues</i>	<u>162,915</u>	<u>134,141</u>	<u>10,118</u>	<u>0</u>	<u>2,704</u>
Expenditures					
Current:					
Security of Persons and Property:					
Police	0	0	0	558	12,574
Fire	0	0	0	0	0
Transportation	0	62,317	0	0	0
Basic Utility Services	0	0	0	0	0
Swimming Pools	498,134	0	0	0	0
<i>Total Expenditures</i>	<u>498,134</u>	<u>62,317</u>	<u>0</u>	<u>558</u>	<u>12,574</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(335,219)</u>	<u>71,824</u>	<u>10,118</u>	<u>(558)</u>	<u>(9,870)</u>
Other Financing Sources (Uses)					
Transfers In	350,000	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>350,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	14,781	71,824	10,118	(558)	(9,870)
<i>Fund Balances Beginning of Year</i>	<u>213,066</u>	<u>132,739</u>	<u>(10,118)</u>	<u>558</u>	<u>51,771</u>
<i>Fund Balances End of Year</i>	<u>\$227,847</u>	<u>\$204,563</u>	<u>\$0</u>	<u>\$0</u>	<u>\$41,901</u>

FEMA Firefighters Grant	Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$103,596	\$103,596	\$207,192
0	357,359	349,826	0	0	781,285
69,003	0	0	14,266	14,266	773,044
0	0	0	0	0	3,556
0	0	0	0	0	1,185
0	0	0	0	0	121,722
0	0	0	0	0	41,193
<u>69,003</u>	<u>357,359</u>	<u>349,826</u>	<u>117,862</u>	<u>117,862</u>	<u>1,929,177</u>
0	0	0	100,000	0	113,132
76,670	0	0	0	100,000	176,670
0	0	0	0	0	629,774
0	396,752	346,172	0	0	900,467
0	0	0	0	0	498,134
<u>76,670</u>	<u>396,752</u>	<u>346,172</u>	<u>100,000</u>	<u>100,000</u>	<u>2,318,177</u>
<u>(7,667)</u>	<u>(39,393)</u>	<u>3,654</u>	<u>17,862</u>	<u>17,862</u>	<u>(389,000)</u>
0	0	0	0	0	400,000
<u>(259)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(259)</u>
<u>(259)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>399,741</u>
(7,926)	(39,393)	3,654	17,862	17,862	10,741
<u>7,926</u>	<u>360,723</u>	<u>67,807</u>	<u>18,041</u>	<u>18,040</u>	<u>1,462,101</u>
<u>\$0</u>	<u>\$321,330</u>	<u>\$71,461</u>	<u>\$35,903</u>	<u>\$35,902</u>	<u>\$1,472,842</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002

	<u>Safety Forces Vehicle</u>	<u>Recreation Improvement</u>	<u>Sidewalk Improvement</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$173,997</u>	<u>\$124,270</u>	<u>\$196,302</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	<u>\$0</u>	<u>\$0</u>	<u>\$355</u>
Fund Balances			
Reserved for Encumbrances	0	0	2,808
Unreserved, Undesignated	<u>173,997</u>	<u>124,270</u>	<u>193,139</u>
<i>Total Fund Balances</i>	<u>173,997</u>	<u>124,270</u>	<u>195,947</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$173,997</u>	<u>\$124,270</u>	<u>\$196,302</u>

<u>Stanhope Parking Lot</u>	<u>Land Acquisition</u>	<u>Sewer Rehabilitation</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>\$2,853</u>	<u>\$714,450</u>	<u>\$72,461</u>	<u>\$1,284,333</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$355</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,808</u>
<u>2,853</u>	<u>714,450</u>	<u>72,461</u>	<u>1,281,170</u>
<u>2,853</u>	<u>714,450</u>	<u>72,461</u>	<u>1,283,978</u>
<u>\$2,853</u>	<u>\$714,450</u>	<u>\$72,461</u>	<u>\$1,284,333</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002

	Safety Forces Vehicle	Recreation Improvement	Sidewalk Improvement
Revenues			
Charges for Services	\$0	\$0	\$69,903
Expenditures			
Capital Outlay	26,003	25,730	102,628
<i>Excess of Revenues Under Expenditures</i>	(26,003)	(25,730)	(32,725)
Other Financing Sources			
Transfers In	200,000	0	0
<i>Net Change in Fund Balances</i>	173,997	(25,730)	(32,725)
<i>Fund Balances Beginning of Year</i>	0	150,000	228,672
<i>Fund Balances End of Year</i>	<u>\$173,997</u>	<u>\$124,270</u>	<u>\$195,947</u>

Stanhope Parking Lot	Land Acquisition	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	69,903
0	0	0	154,361
0	0	0	(84,458)
0	0	0	200,000
0	0	0	115,542
2,853	714,450	72,461	1,168,436
<u>\$2,853</u>	<u>\$714,450</u>	<u>\$72,461</u>	<u>\$1,283,978</u>

This Page is Intentionally Left Blank.

Combining Statements - Agency Fund

Agency Fund

To account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

Deposits Fund The Deposits Fund accounts for deposits from contractors, held by the City, to insure compliance with various City ordinances regarding development within the City.

City of South Euclid, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2002

	Beginning Balance 12/31/01	Additions	Deductions	Ending Balance 12/31/02
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$460,904	\$379,077	\$262,930	\$577,051
Liabilities				
Deposits Held and Due to Others	\$460,904	\$379,077	\$262,930	\$577,051

**Individual Fund Schedules of Revenues, Expenditures
and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual**

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$3,361,936	\$3,616,219	\$3,686,307	\$70,888
Income Taxes	5,092,676	5,509,000	5,683,961	174,961
Intergovernmental	2,010,410	2,174,760	2,244,631	69,871
Interest	369,771	400,000	383,467	(16,533)
Fees, Licenses and Permits	404,622	437,700	604,012	166,312
Fines and Forfeitures	393,806	426,000	431,550	5,550
Rentals	89,300	96,600	99,995	3,395
Charges for Services	80,148	86,700	84,734	(1,966)
Other	29,657	31,000	24,486	(6,514)
<i>Total Revenues</i>	11,832,326	12,777,979	13,243,143	465,164
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	78,400	78,350	75,743	2,607
Materials and Supplies	1,500	2,000	390	1,610
Other	4,500	8,000	6,889	1,111
Total Council	84,400	88,350	83,022	5,328
Mayor				
Personal Services	120,000	125,500	109,840	15,660
Contractual Services	500	600	600	0
Materials and Supplies	5,538	5,439	1,437	4,002
Other	11,744	11,744	6,480	5,264
Total Mayor	137,782	143,283	118,357	24,926
Finance Department				
Personal Services	213,713	200,693	192,781	7,912
Contractual Services	37,100	35,100	23,637	11,463
Materials and Supplies	10,000	7,000	5,662	1,338
Other	11,570	8,070	6,981	1,089
Total Finance Department	272,383	250,863	229,061	21,802
Law Director				
Personal Services	107,000	111,230	102,532	8,698
Contractual Services	162,862	162,862	127,044	35,818
Materials and Supplies	7,278	7,277	6,748	529
Other	27,000	26,750	22,315	4,435
Total Law Director	304,140	308,119	258,639	49,480
Civil Service				
Personal Services	6,300	6,250	6,144	106
Contractual Services	24,624	34,774	19,894	14,880
Other	500	500	241	259
Total Civil Service	\$31,424	\$41,524	\$26,279	\$15,245

