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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2002

CLEVELAND HEIGHTS, OHIO



2002

PREPARED BY THE DEPARTMENT OF FINANCE

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INTRODUCTORY

SECTION

Cleveland Heights is well known for its wide variety of housing styles, from cozy bungalows and front porch colonials to historic mansions. In 2002, housing options grew with exciting new townhome developments being built throughout the city. The Courtyards of Severance, the largest residential development in the city in over a decade, with 71 planned townhome and cluster-style housing units, broke ground in 2002. Phase I of Boulevard Townhomes (shown) was completed, and Villa Carabelli, on the edge of Cleveland's Little Italy, broke ground. Fourteen of the 20 planned luxury townhomes will be in Cleveland Heights.



2002



**Auditor of State
Betty Montgomery**

Mayor and Members of City Council
City of Cleveland Heights

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

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

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

BETTY MONTGOMERY
Auditor of State

July 18, 2003

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CITY OF CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page	i
Table of Contents	ii
Letter of Transmittal	v
Listing of Principal City Officials	xxi
Certificate of Achievement	xxii
Organizational Chart – City	xxiii
Organizational Chart – Department of Finance	xxiv

FINANCIAL SECTION

Independent Auditors' Report	1
Combined Financial Statements – Combined Overview: (General Purpose Financial Statements)	
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds	8
Combined Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Governmental Fund Types	12
Comparative Combined Statement of Revenues, Expenses, and Changes in Retained Earnings – All Proprietary Fund Types	18
Combined Statement of Cash Flows – All Proprietary Fund Types	19
Notes to the Combined Financial Statements	21
Combining, Individual Fund and Account Group Statements:	
General Fund:	
Comparative Balance Sheet	50
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance	51
Detailed Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	52

TABLE OF CONTENTS (CONTINUED)**PAGE**

Special Revenue Funds:

Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62
Combining Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances – Budget and Actual (Non- GAAP Budgetary Basis).....	67

Capital Projects Funds:

Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	94
Combining Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances – Budget and Actual (Non- GAAP Budgetary Basis).....	96

Enterprise Funds:

Combining Balance Sheet	104
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings.....	106
Combining Comparative Statement of Cash Flows.....	107

Trust and Agency Funds:

Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Expendable Trust Funds	112
Combining Statement of Changes in Assets and Liabilities – All Agency Funds.....	113

General Fixed Assets Account Group:

Comparative Schedule of General Fixed Assets by Source.....	116
Schedule of General Fixed Assets by Function and Activity	117
Schedule of Changes in General Fixed Assets by Function and Activity.....	119

STATISTICAL SECTION

General Fund Revenues by Source – Last Ten Fiscal Years.....	122
General Fund Expenditures by Function – Last Ten Fiscal Years	123
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	124
Property Tax Rates – All Direct and Overlapping Governments – Last Ten Fiscal Years	125
Property Tax Levies and Collections – Real and Public Utility – Last Ten Fiscal Years	126
Special Assessment Collections – Last Ten Fiscal Years.....	127
Computation of Legal Debt Margin.....	128
Computation of Direct and Overlapping Debt.....	129
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures – Last Ten Fiscal Years.....	130
Ratio of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt per Capita – Last Ten Fiscal Years	131
Demographic Statistics	132
Employment Distribution by Occupation.....	133
Property Value, New Construction and Bank Deposits – Last Ten Fiscal Years	134
Principal Taxpayers	135
Other Statistics.....	136

CITY OF
CLEVELAND
HEIGHTS 

May 30, 2003

Dear Members of Council and Residents of the
City of Cleveland Heights:

The purpose of this letter is to acquaint you with the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2002. The City, and more specifically the Department of Finance, assumes responsibility for the accuracy, completeness, fairness of presentation, and all disclosures contained within this report and believe the data included is accurate in all material respects. Further, it is our intention to present it in a manner that fairly sets forth the financial position of the City and results of operations as measured by its various activities.

The CAFR consists of three sections. The Introductory Section which contains the table of contents, this letter of transmittal, a list of principal City officials, and organizational charts of the City and the Department of Finance; the Financial Section with the opinion letter of the City's independent auditor, the General Purpose Financial Statements and the accompanying Notes to the Financial Statements, the combining financial statements by fund type, and other schedules which provide detailed information for the 2002 fiscal year; and the Statistical Section which details selected financial, economic, and demographic information about the City for the past ten years.

CITY ORGANIZATION

The City of Cleveland Heights, located in northeastern Ohio immediately east of Cleveland, is a residential community, which covers 8.11 square miles. The City's population from the 2000 Federal Census was 50,769. The City, incorporated under Ohio law in February 1921, operates under its own charter, which was adopted in August 1921. The Charter provides that the City operate under the council/manager form of government. The City Manager, appointed by the seven members elected Council, is the chief administrative officer of the City.

The City Manager, under authority granted by the City Charter, has the power to appoint and to remove all administrative officers and employees. His appointment of the Directors of Law, Finance, and Planning requires the approval of a majority of the members of Council. A Vice City Manager and two Assistants to the City Manager work with the City Manager in handling the administrative operations of the City, including the areas of Personnel, Budget and Capital Projects.

City Council holds its regular bi-monthly council meetings on the first and third Mondays of each month. The Charter provides procedures for special or emergency meetings, if the need arises. The City Manager and his administrative staff together with the various Department Directors attend all regular council meetings. City Council generally meets in committee or as a committee of the whole on those Mondays when there is no regularly scheduled meeting.

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ECONOMIC CONDITIONS

The City continued to enjoy economic stability during 2002 in part due to its proximity to the major cultural, educational, and medical facilities in northeastern Ohio. These facilities include the University Circle area comprised of Case Western Reserve University and its associated University Hospitals, Severance Hall for the Performing Arts which also serves as resident base to the internationally-acclaimed Cleveland Symphony Orchestra, and the Cleveland Clinic, a world-renowned medical research and treatment facility. In addition, the City is strategically located to facilitate efficient and quick access to the revitalized downtown Cleveland business district, sports facilities for the Cleveland Indians major league baseball team, the Cleveland Cavaliers professional basketball team, the Cleveland Browns professional football team, the Great Lakes Science Center, and the National Rock and Roll Hall of Fame. As a result, the City's unemployment rate in April 2003 was 4.2% as compared to the county rate of 6.6%, a State of Ohio rate of 6.1%, and a national rate of 5.8%.

Property values have increased on average by over 41% since 1992. This is a key indicator of this City's economic health and stability where the primary "industry" is its housing. All indications are that the City will continue to be a highly desirable place in which to live, further contributing to an appreciation in property values, which outpaces the rate of inflation.

2002 income tax collections remained strong and accounted for over 54% of all General Fund receipts.

HIGHLIGHTS OF 2002 AND PROSPECTS FOR THE FUTURE

Through a variety of municipal services and programs, together with public/private partnerships and citizen cooperation, there have been continued efforts to maintain and improve the exceptional environmental, economic, and social quality of life to which the residents of the City of Cleveland Heights have become accustomed.

Cain Park, the municipally-owned and operated outdoor theatrical complex, is home to both the Alma Theater and the Dina Rees Evans Amphitheater. Orchestral, dance, and theatrical performances produced during 2002 included: West Side Story, Bruce Hornsby, Pointe of Departure, Partners in Rhyme, Harlem in the Thirties, Isaac Hayes, Cleveland Jazz Orchestra, Dianne Reeves, The Glenn Miller Orchestra, Terrance Simien, The United States Air Force Bank of Flight, and Livingston Taylor. The Cain Park Arts Festival is recognized as one of the ten best such events in the United States.

Our commercial districts, integral to the City's residential neighborhoods, are home to the many new businesses which open in Cleveland Heights every year, complementing wonderful existing enterprises.

Severance Town Center began its life in 1963 as the area's first enclosed shopping mall. After an extensive \$100 million redevelopment, the new Severance Town Center has been successful in attracting a number of new occupants to the remodeled retail space. Home Depot and Wal-Mart have opened very busy stores which also anchor the new Severance. In addition to these successful stores, many other new businesses have located in Severance. Among these are Office Max, Borders Books and Café, and Marshall's. Regal Cinemas operates a fourteen-theatre complex. April 2002 marked the completion of the sale of the Severance Town Center from Winmar to Canyon-Johnson. Canyon-Johnson is proceeding with plans for the construction of several outlying restaurants.

In conjunction with these plans for further development of Severance Town Center, the reconstruction of Severance Circle Drive was begun in May 2003. The estimated cost of the project is \$3.5 million of which nearly 70% is being financed through the levy and collection of special assessments from the property owners. Work is expected to be completed in October 2003.

In addition to the revitalization of the retail spaces of Town Center, Severance Circle, which surrounds the shopping area, has seen significant capital investments in commercial projects. Among these are \$26 million for a new Kaiser Permanente medical facility which was completed in 2000 and \$5 million for a new U.S. Post Office which was completed in 1998.

The Giant Eagle grocery store at Cedar Road underwent an extensive remodel. It was completed in early 2002. Among other things, the store now has an expanded product array, new fixtures, flooring and a bright new decor. It is also a charming enhancement to the character of the surrounding district.

Zagara's Market and Café was completed in June, 2002. The new, state-of-the-art, independent supermarket was built on the site of two formerly vacant buildings along Lee Road. It is expected that the new market will anchor the area and encourage other development along the corridor. The city participated in the project through a Tax Increment Financing (TIF) agreement and the subsequent issuance of \$2 million of Economic Development Revenue Bonds

Dinerama opened in July, 2002. It consists of two authentic and restored 1950's stainless steel diners to be located at Lee and East Overlook Roads. The diners arrived in January, 2002. Dottie's Diner has seating for 106 customers and is open for breakfast, lunch and dinner serving traditional and modern diner fare. Sweet City Diner is a walk-up dessert counter and soda fountain. The city participated in the project by approving a \$550,000 CDBG loan.

The first new housing subdivision in the City since the mid 1980's was Greyton Court by Zaremba, Inc. Construction of the 22 new town homes began in December, 1999. Phase I was completed in the spring of 2001 while Phase II was completed in the spring of 2002. The City participated in the development of this project by establishing a linked deposit program with Third Federal Savings Bank and Fifth Third Bank. This program offered reduced mortgage interest rates to initial buyers of the new townhomes. In addition to these single-family residences, a \$15 million assisted living complex, Homewood Residence at Rockefeller Gardens, was opened in January, 2000.

Other new housing projects have begun since the success at Zaremba's Greyton Court. City Vision Development has transformed the corner of Euclid Heights Boulevard and Lee Road with the \$3 million eight-unit Boulevard Townhomes. The townhomes offer a contemporary exterior to accompany the unique design features of the interiors. The Boulevard Townhomes are within walking distance of the city's Cain Park outdoor theater.

Cedarmount Condominiums is a \$8 million development at Cedar Road and Fairmont Boulevard. The seventeen luxury condominiums offer many design options. Seven of the units offer a "brownstone" rowhouse design including four levels of living and featuring rooftop patios with great city views. The remaining ten units have Tudor accents and copper awnings.

The Courtyards at Severance is being developed by The Coral Company. January, 2002 marked the beginning of the project. There will be seventy-one single-family attached townhomes offering maintenance-free living with brick detailing on all front elevations. There will be professionally designed landscaping plus a nearby city park to provide welcome green spaces. The city has participated in this project by offering tax abatement to the new homeowners in the amount of 50% for the first ten years.

Villa Carabelli Townhomes is being built along Mayfield Road in the area leading to Cleveland's "Little Italy" neighborhood. The project spans both cities and will offer twenty luxury townhomes. All units will have views of the neighborhood and the cityscape beyond. The wooded hillsides will provide a gracious urban retreat. Construction has begun and six units are already sold. The base price is in the range of

\$450,000 to \$550,000 with the cost of options and amenities adding as much as \$150,000 to \$200,000 to that. Both cities, Cleveland and Cleveland Heights will offer tax abatement to the new homeowners. The tax abatement for the units in the City of Cleveland Heights will be 65% for seven years.

The City purchases water in bulk from the City of Cleveland through master meters and then distributes the water to City residents through the City's water mains. The City owns and maintains its water mains and also bills all water users for their consumption of water. While the City collects sewage through its own sewage system, the Northeastern Ohio Regional Sewer District handles the treatment of sewage. The City's Automatic Water Meter Reading System (AMR) utilizes water meters which are read by radio signals rather than by conventional meter reader personnel, allowing staff to read the entire City in less than three working days. For convenience and safety, the meters are read in the middle of the night. The monthly water bills are sent with the billing information, a return envelope, and a message section that serves as an informative reminder of City events. As a matter of convenience, customers can now pay their water and sewer bills by credit card or ACH debit from their checking account. In addition, the City altered its relationship with the Northeast Ohio Sewer District from master meter to that of a direct billing agent. This change resulted in residents receiving a direct statement each quarter from the Sewer District. A major benefit of this change is that residents are able to participate in the summer sprinkling program, which results in savings because of increased water usage in the summer.

The Cleveland Electric Illuminating Company and the Dominion East Ohio Gas Company, both independent, publicly-owned utilities provide City residents with electricity and natural gas. The City had placed issues of government aggregation of electricity supplies and natural gas supplies on the ballots in 2000 and 2001, respectively. Both issues were approved by the voters. The City proceeded with the aggregation plan and has now offered its residents city-wide aggregation plans with special rates for the supply of electricity and natural gas. The City contracted with First Energy Solutions as its aggregation supplier of electricity and with WPS Energy Services as its aggregation supplier of natural gas. Both programs have been popular with the residents.

Community Development Block Grant Program

The Community Development Block Grant (CDBG) Program is administered by the Planning and Development Department. In 2002, the City received \$2.068 million in CDBG dollars which were allocated to an array of projects including housing preservation, commercial district improvements, youth programs, senior services, and fair housing.

CITY SERVICES

The City provides the following services for its citizens: Police and Fire Protection, Emergency Medical Services, Refuse, Recyclable and Yard Waste Collection, Street Maintenance, Recreation Programs, Municipal Court, Public Health, Community Development, Public Improvements, Water and Sewer Services, and General Administrative Services.

In addition to the basic services just described, the City continues to offer superior recreational facilities for its residents. The City operates a total of six municipal parks, which include two swimming pools and the usual sports, playground, and picnic facilities. In addition, the expansion of the Recreation Pavilion into a full-service Community Center was completed in 2001. The new Olympic-size ice rink was opened in September, 2001 providing the City with two ice rinks. The new Senior Activity Center opened in December, 2001. The Field House and Fitness Center opened in January, 2002. The Field House has two high school-size side-by-side courts with wooden floors, bleachers, scoreboards, glass backboards and the flexibility to accommodate both basketball and volleyball as well as other programs. It also includes a four-lane elevated track with a rubberized surface and length of 180 yards. The Fitness Center features Nautilus exercise machines, aerobic, elliptical, and step machines along with a variety of bikes. There is also a cardio theater system and an aerobics room. The Community Center also contains child care facilities and meeting and general recreation rooms.

The curbside recycling program continued to be successful due to the cooperation of the residents. Included in the recycling collection are newspapers, magazines and catalogs, mixed paper (including cereal and dry good boxes), corrugated cardboard, metal, glass and #1 and #2 plastic containers. In addition, the City diverted most of its yard waste from the landfill to composting facilities. Cleveland Heights promotes the use of products made from recycled material whenever possible.

In keeping with its primarily residential character, the City operates an urban forestry department which is funded mainly through an annual special assessment on all properties. With the addition of new equipment and manpower, the department was able to concentrate on removing and replanting Cleveland Heights' aging urban forest. During 2002, the Forestry Department planted 420 trees (size 2.5" – 3" caliper) and removed 391 trees. Additionally, all small trees were trimmed on eighty of the City's streets. The purchase of a stump grinder allowed City staff to remove 355 tree stumps in the City. The City received its 24th Tree City USA Award, sponsored by the National Arbor Day Foundation in cooperation with the U.S. Forest Service, the U.S. Conference of Mayors, the National Association of State Foresters, and the National League of Cities.

The annual street resurfacing program involves removal of the asphalt street surface to its base, making base repairs, replacing curbs, catch basin and manhole castings as needed, setting all castings flush to the new street level and placing a new asphalt surface which is crowned and graded for proper drainage. The primary sources of funding for this program are motor vehicle license fees and gasoline excise tax, which generate about \$1.2 million per year. An additional \$168,314 of CDBG funds were used on streets in low/moderate income districts. The annual street surface treatment program extends the life of the road's surface by application of crack fillers, chip sealing, and single pass asphalt recycling, a method of reclaiming the top inch of loose asphalt.

REPORTING ENTITY

The City has reviewed its reporting entity definition in order to insure conformance with the Statements issued by the Governmental Accounting Standards Board. The financial reporting entity consists of the City (the primary government) as well as any component units for which the elected officials of the City are financially accountable. A component unit is a legally separate organization which would be included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Based upon this review, these financial statements do not include any component units.

ACCOUNTING POLICIES AND BUDGETARY CONTROL

The City of Cleveland Heights reports on a modified accrual/accrual basis of accounting, which conforms to generally accepted accounting principles (GAAP), as applicable to local governments. Under this system, the Governmental and Fiduciary Fund Types utilize a modified accrual basis of accounting. On this basis revenues are recognized when measurable and available to finance current expenditures; expenditures are recognized when goods and services are received and liabilities are incurred. The Proprietary Fund Types are accounted for on the accrual basis of accounting. On this basis revenues are recognized when earned; expenses are recognized when incurred.

The City maintains its legal level of budgetary control at the fund level. However, management control is exercised at the department level (Public Safety, Public Health, Culture and Recreation, Community Development, Sanitation, Transportation, and General Government). The City Manager is authorized to transfer amounts between objects of expenditure within and between departments so long as the total appropriation for each fund does not exceed that of the Council approved appropriation. The City's fully automated financial system maintains this budgetary control through its purchase order/encumbrance feature. The purchase order, required before making any purchase, creates the encumbrance against the current budget. No purchase order will be generated unless there is sufficient unobligated budget to accept the encumbrance without a budget overrun.

INTERNAL ACCOUNTING AND REPORTING CONTROL

As part of its continuing commitment to excellence in financial reporting, the City utilizes a fully integrated, computerized financial accounting, budgeting and reporting system. Because the system is integrated, the financial and budgetary information maintained by the system is immediately available to the City's management. The timeliness and accuracy of the information provided by the City's accounting, budgeting and reporting system provides each member of the City's management with a solid, informed financial basis for daily decision-making, performance evaluation and planning.

The City has built internal accounting controls into its financial accounting, budgeting and reporting system to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss resulting from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The internal accounting controls built into the City's system were developed within the framework of the concept of reasonable assurance. This concept recognizes that the cost of control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. Regular reviews of internal control occur within this policy framework. We believe that the City's internal accounting controls adequately safeguard the City's assets and provide reasonable assurance of proper recording and reporting of financial transactions.

FUND AND ACCOUNT GROUP STRUCTURE

The City has organized its Funds and Account Groups as follows:

Governmental Funds

General Fund – To account for all financial resources except those required to be accounted for in a separate fund. Most of the City's basic services are accounted for in this fund.

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

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

Capital Projects Funds – To account for financial resources to be used for the acquisition or construction of major capital facilities, except for those financed by Proprietary or Trust Funds.

Proprietary Funds

Enterprise Funds – To account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds – To account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds – To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust Funds are all considered to be expendable.

Account Groups

General Fixed Assets Account Group – To account for all fixed assets of the City, except those accounted for in the Proprietary and Trust Funds.

General Long-Term Debt Account Group – To account for all long-term obligations of the City, except for those accounted for in the Proprietary and Trust Funds.

GENERAL GOVERNMENTAL REVENUES AND EXPENDITURES

Revenues for general governmental functions are classified under the following sources:

Property Taxes – Amounts levied against the taxable or assessed value of all real and public utility property, and tangible personal property used in business. Real property is assessed at 35% of true (market) value. The true value of personal property is based on composite annual allowances and is assessed at 25%, except electric utility distribution or transmission equipment which is assessed at 88% of true value, and personal property of rural electric companies which is assessed at 50% of true value, and the personal property of railroads which is assessed at 25% of true value. Effective in tax year 1995, all interexchange telephone personal property is assessed at 25 percent. Local exchange telephone personal property added to the tax roles during tax year 1995 and thereafter is assessed at 25% of true value; existing personal property is assessed at 88%.

Municipal Income Taxes – Taxes levied at a rate of 2% on all wages, other compensation, and net profits earned within the City, as well as on the income of residents which is earned outside the City. In the latter case the City allows a tax credit of 50% of the tax paid to another municipality up to a maximum credit of one-half of one percent of income earned outside the City.

Other Local Taxes – Includes admission taxes levied on theatre, special event, athletic clubs and golf course gross revenues, hotel/motel taxes on gross rentals, and cable TV franchise taxes.

State Levied Shared Taxes – Includes local government taxes received from both the State of Ohio and Cuyahoga County, inheritance taxes, cigarette taxes, and liquor and beer permit fees all of which are distributed to the City according to various formulae.

Intergovernmental Grants and Contracts – Includes local, state and federal grants, such as Community Development Block Grant, COPS Ahead, and local intergovernmental operating contracts.

Charges for Services – Includes charges for general governmental services such as health and vital statistics fees, refuse collection, sewer cleaning, parking meters, swimming pools, and other recreation programs.

Fees, Licenses, and Permits – Includes charges for zoning appeals fees, building trade licenses, permits and inspections.

Interest Earnings – Interest and other profits earned on investments.

Special Assessments – Includes revenues from assessments levied on various parcels of property to finance special benefits conferred upon the parcels.

Fines and Forfeitures – Payments received by the City through the Cleveland Heights Municipal Court from fines, costs, and bond forfeitures for both civil and criminal cases. This also includes parking fines which are not received through the Court but rather directly from the payor.

All Other Revenue – Miscellaneous revenues not otherwise accounted for.

The following summary schedule compares revenues and other financing sources for general governmental functions which include the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds and includes a discussion of material differences from 2001 to 2002.

<u>Revenue Source</u>	<u>Year ended December 31,</u>		<u>Increase (Decrease) from 2001</u>
	<u>2002</u>	<u>2001</u>	
Property taxes	\$ 9,853,609	\$ 9,901,120	\$ (47,511)
Municipal income taxes	19,514,488	19,842,139	(327,651)
Other local taxes	1,085,396	758,825	326,571
State levied, shared taxes	5,420,931	7,042,737	(1,621,806)
Intergovernmental grants and contracts	4,204,152	3,983,747	220,405
Charges for services	2,355,048	1,698,829	656,219
Fees, licenses, and permits	913,301	890,925	22,376
Interest earnings	681,213	1,630,247	(949,034)
Special assessments	1,221,592	1,043,594	177,998
Fines and forfeitures	2,365,086	2,210,566	154,520
All other revenue	<u>1,955,416</u>	<u>1,627,149</u>	<u>328,267</u>
Subtotal	49,570,232	50,629,878	(1,059,646)
Other financing sources	<u>4,833,751</u>	<u>12,174,021</u>	<u>(7,340,270)</u>
Total	\$ <u>54,403,983</u>	\$ <u>62,803,899</u>	\$ <u>(8,399,916)</u>

The decrease in municipal income taxes can be directly attributed to the general economic downturn that took place throughout 2002.

The decrease in state levied, shared taxes was due largely to a reduction of inheritance taxes received.

Increase in charges for services was due to a variety of situations including charges for prisoner upkeep and increased programming at the community center.

Interest rates on fixed income securities fell dramatically during 2002. City investments consist primarily of U.S. Government Treasury and Agency notes. The City experienced a significant reduction in investment earnings due to falling interest rates.

Other revenue was increased due to increased charges for indirect costs throughout the city departments.

Other financing sources decreased due to the reduction of debt issued in 2002. No new special projects were funded by debt issuances in 2002.

Expenditures for general governmental functions are classified under the following categories:

Public Safety – Expenditures for police and fire protection, traffic signs and signals, animal control, and other activities where the primary purpose is to reduce the amounts and effects of external harm to individuals.

Public Health – Expenditures for health services, assistance to the aged, and other activities which provide for the physical and mental health of citizens by reducing the number, length, and severity of illnesses and disabilities.

Culture and Recreation – Expenditures for activities which provide year-round leisure time opportunities for citizens such as parks, recreation programs, swimming pools, and playgrounds.

Community Development – Expenditures for community planning and zoning, housing and building code enforcement, community relations, and public relations, all aimed at providing citizens with decent, safe and sanitary housing as well as improving the general economic environment of the City.

Sanitation – Expenditures for storm sewers and drains, refuse collection and disposal.

Transportation – Expenditures for street maintenance and repair, parking meters, and vehicle maintenance.

General Government – Expenditures for the administration of activities such as City Council, City Manager, Finance, Law, Municipal Court, and Community Services, as well as costs of independent audits, workers compensation, employee health benefits, County Auditor’s deductions, and overall administrative support.

Capital Outlay – Expenditures for the purchase of land, buildings, equipment, or improvements to any of the foregoing, which have a unit cost of at least five thousand dollars or more.

Debt Service – Expenditures for the principal and interest on the City’s general obligation bonds, notes, and other long-term debt.

The following summary schedule compares expenditures and other financing uses for general governmental functions which include the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds and includes a discussion of material differences from 2001 to 2002.

<u>Function</u>	<u>Year ended December 31,</u>		<u>Increase</u>
	<u>2002</u>	<u>2001</u>	<u>(Decrease)</u> <u>from 2001</u>
Public Safety	\$ 16,484,752	\$ 16,814,398	\$ (329,646)
Public Health	422,791	478,573	(55,782)
Culture and Recreation	4,226,325	12,031,569	(7,805,244)
Community Development	7,168,486	9,088,496	(1,920,010)
Sanitation	2,875,271	3,042,946	(167,675)
Transportation	6,132,565	4,711,853	1,420,712
General Government	12,859,277	12,563,904	295,373
Capital Outlay	531,726	1,482,142	(950,416)
Debt Service	<u>3,928,007</u>	<u>6,098,517</u>	<u>(2,170,510)</u>
Subtotal	54,629,200	66,312,398	(11,683,198)
Other financing uses	<u>3,662,743</u>	<u>3,073,861</u>	<u>588,882</u>
Total	\$ 58,291,943	\$ 69,386,259	\$ (11,094,316)

The decrease in culture and recreation was due to the completion of construction of the new community center.

Community development decreased as 2001 projects were completed. No large purchases of property or other community development projects were commenced in 2002.

Transportation increased due to repayment of 2001 advance of funds which was necessary due to delayed reimbursement from county for street rehabilitation project. In addition, there were increases in the expenditures for street rehabilitation projects.

Capital outlay decreased due to fewer purchases of significant specialty motorized equipment items. In addition, the purchase of real estate remained relatively constant to 2001.

Debt service decreased due to the expenditure in 2001 to refund bonds for off-street parking facility.

Increase in other financing uses due to increased interfund transfers.

GENERAL FUND REVENUES AND EXPENDITURES

As the primary operating fund of the City, the General Fund traditionally accounts for most of the general governmental revenues and expenditures. Consequently, schedules comparing fiscal year 2002 revenues and expenditures with fiscal year 2001 revenues and expenditures follow.

