

City of Bedford Heights, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of the City Council of the
City of Bedford Heights
5661 Perkins Road
Bedford Heights, Ohio 44146-2597

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

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

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

JIM PETRO
Auditor of State

June 24, 2002

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CITY OF BEDFORD HEIGHTS, OHIO

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

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The City of Bedford Heights



5661 PERKINS ROAD

BEDFORD HEIGHTS, OHIO 44146-2597

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MAYOR DEBORA A. MALLIN

May 2, 2002

MARK A. CEGELKA

DIRECTOR OF FINANCE/TAX ADMINISTRATOR

Honorable Citizens of Bedford Heights
and Members of City Council
Bedford Heights, Ohio

The Comprehensive Annual Financial Report of the City of Bedford Heights for the fiscal year ended December 31, 2001 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent public accountants on the general purpose financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Governmental Accounting Standards Board (GASB) Statement No. 14, which became effective in 1993, established the criteria used for defining the financial reporting entity of a governmental unit. These principles provide that the reporting entity is comprised of the primary government, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the general purpose financial statements to be misleading or incomplete. The City has included in this report all funds, account groups, departments, boards, and commissions for which the City is financially accountable. The Northern Ohio Risk Management Association is a governmental joint venture which is more fully described in Note 8 to the general purpose financial statements. The Bedford City School District and the Orange City School District have not met the criteria for inclusion in the reporting entity.

THE CITY AND FORM OF GOVERNMENT

The City of Bedford Heights, Ohio is located in the eastern portion of Cuyahoga County, approximately 14 miles southeast of downtown Cleveland. According to the most recent data from the United States Census Bureau, the City's 2001 population was 11,375.

Bedford Heights is a home rule municipal corporation operating under the laws of the State of Ohio. Bedford Heights was incorporated as a Village in 1951, and became a City in 1960. The City Charter was adopted and became effective on January 1, 1960, and can be amended only by a majority vote. In matters where the charter is silent or in conflict with the state constitution, the laws of the State of Ohio prevail.

Bedford Heights operates under and is governed by the laws of the State of Ohio and the City Charter which 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 council members elected from wards. Council members are elected for a four year term. Each member of Council has a right to vote. The Council fixes compensation of the City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriations and indebtedness, licensing of regulated businesses and trades, and other municipal purposes.

The Mayor, designated by the charter as the chief executive and administrative officer of the City, is elected to serve a four year term. The Mayor has the power to appoint, promote, discipline, transfer, reduce or remove any employee of the City. The Mayor may veto any legislation passed by Council. A veto may be overridden by a vote of five or more members of council.

Economic Condition and Outlook

The City of Bedford Heights continues to benefit from an exceptional location along the I-271, I-480, and US 422 corridors. As a result, the City continues to be highly sought after by a diverse array of distribution and manufacturing companies. The City's location was one of the primary reasons companies such as The Cleveland Coca-Cola Bottling Company, Weyerhaeuser, Majestic Steel Services, Inc. and Federal Express decided to locate here.

The City supports its business community by having contractual membership in the Cuyahoga Urban County. The Membership allows local businesses to apply for below market rate loans to purchase land, expand their buildings, or purchase equipment. Retail and commercial businesses can also borrow funds for storefront renovation.

In August 2001, the City, in order to promote business growth and provide a higher level of services to both private and commercial/industrial residents, established the Department of Economic and Community Development.

Bedford Heights has also established Enterprise Zone (EZ) and Community Reinvestment Areas (CRA) that allow commercial and industrial businesses to take advantage of tax incentives for real and personal (Enterprise Zones only) property improvements. Over the last ten years, the programs have stimulated approximately \$155 million in investment resulting in approximately 1,700 new jobs being created.

In addition to the EZ and CRA, the City recently added another economic incentive program, the Bedford Heights Job Creation Tax Credit Program. This program offers businesses looking to locate in or expand their facilities in Bedford Heights a credit against their net profit tax based on the city income tax withheld on new, full-time employees. The credit can be as high as 75% for up to ten years. Businesses must create at least twenty-five new full-time employees within three years.

As a direct result of the program, the City has attracted two new businesses: Formteck Cleveland, Inc. and McCarthy Burgess & Wolff. The businesses have added approximately eighty new employees to their payrolls and expect to add more in the future.

Bedford Heights is also planning to make a significant infrastructure improvement to the Northfield Road Corridor. The City, in conjunction with the City of Maple Heights, has secured funding from the Ohio Department of Transportation and the State Issue II Program to widen the road to five lanes, install new curbing, sidewalk, and driveway aprons. Construction will start with new waterlines being installed by the City of Cleveland in mid-2002 and will be followed by roadway widening in late 2002/early 2003.

COMMUNITY DEVELOPMENT. The City's Finance Department was responsible for the financial administration of the funds received through the Federal Community Development Block Grant Program as a sub-recipient under the Cuyahoga Urban County Entitlement. The Program was started in 1986 and since that time, the City has received CDBG funding totaling over \$2.5 million. In fiscal year 2001, the City received \$50,000 in exterior maintenance funds to rehabilitate fourteen single-family residential homes. The City has also been awarded \$30,000 in fiscal year 2002 and expects to rehabilitate eight additional homes.

As mentioned above, the City's membership in the Cuyahoga Urban County allows residents to take advantage in deferred loans and low interest loans for rehabilitation of single-family homes. Apartment owners can also rehabilitate their buildings using funds from the Urban County Entitlement.

The primary purpose of the Community Development Block Grant Program is the economic development of certain targeted industrial and commercial areas of the City. In addition to CDBG grants, the City has obtained significant grant funding under Ohio's Issue 2 Infrastructure Grant Program. In 2001, the City received a grant of \$320,000 for the Taylor-Richmond Water Main Replacement project. The total project cost is estimated to be approximately \$520,000 and will be completed by the fall of 2002.

MAJOR INITIATIVES

FOR THE YEAR. In 1995, the City had applied for and received a \$75,000 Community Oriented Policing Services (COPS) grant from the U.S. Justice Department that has been used to introduce a community policing program in our neighborhoods. An officer has been assigned to this program and a golf cart has been purchased and modified into a special police vehicle for his use in neighborhood policing programs. In 1996, the City received additional COPS funding, including a COPS FAST grant of approximately \$75,000 for the operation of our community policing golf cart for three years, a COPS MORE grant of \$60,000 for our fingerprinting machine, and a COPS UNIVERSAL HIRING grant of \$75,000 to hire an officer for three years for our community policing program. In March of 2001, the City was awarded additional funding in the amount of \$75,000 under the "COPS" initiative. This came in the form of a supplemental grant and provided funding of an additional police officer over a three year period.

In the past, over \$2 million has been applied for and received by the City for various infrastructure and improvement projects throughout our community.

The City continues to implement revenue-generating fees to offset increased operating costs. In 1994, the City implemented a fee for ambulance service. This fee is projected to generate approximately \$120,000 annually and is designated for use within a Special Revenue Fund, specifically for capital improvements (equipment) in the Police and Fire Departments.

The City has implemented a rate structure that has increased residential and commercial sewer rates by \$1.00/MCF. The new rate structure is expected to generate the following estimated increases over three years: 2001 - \$125,000; 2002 - \$150,000; 2003 - \$165,000. Additionally, the City has agreements with neighboring communities to promote the utilization of the City sewage treatment facility for new developments and growth areas that are contiguous with the City. This plan would, of course, provide a larger customer base for the City's sewerage treatment facility. Finally, the City has become active in the treatment of nonhazardous ground water on a contract basis.

FOR THE FUTURE - The City plans on spending over \$700,000 in 2002 on road resurfacing and construction projects that are planned for various streets throughout the City.

In November 1994, the City passed a 2-mill, 10-year Street Improvement Levy. This levy will generate approximately \$600,000 annually over the remaining three years. The proceeds of the levy are dedicated to street improvements. This new funding will allow the City to re-allocate existing capital project funds traditionally used for street improvements to other purposes.

The City's Charter allows for millage to be set at 13 mills per tax collection year. For the 2000 and 2001 tax collection years, the millage was levied at 12 mills. In the 2002 tax collection year, the City will forgo levying 1.0 mills of authorized millage. This millage, however, is available on an as-needed basis in future years. If levied, this millage would generate an additional \$300,000 for current operating expenses based upon the assessed valuation for the 2002 tax collection year.

FINANCIAL INFORMATION

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 statements and maintaining accountability for 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.

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. The Mayor, with the assistance of the Finance Director, 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 fiscal year by the first council meeting in July (unless an extension is approved). The City applies for an extension and usually passes the tax budget in September. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 30 of each year. The Finance Director, based on the tax budget, submits to Council an appropriation ordinance for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper, within ninety days of the beginning of the fiscal year covered by such ordinances.

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, travel and education, 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 Finance Director for approval and 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 appropriations are not approved or recorded until the 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.

During the year, the accounting records are maintained on a cash basis for all fund types. To prepare this report, adjusting entries are prepared for the various funds to convert the cash basis records to modified accrual for all governmental and fiduciary fund types and accrual for the proprietary fund types. The modified accrual basis of accounting requires that revenues be recognized when both measurable and available. Expenditures are recorded as liabilities when incurred, except for principal and interest on general and special assessment long-term debt which are recognized when due. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the General Purpose Financial Statements located in the Financial Section of this report.

GENERAL GOVERNMENT FUNCTIONS. The General Fund encompasses the general governmental functions of the City and all other functions not accounted for in other funds. General Fund revenues and other sources, increases and decreases, and percentage of total in relation to the prior year, on a GAAP basis, are summarized below:

<u>Revenues</u>	<u>2001</u>	<u>2000</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent of Total</u>	<u>Percent of Increase (Decrease)</u>
Property Taxes	\$ 1,400,768	\$ 778,871	\$ 621,897	11.5%	79.8%
Municipal Income Taxes	8,721,195	8,877,355	(156,160)	71.7	(1.8)
Other Local Taxes	57,644	63,840	(6,196)	0.5	(9.7)
Intergovernmental	826,172	763,513	62,659	6.8	8.2
Charges for Services	200,683	180,479	20,204	1.6	11.2
Licenses and Permits	152,817	175,381	(22,564)	1.3	(12.9)
Fines and Forfeitures	166,554	178,609	(12,055)	1.4	(6.7)
Miscellaneous Income	388,568	322,381	66,187	3.2	20.5
Other Sources:					
Proceeds from Sale of					
Fixed Assets	15,177	-	15,177	0.1	100.0
Operating Transfers - In	<u>229,627</u>	<u>678,223</u>	<u>(448,596)</u>	<u>1.9</u>	<u>(66.1)</u>
Total	\$ <u>12,159,205</u>	\$ <u>12,018,652</u>	\$ <u>140,553</u>	<u>100.0%</u>	

General Fund expenditures and other uses, the increases and decreases, and percentage of total in relation to the prior year, on a GAAP basis, are summarized below:

<u>Expenditures</u>	<u>2001</u>	<u>2000</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent of Total</u>	<u>Percent of Increase (Decrease)</u>
Current Operations and Maintenance:					
Security of Persons and					
Property	\$ 3,354,763	\$ 3,013,292	\$ 341,471	25.6%	11.3
Public Health and Welfare	368,465	291,131	77,334	2.8	26.6
Leisure Time Activities	1,168,392	1,063,994	104,398	8.9	9.8
Community Development	433,487	406,642	26,845	3.3	6.6
Basic Utility Services	628,466	602,356	26,110	4.8	4.3
Transportation	13,464	17,904	(4,440)	0.1	(24.8)
General Government	3,814,298	3,503,707	310,591	29.1	8.9
Capital Outlay	212,532	225,840	(13,308)	1.6	(5.9)
Other Uses:					
Operating Transfers - Out	<u>3,119,838</u>	<u>2,768,981</u>	<u>350,857</u>	<u>23.8</u>	<u>12.6</u>
Total Expenditures and					
Other Uses	\$ <u>13,113,705</u>	\$ <u>11,893,847</u>	\$ <u>1,219,858</u>	<u>100.0%</u>	

SPECIAL REVENUE FUNDS. The Special Revenue Funds are used to account for certain revenue sources which are restricted by law or any other formal action to expenditures for specific purposes. All Special Revenue Funds include State Highway Improvement, Street Maintenance and Repair, Community Development Block Grant, Safety Department Equipment, Police Pension, Fire Pension, Fire Levy, Law Enforcement Trust, D.U.I. Enforcement and Education, Ambulance Billing, Litter Control Grant Fund, COPS, Mayor's Court Computer, and Local Law Enforcement Grant Funds.

The Police Pension, Fire Pension, Fire Levy, and COPS Funds have fund equity deficits of \$95,759, \$76,695, \$75,423, and \$323, respectively. These deficits are caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

CAPITAL PROJECTS FUNDS. The Capital Projects Funds account for all major capital improvement projects of the City, including the construction of additional sewer lines and plant facilities. The primary sources for financing the City's capital improvement program are General Obligation Bond Anticipation note proceeds, interest earned on the proceeds, and municipal income taxes. The City continually evaluates capital improvement needs and is addressing these needs in a five-year program defined by the Administration.

The Capital Improvement Fund had a deficit of \$581,236, caused by the application of generally accepted accounting principles to the Fund. Bond anticipation note proceeds used to finance the projects are not recognized as "Other Financing Sources," but rather as a fund liability. The deficit in this fund will be eliminated when the project is near completion and the note is bonded and/or resources are provided for the retirement of the note.

ENTERPRISE FUNDS. The Sewer Enterprise Fund accounts for the operations of the City's sewer collection system and treatment plant. Sewer services are provided by the City to the residents of the City of Bedford Heights and to certain residents of the City of Bedford, Oakwood Village and the Village of Glenwillow. Small commercial areas in both the City of Warrensville Heights and the City of Solon are also provided with sewer services. Billings and collections for residents and companies served by the City are handled by the City of Cleveland under a contractual agreement and remitted to Bedford Heights monthly.

Operating resources are provided by user charges. User charges are reviewed and set by the Director of Public Works and the Finance Director and then reviewed and approved by Council on an annual basis. Council approved a rate increase for 2001 and 2002, at a one dollar per M.C.F. increase per year which will generate additional revenue for this fund. Construction and acquisition of capital assets utilized in the collection system and treatment facility are financed by general obligation bond proceeds accounted for in the capital projects funds. When these assets are substantially complete or placed in service, the cost is capitalized and recorded as contributed capital in the Sewer Enterprise Fund.

The Sewer Enterprise Fund has a deficit retained earnings at December 31, 2001, of \$11,836,438 as a result of accumulated operating losses due primarily to the application of accrual accounting and the recognition of depreciation. Total fund equity remains positive as contributed capital totals \$21,642,814.

INTERNAL SERVICE FUNDS. The Corrections Facility Fund accounts for the proceeds received from housing prisoners of other governmental districts in neighboring cities. During 1997, fixed assets that had previously been reported as General Fixed Assets were transferred from the General Fixed Asset account group to the Corrections Facility Fund. The fixed assets transferred had an original cost of \$3,850,134.

The Corrections Facility Fund has a deficit retained earnings at December 31, 2001 of \$1,553,167 as a result of accumulated operating losses due primarily to the application of accrual accounting and the recognition of depreciation. Total fund equity remains positive as contributed capital totals \$3,797,853.

DEBT ADMINISTRATION. The Debt Service Funds accumulate resources for the payment of principal and interest on long-term general obligations of the City and special assessments obligations with governmental commitment. The sources of revenue for the Debt Service Funds include property taxes, municipal income tax, and special assessments. The City maintains an A2 rating from Moody's Investors Service on general obligation bond issues. Under state statutes, the City's debt limitation is 10.5 percent of the total assessed property valuation. As of December 31, 2001, the City's net general obligation debt of \$8,183,803 was well below the legal limit of \$31,616,978, and net general obligation debt per capita equaled \$719.45.

The City's outstanding note liability at December 31, 2001 was \$1,750,000. During the year, the City issued \$1,750,000 in Bond Anticipation Notes for the purpose of acquiring real estate for municipal purposes, renovating the heating and ventilation system, and roof replacement of municipal buildings and the wastewater treatment plant. General obligation bonds are retired with property tax revenues while special assessment bonds are retired from the assessments applied against specific benefitted property owners. Interest rates on the bonds currently outstanding vary from 4.579% to 11.25%.

CASH MANAGEMENT. Cash management is a vital component of the City's overall financial strategy. An aggressive cash management program is maintained by the Finance Director. Major considerations include cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in short-term certificates of deposit or other securities authorized by state statutes and an Investment Policy. Interest earnings are allocated to the Capital Improvement Fund based on the requirements of the Ohio Constitution and state statutes. Investment earnings for 2001 totaled \$237,735 in the governmental funds. All investments are covered by pooled collateral with a face value equal to at least the market value of deposits.

RISK MANAGEMENT. In October 1987, the City entered into a self-insurance pool with nine other cities to formalize a risk management program for general liability, property, and vehicle insurance. As part of the comprehensive plan, resources are being accumulated in the Northern Ohio Risk Management Agency (NORMA) 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.

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT. For the twelfth time, the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2000. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENT. This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Also, we would like to express special appreciation to the independent accounting firm of Ciuni & Panichi, Inc. which contributed significantly to the preparation of this report. In addition we would like to thank the Mayor and Members of Council for their support which has allowed the upgrading of the Financial and Accounting Information System to the status that the residents of the City of Bedford Heights deserve.

Respectfully submitted,

A handwritten signature in black ink, reading "Mark A. Cegelka". The signature is written in a cursive style with a large, sweeping "M" and "C".