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Complex				
Personal Services	\$134,000	\$126,400	\$114,030	\$12,370
Contractual Services	358,820	327,520	281,636	45,884
Materials and Supplies	13,052	13,052	10,059	2,993
Other	70,134	63,134	35,413	27,721
	576,006	530,106	441,138	88,968
Total Municipal Complex				
Engineer				
Personal Services	14,500	14,425	13,682	743
Other	67,260	64,261	54,841	9,420
	81,760	78,686	68,523	10,163
Total Engineer				
Mandated				
Contractual Services	1,015,057	684,617	597,168	87,449
Other	160,000	160,000	140,359	19,641
	1,175,057	844,617	737,527	107,090
Total Mandated				
Total Legislative and Executive	2,662,952	2,285,548	1,962,546	323,002
Judicial System:				
Municipal Court				
Personal Services	385,000	384,030	333,031	50,999
Contractual Services	5,800	5,800	3,175	2,625
Materials and Supplies	24,640	24,640	19,161	5,479
Other	22,022	22,022	14,172	7,850
	437,462	436,492	369,539	66,953
Total Judicial System				
Total General Government	3,100,414	2,722,040	2,332,085	389,955
Security of Persons and Property				
Police:				
Police Department				
Personal Services	3,861,929	3,831,629	3,575,569	256,060
Contractual Services	59,442	64,941	49,886	15,055
Materials and Supplies	64,186	64,186	58,944	5,242
Other	60,040	95,640	69,935	25,705
	4,045,597	4,056,396	3,754,334	302,062
Total Police				
Fire:				
Fire Department				
Personal Services	2,490,083	2,495,583	2,470,787	24,796
Contractual Services	35,277	63,776	33,500	30,276
Materials and Supplies	77,936	77,936	48,313	29,623
Other	85,722	106,022	84,013	22,009
	2,689,018	2,743,317	2,636,613	\$106,704
Total Fire Department				

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Hydrants				
Contractual Services	\$18,000	\$18,000	\$17,985	\$15
Materials and Supplies	10,000	10,000	1,938	8,062
Total Fire Hydrants	28,000	28,000	19,923	8,077
Total Fire	2,717,018	2,771,317	2,656,536	114,781
Total Security of Persons and Property	6,762,615	6,827,713	6,410,870	416,843
Public Health Services:				
Health and Human Services				
Contractual Services	114,712	124,712	121,618	3,094
Leisure Time Activities:				
Recreation Department				
Personal Services	100,017	100,457	90,677	9,780
Contractual Services	50,066	50,066	47,342	2,724
Materials and Supplies	8,000	5,900	3,383	2,517
Other	250,000	500	130	370
Total Recreation Department	408,083	156,923	141,532	15,391
Community Center				
Personal Services	127,711	119,811	109,200	10,611
Contractual Services	37,154	37,854	33,487	4,367
Materials and Supplies	33,500	33,500	14,740	18,760
Other	90,802	90,802	65,296	25,506
Total Community Center	289,167	281,967	222,723	59,244
Total Leisure Time Activities	697,250	438,890	364,255	74,635
Community Development:				
Boards and Commissions				
Personal Services	34,200	34,200	32,235	1,965
Other	1,020	1,020	429	591
Total Boards and Commissions	35,220	35,220	32,664	2,556
Community Relations				
Personal Services	78,600	63,780	58,188	5,592
Contractual Services	11,000	34,900	8,225	26,675
Materials and Supplies	8,500	6,500	2,746	3,754
Other	28,600	55,500	39,939	15,561
Total Community Relations	126,700	160,680	109,098	51,582
Total Community Development	\$161,920	\$195,900	\$141,762	\$54,138

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building Department				
Personal Services	\$679,102	\$641,772	\$572,602	\$69,170
Contractual Services	24,725	33,375	21,554	11,821
Materials and Supplies	21,419	26,621	22,463	4,158
Other	39,023	40,622	11,612	29,010
Total Building Department	764,269	742,390	628,231	114,159
Transportation:				
Service Department				
Personal Services	374,152	375,602	368,756	6,846
Contractual Services	201,355	200,080	164,940	35,140
Materials and Supplies	81,260	81,260	63,348	17,912
Other	53,200	53,200	50,931	2,269
Total Service Department	709,967	710,142	647,975	62,167
Service Garage				
Personal Services	126,036	117,316	113,920	3,396
Contractual Services	69,704	62,704	44,969	17,735
Materials and Supplies	205,105	170,105	130,055	40,050
Other	10,500	9,750	3,913	5,837
Total Service Garage	411,345	359,875	292,857	67,018
Total Transportation	1,121,312	1,070,017	940,832	129,185
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	851,000	863,000	862,887	113
Curbside Recycling				
Personal Services	105,005	102,055	98,553	3,502
Other	56,360	48,360	29,285	19,075
Total Curbside Recycling	161,365	150,415	127,838	22,577
Total Basic Utility Services	1,012,365	1,013,415	990,725	22,690
Total Expenditures	13,734,857	13,135,077	11,930,378	1,204,699
Excess of Revenues Over (Under) Expenditures	(\$1,902,531)	(\$357,098)	\$1,312,765	\$1,669,863

(continued)