<u>Revenues</u>	<u>Year ended December 31,</u>		<u>Increase (Decrease) from 2001</u>
	<u>2002</u>	<u>2001</u>	
Property taxes	\$ 4,923,748	\$ 4,906,303	\$ 17,445
Income taxes	19,514,488	19,835,782	(321,294)
Other local taxes	887,693	455,701	431,992
State levied shared taxes	4,106,073	5,988,645	(1,882,572)
Intergovernmental grants and contracts	715,305	755,909	(40,604)
Charges for services	1,972,398	1,317,992	654,406
Fees, Licenses, and Permits	886,025	860,712	25,313
Interest earnings	594,990	1,328,792	(733,802)
Special Assessments	54,009	-	54,009
Fines and forfeitures	1,894,685	1,976,035	(81,350)
All other revenue	<u>1,009,999</u>	<u>616,862</u>	<u>393,137</u>
Subtotal	36,559,413	38,042,733	(1,483,320)
Other financing sources	<u>91,398</u>	<u>54,738</u>	<u>36,660</u>
Total	\$ <u>36,650,811</u>	\$ <u>38,097,471</u>	\$ <u>(1,446,660)</u>

Income tax collection decreased due to the general decline in the economy in 2002.

State levied, shared taxes decreased due to reduction in inheritance taxes received.

Increase in charges for services due to increased programming and activities at the newly opened community center.

Interest rates on fixed income securities fell dramatically during 2002. City investments consist primarily of U.S. Government Treasury and Agency notes. The City experienced a significant reduction in investment earnings due to falling interest rates.

Other revenue was increased due to increased charges for indirect costs throughout the city departments.

<u>Expenditures</u>	<u>Year ended December 31,</u>		<u>Increase (Decrease) from 2001</u>
	<u>2002</u>	<u>2001</u>	
Public Safety	\$ 13,073,176	\$ 13,130,206	\$ (57,030)
Public Health	421,092	446,732	(25,640)
Culture and Recreation	2,933,284	1,965,501	967,783
Community Development	2,770,185	2,604,284	165,901
Sanitation	2,506,851	2,921,629	(414,778)
Transportation	3,114,675	2,792,305	322,370
General Government	<u>12,607,065</u>	<u>11,878,068</u>	<u>728,997</u>
Subtotal	37,426,328	35,738,725	1,687,603
Other Financing Uses	<u>2,367,663</u>	<u>2,649,921</u>	<u>(282,258)</u>
Total	\$ <u>39,793,991</u>	\$ <u>38,388,646</u>	\$ <u>1,405,345</u>

Culture and recreation has increased with the related costs of operating the community center year round and providing increased programming at the site.

Sanitation decreased due to the reassignment of the sewer maintenance department from the General Fund to the Enterprise Fund.

Transportation increased with higher project costs for street rehabilitation projects.

Increased general government can be attributed to increases in salaries and fringe benefit costs for city employees.

FUND EQUITY

Governmental operations during the year produced the following changes in fund equity for the various governmental fund types and Expendable Trust Funds.

<u>Fund Types</u>	Year ended December 31,		Increase (Decrease)
	<u>2002</u>	<u>2001</u>	<u>from 2001</u>
General	\$ 6,517,470	\$ 9,601,603	\$ (3,084,133)
Special Revenue	4,383,794	5,477,550	(1,093,756)
Debt Service	3,418,626	3,136,351	282,275
Capital Projects	(897,870)	(961,388)	63,518
Expendable Trust	342,728	339,545	3,183

General Fund Equity decreased primarily due to a decrease of inheritance tax received and increase in programming and operating costs associated with the new community center.

Special Revenue Equity decreased primarily due to transfers out of the Local Programming Fund.

CASH MANAGEMENT

The City's investment policy is to ensure safety of principal while maintaining adequate liquidity with competitive yields on its portfolio. The cash resources of all funds are combined and invested to the extent available in treasury bills, treasury notes, and other authorized instruments. Interest earned is first distributed on a pro-rata basis to all restricted funds with the remainder distributed to the General Fund. Investments and deposits at December 31, 2002, totaled \$22,647,662 and are stated at fair value. The total interest earned during fiscal year 2002 was \$911,671.

RISK MANAGEMENT

As a means of providing superior coverage and at a cost lower than conventional insurance, the City developed and implemented its own self-funded insurance plan which covers all areas of risk including general liability, property, vehicle coverage, law enforcement professional and public official coverage. This plan utilizes the services of a third-party administrator, with the City maintaining a self-insured retention overlaid with conventional excess coverage.

In addition, the City maintains two health insurance plans for its employees. One plan is an HMO; the other is a self-funded program which is reinsured through a commercial insurance company and administered through a third-party administrator. Cost containment and enhanced control over health benefit levels have resulted from the City's health plan initiatives.

The City applied for and was accepted into the State of Ohio Workers Compensation Retrospective Rating Plan. Under the terms of this plan, the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the employer's injured workers' claims are incurred, the employer must reimburse the State fund for those costs, subject to the plan's individual claim cost limitation and the employer's premium limitation. The City's retrospective rating plan provides for a \$250,000 catastrophic limit per claim and an unlimited claim limit.

GENERAL FIXED ASSETS

The General Fixed Assets of the City include all city-owned land, buildings, improvements, and equipment used in the performance of general governmental functions. The General Fixed Assets exclude the fixed assets of the Proprietary Funds. Infrastructure such as roads, curbs, and sidewalks are not included in the fixed assets of the General Fixed Assets Account Group. As of December 31, 2002, the general fixed assets of the City amounted to \$47,637,696.

This amount represents the historical cost or estimated historical cost, if actual historical cost is not available, net of accumulated depreciation, and is less than their market value. Depreciation of general fixed assets is recorded in the General Fixed Assets Account Group.

LONG-TERM OBLIGATIONS

At December 31, 2002, the City's outstanding long-term debt obligations including rates of interest ranges were as follows:

Capital Lease Commitments	\$ 642,769
General Obligation Bonded Debt	
Voted (3.0% to 6.375%)	\$ 14,835,000
Unvoted (3.0% to 6.25%)	\$ 9,235,000
Accrued Compensated Absences	\$ 3,416,797
Issue II Loans	\$ 1,067,414

The City's current bond ratings are as follows:

Moody's Investors Service, Inc.	Aa2
Standard & Poor's Corporation	AA

PENSION OBLIGATIONS

All employees of the City belong to one of two state sponsored pension plans. Non-uniformed employees and basic patrol officers are members of the Public Employees Retirement System of Ohio (PERS). Police and Fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). Both PERS and OP&F are cost-sharing multiple employer public employee retirement systems. More detailed discussion of both pension plans can be found in the Notes to the Financial Statements in the Financial Section of this Report.

INDEPENDENT AUDIT

The financial records, books of accounts, and transactions of the City of Cleveland Heights, Ohio for the year ended December 31, 2002, have been audited by the firm of Ciuni & Panichi, Inc., Certified Public Accountants. The auditor's unqualified opinion has been included in this report.

In addition, the City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1997 in accordance with U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Based upon prior experience, management believes that no material weakness in internal controls exist or questioned costs, if any, will have an adverse material effect on the financial condition of the City.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement For Excellence In Financial Reporting to the City of Cleveland Heights, Ohio, for its comprehensive annual financial report for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of only one year. The City of Cleveland Heights, Ohio, has received a Certificate of Achievement for the last eighteen (18) consecutive years (fiscal years ended December 31, 1984, through December 31, 2002). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

Successful preparation of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors, but especially to those employees in the Departments of Finance, Planning, and Public Relations who have spent their time and energy on various parts of the project. Finally, City Staff wants to extend its appreciation to the Mayor and City Council for their support and commitment to responsible fiscal reporting.

POSTSCRIPT

All of the programs and offerings noted in this letter of transmittal are aimed at supporting the City's mission:

“Cleveland Heights is a mature residential community with a racially and culturally diverse population. We recognize this diversity as a primary strength and seek to retain our current population mix which contributes to a wholesome integrated community. In order to accomplish these objectives, we commit ourselves not only to traditional mandated services but to the following actions:

To maintain our housing stock at optimum value.

To maintain a high quality of life through recreational and cultural opportunities.

To maintain and support our commercial districts to ensure access to goods and services.

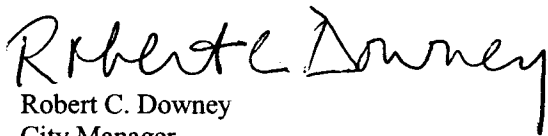
To actively engage in an on-going dialogue with neighborhood groups and residents so that changing needs of our community shape our services.


To remain competitive in relation to other surrounding communities in attracting new residents through developing new housing, controlling taxes and enhancing the quality of our community life through new and existing programs.

To assure a high return to our residents on every tax dollar.”

As employees of the City of Cleveland Heights, we are proud of the community in which we work and live. We pledge our continued dedication to providing the highest possible level of service to the citizens of the City, and we commit ourselves to helping enhance the quality of life which our residents, our greatest asset, enjoy.

Respectfully submitted,


Robert C. Downey
City Manager


Thomas K. Malone
Director of Finance

CITY OF CLEVELAND HEIGHTS, OHIO

LISTING OF PRINCIPAL CITY OFFICIALS

DECEMBER 31, 2002

ELECTED OFFICIALS

Mayor.....	Edward J. Kelley
Vice Mayor.....	Kenneth R. Montlack
Councilmember.....	Bonita W. Caplan
Councilmember.....	Nancy J. Dietrich
Councilmember.....	Phyllis L. Evans
Councilmember.....	Jimmie Hicks, Jr.
Councilmember.....	Dennis R. Wilcox
Municipal Judge.....	A. Deane Buchanon

APPOINTED OFFICIALS

City Manager.....	Robert C. Downey
Vice City Manager.....	Kathleen A. Ruane
Assistant to the City Manager.....	Eddie L. Carter
Assistant to the City Manager.....	Carl Czaga
Director of Community Services.....	Susanna Niermann O'Neil
Director of Finance.....	Thomas K. Malone
Assistant Director of Finance.....	Sharon E. McGuire
Director of Law.....	John H. Gibbon
First Assistant Director of Law.....	Laure A. Wagner
Assistant Director of Law.....	William R. Hanna
Assistant Director of Law.....	R. Todd Hunt
Assistant Director of Law.....	L. James Juliano, Jr.
Assistant Director of Law.....	Kim Segebarth
Assistant Director of Law.....	Jennifer Sorce
Director of Planning.....	Richard E. Wong
Assistant Director of Planning.....	Kimberly Steigerwald
Director of Public Safety.....	Robert C. Downey
Director of Public Works.....	Craig R. Zins
Chief of Fire.....	Stanley J. Powaski
Chief of Police.....	Martin G. Lentz

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland
Heights, Ohio

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

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



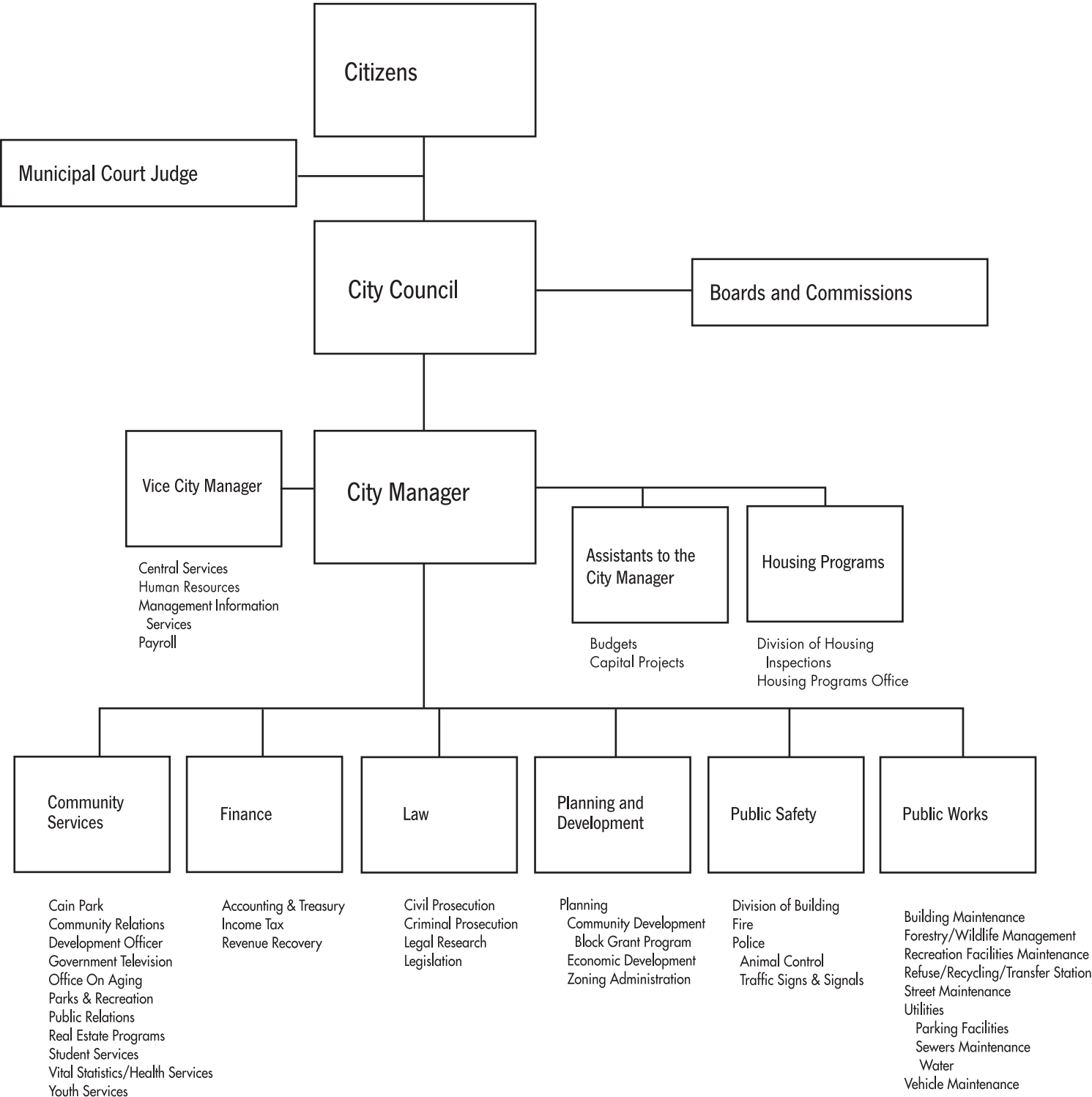
President

Executive Director



CLEVELAND HEIGHTS

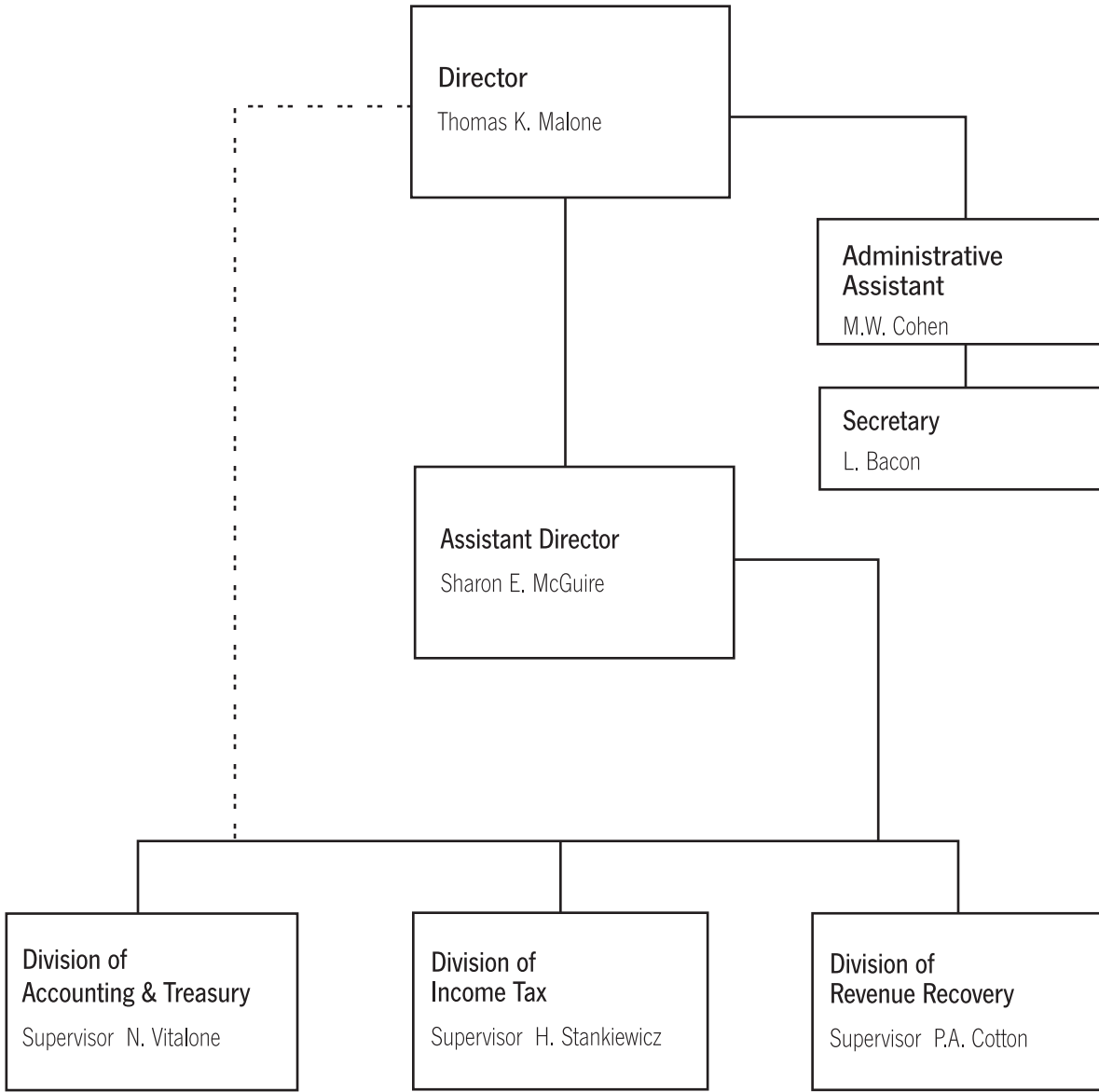
City Organization as of December 31, 2002





CLEVELAND HEIGHTS

Department of Finance Organization as of December 31, 2002



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FINANCIAL

SECTION

Significant commercial development was completed or begun in 2002. The family-owned Zagara's Marketplace celebrated its grand opening in June. The project was supported by a two-million-dollar tax-increment-financing (TIF) package arranged by the City and a \$500,000 Brownfield redevelopment grant from the City. This new, state-of-the-art, independent supermarket has been enthusiastically embraced by the community.



2002

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

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Independent Auditor's Report

Members of the City Council
Cleveland Heights, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2003 on our consideration of the City of Cleveland Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Members of the City Council
City of Cleveland Heights, Ohio

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

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

Cini & Panichi, Inc.

Cleveland, Ohio
April 9, 2003

CITY OF CLEVELAND 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 of proprietary fund types.

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits</u>				
Assets:				
Equity in City Treasury Cash	\$ 6,374,388	\$ 2,956,201	\$ 3,433,988	\$ 2,043,942
Receivables (Net of Allowance for Uncollectibles):				
Taxes	11,745,481	1,027,644	4,899,760	-
Accounts	242,951	-	-	-
Special Assessments	-	2,468,232	-	-
Accrued Interest	100,716	2,559	-	4,852
Loans	-	1,663,505	-	-
Intergovernmental	-	1,585,673	-	-
Due from Other Funds	123,013	2,134,018	-	15,362
Inventory of Supplies	243,182	-	-	-
Restricted Assets:				
Deposits	-	-	-	-
Fixed Assets, (Net of Accumulated Depreciation)	-	-	-	-
Other Debits:				
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-
Total Assets	\$ <u>18,829,731</u>	\$ <u>11,837,832</u>	\$ <u>8,333,748</u>	\$ <u>2,064,156</u>

The accompanying notes are an integral part of these combined financial statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>2002</u>	<u>2001</u>
\$ 4,514,795	\$ 1,486,423	\$ 961,022	-	\$ -	\$ 21,770,759	\$ 27,666,325
-	-	-	-	-	17,672,885	18,290,194
3,142,056	-	-	-	-	3,385,007	3,248,203
-	-	-	-	-	2,468,232	3,610,008
23,905	13,242	452	-	-	145,726	329,282
-	-	-	-	-	1,663,505	1,390,717
-	-	-	-	-	1,585,673	1,330,339
-	549,897	-	-	-	2,822,290	2,429,125
196,255	-	-	-	-	439,437	424,568
876,903	-	-	-	-	876,903	926,558
23,522,136	-	-	47,637,696	-	71,159,832	68,677,607
-	-	-	-	3,418,626	3,418,626	3,136,351
-	-	-	-	<u>26,550,940</u>	<u>26,550,940</u>	<u>28,635,428</u>
<u>\$ 32,276,050</u>	<u>\$ 2,049,562</u>	<u>\$ 961,474</u>	<u>\$ 47,637,696</u>	<u>\$ 29,969,566</u>	<u>\$ 153,959,815</u>	<u>\$ 160,094,705</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED) DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Equity And Other Credits</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ 608,040	\$ 352,804	\$ -	\$ 14,901
Accrued Wages and Benefits	1,675,246	1,892,175	-	-
Contracts Payable – Retainage				
Percentage	-	170,034	-	317,763
Lease Commitments Payable	-	-	-	-
Due to Other Funds	1,301,000	1,359,638	15,362	-
Due to Other Governments	-	-	-	-
Deferred Revenue	8,645,587	3,679,387	4,899,760	-
Restricted/Refundable Deposits	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	2,614,000
Accrued Interest Payable	-	-	-	15,362
Accrued General Liability Reserve	82,388	-	-	-
Issue II Loans Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Economic Development Revenue				
Bonds Payable	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Total Liabilities	12,312,261	7,454,038	4,915,122	2,962,026
Equity and Other Credits:				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital:				
Contributed from Special				
Assessments	-	-	-	-
Contributed from Governments	-	-	-	-
Contributed from Other Funds	-	-	-	-
Capital Grants (Net of				
Accumulated Amortization)	-	-	-	-
Retained Earnings:				
Reserved for Workers' Compensation	-	-	-	-
Unreserved	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	163,311	177,357	-	491,655
Reserved for Loans	-	1,663,505	-	-
Reserved for Inventory of Supplies	243,182	-	-	-
Unreserved; Undesignated (Deficit)	6,110,977	2,542,932	3,418,626	(1,389,525)
Total Fund Equity (Deficit)				
and Other Credits	6,517,470	4,383,794	3,418,626	(897,870)
Total Liabilities, Equity, and Other Credits	\$ 18,829,731	\$ 11,837,832	\$ 8,333,748	\$ 2,064,156

The accompanying notes are an integral part of these combined financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	2002	2001
\$ 807,106	\$ -	\$ -	\$ -	\$ -	\$ 1,782,851	\$ 2,427,893
359,931	1,465,672	-	-	-	5,393,024	4,657,474
18,592	-	-	-	-	506,389	1,086,479
-	-	-	-	642,769	642,769	320,005
-	-	146,290	-	-	2,822,290	2,417,050
-	-	54,747	-	-	54,747	546,690
-	-	-	-	-	17,224,734	19,204,049
876,903	-	417,709	-	-	1,294,612	1,422,902
-	-	-	-	-	2,614,000	2,345,000
-	-	-	-	-	15,362	43,482
-	-	-	-	-	82,388	110,507
1,067,414	-	-	-	-	1,067,414	1,132,937
-	-	-	-	24,070,000	24,070,000	26,365,000
-	-	-	-	1,840,000	1,840,000	1,995,000
-	-	-	-	3,416,797	3,416,797	3,091,774
<u>3,129,946</u>	<u>1,465,672</u>	<u>618,746</u>	<u>-</u>	<u>29,969,566</u>	<u>62,827,377</u>	<u>67,166,242</u>
-	-	-	47,637,696	-	47,637,696	48,157,926
32,963	-	-	-	-	32,963	32,963
2,273,027	-	-	-	-	2,273,027	2,324,568
3,367,166	-	-	-	-	3,367,166	3,450,790
41,462	-	-	-	-	41,462	41,462
-	583,890	-	-	-	583,890	450,546
23,431,486	-	-	-	-	23,431,486	20,876,547
-	-	-	-	-	832,323	2,042,369
-	-	-	-	-	1,663,505	1,390,717
-	-	-	-	-	243,182	184,135
-	-	342,728	-	-	11,025,738	13,976,440
<u>29,146,104</u>	<u>583,890</u>	<u>342,728</u>	<u>47,637,696</u>	<u>-</u>	<u>91,132,438</u>	<u>92,928,463</u>
\$ <u>32,276,050</u>	\$ <u>2,049,562</u>	\$ <u>961,474</u>	\$ <u>47,637,696</u>	\$ <u>29,969,566</u>	\$ <u>153,959,815</u>	\$ <u>160,094,705</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues</u>				
Property Taxes	\$ 4,923,748	\$ 399,222	\$ 3,902,103	\$ 628,536
Municipal Income Taxes	19,514,488	-	-	-
Other Local Taxes	887,693	181,380	16,323	-
State Levied Shared Taxes	4,106,073	1,314,858	-	-
Intergovernmental Grants and Contracts	715,305	3,469,585	-	19,262
Charges for Services	1,972,398	382,650	-	-
Fees, Licenses, and Permits	886,025	27,276	-	-
Interest Earnings	594,990	26,580	757	55,881
Special Assessments	54,009	1,167,583	-	-
Fines and Forfeitures	1,894,685	470,401	-	-
Reimbursements Received	836,288	-	-	-
All Other Revenue	173,711	914,724	3,712	22,050
Total Revenues	<u>36,559,413</u>	<u>8,354,259</u>	<u>3,922,895</u>	<u>725,729</u>
<u>Expenditures</u>				
Current:				
Public Safety	13,073,176	3,411,576	-	-
Public Health	421,092	446	-	-
Culture and Recreation	2,933,284	771,601	-	521,440
Community Development	2,770,185	3,716,571	-	681,730
Sanitation	2,506,851	15,169	-	353,251
Transportation	3,114,675	2,867,768	-	150,122
General Government	12,607,065	163,739	28,689	56,284
Capital Outlay	-	131,628	-	400,098
Debt Service:				
Principal	-	-	2,295,000	155,000
Interest and Fiscal Charges	-	-	1,345,051	132,956
Total Expenditures	<u>37,426,328</u>	<u>11,078,498</u>	<u>3,668,740</u>	<u>2,450,881</u>
Excess of Revenues Over (Under) Expenditures	<u>(866,915)</u>	<u>(2,724,239)</u>	<u>254,155</u>	<u>(1,725,152)</u>

The accompanying notes are an integral part of these combined financial statements

Fiduciary Fund Type	Totals (Memorandum Only)	
	2002	2001
Expendable Trust		
\$ -	\$ 9,853,609	\$ 9,901,120
-	19,514,488	19,842,139
-	1,085,396	758,825
-	5,420,931	7,042,737
-	4,204,152	3,983,747
-	2,355,048	1,698,829
-	913,301	890,925
3,005	681,213	1,630,247
-	1,221,592	1,043,594
-	2,365,086	2,210,566
-	836,288	-
<u>4,931</u>	<u>1,119,128</u>	<u>1,627,149</u>
<u>7,936</u>	<u>49,570,232</u>	<u>50,629,878</u>
-	16,484,752	16,814,398
1,253	422,791	478,573
-	4,226,325	12,031,569
-	7,168,486	9,088,496
-	2,875,271	3,042,946
-	6,132,565	4,711,853
3,500	12,859,277	12,563,904
-	531,726	1,482,142
-	2,450,000	4,513,993
-	1,478,007	1,584,524
<u>4,753</u>	<u>54,629,200</u>	<u>66,312,398</u>
<u>3,183</u>	<u>(5,058,968)</u>	<u>(15,682,520)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONTINUED)