Mark A. Cegelka
Finance Director

CERTIFICATE

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Bedford Heights,
Ohio

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

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



Imelda Chew
President

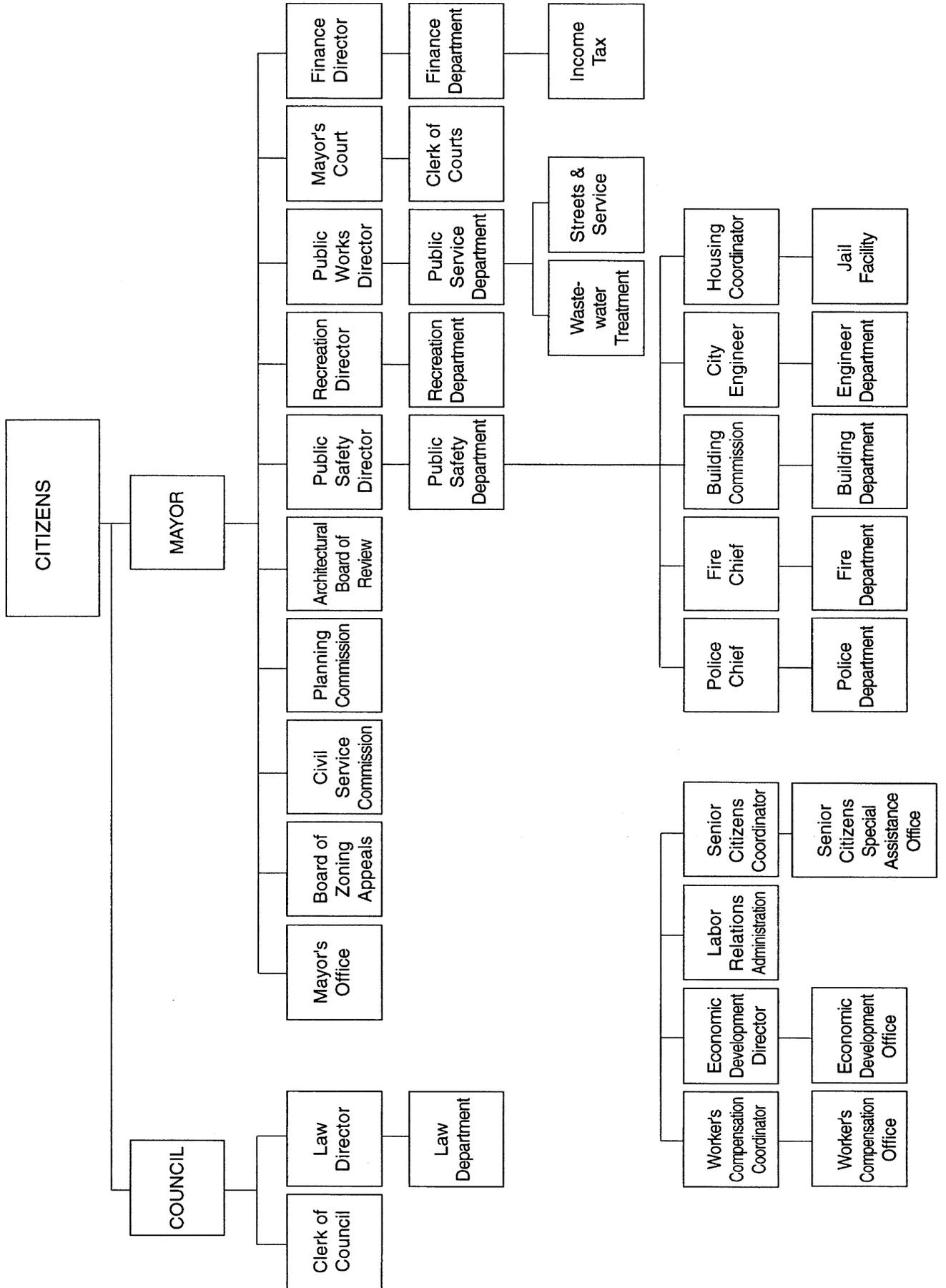
Jeffrey L. Esser
Executive Director

CITY OF BEDFORD HEIGHTS, OHIO

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2001

<u>TITLE</u>	<u>NAME</u>
Mayor/Director of Public Safety	Debora Mallin
Council Member – President-At-Large	Wendolyn Grant
Council Member – At-Large (until 7/17/01)	Kenneth Russell
Council Member – At-Large (8/22/01 – 12/31/01)	Jeffrey Riggs
Council Member – At-Large	Philip D. Saunders
Council Member – Ward 1	Barbara MacKenzie
Council Member – Ward 2	Harvey Brown
Council Member – Ward 3	Pat Santangelo
Council Member – Ward 4	James R. Cody
Clerk of Council	Patricia Stahl
Director of Law	Charles E. Merchant
Director of Finance/Tax Administrator	Mark A. Cegelka
Director of Public Works	Sam F. Scaffide
Assistant Director of Public Works	Dave Pocaro
Acting Police Chief	Timothy Kalavsky
Acting Fire Chief	Ken Ledford
Director of Recreation	Lisa Gagliano
City Engineer	Joseph Ciuni
City Architect	Norman Casini
Building Commissioner	John R. Marrelli, Jr.
Director of Economic Development and Planning	Eric Bowles
Clerk of Courts	Nancy Catalano
Corrections Administrator	Lt. William Schultz



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INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Bedford Heights, Ohio

We have audited the accompanying general-purpose financial statements of the City of Bedford Heights, Ohio, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bedford Heights, Ohio, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* as of December 31, 2001. This results in a change to the City's method of accounting for certain nonexchange revenues.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2002 on our consideration of the City of Bedford Heights, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Cleveland, Ohio
May 2, 2002

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF BEDFORD HEIGHTS, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2001

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,196,047	\$ 553,332	\$ 91,699	\$ 1,026,103
Receivables:				
Taxes	4,121,616	1,014,166	478,909	626,203
Accounts, Net of Allowance for				
Doubtful Accounts	9,001	3,531	-	44,462
Intergovernmental	137,871	183,087	-	-
Interfund Receivable	12,962	431	-	-
Special Assessments	-	-	305,789	-
Supplies and Materials Inventory	39,369	70,716	-	-
Prepaid Assets	50,511	-	-	-
Fixed Assets, Net of Accumulated				
Depreciation	-	-	-	-
<u>Other Debits</u>				
Amount Available in Debt				
Service Funds	-	-	-	-
Amount to be Provided for				
Retirement of General Long-				
Term Obligations	-	-	-	-
Amount to be Provided for				
Special Assessments	-	-	-	-
Total Assets and Other Debits	\$ <u>6,567,377</u>	\$ <u>1,825,263</u>	\$ <u>876,397</u>	\$ <u>1,696,768</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-term Obligations	
\$ 807,609	\$ 312,777	\$ 18,122	\$ -	\$ -	\$ 5,005,689
-	-	-	-	-	6,240,894
340,469	389,135	-	-	-	786,598
-	-	-	-	-	320,958
-	400	-	-	-	13,793
-	-	-	-	-	305,789
55,707	-	-	-	-	165,792
-	-	-	-	-	50,511
10,658,429	3,283,695	-	20,220,095	-	34,162,219
-	-	-	-	81,197	81,197
-	-	-	-	5,106,846	5,106,846
-	-	-	-	62,000	62,000
<u>\$ 11,862,214</u>	<u>\$ 3,986,007</u>	<u>\$ 18,122</u>	<u>\$ 20,220,095</u>	<u>\$ 5,250,043</u>	<u>\$ 52,302,286</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED) DECEMBER 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, FUND EQUITY, AND OTHER CREDITS				
<u>Liabilities</u>				
Accounts Payable	\$ 428,760	\$ 94,860	\$ -	\$ 168,984
Accrued Wages and Benefits	108,199	45,434	-	-
Accrued Compensated Absences	244,546	131,729	-	-
Due to Other Governments	23,533	9,036	-	-
Interfund Payable	-	-	-	-
Deferred Revenue	2,770,164	1,128,487	784,700	563,425
Accrued Pension	156,952	220,201	-	-
Accrued Interest Payable	-	-	10,500	32,100
Notes Payable	-	-	-	1,420,000
Capital Leases Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Special Assessment Bonds Payable with Governmental Commitment	-	-	-	-
Total Liabilities	<u>3,732,154</u>	<u>1,629,747</u>	<u>795,200</u>	<u>2,184,509</u>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings (Deficit)	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	61,796	23,991	-	585,309
Reserved for Inventory	39,369	70,716	-	-
Reserve for Prepaids	50,511	-	-	-
Unreserved:				
Undesignated (Deficit)	<u>2,683,547</u>	<u>100,809</u>	<u>81,197</u>	<u>(1,073,050)</u>
Total Fund Equity and Other Credits	<u>2,835,223</u>	<u>195,516</u>	<u>81,197</u>	<u>(487,741)</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 6,567,377</u>	<u>\$ 1,825,263</u>	<u>\$ 876,397</u>	<u>\$ 1,696,768</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-term Obligations	
\$ 30,547	\$ 17,400	\$ -	\$ -	\$ -	\$ 740,551
20,477	23,746	-	-	-	197,856
138,001	39,384	-	-	693,016	1,246,676
3,886	4,128	4,326	-	-	44,909
-	-	13,796	-	-	13,796
-	-	-	-	-	5,246,776
47,788	38,183	-	-	46,737	509,861
15,985	8,480	-	-	-	67,065
330,000	-	-	-	-	1,750,000
109,154	-	-	-	903,290	1,012,444
1,360,000	1,610,000	-	-	3,545,000	6,515,000
-	-	-	-	62,000	62,000
<u>2,055,838</u>	<u>1,741,321</u>	<u>18,122</u>	<u>-</u>	<u>5,250,043</u>	<u>17,406,934</u>
-	-	-	20,220,095	-	20,220,095
21,642,814	3,797,853	-	-	-	25,440,667
(11,836,438)	(1,553,167)	-	-	-	(13,389,605)
-	-	-	-	-	671,096
-	-	-	-	-	110,085
-	-	-	-	-	50,511
-	-	-	-	-	1,792,503
<u>9,806,376</u>	<u>2,244,686</u>	<u>-</u>	<u>20,220,095</u>	<u>-</u>	<u>34,895,352</u>
\$ <u>11,862,214</u>	\$ <u>3,986,007</u>	\$ <u>18,122</u>	\$ <u>20,220,095</u>	\$ <u>5,250,043</u>	\$ <u>52,302,286</u>

CITY OF BEDFORD HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENT FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
Property Taxes	\$ 1,400,768	\$ 1,072,928
Municipal Income Tax	8,721,195	-
Other Local Taxes	57,644	-
Intergovernmental	826,172	669,512
Charges for Services	200,683	-
Licenses and Permits	152,817	130,730
Fines and Forfeitures	166,554	7,465
Special Assessments	-	-
Investment Income	-	7,071
Miscellaneous Income	388,568	104,500
Total Revenues	<u>11,914,401</u>	<u>1,992,206</u>
<u>Expenditures</u>		
Current Operations and Maintenance:		
Security of Persons and Property	3,354,763	2,938,070
Public Health and Welfare	368,465	-
Leisure Time Activities	1,168,392	-
Community Development	433,487	47,392
Basic Utility Services	628,466	3,666
Transportation	13,464	925,141
General Government	3,814,298	-
Capital Outlay	212,532	84,295
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>9,993,867</u>	<u>3,998,564</u>
Excess of Revenues Over (Under) Expenditures	<u>1,920,534</u>	<u>(2,006,358)</u>

See Accompanying Notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
\$ 85,661	\$ 1,017,071	\$ 3,576,428
-	-	8,721,195
-	-	57,644
-	67,288	1,562,972
-	-	200,683
-	133,429	416,976
-	-	174,019
96,371	-	96,371
9,321	221,344	237,736
-	-	493,068
<u>191,353</u>	<u>1,439,132</u>	<u>15,537,092</u>
-	-	6,292,833
-	-	368,465
-	97,989	1,266,381
-	-	480,879
-	-	632,132
-	120,859	1,059,464
-	144,730	3,959,028
-	1,445,007	1,741,834
403,000	-	403,000
<u>234,015</u>	<u>40,920</u>	<u>274,935</u>
<u>637,015</u>	<u>1,849,505</u>	<u>16,478,951</u>
<u>(445,662)</u>	<u>(410,373)</u>	<u>(941,859)</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENT FUND TYPES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>General</u>	<u>Special Revenue</u>
<u>Other Financing Sources (Uses)</u>		
Inception of Capital Lease	-	57,133
Proceeds from Sale of Fixed Assets	15,177	15,454
Operating Transfers - In	229,627	2,231,782
Operating Transfers - Out	<u>(3,119,838)</u>	<u>(81,698)</u>
Total Other Financing Sources (Uses)	<u>(2,875,034)</u>	<u>2,222,671</u>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (954,500)	 216,313
 Fund Balance (Deficit) at Beginning of Year, Restated	 3,718,904	 (50,373)
 Increase in Reserve for Inventory and Prepaids	 <u>70,819</u>	 <u>29,576</u>
 Fund Balance (Deficit) at End of Year	 \$ <u>2,835,223</u>	 \$ <u>195,516</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
-	-	57,133
-	-	30,631
491,292	785,409	3,738,110
<u>(1,629)</u>	<u>(534,945)</u>	<u>(3,738,110)</u>
<u>489,663</u>	<u>250,464</u>	<u>87,764</u>
44,001	(159,909)	(854,095)
37,196	(327,832)	3,377,895
<u>-</u>	<u>-</u>	<u>100,395</u>
\$ <u>81,197</u>	\$ <u>(487,741)</u>	\$ <u>2,624,195</u>

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 1,375,000	\$ 1,368,134	\$ (6,866)
Municipal Income Taxes	9,309,690	9,066,175	(243,515)
Other Local Taxes	57,265	57,644	379
Intergovernmental	784,137	789,328	5,191
Charges for Services	199,363	200,683	1,320
Licenses and Permits	151,812	152,817	1,005
Fines and Forfeitures	164,578	165,668	1,090
Miscellaneous Income	<u>409,918</u>	<u>413,056</u>	<u>3,138</u>
Total Revenues	<u>12,451,763</u>	<u>12,213,505</u>	<u>(238,258)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property	3,351,312	3,322,237	29,075
Public Health and Welfare	373,811	356,969	16,842
Leisure Time Activities	1,190,395	1,151,877	38,518
Community Development	447,205	436,826	10,379
Basic Utility Services	662,350	648,358	13,992
Transportation	14,450	13,592	858
General Government	3,942,145	3,832,788	109,357
Capital Outlay	<u>220,300</u>	<u>215,036</u>	<u>5,264</u>
Total Expenditures	<u>10,201,968</u>	<u>9,977,683</u>	<u>224,285</u>
Excess of Revenues Over (Under Expenditures)	<u>2,249,795</u>	<u>2,235,822</u>	<u>(13,973)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	15,500	15,177	(323)
Operating Transfers - In	122,577	229,627	107,050
Operating Transfers - Out	<u>(3,093,295)</u>	<u>(3,087,205)</u>	<u>6,090</u>
Total Other Financing Sources (Uses)	<u>(2,955,218)</u>	<u>(2,842,401)</u>	<u>112,817</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(705,423)	(606,579)	98,844
Fund Balance at Beginning of Year	2,736,430	2,736,430	-
Encumbrances at End of Year	<u>66,196</u>	<u>66,196</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>2,097,203</u>	\$ <u>2,196,047</u>	\$ <u>98,844</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 1,048,400	\$ 1,068,409	\$ 20,009
Intergovernmental	729,000	637,439	(91,561)
Licenses and Permits	130,000	127,199	(2,801)
Fines and Forfeitures	10,000	7,414	(2,586)
Investment Income	13,000	7,071	(5,929)
Miscellaneous Income	109,230	104,500	(4,730)
Total Revenues	2,039,630	1,952,032	(87,598)
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property	3,193,980	3,164,598	29,382
Community Development	52,600	47,392	5,208
Transportation	943,240	876,009	67,231
Basic Utilities	4,000	3,666	334
Capital Outlay	113,700	97,584	16,116
Total Expenditures	4,307,520	4,189,249	118,271
Excess of Revenues Over (Under) Expenditures	(2,267,890)	(2,237,217)	30,673
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	15,550	15,454	(96)
Operating Transfers - In	2,275,670	2,231,782	(43,888)
Operating Transfers - Out	(77,342)	(77,179)	163
Total Other Financing Sources (Uses)	2,213,878	2,170,057	(43,821)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,012)	(67,160)	(13,148)
Fund Balance at Beginning of Year	572,625	572,625	-
Encumbrances at End of Year	47,867	47,867	-
Fund Balance at End of Year	\$ 566,480	\$ 553,332	\$ (13,148)

Continued

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Property Taxes	\$ 495,079	\$ 505,032	\$ 9,953
Special Assessments	146,296	137,663	(8,633)
Investment Income	9,905	9,321	(584)
Total Revenues	<u>651,280</u>	<u>652,016</u>	<u>736</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	803,000	803,000	-
Interest and Fiscal Charges	<u>245,100</u>	<u>244,515</u>	<u>585</u>
Total Expenditures	<u>1,048,100</u>	<u>1,047,515</u>	<u>585</u>
Excess of Revenues Over (Under) Expenditures	<u>(396,820)</u>	<u>(395,499)</u>	<u>1,321</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	371,949	350,000	(21,949)
Operating Transfers - In	<u>106,271</u>	<u>100,000</u>	<u>(6,271)</u>
Total Other Financing Sources (Uses)	<u>478,220</u>	<u>450,000</u>	<u>(28,220)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	81,400	54,501	(26,899)
Fund Balance at Beginning of Year	<u>37,198</u>	<u>37,198</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>118,598</u>	\$ <u>91,699</u>	\$ <u>(26,899)</u>

Continued

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 582,446	\$ 593,562	\$ 11,116
Intergovernmental	68,642	67,288	(1,354)
Licenses and Permits	93,000	89,434	(3,566)
Investment Income	278,054	230,540	(47,514)
Total Revenues	1,022,142	980,824	(41,318)
<u>Expenditures</u>			
Current Operations and Maintenance:			
Leisure Time Activities	102,000	97,989	4,011
Transportation	190,340	189,864	476
General Government	70,000	68,277	1,723
Capital Outlay	2,209,000	2,153,941	55,059
Total Expenditures	2,571,340	2,510,071	61,269
Excess of Revenues Over (Under) Expenditures	(1,549,198)	(1,529,247)	19,951
<u>Other Financing Sources (Uses)</u>			
Proceeds from the Sale of Debt	1,090,000	1,070,000	(20,000)
Operating Transfers - In	802,948	785,409	(17,539)
Operating Transfers - Out	(185,606)	(182,434)	3,172
Total Other Financing Sources (Uses)	1,707,342	1,672,975	(34,367)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	158,144	143,728	(14,416)
Fund Balance at Beginning of Year	234,403	234,403	-
Encumbrances at End of Year	647,972	647,972	-
Fund Balance at End of Year	\$ 1,040,519	\$ 1,026,103	\$ (14,416)