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$2,000	\$2,000	\$32,677	\$30,677
Advances In	93,000	93,000	93,000	0
Transfers In	25,000	25,000	259	(24,741)
Transfers Out	(25,000)	(1,400,000)	(1,400,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>95,000</u>	<u>(1,280,000)</u>	<u>(1,274,064)</u>	<u>5,936</u>
<i>Net Change in Fund Balance</i>	(1,807,531)	(1,637,098)	38,701	1,675,799
<i>Fund Balance Beginning of Year</i>	4,130,151	4,130,151	4,130,151	0
Prior Year Encumbrances Appropriated	<u>201,257</u>	<u>201,257</u>	<u>201,257</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,523,877</u></u>	<u><u>\$2,694,310</u></u>	<u><u>\$4,370,109</u></u>	<u><u>\$1,675,799</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$2,564,870	\$474,870	\$491,019	\$16,149
Intergovernmental	65,000	65,000	66,573	1,573
<i>Total Revenues</i>	<u>2,629,870</u>	<u>539,870</u>	<u>557,592</u>	<u>17,722</u>
Expenditures				
Debt Service:				
Principal Retirement	6,660,000	6,270,000	6,270,000	0
Interest and Fiscal Charges	155,080	146,000	145,080	920
<i>Total Expenditures</i>	<u>6,815,080</u>	<u>6,416,000</u>	<u>6,415,080</u>	<u>920</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,185,210)</u>	<u>(5,876,130)</u>	<u>(5,857,488)</u>	<u>18,642</u>
Other Financing Sources				
General Obligation Notes Issued	5,900,000	5,900,000	5,900,000	0
Premium on General Obligation Notes Issued	10,000	10,000	13,617	3,617
<i>Total Other Financing Sources</i>	<u>5,910,000</u>	<u>5,910,000</u>	<u>5,913,617</u>	<u>3,617</u>
<i>Net Change in Fund Balance</i>	1,724,790	33,870	56,129	22,259
<i>Fund Balance Beginning of Year</i>	<u>373,139</u>	<u>373,139</u>	<u>373,139</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,097,929</u></u>	<u><u>\$407,009</u></u>	<u><u>\$429,268</u></u>	<u><u>\$22,259</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	1,229,653	1,759,528	1,161,239	598,289
<i>Excess of Revenues Under Expenditures</i>	(1,229,653)	(1,759,528)	(1,161,239)	598,289
Other Financing Sources				
Transfers In	300,000	800,000	800,000	0
<i>Net Change in Fund Balance</i>	(929,653)	(959,528)	(361,239)	598,289
<i>Fund Balance Beginning of Year</i>	2,950,620	2,950,620	2,950,620	0
Prior Year Encumbrances Appropriated	229,653	229,653	229,653	0
<i>Fund Balance End of Year</i>	<u>\$2,250,620</u>	<u>\$2,220,745</u>	<u>\$2,819,034</u>	<u>\$598,289</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$522,054	\$537,054	\$557,532	\$20,478
Intergovernmental	72,000	72,000	70,638	(1,362)
Interest	15,000	15,000	19,594	4,594
<i>Total Revenues</i>	609,054	624,054	647,764	23,710
Expenditures				
Capital Outlay:				
Contractual Services	3,519,530	3,519,530	2,851,370	668,160
<i>Excess of Revenues Under Expenditures</i>	(2,910,476)	(2,895,476)	(2,203,606)	691,870
Other Financing Sources				
General Obligation Notes Issued	3,000,000	3,000,000	3,000,000	0
<i>Net Change in Fund Balance</i>	89,524	104,524	796,394	691,870
<i>Fund Balance Beginning of Year</i>	255,918	255,918	255,918	0
Prior Year Encumbrances Appropriated	329,530	329,530	329,530	0
<i>Fund Balance End of Year</i>	<u>\$674,972</u>	<u>\$689,972</u>	<u>\$1,381,842</u>	<u>\$691,870</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Flood Control Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$1,960,000	\$1,960,000	\$2,004,281	\$44,281
Expenditures				
Capital Outlay:				
Contractual Services	1,090,022	241,022	137,896	103,126
Debt Service:				
Principal Retirement	0	19,500	18,896	604
Interest and Fiscal Charges	0	194,500	194,159	341
Total Debt Service	0	214,000	213,055	945
<i>Total Expenditures</i>	1,090,022	455,022	350,951	104,071
<i>Excess of Revenues Over Expenditures</i>	869,978	1,504,978	1,653,330	148,352
Other Financing Sources				
Transfers In	0	0	3,574	3,574
<i>Net Change in Fund Balance</i>	869,978	1,504,978	1,656,904	151,926
<i>Fund Balance Beginning of Year</i>	6,158,525	6,158,525	6,158,525	0
Prior Year Encumbrances Appropriated	90,022	90,022	90,022	0
<i>Fund Balance End of Year</i>	\$7,118,525	\$7,753,525	\$7,905,451	\$151,926

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Projects Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$4,500,000	\$4,500,000	\$2,659,558	(\$1,840,442)
Interest	0	10,000	14,500	4,500
<i>Total Revenues</i>	4,500,000	4,510,000	2,674,058	(1,835,942)
Expenditures				
Capital Outlay:				
Contractual Services	6,273,252	5,277,252	4,321,498	955,754
<i>Excess of Revenues Under Expenditures</i>	(1,773,252)	(767,252)	(1,647,440)	(880,188)
Other Financing Sources (Uses)				
Proceeds of OPWC Loan	0	0	446,333	446,333
Transfers Out	0	(3,574)	(3,574)	0
<i>Total Other Financing Sources (Uses)</i>	0	(3,574)	442,759	446,333
<i>Net Change in Fund Balance</i>	(1,773,252)	(770,826)	(1,204,681)	(433,855)
<i>Fund Balance Beginning of Year</i>	1,560,386	1,560,386	1,560,386	0
Prior Year Encumbrances Appropriated	273,252	273,252	273,252	0
<i>Fund Balance End of Year</i>	<u>\$60,386</u>	<u>\$1,062,812</u>	<u>\$628,957</u>	<u>(\$433,855)</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Operation Home Improvement Fund
For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$50,000	\$50,000	\$30,000	(\$20,000)
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Other	60,000	60,000	39,800	20,200
<i>Excess of Revenues Under Expenditures</i>	(10,000)	(10,000)	(9,800)	200
Other Financing Sources				
Transfers In	10,000	10,000	10,000	0
<i>Net Change in Fund Balance</i>	0	0	200	200
<i>Fund Balance Beginning of Year</i>	5,349	5,349	5,349	0
<i>Fund Balance End of Year</i>	<u>\$5,349</u>	<u>\$5,349</u>	<u>\$5,549</u>	<u>\$200</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	7,000	13,213	0	13,213
<i>Net Change in Fund Balance</i>	(7,000)	(13,213)	0	13,213
<i>Fund Balance Beginning of Year</i>	13,213	13,213	13,213	0
<i>Fund Balance End of Year</i>	<u>\$6,213</u>	<u>\$0</u>	<u>\$13,213</u>	<u>\$13,213</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,061,711	\$460,000	\$461,652	\$1,652
Interest	11,540	5,000	2,959	(2,041)
<i>Total Revenues</i>	<u>1,073,251</u>	<u>465,000</u>	<u>464,611</u>	<u>(389)</u>
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	426,001	376,901	311,074	65,827
Materials and Supplies	42,847	42,847	33,020	9,827
Contractual Services	30,099	30,099	18,598	11,501
Other	4,700	4,700	694	4,006
<i>Total Expenditures</i>	<u>503,647</u>	<u>454,547</u>	<u>363,386</u>	<u>91,161</u>
<i>Net Change in Fund Balance</i>	569,604	10,453	101,225	90,772
<i>Fund Balance Beginning of Year</i>	153,876	153,876	153,876	0
Prior Year Encumbrances Appropriated	<u>1,947</u>	<u>1,947</u>	<u>1,947</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$725,427</u></u>	<u><u>\$166,276</u></u>	<u><u>\$257,048</u></u>	<u><u>\$90,772</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$36,000	\$36,000	\$37,431	\$1,431
Interest	0	1,000	597	(403)
<i>Total Revenues</i>	36,000	37,000	38,028	1,028
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	34,500	34,550	20,709	13,841
Materials and Supplies	10,000	10,000	0	10,000
<i>Total Expenditures</i>	44,500	44,550	20,709	23,841
<i>Net Change in Fund Balance</i>	(8,500)	(7,550)	17,319	24,869
<i>Fund Balance Beginning of Year</i>	33,852	33,852	33,852	0
<i>Fund Balance End of Year</i>	\$25,352	\$26,302	\$51,171	\$24,869