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Other Financing Sources (Uses)				
Proceeds from Sale of Debt	-	-	-	-
Proceeds from Settlement	-	-	-	1,000,000
Proceeds from Sale of Fixed Assets	91,398	1,425	-	73,250
Operating Transfers – In	-	2,880,656	43,482	743,540
Operating Transfers – Out	<u>(2,367,663)</u>	<u>(1,251,598)</u>	<u>(15,362)</u>	<u>(28,120)</u>
Total Other Financing Sources (Uses)	<u>(2,276,265)</u>	<u>1,630,483</u>	<u>28,120</u>	<u>1,788,670</u>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (3,143,180)	 (1,093,756)	 282,275	 63,518
 Fund Balances (Deficit) at Beginning of Year	 9,601,603	 5,477,550	 3,136,351	 (961,388)
 Increase (Decrease) in Reserve for Inventory	 <u>59,047</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balances (Deficit) at End of Year	 \$ <u>6,517,470</u>	 \$ <u>4,383,794</u>	 \$ <u>3,418,626</u>	 \$ <u>(897,870)</u>

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	2002	2001
-	-	8,518,519
-	1,000,000	-
-	166,073	332,111
-	3,667,678	3,323,391
-	(3,662,743)	(3,073,861)
-	1,171,008	9,100,160
3,183	(3,887,960)	(6,582,360)
339,545	17,593,661	24,259,442
-	59,047	(83,421)
\$ <u>342,728</u>	\$ <u>13,764,748</u>	\$ <u>17,593,661</u>

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Property Taxes	\$ 5,531,358	\$ 4,923,748	\$ (607,610)
Municipal Income Taxes	19,733,760	20,305,357	571,597
Other Local Taxes	212,107	218,251	6,144
State Levied Shared Taxes	4,407,700	4,535,371	127,671
Intergovernmental Grants and Contracts	695,170	715,305	20,135
Charges for Services	1,914,787	1,970,250	55,463
Fees, Licenses, and Permits	861,083	886,025	24,942
Interest Earnings	833,035	857,164	24,129
Special Assessments	52,490	54,009	1,519
Fines and Forfeitures	1,790,815	1,842,687	51,872
Reimbursements Received	812,746	836,288	23,542
Other Revenue	168,821	173,711	4,890
Total Revenues	37,013,872	37,318,166	304,294
<u>Expenditures</u>			
Current:			
Public Safety	13,390,877	13,321,582	69,295
Public Health	424,096	416,453	7,643
Culture and Recreation	2,860,267	2,792,679	67,588
Community Development	2,797,190	2,757,906	39,284
Sanitation	2,516,603	2,491,128	25,475
Transportation	3,044,558	3,023,453	21,105
General Government	12,817,388	12,665,455	151,933
Total Expenditures	37,850,979	37,468,656	382,323
Excess of Revenues Over (Under) Expenditures	(837,107)	(150,490)	686,617
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	88,825	91,398	2,573
Operating Transfers – Out	(2,341,525)	(2,071,060)	270,465
Total Other Financing Sources (Uses)	(2,252,700)	(1,979,662)	273,038

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,089,807)	(2,130,152)	959,655
Cash Fund Balance at Beginning of Year	8,365,380	8,365,380	-
Current Year Charges Against Prior Year Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(192,917)</u>	<u>(192,917)</u>
Cash Fund Balance at End of Year:			
Unreserved	5,275,573	6,042,311	766,738
Reserved for Encumbrances	<u>-</u>	<u>242,790</u>	<u>242,790</u>
Total Cash Fund Balance at End of Year	\$ <u><u>5,275,573</u></u>	\$ <u><u>6,285,101</u></u>	\$ <u><u>1,009,528</u></u>

Continued

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 444,592	\$ 399,222	\$ (45,370)
Other Local Taxes	192,545	176,501	(16,044)
State Levied Shared Taxes	1,423,408	1,331,684	(91,724)
Intergovernmental Grants and Contracts	3,673,121	2,388,436	(1,284,685)
Charges for Services	382,710	382,650	(60)
Fees, Licenses, and Permits	40,698	27,276	(13,422)
Interest Earnings	21,406	26,964	5,558
Special Assessments	1,142,547	1,167,583	25,036
Fines and Forfeitures	90,181	461,207	371,026
Reimbursements Received	138,452	126,969	(11,483)
Other Revenue	887,207	514,966	(372,241)
Total Revenues	8,436,867	7,003,458	(1,433,409)
<u>Expenditures</u>			
Current:			
Public Safety	3,600,101	3,269,398	330,703
Culture and Recreation	797,145	779,977	17,168
Community Development	5,277,775	3,649,365	1,628,410
Sanitation	39,748	28,519	11,229
Transportation	1,759,638	1,735,930	23,708
General Government	255,789	184,331	71,458
Total Expenditures	11,730,196	9,647,520	2,082,676
Excess of Revenues Over (Under) Expenditures	(3,293,329)	(2,644,062)	649,267
<u>Other Financing Sources (Uses)</u>			
Proceeds From Sale of Fixed Assets	1,696	1,425	(271)
Operating Transfers - In	3,062,370	2,584,053	(478,317)
Operating Transfers - Out	(1,254,036)	(1,251,598)	2,438
Other Financing Sources	2,903,694	2,623,332	(280,362)
Other Financing Uses	(1,361,701)	(2,073,435)	(711,734)
Total Other Financing Sources (Uses)	3,352,023	1,883,777	(1,468,246)

Continued

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Special Revenue Funds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	58,694	(760,285)	(818,979)
Cash Fund Balance at Beginning of Year	4,785,292	4,785,292	-
Current Year Charges Against Prior Years Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(1,527,182)</u>	<u>(1,527,182)</u>
Cash Fund Balance at End of Year:			
Unreserved	4,843,986	2,497,825	(2,346,161)
Reserved for Encumbrances	<u>-</u>	<u>456,107</u>	<u>456,107</u>
Total Cash Fund Balance at End of Year	\$ <u>4,843,986</u>	\$ <u>2,953,932</u>	\$ <u>(1,890,054)</u>

Continued

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Property Taxes	\$ 4,484,844	\$ 4,530,639	\$ 45,795
Other Local Taxes	38,980	16,323	(22,657)
Interest Earnings	1,805	757	(1,048)
Other Revenue	<u>8,864</u>	<u>3,712</u>	<u>(5,152)</u>
Total Revenue	<u>4,534,493</u>	<u>4,551,431</u>	<u>16,938</u>
<u>Expenditures</u>			
Current:			
General Government	29,168	28,689	479
Debt Service:			
Principal	4,735,178	4,640,000	95,178
Interest and Fiscal Charges	<u>1,441,654</u>	<u>1,412,587</u>	<u>29,067</u>
Total Expenditures	<u>6,206,000</u>	<u>6,081,276</u>	<u>124,724</u>
Excess of Revenues Over (Under) Expenditures	(1,671,507)	(1,529,845)	141,662
<u>Other Financing Sources (Uses)</u>			
Note Proceeds	<u>4,260,215</u>	<u>1,784,000</u>	<u>(2,476,215)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,588,708	254,155	(2,334,553)
Cash Fund Balance at Beginning of Year	<u>3,179,833</u>	<u>3,179,833</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>5,768,541</u>	\$ <u>3,433,988</u>	\$ <u>(2,334,553)</u>

Continued

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ 19,500	\$ 19,262	\$ (238)
Interest Earnings	70,337	54,318	(16,019)
Reimbursements Received	22,532	13,050	(9,482)
Other Revenue	15,540	9,000	(6,540)
Total Revenues	127,909	95,630	(32,279)
<u>Expenditures</u>			
Current:			
Culture and Recreation	2,030,812	2,030,805	7
Community Development	681,353	684,371	(3,018)
Sanitation	282,451	282,451	-
Transportation	271,768	271,768	-
General Government	58,181	58,181	-
Capital Outlay	529,221	529,216	5
Debt Service:			
Principal	155,000	155,000	-
Interest and Fiscal Charges	93,540	93,540	-
Total Expenditures	4,102,326	4,105,332	(3,006)
Excess of Revenues Over (Under) Expenditures	(3,974,417)	(4,009,702)	(35,285)
<u>Other Financing Sources (Uses)</u>			
Note Proceeds	739,226	830,000	90,774
Proceeds from Sale of Fixed Assets	126,472	73,250	(53,222)
Operating Transfers - In	743,540	743,540	-
Total Other Financing Sources (Uses)	1,609,238	1,646,790	37,552
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,365,179)	(2,362,912)	2,267
Cash Fund Balance at Beginning of Year	3,129,005	3,129,005	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	-	(491,686)	(491,686)
Cash Fund Balance at End of Year:			
Unreserved	763,826	274,407	(489,419)
Reserved for Encumbrances	-	765,234	765,234
Total Cash Fund Balances at End of Year	\$ 763,826	\$ 1,039,641	\$ 275,815

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

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

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

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Operating Revenues</u>				
Charges for Services	\$ 11,476,315	\$ -	\$ 11,476,315	\$ 11,252,792
Other Income	453,562	130,111	583,673	611,162
Total Operating Revenues	<u>11,929,877</u>	<u>130,111</u>	<u>12,059,988</u>	<u>11,863,954</u>
<u>Operating Expenses</u>				
Personal Services	1,678,185	-	1,678,185	1,150,186
Fringe Benefits	412,499	74,898	487,397	1,194,527
Contractual Services	6,005,679	-	6,005,679	7,903,870
Materials and Supplies	359,902	-	359,902	221,993
Utilities	75,558	-	75,558	87,140
Other Operating	180,459	-	180,459	484,609
Depreciation	909,661	-	909,661	807,325
Total Operating Expenses	<u>9,621,943</u>	<u>74,898</u>	<u>9,696,841</u>	<u>11,849,650</u>
Operating Income (Loss)	<u>2,307,934</u>	<u>55,213</u>	<u>2,363,147</u>	<u>14,304</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income	152,327	78,131	230,458	441,084
Intergovernmental Grants	-	-	-	2,215
Loss on Sale of Fixed Assets	<u>(54,599)</u>	<u>-</u>	<u>(54,599)</u>	<u>(37,563)</u>
Total Non-Operating Revenues (Expenses)	<u>97,728</u>	<u>78,131</u>	<u>175,859</u>	<u>405,736</u>
Net Income (Loss) Before Contributions and Transfers	2,405,662	133,344	2,539,006	420,040
Capital Contributions	19,047	-	19,047	-
Transfers – Out	<u>(4,935)</u>	<u>-</u>	<u>(4,935)</u>	<u>(249,530)</u>
Net Income (Loss)	2,419,774	133,344	2,553,118	170,510
Add Depreciation on Fixed Assets Acquired by Contribution	<u>135,165</u>	<u>-</u>	<u>135,165</u>	<u>137,186</u>
Increase (Decrease) in Retained Earnings	2,554,939	133,344	2,688,283	307,696
Retained Earnings at Beginning of Year	<u>20,876,547</u>	<u>450,546</u>	<u>21,327,093</u>	<u>21,019,397</u>
Retained Earnings at End of Year	\$ <u>23,431,486</u>	\$ <u>583,890</u>	\$ <u>24,015,376</u>	\$ <u>21,327,093</u>

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

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

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
Operating Activities:				
Cash Received from				
Customers	\$ 11,764,526	\$ -	\$ 11,764,526	\$ 11,044,325
Cash Payments to Suppliers	(6,438,699)	-	(6,438,699)	(8,076,071)
Cash Payments to Employees	(1,886,358)	(105,628)	(1,991,986)	(2,063,200)
Cash Payments for Other Expenses	(286,644)	-	(286,644)	-
Other Operating Receipts	<u>53,262</u>	<u>130,111</u>	<u>183,373</u>	<u>611,162</u>
Net Cash Provided by (Used for) Operating Activities	<u>3,206,087</u>	<u>24,483</u>	<u>3,230,570</u>	<u>1,516,216</u>
Noncapital Financing Activities:				
Operating Transfers – In	-	-	-	38,293
Operating Transfers – Out	(4,935)	-	(4,935)	(249,530)
Advances to Other Funds	<u>-</u>	<u>(549,897)</u>	<u>(549,897)</u>	<u>-</u>
Net Cash Used for Noncapital Financing Activities	<u>(4,935)</u>	<u>(549,897)</u>	<u>(554,832)</u>	<u>(211,237)</u>
Capital and Related Financing Activities:				
Issue II Loan Proceeds				132,780
Acquisition and Construction of Capital Assets	(3,947,668)	-	(3,947,668)	(1,195,129)
Principal Paid on Loan	(65,523)	-	(65,523)	(55,564)
Proceeds from Sale of Fixed Assets	-	-	-	50,000
Advances from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,715,000</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(4,013,191)</u>	<u>-</u>	<u>(4,013,191)</u>	<u>647,087</u>
Investing Activities:				
Interest Earned on Investments	<u>178,172</u>	<u>87,103</u>	<u>265,275</u>	<u>422,784</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(633,867)	(438,311)	(1,072,178)	2,374,850
Cash and Cash Equivalents at Beginning of Year	<u>6,025,565</u>	<u>1,924,734</u>	<u>7,950,299</u>	<u>5,575,449</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>5,391,698</u></u>	\$ <u><u>1,486,423</u></u>	\$ <u><u>6,878,121</u></u>	\$ <u><u>7,950,299</u></u>

Continued

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

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

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

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u>				
Operating Income (Loss)	\$ 2,307,934	\$ 55,213	\$ 2,363,147	\$ 14,304
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:				
Depreciation	909,661	-	909,661	807,325
Change in Operating Assets and Liabilities:				
Receivables	(104,060)	-	(104,060)	(208,467)
Inventory	44,178	-	44,178	(50,829)
Refundable Deposits Due from Other	(143,124)	-	(143,124)	-
Governments	42,913	-	42,913	-
Vouchers and Accounts Payable	61,371	-	61,371	694,952
Due to Other Governments	-	(420,638)	(420,638)	-
Accrued Wages and Benefits Payable	83,893	389,908	473,801	281,513
Customer Deposits	-	-	-	(22,582)
Total Adjustments	<u>894,832</u>	<u>(30,730)</u>	<u>864,102</u>	<u>1,501,912</u>
Net Cash Provided by (Used For) Operating Activities	\$ <u>3,202,766</u>	\$ <u>24,483</u>	\$ <u>3,227,249</u>	\$ <u>1,516,216</u>

The accompanying notes are an integral part of these combined financial statements

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2002

NOTE 1 – THE REPORTING ENTITY

The City of Cleveland Heights is a home rule municipal corporation operating under its own charter since August 9, 1921. The charter provides that the City operate under the council/manager form of government. The city manager, appointed by the seven-member elected Council, is the chief administrative officer of the City.

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 Cleveland Heights this includes Public Safety, Street Maintenance, Refuse Collection, Recreation Programs, Municipal Court, Public Health, Community Development, Public Improvements, Water and Sewer Services, and General Administrative Services. The City's departments include a public safety department, a public service department, a street maintenance department, a water and sewer department, 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 Cleveland Heights Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

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

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 financial reporting practices of the City conform to generally accepted accounting principles as applicable to local governments.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Individual funds and account groups which are used by the City and are summarized in the accompanying combined financial statements are classified as follows:

Governmental Funds

General Fund – To account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the Charter and legislation of the City of Cleveland Heights and/or the general laws of the State of Ohio.

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

Debt Service Funds – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds – To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust Funds).

Proprietary Funds

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

Internal Service Fund – To account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis.

Fiduciary Funds

Trust And Agency Funds – To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust Funds are all considered to be expendable. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

Fiduciary Funds (continued)

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups

General Fixed Assets Account Group – To account for all fixed assets of the City except those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group – To account for all unmatured long-term obligations of the City except those accounted for in the Proprietary and Trust Funds.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

Tax Budget

By July 15, the City Manager submits an annual operating budget for all funds for the following fiscal year to City Council for consideration and passage. While the City adopts a budget for all funds, the City is legally required to report on such budgets only for its Governmental Fund Type funds. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Estimated Resources

The County Budget Commission certifies its actions relative to the annual budget to the City by September 1. As part of this certification, the City receives an Official Certificate of Estimated Resources which states projected revenues by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, the City must revise its budget so that the total estimated expenditures from any fund during the ensuing fiscal year will not exceed the amount as stated on the Amended Official Certificate of Resources. The revised budget then serves as the basis for the annual appropriation ordinance.

Appropriations

An appropriation ordinance (the appropriated budget) to control the level of expenditures must be legally enacted on or about January 1. The ordinance may be temporary in nature in that its effectiveness applies from the date on which it is enacted to the date on which a permanent appropriation ordinance must be passed. Ohio law requires the permanent appropriation ordinance to be passed no later than April 1 of the fiscal year for which it applies. Amendments to the 2002 appropriation ordinance were approved by City Council as provided by the City Charter. Amendments to the 2002 appropriation ordinance by fund type were immaterial in nature.

The City maintains its legal level of budgetary control at the fund level. However, management control is exercised at the department level (Police, Fire, Law, etc.) within each function (Public Safety, Public Health, Culture and Recreation, Community Development, Sanitation, Transportation, and General Government). The City Manager is authorized to transfer budgeted amounts within each fund (between departments), so long as the total amount appropriated by Council for each individual fund is not exceeded.

Lapsing of Appropriations

Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

Encumbrances

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the Non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance for subsequent-year expenditures for the governmental funds.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the Proprietary Fund Types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments at December 31, 2002, amounted to \$18,107,901 and are stated at fair value which equals the carrying amount. None of the investments are reported at amortized cost.

The cash resources of all funds are combined and invested to the extent available in the State of Ohio's Investment Pool, treasury notes, and other authorized instruments. Interest earned is first distributed on a pro rata basis to all restricted funds with the remainder being distributed to the General Fund. The total interest earned during the year ended December 31, 2002, was \$911,671.

A summary of interest earned by the various fund categories is as follows:

	<u>Amount</u>	<u>Percentage of Total</u>
General Fund	\$ 594,990	65.27%
Special Revenue Funds	26,580	2.91
Debt Service	757	0.08
Capital Projects Funds	55,881	6.13
Enterprise Funds	152,327	16.71
Internal Service Fund	78,131	8.57
Trust and Agency Funds	<u>3,005</u>	<u>0.33</u>
Total	\$ <u>911,671</u>	<u>100.00%</u>

E. INVENTORY

Inventory is valued at cost using the purchase method. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve in the governmental funds which indicates that they do not constitute "available spendable resources" and thus, are not available for appropriation.

F. PREPAID ITEMS

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

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. FIXED ASSETS

Fixed assets include land, buildings, improvements, and equipment owned by the City. When purchased, such assets are recorded as expenditures in the Governmental Funds and are accounted for in the General Fixed Assets Account Group.

Infrastructure fixed assets such as streets, sidewalks, curbs and gutters are not capitalized by the City and are not reported as part of the General Fixed Assets Account Group.

Fixed assets in the Proprietary Funds are capitalized in the individual funds in which they are utilized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation on fixed assets used in Proprietary Funds is computed and recorded using the straight-line method. Accumulated depreciation on fixed assets used in Governmental Funds is not recorded in the Governmental Funds, but instead is recorded in the General Fixed Assets Account Group also utilizing the straight-line method.

Depreciation recognized on assets acquired or constructed with contributed capital is closed to the appropriate contributed capital account. Net income or loss, adjusted by the amount of depreciation on fixed assets acquired with contributed capital, is closed to retained earnings.

Estimated useful lives of the various classes of fixed assets are as follows:

Buildings	30-50 years
Improvements	10-50 years
Equipment	3-10 years

H. INTERGOVERNMENTAL REVENUES

In governmental funds, federal 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 in the period when all applicable eligibility requirements have been met and the resources are available.

I. INTERFUND ASSETS AND LIABILITIES

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

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. COMPENSATED ABSENCES

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accrued wages and benefits” in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group in the account “accrued compensated absences.”

Each bargaining unit and the management staff earn vacation at different rates and based upon length of service. No more than the amount of vacation accrued in the previous twelve-month period can be carried forward into the next calendar year without written consent of the City Manager. Without this approval, any excess is eliminated from the employee’s leave balance. In the case of death, termination, or retirement an employee (or his estate), who has worked six months or more, is paid for the unused vacation up to a maximum of the two year accrual or greater amount as approved by the City Manager.

All full-time employees earn sick leave at the rate of 4.6 hours for each 80 hours worked. It is the policy of the City that an employee with at least two consecutive years’ of service who terminates employment or whose employment is terminated with the City (for other than disciplinary reasons) is entitled to receive payment for accumulated sick leave according to various formulae to a maximum of between 347 to 565 hours.

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

L. INTERFUND TRANSACTIONS

During the course of 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 combined financial statements generally reflect such transactions as operating transfers. To the extent that certain transactions between funds had not been paid or received as of December 31, 2002, interfund amounts receivable or payable have been recorded.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures, including amounts legally segregated for future use. Designations represent tentative plans for future use of financial resources. Fund balances are reserved for encumbrances, inventory and loans receivable. A portion of the fund balance of the general fund has been designated for the payment of accrued compensated absences.

N. ESTIMATES

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

O. TOTAL COLUMNS ON COMBINED STATEMENTS – OVERVIEW

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 cash flows in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

P. COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and results of operations.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances – Budget and Actual – All Governmental Fund Types is presented on the budgetary basis to provide a relevant comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when susceptible to accrual (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to reservation of fund balance (GAAP).

The adjustments necessary to convert results of operations and fund balances at the end of the year on the GAAP basis to the budget basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis (as reported)	\$ (3,143,180)	\$ (1,093,756)	\$ 282,275	\$ 63,518
Increase (decrease) due to:				
Revenue Accruals	758,753	975,928	2,369,054	(800,099)
Expenditure Accruals	304,148	(1,713,532)	(2,397,174)	(1,352,783)
Encumbrances:				
Current year charges against prior Years cash fund balance reserved for encumbrances	192,917	1,527,182	-	491,686
Encumbered at December 31, 2002, but recorded as the equivalent of cash expenditures for budgetary purposes	(242,790)	(456,107)	-	(765,234)
Non-GAAP Budget Basis	\$ 2,130,152	\$ (760,285)	\$ 254,155	\$ (2,362,292)

NOTE 4 – DEPOSITS AND INVESTMENTS

The captions on the combined balance sheet related to cash and investments and the amounts in the total (memorandum only) column are as follows:

	Total (Memorandum Only)
Cash	\$ 4,539,761
Investments	18,107,901
Total Deposits And Investments	22,647,662
Less:	
Restricted Assets: Deposits	(876,903)
Equity In City Treasury Cash	\$ 21,770,759

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits – At year end, the carrying amount of the City’s deposits were \$4,539,761 and the bank balance was \$4,724,007. Of the bank balance, \$530,000 was covered by federal depository insurance and \$4,194,007 was covered by collateral held by third party trustees in collateral pools in the name of the respective depository institutions securing all public funds on deposit.

Investments – The City’s ordinances authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, bonds and notes of the State of Ohio, bonds and notes of any municipal corporation, including city, county, township or other political subdivisions of Ohio, certificates of deposit and the State Treasury Asset Reserve of Ohio fund (STAR Ohio).

The City of Cleveland Heights has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2002. The amounts invested with STAR Ohio are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

The City’s investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City’s name.

	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 17,127,444	\$ 17,127,444	\$ 17,127,444
Centennial Tax Exempt Fund	-	42,737*	42,737
State Treasury Asset Reserve of Ohio	-	<u>937,720*</u>	<u>937,720</u>
Total Investments	\$ <u>17,127,444</u>	\$ <u>18,107,901</u>	\$ <u>18,107,901</u>

* Non-Categorized

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 5 – RECEIVABLES

A. INTERGOVERNMENTAL RECEIVABLES

Federal grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlements occur. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Amounts due from other governments through cooperative agreements and grants receivable at December 31, 2002, are as follows:

<u>Fund Type</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Special Revenue	\$ <u>376,251</u>	\$ <u>22,640</u>	\$ <u>1,186,782</u>	\$ <u>1,585,673</u>

B. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible (used in business) personal property located in the City. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year.

Real property is assessed at 35% of true (market) value. The County Auditor is required to reappraise all real estate once every six years. Equalization adjustments are then made in the third year following reappraisal. The true value of personal property is based on composite annual allowances and is assessed at 25%, except electric utility distribution and transmission equipment which is assessed at 88% of true value, the personal property of rural electric companies which is assessed at 50% of true value, and the personal property of railroads which is assessed at 25% of true value. Effective in tax year 1995, all interexchange telephone personal property is assessed at 25%. Local exchange telephone personal property added to the tax roles during tax year 1995 and thereafter is assessed at 25% of true value; existing personal property is assessed at 88%. All other tangible personal property used in a business is assessed at 25% of true value.

The assessed valuation upon which the 2001 levy [fourteen and eight-tenths mills (\$.0148) on each dollar of tax valuation] was based is as follows:

	<u>Assessed Value</u>
Real property (other than public utility)	\$ 732,499,420
Public utility real and personal tangible property	28,711,240
Tangible personal property (other than public utility)	<u>21,123,332</u>
Total Assessed Valuation	\$ <u>782,333,992</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 5 – RECEIVABLES (CONTINUED)

B. PROPERTY TAXES (CONTINUED)

Real Property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City.

C. INCOME TAXES

The City levies a municipal income tax of 2% on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside the City. In the latter case the City allows a credit of 50% of the tax paid to another municipality to a maximum of one-half of one percent of income earned outside the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly (if the annual estimated tax is greater than ten dollars) and file a declaration annually.