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
<u>Operating Revenues</u>			
Charges for Services	\$ 2,026,271	\$ 1,838,961	\$ 3,865,232
Licenses and Permits	60,900	-	60,900
Fines and Forfeitures	-	2,594	2,594
Reimbursements	7,873	135,973	143,846
Total Operating Revenues	<u>2,095,044</u>	<u>1,977,528</u>	<u>4,072,572</u>
<u>Operating Expenses</u>			
Personal Services	1,171,863	1,199,429	2,371,292
Travel and Education	9,212	4,109	13,321
Contractual Services	824,763	164,991	989,754
Supplies and Materials	83,838	221,590	305,428
Depreciation	584,872	105,034	689,906
Reimbursements	-	14,210	14,210
Total Operating Expenses	<u>2,674,548</u>	<u>1,709,363</u>	<u>4,383,911</u>
Operating Income (Loss)	<u>(579,504)</u>	<u>268,165</u>	<u>(311,339)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Proceeds from Sale of Fixed Assets	3,236	-	3,236
Interest and Fiscal Charges	<u>(89,735)</u>	<u>(105,833)</u>	<u>(195,568)</u>
Total Non-Operating Revenues (Expenses)	<u>(86,499)</u>	<u>(105,833)</u>	<u>(192,332)</u>
Net Income (Loss)	(666,003)	162,332	(503,671)
Retained Earnings (Deficit) at Beginning of Year	<u>(11,170,435)</u>	<u>(1,715,499)</u>	<u>(12,885,934)</u>
Retained Earnings (Deficit) at End of Year	(11,836,438)	(1,553,167)	(13,389,605)
Contributed Capital at End of Year	<u>21,642,814</u>	<u>3,797,853</u>	<u>25,440,667</u>
Total Fund Equity at End of Year	\$ <u>9,806,376</u>	\$ <u>2,244,686</u>	\$ <u>12,051,062</u>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 2,229,000	\$ 2,018,353	\$ (210,647)
Licenses and Permits	85,000	60,900	(24,100)
Miscellaneous Income	11,050	7,873	(3,177)
Total Revenues	2,325,050	2,087,126	(237,924)
<u>Expenses</u>			
Personal Services	1,216,085	1,142,040	74,045
Travel and Education	11,000	9,212	1,788
Contractual Services	1,080,925	972,526	108,399
Supplies and Materials	160,600	159,862	738
Debt Service:			
Principal	160,000	160,000	-
Interest and Fiscal Charges	80,455	80,455	-
Total Expenses	2,709,065	2,524,095	184,970
Excess of Revenues Over (Under) Expenses	(384,015)	(436,969)	(52,954)
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	330,000	330,000	-
Proceeds from Sale of Fixed Assets	12,000	11,355	(645)
Total Other Financing Sources (Uses)	342,000	341,355	(645)
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(42,015)	(95,614)	(53,599)
Fund Balance at Beginning of Year	825,752	825,752	-
Encumbrances at End of Year	77,471	77,471	-
Fund Balance at End of Year	\$ 861,208	\$ 807,609	\$ (53,599)

Continued

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	Internal Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Charges for Services	\$ 1,979,200	\$ 1,754,060	\$ (225,140)
Fines and Forfeitures	3,000	2,194	(806)
Reimbursements	150,500	135,973	(14,527)
Total Revenues	<u>2,132,700</u>	<u>1,892,227</u>	<u>(240,473)</u>
<u>Expenses</u>			
Current Operations and Maintenance:			
Public Health and Welfare			
Support of Prisoners			
Personal Services	1,206,000	1,170,346	35,654
Travel and Education	6,500	4,109	2,391
Contractual Services	209,700	183,592	26,108
Supplies and Materials	232,500	224,261	8,239
Reimbursements	15,400	14,230	1,170
Debt Service:			
Principal Retirement	80,000	80,000	-
Interest and Fiscal Charges	106,500	106,203	297
Total Expenses	<u>1,856,600</u>	<u>1,782,741</u>	<u>73,809</u>
Excess of Revenues Over (Under) Expenses	276,100	109,486	(166,614)
Fund Balance at Beginning of Year	182,132	182,132	-
Encumbrances at End of Year	<u>21,159</u>	<u>21,159</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>479,391</u>	\$ <u>312,777</u>	\$ <u>(166,614)</u>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,079,253	\$ 1,756,254	\$ 3,835,507
Cash Payments for Personal Services	(1,141,340)	(1,170,246)	(2,311,586)
Cash Payments for Travel and Education	(9,212)	(4,109)	(13,321)
Cash Payments for Contractual Services	(846,820)	(194,129)	(1,040,949)
Cash Payments to Vendors for Supplies and Materials	(126,196)	(205,472)	(331,668)
Cash Payments for Reimbursements	-	(1,423)	(1,423)
Cash Received for Reimbursements	7,873	135,973	143,846
Net Cash Provided by (Used in) Operating Activities	<u>(36,442)</u>	<u>316,848</u>	<u>280,406</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(64,413)	-	(64,413)
Proceeds from Sale of Fixed Assets	11,355	-	11,355
Inception of Capital Lease	31,540	-	31,540
Proceeds from Sale of Notes	330,000	-	330,000
Principal Paid on Capital Leases	(49,728)	-	(49,728)
Principal Paid on Bonds	(160,000)	(80,000)	(240,000)
Interest and Fiscal Charges	(80,455)	(106,203)	(186,658)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>18,299</u>	<u>(186,203)</u>	<u>(167,904)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(18,143)	130,645	112,502
Cash and Cash Equivalents at Beginning of Year	<u>825,752</u>	<u>182,132</u>	<u>1,007,884</u>
Cash and Cash Equivalents at End of Year	\$ <u>807,609</u>	\$ <u>312,777</u>	\$ <u>1,120,386</u>

Continued

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating Income (Loss)	\$ (579,504)	\$ 268,165	\$ (311,339)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation	584,872	105,034	689,906
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(7,918)	(84,901)	(92,819)
Decrease (Increase) in Interfund Receivable	-	(400)	(400)
Decrease (Increase) in Supplies and Materials Inventory	(42,358)	6,707	(35,651)
Increase (Decrease) in Accounts Payable	(17,658)	(2,743)	(20,401)
Increase (Decrease) in Due to Other Governments	(8,136)	(7,323)	(15,459)
Increase (Decrease) in Accrued Wages and Benefits	2,696	5,750	8,446
Increase (Decrease) in Accrued Compensated Absences	12,979	12,536	25,515
Increase (Decrease) in Accrued Pension	<u>18,585</u>	<u>14,023</u>	<u>32,608</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>(36,442)</u>	\$ <u>316,848</u>	\$ <u>280,406</u>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 – THE REPORTING ENTITY

The City of Bedford Heights 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 January 1, 1960.

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 Bedford Heights this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection 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 Mayor's Court (the Court), which provides judicial services, is responsible for the levying and collecting of fines and forfeitures under state and local laws, and their subsequent distribution to various government agencies. The City budgets and appropriates funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court, along with its share of the Court's administrative and operating costs, are recorded in the City's General Fund. Due to this relationship, the Court is not considered a component unit of the City but rather as part of the primary government unit itself. Monies held by the Court in a fiduciary capacity are recorded as an agency fund in the accompanying financial statements.

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

Jointly Governed Organizations

Northeast Ohio Public Energy Council – The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 92 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 1 – THE REPORTING ENTITY (CONTINUED)

Jointly Governed Organizations (continued)

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 Bedford Heights did not contribute to NOPEC during 2001. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUNDS

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

GENERAL FUND

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and the payment of, general long term and special assessment debt principal and interest.

CAPITAL PROJECTS FUNDS

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

PROPRIETARY FUNDS

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

ENTERPRISE FUND

The enterprise fund is used to account for the City's sewer operations. It is financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

INTERNAL SERVICE FUND

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

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City has no trust funds.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

ACCOUNT GROUPS

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

GENERAL FIXED ASSETS ACCOUNT GROUP

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

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessment installments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 2001 and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue.

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

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

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

C. BUDGETARY PROCESS

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

TAX BUDGET

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

ESTIMATED RESOURCES

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

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments are made during the year as money from a new revenue source is received or actual receipts exceed current estimates. The amounts set forth in the financial statements represent the final amended certificate issued for 2001 which reflects such revisions.

ANNUAL ESTIMATE

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

APPROPRIATIONS

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the Official Amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations. During the year, several supplemental appropriations were necessary.

BUDGETED LEVEL OF EXPENDITURE

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

ENCUMBRANCES

On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds, since they do not constitute expenditures or liabilities.

LAPSING OF APPROPRIATIONS

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

D. CASH AND CASH EQUIVALENTS

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

During fiscal year 2001, the City invested in STAROhio, certificates of deposit, obligations of other United States governmental agencies, commercial paper, and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

Following Ohio statutes, City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Individual investments are specifically identified as to which fund or funds the investment relates, and which funds are to be credited with the related interest earnings.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. INVENTORY

Inventory is valued at cost on a first-in, first-out basis. The costs of governmental fund type inventories are recorded as expenditures in the fund when purchased. The reserve for inventory indicates that a portion of the fund balances is not available for future expenditures. For proprietary funds, inventory is expended when consumed.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which it was consumed. At December 31, 2001 the amount of prepaid items is not considered material.

G. FIXED ASSETS

All fixed asset values are valued at historical cost or estimated historical cost if historical cost is not available. Donated fixed assets are capitalized at fair market value on the date donated.

GENERAL FIXED ASSETS

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

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

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. FIXED ASSETS (CONTINUED)

PROPRIETARY FUND FIXED ASSETS

Fixed assets associated with Sewer Enterprise Fund and the Corrections Facility Internal Service Fund activities are accounted for in those funds. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. The assets of the funds are depreciated on the following basis:

Buildings	7 – 40 Years
Machinery and Equipment	6 – 40 Years
Vehicles	5 Years
Sewer Lines	50 Years

CAPITALIZATION OF INTEREST

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

H. INTERGOVERNMENTAL REVENUES

In governmental funds, federal and state grants awarded on a non-reimbursement basis and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Federal reimbursable-type grants are recorded as intergovernmental receivables and revenues.

I. INTERFUND ASSETS AND LIABILITIES

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. COMPENSATED ABSENCES

For governmental funds, the current portion of unpaid compensated absences is the amount to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. At December 31, 2001, this amount was \$376,275, which consisted of \$351,285 and \$24,990 for accrued vacation and sick leave, respectively. The balance of the liability is reported in the General Long-Term Obligations Account Group. At December 31, 2001, this amount was \$693,016, which consisted of \$581,371 and \$111,645 for accumulated sick leave and accumulated compensatory time, respectively. The full amount of accrued vacation is classified as current, as it must be taken within the next calendar year and thus will be paid using available expendable resources.

In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability. The liability for compensated absences in the proprietary funds at December 31, 2001 was \$177,385, which consists of \$84,602 and \$92,783 for accrued vacation and sick leave, respectively.

K. LONG-TERM OBLIGATIONS

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

L. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

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

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. FUND EQUITY

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

N. ESTIMATES

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

O. CONTRIBUTED CAPITAL

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

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

P. MEMORANDUM ONLY-TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Statements Overview are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

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

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

	<u>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (940,701)	\$ 216,313	\$ 44,001	\$ (173,708)
<u>Increase (Decrease) Due to:</u>				
Revenue Accruals	285,305	(97,307)	419,371	625,491
Expenditure Accruals	115,013	(138,299)	(408,871)	339,917
Encumbrances	<u>(66,196)</u>	<u>(47,867)</u>	<u>-</u>	<u>(647,972)</u>
Budget Basis	\$ <u>(606,579)</u>	\$ <u>(67,160)</u>	\$ <u>54,501</u>	\$ <u>143,728</u>

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

	<u>Excess Revenues Over (Under) Expenses, Advances and Transfers/Net Income (Loss)</u>	
	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Net Income (Loss)	\$ (666,003)	\$ 162,332
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals	330,201	(85,301)
Expense Accruals	(267,213)	(51,420)
Depreciation Expense	584,872	105,034
Encumbrances	<u>(77,471)</u>	<u>(21,159)</u>
Budget Basis	\$ <u>(95,614)</u>	\$ <u>109,486</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

The City's Charter specifies that investments of the City will adhere to state statutes. Under these statutes, the Finance Director is responsible for selecting depositories and investing funds. The City, by statute, is to limit deposits and investments of City funds to insured demand deposit accounts, certificates of deposit, United States treasury bills, or obligations of other United States governmental agencies for which the principal and interest is guaranteed by the United States government, commercial paper, and repurchase agreements.

Protection of City cash and investments is provided by the various federal deposit insurance corporations as well as qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110% of public funds deposited. At least quarterly, the City determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of the City's deposits was \$753,856 and the bank balance was \$885,619. Of the bank balance:

1. \$216,995 was covered by the federal depository insurance, by collateral held by the City or by its agent in the name of the City.
2. \$668,624 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

The City's investments are categorized to give an indication of the level of risk assumed as of December 31, 2001. Category 1 includes investments that are insured or registered, or securities held by the City or by its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the City's name. As of December 31, 2001, the City's investments are classified as follows:

<u>Description</u>	<u>Risk Category</u> <u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
STAROhio	\$ -	\$ 2,738,585	\$ 2,738,585
U.S. Government Securities	817,393	817,393	817,393
Commercial Paper	<u>695,855</u>	<u>695,855</u>	<u>695,855</u>
Total Investments	\$ <u>1,513,248</u>	\$ <u>4,251,833</u>	\$ <u>4,251,833</u>

STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2001 consisted primarily of taxes, intergovernmental receivables arising from grants, special assessments, charges for sewer treatment services, and charges for prisoner housing.

A summary of the principal items of intergovernmental receivables is as follows:

A. PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2001. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for *ad valorem* taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 5 – RECEIVABLES (CONTINUED)

A. PROPERTY TAX (CONTINUED)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 50 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all City operations for the year ended December 31, 2001, was \$12.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$ 211,862,770
Tangible Personal	70,762,821
Public Utility	<u>8,597,150</u>
Total	<u>\$ 291,222,741</u>

B. INCOME TAX

The City levies and collects an income tax of two percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least monthly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

C. INTERGOVERNMENTAL

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general, various debt service and capital projects funds.

FUND TYPE/FUND

<u>General Fund</u>	<u>Amounts</u>
Local Governmental State Support	\$ 94,986
Local Government County Support	<u>42,885</u>
Total General Fund	<u>137,871</u>

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 5 – RECEIVABLES (CONTINUED)

C. INTERGOVERNMENTAL (CONTINUED)

Special Revenue Funds

State Highway Improvement

Gasoline Tax	8,676
Motor Vehicle License	330
Total	<u>9,006</u>

Street Maintenance and Repair

Gasoline Tax	107,002
Motor Vehicle License	53,163
Total	<u>160,165</u>

Community Development Block Grant Grant

Grant	<u>13,916</u>
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Total Special Revenue Funds 183,087

Total All Funds \$ 320,958

NOTE 6 – FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during 2001 were as follows:

	Balances 12-31-00, <u>as Restated</u>	<u>Additions</u>	<u>Deductions</u>	Balances 12-31-01
Land	\$ 1,609,301	\$ -	\$ -	\$ 1,609,301
Buildings	11,781,612	-	-	11,781,612
Machinery and Equipment	2,744,393	491,907	74,244	3,162,056
Vehicles	<u>3,643,855</u>	<u>207,089</u>	<u>183,818</u>	<u>3,667,126</u>
Total	\$ <u>19,779,161</u>	\$ <u>698,996</u>	\$ <u>258,062</u>	\$ <u>20,220,095</u>

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 6 – FIXED ASSETS (CONTINUED)

B. FUND FIXED ASSETS

A summary of Proprietary Fund Type Fixed Assets as of December 31, 2001 is as follows:

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Misdemeanant Jail Facility</u>
Land	\$ 99,800	\$ 66,000
Buildings	9,153,255	3,702,026
Machinery and Equipment	8,020,651	103,468
Vehicles	184,227	-
Sewer Lines	<u>6,893,694</u>	<u>-</u>
Subtotal	24,351,627	3,871,494
Less: Accumulated Depreciation	<u>(13,693,198)</u>	<u>(587,799)</u>
Fixed Assets, Net of Accumulated Depreciation	<u>\$ 10,658,429</u>	<u>\$ 3,283,695</u>

NOTE 7 - OUTSTANDING DEBT

A. NOTE DEBT

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

<u>General Obligation Notes</u>	<u>Balance December 31, 2000</u>	<u>(Retired) Issued</u>	<u>Balance December 31, 2001</u>
5.25% 2001 Real Estate Acquisition	\$ 400,000	\$ (400,000)	\$ -
3.35% 2002 Real Estate Acquisition	-	350,000	350,000
3.10% 2002 Renovating, Heating, Ventilation System	-	400,000	400,000
3.35% 2002 Roof Replacement, Ventilation System	-	670,000	670,000
3.35% 2002 Roof Replacement, WWTP	-	330,000	330,000
Total General Obligation Notes	<u>\$ 400,000</u>	<u>\$ 1,350,000</u>	<u>\$ 1,750,000</u>

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50% of anticipated revenue collections. There are also limitations on the number of times notes can be renewed.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 - OUTSTANDING DEBT (CONTINUED)

B. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

<u>General Obligation Bonds</u>	<u>Balance December 31, 2000</u>	<u>(Retired) Issued</u>	<u>Balance December 31, 2001</u>
* 6.09% 1991 Various Improvement due through 2002	\$ 315,000	\$ (150,000)	\$ 165,000
* 5.52% 1994 Community Center Expansion due through 2014	2,965,000	(150,000)	2,815,000
* 4.579% 2001 Various Purpose Bonds due through 2008	<u>630,000</u>	<u>(65,000)</u>	<u>565,000</u>
Total General Obligation Bonds	\$ <u>3,910,000</u>	\$ <u>(365,000)</u>	\$ <u>3,545,000</u>

* Average Interest Rate

<u>Special Assessment Bonds</u>	<u>Balance December 31, 2000</u>	<u>(Retired) Issued</u>	<u>Balance December 31, 2001</u>
11.25% 1981 Richmond Road Improvement due through 2001	\$ 25,000	\$ (25,000)	\$ -
9.625% 1983 Hist Road Improvement due through 2003	12,000	(4,000)	8,000
7.375% 1986 N. Perkins Road Improvement due through 2007	<u>63,000</u>	<u>(9,000)</u>	<u>54,000</u>
Total Special Assessment Bonds	\$ <u>100,000</u>	\$ <u>(38,000)</u>	\$ <u>62,000</u>

Other Long-Term Obligations

Capital Leases Payable	\$ 1,103,064	\$ 57,133	
		(256,907)	\$ 903,290
Accrued Compensated Absences	725,966	(32,950)	693,016
Accrued Pension	<u>63,643</u>	<u>(16,906)</u>	<u>46,737</u>
Total Other Long-Term Obligations	<u>1,892,673</u>	<u>(249,630)</u>	<u>1,643,043</u>
Total General Long-Term Obligations	\$ <u>5,902,673</u>	\$ <u>(652,630)</u>	\$ <u>5,250,043</u>

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 - OUTSTANDING DEBT (CONTINUED)

B. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Detail of the changes in the General Obligation Bonds of the Proprietary Funds for the year ended December 31, 2001 is as follows:

* 5.367% 1994 Refunding Bond Issue due through 2008	\$ 1,520,000	\$ (160,000)	\$ 1,360,000
* 6.303% 1995 Jail Facility Improvements due through 2014	<u>1,690,000</u>	<u>(80,000)</u>	<u>1,610,000</u>
Total Proprietary Fund Debt	\$ <u>3,210,000</u>	\$ <u>(240,000)</u>	\$ <u>2,970,000</u>

* Average Interest Rate

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

	<u>General Obligation</u>	<u>Special Assessment</u>	<u>Proprietary Obligations</u>	<u>Total</u>
2002	\$ 581,965	\$ 17,753	\$ 424,778	\$ 1,024,496
2003	405,920	16,704	427,055	849,679
2004	404,743	11,655	428,305	844,703
2005	407,783	10,991	428,358	847,132
2006	408,933	10,328	421,340	840,601
2007-2011	1,746,983	9,664	1,408,405	3,165,052
2012-2014	<u>936,616</u>	<u>-</u>	<u>560,650</u>	<u>1,497,266</u>
Totals	\$ <u>4,892,943</u>	\$ <u>77,095</u>	\$ <u>4,098,891</u>	\$ <u>9,068,929</u>

General obligation bonds and notes are direct obligations of the City for which its full faith and credit are pledged for repayment.