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lots and Meters Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$70,000	\$60,000	\$73,680	\$13,680
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters:				
Personal Services	65,500	65,750	55,767	9,983
Materials and Supplies	3,600	2,750	2,111	639
Contractual Services	53,336	52,711	43,113	9,598
Other	20,000	20,100	17,566	2,534
<i>Total Expenditures</i>	142,436	141,311	118,557	22,754
<i>Excess of Revenues Under Expenditures</i>	(72,436)	(81,311)	(44,877)	36,434
Other Financing Sources				
Transfers In	40,000	40,000	40,000	0
<i>Net Change in Fund Balance</i>	(32,436)	(41,311)	(4,877)	36,434
<i>Fund Balance Beginning of Year</i>	67,163	67,163	67,163	0
Prior Year Encumbrances Appropriated	2,436	2,436	2,436	0
<i>Fund Balance End of Year</i>	\$37,163	\$28,288	\$64,722	\$36,434

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pools Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$21,000	\$121,000	\$121,577	\$577
Other	29,000	29,000	41,193	12,193
<i>Total Revenues</i>	50,000	150,000	162,770	12,770
Expenditures				
Current:				
Leisure Time Activities:				
Swimming Pools:				
Personal Services	345,000	345,800	339,355	6,445
Materials and Supplies	53,078	48,078	40,623	7,455
Contractual Services	119,433	137,433	122,819	14,614
Other	3,200	3,200	2,940	260
<i>Total Expenditures</i>	520,711	534,511	505,737	28,774
<i>Excess of Revenues Under Expenditures</i>	(470,711)	(384,511)	(342,967)	41,544
Other Financing Sources				
Transfers In	350,000	350,000	350,000	0
<i>Net Change in Fund Balance</i>	(120,711)	(34,511)	7,033	41,544
<i>Fund Balance Beginning of Year</i>	215,341	215,341	215,341	0
Prior Year Encumbrances Appropriated	711	711	711	0
<i>Fund Balance End of Year</i>	\$95,341	\$181,541	\$223,085	\$41,544

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$120,000	\$135,000	\$133,961	(\$1,039)
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Materials and Supplies	150,000	150,000	58,604	91,396
Contractual Services	11,302	11,302	3,713	7,589
<i>Total Expenditures</i>	161,302	161,302	62,317	98,985
<i>Net Change in Fund Balance</i>	(41,302)	(26,302)	71,644	97,946
<i>Fund Balance Beginning of Year</i>	112,179	112,179	112,179	0
Prior Year Encumbrances Appropriated	11,302	11,302	11,302	0
<i>Fund Balance End of Year</i>	\$82,179	\$97,179	\$195,125	\$97,946

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
HUD Grant Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$45,000	\$23,000	\$16,514	(\$6,486)
Expenditures				
Current:				
Community Development:				
HUD Grant:				
Contractual Services	31,642	15,642	9,926	5,716
Other	25,000	0	0	0
<i>Total Expenditures</i>	56,642	15,642	9,926	5,716
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,642)	7,358	6,588	(770)
Other Financing Uses				
Advances Out	0	(23,000)	(23,000)	0
<i>Net Change in Fund Balance</i>	(11,642)	(15,642)	(16,412)	(770)
<i>Fund Balance Beginning of Year</i>	770	770	770	0
Prior Year Encumbrances Appropriated	15,642	15,642	15,642	0
<i>Fund Balance End of Year</i>	\$4,770	\$770	\$0	(\$770)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Security Grant Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	558	558	558	0
<i>Net Change in Fund Balance</i>	(558)	(558)	(558)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	558	558	558	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$833	\$500	\$1,519	\$1,019
Fines and Forfeitures	4,167	2,500	1,771	(729)
<i>Total Revenues</i>	5,000	3,000	3,290	290
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Materials and Supplies	26,428	26,428	12,762	13,666
<i>Net Change in Fund Balance</i>	(21,428)	(23,428)	(9,472)	13,956
<i>Fund Balance Beginning of Year</i>	44,774	44,774	44,774	0
Prior Year Encumbrances Appropriated	6,428	6,428	6,428	0
<i>Fund Balance End of Year</i>	<u>\$29,774</u>	<u>\$27,774</u>	<u>\$41,730</u>	<u>\$13,956</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Firefighters Grant Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$71,334	\$71,334	\$69,003	(\$2,331)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Materials and Supplies	75,778	78,278	76,670	1,608
Other	71,500	0	0	0
<i>Total Expenditures</i>	147,278	78,278	76,670	1,608
<i>Excess of Revenues Under Expenditures</i>	(75,944)	(6,944)	(7,667)	(723)
Other Financing Uses				
Advances Out	0	(70,000)	(70,000)	0
Transfers Out	0	(260)	(259)	1
<i>Total Other Financing Uses</i>	0	(70,260)	(70,259)	1
<i>Net Change in Fund Balance</i>	(75,944)	(77,204)	(77,926)	(722)
<i>Fund Balance Beginning of Year</i>	2,148	2,148	2,148	0
Prior Year Encumbrances Appropriated	75,778	75,778	75,778	0
<i>Fund Balance End of Year</i>	<u>\$1,982</u>	<u>\$722</u>	<u>\$0</u>	<u>(\$722)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$350,000	\$350,000	\$357,359	\$7,359
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	420,000	426,500	396,757	29,743
<i>Net Change in Fund Balance</i>	(70,000)	(76,500)	(39,398)	37,102
<i>Fund Balance Beginning of Year</i>	393,439	393,439	393,439	0
<i>Fund Balance End of Year</i>	<u>\$323,439</u>	<u>\$316,939</u>	<u>\$354,041</u>	<u>\$37,102</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rental Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$340,000	\$360,000	\$349,956	(\$10,044)
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	286,158	244,158	241,640	2,518
Materials and Supplies	5,675	5,675	1,894	3,781
Contractual Services	181,921	141,921	103,642	38,279
Other	31,698	19,198	4,651	14,547
<i>Total Expenditures</i>	<u>505,452</u>	<u>410,952</u>	<u>351,827</u>	<u>59,125</u>
<i>Net Change in Fund Balance</i>	(165,452)	(50,952)	(1,871)	49,081
<i>Fund Balance Beginning of Year</i>	52,823	52,823	52,823	0
Prior Year Encumbrances Appropriated	<u>24,752</u>	<u>24,752</u>	<u>24,752</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$87,877)</u>	<u>\$26,623</u>	<u>\$75,704</u>	<u>\$49,081</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$104,365	\$102,687	\$103,596	\$909
Intergovernmental	13,212	13,000	14,266	1,266
<i>Total Revenues</i>	117,577	115,687	117,862	2,175
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	17,577	15,687	17,862	2,175
<i>Fund Balance Beginning of Year</i>	18,041	18,041	18,041	0
<i>Fund Balance End of Year</i>	<u>\$35,618</u>	<u>\$33,728</u>	<u>\$35,903</u>	<u>\$2,175</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$104,365	\$102,687	\$103,596	\$909
Intergovernmental	13,212	13,000	14,266	1,266
<i>Total Revenues</i>	117,577	115,687	117,862	2,175
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Contractual Services	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	17,577	15,687	17,862	2,175
<i>Fund Balance Beginning of Year</i>	18,040	18,040	18,040	0
<i>Fund Balance End of Year</i>	<u>\$35,617</u>	<u>\$33,727</u>	<u>\$35,902</u>	<u>\$2,175</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$25,000	\$25,000	\$25,000	\$0
Interest	35,000	30,000	29,920	(80)
<i>Total Revenues</i>	60,000	55,000	54,920	(80)
Expenditures				
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	34,000	33,500	31,927	1,573
<i>Total Expenditures</i>	59,000	58,500	56,927	1,573
<i>Net Change in Fund Balance</i>	1,000	(3,500)	(2,007)	1,493
<i>Fund Balance Beginning of Year</i>	149,096	149,096	149,096	0
<i>Fund Balance End of Year</i>	\$150,096	\$145,596	\$147,089	\$1,493