NOTE 6 – FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 2002, were as follows:

<u>Class</u>	<u>Balance December 31 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2002</u>
Land	\$ 4,401,020	\$ 1,051,645	\$ 30,400	\$ 5,422,265
Buildings	20,070,118	20,425,956	145,968	40,350,106
Improvements	9,134,041	89,432	7,598	9,215,875
Equipment	13,309,137	1,154,304	967,257	13,496,184
Construction in Progress	<u>20,724,938</u>	<u>1,661,025</u>	<u>22,359,627</u>	<u>26,336</u>
	67,639,254	\$ <u>24,382,362</u>	\$ <u>23,510,850</u>	68,510,766
Accumulated Depreciation	<u>(19,481,328)</u>			<u>(20,873,070)</u>
Net of Accumulated Depreciation	\$ <u>48,157,926</u>			\$ <u>47,637,696</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 6 – FIXED ASSETS (CONTINUED)

A. PROPRIETARY FUNDS FIXED ASSETS

Proprietary Funds fixed assets at December 31, 2002, were as follows:

<u>Class</u>	<u>Total Proprietary</u>
Land	\$ 1,714,494
Buildings	5,229,896
Improvements/Infrastructure	17,106,693
Machinery and Equipment	<u>6,294,470</u>
	30,345,553
Less Accumulated Depreciation	<u>(6,823,417)</u>
Fixed Assets, Net Of Accumulated Depreciation	\$ <u><u>23,522,136</u></u>

NOTE 7 – OUTSTANDING DEBT

Long-term obligations of the City at December 31, 2002, are as follows:

<u>Year</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Balance December 31, 2001</u>	<u>Additions (Reductions)</u>	<u>Balance December 31, 2002</u>
	Capital Lease Commitments		\$ <u>320,005</u>	\$ <u>322,764</u>	\$ <u>642,769</u>
	General Obligation Bonds				
	Voted Issues:				
	1992 Recreational Facilities				
	Improvements – Refunding				
	due 2004	3.000-5.800%	3,240,000	(1,020,000)	2,220,000
	1997 Recreational Facilities				
	Improvements due 2017	3.850-6.375%	<u>13,160,000</u>	<u>(545,000)</u>	<u>12,615,000</u>
	Total Voted Issues		<u>16,400,000</u>	<u>(1,565,000)</u>	<u>14,835,000</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – OUTSTANDING DEBT (CONTINUED)

<u>Year</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Balance December 31, 2001</u>	<u>Additions (Reductions)</u>	<u>Balance December 31, 2002</u>
Unvoted Issues:					
1986	City Hall Construction due 2009	6.250%	2,200,000	(275,000)	1,925,000
1999	Pension Fund due 2013	3.050-4.500%	1,685,000	(115,000)	1,570,000
2001	Refund Off-Street Parking Facilities due 2012	3.300-4.400%	2,195,000	(165,000)	2,030,000
2001	Recreation Facilities Improvements due 2017	3.300-4.900%	<u>3,885,000</u>	<u>(175,000)</u>	<u>3,710,000</u>
	Total Unvoted Issues		<u>9,965,000</u>	<u>(730,000)</u>	<u>9,235,000</u>
	Total General Obligation Bonds		<u>26,365,000</u>	<u>(2,295,000)</u>	<u>24,070,000</u>
	Accrued Compensated Absences		<u>3,091,774</u>	<u>325,023</u>	<u>3,416,797</u>
	Total General Long-Term Obligations		\$ <u>29,776,779</u>	\$ <u>(1,647,213)</u>	\$ <u>28,129,566</u>
	Economic Development Revenue Bonds				
2001	Zagara TIF Project due 2011	2.900-4.100%	\$ <u>1,995,000</u>	\$ <u>(155,000)</u>	\$ <u>1,840,000</u>
	Enterprise Fund Long-Term Obligations OPWC Loans		\$ <u>1,132,937</u>	\$ <u>(65,523)</u>	\$ <u>1,067,414</u>

In 1999, the City defeased the unfunded pension liability by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old liability. In addition, the City defeased a HUD Section 108 loan by depositing State and Local Government Securities (SLGS) into an escrow account for the sole purpose of satisfying the future debt service payments.

In 2001, the City refunded Off-Street Parking Facilities bonds which were originally issued in 1992 at rates of 3.00%-6.20% and were due in 2012. The refunding bonds were issued in 2001 at rates of 3.30%-4.40% and are due in 2012. The refunding resulted in an economic gain to the City of \$106,940.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – OUTSTANDING DEBT (CONTINUED)

A description of all the City's advance refunded, defeased bonds with remaining outstanding amounts follows:

Description of Defeased Bonds	Interest Rate	Date Issued	Date Defeased	Redemption Or Call Date	Original Amount	Amount Retired or not Subject to Refunding	Amount Refunded	Defeased Amount Redeemed	Amount Outstanding at December 31, 2002
Unfunded Pension Liability	4.25%	11/15/1973	01/11/1999	12/31/2034	\$ 3,588,449	\$ 1,608,749	\$ 1,979,700	\$ 409,700	\$ 1,570,000
HUD Section 108 Loan	7.14%	12/15/1992	09/30/1999	08/01/2002	700,000	-	700,000	700,000	-
Off-Street Parking Facility	3.00-6.20%	10/01/1992	04/05/2001	12/01/2012	3,000,000	615,000	2,385,000	355,000	<u>2,030,000</u>
									<u>\$ 3,600,000</u>

As of December 31, 2002, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$57 million. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002, are:

	Capital Lease Obligations	General Obligation Bonds	Special Revenue Bonds	OPWC Loan	Total
2003	\$ 253,433	\$ 3,621,324	\$ 246,063	\$ 62,203	\$ 4,183,023
2004	170,778	3,604,126	245,843	62,203	4,082,950
2005	133,187	2,389,764	245,200	62,203	2,830,354
2006	120,761	2,362,395	244,025	62,203	2,789,384
2007	-	2,352,133	242,395	62,203	2,656,731
2008-2012	-	10,711,173	980,680	311,016	12,002,869
2013-2017	-	8,121,828	-	311,016	8,432,844
2018-2022	-	-	-	<u>134,367</u>	<u>134,367</u>
Total	\$ <u>678,159</u>	\$ <u>33,162,743</u>	\$ <u>2,204,206</u>	\$ <u>1,067,414</u>	\$ <u>37,112,522</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – OUTSTANDING DEBT (CONTINUED)

A. SHORT-TERM DEBT

Notes payable at December 31, 2002, consist of the bond anticipatory note issues listed below. Each of the motorized equipment and real estate acquisition notes is dated August 22, 2002, and due on August 22, 2003, at an interest rate of 1.65%. A summary of all short-term debt activity for the year ended December 31, 2002, follows:

<u>Year</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Balance December 31, 2001</u>	<u>Additions (Reductions)</u>	<u>Balance December 31, 2002</u>
1999	Motorized Equipment Note	2.88%	362,000	(362,000)	-
2000	Motorized Equipment Note	2.88%	474,000	(474,000)	-
2000	Real Estate Acquisition Note	2.88%	804,000	(804,000)	-
2001	Motorized Equipment Note	2.88%	705,000	(705,000)	-
1999	Motorized Equipment Note	1.65%	-	251,000	251,000
2000	Motorized Equipment Note	1.65%	-	361,000	361,000
2000	Real Estate Acquisition Note	1.65%	-	608,000	608,000
2001	Motorized Equipment Note	1.65%	-	564,000	564,000
2002	Motorized Equipment Note	1.65%	-	830,000	830,000
	TOTALS		\$ <u>2,345,000</u>	\$ <u>269,000</u>	\$ <u>2,614,000</u>

NOTE 8 – COMPENSATED ABSENCES

In accordance with Governmental Accounting Standards Board (GASB) Statement 16, the City has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2002, along with any salary-related payments associated with the payment of compensated absences. For governmental and similar trust funds, the City recognized the current portion of this liability at December 31, 2002, that is expected to be liquidated with expendable available financial resources. The remainder of the compensated absences liability for governmental and similar trust funds is reported in the general long-term debt account group. Proprietary funds report the entire liability for compensated absences calculated at December 31, 2002.

Each bargaining unit and the management staff earn vacation at different rates and based upon length of service. No more than the amount of vacation accrued in the previous twelve-month period can be carried forward into the next calendar year without written consent of the City Manager. Without this approval, any excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement an employee (or his estate), who has worked six months or more, is paid for the unused vacation up to a maximum of the two year accrual or greater amount as approved by the City Manager.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 8 – COMPENSATED ABSENCES (CONTINUED)

All full-time employees earn sick leave at the rate of 4.6 hours for each 80 hours worked. It is the policy of the City that an employee with at least two consecutive years' of service who terminates employment or whose employment is terminated with the City (for other than disciplinary reasons) is entitled to receive payment for accumulated sick leave according to various formulae to a maximum of between 347 to 565 hours.

As of December 31, 2002, the total estimated liability for all unpaid compensated absences was \$5,270,823 for all funds and account groups. Of this balance, \$3,416,797 is recorded in the General Long-Term Obligations Account Group. The remaining balance is recorded in Accrued Wages and Benefits within the individual Funds.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Cleveland 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. Law enforcement employees are required to contribute 9 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for local governments was 13.55 percent of covered payroll. The law enforcement employer rate was 16.70 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2002, 2001 and 2000 were \$2,244,470, \$2,073,750, and \$1,786,468, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

The City of Cleveland 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.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 9 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. OHIO POLICE AND FIRE PENSION FUND (CONTINUED)

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 Cleveland Heights' contributions to OP&F for the years ending December 31, 2002, 2001 and 2000 were \$1,904,017, \$1,873,293, and \$1,774,764, respectively, equal to the required contributions for each year.

NOTE 10 – POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55 percent of covered payroll; 5.00 percent was the portion used to fund health care for the year. During 2002, the City's portion that was used to fund health care was \$828,218, representing 5.00 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 OPERS's latest actuarial review performed as of December 31, 2001; an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2001 was 8.00 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 4.00 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.00 percent base increase were assumed to range from 0.50 percent to 6.3 percent; and health care costs are assumed to increase 4.00 percent annually. The actuarially accrued postretirement health care liability for OPERS at December 31, 2001 was \$16.4 billion. The net assets were \$11.6 billion, leaving an unfunded actuarial accrued liability of \$4.8 billion. The number of active participants was 402,041.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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 7.50 percent and 7.75 percent of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, was 13,174 for police and 10,239 for firefighters. The City’s actual contributions for 2002 that were used to fund post-employment benefits were \$296,320 for police and \$373,609 for firefighters. OP&F’s total health care expenses for the year ending December 31, 2001, the date of the last actuarial valuation available, was \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to property and casualty, general liability, workers’ compensation and employee health and dental benefits.

The City has contracted with a commercial insurance company to provide property and liability insurance with the following claim limits and deductibles:

<u>Coverage</u>	<u>Self-Insured Retention (per Occurrence)</u>	<u>Liability Limits</u>	
		<u>Per Occurrence</u>	<u>Annual Aggregate</u>
General Liability	\$ 100,000	\$ 10,000,000	\$ 14,000,000
Property	\$ 50,000	(1)	Unlimited
Auto	\$ 100,000	\$ 10,000,000	Unlimited
Law Enforcement Professional	\$ 100,000	\$ 12,000,000	\$ 12,000,000
Public Official	\$ 100,000	\$ 10,000,000	\$ 11,000,000

(1) Estimated Actual Value

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 11 – RISK MANAGEMENT (CONTINUED)

The City accounts for its property and liability insurance premiums as well as its deductibles in the General Fund. The claims liability of \$82,388 reported in the General Fund at December 31, 2002, is based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

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

The City maintains two hospitalization plans for its full-time employees and their dependents. Some City employees choose to belong to an HMO whereby the City makes a premium payment to the HMO and all risk is effectively transferred. Most City employees are enrolled in the City's self-funded program which is reinsured through a commercial insurance company. The City carries a \$80,000 specific stop/loss policy for catastrophic coverage, plus an aggregate policy set at 125% of expected claims. All full-time City employees receive dental benefits through the City's self-funded employee benefits program. Employee health and dental benefits are charged to the various funds of the City in accordance to where an employee's salary is charged. Based on historical estimates, a total of \$322,880 has been accrued at year end in the various funds of the City as a component of accrued wages and benefits.

The City is required to purchase workers' compensation insurance through the State of Ohio. The City applied for and was accepted into the State's Retrospective Rating Plan whereby the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the City's injured workers' claims are incurred, the City must reimburse the State fund for those costs, subject to the plan's individual claim cost limitation and the City's premium limitation.

The City has established a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to account for and pay workers' compensation claims from accumulated assets of the fund. The City's retrospective rating plan provides for a \$300,000 catastrophic limit per claim and an unlimited claim limit.

At December 31, 2002, \$1,465,672 has been accrued for workers' compensation claims representing estimates of amounts to be paid for reported claims and incurred but not reported claims based upon the current available information.

The schedule below presents the changes in claims liabilities for the past two fiscal years.

	Property And Casualty		Employee Benefits		Workers' Compensation	
	2002	2001	2002	2001	2002	2001
Beginning of Fiscal Year Liability	\$ 110,507	\$ 73,713	\$ 269,637	\$ 296,334	\$ 1,075,765	\$ 757,781
Current Year Claims and Changes in Estimates	58,128	107,634	3,297,333	2,923,894	496,368	942,615
Claim Payments	(86,247)	(70,840)	(3,244,090)	(2,950,591)	(106,461)	(624,631)
Balance at Fiscal Year End	\$ <u>82,388</u>	\$ <u>110,507</u>	\$ <u>322,880</u>	\$ <u>269,637</u>	\$ <u>1,465,672</u>	\$ <u>1,075,765</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 12 – CONSTRUCTION COMMITMENTS

At December 31, 2002, uncompleted construction contracts were as follows:

<u>Description</u>	<u>Remaining Construction Committed</u>
Community Center	\$ 257,695
Street Improvements	320,909
Street Resurfacing	214,765
Off Street Parking	40,388
Sewer/Waterline Improvements/Infrastructure	119,342
Fire Station Renovations	68,484
Parks	<u>38,641</u>
Total	\$ <u><u>1,060,224</u></u>

NOTE 13 – LEASE COMMITMENTS

Capital Leases

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. Assets acquired under capital leases totaled \$778,852 as of December 31, 2002. The following is a schedule by years of the future minimum lease payments for capital leases together with the present value of the net minimum lease payments as of December 31, 2002:

<u>Year Ending December 31</u>	<u>Amounts</u>
2003	\$ 253,433
2004	170,778
2005	133,187
2006	<u>120,761</u>
Minimum lease payments for all capital leases	678,159
Less: amount representing interest	<u>(35,390)</u>
Present value of net minimum lease payments	\$ <u><u>642,769</u></u>

Operating Leases

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's account groups.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 13 – LEASE COMMITMENTS (CONTINUED)

Operating Leases (Continued)

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2002:

<u>Year Ending</u> <u>December 31</u>	<u>Amounts</u>
2003	\$ 71,133
2004	4,509
2005	4,509
2006	4,509
2007	<u>4,509</u>
Total minimum payments required	\$ <u>89,169</u>

NOTE 14 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City which are financed primarily by user charges are delivery of water, collection and disposal of sewage, off-street parking facilities, and ambulance services. The key financial information for the year ended December 31, 2002, for these enterprise activities is as follows:

	<u>Utilities</u>	<u>Off-Street</u> <u>Parking</u>	<u>Ambulance</u> <u>Services</u>	<u>Totals</u>
Operating Revenues	\$ 10,436,536	\$ 642,273	\$ 851,068	\$ 11,929,877
Operating Expenses				
Before Depreciation	7,814,943	642,692	254,647	8,712,282
Depreciation	<u>509,687</u>	<u>165,243</u>	<u>234,731</u>	<u>909,661</u>
Operating Income (Loss)	2,111,906	(165,662)	361,690	2,307,934
Net Non-Operating Revenue (Expense)	<u>86,751</u>	<u>28,674</u>	<u>(17,697)</u>	<u>97,728</u>
Net Income (Loss) Before Transfers	2,198,657	(136,988)	343,993	2,405,662
Capital Contributions	19,047	-	-	19,047
Operating Transfers – Out	<u>-</u>	<u>-</u>	<u>(4,935)</u>	<u>(4,935)</u>
Net Income (Loss)	\$ <u>2,217,704</u>	\$ <u>(136,988)</u>	\$ <u>339,058</u>	\$ <u>2,419,774</u>
Property, Plant and Equipment				
Additions	\$ <u>3,129,585</u>	\$ <u>256,716</u>	\$ <u>561,367</u>	\$ <u>3,947,668</u>
Net Working Capital	\$ <u>5,104,693</u>	\$ <u>589,859</u>	\$ <u>996,830</u>	\$ <u>6,691,382</u>
Total Assets	\$ <u>22,856,329</u>	\$ <u>6,770,395</u>	\$ <u>2,649,326</u>	\$ <u>32,276,050</u>
Loans Payable	\$ <u>1,067,414</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,067,414</u>
Total Fund Equity	\$ <u>19,751,848</u>	\$ <u>6,609,656</u>	\$ <u>2,641,476</u>	\$ <u>29,002,980</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 15 – INTERFUND ACTIVITY

A. INTERFUND ACTIVITY

Individual fund interfund receivable and payable balances at December 31, 2002, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ <u>123,013</u>	\$ <u>1,301,000</u>
Special Revenue Funds:		
Street Maintenance	-	912,878
Communications System Operating	16,497	-
CDBG Resource	-	217,532
Earned Benefits	1,284,502	-
Local Programming	809,742	-
Indigent Drivers Alcohol Treatment	150	-
Municipal Court Clerk Computerization	7,310	-
DUI Enforcement and Education	485	-
Municipal Court Special Projects	15,332	-
First Suburbs Consortium	-	47,881
Lead Safe Cuyahoga	-	25,490
HOME Program	-	155,857
Total Special Revenue Funds	<u>2,134,018</u>	<u>1,359,638</u>
Debt Service Funds:		
General Obligation Bond Retirement	<u>-</u>	<u>15,362</u>
Capital Projects Funds:		
Capital Improvements	<u>15,362</u>	<u>-</u>
Internal Service Fund:		
Workers' Compensation Self Insurance	<u>549,897</u>	<u>-</u>
Agency:		
Municipal Court	<u>-</u>	<u>146,290</u>
Total Interfund Receivables/Payables at December 31, 2002	\$ <u>2,822,290</u>	\$ <u>2,822,290</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 15 – INTERFUND ACTIVITY (CONTINUED)

B. OPERATING TRANSFERS

The City's Combined Statement of Revenues, Expenditures, and Changes in Fund Equity for all governmental fund types and expendable trust funds and the Statement of Revenues, Expenses, and Changes in Retained Earnings for all proprietary fund types display the total of operating transfers in and out for the fiscal year ended December 31, 2002. A reconciliation of these operating transfers is detailed as follows:

<u>Fund</u>	<u>Operating Transfers – In</u>	<u>Operating Transfers – Out</u>
General Fund	\$ <u>-</u>	\$ <u>2,071,060</u>
Special Revenue Funds:		
Street Construction, Maintenance, and Repair	400,000	-
C.D.B.G. Resource	356,598	-
C.D.B.G. Program Income	-	356,598
Communications System Operating	229,121	-
Home Fund	18,235	-
Local Programming	-	895,000
Cain Park	354,428	-
Street Lighting	13,290	-
Tree	10,208	-
Police Pension	421,118	-
Fire Pension	762,058	-
Earned Benefits	18,997	-
Total Special Revenue Funds	<u>2,584,053</u>	<u>1,251,598</u>
Capital Projects Funds:		
Economic Development	325,000	-
Recreation Improvements	170,000	-
Economic Development – Zagara TIF	<u>248,540</u>	<u>-</u>
Total Capital Projects Funds	<u>743,540</u>	<u>-</u>
Enterprise Funds:		
Ambulance Services	<u>-</u>	<u>4,935</u>
Totals	\$ <u>3,327,593</u>	\$ <u>3,327,593</u>

NOTE 16 – CLAIMS AND JUDGMENTS

The City is currently a defendant in several lawsuits. It is the opinion of legal counsel that none of this litigation will have a material adverse affect on the financial condition of the City.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 16 – CLAIMS AND JUDGMENTS (CONTINUED)

In addition, there are several unasserted claims, the results of which, if asserted, would not have a material effect on the financial statements at December 31, 2002.

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the Grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

The following funds had a deficit balance at December 31, 2002:

Special Revenue Funds	
C.D.B.G. Resource	\$ 324,886
Communications System Operating	111,869
Cain Park	5,975
Street Lighting	42,340
First Suburbs consortium	14,549
Lead Safe Cuyahoga	25,490
HOME Program	155,857
Capital Projects Funds	
Capital Improvements	1,881,241
Recreation Improvements	41,307

The deficit fund balances in the CDBG Resource, Communications System Operating, Cain Park, Street Lighting, First Suburbs Consortium and Lead Safe Cuyahoga Special Revenue Funds are a result of the application of generally accepted accounting principles, namely the accruing of wages and accounts payable at year end. These deficits will be eliminated with intergovernmental revenues in the next accounting period.

The deficit fund balance in the HOME Program Special Revenue Fund is the result of the recording of a liability to another fund in accordance with generally accepted accounting principles. This liability will be eliminated with intergovernmental revenue received in the next accounting period.

The primary revenue source of the Street Lighting Fund is the ongoing collection of a service type special assessment fee which is collected by the County Auditor and remitted to the City semi-annually in June and December of each year. The special assessment fee receivable for street lighting due the City at year end is measurable; however, it does not meet our available criteria, and, therefore, has been offset as deferred revenue at year end. This treatment of the year end receivable as well as the recognition of expenditures on the modified accrual basis of accounting caused the fund deficit.

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE (CONTINUED)

A. ACCOUNTABILITY (CONTINUED)

The deficits in the Capital Improvements and the Recreation Improvements Funds arise from the issuance of short-term bond anticipation notes which are used to finance capital expenses until bonds are issued. Once bonds are issued and the liability is reported in the General Long-Term Debt Account Group rather than in the Capital Projects Funds, the deficits will be eliminated.

B. COMPLIANCE

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

<u>Fund/Function</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Special Revenue Fund:			
Local T.V. Programming	\$ -	\$ 809,741	\$ 809,741
Capital Projects Funds:			
Economic Development	\$ 665,000	\$ 665,109	\$ 109
Zagara TIF	16,353	19,262	2,909

NOTE 18 – CONTRIBUTED CAPITAL

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

	<u>Utilities</u>	<u>Off-Street Parking</u>	<u>Ambulance Services</u>
Depreciation On Fixed Assets Acquired By Contribution	\$ (52,894)	\$ (83,571)	\$ -
Contributed Capital, January 1, 2002	<u>2,283,483</u>	<u>3,553,526</u>	<u>14,076</u>
Contributed Capital, December 31, 2002	<u>\$ 2,230,589</u>	<u>\$ 3,469,955</u>	<u>\$ 14,076</u>

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2002

NOTE 19 – SOLID WASTE

In accordance with a notice letter received from the Ohio Environmental Protection Agency, the City of Cleveland Heights executed the final closure financial assurance instrument for the solid waste transfer station by the required September 30, 2002 deadline. The financial test assured that the City could support any amount up to \$200,000 in post-closure costs and that the City met all of the requirements set forth by Ohio Administrative Code Rule 3745-27-17. This location is used for the transfer of solid waste from the City's refuse trucks to a larger loader which is used to transport the waste to a commercial landfill located outside of the City. This transfer station has operated at this location for over fifty years and the City has no plans to close or move this transfer station. For this reason the City does not currently accrue a liability. This treatment is in accordance with the Governmental Accounting Standards Board.

NOTE 20 – RESTATEMENT OF PRIOR YEAR FUND BALANCES

Due to a change in the method of implementing GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the following changes to the beginning balances were made.

	<u>General Fund</u>
Fund Balances, December 31, 2001	\$ 9,172,305
GASB 33 Adjustment:	
State Levied Shared Taxes	<u>429,298</u>
Adjusted Fund Balances, December 31, 2001	\$ <u>9,601,603</u>

As a result of the change in accounting principle, deferred revenue was also stated as follows:

	<u>General Fund</u>
Deferred Revenue, December 31, 2001	\$ 7,906,719
GASB 33 Adjustments:	
Taxes Receivable	<u>956,355</u>
Restated Deferred Revenue, December 31, 2001	\$ <u>8,863,074</u>

It was also noted that a reclassification made in 2001 had inadvertently increased property taxes instead of debt proceeds in the Debt Service Fund. The correction has been made in 2002 in the amount of \$2,523,519, with no effect on fund balance.

**FINANCIAL STATEMENT OF
INDIVIDUAL FUNDS AND ACCOUNT GROUPS**



2002

CITY OF CLEVELAND HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in a separate fund.

CITY OF CLEVELAND HEIGHTS, OHIO

COMPARATIVE BALANCE SHEET – GENERAL FUND

DECEMBER 31, 2002 AND 2001

	<u>Totals</u>	
	<u>2002</u>	<u>2001</u>
<u>Assets</u>		
Equity in City Treasury Cash	\$ 6,374,388	\$ 8,571,283
Receivables (Net of Allowance for Uncollectibles):		
Taxes	11,745,481	12,513,693
Accounts	242,951	210,207
Accrued Interest	100,716	246,274
Due from Other Funds	123,013	103,468
Inventory of Supplies	<u>243,182</u>	<u>184,135</u>
Total Assets	<u>\$ 18,829,731</u>	<u>\$ 21,829,060</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Vouchers and Accounts Payable	\$ 608,040	\$ 750,585
Accrued Wages and Benefits	1,675,247	1,498,895
Due to Other Funds	1,300,999	1,004,396
Deferred Revenue	8,645,587	8,863,074
Accrued General Liability Reserve	<u>82,388</u>	<u>110,507</u>
Total Liabilities	<u>12,312,261</u>	<u>12,227,457</u>
Fund Balance:		
Reserved for Encumbrances	163,311	148,649
Reserved for Inventory of Supplies	243,182	184,135
Unreserved; Undesignated	<u>6,110,977</u>	<u>9,268,819</u>
Total Fund Balance	<u>6,517,470</u>	<u>9,601,603</u>
Total Liabilities and Fund Balance	<u>\$ 18,829,731</u>	<u>\$ 21,829,060</u>

CITY OF CLEVELAND HEIGHTS, OHIO

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GENERAL FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002 AND 2001

	<u>Totals</u>	
	<u>2002</u>	<u>2001</u>
<u>Revenues</u>		
Property Taxes	\$ 4,923,748	\$ 4,906,303
Municipal Income Taxes	19,514,488	19,835,782
Other Local Taxes	887,693	455,701
State Levied Shared Taxes	4,106,073	5,988,645
Intergovernmental Grants and Contracts	715,305	755,909
Charges for Services	1,972,398	1,317,992
Fees, Licenses, and Permits	886,025	860,712
Interest Earnings	594,990	1,328,792
Special Assessments	54,009	-
Fines and Forfeitures	1,894,685	1,976,035
Reimbursements Received	836,288	-
All Other Revenue	<u>173,711</u>	<u>616,862</u>
Total Revenues	<u>36,559,413</u>	<u>38,042,733</u>
<u>Expenditures</u>		
Current:		
Public Safety	13,073,176	13,130,206
Public Health	421,092	446,732
Culture and Recreation	2,933,284	1,965,501
Community Development	2,770,185	2,604,284
Sanitation	2,506,851	2,921,629
Transportation	3,114,675	2,792,305
General Government	<u>12,607,065</u>	<u>11,878,068</u>
Total Expenditures	<u>37,426,328</u>	<u>35,738,725</u>
Excess of Revenues Over (Under) Expenditures	<u>(866,915)</u>	<u>2,304,008</u>
<u>Other Financing Sources (Uses)</u>		
Operating Transfers – In	-	28,964
Operating Transfers – Out	(2,367,663)	(2,649,921)
Proceeds from Sale of Fixed Assets	<u>91,398</u>	<u>25,774</u>
Total Other Financing Sources (Uses)	<u>(2,276,265)</u>	<u>(2,595,183)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,143,180)	(291,175)
Fund Balance at Beginning of Year	9,601,603	9,976,199
Decrease in Reserve for Inventory	<u>59,047</u>	<u>(83,421)</u>
Fund Balance at End of Year	\$ <u>6,517,470</u>	\$ <u>9,601,603</u>

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Property Taxes	\$ 5,531,358	\$ 4,923,748	\$ (607,610)
Municipal Income Taxes	19,733,760	20,305,357	571,597
Other Local Taxes	212,107	218,251	6,144
State Levied Shared Taxes	4,407,700	4,535,371	127,671
Intergovernmental Grants and Contracts	695,170	715,305	20,135
Charges for Services	1,914,787	1,970,250	55,463
Fees, Licenses, and Permits	861,083	886,025	24,942
Interest Earnings	833,035	857,164	24,129
Special Assessments	52,490	54,009	1,519
Fines and Forfeitures	1,790,815	1,842,687	51,872
Reimbursements Received	812,746	836,288	23,542
Other Revenue	168,821	173,711	4,890
Total Revenues	37,013,872	37,318,166	304,294
<u>Expenditures</u>			
Current:			
Public Safety	13,390,877	13,321,582	69,295
Public Health	424,096	416,453	7,643
Culture and Recreation	2,860,267	2,792,679	67,588
Community Development	2,797,190	2,757,906	39,284
Sanitation	2,516,603	2,491,128	25,475
Transportation	3,044,558	3,023,453	21,105
General Government	12,817,388	12,665,455	151,933
Total Expenditures	37,850,979	37,468,656	382,323
Excess of Revenues Over (Under) Expenditures	(837,107)	(150,490)	686,617
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	88,825	91,398	2,573
Operating Transfers – Out	(2,341,525)	(2,071,060)	270,465
Total Other Financing Sources (Uses)	(2,252,700)	(1,979,662)	273,038

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,089,807)	(2,130,152)	959,655
Cash Fund Balance at Beginning of Year	8,365,380	8,365,380	-
Current Year Charges Against Prior Year Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(192,917)</u>	<u>(192,917)</u>
Cash Fund Balance at End of Year:			
Unreserved	5,275,573	6,042,311	766,738
Reserved for Encumbrances	<u>-</u>	<u>242,790</u>	<u>242,790</u>
Total Cash Fund Balance at End of Year	\$ <u><u>5,275,573</u></u>	\$ <u><u>6,285,101</u></u>	\$ <u><u>1,009,528</u></u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL REVENUE FUNDS

STREET CONSTRUCTION, MAINTENANCE AND REPAIR – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for repair and maintenance of streets within the City.