In the event that revenues are not sufficient to meet annual principal and interest requirements, the City has reserved the right to levy property tax millage in an amount necessary to retire principal and interest.

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefited from the project. Special assessment monies will be received in and the debt will be retired through the General Bond Retirement Debt Service Fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

The City's overall legal debt margin was \$31,616,978 at December 31, 2001.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 - OUTSTANDING DEBT (CONTINUED)

B. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

The capital leases payable in the amount of \$903,290 and \$109,154 are recorded in the General Long-Term Obligations Account Group and the Sewer Enterprise Fund, respectively. These leases are long-term agreements which meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases." These agreements provide for minimum annual rental payments as follows:

<u>Year</u>	<u>Payments</u>
2002	\$ 289,390
2003	225,356
2004	178,983
2005	96,297
2006	91,122
2007-2010	<u>318,928</u>
	1,200,076
Less: Amount representing interest	<u>(187,632)</u>
Present value of minimum lease payments	\$ <u>1,012,444</u>

The equipment is capitalized in the General Fixed Assets Account Group at a cost of \$1,557,972. The related liability is reported in the General Long Term Obligations Account Group. The equipment is capitalized in the Sewer Enterprise Fund at a cost of \$264,542.

Lease payments are made from the General, Special Revenue and Enterprise Funds. The lease payments amount will be paid with current, available resources that have accumulated in the fund for payment early in the following year.

NOTE 8 – COMPENSATED ABSENCES

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2001. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

Vacation leave is earned at rates which vary depending upon length of service and standard work week. The City's current vacation policy specifies that accumulated vacation leave must be used prior to December 31 of the year following the year in which it is earned unless approved by Council by motion.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 8 – COMPENSATED ABSENCES (CONTINUED)

Each department earns sick leave at a negotiated rate per month. Each employee with the City is paid a portion of the employee's earned unused sick leave, with a maximum number of hours per department specifications, upon retirement from the City with 10 years of service.

The Police and Fire Departments are able to accumulate compensatory time in lieu of being paid overtime, to be taken anytime or paid at time of separation. The full amount of accrued compensation is classified as non-current and recorded in the General Long-Term Obligations Account Group.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer contribution rate for local governments was 13.55 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2001, 2000 and 1999 were \$476,642, \$307,212, and \$417,513, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City of Bedford Heights' contributions to OP&F for the years ending December 31, 2001, 2000 and 1999 were \$777,417, \$744,994, and \$721,050, respectively, equal to the required contributions for each year.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 9 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. EARLY RETIREMENT INCENTIVE PLAN

The City provides an early retirement plan for all employees for whom the City is obligated to contribute to the Public Employees Retirement System of Ohio ("PERS") The Plan is a single employer defined benefit pension plan available to an employee who is eligible to retire under PERS. The Plan is between the City and a participant which a) obligates the City to purchase service credit on behalf of the participant; b) specifies a date on which the City will pay or commence payment to PERS for the service credit to be purchased; and c) obligates the participant to retire within 90 days of receiving notice from PERS that the City has paid for or commenced payment for such service credit on behalf of the participant.

As of December 31, 2001, a liability of \$23,191 has been recorded as accrued pension in the General Long-Term Debt Account Group. The City plans to cover this obligation through annual appropriations. The charge to expenditures for employees retired under the Plan for 2001 was \$20,267.

NOTE 10 – POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55 percent of covered payroll; 4.30 percent was the portion used to fund health care for the year. During 2001, the City's portion that was used to fund health care was \$221,574, representing 4.3 percent of covered payroll.

The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on PERS's latest actuarial review performed as of December 31, 2000; an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2000 was 7.75 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used – meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.75 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.75 percent base increase were assumed to range from 0.54 percent to 5.1 percent; and health care costs are assumed to increase 4.75 percent annually. The actuarially accrued postretirement health care liability for PERS at December 31, 2000 was \$14,364,600,000. The net assets were \$11,735,900,000, leaving an unfunded actuarial accrued liability of \$2,628,700,000. The number of active participants was 411,076.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 10 – POSTEMPLOYMENT BENEFITS (CONTINUED)

B. OHIO POLICE AND FIRE PENSION FUND

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer’s contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. The Ohio Revised Code provides the statutory authority allowing the Ohio Police and Fire Pension Fund’s Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25 percent and 7.50 percent of covered payroll in 2000 and 2001, respectively. The allocation is 7.75 percent in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000, the date of the last actuarial valuation available, was 12,853 for police and 10,037 for firefighters. The City’s actual contributions for 2001 that were used to fund post-employment benefits were \$149,982 for police and \$121,082 for firefighters. OP&F’s total health care expenses for the year ending December 31, 2000, the date of the last actuarial valuation available, was \$106,160,054, which was net of member contributions of \$5,657,431.

NOTE 11 – RISK MANAGEMENT

The Northern Ohio Risk Management Association (NORMA) is jointly owned and operated by the Cities of Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, and South Euclid for the purpose of enabling its members to obtain maximum exposure protection at the least possible cost. The pool has a complete package of coverage, including property, general liability, automobile liability, employee dishonesty, boiler and machinery, and other coverages, supplemented by an umbrella liability policy. 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 one representative from each of the participating members. Each entity must commit to the joint venture for terms of three years.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 11 – RISK MANAGEMENT (CONTINUED)

Each member provides operating resources to NORMA based on actuarially determined rates and shares in NORMA's residual equity based on the City's percentage of contributions. 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 \$150,000 per occurrence, will be paid from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool. As of December 31, 2001, NORMA had an aggregate stop loss ranging from \$400,000 to \$775,000 per policy year. Any losses 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. (This has not been necessary throughout the 13-year history of the pool.)

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

NOTE 12 – OPERATING TRANSFERS

Following is a summary of council approved operating transfers for all funds for 2001 from the general purpose financial statements:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ <u>229,627</u>	\$ <u>3,119,838</u>
Special Revenue:		
Street Maintenance and Repair	325,000	-
Community Development Block Grant	-	77,179
Police Pension	325,000	377
Fire Pension	325,000	377
Fire Levy	1,253,782	3,765
Litter Control	<u>3,000</u>	<u>-</u>
Total Special Revenue	<u>2,231,782</u>	<u>81,698</u>
Debt Service	<u>491,292</u>	<u>1,629</u>
Capital Projects:		
Capital Improvement	636,401	521,828
Kenmore Creek/Solon Road Improvement	29,337	-
Kenmore Lane Street Construction	7,342	10,606
Street Construction Levy	-	2,511
Richmond Force Main Replacement	<u>112,329</u>	<u>-</u>
Total Capital Projects	<u>785,409</u>	<u>534,945</u>
Total All Funds	\$ <u>3,738,110</u>	\$ <u>3,738,110</u>

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 13 – CONTRIBUTED CAPITAL

During the year, changes in contributed capital were as follows:

	Sewer <u>Enterprise Fund</u>	Corrections Facility Internal <u>Service Fund</u>
Contributed Capital January 1, 2001	\$ 21,642,814	\$ 3,797,853
Contributed Capital from Other Funds	-	-
Contributed Capital December 31, 2001	\$ <u>21,642,814</u>	\$ <u>3,797,853</u>

NOTE 13 – CONTINGENCIES/PENDING LITIGATION

The City is currently involved in a variety of litigation. It is the opinion of the City's management that the ultimate settlement of such litigation will not result in a material adverse effect on the City's financial position and results of operations.

NOTE 14 – ACCOUNTABILITY AND COMPLIANCE

SPECIAL REVENUE FUNDS

There are deficits in the Police Pension, Fire Pension, Fire Levy, and COPS Special Revenue Funds of \$95,759, \$76,695, \$75,423, and \$323, respectively, caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

CITY OF BEDFORD HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 14 – ACCOUNTABILITY AND COMPLIANCE (CONTINUED)

CAPITAL PROJECTS FUNDS

The Capital Improvement Fund had a deficit of \$581,236, caused by the application of generally accepted accounting principles to the Fund. Bond anticipation note proceeds used to finance the projects are not recognized as “Other Financing Sources,” but rather as a fund liability. The deficit in this fund will be eliminated when the project is near completion and the note is bonded and/or resources are provided for the retirement of the note.

ENTERPRISE FUND AND INTERNAL SERVICE FUND

The Sewer Enterprise Fund had a deficit retained earnings at December 31, 2001, of \$11,836,438, as a result of accumulated operating losses due primarily to the application of accrual accounting and the recognition of depreciation. Total fund equity remains positive as contributed capital totals \$21,642,814.

The Corrections Facility Fund had a deficit retained earnings at December 31, 2001, of \$1,553,167, as a result of a prior period adjustment allocating a general obligation bond to the fund. Total fund equity remains positive as contributed capital totals \$3,797,853.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR YEAR FUND BALANCES

For 2001, the City implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In order to recognize the prior year balances for the change in accounting principle, the beginning of the year fund balances were restated as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Fund Balances, December 31, 2000	\$ 4,103,521	\$ 244,227	\$ 176,313	\$ (164,166)
GASB 33 Adjustment:				
Taxes Receivable	<u>(384,617)</u>	<u>(294,600)</u>	<u>(139,117)</u>	<u>(163,666)</u>
Adjusted Fund Balances, December 31, 2001	\$ <u>3,718,904</u>	\$ <u>(50,373)</u>	\$ <u>37,196</u>	\$ <u>(327,832)</u>

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**FINANCIAL STATEMENTS AND SCHEDULES OF
INDIVIDUAL FUNDS AND ACCOUNT GROUPS**

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

The General Fund is established to account for resources not required to be accounted for in other specific funds.

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 1,375,000	\$ 1,368,134	\$ (6,866)
Municipal Income Taxes	9,309,690	9,066,175	(243,515)
Other Local Taxes	57,265	57,644	379
Intergovernmental	784,137	789,328	5,191
Charges for Services	199,363	200,683	1,320
Licenses and Permits	151,812	152,817	1,005
Fines and Forfeitures	164,578	165,668	1,090
Miscellaneous Income	<u>409,918</u>	<u>413,056</u>	<u>3,138</u>
Total Revenues	<u>12,451,763</u>	<u>12,213,505</u>	<u>(238,258)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Personal Service	2,433,400	2,426,226	7,174
Travel and Education	34,000	31,050	2,950
Contractual Services	119,900	114,287	5,613
Supplies and Materials	164,500	162,963	1,537
Other Expenditures	<u>600</u>	<u>553</u>	<u>47</u>
Total Police Law Enforcement	<u>2,752,400</u>	<u>2,735,079</u>	<u>17,321</u>
Police and Fire Communications			
Personal Service	363,050	356,722	6,328
Travel and Education	4,600	4,346	254
Supplies and Materials	<u>250</u>	<u>216</u>	<u>34</u>
Total Police and Fire Communications	<u>367,900</u>	<u>361,284</u>	<u>6,616</u>
Animal Control			
Contractual Services	<u>26,000</u>	<u>25,500</u>	<u>500</u>
Safety Director			
Personal Service	<u>92,860</u>	<u>91,557</u>	<u>1,303</u>
Street Lighting			
Contractual Services	<u>76,000</u>	<u>73,959</u>	<u>2,041</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Traffic Lights			
Personal Service	36,102	34,833	1,269
Supplies and Materials	50	25	25
Total Traffic Lights	<u>36,152</u>	<u>34,858</u>	<u>1,294</u>
Total Security of Persons and Property	<u>3,351,312</u>	<u>3,322,237</u>	<u>29,075</u>
Public Health and Welfare			
Assistance to the Needy and Aged			
Personal Service	151,225	148,175	3,050
Travel and Education	2,200	1,658	542
Contractual Services	158,400	147,620	10,780
Supplies and Materials	26,200	23,730	2,470
Total Assistance to the Needy and Aged	<u>338,025</u>	<u>321,183</u>	<u>16,842</u>
County Health Board			
Contractual Services	35,786	35,786	-
Total Public Health and Welfare	<u>373,811</u>	<u>356,969</u>	<u>16,842</u>
Leisure Time Activities			
Swimming Facilities			
Personal Service	59,000	57,103	1,897
Contractual Services	1,200	826	374
Supplies and Materials	46,200	43,625	2,575
Other Expenditures	4,600	4,372	228
Total Swimming Facilities	<u>111,000</u>	<u>105,926</u>	<u>5,074</u>
Community Center			
Personal Service	575,725	570,123	5,602
Travel and Education	6,000	5,229	771
Contractual Services	15,400	12,167	3,233
Supplies and Materials	86,100	80,034	6,066
Other Expenditures	2,400	2,169	231
Total Community Center	<u>685,625</u>	<u>669,722</u>	<u>15,903</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Parks and Playgrounds			
Contractual Services	11,000	10,800	200
Supplies and Materials	121,750	121,254	496
Total Parks and Playgrounds	<u>132,750</u>	<u>132,054</u>	<u>696</u>
Public Recreation			
Personal Service	143,620	138,226	5,394
Travel and Education	900	734	166
Contractual Services	12,100	11,842	258
Supplies and Materials	47,900	40,157	7,743
Other Expenditures	56,500	53,216	3,284
Total Public Recreation	<u>261,020</u>	<u>244,175</u>	<u>16,845</u>
Total Leisure Time Activities	<u>1,190,395</u>	<u>1,151,877</u>	<u>38,518</u>
Community Development			
Building Department			
Personal Service	284,500	283,272	1,228
Travel and Education	4,400	3,411	989
Contractual Services	17,100	15,907	1,193
Supplies and Materials	18,400	16,482	1,918
Total Building Department	<u>324,400</u>	<u>319,072</u>	<u>5,328</u>
Planning Commission			
Personal Service	7,565	7,523	42
Supplies and Materials	150	105	45
Total Planning Commission	<u>7,715</u>	<u>7,628</u>	<u>87</u>
Housing Department			
Personal Service	97,300	95,486	1,814
Travel and Education	2,900	1,936	964
Contractual Services	2,600	1,498	1,102
Supplies and Materials	2,100	1,063	1,037
Total Housing Department	<u>104,900</u>	<u>99,983</u>	<u>4,917</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Board of Zoning Appeals			
Personal Service	<u>10,190</u>	<u>10,143</u>	<u>47</u>
Total Community Development	<u>447,205</u>	<u>436,826</u>	<u>10,379</u>
Basic Utility Services			
Service Director			
Personal Service	118,100	116,959	1,141
Travel and Education	5,300	4,461	839
Contractual Services	1,500	1,335	165
Supplies and Materials	<u>700</u>	<u>497</u>	<u>203</u>
Total Service Director	<u>125,600</u>	<u>123,252</u>	<u>2,348</u>
Sanitary Sewers and Sewage Disposal			
Personal Service	188,700	185,307	3,393
Contractual Services	8,900	7,553	1,347
Supplies and Materials	<u>9,800</u>	<u>10,085</u>	<u>(285)</u>
Total Sanitary Sewers and Sewage Disposal	<u>207,400</u>	<u>202,945</u>	<u>4,455</u>
Storm Sewers and Drains			
Personal Services	15,650	13,670	1,980
Contractual Services	-	3,880	(3,880)
Supplies and Materials	<u>5,200</u>	<u>381</u>	<u>4,819</u>
Total Storm Sewers and Drains	<u>20,850</u>	<u>17,931</u>	<u>2,919</u>
Refuse Collection and Disposal			
Contractual Services	<u>308,500</u>	<u>304,230</u>	<u>4,270</u>
Total Basic Utility Services	<u>662,350</u>	<u>648,358</u>	<u>13,992</u>
Transportation			
Sidewalks			
Personal Services	10,950	10,177	773
Supplies and Materials	<u>3,500</u>	<u>3,415</u>	<u>85</u>
Total Sidewalks	<u>14,450</u>	<u>13,592</u>	<u>858</u>
Total Transportation	<u>14,450</u>	<u>13,592</u>	<u>858</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government			
Mayor's Court			
Personal Service	113,625	112,799	826
Contractual Services	155,300	144,346	10,954
Supplies and Materials	300	26	274
Total Mayor's Court	<u>269,225</u>	<u>257,171</u>	<u>12,054</u>
Civil Service Commission			
Personal Service	7,190	7,158	32
Travel and Education	600	478	122
Contractual Services	48,000	44,984	3,016
Supplies and Materials	400	172	228
Total Civil Service Commission	<u>56,190</u>	<u>52,792</u>	<u>3,398</u>
Mayor's Office			
Personal Service	104,000	102,808	1,192
Travel and Education	5,800	5,487	313
Contractual Services	7,800	7,394	406
Supplies and Materials	11,100	10,974	126
Total Mayor's Office	<u>128,700</u>	<u>126,663</u>	<u>2,037</u>
Legal Administration			
Personal Service	247,225	244,660	2,565
Travel and Education	3,200	2,135	1,065
Supplies and Materials	6,700	5,707	993
Total Legal Administration	<u>257,125</u>	<u>252,502</u>	<u>4,623</u>
Finance Administration			
Personal Service	327,725	324,974	2,751
Travel and Education	8,000	7,500	500
Contractual Services	26,000	23,179	2,821
Supplies and Materials	9,500	6,419	3,081
Total Finance Administration	<u>371,225</u>	<u>362,072</u>	<u>9,153</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Tax Department			
Personal Service	35,495	34,820	675
Contractual Services	283,000	279,421	3,579
Supplies and Materials	400	170	230
Total Tax Department	<u>318,895</u>	<u>314,411</u>	<u>4,484</u>
Legislative Activities			
Personal Service	229,600	227,185	2,415
Travel and Education	15,000	12,464	2,536
Contractual Services	37,350	34,087	3,263
Supplies and Materials	9,900	8,483	1,417
Total Legislative Activities	<u>291,850</u>	<u>282,219</u>	<u>9,631</u>
Labor Relations			
Personal Service	26,100	25,290	810
Contractual Services	26,000	24,359	1,641
Supplies and Materials	1,900	1,023	877
Total Labor Relations	<u>54,000</u>	<u>50,672</u>	<u>3,328</u>
Engineering			
Personal Service	47,460	46,886	574
Supplies and Materials	300	300	-
Total Engineering	<u>47,760</u>	<u>47,186</u>	<u>574</u>
Land and Buildings			
Personal Service	779,200	770,938	8,262
Contractual Services	667,100	646,471	20,629
Supplies and Materials	138,300	129,094	9,206
Total Land and Buildings	<u>1,584,600</u>	<u>1,546,503</u>	<u>38,097</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other General Government			
Personal Service	199,375	196,009	3,366
Travel and Education	3,200	2,360	840
Contractual Services	214,700	202,683	12,017
Supplies and Materials	37,600	35,172	2,428
Other Expenditures	<u>107,700</u>	<u>104,373</u>	<u>3,327</u>
Total Other General Government	<u>562,575</u>	<u>540,597</u>	<u>21,978</u>
Total General Government	<u>3,942,145</u>	<u>3,832,788</u>	<u>109,357</u>
Capital Outlay			
Miscellaneous equipment	<u>220,300</u>	<u>215,036</u>	<u>5,264</u>
Total Expenditures	<u>10,201,968</u>	<u>9,977,683</u>	<u>224,285</u>
Excess of Revenues Over (Under Expenditures)	<u>2,249,795</u>	<u>2,235,822</u>	<u>(13,973)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	15,500	15,177	(323)
Operating Transfers - In	122,577	229,627	107,050
Operating Transfers - Out	<u>(3,093,295)</u>	<u>(3,087,205)</u>	<u>6,090</u>
Total Other Financing Sources (Uses)	<u>(2,955,218)</u>	<u>(2,842,401)</u>	<u>112,817</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(705,423)	(606,579)	98,844
Fund Balance at Beginning of Year	2,736,430	2,736,430	-
Encumbrances at End of Year	<u>66,196</u>	<u>66,196</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>2,097,203</u>	\$ <u>2,196,047</u>	\$ <u>98,844</u>