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Safety Forces Vehicle Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Materials and Supplies	200,000	200,000	26,003	173,997
<i>Excess of Revenues Under Expenditures</i>	(200,000)	(200,000)	(26,003)	173,997
Other Financing Sources				
Operating Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	0	0	173,997	173,997
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$173,997</u>	<u>\$173,997</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Improvement Fund
For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$20,000	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	<u>165,950</u>	<u>150,000</u>	<u>25,730</u>	<u>124,270</u>
<i>Net Change in Fund Balance</i>	(145,950)	(150,000)	(25,730)	124,270
<i>Fund Balance Beginning of Year</i>	134,050	134,050	134,050	0
Prior Year Encumbrances Appropriated	<u>15,950</u>	<u>15,950</u>	<u>15,950</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,050</u></u>	<u><u>\$0</u></u>	<u><u>\$124,270</u></u>	<u><u>\$124,270</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Improvement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$50,000	\$50,000	\$69,903	\$19,903
Expenditures				
Capital Outlay:				
Contractual Services	137,809	225,809	105,437	120,372
<i>Net Change in Fund Balance</i>	(87,809)	(175,809)	(35,534)	140,275
<i>Fund Balance Beginning of Year</i>	190,863	190,863	190,863	0
Prior Year Encumbrances Appropriated	37,809	37,809	37,809	0
<i>Fund Balance End of Year</i>	<u>\$140,863</u>	<u>\$52,863</u>	<u>\$193,138</u>	<u>\$140,275</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Stanhope Parking Lot Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,853	2,853	2,853	0
<i>Fund Balance End of Year</i>	<u>\$2,853</u>	<u>\$2,853</u>	<u>\$2,853</u>	<u>\$0</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Acquisition Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	300,000	500,000	0	500,000
<i>Net Change in Fund Balance</i>	(300,000)	(500,000)	0	500,000
<i>Fund Balance Beginning of Year</i>	714,450	714,450	714,450	0
<i>Fund Balance End of Year</i>	\$414,450	\$214,450	\$714,450	\$500,000

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rehabilitation Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	72,461	72,461	72,461	0
<i>Fund Balance End of Year</i>	<u>\$72,461</u>	<u>\$72,461</u>	<u>\$72,461</u>	<u>\$0</u>

City of South Euclid, Ohio
Governmental Activities
Revenues by Source and Expenses by Program
Last Two Years

	2002	2001
Program Revenues		
Charges for Services and Operating Assessments	\$4,150,389	\$3,995,807
Operating Grants, Contributions and Interest	797,868	824,666
Capital Grants, Contributions and Capital Assessments	2,690,808	672,508
General Revenues		
Property and Other Taxes	4,938,016	4,791,148
Income Taxes	5,573,741	5,897,127
Grants and Entitlements not Restricted to Specific Programs	1,921,190	2,324,610
Increase in Investment in Joint Venture	103,518	163,469
Investment Earnings	472,003	635,777
Gain on Sale of Capital Assets	9,800	149,725
Other	30,405	32,623
<i>Total</i>	<u>\$20,687,738</u>	<u>\$19,487,460</u>
Expenses		
General Government:		
Legislative and Executive	\$1,953,365	\$1,895,080
Judicial System	373,524	371,504
Security of Persons and Property:		
Police	4,085,718	3,853,772
Fire	2,854,567	2,665,347
Public Health Services	132,411	157,173
Leisure Time Activities	387,883	381,627
Community Development	307,024	243,728
Building Department	657,134	563,338
Transportation	2,167,781	1,928,058
Basic Utility Services	2,368,217	2,019,669
Swimming Pools	773,327	746,909
Interest and Fiscal Charges	445,494	398,380
<i>Total</i>	<u>\$16,506,445</u>	<u>\$15,224,585</u>

Source: City Financial Records

This Page is Intentionally Left Blank.