COMMUNITY DEVELOPMENT BLOCK GRANT (C.D.B.G.) RESOURCE – To account for monies received from the federal government under Community Development Block Grant programs for a wide variety of projects such as commercial area rehabilitation, residential winterization, and fair housing activities. The C.D.B.G. Resource Fund accounts for the grant of the current year and unspent grants from prior years.

C.D.B.G. PROGRAM INCOME – To account for monies generated by C.D.B.G. programs, such as interest on low-income loans, resale of rehabilitated homes, and other housing programs where the City receives revenue.

COMMUNICATION SYSTEM OPERATING – To account for the operations of the fire department dispatch office serving Cleveland Heights and a neighboring community.

LAW ENFORCEMENT TRUST – To account for monies received from certain civil penalties permitted by state law and collected by the City and costs of complex investigations and prosecutions and other law enforcement purposes as determined by Council.

DRUG LAW ENFORCEMENT TRUST – To account for monies received from confiscated property to be used solely for drug law enforcement purposes.

LOCAL TELEVISION (T.V.) PROGRAMMING – To account for monies received pursuant to the franchise agreement with the local cable T.V. network and used for programming of local events.

CAIN PARK – To account for the operation and maintenance of the Cain Park Summer Theater.

STREET LIGHTING – To account for monies received from the levy of special assessments for the purpose of paying the cost of street lighting.

TREE – To account for monies received from the levy of special assessments for the purpose of paying the cost of maintaining trees on the public right-of-way.

POLICE PENSION TRUST – To account for property taxes levied for the partial payment of the current and accrued liability for police disability and pension due the State pension agency.

FIRE PENSION TRUST – To account for property taxes levied for the partial payment of the current and accrued liability for fire disability and pension due the State pension agency.

CITY OF CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL REVENUE FUNDS (CONTINUED)

FOUNDATION GRANTS – To account for grants received from various non-profit organizations used for community development and public health purposes.

FIRST SUBURBS CONSORTIUM – To account for staffing and other expenses of the Consortium office which is located in Cleveland Heights City Hall. The costs are shared by the twelve communities which make up and support the Consortium and its economic and community development initiatives.

OHIO DEPARTMENT OF NATURAL RESOURCES (ODNR) RECYCLING GRANTS – To account for monies received from the Ohio Department of Natural Resources (ODNR) for recycling programs.

EARNED BENEFITS – To account for the accumulation of resources for those employees eligible to retire.

INDIGENT (DUI) DRIVER'S ALCOHOL TREATMENT – To account for the City's portion of fines collected by the State of Ohio to pay for the cost of an alcohol and other drug addiction treatment program for those unable to pay for such attendance.

MUNICIPAL COURT CLERK COMPUTERIZATION – To account for costs charged in all civil and/or criminal traffic convictions to be used by the court for computer-related expenditures.

DUI ENFORCEMENT AND EDUCATION – To account for the City's portion of fines collected on all DUI-related offense convictions collected by the court and controlled by the police agency at their discretion for DUI-related law enforcement and education.

MUNICIPAL COURT SPECIAL PROJECTS – To account for costs charged in all civil and/or criminal traffic convictions to be used by the court for identified projects.

LEAD SAFE CUYAHOGA – To account for grant received from Cuyahoga County for costs related to testing paint for lead content.

HOME PROGRAM – To account for the City's portion of the funds available through the Cuyahoga Housing Consortium which includes Cuyahoga County, and the Cities of Euclid, Lakewood, Parma and East Cleveland pursuant to the Home Investment Partnership Program.

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CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	Street Construction Maintenance, And Repair	C.D.B.G. Resource	C.D.B.G. Program Income	Communi- cations System Operating
<u>Assets</u>				
Equity in City Treasury Cash	\$ 433,651	\$ -	\$ -	\$ -
Receivables (Net of Allowance for Uncollectibles):				
Taxes	502,427	-	-	-
Deferred Special Assessments	-	-	-	-
Accrued Interest	-	-	-	-
Loans	-	-	1,663,505	-
Due from Other Governments	1,141,597	217,533	-	11,853
Due from Other Funds	-	-	-	16,497
Total Assets	<u>\$ 2,077,675</u>	<u>\$ 217,533</u>	<u>\$ 1,663,505</u>	<u>\$ 28,350</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Vouchers and Accounts Payable	\$ 150,438	\$ 78,083	\$ -	\$ 3,257
Accrued Wages and Benefits	-	29,271	-	25,109
Contracts Payable - Retainage				
Percentage	170,034	-	-	-
Due to Other Funds	912,878	217,532	-	-
Deferred Revenue	317,684	217,533	-	11,853
Total Liabilities	<u>1,551,034</u>	<u>542,419</u>	<u>-</u>	<u>40,219</u>
<u>Fund Balances:</u>				
Reserved for Encumbrances	160,891	-	-	-
Reserved for Loans	-	-	1,663,505	-
Unreserved (Deficit); Undesignated	365,750	(324,886)	-	(11,869)
Total Fund Balances (Deficit)	<u>526,641</u>	<u>(324,886)</u>	<u>1,663,505</u>	<u>(11,869)</u>
Total Liabilities and Fund Balances	<u>\$ 2,077,675</u>	<u>\$ 217,533</u>	<u>\$ 1,663,505</u>	<u>\$ 28,350</u>

Law Enforcement Trust	Drug Law Enforcement Trust	Local T.V. Programming	Cain Park	Street Lighting	Tree
\$ 6,688	\$ 390,284	\$ 8,602	\$ 5,816	\$ 13,145	\$ 64,406
-	-	42,489	-	-	-
-	-	-	-	1,408,850	1,059,382
44	2,515	-	-	-	-
-	-	-	-	-	-
-	2,863	-	-	-	-
-	-	809,742	-	-	-
<u>\$ 6,732</u>	<u>\$ 395,662</u>	<u>\$ 860,833</u>	<u>\$ 5,816</u>	<u>\$ 1,421,995</u>	<u>\$ 1,123,788</u>
\$ -	\$ 9,616	\$ 44,722	\$ 10,247	\$ 55,486	\$ 102
-	116	7,017	1,544	-	26,171
-	-	-	-	-	-
-	-	-	-	-	-
-	2,863	-	-	1,408,849	1,059,382
<u>-</u>	<u>12,595</u>	<u>51,739</u>	<u>11,791</u>	<u>1,464,335</u>	<u>1,085,655</u>
-	3,650	8,602	-	-	863
-	-	-	-	-	-
6,732	379,417	800,492	(5,975)	(42,340)	37,270
<u>6,732</u>	<u>383,067</u>	<u>809,094</u>	<u>(5,975)</u>	<u>(42,340)</u>	<u>38,133</u>
<u>\$ 6,732</u>	<u>\$ 395,662</u>	<u>\$ 860,833</u>	<u>\$ 5,816</u>	<u>\$ 1,421,995</u>	<u>\$ 1,123,788</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS (CONTINUED)

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Police Pension Trust</u>	<u>Fire Pension Trust</u>	<u>Foundation Grants</u>	<u>First Suburbs Consortium</u>
<u>Assets</u>				
Equity in City Treasury Cash	\$ 235,411	\$ 490,991	\$ 1,464	\$ -
Receivables (Net of Allowance for Uncollectibles):				
Taxes	241,364	241,364	-	-
Deferred Special Assessments	-	-	-	-
Accrued Interest	-	-	-	-
Loans	-	-	-	-
Due from Other Governments	-	-	-	33,332
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 476,775</u>	<u>\$ 732,355</u>	<u>\$ 1,464</u>	<u>\$ 33,332</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages and Benefits	209,548	307,170	-	-
Contracts Payable - Retainage Percentage	-	-	-	-
Due to Other Funds	-	-	-	47,881
Deferred Revenue	<u>241,364</u>	<u>241,364</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>450,912</u>	<u>548,534</u>	<u>-</u>	<u>47,881</u>
Fund Balances:				
Reserved for Encumbrances	-	-	-	-
Reserved for Loans	-	-	-	-
Unreserved (Deficit); Undesignated	<u>25,863</u>	<u>183,821</u>	<u>1,464</u>	<u>(14,549)</u>
Total Fund Balances (Deficit)	<u>25,863</u>	<u>183,821</u>	<u>1,464</u>	<u>(14,549)</u>
 Total Liabilities and Fund Balances	 <u>\$ 476,775</u>	 <u>\$ 732,355</u>	 <u>\$ 1,464</u>	 <u>\$ 33,332</u>

<u>ODNR Recycling Grants</u>	<u>Earned Benefits</u>	<u>Indigent Drivers' Alcohol Treatment</u>	<u>Municipal Court Clerk Computeriz- ation</u>	<u>DUI Enforce- ment and Education</u>	<u>Municipal Courts Special Projects</u>
\$ 3,277	\$ -	\$ 35,192	\$ 940,540	\$ 27,966	\$ 298,768
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,640	-	-	-	-	-
-	<u>1,284,502</u>	<u>150</u>	<u>7,310</u>	<u>485</u>	<u>15,332</u>
\$ <u>25,917</u>	\$ <u>1,284,502</u>	\$ <u>35,342</u>	\$ <u>947,850</u>	\$ <u>28,451</u>	\$ <u>314,100</u>
\$ -	\$ -	\$ -	\$ 853	\$ -	\$ -
-	1,284,502	-	-	-	1,727
-	-	-	-	-	-
-	-	-	-	-	-
22,640	-	-	-	-	-
<u>22,640</u>	<u>1,284,502</u>	<u>-</u>	<u>853</u>	<u>-</u>	<u>1,727</u>
1,600	-	-	701	-	1,050
-	-	-	-	-	-
<u>1,677</u>	<u>-</u>	<u>35,342</u>	<u>946,296</u>	<u>28,451</u>	<u>311,323</u>
<u>3,277</u>	<u>-</u>	<u>35,342</u>	<u>946,997</u>	<u>28,451</u>	<u>312,373</u>
\$ <u>25,917</u>	\$ <u>1,284,502</u>	\$ <u>35,342</u>	\$ <u>947,850</u>	\$ <u>28,451</u>	\$ <u>314,100</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS (CONTINUED)

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	Lead Safe <u>Cuyahoga</u>	HOME Program	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
Assets				
Equity in City Treasury Cash	\$ -	\$ -	\$ 2,956,201	\$ 4,787,665
Receivables (Net of Allowance for Uncollectibles):				
Taxes	-	-	1,027,644	1,035,139
Deferred Special Assessments	-	-	2,468,232	3,610,008
Accrued Interest	-	-	2,559	2,839
Loans	-	-	1,663,505	1,390,717
Due from Other Governments	-	155,855	1,585,673	1,287,426
Due from Other Funds	-	-	2,134,018	2,282,175
Total Assets	<u>-</u>	<u>\$ 155,855</u>	<u>\$ 11,837,832</u>	<u>\$ 14,395,969</u>
Liabilities and Fund Balances				
Liabilities:				
Vouchers and Accounts Payable	-	\$ -	\$ 352,804	\$ 208,070
Accrued Wages and Benefits	-	-	1,892,175	1,806,777
Contracts Payable – Retainage				
Percentage	-	-	170,034	38,406
Due to Other Funds	25,490	155,857	1,359,638	1,265,553
Deferred Revenue	-	155,855	3,679,387	5,599,613
Total Liabilities	<u>25,490</u>	<u>311,712</u>	<u>7,454,038</u>	<u>8,918,419</u>
Fund Balances:				
Reserved for Encumbrances	-	-	177,357	1,563,369
Reserved for Loans	-	-	1,663,505	1,390,717
Unreserved (Deficit); Undesignated	<u>(25,490)</u>	<u>(155,857)</u>	<u>2,542,932</u>	<u>2,523,464</u>
Total Fund Balances (Deficit)	<u>(25,490)</u>	<u>(155,857)</u>	<u>4,383,794</u>	<u>5,477,550</u>
 Total Liabilities and Fund Balances	 <u>\$ -</u>	 <u>\$ 155,855</u>	 <u>\$ 11,837,832</u>	 <u>\$ 14,395,969</u>

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CITY OF CLEVELAND HEIGHTS, OHIO

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

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

	<u>Street Construction Maintenance, And Repair</u>	<u>C.D.B.G. Resource</u>	<u>C.D.B.G. Program Income</u>	<u>Communi- cations System Operating</u>
<u>Revenues</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Local Taxes	177,880	-	-	-
State Levied Shared Taxes	1,061,910	-	-	-
Intergovernmental Grants and Contracts	1,141,597	1,936,119	-	169,463
Charges for Services	-	-	-	-
Fees, Licenses, and Permits	-	-	-	-
Interest Earnings	16,574	-	-	-
Special Assessments	-	-	-	-
Fines and Forfeitures	-	-	-	-
All Other Revenue	126,969	-	719,732	-
Total Revenues	<u>2,524,930</u>	<u>1,936,119</u>	<u>719,732</u>	<u>169,463</u>
<u>Expenditures</u>				
Current:				
Public Safety	-	-	-	402,016
Public Health	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	2,542,731	88,488	-
Sanitation	-	-	-	-
Transportation	2,867,149	-	-	-
General Government	8,518	-	-	-
Capital Outlay	131,628	-	-	-
Total Expenditures	<u>3,007,295</u>	<u>2,542,731</u>	<u>88,488</u>	<u>402,016</u>
Excess of Revenues Over (Under) Expenditures	<u>(482,365)</u>	<u>(606,612)</u>	<u>631,244</u>	<u>(232,553)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers – In	400,000	356,598	-	229,579
Operating Transfers – Out	-	-	(356,598)	-
Proceeds From Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>356,598</u>	<u>(356,598)</u>	<u>229,579</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(82,365)</u>	<u>(250,014)</u>	<u>274,646</u>	<u>(2,974)</u>
Fund Balances (Deficit) at Beginning of Year	<u>609,006</u>	<u>(74,872)</u>	<u>1,388,859</u>	<u>(8,895)</u>
Fund Balances (Deficit) at End of Year	<u>\$ 526,641</u>	<u>\$ (324,886)</u>	<u>\$ 1,663,505</u>	<u>\$ (11,869)</u>

<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement Trust</u>	<u>Local T.V. Programming</u>	<u>Cain Park</u>	<u>Street Lighting</u>	<u>Tree</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	252,948	-	-	-
-	-	-	20,907	-	-
-	-	-	382,650	-	-
-	-	-	-	-	220
375	9,631	-	-	-	-
-	-	-	-	664,355	503,228
15,061	253,944	-	-	-	-
-	<u>6,199</u>	-	<u>9,383</u>	-	<u>172</u>
<u>15,436</u>	<u>269,774</u>	<u>252,948</u>	<u>412,940</u>	<u>664,355</u>	<u>503,620</u>
11,752	121,828	-	-	663,435	-
-	-	-	-	-	-
-	-	-	771,601	-	-
-	-	203,507	-	-	517,186
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,752</u>	<u>121,828</u>	<u>203,507</u>	<u>771,601</u>	<u>663,435</u>	<u>517,186</u>
<u>3,684</u>	<u>147,946</u>	<u>49,441</u>	<u>(358,661)</u>	<u>920</u>	<u>(13,566)</u>
-	-	-	354,428	13,290	10,208
-	-	(895,000)	-	-	-
-	-	-	-	-	-
-	-	<u>(895,000)</u>	<u>354,428</u>	<u>13,290</u>	<u>10,208</u>
3,684	147,946	(845,559)	(4,233)	14,210	(3,358)
<u>3,048</u>	<u>235,121</u>	<u>1,654,653</u>	<u>(1,742)</u>	<u>(56,550)</u>	<u>41,491</u>
\$ <u>6,732</u>	\$ <u>383,067</u>	\$ <u>809,094</u>	\$ <u>(5,975)</u>	\$ <u>(42,340)</u>	\$ <u>38,133</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

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

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

	<u>Police Pension Trust</u>	<u>Fire Pension Trust</u>	<u>Foundation Grants</u>	<u>First Suburbs Consortium</u>
<u>Revenues</u>				
Property Taxes	\$ 199,611	\$ 199,611	\$ -	\$ -
Other Local Taxes	1,750	1,750	-	-
State Levied Shared Taxes	-	-	-	-
Intergovernmental Grants and Contracts	26,921	26,921	-	33,332
Charges for Services	-	-	-	-
Fees, Licenses, and Permits	-	-	-	-
Interest Earnings	-	-	-	-
Special Assessments	-	-	-	-
Fines and Forfeitures	-	-	-	-
All Other Revenue	-	-	-	10,533
Total Revenues	228,282	228,282	-	43,865
<u>Expenditures</u>				
Current:				
Public Safety	780,576	1,171,586	-	-
Public Health	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	58,414
Sanitation	-	-	-	-
Transportation	-	-	-	-
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	780,576	1,171,586	-	58,414
Excess of Revenues Over (Under)				
Expenditures	(552,294)	(943,304)	-	(14,549)
<u>Other Financing Sources (Uses)</u>				
Operating Transfers – In	421,118	762,058	-	-
Operating Transfers – Out	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	421,118	762,058	-	-
Excess of Revenues and Other Financing Sources				
Over (Under) Expenditures and Other				
Financing Uses	(131,176)	(181,246)	-	(14,549)
Fund Balances (Deficit) at Beginning of Year	157,039	365,067	1,464	-
Fund Balances (Deficit) at End of Year	\$ 25,863	\$ 183,821	\$ 1,464	\$ (14,549)

<u>ODNR Recycling Grants</u>	<u>Earned Benefits</u>	<u>Indigent Drivers' Alcohol Treatment</u>	<u>Municipal Court Clerk Computeriz- ation</u>	<u>DUI Enforce- ment and Education</u>	<u>Municipal Courts Special Projects</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
30,078	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27,056	-	-
-	-	-	-	-	-
-	-	2,743	7,310	3,043	188,300
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>30,078</u>	<u>-</u>	<u>2,743</u>	<u>34,366</u>	<u>3,043</u>	<u>188,300</u>
-	260,383	-	-	-	-
-	446	-	-	-	-
-	-	-	-	-	-
36,062	-	-	-	-	-
-	15,169	-	-	-	-
-	619	-	-	-	-
-	38,527	-	97,227	-	19,467
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>36,062</u>	<u>315,144</u>	<u>-</u>	<u>97,227</u>	<u>-</u>	<u>19,467</u>
<u>(5,984)</u>	<u>(315,144)</u>	<u>2,743</u>	<u>(62,861)</u>	<u>3,043</u>	<u>168,833</u>
-	315,142	-	-	-	-
-	-	-	-	-	-
<u>1,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,425</u>	<u>315,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,559)	(2)	2,743	(62,861)	3,043	168,833
<u>7,836</u>	<u>2</u>	<u>32,599</u>	<u>1,009,858</u>	<u>25,408</u>	<u>143,540</u>
\$ <u><u>3,277</u></u>	\$ <u><u>-</u></u>	\$ <u><u>35,342</u></u>	\$ <u><u>946,997</u></u>	\$ <u><u>28,451</u></u>	\$ <u><u>312,373</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

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

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

	<u>Lead Safe Cuyahoga</u>	<u>HOME Program</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Revenues</u>				
Property Taxes	\$ -	\$ -	\$ 399,222	\$ 397,809
Other Local Taxes	-	-	181,380	303,124
State Levied Shared Taxes	-	-	1,314,858	1,054,092
Intergovernmental Grants and Contracts	-	84,247	3,469,585	2,747,100
Charges for Services	-	-	382,650	380,837
Fees, Licenses, and Permits	-	-	27,276	30,213
Interest Earnings	-	-	26,580	69,216
Special Assessments	-	-	1,167,583	1,043,594
Fines and Forfeitures	-	-	470,401	234,531
All Other Revenue	-	41,736	914,724	901,883
Total Revenues	<u>-</u>	<u>125,983</u>	<u>8,354,259</u>	<u>7,162,399</u>
<u>Expenditures</u>				
Current:				
Public Safety	-	-	3,411,576	3,684,192
Public Health	-	-	446	24,326
Culture and Recreation	-	-	771,601	644,559
Community Development	25,490	244,693	3,716,571	3,500,392
Sanitation	-	-	15,169	14,473
Transportation	-	-	2,867,768	1,680,396
General Government	-	-	163,739	235,744
Capital Outlay	-	-	131,628	38,406
Total Expenditures	<u>25,490</u>	<u>244,693</u>	<u>11,078,498</u>	<u>9,822,488</u>
Excess of Revenues Over (Under) Expenditures	<u>(25,490)</u>	<u>(118,710)</u>	<u>(2,724,239)</u>	<u>(2,660,089)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers- In	-	18,235	2,880,656	2,500,365
Operating Transfers- Out	-	-	(1,251,598)	(336,378)
Proceeds from Sale of Fixed Assets	-	-	1,425	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>18,235</u>	<u>1,630,483</u>	<u>2,163,987</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(25,490)</u>	<u>(100,475)</u>	<u>(1,093,756)</u>	<u>(496,102)</u>
Fund Balances (Deficit) at Beginning of Year	<u>-</u>	<u>(55,382)</u>	<u>5,477,550</u>	<u>5,973,652</u>
Fund Balances (Deficit) at End of Year	\$ <u>(25,490)</u>	\$ <u>(155,857)</u>	\$ <u>4,383,794</u>	\$ <u>5,477,550</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Street Construction, Maintenance and Repair</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Other Local Taxes	\$ 188,647	\$ 173,001	\$ (15,646)
State Levied Shared Taxes	1,152,392	1,056,816	(95,576)
Interest Earnings	18,073	16,574	(1,499)
Reimbursements Received	<u>138,452</u>	<u>126,969</u>	<u>(11,483)</u>
Total Revenues	<u>1,497,564</u>	<u>1,373,360</u>	<u>(124,204)</u>
<u>Expenditures</u>			
Current:			
Transportation	1,757,208	1,734,187	23,021
General Government	<u>8,679</u>	<u>8,518</u>	<u>161</u>
Total Expenditures	<u>1,765,887</u>	<u>1,742,705</u>	<u>23,182</u>
Excess of Revenues Over (Under) Expenditures	<u>(268,323)</u>	<u>(369,345)</u>	<u>(101,022)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	400,000	400,000	-
Other Financing Sources	995,436	912,878	(82,558)
Other Financing Uses	<u>(1,127,113)</u>	<u>(1,112,266)</u>	<u>14,847</u>
Total Other Financing Sources (Uses)	<u>268,323</u>	<u>200,612</u>	<u>(67,711)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(168,733)	(168,733)
Cash Fund Balance at Beginning of Year	1,649,571	1,649,571	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(1,480,838)</u>	<u>(1,480,838)</u>
Cash Fund Balance at End of Year:			
Unreserved	1,649,571	-	(1,649,571)
Reserved for Encumbrances	<u>-</u>	<u>433,651</u>	<u>433,651</u>
Total Cash Fund Balance at End of Year	<u>\$ 1,649,571</u>	<u>\$ 433,651</u>	<u>\$ (1,215,920)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>C.D.B.G. Resource</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ <u>3,115,927</u>	\$ <u>1,974,399</u>	\$ <u>(1,141,528)</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>3,957,113</u>	<u>2,507,982</u>	<u>1,449,131</u>
Excess of Revenues Over (Under) Expenditures	<u>(841,186)</u>	<u>(533,583)</u>	<u>307,603</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	562,770	356,598	(206,172)
Other Financing Sources	343,303	217,533	(125,770)
Other Financing Uses	<u>(63,935)</u>	<u>(40,548)</u>	<u>23,387</u>
Total Other Financing Sources (Uses)	<u>842,138</u>	<u>533,583</u>	<u>(308,555)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	952	-	(952)
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u><u>952</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(952)</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>C.D.B.G. Program Income</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Other Revenue	\$ <u>800,000</u>	\$ <u>446,944</u>	\$ <u>(353,056)</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>90,964</u>	<u>90,346</u>	<u>618</u>
Excess of Revenues Over (Under) Expenditures	<u>709,036</u>	<u>356,598</u>	<u>(352,438)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - Out	<u>(359,036)</u>	<u>(356,598)</u>	<u>2,438</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u><u>350,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(350,000)</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Communications System Operating</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ <u>172,787</u>	\$ <u>169,463</u>	\$ <u>(3,324)</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>404,833</u>	<u>398,658</u>	<u>6,175</u>
Excess of Revenues Over (Under) Expenditures	(232,046)	(229,195)	2,851
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>233,615</u>	<u>229,121</u>	<u>(4,494)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,569	(74)	(1,643)
Cash Fund Balance at Beginning of Year	<u>74</u>	<u>74</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u><u>1,643</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(1,643)</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Law Enforcement Trust</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Interest Earnings	\$ 365	\$ 367	\$ 2
Fines and Forfeitures	<u>14,985</u>	<u>15,061</u>	<u>76</u>
Total Revenues	<u>15,350</u>	<u>15,428</u>	<u>78</u>
 <u>Expenditures</u>			
Current:			
Public Safety	<u>18,323</u>	<u>11,752</u>	<u>6,571</u>
Excess of Revenues Over (Under) Expenditures	(2,973)	3,676	6,649
Cash Fund Balance at Beginning of Year	<u>2,973</u>	<u>2,973</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>-</u>	\$ <u>6,649</u>	\$ <u>6,649</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Drug Law Enforcement Trust</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Interest Earnings	\$ 2,968	\$ 10,023	\$ 7,055
Fines and Forfeitures	75,196	253,944	178,748
Other Revenue	1,836	6,199	4,363
Total Revenues	<u>80,000</u>	<u>270,166</u>	<u>190,166</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>274,885</u>	<u>112,702</u>	<u>162,183</u>
Excess of Revenues Over (Under) Expenditures	(194,885)	157,464	352,349
Cash Fund Balance at Beginning of Year	252,370	252,370	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(25,430)</u>	<u>(25,430)</u>
Cash Fund Balance at End of Year:			
Unreserved	57,485	384,404	326,919
Reserved for Encumbrances	<u>-</u>	<u>3,650</u>	<u>3,650</u>
Total Cash Fund Balance at End of Year	\$ <u>57,485</u>	\$ <u>388,054</u>	\$ <u>330,569</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Local T.V. Programming		
	Budget	Actual	Variance
<u>Revenues</u>			
State Levied Shared Taxes	\$ 271,016	\$ 274,868	\$ 3,852
<u>Expenditures</u>			
Current:			
Community Development	183,345	163,637	19,708
Excess of Revenues Over (Under) Expenditures	87,671	111,231	23,560
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - Out	(895,000)	(895,000)	-
Other Financing Sources	1,245,984	1,263,695	17,711
Other Financing Uses	-	(809,741)	(809,741)
Total Other Financing Sources (Uses)	350,984	(441,046)	(792,030)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	438,655	(329,815)	(768,470)
Cash Fund Balance at Beginning of Year	337,674	337,674	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	-	(7,859)	(7,859)
Cash Fund Balance at End of Year:			
Unreserved	776,329	-	(776,329)
Reserved for Encumbrances	-	8,602	8,602
Total Cash Fund Balance at End of Year	\$ 776,329	\$ 8,602	\$ (767,727)