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CITY OF BEDFORD HEIGHTS, OHIO

SPECIAL REVENUE FUNDS

State Highway Improvement Fund

Required by the Ohio Revised code to account for that portion of the state gasoline tax and motor vehicle registration fees designed for maintenance of state highways within the City.

Street Maintenance and Repair Fund

Accounts for revenues from state license and gasoline taxes which must be used for the repair, maintenance and construction of City streets.

Safety Department Equipment Fund

Accounts for an enterprise zoning charge to be used for the Police and Fire Departments to purchase safety equipment.

Community Development Block Grant Fund

Accounts for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.

Police Pension Fund

Accumulates property taxes levied for the payment of the current employer's pension contributions.

Fire Pension Fund

Accumulates property taxes levied for the payment of the current employer's pension contributions.

Fire Levy Fund

Accounts for three (3) mills for each one dollar of assessed valuation for the purpose of operating, equipping and housing the city's own division of Fire.

Law Enforcement Trust Fund

Accounts for the proceeds from items sold that are confiscated by the City of Bedford Heights Police Department. These proceeds are restricted to the purchasing of law enforcement equipment, supplies or training materials.

D.U.I. Enforcement and Education Fund

Accounts for fines from D.U.I. convictions to be used for educating the public of laws governing the operation of motor vehicles.

Continued

CITY OF BEDFORD HEIGHTS, OHIO

SPECIAL REVENUE FUNDS (CONTINUED)

Ambulance Service Fund

Accounts for the proceeds received and payments made for ambulance services.

Litter Control Grant Fund

Accounts for the proceeds received to provide educational information to residents regarding recycling and litter control.

COPS Fund

Accounts for the proceeds and disbursements of a federal grant used for community police programs.

Mayor's Court Computer Fund

Accounts for Mayor's Court costs imposed to finance the computerization, acquisition and maintenance of legal research services for the Mayor's Court.

Local Law Enforcement Grant Fund

Accounts for the proceeds and disbursements of a local grant used for the purchase of equipment for police personnel and vehicles.

CITY OF BEDFORD HEIGHTS, OHIO

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

DECEMBER 31, 2001

	<u>State Highway Improvement</u>	<u>Street Maintenance & Repair</u>	<u>Safety Department Equipment</u>	<u>Community Development Block Grant</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 50,754	\$ 48,163	\$ 23,329	\$ 14,456
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	9,006	160,165	-	13,916
Interfund	-	-	-	-
Supplies and Materials Inventory	-	70,716	-	-
Total Assets	\$ <u>59,760</u>	\$ <u>279,044</u>	\$ <u>23,329</u>	\$ <u>28,372</u>
<u>Liabilities</u>				
Accounts Payable	\$ 6,106	\$ 14,544	\$ -	\$ -
Accrued Wages and Benefits	-	6,948	-	-
Accrued Compensated Absences	-	69,407	-	-
Due to Other Governments	-	1,210	-	-
Deferred Revenue	5,696	108,625	-	-
Accrued Pension	-	17,463	-	-
Total Liabilities	<u>11,802</u>	<u>218,197</u>	<u>-</u>	<u>-</u>
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Encumbrances	-	7,227	-	-
Reserved for Inventory	-	70,716	-	-
Unreserved:				
Undesignated (Deficit)	<u>47,958</u>	<u>(17,096)</u>	<u>23,329</u>	<u>28,372</u>
Total Fund Equity (Deficit)	<u>47,958</u>	<u>60,847</u>	<u>23,329</u>	<u>28,372</u>
Total Liabilities and Fund Equity				
	\$ <u>59,760</u>	\$ <u>279,044</u>	\$ <u>23,329</u>	\$ <u>28,372</u>

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Fire Levy</u>	<u>Law Enforcement Trust</u>	<u>D.U.I. Enforcement & Education</u>	<u>Ambulance Service</u>
\$	18,293	\$ 36,161	\$ 33,068	\$ 58,868	\$ 15,850	\$ 195,833
	84,515	84,515	845,136	-	-	-
	-	-	-	-	-	3,531
	-	-	-	-	-	-
	-	-	-	-	111	-
	-	-	-	-	-	-
\$	<u>102,808</u>	<u>120,676</u>	<u>878,204</u>	<u>58,868</u>	<u>15,961</u>	<u>199,364</u>
\$	24,170	\$ -	\$ -	\$ -	\$ -	\$ 45,561
	-	-	38,486	-	-	-
	-	-	62,322	-	-	-
	-	-	7,683	-	-	-
	84,515	84,515	845,136	-	-	-
	<u>89,882</u>	<u>112,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>198,567</u>	<u>197,371</u>	<u>953,627</u>	<u>-</u>	<u>-</u>	<u>45,561</u>
	-	-	6,564	-	-	-
	-	-	-	-	-	-
	<u>(95,759)</u>	<u>(76,695)</u>	<u>(81,987)</u>	<u>58,868</u>	<u>15,961</u>	<u>153,803</u>
	<u>(95,759)</u>	<u>(76,695)</u>	<u>(75,423)</u>	<u>58,868</u>	<u>15,961</u>	<u>153,803</u>
\$	<u>102,808</u>	<u>120,676</u>	<u>878,204</u>	<u>58,868</u>	<u>15,961</u>	<u>199,364</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS (CONTINUED)

DECEMBER 31, 2001

	<u>Litter Control Grant</u>	<u>COPS</u>	<u>Mayor's Court Computer</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 485	\$ 22	\$ 20,587
Receivables:			
Taxes	-	-	-
Accounts	-	-	-
Intergovernmental	-	-	-
Interfund	-	-	320
Supplies and Materials Inventory	-	-	-
Total Assets	\$ <u>485</u>	\$ <u>22</u>	\$ <u>20,907</u>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ 202	\$ -
Accrued Wages and Benefits	-	-	-
Accrued Compensated Absences	-	-	-
Due to Other Governments	-	143	-
Deferred Revenue	-	-	-
Accrued Pension	-	-	-
Total Liabilities	<u>-</u>	<u>345</u>	<u>-</u>
<u>Fund Equity</u>			
Fund Balance:			
Reserved for Encumbrances	-	-	-
Reserved for Inventory	-	-	-
Unreserved:			
Undesignated (Deficit)	<u>485</u>	<u>(323)</u>	<u>20,907</u>
Total Fund Equity (Deficit)	<u>485</u>	<u>(323)</u>	<u>20,907</u>
Total Liabilities and Fund Equity	\$ <u>485</u>	\$ <u>22</u>	\$ <u>20,907</u>

Local Law Enforcement Grant	Totals
\$ 37,463	\$ 553,332
-	1,014,166
-	3,531
-	183,087
-	431
-	70,716
<u>\$ 37,463</u>	<u>\$ 1,825,263</u>
\$ 4,277	\$ 94,860
-	45,434
-	131,729
-	9,036
-	1,128,487
-	220,201
<u>4,277</u>	<u>1,629,747</u>
10,200	23,991
-	70,716
<u>22,986</u>	<u>100,809</u>
<u>33,186</u>	<u>195,516</u>
<u>\$ 37,463</u>	<u>\$ 1,825,263</u>

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>State Highway Improvement</u>	<u>Street Maintenance & Repair</u>	<u>Safety Department Equipment</u>	<u>Community Development Block Grant</u>
<u>Revenues</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	33,430	508,315	-	116,587
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous Income	-	29,761	21,000	-
Total Revenues	33,430	538,076	21,000	116,587
<u>Expenditures</u>				
Current Operations and Maintenance:				
Security of Persons and Property	-	-	20,308	-
Community Development	-	-	-	47,392
Basic Utility	-	-	-	-
Transportation	27,881	897,260	-	-
Capital Outlay	-	-	230	1,489
Total Expenditures	27,881	897,260	20,538	48,881
Excess of Revenues Over (Under) Expenditures	5,549	(359,184)	462	67,706
<u>Other Financing Sources (Uses)</u>				
Inception of Capital Lease	-	57,133	-	-
Proceeds from Sale of Fixed Assets	-	15,413	-	-
Operating Transfers - In	-	325,000	-	-
Operating Transfers - Out	-	-	-	(77,179)
Total Other Financing Sources (Uses)	-	397,546	-	(77,179)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,549	38,362	462	(9,473)
Fund Balance (Deficit) at Begin- ning of Year, Restated	42,409	(7,091)	22,867	37,845
Increase in Reserve for Inventory	-	29,576	-	-
Fund Balance (Deficit) at End of Year	\$ 47,958	\$ 60,847	\$ 23,329	\$ 28,372

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Fire Levy</u>	<u>Law Enforcement Trust</u>	<u>D.U.I. Enforcement & Education</u>	<u>Ambulance Service</u>
\$ 89,411	\$ 89,411	\$ 894,106	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	130,730
-	-	-	-	1,920	-
-	-	-	-	-	7,071
-	-	24,754	125	-	-
<u>89,411</u>	<u>89,411</u>	<u>918,860</u>	<u>125</u>	<u>1,920</u>	<u>137,801</u>
289,968	290,330	2,129,698	-	420	171,041
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	28,331	12,690	-	21,966
<u>289,968</u>	<u>290,330</u>	<u>2,158,029</u>	<u>12,690</u>	<u>420</u>	<u>193,007</u>
<u>(200,557)</u>	<u>(200,919)</u>	<u>(1,239,169)</u>	<u>(12,565)</u>	<u>1,500</u>	<u>(55,206)</u>
-	-	-	-	-	-
-	-	41	-	-	-
325,000	325,000	1,253,782	-	-	-
<u>(377)</u>	<u>(377)</u>	<u>(3,765)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>324,623</u>	<u>324,623</u>	<u>1,250,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
124,066	123,704	(10,889)	(12,565)	1,500	(55,206)
(219,825)	(200,399)	(86,312)	71,433	14,461	209,009
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>(95,759)</u>	\$ <u>(76,695)</u>	\$ <u>(75,423)</u>	\$ <u>58,868</u>	\$ <u>15,961</u>	\$ <u>153,803</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Litter Control Grant</u>	<u>COPS</u>	<u>Mayor's Court Computer</u>
<u>Revenues</u>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	5,545
Investment Income	-	-	-
Miscellaneous Income	-	28,860	-
Total Revenues	-	28,860	5,545
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property	-	32,028	-
Community Development	-	-	-
Basic Utility	3,666	-	-
Transportation	-	-	-
Capital Outlay	-	-	6,231
Total Expenditures	3,666	32,028	6,231
Excess of Revenues Over (Under) Expenditures	(3,666)	(3,168)	(686)
<u>Other Financing Sources (Uses)</u>			
Inception of Capital Lease	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-
Operating Transfers - In	3,000	-	-
Operating Transfers - Out	-	-	-
Total Other Financing Sources (Uses)	3,000	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(666)	(3,168)	(686)
Fund Balance (Deficit) at Beginning of Year, Restated	1,151	2,845	21,593
Increase in Reserve for Inventory	-	-	-
Fund Balance (Deficit) at End of Year	\$ 485	\$ (323)	\$ 20,907

Local Law Enforcement Grant	Totals
\$ -	\$ 1,072,928
11,180	669,512
-	130,730
-	7,465
-	7,071
-	104,500
<u>11,180</u>	<u>1,992,206</u>
4,277	2,938,070
-	47,392
-	3,666
-	925,141
<u>13,358</u>	<u>84,295</u>
<u>17,635</u>	<u>3,998,564</u>
<u>(6,455)</u>	<u>(2,006,358)</u>
-	57,133
-	15,454
-	2,231,782
-	(81,698)
<u>-</u>	<u>2,222,671</u>
(6,455)	216,313
39,641	(50,373)
<u>-</u>	<u>29,576</u>
\$ <u><u>33,186</u></u>	\$ <u><u>195,516</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

STATE HIGHWAY IMPROVEMENT SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ <u>34,000</u>	\$ <u>31,962</u>	\$ <u>(2,038)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Transportation			
Street Construction , Maintenance and Repair			
Contractual Services	20,000	14,862	5,138
Snow and Ice Removal			
Supplies and Materials	<u>15,000</u>	<u>8,474</u>	<u>6,526</u>
Total Transportation	<u>35,000</u>	<u>23,336</u>	<u>11,664</u>
Excess of Revenues Over (Under) Expenditures	(1,000)	8,626	9,626
Fund Balance at Beginning of Year	<u>42,128</u>	<u>42,128</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>41,128</u></u>	\$ <u><u>50,754</u></u>	\$ <u><u>9,626</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

STREET MAINTENANCE AND REPAIR SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 569,000	\$ 484,283	\$ (84,717)
Miscellaneous Income	30,000	29,761	(239)
Total Revenues	<u>599,000</u>	<u>514,044</u>	<u>(84,956)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Transportation			
Traffic Control			
Personal Services	44,390	40,395	3,995
Contractual Services	38,000	36,204	1,796
Supplies and Materials	<u>8,900</u>	<u>6,555</u>	<u>2,345</u>
Total Traffic Control	<u>91,290</u>	<u>83,154</u>	<u>8,136</u>
Street Construction , Maintenance and Repair			
Personal Services	289,000	279,796	9,204
Contractual Services	201,900	199,780	2,120
Supplies and Materials	<u>65,700</u>	<u>54,850</u>	<u>10,850</u>
Total Street Construction, Maintenance and Repair	<u>556,600</u>	<u>534,426</u>	<u>22,174</u>
Snow and Ice Removal			
Personal Services	64,350	54,708	9,642
Contractual Services	19,000	17,359	1,641
Supplies and Materials	<u>177,000</u>	<u>163,026</u>	<u>13,974</u>
Total Snow and Ice Removal	<u>260,350</u>	<u>235,093</u>	<u>25,257</u>
Total Transportation	<u>908,240</u>	<u>852,673</u>	<u>55,567</u>
Excess of Revenues Over (Under) Expenditures	<u>(309,240)</u>	<u>(338,629)</u>	<u>(29,389)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	15,500	15,413	(87)
Operating Transfers - In	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>340,500</u>	<u>340,413</u>	<u>(87)</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

STREET MAINTENANCE AND REPAIR SPECIAL REVENUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	31,260	1,784	(29,476)
Fund Balance at Beginning of Year	33,152	33,152	-
Encumbrances at End of Year	<u>13,227</u>	<u>13,227</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>77,639</u>	\$ <u>48,163</u>	\$ <u>(29,476)</u>

CITY OF BEDFORD HEIGHTS, OHIO

SAFETY DEPARTMENT EQUIPMENT SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous Income	\$ <u>21,000</u>	\$ <u>21,000</u>	\$ <u>-</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Contractual Services	21,000	20,308	692
Capital Outlay	<u>1,000</u>	<u>230</u>	<u>770</u>
Total Expenditures	<u>22,000</u>	<u>20,538</u>	<u>1,462</u>
Excess of Revenues Over (Under) Expenditures	(1,000)	462	1,462
Fund Balance at Beginning of Year	<u>22,867</u>	<u>22,867</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>21,867</u>	\$ <u>23,329</u>	\$ <u>1,462</u>

CITY OF BEDFORD HEIGHTS, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ <u>111,000</u>	\$ <u>110,014</u>	\$ <u>(986)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Community Development			
Contractual Services	52,600	47,392	5,208
Capital Outlay	<u>-</u>	<u>1,489</u>	<u>(1,489)</u>
Total Expenditures	<u>52,600</u>	<u>48,881</u>	<u>3,719</u>
Excess of Revenues Over (Under) Expenditures	58,400	61,133	2,733
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - Out	<u>(77,342)</u>	<u>(77,179)</u>	<u>163</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,942)	(16,046)	2,896
Fund Balance at Beginning of Year	<u>30,502</u>	<u>30,502</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>11,560</u></u>	\$ <u><u>14,456</u></u>	\$ <u><u>2,896</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

POLICE PENSION SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ <u>87,366</u>	\$ <u>89,034</u>	\$ <u>1,668</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Personal Service	<u>401,500</u>	<u>401,139</u>	<u>361</u>
Excess of Revenues Over (Under) Expenditures	(314,134)	(312,105)	2,029
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>328,634</u>	<u>325,000</u>	<u>(3,634)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	14,500	12,895	(1,605)
Fund Balance at Beginning of Year	<u>5,398</u>	<u>5,398</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>19,898</u></u>	\$ <u><u>18,293</u></u>	\$ <u><u>(1,605)</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

