

***CITY OF FAIRVIEW PARK, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2002***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**Auditor of State  
Betty Montgomery**

Mayor and Members of Council  
City of Fairview Park

We have reviewed the Independent Auditor's Report of the City of Fairview Park, Cuyahoga County, prepared by Charles E. Harris & Associates, 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 Fairview Park is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

August 28, 2003

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**CITY OF FAIRVIEW PARK, OHIO**  
**AUDIT REPORT**  
**For the Year Ended December 31, 2002**

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*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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

The Honorable Mayor and Members of City Council  
City of Fairview Park  
Fairview Park, Ohio

We have audited the general purpose financial statements of the City of Fairview Park, Ohio as of and for the year ended December 31, 2002 and have issued our report thereon dated June 27, 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's general purpose 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 several instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-FP-001, 2002-FP-002, and 2002-FP-003. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated June 27, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 27, 2003.**

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

*Charles E. Harris & Associates, Inc.*  
**June 27, 2003**



**CITY OF FAIRVIEW PARK  
SCHEDULE OF FINDINGS**

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

**Finding Number : 2002-FP-001**

Section 5705.41 (D), Revised Code, requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

The City did not properly certify the availability of funds for 29 of 40 non-payroll expenditures tested for the audit period.

We recommend the City Finance Director certify the availability of funds prior to the commitment for the expenditure of City money. The City should consider the use of blanket purchase orders and “then and now” certificates to assist in complying with the above requirement.

**Finding Number: 2002-FP-002**

Section 5705.41 (D), Revised Code, requires that encumbrances be charged against proper appropriations. Section 5705.41 (B), Revised Code, prohibits the City from making expenditure unless it has been properly appropriated. The following funds were found to have expenditures plus encumbrances in excess of appropriations:

**Recreation Fund  
Recreation Construction Fund  
Street Lighting Fund  
Bain Park Fund  
Capital Projects Fund**

In addition, Auditor of State Audit Bulletin 97-010 requires budgetary compliance to be tested at the legal level of control. The City’s legal level of control is the department level for the General Fund and the fund level for all other funds. The following General Fund department line items were found to have expenditures plus encumbrances in excess of appropriations:

<b>Fire Department</b>	<b>\$45,389</b>
<b>Planning Department</b>	<b>1,115</b>
<b>Building Department</b>	<b>1,287</b>
<b>Board of Appeals</b>	<b>211</b>
<b>Service Director</b>	<b>33</b>
<b>Legislative</b>	<b>323</b>

**CITY OF FAIRVIEW PARK  
SCHEDULE OF FINDINGS**

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

**Finding Number: 2002-FP-002 – (continued)**

Auditor of State Audit Bulletin 97-010 also requires budgetary compliance to be tested at points during the fiscal year as well as year-end. The following funds/departments were found to have expenditures plus encumbrances exceed appropriations at October 31, 2002:

<b>General Fund:</b>		
Civil Service	\$	599
Capital Projects Fund		118,418

**Finding Number: 2002-FP-003**

Section 5705.36, Revised Code, requires the City to certify to the county budget commission the total amount of resources available for expenditure plus any unencumbered balances that existed at the end of the preceding year. The City failed to certify the estimated revenue of the Recreation Construction Fund as required by this section.

**CITY OF FAIRVIEW PARK  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: Per ADAM 2001-10-disclose the current year finding in this schedule</b>
2001-FP-001	Ohio Revised Code Section 5705.41 (D)- Failure to certify funds	No	Not corrected See Finding 2002-FP-001
2001-FP-002	Ohio Revised Code Section 5705.41 (A)- Appropriations exceeded estimated resources	Yes	Corrected except for one fund. It is now an immaterial finding on Management Letter



# *City of Fairview Park, Ohio*



*2002*  
C A F R

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ending December 31, 2002



# **City of Fairview Park, Ohio**

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

Issued by the Department of Finance

Theodore R. Kowalski, Director





*City of Fairview Park, Ohio*  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2002

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*City of Fairview Park, Ohio*  
 Comprehensive Annual Financial Report  
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# **Introductory Section**





# City of Fairview Park

- Established in 1910 -

Department of Finance

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440-356-4401 Fax 440-356-9077 City Hall 440-333-2200

**Eileen Ann Patton**  
Mayor

**T. R. Kowalski**  
Finance Director

June 27, 2003

The Honorable Mayor Eileen Ann Patton  
and Members of City Council  
20777 Lorain Road  
Fairview Park, Ohio 44126

It gives me great pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Fairview Park. This report has been carefully prepared in accordance with Generally Accepted Accounting Principles (GAAP) and provides a full and complete disclosure of the financial position and operations of the City for the year ended December 31, 2002.

The information contained in this report will assist City officials in making management decisions and will provide the taxpayers of the City of Fairview Park with comprehensive financial data in such a format as to enable them to gain a true understanding of the City's financial affairs. The general public, as well as investors, will be able to compare the financial position of the City of Fairview Park and the results of its operations with other governmental entities.

Responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, lies with the management of the City of Fairview Park and, in particular, the City's Finance Department. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities and status are included herein.

This is the fifth consecutive Comprehensive Annual Financial Report issued by the City. The report is prepared in accordance with Generally Accepted Accounting Principles, as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative sources, and the guidelines set by the Government Finance Officers Association (GFOA).