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

		<u>Cain Park</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ 20,907	20,907	-
Charges for Services	382,710	382,650	(60)
Other Revenue	<u>9,383</u>	<u>9,383</u>	<u>-</u>
Total Revenues	<u>413,000</u>	<u>412,940</u>	<u>(60)</u>
<u>Expenditures</u>			
Current:			
Culture and Recreation	<u>780,000</u>	<u>767,676</u>	<u>12,324</u>
Excess of Revenues Over (Under) Expenditures	(367,000)	(354,736)	12,264
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>375,000</u>	<u>354,428</u>	<u>(20,572)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,000	(308)	(8,308)
Cash Fund Balance at Beginning of Year	2,455	2,455	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(2,147)</u>	<u>(2,147)</u>
Cash Fund Balance at End of Year:			
Unreserved	10,455	-	(10,455)
Reserved for Encumbrances	<u>-</u>	<u>5,816</u>	<u>5,816</u>
Total Cash Fund Balance at End of Year	\$ <u>10,455</u>	\$ <u>5,816</u>	\$ <u>(4,639)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Street Lighting</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Special Assessments	\$ <u>690,000</u>	\$ <u>664,355</u>	\$ <u>(25,645)</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>675,000</u>	<u>664,500</u>	<u>10,500</u>
Excess of Revenues Over (Under) Expenditures	15,000	(145)	(15,145)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>15,000</u>	<u>13,290</u>	<u>(1,710)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	30,000	13,145	(16,855)
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>30,000</u>	\$ <u>13,145</u>	\$ <u>(16,855)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Tree		Variance
	Budget	Actual	
<u>Revenues</u>			
Fees, Licenses, and Permits	\$ 198	\$ 220	\$ 22
Special Assessments	452,547	503,228	50,681
Other Revenue	155	172	17
Total Revenues	<u>452,900</u>	<u>503,620</u>	<u>50,720</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>527,671</u>	<u>513,562</u>	<u>14,109</u>
Excess of Revenues Over (Under) Expenditures	(74,771)	(9,942)	64,829
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>12,100</u>	<u>10,208</u>	<u>(1,892)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(62,671)	266	62,937
Cash Fund Balance at Beginning of Year	65,352	65,352	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(2,100)</u>	<u>(2,100)</u>
Cash Fund Balance at End of Year:			
Unreserved	2,681	63,518	60,837
Reserved for Encumbrances	<u>-</u>	<u>888</u>	<u>888</u>
Total Cash Fund Balance at End of Year	\$ <u><u>2,681</u></u>	\$ <u><u>64,406</u></u>	\$ <u><u>61,725</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Police Pension Trust</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Property Taxes	\$ 222,296	\$ 199,611	\$ (22,685)
Other Local Taxes	1,949	1,750	(199)
Intergovernmental Grants and Contracts	<u>47,000</u>	<u>26,921</u>	<u>(20,079)</u>
Total Revenues	<u>271,245</u>	<u>228,282</u>	<u>(42,963)</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>750,000</u>	<u>747,404</u>	<u>2,596</u>
Excess of Revenues Over (Under) Expenditures	(478,755)	(519,122)	(40,367)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>453,000</u>	<u>421,118</u>	<u>(31,882)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(25,755)	(98,004)	(72,249)
Cash Fund Balance at Beginning of Year	<u>333,415</u>	<u>333,415</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>307,660</u>	\$ <u>235,411</u>	\$ <u>(72,249)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Fire Pension Trust</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Property Taxes	\$ 222,296	\$ 199,611	\$ (22,685)
Other Local Taxes	1,949	1,750	(199)
Intergovernmental Grants and Contracts	<u>3,000</u>	<u>26,921</u>	<u>23,921</u>
Total Revenues	<u>227,245</u>	<u>228,282</u>	<u>1,037</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>1,157,000</u>	<u>1,156,985</u>	<u>15</u>
Excess of Revenues Over (Under) Expenditures	(929,755)	(928,703)	1,052
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>809,000</u>	<u>762,058</u>	<u>(46,942)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(120,755)	(166,645)	(45,890)
Cash Fund Balance at Beginning of Year	<u>657,636</u>	<u>657,636</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>536,881</u>	\$ <u>490,991</u>	\$ <u>(45,890)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Foundation Grants</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ <u>60,000</u>	<u>-</u>	\$ <u>(60,000)</u>
Excess of Revenues Over (Under) Expenditures	60,000	-	(60,000)
Cash Fund Balance at Beginning of Year	<u>1,464</u>	<u>1,464</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>61,464</u>	\$ <u>1,464</u>	\$ <u>(60,000)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	First Suburbs		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Other Revenue	\$ <u>10,819</u>	\$ <u>10,533</u>	\$ <u>(286)</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>60,000</u>	<u>58,414</u>	<u>1,586</u>
Excess of Revenues Over (Under) Expenditures	(49,181)	(47,881)	1,300
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	<u>49,181</u>	<u>47,881</u>	<u>(1,300)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>ODNR Recycling Grants</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ <u>35,804</u>	\$ <u>30,078</u>	\$ <u>(5,726)</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>39,023</u>	<u>32,681</u>	<u>6,342</u>
Excess of Revenues Over (Under) Expenditures	(3,219)	(2,603)	616
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	<u>1,696</u>	<u>1,425</u>	<u>(271)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,523)	(1,178)	345
Cash Fund Balance at Beginning of Year	9,706	9,706	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(6,851)</u>	<u>(6,851)</u>
Cash Fund Balance at End of Year:			
Unreserved	8,183	1,677	(6,506)
Reserved for Encumbrances	<u>-</u>	<u>1,600</u>	<u>1,600</u>
Total Cash Fund Balance at End of Year	\$ <u>8,183</u>	\$ <u>3,277</u>	\$ <u>(4,906)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Earned Benefits</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 221,060	\$ 158,607	\$ 62,453
Culture and Recreation	17,145	12,301	4,844
Community Development	17,507	12,561	4,946
Sanitation	39,748	28,519	11,229
Transportation	2,430	1,743	687
General Government	<u>107,110</u>	<u>76,850</u>	<u>30,260</u>
Total Expenditures	<u>405,000</u>	<u>290,581</u>	<u>114,419</u>
Excess of Revenues Over (Under) Expenditures	(405,000)	(290,581)	114,419
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>180,000</u>	<u>18,997</u>	<u>(161,003)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(225,000)	(271,584)	(46,584)
Cash Fund Balance at Beginning of Year	<u>271,584</u>	<u>271,584</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>46,584</u>	\$ <u>-</u>	\$ <u>(46,584)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Indigent Driver's Alcohol Treatment</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Fines and Forfeitures	\$ <u>-</u>	\$ <u>2,623</u>	\$ <u>2,623</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Excess of Revenues Over (Under) Expenditures	(14,000)	2,623	16,623
Cash Fund Balance at Beginning of Year	<u>32,569</u>	<u>32,569</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u><u>18,569</u></u>	\$ <u><u>35,192</u></u>	\$ <u><u>16,623</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Municipal Court Clerk Computerization		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$ <u>40,500</u>	\$ <u>27,056</u>	\$ <u>(13,444)</u>
<u>Expenditures</u>			
Current:			
General Government	<u>140,000</u>	<u>98,963</u>	<u>41,037</u>
Excess of Revenues Over (Under) Expenditures	(99,500)	(71,907)	27,593
Cash Fund Balance at Beginning of Year	1,013,554	1,013,554	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(1,957)</u>	<u>(1,957)</u>
Cash Fund Balance at End of Year:			
Unreserved	914,054	939,690	25,636
Reserved for Encumbrances	<u>-</u>	<u>850</u>	<u>850</u>
Total Cash Fund Balance at End of Year	\$ <u>914,054</u>	\$ <u>940,540</u>	\$ <u>26,486</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>DUI Enforcement and Education</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Fines and Forfeitures	\$ <u> -</u>	\$ <u> 3,129</u>	\$ <u> 3,129</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u> 10,000</u>	<u> -</u>	<u> 10,000</u>
Excess of Revenues Over (Under) Expenditures	(10,000)	3,129	13,129
Cash Fund Balance at Beginning of Year	<u> 24,837</u>	<u> 24,837</u>	<u> -</u>
Total Cash Fund Balance at End of Year	\$ <u> 14,837</u>	\$ <u> 27,966</u>	\$ <u> 13,129</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Municipal Court Special Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Fines and Forfeitures	\$ <u>-</u>	\$ <u>186,450</u>	\$ <u>186,450</u>
<u>Expenditures</u>			
Current:			
Public Safety	<u>75,000</u>	<u>18,790</u>	<u>56,210</u>
Excess of Revenues Over (Under) Expenditures	(75,000)	167,660	242,660
Cash Fund Balance at Beginning of Year	<u>130,058</u>	<u>130,058</u>	<u>-</u>
Cash Fund Balance at End of Year:			
Unreserved	55,058	297,718	242,660
Reserved for Encumbrances	<u>-</u>	<u>1,050</u>	<u>1,050</u>
Total Cash Fund Balance at End of Year	\$ <u><u>55,058</u></u>	\$ <u><u>298,768</u></u>	\$ <u><u>243,710</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Lead Safe Cuyahoga</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Expenditures</u>			
Current:			
Community Development	\$ <u>25,490</u>	\$ <u>25,490</u>	\$ <u>-</u>
Excess of Revenues Over (Under) Expenditures	(25,490)	(25,490)	-
<u>Other Financing Sources</u>			
Other Financing Sources	<u>27,000</u>	<u>25,490</u>	<u>(1,510)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,510	-	(1,510)
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u><u>1,510</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(1,510)</u></u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>HOME Program</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ 217,696	\$ 139,747	\$ (77,949)
Other Revenue	<u>65,014</u>	<u>41,735</u>	<u>(23,279)</u>
Total Revenues	<u>282,710</u>	<u>181,482</u>	<u>(101,228)</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>376,662</u>	<u>244,692</u>	<u>131,970</u>
Excess of Revenues Over (Under) Expenditures	<u>(93,952)</u>	<u>(63,210)</u>	<u>30,742</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	21,885	18,235	(3,650)
Other Financing Sources	242,790	155,855	(86,935)
Other Financing Uses	<u>(170,653)</u>	<u>(110,880)</u>	<u>59,773</u>
Total Other Financing Sources (Uses)	<u>94,022</u>	<u>63,210</u>	<u>(30,812)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	70	-	(70)
Cash Fund Balance at Beginning of Year:	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>70</u>	\$ <u>-</u>	\$ <u>(70)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Totals		
	Budget	Actual	Variance
<u>Revenues</u>			
Property Taxes	\$ 444,592	\$ 399,222	\$ (45,370)
Other Local Taxes	192,545	176,501	(16,044)
State Levied Shared Taxes	1,423,408	1,331,684	(91,724)
Intergovernmental Grants and Contracts	3,673,121	2,388,436	(1,284,685)
Charges for Services	382,710	382,650	(60)
Fees, Licenses, and Permits	40,698	27,276	(13,422)
Interest Earnings	21,406	26,964	5,558
Special Assessments	1,142,547	1,167,583	25,036
Fines and Forfeitures	90,181	461,207	371,026
Reimbursements Received	138,452	126,969	(11,483)
Other Revenue	887,207	514,966	(372,241)
Total Revenues	8,436,867	7,003,458	(1,433,409)
<u>Expenditures</u>			
Current:			
Public Safety	3,600,101	3,269,398	330,703
Culture and Recreation	797,145	779,977	17,168
Community Development	5,277,775	3,649,365	1,628,410
Sanitation	39,748	28,519	11,229
Transportation	1,759,638	1,735,930	23,708
General Government	255,789	184,331	71,458
Total Expenditures	11,730,196	9,647,520	2,082,676
Excess of Revenues Over (Under) Expenditures	(3,293,329)	(2,644,062)	649,267
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	1,696	1,425	(271)
Operating Transfers - In	3,062,370	2,584,053	(478,317)
Operating Transfers - Out	(1,254,036)	(1,251,598)	2,438
Other Financing Sources	2,903,694	2,623,332	(280,362)
Other Financing Uses	(1,361,701)	(2,073,435)	(711,734)
Total Other Financing Sources (Uses)	3,352,023	1,883,777	(1,468,246)

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL SPECIAL REVENUE FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Totals</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	58,694	(760,285)	(818,979)
Cash Fund Balance at Beginning of Year	4,785,292	4,785,292	-
Current Year Charges Against Prior Years Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(1,527,182)</u>	<u>(1,527,182)</u>
Cash Fund Balance at End of Year:			
Unreserved	4,843,986	2,497,825	(2,346,161)
Reserved for Encumbrances	<u>-</u>	<u>456,107</u>	<u>456,107</u>
Total Cash Fund Balance at End of Year	\$ <u>4,843,986</u>	\$ <u>2,953,932</u>	\$ <u>(1,890,054)</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL PROJECTS FUNDS

CAPITAL IMPROVEMENTS – To account for the annual purchase of capital equipment and certain capital improvements financed by unvoted general obligation bond anticipation notes and General Fund operating transfers.

ECONOMIC DEVELOPMENT – To account for transactions relative to the economic development of the City.

CITY HALL MAINTENANCE AND REPAIR – To account for the costs of major maintenance and repair of City Hall.

RECREATION IMPROVEMENTS – To account for transactions relative to the voted 1.8735-mill Recreation Bond Issue for the purpose of acquiring, constructing, renovating, furnishing and equipping park, cultural and recreational facilities and acquiring any necessary real estate.

ZAGARA TIF – To account for transactions relative to the sale of special revenue bonds and disbursement of these bonds for the purpose of fulfilling a Tax Increment Financing (TIF) agreement to promote economic development in the City as allowed by the laws of the State of Ohio.

RING ROAD RECONSTRUCTION – To account for receipts and disbursements related to reconstruction of Severance Center Ring Road.

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Capital Improvements</u>	<u>Economic Development</u>	<u>City Hall Maintenance And Repair</u>	<u>Recreation Improvements</u>
<u>Assets</u>				
Equity in City Treasury Cash	\$ 746,070	\$ 17,610	\$ 7,068	\$ 273,194
Accrued Interest	4,852	-	-	-
Due from Other Funds	<u>15,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>766,284</u>	\$ <u>17,610</u>	\$ <u>7,068</u>	\$ <u>273,194</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Vouchers and Accounts Payable	\$ 14,901	\$ -	\$ -	\$ -
Contracts Payable - Retainage Percentage	3,262	-	-	314,501
Bond Anticipation Notes Payable	2,614,000	-	-	-
Accrued Interest Payable	<u>15,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,647,525</u>	<u>-</u>	<u>-</u>	<u>314,501</u>
Fund Balances:				
Reserved for Encumbrances	489,013	2,642	-	-
Unreserved (Deficit); Undesignated	<u>(2,370,254)</u>	<u>14,968</u>	<u>7,068</u>	<u>(41,307)</u>
Total Fund Balances (Deficit)	<u>(1,881,241)</u>	<u>17,610</u>	<u>7,068</u>	<u>(41,307)</u>
Total Liabilities and Fund Balances	\$ <u>766,284</u>	\$ <u>17,610</u>	\$ <u>7,068</u>	\$ <u>273,194</u>

<u>Zagara TIF</u>	<u>Ring Road Reconstruction</u>	<u>Totals</u>	
		<u>2002</u>	<u>2001</u>
\$ -	\$ 1,000,000	\$ 2,043,942	\$ 3,132,462
-	-	4,852	4,134
-	-	15,362	43,482
<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 2,064,156</u>	<u>\$ 3,180,078</u>
\$ -	\$ -	\$ 14,901	\$ 704,911
-	-	317,763	1,048,073
-	-	2,614,000	2,345,000
-	-	15,362	43,482
<u>-</u>	<u>-</u>	<u>2,962,026</u>	<u>4,141,466</u>
-	-	491,655	330,351
-	1,000,000	(1,389,525)	(1,291,739)
-	1,000,000	(897,870)	(961,388)
<u>-</u>	<u>1,000,000</u>	<u>2,064,156</u>	<u>3,180,078</u>

CITY OF CLEVELAND HEIGHTS, OHIO

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

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

	<u>Capital Improvements</u>	<u>Economic Development</u>	<u>City Hall Maintenance And Repair</u>	<u>Recreation Improvements</u>
<u>Revenues</u>				
Property Taxes	\$ 628,536	\$ -	\$ -	\$ -
Intergovernmental Grants	-	-	-	-
Interest Earnings	41,657	515	-	13,709
Other Revenue	-	22,050	-	-
Total Revenues	670,193	22,565	-	13,709
<u>Expenditures</u>				
Current:				
Culture and Recreation	-	-	-	521,440
Community Development	-	662,468	-	-
Sanitation	353,251	-	-	-
Transportation	150,122	-	-	-
General Government	12,222	-	44,062	-
Capital Outlay	400,098	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	39,416	-	-	-
Total Expenditures	955,109	662,468	44,062	521,440
Excess of Revenues Over (Under) Expenditures	(284,916)	(639,903)	(44,062)	(507,731)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Debt	-	-	-	-
Proceeds from Settlement	-	-	-	-
Proceeds from Sale of Fixed Assets	-	73,250	-	-
Operating Transfers - In	-	325,000	-	170,000
Operating Transfers - Out	(28,120)	-	-	-
Total Other Financing Sources (Uses)	(28,120)	398,250	-	170,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(313,036)	(241,653)	(44,062)	(337,731)
Fund Balance (Deficit) at Beginning of Year	(1,568,205)	259,263	51,130	296,424
Fund Balance (Deficit) at End of Year	\$ (1,881,241)	\$ 17,610	\$ 7,068	\$ (41,307)

<u>Zagara TIF</u>	<u>Ring Road Construction</u>	<u>Totals</u>	
		<u>2002</u>	<u>2001</u>
\$ -	\$ -	\$ 628,536	\$ 1,340,959
19,262	-	19,262	226,964
-	-	55,881	480,738
-	-	22,050	99,167
<u>19,262</u>	<u>-</u>	<u>725,729</u>	<u>2,147,828</u>
-	-	521,440	9,421,509
19,262	-	681,730	2,983,820
-	-	353,251	106,844
-	-	150,122	239,152
-	-	56,284	161,436
-	-	400,098	1,443,736
155,000	-	155,000	-
93,540	-	132,956	222,398
<u>267,802</u>	<u>-</u>	<u>2,450,881</u>	<u>14,578,895</u>
<u>(248,540)</u>	<u>-</u>	<u>(1,725,152)</u>	<u>(12,431,067)</u>
-	-	-	5,995,000
-	1,000,000	1,000,000	-
-	-	73,250	306,337
248,540	-	743,540	465,000
<u>-</u>	<u>-</u>	<u>(28,120)</u>	<u>(44,080)</u>
<u>248,540</u>	<u>1,000,000</u>	<u>1,788,670</u>	<u>6,722,257</u>
-	1,000,000	63,518	(5,708,810)
<u>-</u>	<u>-</u>	<u>(961,388)</u>	<u>4,747,422</u>
\$ <u>-</u>	\$ <u>1,000,000</u>	\$ <u>(897,870)</u>	\$ <u>(961,388)</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Capital Improvements</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Interest Earnings	\$ 30,774	\$ 34,553	\$ 3,779
<u>Expenditures</u>			
Current:			
Sanitation	282,451	282,451	-
Transportation	271,768	271,768	-
General Government	21,599	21,599	-
Capital Outlay	<u>529,221</u>	<u>529,216</u>	<u>5</u>
Total Expenditures	<u>1,105,039</u>	<u>1,105,034</u>	<u>5</u>
Excess of Revenues Over (Under) Expenditures	(1,074,265)	(1,070,481)	3,784
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	<u>739,226</u>	<u>830,000</u>	<u>90,774</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(335,039)	(240,481)	94,558
Cash Fund Balance at Beginning of Year	831,290	831,290	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(356,578)</u>	<u>(356,578)</u>
Cash Fund Balance at End of Year:			
Unreserved	496,251	234,231	(262,020)
Reserved for Encumbrances	<u>-</u>	<u>507,538</u>	<u>507,538</u>
Total Cash Fund Balance at End of Year	\$ <u>496,251</u>	\$ <u>741,769</u>	\$ <u>245,518</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL CAPITAL PROJECTS FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Economic Development</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Interest Earnings	\$ 10,456	\$ 6,056	\$ (4,400)
Reimbursements Received	22,532	13,050	(9,482)
Other Revenue	<u>15,540</u>	<u>9,000</u>	<u>(6,540)</u>
Total Revenues	<u>48,528</u>	<u>28,106</u>	<u>(20,422)</u>
<u>Expenditures</u>			
Community Development	<u>665,000</u>	<u>665,109</u>	<u>(109)</u>
Excess of Revenues Over (Under) Expenditures	(616,472)	(637,003)	(20,531)
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	126,472	73,250	(53,222)
Operating Transfers - In	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>451,472</u>	<u>398,250</u>	<u>(53,222)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(165,000)	(238,753)	(73,753)
Cash Fund Balance at Beginning of Year	253,721	253,721	-
Current Year Charges Against Prior Years Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>2,642</u>	<u>2,642</u>
Total Cash Fund Balance at End of Year	\$ <u>88,721</u>	\$ <u>17,610</u>	\$ <u>(71,111)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL CAPITAL PROJECTS FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>City Hall Maintenance and Repair</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Expenditures</u>			
Current:			
General Government	\$ <u>36,582</u>	\$ <u>36,582</u>	\$ <u>-</u>
Excess of Revenues Over (Under) Expenditures	(36,582)	(36,582)	-
Cash Fund Balance at Beginning of Year	62,671	62,671	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(19,021)</u>	<u>(19,021)</u>
Total Cash Fund Balance at End of Year	\$ <u>26,089</u>	\$ <u>7,068</u>	\$ <u>(19,021)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL CAPITAL PROJECTS FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Recreation Improvements</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Interest Earnings	\$ 29,107	\$ 13,709	\$ (15,398)
<u>Expenditures</u>			
Culture and Recreation	2,030,812	2,030,805	7
Excess of Revenues Over (Under) Expenditures	(2,001,705)	(2,017,096)	(15,391)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	170,000	170,000	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,831,705)	(1,847,096)	(15,391)
Cash Fund Balance at Beginning of Year	1,981,323	1,981,323	-
Current Year Charges Against Prior Years Cash Fund Balance:			
Reserved for Encumbrances	-	(118,729)	(118,729)
Cash Fund Balance at End of Year:			
Unreserved	149,618	15,498	(134,120)
Reserved for Encumbrances	-	257,696	257,696
Total Cash Fund Balance at End of Year	\$ 149,618	\$ 273,194	\$ 123,576

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL CAPITAL PROJECTS FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Zagara TIF</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ <u>19,500</u>	\$ <u>19,262</u>	\$ <u>(238)</u>
<u>Expenditures</u>			
Current:			
Community Development	16,353	19,262	(2,909)
Debt Service:			
Principal	155,000	155,000	-
Interest and Fiscal Charges	<u>93,540</u>	<u>93,540</u>	<u>-</u>
Total Expenditures	<u>264,893</u>	<u>267,802</u>	<u>(2,909)</u>
Excess of Revenues Over (Under) Expenditures	(245,393)	(248,540)	(3,147)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>248,540</u>	<u>248,540</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,147	-	(3,147)
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>3,147</u>	\$ <u>-</u>	\$ <u>(3,147)</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) –
ALL CAPITAL PROJECTS FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Ring Road Reconstruction</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Other Financing Sources (Uses)</u>			
Settlement Proceeds	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>	\$ <u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,000,000	1,000,000	-
Cash Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balance at End of Year	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>	\$ <u>-</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET) – ALL CAPITAL PROJECTS FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Totals</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Intergovernmental Grants and Contracts	\$ 19,500	\$ 19,262	\$ (238)
Interest Earnings	70,337	54,318	(16,019)
Reimbursements Received	22,532	13,050	(9,482)
Other Revenue	<u>15,540</u>	<u>9,000</u>	<u>(6,540)</u>
Total Revenues	<u>127,909</u>	<u>95,630</u>	<u>(32,279)</u>
<u>Expenditures</u>			
Current:			
Culture and Recreation	2,030,812	2,030,805	7
Community Development	681,353	684,371	(3,018)
Sanitation	282,451	282,451	-
Transportation	271,768	271,768	-
General Government	58,181	58,181	-
Capital Outlay	529,221	529,216	5
Debt Service:			
Principal	155,000	155,000	-
Interest and Fiscal Charges	<u>93,540</u>	<u>93,540</u>	<u>-</u>
Total Expenditures	<u>4,102,326</u>	<u>4,105,332</u>	<u>(3,006)</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,974,417)</u>	<u>(4,009,702)</u>	<u>(35,285)</u>
<u>Other Financing Sources (Uses)</u>			
Settlement Proceeds	1,000,000	1,000,000	-
Proceeds from Sale of Debt	739,226	830,000	90,774
Proceeds from Sale of Fixed Assets	126,472	73,250	(53,222)
Operating Transfers - In	<u>743,540</u>	<u>743,540</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,609,238</u>	<u>2,646,790</u>	<u>37,552</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,365,179)	(1,362,912)	2,267
Cash Fund Balance at Beginning of Year	3,129,005	3,129,005	-
Current Year Charges Against Prior Years			
Cash Fund Balance:			
Reserved for Encumbrances	<u>-</u>	<u>(491,686)</u>	<u>(491,686)</u>
Cash Fund Balance at End of Year:			
Unreserved	1,763,826	1,274,407	(489,419)
Reserved for Encumbrances	<u>-</u>	<u>765,234</u>	<u>765,234</u>
Total Cash Fund Balances at End of Year	\$ <u>1,763,826</u>	\$ <u>2,039,641</u>	\$ <u>275,815</u>

CITY OF CLEVELAND HEIGHTS, OHIO

ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

ENTERPRISE FUNDS

UTILITIES – To account for the monies received from water and sewer billings and the cost of furnishing water and sewer services.