FIRE PENSION SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ <u>87,366</u>	\$ <u>89,034</u>	\$ <u>1,668</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Fire Fighting, Prevention and Inspection			
Personal Service	<u>400,000</u>	<u>396,568</u>	<u>3,432</u>
Excess of Revenues Over (Under) Expenditures	(312,634)	(307,534)	5,100
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>328,634</u>	<u>325,000</u>	<u>(3,634)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	16,000	17,466	1,466
Fund Balance at Beginning of Year	<u>18,695</u>	<u>18,695</u>	
Fund Balance at End of Year	\$ <u><u>34,695</u></u>	\$ <u><u>36,161</u></u>	\$ <u><u>1,466</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

FIRE LEVY SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 873,668	\$ 890,341	\$ 16,673
Miscellaneous Income	25,430	24,754	(676)
Total Revenues	<u>899,098</u>	<u>915,095</u>	<u>15,997</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Fire Fighting, Prevention and Inspection			
Personal Service	2,047,300	2,036,468	10,832
Travel and Education	14,000	12,463	1,537
Supplies and Materials	98,100	92,393	5,707
Contractual Services	26,100	24,980	1,120
Total Security of Persons and Property	<u>2,185,500</u>	<u>2,166,304</u>	<u>19,196</u>
Capital Outlay	<u>29,200</u>	<u>28,331</u>	<u>869</u>
Total Expenditures	<u>2,214,700</u>	<u>2,194,635</u>	<u>20,065</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,315,602)</u>	<u>(1,279,540)</u>	<u>36,062</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	50	41	(9)
Operating Transfers - In	<u>1,288,402</u>	<u>1,253,782</u>	<u>(34,620)</u>
Total Other Financing Sources (Uses)	<u>1,288,452</u>	<u>1,253,823</u>	<u>(34,629)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(27,150)</u>	<u>(25,717)</u>	<u>1,433</u>
Fund Balance at Beginning of Year	37,434	37,434	-
Encumbrances at End of Year	<u>21,351</u>	<u>21,351</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>31,635</u>	\$ <u>33,068</u>	\$ <u>1,433</u>

CITY OF BEDFORD HEIGHTS, OHIO

LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous Income	\$ <u>3,800</u>	\$ <u>125</u>	\$ <u>(3,675)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	1,200	-	1,200
Capital Outlay	<u>20,000</u>	<u>12,690</u>	<u>7,310</u>
Total Expenditures	<u>21,200</u>	<u>12,690</u>	<u>8,510</u>
Excess of Revenues Over (Under) Expenditures	(17,400)	(12,565)	4,835
Fund Balance at Beginning of Year	<u>71,433</u>	<u>71,433</u>	-
Fund Balance at End of Year	\$ <u>54,033</u>	\$ <u>58,868</u>	\$ <u>4,835</u>

CITY OF BEDFORD HEIGHTS, OHIO

D.U.I ENFORCEMENT AND EDUCATION SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$ <u>2,500</u>	\$ <u>1,859</u>	\$ <u>(641)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Travel and Education	2,000	420	1,580
Capital Outlay	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>4,000</u>	<u>420</u>	<u>3,580</u>
Excess of Revenues Over (Under) Expenditures	(1,500)	1,439	2,939
Fund Balance at Beginning of Year	<u>14,411</u>	<u>14,411</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>12,911</u>	\$ <u>15,850</u>	\$ <u>2,939</u>

CITY OF BEDFORD HEIGHTS, OHIO

AMBULANCE SERVICE SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Licenses and Permits	\$ 130,000	\$ 127,199	\$ (2,801)
Investment Income	13,000	7,071	(5,929)
Total Revenues	<u>143,000</u>	<u>134,270</u>	<u>(8,730)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Contractual Services	147,000	146,024	976
Other Expenditures	<u>2,700</u>	<u>856</u>	<u>1,844</u>
Total Police Law Enforcement	149,700	146,880	2,820
Capital Outlay	<u>26,000</u>	<u>21,966</u>	<u>4,034</u>
Total Expenditures	<u>175,700</u>	<u>168,846</u>	<u>6,854</u>
Excess of Revenues Over (Under) Expenditures	(32,700)	(34,576)	(1,876)
Fund Balance at Beginning of Year	<u>230,409</u>	<u>230,409</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>197,709</u>	\$ <u>195,833</u>	\$ <u>(1,876)</u>

CITY OF BEDFORD HEIGHTS, OHIO

LITTER CONTROL GRANT SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Expenditures</u>			
Current Operations and Maintenance:			
Basic Utilities Services			
Refuse Collection and Disposal			
Personal Services	\$ <u>4,000</u>	\$ <u>3,666</u>	\$ <u>334</u>
Excess of Revenues Over (Under) Expenditures	(4,000)	(3,666)	334
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>3,000</u>	<u>3,000</u>	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,000)	(666)	-
Fund Balance at Beginning of Year	<u>1,151</u>	<u>1,151</u>	-
Fund Balance at End of Year	\$ <u><u>151</u></u>	\$ <u><u>485</u></u>	\$ <u><u>334</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

COPS SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Miscellaneous Income	\$ <u>29,000</u>	\$ <u>28,860</u>	\$ <u>(140)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Personal Service	<u>33,080</u>	<u>32,979</u>	<u>101</u>
Excess of Revenues Over (Under) Expenditures	(4,080)	(4,119)	(39)
Fund Balance at Beginning of Year	<u>4,141</u>	<u>4,141</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>61</u></u>	\$ <u><u>22</u></u>	\$ <u><u>(39)</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

MAYOR'S COURT COMPUTER SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$ <u>7,500</u>	\$ <u>5,555</u>	\$ <u>(1,945)</u>
<u>Expenditures</u>			
Capital Outlay	<u>7,500</u>	<u>6,231</u>	<u>1,269</u>
Excess of Revenues Over (Under) Expenditures	-	(676)	(676)
Fund Balance at Beginning of Year	<u>21,263</u>	<u>21,263</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>21,263</u></u>	\$ <u><u>20,587</u></u>	\$ <u><u>(676)</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ <u>15,000</u>	\$ <u>11,180</u>	\$ <u>(3,820)</u>
<u>Expenditures</u>			
Capital Outlay	<u>28,000</u>	<u>26,647</u>	<u>1,353</u>
Excess of Revenues Over (Under) Expenditures	(13,000)	(15,467)	(2,467)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,000)	(15,467)	(4,467)
Fund Balance at Beginning of Year	39,641	39,641	-
Encumbrances at End of Year	<u>13,289</u>	<u>13,289</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>41,930</u>	\$ <u>37,463</u>	\$ <u>(4,467)</u>

CITY OF BEDFORD HEIGHTS, OHIO

TOTAL – SPECIAL REVENUE FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 1,048,400	\$ 1,068,409	\$ 20,009
Intergovernmental	729,000	637,439	(91,561)
Licenses and Permits	130,000	127,199	(2,801)
Fines and Forfeitures	10,000	7,414	(2,586)
Investment Income	13,000	7,071	(5,929)
Miscellaneous Income	<u>109,230</u>	<u>104,500</u>	<u>(4,730)</u>
Total Revenues	<u>2,039,630</u>	<u>1,952,032</u>	<u>(87,598)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property			
Police Law Enforcement			
Personal Service	435,780	434,118	1,662
Travel and Education	2,000	420	1,580
Contractual Services	168,000	166,332	1,668
Other Expenditures	<u>2,700</u>	<u>856</u>	<u>1,844</u>
Total Police Law Enforcement	<u>608,480</u>	<u>601,726</u>	<u>6,754</u>
Fire Fighting, Prevention and Inspection			
Personal Service	2,447,300	2,433,036	14,264
Travel and Education	14,000	12,463	1,537
Supplies and Materials	98,100	92,393	5,707
Contractual Services	<u>26,100</u>	<u>24,980</u>	<u>1,120</u>
Total Fire Fighting Prevention and Inspection	<u>2,585,500</u>	<u>2,562,872</u>	<u>22,628</u>
Total Security of Persons and Property	<u>3,193,980</u>	<u>3,164,598</u>	<u>29,382</u>
Community Development			
Community Development			
Contractual Services	<u>52,600</u>	<u>47,392</u>	<u>5,208</u>
Transportation			
Traffic Control			
Personal Services	44,390	40,395	3,995
Contractual Services	38,000	36,204	1,796
Supplies and Materials	<u>8,900</u>	<u>6,555</u>	<u>2,345</u>
Total Traffic Control	<u>91,290</u>	<u>83,154</u>	<u>8,136</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

TOTAL – SPECIAL REVENUE FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Street Construction, Maintenance and Repair			
Personal Services	289,000	279,796	9,204
Contractual Services	221,900	214,642	7,258
Supplies and Materials	<u>65,700</u>	<u>54,850</u>	<u>10,850</u>
Total Street Construction, Maintenance and Repair	<u>576,600</u>	<u>549,288</u>	<u>27,312</u>
 Snow and Ice Removal			
Personal Services	64,350	54,708	9,642
Contractual Services	19,000	17,359	1,641
Supplies and Materials	<u>192,000</u>	<u>171,500</u>	<u>20,500</u>
Total Snow and Ice Removal	<u>275,350</u>	<u>243,567</u>	<u>31,783</u>
 Total Transportation	<u>943,240</u>	<u>876,009</u>	<u>67,231</u>
 Basic Utilities			
Refuse Collection and Disposal Supplies and Materials	<u>4,000</u>	<u>3,666</u>	<u>334</u>
 Capital Outlay	<u>113,700</u>	<u>97,584</u>	<u>16,116</u>
 Total Expenditures	<u>4,307,520</u>	<u>4,189,249</u>	<u>118,271</u>
 Excess of Revenues Over (Under) Expenditures	<u>(2,267,890)</u>	<u>(2,237,217)</u>	<u>30,673</u>
 <u>Other Financing Sources (Uses)</u>			
Proceeds from Sales of Fixed Assets	15,550	15,454	(96)
Operating Transfers - In	2,275,670	2,231,782	(43,888)
Operating Transfers - Out	<u>(77,342)</u>	<u>(77,179)</u>	<u>163</u>
Total Other Financing Sources (Uses)	<u>2,213,878</u>	<u>2,170,057</u>	<u>(43,821)</u>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,012)	(67,160)	(13,148)
 Fund Balance at Beginning of Year	572,625	572,625	-
 Encumbrances at End of Year	<u>47,867</u>	<u>47,867</u>	<u>-</u>
 Fund Balance at End of Year	\$ <u>566,480</u>	\$ <u>553,332</u>	\$ <u>(13,148)</u>

CITY OF BEDFORD HEIGHTS, OHIO

DEBT SERVICE FUNDS

General Bond Retirement Debt Service Fund

The General Bond Retirement Debt Service Fund accounts for resources that are used for the payment of principal and interest and fiscal charges on general obligation bonds. The City has one debt service fund and the level of budgetary control is the same as that presented in the general purpose financial statements.

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CITY OF BEDFORD HEIGHTS, OHIO

CAPITAL PROJECTS FUNDS

Capital Improvement Fund

To account for allocation of the income tax revenues designated for capital construction and acquisition of capital assets.

Kenmore Creek/Solon Road Improvement Fund

To account for emergency repair of roads due to a crumbling retaining wall, financed with the County Engineer's emergency funds.

Kenmore Lane Street Construction Fund

To account for the cost of constructing a new street, financed by grants and local revenues.

Street Construction Levy Fund

To account for the proceeds from a 2 mill, 10 year levy to be used for street construction and street resurfacing.

Richmond Force Main Replacement Fund

To account for the replacement of a water main, financed by grants.

CITY OF BEDFORD HEIGHTS, OHIO

COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS

DECEMBER 31, 2001

	<u>Capital Improvement</u>	<u>Kenmore Creek/ Solon Road Improvement</u>	<u>Kenmore Lane Street Construction</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 922,155	\$ -	\$ -
Receivables:			
Taxes	62,778	-	-
Accounts	<u>44,462</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>1,029,395</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Liabilities</u>			
Accounts Payable	\$ 144,732	\$ -	\$ -
Deferred Revenue	-	-	-
Accrued Interest Payable	32,100	-	-
Notes Payable	<u>1,420,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,596,832</u>	<u>-</u>	<u>-</u>
<u>Fund Equity</u>			
Fund Balance:			
Reserved for Encumbrances	547,958	-	-
Unreserved:			
Undesignated (Deficit)	<u>(1,115,395)</u>	<u>-</u>	<u>-</u>
Total Fund Equity (Deficit)	<u>(567,437)</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	\$ <u>1,029,395</u>	\$ <u>-</u>	\$ <u>-</u>

<u>Street Construction Levy</u>	<u>Richmond Force Main Replacement</u>	<u>Total</u>
\$ 103,948	\$ -	\$ 1,026,103
563,425	-	626,203
-	-	44,462
<u>\$ 667,373</u>	<u>\$ -</u>	<u>\$ 1,696,768</u>
\$ 24,252	\$ -	\$ 168,984
563,425	-	563,425
-	-	32,100
-	-	1,420,000
<u>587,677</u>	<u>-</u>	<u>2,184,509</u>
37,351	-	585,309
<u>42,345</u>	<u>-</u>	<u>(1,073,050)</u>
<u>79,696</u>	<u>-</u>	<u>(487,741)</u>
<u>\$ 667,373</u>	<u>\$ -</u>	<u>\$ 1,696,768</u>

CITY OF BEDFORD HEIGHTS, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Capital Improvement</u>	<u>Kenmore Creek/ Solon Road Improvement</u>	<u>Kenmore Lane Street Construction</u>
<u>Revenues</u>			
Property Taxes	\$ 421,000	\$ -	\$ -
Intergovernmental	-	67,288	-
Licenses and Permits	133,429	-	-
Investment Income	214,414	-	-
Total Revenues	<u>768,843</u>	<u>67,288</u>	<u>-</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Leisure Time Activities	97,989	-	-
Transportation	-	28,615	-
General Government	144,730	-	-
Capital Outlay	877,429	8,990	-
Debt Service:			
Interest and Fiscal Charges	40,920	-	-
Total Expenditures	<u>1,161,068</u>	<u>37,605</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(392,225)</u>	<u>29,683</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	636,401	29,337	7,342
Operating Transfers - Out	(521,828)	-	(10,606)
Total Other Financing Sources (Uses)	<u>114,573</u>	<u>29,337</u>	<u>(3,264)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(277,652)	59,020	(3,264)
Fund Balance (Deficit) at Beginning of Year, Restated	<u>(289,785)</u>	<u>(59,020)</u>	<u>3,264</u>
Fund Balance (Deficit) at End of Year	\$ <u>(567,437)</u>	\$ <u>-</u>	\$ <u>-</u>

<u>Street Construction Levy</u>	<u>Richmond Force Main Replacement</u>	<u>Total</u>
\$ 596,071	\$ -	\$ 1,017,071
-	-	67,288
-	-	133,429
6,930	-	221,344
<u>603,001</u>	<u>-</u>	<u>1,439,132</u>
-	-	97,989
-	92,244	120,859
-	-	144,730
542,934	15,654	1,445,007
-	-	40,920
<u>542,934</u>	<u>107,898</u>	<u>1,849,505</u>
<u>60,067</u>	<u>(107,898)</u>	<u>(410,373)</u>
-	112,329	785,409
<u>(2,511)</u>	<u>-</u>	<u>(534,945)</u>
<u>(2,511)</u>	<u>112,329</u>	<u>250,464</u>
57,556	4,431	(159,909)
<u>22,140</u>	<u>(4,431)</u>	<u>(327,832)</u>
\$ <u>79,696</u>	\$ <u>-</u>	\$ <u>(487,741)</u>

CITY OF BEDFORD HEIGHTS, OHIO

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Licenses and Permits	\$ 93,000	\$ 89,434	\$ (3,566)
Investment Income	235,000	223,610	(11,390)
Total Revenues	<u>328,000</u>	<u>313,044</u>	<u>(14,956)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Leisure Time Activities			
Public Recreation			
Contractual services	102,000	97,989	4,011
General Government			
Land and Buildings			
Contractual services	70,000	68,277	1,723
Capital Outlay			
Land and Buildings	<u>1,499,000</u>	<u>1,478,910</u>	<u>20,090</u>
Total Expenditures	<u>1,671,000</u>	<u>1,645,176</u>	<u>25,824</u>
Excess of Revenues Over(Under) Expenditures	<u>(1,343,000)</u>	<u>(1,332,132)</u>	<u>10,868</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from the Sale of Debt	1,090,000	1,070,000	(20,000)
Operating Transfers - In	650,606	636,401	(14,205)
Operating Transfers - Out	<u>(175,000)</u>	<u>(171,828)</u>	<u>3,172</u>
Total Other Financing Sources (Uses)	<u>1,565,606</u>	<u>1,534,573</u>	<u>(31,033)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	222,606	202,441	(20,165)
Fund Balance at Beginning of Year	118,233	118,233	-
Encumbrances at End of Year	<u>601,481</u>	<u>601,481</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>942,320</u>	\$ <u>922,155</u>	\$ <u>(20,165)</u>

CITY OF BEDFORD HEIGHTS, OHIO

KENMORE CREEK/SOLON ROAD IMPROVEMENT CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ <u>68,642</u>	\$ <u>67,288</u>	\$ <u>(1,354)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Transportation			
Street Construction, Maintenance and Repair			
Contractual services	91,340	90,930	410
Capital Outlay			
Street Paving and Repair	<u>9,000</u>	<u>8,990</u>	<u>10</u>
Total Expenditures	<u>100,340</u>	<u>99,920</u>	<u>420</u>
Excess of Revenues Over (Under) Expenditures	(31,698)	(32,632)	(934)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>32,000</u>	<u>29,337</u>	<u>(2,663)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	302	(3,295)	(3,597)
Fund Balance at Beginning of Year	<u>3,295</u>	<u>3,295</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>3,597</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(3,597)</u></u>

CITY OF BEDFORD HEIGHTS, OHIO

KENMORE LANE STREET CONSTRUCTION CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	\$ 7,342	\$ 7,342	\$ -
Operating Transfers - Out	<u>(10,606)</u>	<u>(10,606)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,264)</u>	<u>(3,264)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,264)	(3,264)	-
Fund Balance at Beginning of Year	<u>3,264</u>	<u>3,264</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF BEDFORD HEIGHTS, OHIO