City of South Euclid, Ohio
*General Fund Revenues by Source
and Expenditures by Function
Last Ten Years*

	2002	2001	2000	1999	1998
Revenues					
Property and Other Taxes	\$3,686,307	\$3,507,653	\$3,344,739	\$3,222,593	\$3,149,955
Income Taxes	5,729,709	5,480,272	5,385,924	5,404,307	5,337,336
Intergovernmental	2,129,756	2,409,484	2,329,022	2,552,345	2,250,465
Interest	404,433	603,122	697,680	515,514	476,500
Fees, Licenses and Permits	604,012	169,739	171,630	138,903	134,176
Fines and Forfeitures	449,526	438,545	355,611	406,820	381,024
Rentals	42,530	97,359	94,913	94,104	83,647
Charges for Services	84,734	91,143	137,781	243,697	215,458
Other	30,405	5,674	120,246	104,685	155,453
Total	\$13,161,412	\$12,802,991	\$12,637,546	\$12,682,968	\$12,184,014
Expenditures					
Current					
General Government: (1)			\$2,399,172	\$2,314,488	\$2,075,908
Legislative and Executive	\$1,954,740	\$1,911,321	N/A	N/A	N/A
Judicial System	365,555	370,071	N/A	N/A	N/A
Security of Persons and Property: (1)			6,011,907	5,727,631	5,014,584
Police	3,773,974	3,659,517	N/A	N/A	N/A
Fire	2,600,447	2,439,171	N/A	N/A	N/A
Public Health Services	111,483	102,938	91,338	98,340	85,228
Leisure Time Activities	360,608	334,721	336,039	349,871	331,323
Community Development	139,688	31,605	556,553	501,068	434,709
Building Department (1)	630,633	544,835	N/A	N/A	N/A
Transportation	917,306	919,951	1,018,111	1,216,945	633,427
Basic Utility Services	1,017,685	995,760	1,019,556	973,366	871,427
Debt Service	19,550	19,550	19,550	19,554	19,550
Total	\$11,891,669	\$11,329,440	\$11,452,226	\$11,201,263	\$9,466,156

Source: City financial records

(1) 2001 was the first year subcategories were identified for general government, security of persons and property and building department.

1997	1996	1995	1994	1993
\$2,964,891	\$2,978,871	\$3,002,273	\$2,650,817	\$2,616,974
4,798,369	4,873,018	4,935,896	4,546,288	4,498,798
2,061,214	1,771,473	1,832,653	1,816,514	2,102,304
430,375	421,016	392,712	257,981	250,620
157,234	139,459	118,692	121,917	88,723
360,777	363,086	319,440	345,712	347,485
80,512	108,583	65,348	0	0
236,783	46,759	248,214	193,904	137,192
19,658	61,650	73,672	13,512	19,421
<u>\$11,109,813</u>	<u>\$10,763,915</u>	<u>\$10,988,900</u>	<u>\$9,946,645</u>	<u>\$10,061,517</u>
\$2,132,607	\$1,912,153	\$1,954,589	\$1,721,099	\$1,739,051
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
5,052,954	4,914,264	4,553,806	4,453,953	4,390,560
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
84,987	77,854	76,027	69,351	72,638
364,539	344,972	344,521	302,758	312,951
488,886	455,744	429,181	442,599	424,950
N/A	N/A	N/A	N/A	N/A
964,821	835,956	624,688	436,612	489,997
837,339	786,581	845,990	944,471	850,878
19,550	19,551	19,550	19,551	19,550
<u>\$9,945,683</u>	<u>\$9,347,075</u>	<u>\$8,848,352</u>	<u>\$8,390,394</u>	<u>\$8,300,575</u>

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

Year	Current Tax Levy (1)	Delinquent Tax Levy (2)	Total Tax Levy	Current Tax Collections	Percentage of Total Collections to Current Tax Levy
2002	\$5,057,083	\$287,805	\$5,344,888	\$4,876,294	99.76%
2001	5,099,502	228,592	5,328,094	4,921,798	99.51
2000	4,732,622	214,483	4,947,105	4,245,613	92.57
1999	4,774,920	213,085	4,988,005	4,640,329	99.92
1998	4,767,393	185,464	4,952,857	4,665,337	99.69
1997	4,601,873	147,642	4,749,515	4,514,919	99.97
1996	4,600,344	130,322	4,730,666	4,536,549	99.87
1995	4,617,168	126,789	4,743,957	4,541,944	99.53
1994	4,212,006	172,835	4,384,841	4,147,779	100.71
1993	4,211,849	166,574	4,378,423	4,146,741	99.76

Source: Cuyahoga County Auditor

- (1) State Reimbursement of Rollback and Homestead Exemptions are included.
- (2) Amounts listed include penalties and interest.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$168,861	\$5,045,155	94.39%	\$308,693	5.78%
152,921	5,074,719	95.24	256,578	4.82
135,544	4,381,157	88.56	170,212	3.44
130,754	4,771,083	95.65	206,341	4.14
87,469	4,752,806	95.96	195,074	3.94
85,671	4,600,590	96.86	176,597	3.72
57,711	4,594,260	97.12	133,715	2.83
53,735	4,595,679	96.87	121,278	2.56
93,955	4,241,734	96.74	118,553	2.70
54,814	4,201,555	95.96	164,201	3.75

City of South Euclid, Ohio
Property Tax Levies and Collections - Tangible Personal Property Taxes
Last Ten Years

<u>Year</u>	<u>Current Tax Levy</u>	<u>Delinquent Tax Levy</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percentage of Current Collections to Current Tax Levy</u>
2002	\$224,622	\$54,560	\$279,182	\$202,202	90.02%
2001	218,218	40,421	258,639	184,760	84.67
2000	229,464	18,171	247,635	204,658	89.19
1999	215,847	23,774	239,621	213,475	98.90
1998	210,829	22,668	233,497	207,893	98.61
1997	207,923	32,309	240,232	205,042	98.61
1996	183,276	39,225	222,501	178,460	97.37
1995	180,219	52,466	232,685	158,977	88.21
1994	158,183	19,116	177,299	148,997	94.19
1993	160,362	18,925	179,287	158,580	98.89

Source: Cuyahoga County Auditor

(1) \$10,000 personal property exemption is included.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$40,498	\$242,700	86.93%	\$36,906	13.22%
18,163	202,923	78.46	56,149	21.71
(43)	204,615	82.63	45,238	18.27
5,821	219,296	91.52	20,848	8.70
7,264	215,157	92.15	19,202	8.22
17,072	222,114	92.46	18,710	7.79
57,711	236,171	106.14	21,793	9.79
21,242	180,219	77.45	40,458	17.39
7,942	156,939	88.52	20,263	11.43
2,072	160,652	89.61	16,516	9.21

City of South Euclid, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2002	\$365,344,440	\$1,043,841,257	\$9,339,420	\$10,612,977
2001	364,409,810	1,041,170,886	9,589,030	10,896,625
2000	364,107,910	1,040,308,314	12,641,420	14,365,250
1999	330,695,520	944,844,343	12,846,360	14,598,136
1998	329,920,160	942,629,029	13,848,620	15,737,068
1997	329,370,380	941,058,229	13,965,180	15,869,523
1996	307,355,840	878,159,500	14,506,220	16,484,340
1995	307,665,010	876,117,200	15,572,380	16,955,250
1994	268,032,450	765,807,000	16,142,500	18,343,750
1993	267,787,150	765,106,143	15,598,150	17,725,170