OFF-STREET PARKING – To account for the monies received from metered and permit charges for parking in municipal lots and the cost of maintaining such lots.

AMBULANCE SERVICES – To account for the monies received from pre-hospital life support services.

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – ENTERPRISE FUNDS

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Utilities</u>	<u>Off-Street Parking</u>	<u>Ambulance Services</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
<u>Assets</u>					
Current Assets:					
Equity in City Treasury					
Cash	\$ 3,000,918	\$ 671,808	\$ 842,069	\$ 4,514,795	\$ 5,099,007
Receivables (Net of Allow- ance for Uncollectibles):					
Accounts	2,979,472	-	162,584	3,142,056	3,037,996
Accrued Interest	19,543	4,362	-	23,905	53,071
Due from Other					
Governments	-	-	-	-	42,913
Inventory of Supplies	<u>121,827</u>	<u>74,428</u>	<u>-</u>	<u>196,255</u>	<u>240,433</u>
Total Current Assets	<u>6,121,760</u>	<u>750,598</u>	<u>1,004,653</u>	<u>7,877,011</u>	<u>8,473,420</u>
Restricted Assets:					
Deposits	<u>876,903</u>	<u>-</u>	<u>-</u>	<u>876,903</u>	<u>926,558</u>
Property, Plant, and Equipment:					
Land	-	1,699,694	14,800	1,714,494	1,714,494
Buildings	-	4,459,390	759,408	5,218,798	4,786,228
Improvements/Infrastructure	14,950,195	2,101,252	55,246	17,106,693	14,315,156
Machinery and Equipment	4,359,541	89,278	1,845,651	6,294,470	5,832,060
Construction in Progress	<u>-</u>	<u>11,098</u>	<u>-</u>	<u>11,098</u>	<u>-</u>
	19,309,736	8,360,712	2,675,105	30,345,553	26,647,938
Less: Accumulated					
Depreciation	<u>(3,452,070)</u>	<u>(2,340,915)</u>	<u>(1,030,432)</u>	<u>(6,823,417)</u>	<u>(6,128,257)</u>
Net Property, Plant, and					
Equipment	<u>15,857,666</u>	<u>6,019,797</u>	<u>1,644,673</u>	<u>23,522,136</u>	<u>20,519,681</u>
Total Assets	<u>\$ 22,856,329</u>	<u>\$ 6,770,395</u>	<u>\$ 2,649,326</u>	<u>\$ 32,276,050</u>	<u>\$ 29,919,659</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – ENTERPRISE FUNDS (CONTINUED)

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	Utilities	Off-Street Parking	Ambulance Services	Totals	
	2002	2001		2002	2001
<u>Liabilities and Equity</u>					
Liabilities:					
Current Liabilities (Payable from Current Assets):					
Vouchers and Accounts Payable	\$ 674,086	\$ 133,020	\$ -	\$ 807,106	\$ 764,327
Accrued Wages and Benefits	337,734	21,582	615	359,931	276,038
Contracts Payable – Retainage Percentage	<u>5,247</u>	<u>6,137</u>	<u>7,208</u>	<u>18,592</u>	<u>-</u>
Total Current Liabilities	<u>1,017,067</u>	<u>160,739</u>	<u>7,823</u>	<u>1,185,629</u>	<u>1,040,365</u>
Current Liabilities (Payable from Restricted Assets):					
Restricted Deposits	876,876	-	27	876,903	1,020,027
Long-Term Liabilities:					
Issue II Loans Payable	<u>1,067,414</u>	<u>-</u>	<u>-</u>	<u>1,067,414</u>	<u>1,132,937</u>
Total Liabilities	<u>2,961,357</u>	<u>160,739</u>	<u>7,850</u>	<u>3,129,946</u>	<u>3,193,329</u>
Equity:					
Contributed Capital from:					
Special Assessments	-	32,963	-	32,963	32,963
Governments	2,207,011	51,940	14,076	2,273,027	2,324,568
Other Funds	23,578	3,343,588	-	3,367,166	3,450,790
Capital Grants (Net of Accumulated Amortization)	-	41,462	-	41,462	41,462
Retained Earnings:					
Unreserved	<u>17,664,383</u>	<u>3,139,703</u>	<u>2,627,400</u>	<u>23,431,486</u>	<u>20,876,547</u>
Total Equity	<u>19,894,972</u>	<u>6,609,656</u>	<u>2,641,476</u>	<u>29,146,104</u>	<u>26,726,330</u>
Total Liabilities and Equity	\$ <u>22,856,329</u>	\$ <u>6,770,395</u>	\$ <u>2,649,326</u>	\$ <u>32,276,050</u>	\$ <u>29,919,659</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS – ENTERPRISE FUNDS

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

	<u>Utilities</u>	<u>Off-Street Parking</u>	<u>Ambulance Services</u>	<u>Totals</u>	
	2002	2001		2002	2001
Operating Revenues					
Charges for Services	\$ 10,394,976	\$ 633,356	\$ 447,983	\$ 11,476,315	\$ 11,252,792
Other Income	<u>41,560</u>	<u>8,917</u>	<u>403,085</u>	<u>453,562</u>	<u>201,206</u>
Total Operating Revenues	<u>10,436,536</u>	<u>642,273</u>	<u>851,068</u>	<u>11,929,877</u>	<u>11,453,998</u>
Operating Expenses					
Personal Services	1,473,299	184,537	20,349	1,678,185	1,150,186
Fringe Benefits	395,239	16,533	727	412,499	326,912
Contractual Services	5,646,910	172,079	186,690	6,005,679	7,903,870
Materials and Supplies	252,363	73,050	34,489	359,902	221,993
Utilities	-	75,558	-	75,558	87,140
Other Operating	47,132	120,935	12,392	180,459	484,609
Depreciation	<u>509,687</u>	<u>165,243</u>	<u>234,731</u>	<u>909,661</u>	<u>807,325</u>
Total Operating Expenses	<u>8,324,630</u>	<u>807,935</u>	<u>489,378</u>	<u>9,621,943</u>	<u>10,982,035</u>
Operating Income (Loss)	<u>2,111,906</u>	<u>(165,662)</u>	<u>361,690</u>	<u>2,307,934</u>	<u>471,963</u>
Non-Operating Revenues (Expenses)					
Interest Income	123,653	28,674	-	152,327	305,067
Intergovernmental Grants and Contracts	-	-	-	-	2,215
Loss on Sale of Fixed Assets	<u>(36,902)</u>	<u>-</u>	<u>(17,697)</u>	<u>(54,599)</u>	<u>(37,563)</u>
Total Non-Operating Revenues (Expenses)	<u>86,751</u>	<u>28,674</u>	<u>(17,697)</u>	<u>97,728</u>	<u>269,719</u>
Net Income (Loss) Before Contributions and Transfers	2,198,657	(136,988)	343,993	2,405,662	741,682
Capital Contributions	19,047	-	-	19,047	-
Operating Transfers – Out	<u>-</u>	<u>-</u>	<u>(4,935)</u>	<u>(4,935)</u>	<u>(249,530)</u>
Net Income (Loss)	2,217,704	(136,988)	339,058	2,419,774	492,152
Add Depreciation on Fixed Assets Acquired by Contribution	<u>52,894</u>	<u>82,271</u>	<u>-</u>	<u>135,165</u>	<u>137,186</u>
Increase (Decrease) in Retained Earnings	2,270,598	(54,717)	339,058	2,554,939	629,338
Retained Earnings at Beginning of Year	<u>15,393,785</u>	<u>3,194,420</u>	<u>2,288,342</u>	<u>20,876,547</u>	<u>20,247,209</u>
Retained Earnings at End of Year	\$ <u>17,664,383</u>	\$ <u>3,139,703</u>	\$ <u>2,627,400</u>	\$ <u>23,431,486</u>	\$ <u>20,876,547</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMPARATIVE COMBINING STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

	Utilities	Off-Street Parking	Ambulance Services	Totals	
				2002	2001
Operating Activities:					
Cash Received from Customers	\$ 10,249,188	\$ 633,356	\$ 881,982	\$ 11,764,526	\$ 11,044,325
Cash Payments to Suppliers	(5,906,780)	(305,556)	(226,363)	(6,438,699)	(8,076,071)
Cash Payments to Employees	(1,784,975)	(80,862)	(20,521)	(1,886,358)	(1,438,569)
Cash Payments for Other Expenses	(47,132)	(239,512)	-	(286,644)	-
Other Operating Receipts	41,560	8,917	2,785	53,262	201,206
Net Cash Provided by Operating Activities	<u>2,551,861</u>	<u>16,343</u>	<u>637,883</u>	<u>3,206,087</u>	<u>1,730,891</u>
Noncapital Financing Activities:					
Operating Transfers – In	-	-	-	-	38,293
Operating Transfers – Out	-	-	(4,935)	(4,935)	(249,530)
Total Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(4,935)</u>	<u>(4,935)</u>	<u>(211,237)</u>
Capital and Related Financing Activities:					
Issue II Loan Proceeds	-	-	-	-	132,780
Acquisition and Construction of Capital Assets	(3,129,585)	(256,716)	(561,367)	(3,947,668)	(1,195,129)
Principal Paid on Loan	(65,523)	-	-	(65,523)	(55,564)
Sale of Fixed Assets	-	-	-	-	50,000
Net Cash Used for Capital and Related Financing Activities	<u>(3,195,108)</u>	<u>(256,716)</u>	<u>(561,367)</u>	<u>(4,013,191)</u>	<u>(1,067,913)</u>
Investing Activities:					
Interest Earned on Investments	143,900	34,272	-	178,172	289,332
Net Increase (Decrease) Cash and Cash Equivalents	(499,347)	(206,101)	71,581	(633,867)	741,073
Cash and Cash Equivalents at Beginning of Year	<u>4,377,168</u>	<u>877,909</u>	<u>770,488</u>	<u>6,025,565</u>	<u>5,284,492</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,877,821</u>	<u>\$ 671,808</u>	<u>\$ 842,069</u>	<u>\$ 5,391,698</u>	<u>\$ 6,025,565</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMPARATIVE COMBINING STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS (CONTINUED) FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

	<u>Utilities</u>	<u>Off-Street Parking</u>	<u>Ambulance Services</u>	<u>Totals</u>	
	<u>2002</u>	<u>2001</u>		<u>2002</u>	<u>2001</u>
<u>Reconciliation of Operating Income to Net Cash From Operating Activities</u>					
Operating Income (Loss)	\$ 2,111,906	\$ (165,662)	\$ 361,690	\$ 2,307,934	\$ 471,963
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Depreciation	509,687	165,243	234,731	909,661	807,325
Change in Operating Assets and Liabilities:					
Receivables	(94,846)	-	(9,214)	(104,060)	(208,467)
Inventory	38,490	5,688	-	44,178	(50,829)
Refundable Deposits	(143,124)	-	-	(143,124)	-
Due from Other Governments	-	-	42,913	42,913	-
Vouchers and Accounts Payable	42,864	11,299	7,208	61,371	694,952
Accrued Wages and Benefits Payable	83,563	(225)	555	83,893	38,529
Customer Deposits	-	-	-	-	(22,582)
Total Adjustments	<u>436,634</u>	<u>182,005</u>	<u>276,193</u>	<u>894,832</u>	<u>1,258,928</u>
Net Cash Provided by Operating Activities	\$ <u>2,548,540</u>	\$ <u>16,343</u>	\$ <u>637,883</u>	\$ <u>3,202,766</u>	\$ <u>1,730,891</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

TRUST AND AGENCY FUNDS

OFFICE ON AGING DONATION – To account for the Martin bequest and other donations and their related expenditures.

JAMES A. NELSON TRUST – To account for the proceeds and disbursements of a Charitable Remainder Annuity Trust.

ANIMAL ADOPTION TRUST – To account for a donation made to facilitate the adoption of animals by needy individuals.

GENERAL LIABILITY CONTINGENCY – To account for the accumulation of resources to pay for extraordinary losses which may arise as a result of legal action against the City.

YOUTH RECREATION DONATION – To account for donations made to benefit Youth Recreation.

CLEVELAND HEIGHTS MUNICIPAL COURT AGENCY – To account for assets received and disbursed by the Cleveland Heights Municipal Court pursuant to the laws of the State.

CONSTRUCTION DEPOSIT AGENCY – To account for the receipt of refundable construction deposits required for the issuance of certain building permits.

SALES TAX AGENCY – To account for any sales tax collected by the City and due the State Department of Taxation.

MISCELLANEOUS AGENCY – To account for miscellaneous receipts received in an agency capacity by the City.

N.E.O.R.S.D. (NORTHEAST OHIO REGIONAL SEWER DISTRICT) – To account for the financial transactions associated with the City acting as a billing agent for the Northeast Ohio Regional Sewer District.

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – FIDUCIARY FUNDS

DECEMBER 31, 2002 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2001

	<u>Expendable Trust Funds</u>			
	<u>Office On Aging Donation</u>	<u>James A. Nelson Trust</u>	<u>Animal Adoption</u>	<u>General Liability</u>
<u>Assets</u>				
Equity in City Treasury Cash	\$ 69,519	\$ 27,709	\$ 292	\$ 244,756
Accrued Interest	452	-	-	-
Total Assets	<u>\$ 69,971</u>	<u>\$ 27,709</u>	<u>\$ 292</u>	<u>\$ 244,756</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	-
Restricted /Refundable Deposits	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unreserved	<u>69,971</u>	<u>27,709</u>	<u>292</u>	<u>244,756</u>
Total Liabilities and Fund Balances	<u>\$ 69,971</u>	<u>\$ 27,709</u>	<u>\$ 292</u>	<u>\$ 244,756</u>

Agency Funds							
Youth Recreation Donation	Municipal Court	Construction Deposit	Sales Tax	Miscellane- ous Agency	NEORSD	Total	
						2002	2001
\$ 6,142	\$ 264,551	\$ 131,159	\$ 13	\$ 162,134	\$ 54,747	\$ 961,022	\$ 971,341
-	-	-	-	-	-	452	750
<u>\$ 6,142</u>	<u>\$ 264,551</u>	<u>\$ 131,159</u>	<u>\$ 13</u>	<u>\$ 162,134</u>	<u>\$ 54,747</u>	<u>\$ 961,474</u>	<u>\$ 972,091</u>
\$ -	\$ 146,290	\$ -	\$ -	\$ -	\$ -	\$ 146,290	\$ 103,619
-	-	-	-	-	54,747	54,747	126,052
<u>6,142</u>	<u>118,261</u>	<u>131,159</u>	<u>13</u>	<u>162,134</u>	<u>-</u>	<u>417,709</u>	<u>402,875</u>
<u>6,142</u>	<u>264,551</u>	<u>131,159</u>	<u>13</u>	<u>162,134</u>	<u>54,747</u>	<u>618,746</u>	<u>632,546</u>
-	-	-	-	-	-	342,728	339,545
<u>\$ 6,142</u>	<u>\$ 264,551</u>	<u>\$ 131,159</u>	<u>\$ 13</u>	<u>\$ 162,134</u>	<u>\$ 54,747</u>	<u>\$ 961,474</u>	<u>\$ 972,091</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – EXPENDABLE TRUST FUND

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

	Office On Aging Donations	James A. Nelson Trust	Animal Adoption	General Liability	Totals	
					2002	2001
Revenues						
Interest Earnings \$	2,668	\$ 337	\$ -	\$ -	\$ 3,005	\$ 5,275
Other Revenue	<u>4,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,931</u>	<u>6,892</u>
Total Revenues	<u>7,599</u>	<u>337</u>	<u>-</u>	<u>-</u>	<u>7,936</u>	<u>12,167</u>
Expenditures						
Public Health	1,253	-	-	-	1,253	7,515
General						
Government	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>
Total						
Expenditures	<u>1,253</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>4,753</u>	<u>11,015</u>
Excess of Revenues Over (Under) Expenditures						
	6,346	(3,163)	-	-	3,183	1,152
Fund Balance at Beginning of Year						
	<u>63,625</u>	<u>30,872</u>	<u>292</u>	<u>244,756</u>	<u>339,545</u>	<u>338,393</u>
Fund Balance at End of Year						
	\$ <u>69,971</u>	\$ <u>27,709</u>	\$ <u>292</u>	\$ <u>244,756</u>	\$ <u>342,728</u>	\$ <u>339,545</u>

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Balance December 31, <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2002</u>
<u>MUNICIPAL COURT</u>				
Assets				
Equity in City Treasury Cash	\$ <u>197,197</u>	\$ <u>3,332,425</u>	\$ <u>3,265,071</u>	\$ <u>264,551</u>
Total Assets	\$ <u>197,197</u>	\$ <u>3,332,425</u>	\$ <u>3,265,071</u>	\$ <u>264,551</u>
Liabilities				
Due to Other Funds	\$ 103,619	\$ 1,611,321	\$ 1,568,650	\$ 146,290
Restricted Deposits	<u>93,578</u>	<u>1,721,104</u>	<u>1,696,421</u>	<u>118,261</u>
Total Liabilities	\$ <u>197,197</u>	\$ <u>3,332,425</u>	\$ <u>3,265,071</u>	\$ <u>264,551</u>
<u>CONSTRUCTION DEPOSITS</u>				
Assets				
Equity in City Treasury Cash	\$ <u>142,599</u>	\$ <u>530</u>	\$ <u>11,970</u>	\$ <u>131,159</u>
Total Assets	\$ <u>142,599</u>	\$ <u>530</u>	\$ <u>11,970</u>	\$ <u>131,159</u>
Liabilities				
Restricted Deposits	\$ <u>142,599</u>	\$ <u>530</u>	\$ <u>11,970</u>	\$ <u>131,159</u>
Total Liabilities	\$ <u>142,599</u>	\$ <u>530</u>	\$ <u>11,970</u>	\$ <u>131,159</u>
<u>N.E.O.R.S.D. FUND</u>				
Assets				
Equity in City Treasury Cash	\$ <u>126,052</u>	\$ <u>5,189,836</u>	\$ <u>5,261,141</u>	\$ <u>54,747</u>
Total Assets	\$ <u>126,052</u>	\$ <u>5,189,836</u>	\$ <u>5,261,141</u>	\$ <u>54,747</u>
Liabilities				
Due to Other Governments	\$ <u>126,052</u>	\$ <u>5,189,836</u>	\$ <u>5,261,141</u>	\$ <u>54,747</u>
Total Liabilities	\$ <u>126,052</u>	\$ <u>5,189,836</u>	\$ <u>5,261,141</u>	\$ <u>54,747</u>
<u>OTHER AGENCY FUNDS</u>				
Assets				
Equity in City Treasury Cash	\$ <u>166,698</u>	\$ <u>163,308</u>	\$ <u>161,717</u>	\$ <u>168,289</u>
Total Assets	\$ <u>166,698</u>	\$ <u>163,308</u>	\$ <u>161,717</u>	\$ <u>168,289</u>
Liabilities				
Restricted Deposits	\$ <u>166,698</u>	\$ <u>163,308</u>	\$ <u>161,717</u>	\$ <u>168,289</u>
Total Liabilities	\$ <u>166,698</u>	\$ <u>163,308</u>	\$ <u>161,717</u>	\$ <u>168,289</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Balance December 31, <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2002</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
Assets				
Equity in City Treasury Cash	\$ <u>632,546</u>	\$ <u>8,686,099</u>	\$ <u>8,699,899</u>	\$ <u>618,746</u>
Total Assets	\$ <u>632,546</u>	\$ <u>8,686,099</u>	\$ <u>8,699,899</u>	\$ <u>618,746</u>
Liabilities				
Due to Other Funds	\$ 103,619	\$ 1,611,321	\$ 1,568,650	\$ 146,290
Due to Other Governments	126,052	5,189,836	5,261,141	54,747
Restricted Deposits	<u>402,875</u>	<u>1,884,942</u>	<u>1,870,108</u>	<u>417,709</u>
Total Liabilities	\$ <u>632,546</u>	\$ <u>8,686,099</u>	\$ <u>8,699,899</u>	\$ <u>618,746</u>

CITY OF CLEVELAND HEIGHTS, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for all general fixed assets of the City, except those accounted for in the Proprietary Funds.

CITY OF CLEVELAND HEIGHTS, OHIO

COMPARATIVE SCHEDULE OF FIXED ASSETS – BY SOURCE

DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<u>General Fixed Assets</u>		
Land	\$ 5,422,265	\$ 4,401,020
Buildings	40,350,106	20,070,118
Improvements other than Buildings	9,215,875	9,134,041
Equipment	13,496,184	13,309,137
Construction in Progress	<u>26,336</u>	<u>20,724,938</u>
Total General Fixed Assets	68,510,766	67,639,254
Less Accumulated Depreciation	<u>(20,873,070)</u>	<u>(19,481,328)</u>
Net General Fixed Assets	\$ <u>47,637,696</u>	\$ <u>48,157,926</u>
 <u>Investment In General Fixed Assets By Source</u>		
General Fund Revenues	\$ 11,259,320	\$ 11,926,730
Special Revenue Funds Revenue	2,515,138	2,372,540
Bond Retirement Funds Revenue	39,000	39,000
Capital Projects Funds Revenue	53,841,500	52,770,824
Trust and Agency Funds Revenue	97,243	97,243
Donated from Proprietary Fund	<u>758,565</u>	<u>432,917</u>
Total Investment in General Fixed Assets	68,510,766	67,639,254
Less Accumulated Depreciation	<u>(20,873,070)</u>	<u>(19,481,328)</u>
Net Investment in General Fixed Assets	\$ <u>47,637,696</u>	\$ <u>48,157,926</u>

CITY OF CLEVELAND HEIGHTS, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

DECEMBER 31, 2002

Function And Activity	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>
Public Safety					
Traffic Sign & Signals	\$ 196,583	\$ -	\$ -	\$ 19,655	\$ 176,928
Police Administration	2,826,202	13,886	31,822	24,969	2,755,525
Drug Law Enforcement	202,255	-	-	5,220	197,035
Police Academy	553,823	128,925	355,904	60,739	8,255
Fire Administration	2,833,153	164,890	2,200,280	86,720	381,263
Joint Dispatch	291,377	-	193,473	-	97,904
Heights Area Search & Rescue	212,262	-	-	-	212,262
Animal/Wildlife Management	19,329	-	-	-	19,329
Total Public Safety	<u>7,134,984</u>	<u>307,701</u>	<u>2,781,479</u>	<u>197,303</u>	<u>3,848,501</u>
Public Health					
Office on Aging	<u>91,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,599</u>
Culture & Recreation					
Parks & Recreation	667,115	389,280	-	207,235	70,600
Playgrounds	197,140	6,295	-	12,489	178,356
Swimming Pools	969,691	-	420,799	350,390	198,502
Cain Park	796,395	105,930	612,350	65,405	12,710
Soccer Facility	1,396,642	-	-	1,396,642	-
Community Center	20,312,294	-	20,229,624	13,667	69,003
Superior Road Schoolhouse	592,294	-	592,294	-	-
Veterans Memorial	275,672	-	275,672	-	-
Recreation Pavilion	799,462	-	761,267	31,050	7,145
Forest Hill Park	177,243	-	177,243	-	-
Total Culture & Recreation	<u>26,183,948</u>	<u>501,505</u>	<u>23,069,249</u>	<u>2,076,878</u>	<u>536,316</u>
Community Development					
Planning & Development	752,628	592,230	127,835	12,080	20,483
Housing Preservation	50,200	50,200	-	-	-
Inspectional Services	-	-	-	-	-
Building Services	10,548	-	-	-	10,548
Forestry	518,248	-	-	-	518,248
Cable TV Admin	430,554	-	-	-	430,554
Rec Impro	12,000	-	-	-	12,000
Commercial Area Impr	194,164	52,676	-	141,488	-
Other Parks Renov	10,027,566	59,859	4,038,474	5,833,119	96,114
Total Comm. Devel.	<u>11,995,908</u>	<u>754,965</u>	<u>4,166,309</u>	<u>5,986,687</u>	<u>1,087,947</u>
Sanitation					
Refuse Collection	1,719,065	-	-	-	1,719,065
Recycling	226,643	-	-	-	226,643
Transfer Station	1,464,836	-	666,548	96,737	701,551
Sewer Maintenance	62,517	-	-	-	62,517
Total Sanitation	<u>3,473,061</u>	<u>-</u>	<u>666,548</u>	<u>96,737</u>	<u>2,709,776</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY (CONTINUED)

DECEMBER 31, 2002

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>
Transportation					
Vehicle Maintenance	1,825,755	-	1,360,332	187,494	277,929
Street Maintenance	<u>2,369,457</u>	<u>-</u>	<u>69,609</u>	<u>-</u>	<u>2,299,848</u>
Total Transportation	<u>4,195,212</u>	<u>-</u>	<u>1,429,941</u>	<u>187,494</u>	<u>2,577,777</u>
General Government					
City Manager's Office	41,961	-	-	-	41,961
MIS	499,657	-	-	-	499,657
Finance	180,812	-	20,079	150,185	10,548
Central Services	66,731	-	-	-	66,731
Service Admin	251,471	-	170,600	-	80,871
Comm. Services	10,548	-	-	-	10,548
Public Prop	6,581,487	2,843,484	1,874,959	365,707	1,497,337
Park Maint	342,866	-	7,595	89,954	245,317
Muni Court	140,934	-	-	-	140,934
Noble Nela Acquisition	27,804	-	27,804	-	-
General Operations	459,866	364,610	88,141	-	7,115
City Hall Construction	<u>6,805,581</u>	<u>650,000</u>	<u>6,047,402</u>	<u>64,930</u>	<u>43,249</u>
Total General Govt	<u>15,409,718</u>	<u>3,858,094</u>	<u>8,236,580</u>	<u>670,776</u>	<u>2,644,268</u>
Construction-In-Progress	<u>26,336</u>	<u>26,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fixed Asset	\$ <u>68,510,766</u>	\$ <u>5,448,601</u>	\$ <u>40,350,106</u>	\$ <u>9,215,875</u>	\$ <u>13,496,184</u>

CITY OF CLEVELAND HEIGHTS, OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

Function and Activity	General Fixed Assets December 31, <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	General Fixed Assets December 31, <u>2002</u>
Public Safety					
Traffic Sign & Signals	\$ 196,583	-	-	-	196,583
Police Administration	3,239,218	283,003	676,534	(19,485)	2,826,202
Drug Law Enforcement	222,074	-	-	(19,819)	202,255
Police Academy	553,823	-	-	-	553,823
Fire Administration	2,833,153	-	-	-	2,833,153
Joint Dispatch	291,377	-	-	-	291,377
Heights Area Search & Rescue	212,262	-	-	-	212,262
Animal Control	-	-	-	19,329	19,329
Total Public Safety	<u>7,548,490</u>	<u>283,003</u>	<u>676,534</u>	<u>(19,975)</u>	<u>7,134,984</u>
Public Health					
Office on Aging	<u>91,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,599</u>
Culture & Recreation					
Parks & Recreation	667,115	-	-	-	667,115
Playgrounds	197,140	-	-	-	197,140
Swimming Pools	918,341	51,350	-	-	969,691
Cain Park	669,059	127,336	-	-	796,395
Soccer Field	1,396,642	-	-	-	1,396,642
Community Center	51,364	20,260,930	-	-	20,312,294
Superior Road Schoolhouse	592,294	-	-	-	592,294
Veterans Memorial	275,672	-	-	-	275,672
Recreation Pavilion	799,462	-	-	-	799,462
Forest Hill Park	177,243	-	-	-	177,243
Total Culture & Recreation	<u>5,744,332</u>	<u>20,439,616</u>	<u>-</u>	<u>-</u>	<u>26,183,948</u>
Community Development					
Planning & Development	754,878	-	2,250	-	752,628
Housing Preservation	50,200	-	-	-	50,200
Inspectional Services	6,705	-	6,705	-	-
Building Services	10,548	-	-	-	10,548
Forestry	501,546	-	-	16,702	518,248
Cable TV Administration	430,554	-	-	-	430,554
Rec Improvements	12,000	-	-	-	12,000
Commercial Area Improvements	194,164	-	-	-	194,164
Other Parks Renovations	<u>10,027,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,027,566</u>
Total Comm. Development	<u>11,988,161</u>	<u>-</u>	<u>8,955</u>	<u>16,702</u>	<u>11,995,908</u>
Sanitation					
Refuse Collection	1,568,670	262,445	95,348	(16,702)	1,719,065
Recycling	226,643	-	-	-	226,643
Transfer Station	1,364,543	100,293	-	-	1,464,836
Sewer Maintenance	<u>95,983</u>	<u>-</u>	<u>33,466</u>	<u>-</u>	<u>62,517</u>
Total Sanitation	<u>3,255,839</u>	<u>362,738</u>	<u>128,814</u>	<u>(16,702)</u>	<u>3,473,061</u>

Continued

CITY OF CLEVELAND HEIGHTS, OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY (CONTINUED) FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	General Fixed Assets December 31, <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	General Fixed Assets December 31, <u>2002</u>
Transportation					
Vehicle Maintenance	1,807,437	30,916	12,598	-	1,825,755
Street Maintenance	<u>2,077,030</u>	<u>292,427</u>	<u>-</u>	<u>-</u>	<u>2,369,457</u>
Total Transportation	<u>3,884,467</u>	<u>323,343</u>	<u>12,598</u>	<u>-</u>	<u>4,195,212</u>
General Government					
City Manager's Office	41,961	-	-	-	41,961
MIS	509,527	-	9,870	-	499,657
Finance	180,812	-	-	-	180,812
Central Services	131,293	59,894	108,024	(16,432)	66,731
Service Admin	232,734	-	1,238	19,975	251,471
Comm. Services	10,548	-	-	-	10,548
Public Property	5,491,704	1,229,647	156,296	16,432	6,581,487
Park Maint	342,866	-	-	-	342,866
Muni Court	132,758	8,176	-	-	140,934
Noble Nela Acquisition	58,204	-	30,400	-	27,804
General Operations	478,360	-	18,494	-	459,866
City Hall Construction	<u>6,790,661</u>	<u>14,920</u>	<u>-</u>	<u>-</u>	<u>6,805,581</u>
Total General Govt	<u>14,401,428</u>	<u>1,312,638</u>	<u>324,322</u>	<u>19,975</u>	<u>15,409,718</u>
Construction-In-Progress	<u>20,724,938</u>	<u>1,661,025</u>	<u>22,359,627</u>	<u>-</u>	<u>26,336</u>
Total General Fixed Assets	\$ <u>67,639,254</u>	\$ <u>24,382,362</u>	\$ <u>23,510,850</u>	\$ <u>-</u>	\$ <u>68,510,766</u>

STATISTICAL

SECTION

Having creative and innovative partnerships with the business and corporate community continues to be a priority for the City. The formation of the Coventry Special Improvement District has created a solid partnership between merchants and City Hall. Special Improvement Districts (SIDs) allow a group of property owners to pay additional taxes, with the additional revenues being turned back to the districts for their own management and maintenance uses. Other commercial districts also plan to form SIDs.