STREET CONSTRUCTION LEVY CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 582,446	\$ 593,562	\$ 11,116
Investment Income	43,054	6,930	(36,124)
Total Revenues	<u>625,500</u>	<u>600,492</u>	<u>(25,008)</u>
<u>Expenditures</u>			
Capital Outlay			
Street Paving and Repair	<u>685,000</u>	<u>650,387</u>	<u>34,613</u>
Excess of Revenues Over (Under) Expenditures	(59,500)	(49,895)	9,605
Fund Balance at Beginning of Year	107,352	107,352	-
Encumbrances at End of Year	<u>46,491</u>	<u>46,491</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>94,343</u>	\$ <u>103,948</u>	\$ <u>9,605</u>

CITY OF BEDFORD HEIGHTS, OHIO

RICHMOND FORCE MAIN REPLACEMENT CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Expenditures</u>			
Current Operations and Maintenance:			
Transportation			
Street Construction, Maintenance and Repair			
Contractual services	\$ 99,000	\$ 98,934	\$ 66
Capital Outlay			
Street Paving and Repair	<u>16,000</u>	<u>15,654</u>	<u>346</u>
Total Expenditures	<u>115,000</u>	<u>114,588</u>	<u>412</u>
Excess of Revenues Over (Under) Expenditures	(115,000)	(114,588)	412
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>113,000</u>	<u>112,329</u>	<u>(671)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,000)	(2,259)	(259)
Fund Balance at Beginning of Year	<u>2,259</u>	<u>2,259</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>259</u>	\$ <u>-</u>	\$ <u>(259)</u>

CITY OF BEDFORD HEIGHTS, OHIO

TOTAL – CAPITAL PROJECTS FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 582,446	\$ 593,562	\$ 11,116
Intergovernmental	68,642	67,288	(1,354)
Licenses and Permits	93,000	89,434	(3,566)
Investment Income	278,054	230,540	(47,514)
Total Revenues	<u>1,022,142</u>	<u>980,824</u>	<u>(41,318)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Leisure Time Activities			
Public Recreation			
Contractual Services	102,000	97,989	4,011
Transportation			
Street Construction, Maintenance and Repair			
Contractual Services	190,340	189,864	476
General Government			
Land and Buildings			
Contractual Services	<u>70,000</u>	<u>68,277</u>	<u>1,723</u>
Capital Outlay			
Land and Buildings	1,499,000	1,478,910	20,090
Street Paving and Repair	<u>710,000</u>	<u>675,031</u>	<u>34,969</u>
Total Capital Outlay	<u>2,209,000</u>	<u>2,153,941</u>	<u>55,059</u>
Total Expenditures	<u>2,571,340</u>	<u>2,510,071</u>	<u>61,269</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,549,198)</u>	<u>(1,529,247)</u>	<u>19,951</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from the Sale of Debt	1,090,000	1,070,000	(20,000)
Operating Transfers - In	802,948	785,409	(17,539)
Operating Transfers - Out	<u>(185,606)</u>	<u>(182,434)</u>	<u>3,172</u>
Total Other Financing Sources (Uses)	<u>1,707,342</u>	<u>1,672,975</u>	<u>(34,367)</u>

Continued

CITY OF BEDFORD HEIGHTS, OHIO

TOTAL – CAPITAL PROJECTS FUNDS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	158,144	143,728	(14,416)
Fund Balance at Beginning of Year	234,403	234,403	-
Encumbrances at End of Year	<u>647,972</u>	<u>647,972</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>1,040,519</u>	\$ <u>1,026,103</u>	\$ <u>(14,416)</u>

CITY OF BEDFORD HEIGHTS, OHIO

ENTERPRISE FUNDS

Sewer Fund

The City has one enterprise fund to account for the operations and maintenance of the sewage collection and treatment plant operations. The level of budgetary control is the same as that presented in the general purpose financial statements.

CITY OF BEDFORD HEIGHTS, OHIO

INTERNAL SERVICE FUNDS

Corrections Facility Fund

The Corrections Facility Fund accounts for the proceeds received from housing prisoners of other governmental districts in neighboring cities. The level of budgetary control is the same as that presented in the general purpose financial statements.

CITY OF BEDFORD HEIGHTS, OHIO

AGENCY FUNDS

Glenwillow Sanitary Sewer Maintenance and Repair Fund

To account for proceeds from Glenwillow Sewer user fees collected and used for maintenance and repair of Glenwillow Sanitary Sewers that are tied into the City of Bedford Heights' Waste Water System.

Mayor's Court Fund

To account for the collection and distribution of court fines and forfeitures.

CITY OF BEDFORD HEIGHTS, OHIO

COMBINING BALANCE SHEET – ALL AGENCY FUNDS

DECEMBER 31, 2001

	Glenwillow Sanitary Sewer Maintenance and Repair	Mayor's Court	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ <u>1,195</u>	\$ <u>16,927</u>	\$ <u>18,122</u>
<u>Liabilities</u>			
Due to Other Governments	\$ 1,195	\$ 3,131	\$ 4,326
Interfund Payable	<u>-</u>	<u>13,796</u>	<u>13,796</u>
Total Liabilities	\$ <u>1,195</u>	\$ <u>16,927</u>	\$ <u>18,122</u>

CITY OF BEDFORD HEIGHTS, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Balance January 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2001</u>
<u>Glenwillow Sanitary Sewer Maintenance and Repair Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>1,442</u>	\$ <u>2,785</u>	\$ <u>3,032</u>	\$ <u>1,195</u>
Total Assets	\$ <u>1,442</u>	\$ <u>2,785</u>	\$ <u>3,032</u>	\$ <u>1,195</u>
<u>Liabilities</u>				
Due to Other Governments	\$ <u>1,442</u>	\$ <u>2,785</u>	\$ <u>3,032</u>	\$ <u>1,195</u>
Total Liabilities	\$ <u>1,442</u>	\$ <u>2,785</u>	\$ <u>3,032</u>	\$ <u>1,195</u>
<u>Mayor's Court Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>14,299</u>	\$ <u>275,230</u>	\$ <u>272,602</u>	\$ <u>16,927</u>
Total Assets	\$ <u>14,299</u>	\$ <u>275,230</u>	\$ <u>272,602</u>	\$ <u>16,927</u>
<u>Liabilities</u>				
Due to Other Governments	\$ <u>1,843</u>	\$ <u>22,220</u>	\$ <u>20,932</u>	\$ <u>3,131</u>
Interfund Payable	<u>12,456</u>	<u>253,010</u>	<u>251,670</u>	<u>13,796</u>
Total Liabilities	\$ <u>14,299</u>	\$ <u>275,230</u>	\$ <u>272,602</u>	\$ <u>16,927</u>
<u>Total All Agency Funds</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>15,741</u>	\$ <u>278,015</u>	\$ <u>275,634</u>	\$ <u>18,122</u>
Total Assets	\$ <u>15,741</u>	\$ <u>278,015</u>	\$ <u>275,634</u>	\$ <u>18,122</u>
<u>Liabilities</u>				
Due to Other Governments	\$ <u>3,285</u>	\$ <u>25,005</u>	\$ <u>23,964</u>	\$ <u>4,326</u>
Interfund Payable	<u>12,456</u>	<u>253,010</u>	<u>251,670</u>	<u>13,796</u>
Total Liabilities	\$ <u>15,741</u>	\$ <u>278,015</u>	\$ <u>275,634</u>	\$ <u>18,122</u>

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CITY OF BEDFORD HEIGHTS, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for long-lived assets not used in the operations of the proprietary funds.

CITY OF BEDFORD HEIGHTS, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY PROGRAM AND DEPARTMENT

AS OF DECEMBER 31, 2001

<u>PROGRAM AND DEPARTMENT</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>
Security of Persons and Property					
Police Department	\$ 2,906,336	\$ 12,200	\$ 1,096,465	\$ 894,691	\$ 902,980
Fire Prevention	<u>2,970,368</u>	<u>12,200</u>	<u>1,160,035</u>	<u>304,745</u>	<u>1,493,388</u>
Total Security of Persons and Property	<u>5,876,704</u>	<u>24,400</u>	<u>2,256,500</u>	<u>1,199,436</u>	<u>2,396,368</u>
Public Health and Welfare					
Senior Citizens	<u>43,647</u>	<u>-</u>	<u>-</u>	<u>6,212</u>	<u>37,435</u>
Total Public Health and Welfare	<u>43,647</u>	<u>-</u>	<u>-</u>	<u>6,212</u>	<u>37,435</u>
Leisure Time Activities					
Parks and Playgrounds	657,481	66,320	240,350	350,811	-
Recreation Center	6,643,851	12,200	6,396,882	134,390	100,379
Swimming Pool	<u>1,067,728</u>	<u>49,320</u>	<u>1,018,055</u>	<u>353</u>	<u>-</u>
Total Leisure Time Activities	<u>8,369,060</u>	<u>127,840</u>	<u>7,655,287</u>	<u>485,554</u>	<u>100,379</u>
Basic Utility Services					
Public Works Director	<u>340,455</u>	<u>-</u>	<u>340,455</u>	<u>-</u>	<u>-</u>
Total Basic Utility Services	<u>340,455</u>	<u>-</u>	<u>340,455</u>	<u>-</u>	<u>-</u>
Transportation Services					
Street, Construction, Maintenance and Repair	<u>1,613,361</u>	<u>41,449</u>	<u>-</u>	<u>438,968</u>	<u>1,132,944</u>
Total Transportation	<u>1,613,361</u>	<u>41,449</u>	<u>-</u>	<u>438,968</u>	<u>1,132,944</u>
General Government					
Finance Department	105,050	-	-	105,050	-
Administration Department	497,594	-	-	497,594	-
Land and Buildings	2,597,532	1,415,612	1,181,920	-	-
City Hall	<u>776,692</u>	<u>-</u>	<u>347,450</u>	<u>429,242</u>	<u>-</u>
Total General Government	<u>3,976,868</u>	<u>1,415,612</u>	<u>1,529,370</u>	<u>1,031,886</u>	<u>-</u>
Total General Fixed Assets	<u>\$ 20,220,095</u>	<u>\$ 1,609,301</u>	<u>\$ 11,781,612</u>	<u>\$ 3,162,056</u>	<u>\$ 3,667,126</u>

CITY OF BEDFORD HEIGHTS, OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY PROGRAM AND DEPARTMENT

FOR THE YEAR ENDED DECEMBER 31, 2001

<u>PROGRAM AND DEPARTMENT</u>	<u>General Fixed Assets 12/31/00</u>	<u>Additions</u>	<u>Disposals</u>	<u>General Fixed Assets 12/31/01</u>
Security of Persons and Property:				
Police Department	\$ 2,859,106	\$ 123,230	\$ 76,000	\$ 2,906,336
Fire Prevention	<u>3,033,342</u>	<u>-</u>	<u>62,974</u>	<u>2,970,368</u>
Total Security of Persons and Property	<u>5,892,448</u>	<u>123,230</u>	<u>138,974</u>	<u>5,876,704</u>
Public Health and Welfare				
Senior Citizens	<u>6,212</u>	<u>37,435</u>	<u>-</u>	<u>43,647</u>
Total Public Health and Welfare	<u>6,212</u>	<u>37,435</u>	<u>-</u>	<u>43,647</u>
Leisure Time Activities:				
Parks and Playgrounds	661,781	-	4,300	657,481
Recreation Center	6,605,653	38,198	-	6,643,851
Swimming Pool	<u>1,067,728</u>	<u>-</u>	<u>-</u>	<u>1,067,728</u>
Total Leisure Time Activities	<u>8,335,162</u>	<u>38,198</u>	<u>4,300</u>	<u>8,369,060</u>
Basic Utility Services:				
Public Works Director	<u>340,455</u>	<u>-</u>	<u>-</u>	<u>340,455</u>
Total Basic Utility Services	<u>340,455</u>	<u>-</u>	<u>-</u>	<u>340,455</u>
Transportation Services:				
Street, Construction, Maintenance and Repair	<u>1,654,966</u>	<u>70,433</u>	<u>112,038</u>	<u>1,613,361</u>
Total Transportation	<u>1,654,966</u>	<u>70,433</u>	<u>112,038</u>	<u>1,613,361</u>
General Government:				
Finance Department	107,342	-	2,292	105,050
Administration Department	497,594	-	-	497,594
Land and Buildings	2,597,532	-	-	2,597,532
City Hall	<u>347,450</u>	<u>429,700</u>	<u>458</u>	<u>776,692</u>
Total General Government	<u>3,549,918</u>	<u>429,700</u>	<u>2,750</u>	<u>3,976,868</u>
Total General Fixed Assets	\$ <u>19,779,161</u>	\$ <u>698,996</u>	\$ <u>258,062</u>	\$ <u>20,220,095</u>

CITY OF BEDFORD HEIGHTS, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

AS OF DECEMBER 31, 2001

GENERAL FIXED ASSETS:

Land	\$ 1,609,301
Buildings	11,781,612
Machinery and Equipment	3,162,056
Vehicles	<u>3,667,126</u>
Total General Fixed Assets	\$ <u>20,220,095</u>

INVESTMENTS IN GENERAL FIXED ASSETS FROM:

General Fund Revenues	\$ 1,588,953
Special Revenue Funds	7,971,002
Capital Projects Funds	2,222,193
General Fixed Assets Accumulated Prior to December 31, 1986	<u>8,437,947</u>
Total Investment in General Fixed Assets	\$ <u>20,220,095</u>

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY PROGRAM

DECEMBER 31, 2001

TABLE 1

<u>Fiscal Year</u>	<u>Security of Persons And Property</u>	<u>Public Health and Welfare</u>	<u>Leisure Time Activities</u>	<u>Community Development</u>	<u>Basic Utility Services</u>	<u>Transportation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1992	\$ 4,013,611	\$ 291,885	\$ 604,043	\$ 238,287	\$ 556,816	\$ 669,285	\$ 3,604,554	\$ 614,585	\$ 859,491	\$ 11,452,557
1993	4,164,739	335,819	860,145	279,586	670,816	859,382	3,791,177	946,881	905,600	12,814,145
1994	4,543,460	1,820,710	3,832,876	288,591	521,441	1,008,713	4,004,225	1,356,921	4,812,619	22,189,556
1995	4,409,041	2,564,965	977,639	270,793	658,566	1,095,509	4,301,229	941,322	6,362,134	21,581,198
1996	4,739,840	436,300	834,089	564,487	563,824	1,436,150	4,092,421	726,633	1,339,852	14,722,077
1997	5,144,585	319,492	988,268	387,383	477,459	1,043,380	3,047,498	1,365,268	1,197,010	13,970,343
1998	5,572,926	312,783	926,855	408,187	547,323	2,212,457	3,257,281	29,211	1,057,168	14,324,191
1999	6,572,585	344,962	1,016,682	417,625	557,543	1,796,990	3,507,026	934,360	857,931	16,005,704
2000	6,238,277	291,131	1,206,713	449,488	602,356	1,326,187	3,642,081	1,469,223	644,867	15,870,323
2001	6,292,833	368,465	1,266,381	480,879	632,132	1,059,464	3,959,028	1,741,834	677,935	16,478,951

All governmental fund types, modified accrual basis

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL GOVERNMENTAL REVENUES BY SOURCE

DECEMBER 31, 2001

TABLE 2

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental</u>	<u>Charges For Services</u>	<u>Licenses And Permits</u>	<u>Fines And Forfeitures</u>	<u>Special Assessments</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
1992	\$ 9,520,265	\$ 983,830	\$ 89,223	\$ 56,471	\$ 137,783	\$ 437,108	\$ 84,845	\$ 537,912	\$ 11,847,437
1993	9,983,701	1,113,713	86,530	59,862	144,570	440,244	120,577	399,419	12,348,616
1994	10,358,105	1,890,559	92,517	131,099	148,390	425,900	287,179	511,171	13,844,920
1995	11,792,967	2,769,691	143,499	168,999	172,871	458,783	234,431	490,587	16,231,828
1996	11,774,969	1,252,098	161,016	196,206	201,243	428,178	142,096	963,154	15,118,960
1997	11,927,965	1,171,102	189,600	245,270	123,755	413,366	150,896	617,470	14,839,424
1998	11,722,631	1,544,997	181,265	342,361	151,385	412,292	212,218	905,479	15,472,628
1999	11,875,262	1,340,898	186,145	325,840	153,659	103,609	237,207	700,335	14,922,955
2000	10,929,762	1,331,276	180,479	430,601	187,329	106,370	317,823	622,575	14,106,215
2001	12,355,267	1,562,972	200,683	416,976	174,019	96,371	237,736	493,068	15,537,092

All governmental fund types, modified accrual basis

CITY OF BEDFORD HEIGHTS, OHIO

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

DECEMBER 31, 2001

TABLE 2-A

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Municipal Income Tax</u>	<u>Other Local Taxes</u>	<u>Total</u>
1992	\$ 2,525,899	\$ 6,968,348	\$ 26,018	\$ 9,520,265
1993	2,547,287	7,386,715	49,699	9,983,701
1994	2,451,650	7,850,190	56,265	10,358,105
1995	3,203,906	8,526,925	62,136	11,792,967
1996	3,729,932	7,967,528	77,509	11,774,969
1997	3,590,440	8,296,301	41,224	11,927,965
1998	3,160,109	8,524,195	38,327	11,722,631
1999	3,249,110	8,566,389	59,763	11,875,262
2000	1,988,567	8,877,355	63,840	10,929,762
2001	3,576,428	8,721,195	57,644	12,355,267

All governmental fund types, modified accrual basis

CITY OF BEDFORD HEIGHTS, OHIO

REAL PROPERTY TAX LEVIES AND COLLECTIONS

DECEMBER 31, 2001

TABLE 3

<u>Fiscal Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Current Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Accumulated Delinquent Taxes</u>
1992	\$ 1,735,519	\$ 1,614,300	93.0%	\$ 34,340	\$ 1,648,640	0.950	\$ 42,403	\$ 144,596
1993	1,829,674	1,625,336	88.8	30,617	1,655,953	0.905	35,853	166,767
1994	1,855,603	1,597,885	86.1	40,860	1,638,745	0.883	42,130	176,050
1995	2,163,810	2,125,107	98.2	59,694	2,184,801	1.010	28,033	144,317
1996	2,157,822	2,104,300	97.5	62,193	2,166,493	1.004	25,655	115,678
1997	2,300,792	2,109,717	91.7	65,391	2,175,108	.945	60,869	98,210
1998	2,393,420	2,207,537	92.2	51,154	2,258,691	.944	62,477	103,209
1999	2,438,661	2,171,380	89.0	53,763	2,225,143	.912	73,454	119,606
2000	2,453,976	2,130,698	86.8	71,091	2,201,789	.897	94,588	140,893
2001	2,641,971	2,444,198	92.5	99,375	2,543,573	.962	141,624	200,927