Source: Cuyahoga County Auditor

- (1) This amount is calculated based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at various notes from twenty-five to eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of actual value for capital assets and twenty-four percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	Ratio
\$14,966,084	\$59,864,336	\$389,649,944	\$1,114,318,570	34.97%
14,537,028	58,148,112	388,535,868	1,110,215,623	35.00
14,599,814	58,399,256	391,349,144	1,113,072,820	35.16
14,200,467	56,801,868	357,742,347	1,016,244,347	35.20
13,872,483	55,489,932	357,641,263	1,013,856,029	35.28
13,414,431	53,657,724	356,749,991	1,010,585,476	35.30
11,824,270	47,297,080	333,686,330	941,940,920	35.43
10,011,555	46,508,124	333,248,945	939,580,574	35.47
10,149,494	40,957,976	294,324,444	825,108,726	35.67
9,604,730	38,418,920	292,990,030	821,250,233	35.68

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

Year	General Fund	Special Funds (1)	Debt Service	Capital Projects	Total Levy	South Euclid/ Lyndhurst School Districts	Cuyahoga County Commissioner	Special (2) Taxing Districts	Total Tax Levy
2002	\$10.00	\$0.60	\$1.40	\$3.00	\$15.00	\$89.80	\$11.72	\$5.88	\$122.40
2001	10.00	0.60	1.40	3.00	15.00	89.80	11.72	5.88	122.40
2000	10.00	0.60	1.40	3.00	15.00	81.90	11.72	5.88	114.50
1999	10.00	0.60	1.50	3.00	15.10	82.10	10.82	5.88	113.90
1998	10.00	0.60	1.60	3.00	15.20	82.10	10.82	5.88	114.00
1997	10.00	0.60	1.90	3.00	15.50	75.20	16.60	1.40	108.70
1996	10.00	0.60	1.90	3.00	15.50	75.00	12.12	5.88	108.50
1995	10.00	0.60	1.90	3.00	15.50	75.00	16.60	1.40	108.50
1994	10.00	0.60	1.90	3.00	15.50	75.20	12.32	5.88	108.90
1993	10.00	0.60	2.20	3.00	15.80	67.80	12.32	5.48	101.40

(1) Police and Fire Pension Special Revenue Funds

(2) Metro Parks, Port Authority, County Library, Community College

Source: Cuyahoga County Auditor

City of South Euclid, Ohio
Computation of Legal Debt Margin
December 31, 2002

<hr/> <hr/>	
Total assessed valuation	\$389,649,944
Overall debt limitation - 10.5% of assessed valuation	40,913,244
Gross indebtedness	13,571,331
Less debt outside limitation:	<u>1,606,332</u>
Debt within 10.5% limitation	11,964,999
Less amount available in debt service fund (1)	<u>429,268</u>
Net debt within 10.5% limitation	<u>11,535,731</u>
Overall debt margin within 10.5% limitation	<u><u>\$29,377,513</u></u>
Unvoted debt limitation - 5.5% of assessed valuation	\$21,430,747
Gross indebtedness	13,571,331
Less debt outside limitation:	
Special Assessment Debt	460,000
Voted General Obligation Bonds	3,005,000
OPWC Loans	<u>1,146,332</u>
Debt within 5.5% limitation	8,959,999
Less amount available in debt service fund (1)	<u>429,268</u>
Net debt within 5.5% limitation	<u>8,530,731</u>
Unvoted debt margin within 5.5% limitation	<u><u>\$12,900,016</u></u>

(1) Excludes balance in special assessment bond retirement fund.

Source: City of South Euclid

City of South Euclid, Ohio
Special Assessments Billed and Collected
Last Ten Years

Year	City Assessments (a)			County Assessments (b)			
	Special Assessments Billings	Special Assessments Collected	Special Assessments Certified	Special Assessments Billings	Collections		Total Assessments
					Service Assessments	Debt Service Assessments	
2002	\$109,204	\$58,091	\$51,113	\$2,782,151	\$2,698,102	\$54,373	\$2,752,475
2001	56,938	44,494	12,444	2,772,104	2,700,931	73,089	2,774,020
2000	27,620	13,383	14,237	2,014,660	1,782,569	73,086	1,855,655
1999	148,581	99,393	49,188	1,816,080	1,902,485	70,817	1,973,302
1998	146,080	108,902	37,178	1,847,242	1,912,816	64,204	1,977,020
1997	116,453	28,313	88,140	975,436	805,750	193,292	999,042
1996	186,953	79,075	107,878	904,833	824,537	74,853	899,390
1995	10,527	9,248	1,279	757,720	835,070	78,276	913,346
1994	10,497	8,844	1,653	696,058	671,735	42,396	714,131
1993	10,467	7,593	2,874	619,931	611,762	18,583	630,345

Source: Cuyahoga County Auditor

(a) The City initially bills all special assessments except the sewer rental and rehabilitation, street lighting assessments and flood control.

The individual or business is given 30 days to pay the assessment in full.

If it is not paid at that time, it is certified by the County Auditor for collection.

(b) The County assessments include service assessments and debt service assessments. The debt service assessments include interest for years 1992 through 2000.

Amount Delinquent	Percentage of Collections to Amount Billed	Total Assessments Collected
\$41,838	98.93%	\$2,810,566
37,968	100.07	2,818,514
39,724	92.11	1,869,038
44,307	108.66	2,072,695
33,363	107.03	2,085,922
71,943	102.42	1,027,355
57,045	99.40	978,465
0	120.54	922,594
0	102.60	722,975
0	101.68	637,938

City of South Euclid, Ohio
*Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

Year	Net General Bonded Debt (1)	Assessed Value	Population (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002	\$2,575,732	\$389,649,944	23,537	0.66%	\$109.43
2001	3,169,319	388,535,868	23,537	0.82	134.65
2000	3,512,718	391,349,144	23,537	0.90	149.24
1999	3,811,062	357,742,347	23,866	1.07	159.69
1998	4,126,860	357,641,263	23,866	1.15	172.92
1997	4,445,470	356,749,991	23,866	1.25	186.27
1996	4,738,513	333,686,330	23,866	1.42	198.55
1995	5,014,135	333,248,945	23,866	1.50	210.10
1994	5,277,804	294,324,444	23,866	1.79	221.14
1993	5,467,392	292,990,030	23,866	1.87	229.09

(1) - Net general bonded debt equals the amount of general obligation bonds outstanding minus the debt service fund balance available to pay general obligation debt.

(2) - Source: "Population Estimates and Projections ", published by the U.S. Department of Commerce, Bureau of the Census.