2002

CITY OF CLEVELAND HEIGHTS, OHIO

STATISTICAL TABLES

DECEMBER 31, 2002

STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

CITY OF CLEVELAND HEIGHTS, OHIO

GENERAL FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

TABLE 1

<u>Year</u>	<u>Taxes (a)</u>	<u>Inter-Governmental Revenues</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Interest Revenue</u>	<u>Fines and Forfeitures</u>	<u>Other Revenue</u>	<u>Total</u>
1993	\$ 24,517,579	\$ 543,094	\$ 1,258,786	\$ 733,686	\$ 451,864	\$ 1,351,019	\$ 461,016	\$ 29,317,044
1994	22,172,749	542,034	1,310,535	748,534	743,491	1,244,594	439,629	27,201,566
1995	23,884,536	603,220	1,367,070	743,416	876,412	1,370,099	480,789	29,325,542
1996	23,996,891	719,248	1,391,770	783,425	1,103,000	2,071,687	399,757	30,465,778
1997	26,098,341	658,498	1,419,925	911,559	1,189,767	1,902,163	395,667	32,575,920
1998	27,630,331	714,016	1,406,238	842,090	1,267,841	2,013,851	528,916	34,403,283
1999	29,429,027	614,922	1,318,896	978,009	1,219,641	1,987,761	597,969	36,146,225
2000	30,678,243	657,585	1,186,295	941,980	1,415,494	2,082,131	680,213	37,641,941
2001	31,186,431	755,909	1,317,992	860,712	1,328,792	1,976,035	616,862	38,042,733
2002	29,432,002	715,305	1,972,398	886,025	594,990	1,894,685	1,064,008	36,559,413

(a) Includes Property, Income, State-Levied and Shared, and Other Local Taxes.

SOURCE: City of Cleveland Heights, Finance Department

CITY OF CLEVELAND HEIGHTS, OHIO

GENERAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

TABLE 2

<u>Year</u>	<u>Public Safety</u>	<u>Public Health</u>	<u>Culture and Recreation</u>	<u>Community Development</u>	<u>Sanitation</u>	<u>Transportation</u>	<u>General Government</u>	<u>Total</u>
1993	\$ 8,972,647	\$ 293,327	\$ 1,115,610	\$ 1,995,663	\$ 2,408,223	\$ 2,181,468	\$ 8,868,617	\$ 25,835,555
1994	9,306,577	279,000	1,109,892	1,834,469	2,288,295	2,030,139	8,760,536	25,608,908
1995	9,822,017	280,958	1,232,996	1,939,734	2,383,654	2,281,047	8,653,584	26,593,990
1996	10,979,749	310,003	1,339,726	2,075,300	2,474,798	2,243,557	8,173,437	27,596,570
1997	11,260,137	319,063	1,430,290	2,152,006	2,549,230	2,213,505	9,748,274	29,672,505
1998	11,470,408	321,010	1,416,539	2,200,943	2,577,468	2,114,355	9,367,305	29,468,028
1999	11,861,707	359,111	1,432,760	2,361,960	2,756,424	2,457,930	10,752,575	31,982,467
2000	12,692,494	381,495	1,569,774	2,725,883	2,863,542	2,737,375	11,191,191	34,161,754
2001	13,130,206	446,732	1,965,501	2,604,284	2,921,629	2,792,305	11,878,068	35,738,725
2002	13,073,176	421,092	2,933,284	2,770,185	2,506,851	3,114,675	12,607,065	37,426,328

SOURCE: City of Cleveland Heights, Finance Department

CITY OF CLEVELAND HEIGHTS, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

TABLE 3

Tax Year/ Collection Year	Real Property		Personal Property Assessed Value	Public Utilities Assessed Value	Total Assessed Value
	Assessed Value	Estimated Actual Value (a)			
1993/1994	\$ 517,506,450	\$ 1,478,589,857	\$ 16,553,408	\$ 28,317,970	\$ 562,377,828
1994/1995	589,889,570	1,685,398,771	17,021,062	29,618,460	636,529,092
1995/1996	587,116,490	1,677,475,686	17,916,634	26,488,890	631,522,014
1996/1997	586,912,820	1,676,893,771	19,364,921	25,795,560	632,073,301
1997/1998	625,688,610	1,787,681,743	20,006,001	24,891,160	670,585,771
1998/2000	625,224,870	1,786,356,771	17,799,923	25,053,540	668,078,333
2000/2001	635,943,320	1,816,980,914	17,814,173	23,144,800	676,902,293
2001/2001	726,866,140	2,076,760,400	29,093,694	27,071,690	783,031,524
2001/2002	729,924,820	2,085,499,486	20,182,093	17,405,910	767,512,823
2002/2003	732,499,420	2,092,855,486	21,123,332	28,711,240	782,333,992

(a) Estimated Actual Value based on assessment level of 35% from tax year 1976 and later.

SOURCE: Cuyahoga County Auditor

CITY OF CLEVELAND HEIGHTS, OHIO

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

LAST TEN FISCAL YEARS

TABLE 4

Tax Year/ Collection Year	City of Cleveland Heights				Cleveland Heights School District (a)	Cuyahoga County	Total
	General Fund	Pension Trust Funds	Debt Service Funds	Total			
1993/1994	\$ 7.40	\$.60	\$ 5.90	\$ 13.90	\$ 108.10	\$ 16.80	\$ 138.80
1994/1995	7.40	.60	5.40	13.40	106.10	16.80	136.30
1995/1996	7.40	.60	5.00	13.00	106.10	16.60	135.70
1996/1997	7.40	.60	5.00	13.00	115.00	16.60	144.60
1997/1998	7.40	.60	6.80	14.80	115.00	16.60	146.40
1998/2000	7.40	.60	6.80	14.80	115.00	15.30	145.10
2000/2001	7.40	.60	6.80	14.80	115.00	15.30	145.10
2001/2001	7.40	.60	6.10	14.10	120.40	22.10	156.60
2001/2002	7.40	.60	6.00	14.00	121.10	22.10	157.20
2002/2003	7.02	.60	6.48	14.10	121.10	22.10	157.30

(a) Includes Metroparks and Library Millage

SOURCE: Cuyahoga County Auditor

CITY OF CLEVELAND HEIGHTS, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS – REAL AND PUBLIC UTILITY

LAST TEN FISCAL YEARS

TABLE 5

<u>Tax Year/ Collection Year</u>	<u>Current Levy</u>	<u>Current Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Collection Including Deficiencies</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Accumulated Delinquency</u>
1992/1993	\$ 7,866,795	\$ 7,690,391	97.8%	\$ 7,879,078	100.1%	\$ 396,853
1993/1994	7,559,491	7,337,943	97.1	7,519,818	99.5	406,460
1994/1995	8,270,939	7,998,778	96.7	8,158,566	98.8	454,893
1995/1996	7,973,014	7,771,157	97.5	8,042,842	100.9	441,489
1996/1997	7,962,696	7,634,915	95.9	7,846,977	98.5	526,354
1997/1998	9,616,713	9,178,450	95.4	9,475,890	98.5	678,710
1998/2000	9,635,501	9,172,322	95.1	9,711,046	100.7	716,147
2000/2001	9,743,195	9,252,309	94.9	9,767,024	100.2	699,950
2001/2002	10,625,214	9,943,816	93.6	10,421,735	98.1	934,936
2002/2003	10,446,924	9,671,218	92.6	10,305,299	98.6	1,008,768

SOURCE: Cuyahoga County Auditor

CITY OF CLEVELAND HEIGHTS, OHIO

SPECIAL ASSESSMENT COLLECTIONS

LAST TEN FISCAL YEARS

TABLE 6

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Total Collection Including Delinquencies</u>	<u>Total Collections As Percent of Current Assessments</u>	<u>Cumulative Delinquency</u>
1993	\$ 1,065,656	\$ 1,053,001	98.8%	\$ 59,344
1994	1,053,026	1,034,452	98.2	116,613
1995	1,000,014	1,000,379	100.0	86,409
1996	1,050,219	1,049,510	99.9	72,614
1997	1,050,118	1,028,681	97.9	93,902
1998	1,324,209	1,324,415	100.0	338,061
1999	1,417,172	1,531,880	100.0	380,705
2000	1,444,773	1,678,829	100.0	367,476
2001	1,487,745	1,581,917	100.0	514,989
2002	1,681,306	1,880,374	111.8	522,920

SOURCE: Cuyahoga County Auditor

CITY OF CLEVELAND HEIGHTS, OHIO

COMPUTATION OF LEGAL DEBT MARGIN

DECEMBER 31, 2002

TABLE 7

Total Assessed Valuation	\$	<u>782,333,792</u>
Overall Debt Limitation – 10-½% of assessed valuation	\$	82,145,048
Gross Indebtedness ``	\$	28,524,000
Less: Debt outside limitations		<u>-</u>
Debt within 10-½% limitation		28,524,000
Less: Bond Retirement Fund Balance		<u>3,418,626</u>
Net debt within 10-½% limitation		<u>25,105,374</u>
Legal debt margin within 10-½% limitation	\$	<u>57,039,674</u>
Unvoted Debt Limitation – 5-½% of assessed valuation	\$	43,028,359
Gross indebtedness authorized by Council	\$	11,849,000
Less: Debt outside limitations		<u>-</u>
Debt within 5-½% limitation		11,849,000
Less: Bond Retirement Fund Balance		<u>1,420,113</u>
Net debt within 5-½% limitation		<u>10,428,887</u>
Legal debt margin within 5-½% limitation	\$	<u>32,599,472</u>

SOURCE: City of Cleveland Heights, Finance Department

CITY OF CLEVELAND HEIGHTS, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2002

TABLE 8

	<u>Debt Outstanding</u>	<u>Percentage Applicable To City of Cleveland Heights</u>	<u>Amount Applicable To City of Cleveland Heights</u>
City of Cleveland Heights	\$ 28,524,000 (a)	100.00%	\$ 28,524,000
Cleveland Heights – University Heights School District	10,389,990 (b)	78.67	8,173,805
Cuyahoga County	200,162,636 (b)	2.74	5,484,456
Greater Cleveland Regional Transit	<u>136,310,000 (b)</u>	2.74	<u>3,734,894</u>
Total Overlapping Debt	<u>346,862,626</u>		<u>17,393,155</u>
Total Debt	\$ <u>375,386,626</u>		\$ <u>45,917,155</u>

(a) Net General Obligation Debt Outstanding

(b) Gross General Obligation Debt Outstanding

SOURCE: (a) City of Cleveland Heights, Finance Department

(b) Cuyahoga County Auditor's Office

CITY OF CLEVELAND HEIGHTS, OHIO

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

LAST TEN FISCAL YEARS

TABLE 9

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service on General Bonded Debt</u>	<u>General Fund Expenditures</u>	<u>Ratio of Tax Supported Debt Service To General Fund Expenditures</u>
1993	\$ 1,895,000	\$ 1,364,105	\$ 3,259,105	\$ 25,835,555	12.6%
1994	1,905,000	1,170,544	3,075,544	25,608,908	12.0
1995	1,935,000	1,067,850	3,002,850	26,593,990	11.3
1996	1,975,000	959,897	2,934,897	27,596,570	10.6
1997	1,635,000	847,653	2,482,653	29,672,505	8.4
1998	1,730,000	1,671,949	3,401,949	29,468,028	11.5
1999	2,040,000	1,515,039	3,555,039	31,982,467	11.1
2000	2,115,000	1,422,183	3,537,183	34,161,754	10.4
2001	2,185,000	1,362,126	3,547,126	35,738,725	9.9
2002	2,450,000	1,456,857	3,906,857	37,426,328	10.4

SOURCE: City of Cleveland Heights, Finance Department

CITY OF CLEVELAND HEIGHTS, OHIO

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION
AND NET BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

TABLE 10

<u>Year</u>	<u>Population</u>	<u>Assessed Value (b)</u>	<u>Gross General Bonded Debt</u>	<u>Less Balance In Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1993	54,052	\$ 562,377,828	\$ 20,690,000	\$ 4,222,788	\$ 16,467,212	2.93%	\$ 304.65
1994	54,052	636,529,092	18,785,000	3,412,511	15,372,489	2.42	284.40
1995	54,052	631,522,014	16,850,000	3,374,719	13,475,281	2.13	249.30
1996	54,540	632,074,301	14,875,000	3,289,091	11,585,909	1.83	212.43
1997	54,540	670,585,771	28,240,000	3,181,982	25,058,018	3.74	459.44
1998	54,540	668,078,333	26,510,000	3,160,459	23,349,541	3.50	428.12
1999	54,540	676,902,293	26,470,000	3,067,926	23,402,074	3.46	429.08
2000	49,958	783,031,524	24,355,000	3,223,776	21,131,224	2.70	422.98
2001	50,769 ^(a)	767,512,823	26,365,000	3,136,351	23,228,649	3.03	457.54
2002	50,769 ^(a)	782,333,992	24,070,000	3,418,626	20,651,374	2.64	406.77

(a) SOURCE: Federal 2001 Census, as revised by the U.S. Department of Commerce, Bureau of the Census.

(b) SOURCE: Cuyahoga County Auditor

CITY OF CLEVELAND HEIGHTS, OHIO

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2002

TABLE 11

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	56,438	54,540	50,769
Per capita income (in 1996 dollars)	\$ 20,118	\$ 22,584	\$ 25,804
Number of dwelling units	21,405	21,862	21,828
Persons per household	2.64	2.52	2.38
Median age	31.00	33.70	35.20
Percentage owner-occupied dwelling units	62.6%	62.6%	62.1%
Median family income	\$ 25,397	\$ 43,541	\$ 58,028
Family income distribution:			
\$0 – \$9,999	1,526	684	712
\$10,000 – \$14,999	1,316	451	252
\$15,000 – \$24,999	4,003	1,663	970
over \$25,000	<u>7,153</u>	<u>10,407</u>	<u>10,370</u>
Total families	<u><u>13,998</u></u>	<u><u>13,205</u></u>	<u><u>12,304</u></u>
Education distribution/grade years completed:			
0-8	7.2%	3.6%	1.9%
9-11	9.4%	8.3%	6.5%
12	25.4%	18.1%	15.6%
13-15	18.4%	24.9%	26.0%
16 or more	39.6%	45.1%	50.0%
High school graduates	83.4%	88.1%	91.6%

SOURCE: Federal 2000 Census, U.S. Department of Commerce, Bureau of the Census.

CITY OF CLEVELAND HEIGHTS, OHIO

EMPLOYMENT DISTRIBUTION BY OCCUPATION

DECEMBER 31, 2002

TABLE 12

	<u>Number Employed</u>	<u>Percentage of Total</u>
<u>Residents' employment distribution by occupation:</u>		
Management, professional, and related occupations	14,225	53.5%
Service occupations	3,180	12.0
Sales and office occupations	6,022	22.6
Farming, fishing, and forestry occupations	11	0.0
Construction, extraction, and maintenance occupations	880	3.3
Productions, transportation, and material moving occupations	<u>2,284</u>	<u>8.6</u>
Total employment	<u>26,602</u>	<u>100.0%</u>
<u>Residents' employment distribution by industry:</u>		
Agricultural, forestry, fishing and hunting, and mining	18	0.1%
Construction	683	2.6
Manufacturing	2,601	9.8
Wholesale trade	706	2.6
Retail trade	2,246	8.4
Transportation and warehousing, and utilities	1,063	4.0
Information	982	3.7
Finance, insurance, real estate, and rental and leasing	2,187	8.2
Professional, scientific, management, administrative, and waste management services	3,167	11.9
Educational, health and social services	8,836	33.2
Arts, entertainment, recreation, accommodation and food services	2,046	7.7
Other services (except public administration)	1,057	4.0
Public administration	<u>1,010</u>	<u>3.8</u>
Total employment	<u>26,602</u>	<u>100.0%</u>

SOURCE: Federal 2000 Census, U.S. Department of Commerce, Bureau of the Census

CITY OF CLEVELAND HEIGHTS, OHIO

PROPERTY VALUE, NEW CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

TABLE 13

<u>Year Calendar/ Collection</u>	<u>Commercial/ Industrial Construction (a)</u>	<u>Residential Construction (a)</u>	<u>Cuyahoga County Bank Deposits (b) (In Thousands)</u>	<u>Total Assessed Value (a)</u>	
				<u>Commercial</u>	<u>Residential</u>
1993/1994	\$ 984,140	\$ 458,880	\$ 21,009,421	\$ 86,093,950	\$ 431,412,500
1994/1995	772,050	358,330	20,885,453	89,409,600	500,479,970
1995/1996	1,572,754	638,966	22,458,573	88,586,160	498,530,330
1996/1997	411,930	604,850	27,068,211	88,619,930	498,292,890
1997/1998	1,566,920	643,090	53,941,971	92,988,980	532,699,630
1998/2000	900,680	426,820	58,904,596	92,643,810	532,581,060
1999/2000	8,942,790	681,830	57,816,942	103,265,710	532,677,610
2000/2001	4,332,580	475,420	61,942,764	121,304,650	605,561,490
2001/2002	2,240,210	1,003,440	63,893,769	124,836,080	605,388,740
2002/2003	3,493,310	1,984,410	95,761,917	124,975,940	563,120,040

(a) SOURCE: Cuyahoga County Auditor

(b) SOURCE: Federal Reserve Bank of Cleveland (total demand, time, and savings deposits) for Cuyahoga County, Ohio Banks

CITY OF CLEVELAND HEIGHTS, OHIO

PRINCIPAL TAXPAYERS

DECEMBER 31, 2002

TABLE 14

<u>Taxpayer</u>	<u>Assessed Valuation (a)</u>	<u>Percentage of Total Assessed Valuation</u>
SCIT Incorporated	\$ 12,791,600	1.64%
AT&T Wireless PCS	10,295,760	1.32
Kaiser Foundation Health Plan of Ohio	7,791,840	1.00
The Cleveland Electric Illuminating Company	6,274,120	0.80
Ohio Bell Telephone Company	6,142,900	0.79
American Retirement Corporation	3,882,380	0.50
Kensington Ltd. Partnership	3,674,690	0.47
Margaret Wagner Apart Inc.	2,400,650	0.31
Concord Company	2,290,930	0.29
Waldorf Partners Limited Partnership	<u>2,145,370</u>	<u>0.27</u>
Total	\$ <u>57,690,240</u>	<u>7.39%</u>
Total Assessed Valuation of City	\$ <u>782,333,922</u>	

Property assessed at 35% of Fair Market Value

SOURCE: Cuyahoga County Auditor

CITY OF CLEVELAND HEIGHTS, OHIO

OTHER STATISTICS

DECEMBER 31, 2002

TABLE 15

Date of incorporation as a village	May 1903
Date of incorporation as a city	February 1921
City Charter adopted	August 1921
Form of government	Council/Manager
Area.....	8.11 square miles
Miles of streets.....	132
Number of street lights.....	4,660
Fire protection:	
Number of stations	2
Number of firemen and officers	78
Police protection:	
Number of stations	1
Number of policemen and officers.....	104
Sewers:	
Miles of storm sewers.....	150
Miles of sanitary sewers	150
Building:	
2002 Permits issued.....	1,955
2002 Valuation of construction	\$26,308,840
Parks and recreation:	
Number of parks.....	6
Number of pools.....	2
Number of ice rinks.....	2
Number of tennis courts	18
Number of baseball diamonds.....	9
Number of multi-purpose fields	3
Number of basketball courts.....	5

SOURCE: City of Cleveland Heights, Planning Department
City of Cleveland Heights, Building Department
City of Cleveland Heights, Parks and Recreation Department
City of Cleveland Heights, Payroll Department
City of Cleveland Heights, Water Department
City of Cleveland Heights, Street Maintenance Department

City Of Cleveland Heights, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 2002

CITY OF CLEVELAND HEIGHTS, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

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



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CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

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

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

We have audited the financial statements of the City of Cleveland Heights, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Cleveland Heights, Ohio'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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 02-1. We also noted certain immaterial instances of noncompliance, which we have reported to management of the City of Cleveland Heights in a separate letter dated April 9, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cleveland Heights, Ohio'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 that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Cleveland Heights in a separate letter dated April 9, 2003.



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

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

Cuni & Panichi, Inc.

Cleveland, Ohio
April 9, 2003



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CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

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

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

Compliance

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

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

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



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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Cleveland Heights as of and for the year ended December 31, 2002, and have issued our report there dated April 9, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Cini & Panichi, Inc.

Cleveland, Ohio
April 9, 2003



CITY OF CLEVELAND HEIGHTS, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant Subtotal Direct Program	14.218	N/A	\$ <u>2,598,328</u> 2,598,328
Pass-Through Program From: Cuyahoga County Housing Consortium: HOME Investment Partnership Program	14.239	N/A	<u>244,690</u>
Pass-Through Program From Cuyahoga County Department of Development Lead Safe Cuyahoga Program	14.900	N/A	<u>25,490</u>
Total U.S. Department of Housing and Urban Development			<u>2,868,508</u>
U.S. Department of Health and Human Services:			
Pass-Through Program From: State Department of Aging and the Western Reserve Area Agency on Aging: Title III-B of the Older Americans Act	93.044	N/A	<u>33,479</u>
Total U.S. Department of Health and Human Services			<u>33,479</u>
Total Expenditures of Federal Awards			\$ <u>2,901,987</u>

The accompanying notes are an integral part of this schedule

CITY OF CLEVELAND HEIGHTS, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant Entitlement Grants	14.218	\$ 576,752

NOTE 3 - LOANS OUTSTANDING

In 1992 the City received and in 1993 the City expended a \$700,000 loan from HUD under Section 108 of Title I of the Housing and Community Development Act, as amended. The funds were repaid to the City during 1999 and placed into an escrow account until the balloon principal payment is due on August 1, 2002. Interest is being paid annually at a rate of 7.14%. The loan and related activities have not been reflected in this schedule of federal financial assistance. The outstanding loan balance as of December 31, 2001 was \$700,000. Because there were no significant continuing compliance requirements, the loan balance was not included in determining the amount of federal awards expended for 2001 and was not considered a major program.

NOTE 4 – SUBSEQUENT EVENT

From 2000 to 2002 HUD performed an audit of the CDBG Grant and their report was issued on January 23, 2003. Within the report were findings and questioned costs, which the City of Cleveland Heights disputed. Per the Law Director, as of December 31, 2002 most of the items have been resolved. The remaining items are deemed to be immaterial and are not required to be reported.

CITY OF CLEVELAND HEIGHTS, OHIO

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

DECEMBER 31, 2002

1. SUMMARY OF AUDITOR’S RESULTS

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

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

02-1 Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures plus encumbrances exceeded appropriations in the following funds:

<u>Special Revenue Fund</u>	<u>Excess</u>
• Local T.V. Programming	\$ 809,741
 <u>Capital Projects Funds</u>	 <u>Excess</u>
• Economic Development	\$ 109
• Zagara TIF	2,909

CITY OF CLEVELAND HEIGHTS, OHIO

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

DECEMBER 31, 2002

3. FINDINGS FOR FEDERAL AWARDS

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

CITY OF CLEVELAND HEIGHTS, OHIO

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

DECEMBER 31, 2002

There were no prior audit findings or questioned costs for federal awards reported in 2001.

**CITY OF CLEVELAND HEIGHTS, OHIO
40 SEVERANCE CIRCLE
CLEVELAND HEIGHTS, OHIO 44118
(216) 291-4444**

**Response To Findings Associated With Audit Conducted
In Accordance With *Government Auditing Standards*
For The Year Ended December 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
02-1	The City will monitor expenditures and encumbrances to ensure that they do not exceed appropriations.	Not Applicable	Thomas K. Malone, Finance Director



**Auditor of State
Betty Montgomery**

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800-282-0370

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CITY OF CLEVELAND 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
AUGUST 12, 2003**