SOURCE: Cuyahoga County Auditor

CITY OF BEDFORD HEIGHTS, OHIO

TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS

DECEMBER 31, 2001

TABLE 3-A

<u>Fiscal Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Current Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Accumulated Delinquent Taxes</u>
1992	\$ 918,855	\$ 807,389	87.9%	\$ 45,679	\$ 853,068	0.928	\$ 111,466	\$ 56,411
1993	925,599	847,649	91.6	30,261	877,910	0.948	77,950	46,239
1994	885,248	812,308	91.8	8,466	820,774	0.927	72,940	47,525
1995	992,331	967,913	97.5	28,571	996,484	1.004	24,418	64,370
1996	1,024,136	1,000,608	97.7	35,284	1,035,892	1.011	13,528	46,605
1997	991,649	917,307	92.5	199,471	1,116,778	1.126	13,266	27,857
1998	937,622	860,516	91.8	20,046	880,562	0.939	9,857	59,014
1999	972,992	879,886	90.4	61,075	940,961	0.967	5,686	32,191
2000	893,942	798,699	89.3	35,052	833,751	0.933	58,147	142,431
2001	930,491	886,368	95.2	140,578	1,026,946	1.000	44,188	57,885

SOURCE: Cuyahoga County Auditor

CITY OF BEDFORD HEIGHTS, OHIO

ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES

DECEMBER 31, 2001

TABLE 4

Fiscal Year	Real Property (1)		Personal Property (2)		Public Utility Property (3)		Total	
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value
1992	\$ 154,044,950	\$ 440,128,429	\$ 81,095,600	\$ 311,906,154	\$ 9,953,280	\$ 11,310,545	\$ 245,093,830	\$ 763,345,128
1993	157,291,110	449,403,171	78,398,789	313,595,156	9,725,320	11,051,500	245,415,219	774,049,827
1994	158,823,960	453,782,743	85,374,993	341,499,972	9,729,570	11,056,330	253,928,523	806,339,045
1995	171,234,630	489,241,800	82,145,761	328,583,044	9,638,720	10,953,091	263,019,111	828,777,935
1996	173,693,510	496,267,171	82,694,291	330,777,164	9,243,640	10,504,136	265,631,441	837,548,471
1997	171,962,370	491,321,057	84,511,322	338,045,288	9,467,090	10,758,057	265,940,782	840,124,402
1998	183,750,270	525,000,771	71,709,659	286,838,636	9,580,620	10,887,068	265,040,549	822,726,475
1999	185,126,960	528,934,172	73,797,724	295,190,896	8,787,920	9,986,273	267,712,604	834,111,341
2000	211,862,770	605,322,200	70,762,821	238,051,284	8,597,150	9,769,489	291,222,741	898,142,973
2001	215,690,920	619,116,914	78,483,159	313,932,636	6,940,000	7,886,363	301,114,079	940,935,913

(1) Total real property assessed value is 35% of estimated true value.

(2) Total personal property assessed value was 35% of estimated true value in 1983 and reduced annually thereafter, 1% until it became 25%.

(3) Total public utility property was 50% of estimated true value. Effective fiscal year 1991, it became 88%.

Source: Cuyahoga County Auditor

CITY OF BEDFORD HEIGHTS, OHIO

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS

DECEMBER 31, 2001

TABLE 5

<u>Fiscal Year</u>	<u>Total City Millage</u>	<u>Total County Millage</u>	<u>Total Bedford School Millage</u>	<u>Total Orange School Millage</u>	<u>Total City, County and Bedford School</u>	<u>Total City County and Orange School</u>
1992	10.00	16.80	52.20	62.70	79.00	89.50
1993	10.00	16.80	53.40	62.60	80.20	89.40
1994	12.00	16.80	53.10	62.60	81.90	91.40
1995	12.00	16.60	57.60	68.20	86.20	96.80
1996	12.00	16.60	57.60	68.20	86.20	96.80
1997	12.00	16.60	57.60	68.20	86.20	96.80
1998	12.00	13.75	57.70	71.50	83.45	97.25
1999	12.00	13.75	62.60	71.50	88.35	97.25
2000	12.00	14.65	62.50	81.10	92.10	(1) 110.70 (1)
2001	12.00	14.65	62.50	81.10	92.10	(1) 110.70 (1)

(1) Includes Metropark and Library Millage of 1.55 and 1.40, respectively.

Source: Cuyahoga County Auditor

CITY OF BEDFORD HEIGHTS, OHIO

PRINCIPAL TAXPAYERS – REAL PROPERTY (1)

DECEMBER 31, 2001

TABLE 6

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Real Property</u>	<u>Percentage Of Total Assessed Valuation</u>
Riser Foods Company	\$ 7,417,410	3.44%	2.46%
Bear Creek Inv. Co.	5,661,950	2.63	1.88
Miles Road LLC	4,499,840	2.08	1.50
A.M. Castle & Co.	3,933,440	1.82	1.31
Sysco Food Service	3,577,460	1.66	1.19
Southgate Towers LLC	3,325,210	1.54	1.10
Marotta Glazer Realty Co.	3,056,280	1.42	1.01
South Pointe Towers LTD	2,939,440	1.36	.98
American Spring Wire Co.	2,407,200	1.12	.80
Olympic Steel Inc.	<u>2,301,530</u>	<u>1.07</u>	<u>.76</u>
	\$ <u>39,119,760</u>	<u>18.14</u>	<u>12.99%</u>
Total Real Property Assessed Valuation	\$ <u>215,690,920</u>		

Source: Cuyahoga County Auditor

(1) Excludes Public Utilities

CITY OF BEDFORD HEIGHTS, OHIO

PRINCIPAL TAXPAYERS – PERSONAL PROPERTY (1)

DECEMBER 31, 2001

TABLE 6-A

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Personal Property</u>	<u>Percentage Of Total Assessed Valuation</u>
Riser Foods Company	\$ 9,631,260	12.27%	3.20%
AM Castle & Co.	6,306,830	8.04	2.09
American Spring Wire Corp.	5,200,430	6.63	1.73
Olympic Steel, Inc.	4,559,950	5.81	1.51
Sherwin Williams Co.	3,547,690	4.52	1.18
Lester Precision Die	3,123,610	3.98	1.04
Earl M. Jorgenson Co.	2,952,300	3.76	.98
Weyerhaeuser Co.	2,556,580	3.25	.86
Illinois Tool Works, Inc.	2,542,050	3.24	.84
Sysco Food Services, Inc.	<u>1,812,180</u>	<u>2.31</u>	<u>.60</u>
	\$ <u>42,232,880</u>	<u>53.81%</u>	<u>14.03%</u>
Total Personal Property Assessed Valuation	\$ <u>78,483,159</u>		

Source: Cuyahoga County Auditor

(1) Excludes Public Utilities

CITY OF BEDFORD HEIGHTS, OHIO

PRINCIPAL TAXPAYERS – PUBLIC UTILITY PROPERTY

DECEMBER 31, 2001

TABLE 6-B

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Real Property</u>	<u>Percentage Of Total Assessed Valuation</u>
Cleveland Electric Illuminating Co.	\$ 3,855,160	55.55%	1.28%
The Ohio Bell Telephone Company	1,201,530	17.31	.39
American Transmisson System	<u>437,150</u>	<u>6.30</u>	<u>.15</u>
	\$ <u>5,493,840</u>	<u>79.16%</u>	<u>1.82%</u>
Total Public Utility Property Assessed Valuation	\$ <u>6,940,000</u>		

Source: Cuyahoga County Auditor

CITY OF BEDFORD HEIGHTS, OHIO

SPECIAL ASSESSMENT COLLECTIONS

DECEMBER 31, 2001

TABLE 7

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected</u>	<u>Percent of Current Assessments Collected</u>	<u>Delinquent Assessments Collected</u>	<u>Total Special Assessments Collected</u>	<u>Ratio of Percent of Collections To Amount Billed</u>	<u>Current Delinquent Assessments</u>	<u>Accumulated Delinquent Taxes</u>
1992	\$ 565,917	\$ 420,111	74.2%	\$ 8,538	\$ 428,649	75.7%	\$ 10,753	\$ 136,949
1993	564,610	407,766	72.2	771	408,537	72.4	18,457	165,860
1994	505,534	386,261	76.4	5,524	391,785	77.5	16,262	178,912
1995	409,137	400,617	97.9	4,132	404,749	98.9	8,520	179,794
1996	408,187	402,192	98.5	5,060	407,252	99.8	5,994	133,836
1997	408,427	395,203	96.8	665	395,868	96.9	13,475	129,933
1998	407,800	400,429	98.2	7,655	408,084	100.1	7,371	134,126
1999	103,531	98,287	94.9	1,332	99,619	96.2	5,243	152,646
2000	103,531	99,263	95.9	5,159	104,422	100.9	4,268	77,339
2001	91,938	92,863	100.0	5,651	98,513	100.0	9,771	202,251

Source: Cuyahoga County Auditor

CITY OF BEDFORD HEIGHTS, OHIO

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

DECEMBER 31, 2001

TABLE 8

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Debt</u>	<u>Ratio of Net Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
1992 (3)	12,131	\$ 245,093,830	\$ 3,800,000	\$ 183,200	\$ 3,616,800	1.48	\$ 298.15
1993 (3)	12,131	245,415,219	7,212,500	225,747	6,986,753	2.85	575.94
1994 (3)	12,131	253,928,523	10,855,000	153,848	10,701,152	4.21	882.13
1995 (3)	12,131	263,019,111	10,237,500	357,774	9,879,726	3.76	814.42
1996 (3)	12,131	265,631,441	9,755,000	554,304	9,200,696	3.46	758.44
1997 (3)	12,131	265,940,782	8,832,500	611,063	8,221,437	3.10	677.73
1998 (3)	12,131	265,040,549	8,425,000	473,370	7,951,630	3.00	666.33
1999 (3)	12,131	267,712,604	8,135,000	366,698	7,768,302	2.90	640.37
2000 (3)	11,375	291,222,741	7,520,000	176,313	7,343,687	2.52	645.60
2001 (3)	11,375	301,114,079	8,265,000	81,197	8,183,803	2.72	719.45

- (1) – Source: U.S. Census Bureau
- (2) – Source: Cuyahoga County Auditor
- (3) – Accrual Basis

CITY OF BEDFORD HEIGHTS, OHIO

LEGAL DEBT MARGIN

DECEMBER 31, 2001

TABLE 9

Total Assessed Valuation		\$ <u>301,114,079</u>
Overall Debt Limitation – 10.5% of Assessed Valuation		\$ <u>31,616,978</u>
Gross Indebtedness (Notes and Bonds)	\$ 8,327,000	
Less Debt Not Subject to Limitation	<u>(62,000)</u>	
Debt Within 10.5% Limitation	8,265,000	
Less: Amount Available in Debt Service Funds	<u>81,197</u>	
Net Debt Within 10.5% Limitation		<u>8,183,803</u>
Legal Debt Margin Within 10.5% Limitation		\$ <u>23,433,175</u>

Unvoted Debt Limitation – 5.5% of Assessed Valuation		\$ <u>16,561,274</u>
Gross Indebtedness (Notes and Bonds)	\$ 8,327,000	
Less Debt Not Subject to Limitation	<u>(62,000)</u>	
Debt Within 5.5% Limitation	8,265,000	
Less: Amount Available in Debt Service Funds	<u>81,197</u>	
Net Debt Within 5.5% Limitation		<u>8,183,803</u>
Legal Debt Margin Within 5.5% Limitation		\$ <u>8,377,471</u>

CITY OF BEDFORD HEIGHTS, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT – GENERAL OBLIGATION DEBT

DECEMBER 31, 2001

TABLE 10

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Bedford Heights	\$ 8,183,803	100.00%	\$ 8,183,803
Overlapping:			
Cuyahoga County	216,544,636	1.04%	2,252,064
Regional Transit Authority	123,915,000	1.04%	1,288,716
Bedford School District	9,906,300	81.40%	8,063,728
Orange School District	<u>32,593,221</u>	18.60%	<u>6,062,339</u>
Total Overlapping Debt	<u>382,959,157</u>		<u>17,666,847</u>
Total	\$ <u>391,142,960</u>		\$ <u>25,850,650</u>

Source: Cuyahoga County Auditor

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

CITY OF BEDFORD HEIGHTS, OHIO

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

DECEMBER 31, 2001

TABLE 11

<u>Fiscal Year</u>	(1) <u>General Obligation Principal</u>	<u>General Obligation Interest</u>	(2) <u>Debt Service On General Bonded Debt</u>	(2) <u>General Governmental Expenditures</u>	<u>Ratio</u>
1992	\$ 157,500	\$ 291,190	\$ 448,690	\$ 11,452,557	3.92%
1993	257,500	257,219	514,719	12,814,145	4.02%
1994	317,500	363,503	681,003	22,189,556	3.07%
1995	407,500	402,783	810,283	21,526,344	3.76%
1996	432,500	506,244	938,744	14,719,920	6.38%
1997	447,500	480,341	927,841	13,970,343	6.64%
1998	477,500	453,081	930,581	14,324,191	6.50%
1999	545,000	457,388	1,002,388	16,005,704	6.26%
2000	565,000	426,210	991,210	15,870,323	6.25%
2001	605,000	397,843	1,002,843	16,478,951	6.09%

Notes:

- (1) Does not include the rollover of principal due under bond anticipation notes. Debt service on general obligation bonds does not include debt service on special assessment bonds.
- (2) General government expenditures per Table 1.

CITY OF BEDFORD HEIGHTS, OHIO

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2001

TABLE 12

<u>Year</u>	<u>(1) Population</u>	<u>(2) Bedford School District Enrollment</u>	<u>(3) Cuyahoga County Unemployment Rate</u>
1992	12,131	3,884	6.6%
1993	12,131	3,942	6.0%
1994	12,131	4,020	4.4%
1995	12,131	4,104	4.7%
1996	12,131	3,903	4.8%
1997	12,131	4,004	4.1%
1998	12,131	4,151	4.9%
1999	12,131	4,060	4.6%
2000	11,375	4,049	4.6%
2001	11,375	3,992	6.8%

Sources:

- (1) U.S. Bureau of Census
- (2) Bedford Board of Education (Bedford, Bedford Heights, Oakwood and Walton Hills)
- (3) Ohio Bureau of Employment Services Division of Labor Market Information

CITY OF BEDFORD HEIGHTS, OHIO

CONSTRUCTION, BANK DEPOSITS AND ASSESSED PROPERTY VALUES

DECEMBER 31, 2001

TABLE 13

<u>Year</u>	<u>Residential Construction Values (1)</u>	<u>Commercial Industrial Construction Values (1)</u>	<u>Commercial Industrial Construction Units (1)</u>	<u>Domestic Bank Deposits In County (2)</u>	<u>(3) Total Assessed Real Property Value (4)</u>
1992	\$ 372,214	\$ 1,042,284	35	\$ 19,379,280	\$ 154,044,950
1993	742,103	3,948,098	37	21,009,421	157,291,110
1994	2,215,233	6,318,050	47	20,885,453	158,823,960
1995	3,941,940	7,218,802	25	22,694,304	171,234,630
1996	1,663,895	4,952,030	43	27,068,211	173,693,510
1997	1,390,511	6,534,335	53	53,941,971	171,962,370
1998	1,768,099	10,963,117	58	58,904,596	183,750,270
1999	2,670,519	4,211,516	42	57,816,942	185,126,960
2000	3,952,179	12,511,046	78	61,942,764	211,862,770
2001	3,921,400	5,322,846	28	63,893,769	215,690,920

Sources/Notes:

- (1) City of Bedford Heights Building Department
- (2) Federal Reserve Bank of Cleveland shown in thousands of dollars.
- (3) Cuyahoga County Auditor
- (4) Represents the real property values assessed for taxation which represents 35% of estimated true value

CITY OF BEDFORD HEIGHTS, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2001

TABLE 14

Date of Incorporation:	January 1, 1960	Fire Protection:	
Form of Government:	Mayor/Council	Number of Stations	1
Area:	4.5 sq. miles	Number of Fire Personnel and Officers	29
Miles of Street	42	Number of Calls Answered	1,643
		Number of Formal Inspections Conducted	256
		Police Protection:	
City Employees		Number of Stations	1
Number of Full-Time Employees	176	Number of Police Personnel and Officers	50
Number of Part-Time Employees	100	Number of Patrol Units	22
Culture and Recreation:		Number of Law Violations:	
Community Centers	1	Physical Arrests	1,123
Parks		Traffic Violations	3,770
Metroparks	7	Parking Violations	594
City Parks	2	Sewerage System:	
Park Acreage:		Miles of Sanitary Sewers	37
City Parks	33	Miles of Storm Sewers	37
Swimming Pools	2	Number of Treatment Plants	1
		Number of Service Connectors	3,360
		Daily Average Treatment in Gallons	2.5 Million
		Maximum Daily Capacity of Treatment Plant in Gallons	7.5 Million

City Of Bedford Heights, Ohio

DECEMBER 31, 2001

CITY OF BEDFORD HEIGHTS, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

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CIUNI & PANICHI
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CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

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

Members of the City Council
Bedford Heights, Ohio

We have audited the financial statements of the City of Bedford Heights, Ohio, as of and for the year ended December 31, 2001, wherein we noted that the City reclassified certain assets to the General, Special Revenue, Debt Service and Capital Projects Fund Types, and have issued our report thereon dated May 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Bedford Heights'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bedford Heights'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 which 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, which we have reported to management of the City of Bedford Heights in a separate letter dated May 2, 2002.

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

A handwritten signature in black ink, appearing to read "C. P. ...". The signature is written in a cursive style with a large initial "C" and a long, sweeping tail.

Cleveland, Ohio
May 2, 2002

CITY OF BEDFORD HEIGHTS, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

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

None noted.

3. OTHER FINDINGS

None noted.

CITY OF BEDFORD HEIGHTS, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2001

Finding No.	Finding Summary	Fully Corrected?	Explanation
00-01	Purchase orders dated after invoice	Yes	Implemented the "then and now" statement on purchase orders and sent letter to vendors stressing the requirement of purchase orders.

CITY OF BEDFORD HEIGHTS

**5661 PERKINS ROAD
BEDFORD HEIGHTS, OHIO 44146
(440) 786-3200**

RESPONSE TO FINDINGS ASSOCIATED WITH AUDIT CONDUCTED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
FOR THE YEAR ENDED DECEMBER 31, 2001

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

CITY OF BEDFORD HEIGHTS

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
JULY 9, 2002**