City of South Euclid, Ohio
*Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total General Fund Expenditures
 Last Ten Years*

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Debt Service on General Obligation Bonded Debt</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
2002	\$370,000	\$145,080	\$515,080	\$11,891,669	4.33%
2001	365,000	159,680	524,680	11,329,440	4.63
2000	340,000	173,280	513,280	11,452,226	4.48
1999	330,000	186,480	516,480	11,201,263	4.61
1998	275,000	58,147	333,147	9,466,156	3.52
1997	290,000	341,036	631,036	9,945,683	6.34
1996	265,000	355,640	620,640	9,347,075	6.64
1995	255,000	369,778	624,778	8,848,352	7.06
1994	240,000	383,570	623,570	8,390,394	7.43
1993	230,000	395,063	625,063	8,300,575	7.53

Source: City of South Euclid

City of South Euclid, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2002

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable To County (2)</u>	<u>Amount Applicable to City of South Euclid</u>
Direct:			
City of South Euclid	<u>\$2,575,732</u>	<u>100.00%</u>	<u>\$2,575,732</u>
Overlapping:			
South Euclid-Lyndhurst City School District	13,330,000	93.06	12,404,898
Cuyahoga County	200,162,636	1.36	2,722,212
Regional Transit Authority	<u>136,310,000</u>	1.36	<u>1,853,816</u>
Total Overlapping	<u>349,802,636</u>		<u>16,980,926</u>
Totals	<u><u>\$352,378,368</u></u>		<u><u>\$19,556,658</u></u>

(1) Net debt outstanding equals the amount of general obligation bonds outstanding minus the debt service fund balance available to pay non-special assessment general obligation debt.

(2) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>
2002	23,537	\$22,383	4,392	6.6%
2001	23,537	22,383	4,452	4.6
2000	23,537	16,114	4,482	4.2
1999	23,866	16,114	4,429	4.5
1998	23,866	16,114	4,344	4.5
1997	23,866	16,114	4,310	4.5
1996	23,866	16,114	4,412	5.0
1995	23,866	16,114	4,407	5.0
1994	23,866	16,114	4,397	5.8
1993	23,866	16,114	4,374	6.8

Sources: (1) " Population Estimates and Projections", published by
the Department of Commerce, Bureau of the Census.

(2) South Euclid-Lyndhurst City School District

(3) Ohio Bureau of Employment Services,
Division of Labor Force Research and Statistics.

City of South Euclid, Ohio
Property Value, Construction and Bank Deposits (1)
Last Ten Years

Year	Real Property Value			Residential	
	Agricultural/ Residential	Commercial/ Industrial	Total Value	Number of Units	Construction Value (2)
2002	\$319,731,430	\$45,613,010	\$365,344,440	1,108	\$6,861,206
2001	319,288,080	45,121,730	364,409,810	998	4,801,228
2000	319,352,660	44,755,250	364,107,910	932	5,722,513
1999	288,880,180	41,815,340	330,695,520	879	4,304,043
1998	289,000,640	40,919,520	329,920,160	538	2,769,050
1997	288,910,160	40,460,220	329,370,380	553	2,838,548
1996	269,604,910	37,750,930	307,355,840	511	2,200,696
1995	269,540,490	38,124,520	307,665,010	430	1,924,560
1994	231,366,400	36,666,050	268,032,450	538	2,587,405
1993	231,311,810	36,475,340	267,787,150	415	2,045,507

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

Sources: (1) Cuyahoga County Auditor

(2) City of South Euclid Building Department

(3) Federal Reserve Bank of Cleveland, Ohio (shown in thousands of dollars)

Commercial		Domestic Bank
Number of Units	Construction Value (2)	Deposits in County (3)
70	\$7,595,022	\$95,760,917
53	3,587,727	63,893,769
55	14,987,775	61,942,764
38	8,761,551	57,816,942
24	9,453,040	58,904,596
27	692,821	53,941,971 (a)
38	1,023,797	27,068,211
47	1,150,181	22,458,573
53	1,459,536	20,885,453
38	1,473,350	21,009,421

City of South Euclid, Ohio*Principal Property Taxpayers**December 31, 2002*

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Real Estate Assessed Valuation</u>	<u>Tangible Personal Property Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total City Assessed Valuation</u>
University Suburban Health Care	Health Center	\$5,904,400	\$0	\$5,904,400	1.52%
Cleveland Electric Illuminating	Utility	156,280	4,018,240	4,174,520	1.07
Giant Eagle	Food Store Property	2,339,580	1,701,380	4,040,960	1.04
Ohio Bell Telephone	Utility	629,060	3,162,460	3,791,520	0.97
Glastic Corporation	Manufacturing	1,212,230	1,754,530	2,966,760	0.76
Transdigm	Manufacturing	0	2,459,710	2,459,710	0.63
Greenberg Trustees	Shopping Center	1,982,040	0	1,982,040	0.51
B.W.S. Properties	Shopping Center	1,054,690	784,060	1,838,750	0.47
Walgreens	Shopping Center	765,420	770,620	1,536,040	0.39
Adelphia	Communications	<u>0</u>	<u>1,214,710</u>	<u>1,214,710</u>	0.31
<i>Total Top Ten Taxpayers</i>		<u>\$14,043,700</u>	<u>\$15,865,710</u>	<u>\$29,909,410</u>	

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Miscellaneous Statistics

December 31, 2002

Date of Incorporation:	June 1941	Education: South Euclid-Lyndhurst City	
Effective Date of Charter:	November 3, 1953	School District	
Form of Government:	Mayor/Council	Elementary Schools	6
Area:	4.57 Sq. Miles	Upper Elementary Schools	1
Miles of Streets:	61.49 Miles	Secondary Schools	2
Number of Street Lights:	2,282	Number of Teachers	
Number of Traffic Signs:	3,545	Elementary Instructors	107
Number of Traffic Lights:	47	Secondary Instructors	<u>136</u>
Miles of Sanitary Sewers:	56.46 Miles	Total Teachers	243
Miles of Storm Sewers:	56.02 Miles	Number of Teachers with	
Miles of Water Distribution:	60.56 Miles	Master's degree or Above	143
Fire Protection:		2001/02 Student Enrollment	
Number of Stations	1	Elementary Enrollment	2,192
Number of Firemen and Officers	32	Secondary Enrollment	<u>2,200</u>
Number of Paramedics	20	Total Enrollment	4,392
Hours of Training	4,131	Teacher/Student Ratio	1 to 15.2
Number of Alarms	2,882	Recreation and Culture:	
Total Fire Loss	\$850,100	Number of Parks	3
Police Protection		Number of Playgrounds	2
Number of Stations	1	Number of Swimming Pools	3
Number of Policemen and Officers	41	Number of Tennis Courts	8
Number of School Guards	17	Number of Community Centers	1
Hours of Training	2,400	Acreage of Parks	39.411
Persons Arrested	872	Public Libraries	1
Traffic Violations	4,447	Public Transportation:	
Parking Violations - Arrest	5,272	Cuyahoga Regional Transit Authority	
City Employees			
Number of Full Time Employees	59		
Number of Part Time Employees	41		
Number of Seasonal Part Time Employees	127		

Municipal Water Department: Served by the City of Cleveland



**Auditor of State
Betty Montgomery**

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

CITY OF SOUTH EUCLID

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 17, 2003**