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, a list of public officials, and the City's organizational chart. The financial section, which begins with the Report of Independent Accountants, includes the general purpose financial statements, notes that provide an overview of the City's financial position and operating results, and the combining and individual fund and account group financial statements and schedules. The statistical section includes financial and demographic information.

## **REPORTING ENTITY**

For financial purposes, the City includes all funds, account groups, agencies, boards, and commissions making up the City of Fairview Park (the Primary Government) and its potential component units in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." The primary government comprises all activities and services which are not legally separate for the City. The City provides various services including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), sewers, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government. Currently, the City has no component units.

The City participates in the Rocky River Wastewater Treatment Plant which is a joint venture discussed in Note 16 of the Notes to the General Purpose Financial Statements. The City is associated with the Westshore Council of Governments and Tri-City Park, which are identified as jointly governed organizations. These organizations are presented in Note 17 to the general purpose financial statements.

A complete discussion of the City's reporting entity is provided in Note 1 of the General Purpose Financial Statements.

## **THE CITY AND THE FORM OF GOVERNMENT**

### *The City*

The City is located in Cuyahoga County in northeastern Ohio, approximately 10 miles west of the downtown area of the City of Cleveland. It was incorporated as a village in 1910, and became a city in 1951. In 1967, the Village of Parkview was merged into the City.

In the 2000 Census classifications, the City was in the Cleveland Primary Metropolitan Statistical Area (PMSA), comprised of the four counties of Cuyahoga, Geauga, Lake and Medina. It was also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area (CMSA). Effective in 1994, the PMSA was redefined to include Ashtabula and Lorain Counties. Only limited statistics are now available for the new PMSA and, unless otherwise noted, PMSA statistics are for the former PMSA.

The City's 2002 population was 17,572. Because of differences in growth rates, the regional shares of the total population have shifted considerably in recent decades (1950-2000). The Midwest's share of the total population fell from 29 to 23 percent. Ohio gained 506,000 people from 1990 to 2000 or 4.7 percent.

The City's area is approximately 4.77 square miles, broken down by land use as follows:

	Area	Percent of Assessed Valuation of Real Property
Residential	54.5%	81.03%
Commercial/Industrial	9.7	18.97
Public Utility	0.1	0
Governmental (including parks) and Other Tax Exempt	34.3	(a)
Agricultural	0	0
Undeveloped	1.4	(b)

(a) Not applicable. Exempt from property taxation.

(b) Included in above categories.

Sources: City Building Department and County Auditor.

The City is served by diversified transportation facilities, including three State and U.S. highways and interstate highway I-480. It is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at Cleveland Hopkins International Airport located within two and one-half miles of the City and by Burke Lakefront Airport located within thirteen miles of the City in the County. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

Banking and financial services are provided to the City area by offices of local commercial banks and savings and loan associations, all of which have their principal offices elsewhere.

One daily newspaper and two weekly newspapers serve the City. The City is within the broadcast area of seven television stations and 30 AM and FM radio stations. Multi-channel cable TV service, including educational, governmental and public access channels, is provided by Cox Cable Communications, Inc. and Ameritech New Media.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Baldwin-Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain County Community College, Ursuline College, Notre Dame College, Oberlin College and The University of Akron.

City residents are served by five hospitals within a ten-mile radius of the City - Fairview General Hospital, Lakewood Hospital, the MetroHealth Medical Center, Southwest General Hospital and St. John-West Shore Hospital - and by numerous other hospitals in the County, including The Cleveland Clinic Foundation Hospital and University Hospitals of Cleveland, two tertiary care facilities.

The City is served by varied recreational facilities. The City operates a system of parks with a total of 54.2 acres which offer playgrounds, ball diamonds and other athletic fields, playing courts, nature and jogging trails, The Bain Park Community Cabin and picnic areas. The City's Recreation Department, in cooperation with the Fairview Park City School District, provides various recreational programs and activities for City residents in those parks and at indoor swimming, tennis and skating facilities. The City also participated (with the Cities of Rocky River and Westlake) in the operation of the 14-acre Tri-City Park which offers a baseball diamond, soccer field, basketball court, playground area, parking facility and four tennis courts. A portion of the City lies within the Rocky River Reservation of the Cleveland Metropolitan Park District. The City completed a major recreational redevelopment in the year 2001 at an estimated cost of \$2,000,000. Bonds were issued in 1999 to provide the funds for this redevelopment.

### *City Government*

The City operates under and is governed by its Charter, first adopted by the voters in 1958 and which has been and may be amended by the voters from time to time. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Council-Mayor form of government.

Legislative authority is vested in a seven-member Council, of whom two are elected at-large and five are elected from wards, for two-year terms. The presiding officer is the President of Council, who is one of the Council members elected at-large, but has no vote except if necessary to break a tie. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to the City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

In the November 2000 election, the voters voted to reduce the size of Council by two at-large members to seven members.

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

The Mayor appoints, subject to the approval of Council, the directors of City departments. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, except Council officers and employees.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.



## **ECONOMIC CONDITION AND OUTLOOK**

Phase II of the Lorain Road Revitalization program is nearing completion as the City acquired the three parcels east of the McGowan Building and sold them to West Valley Medical Building, Ltd., who began construction on a 43,000 square foot facility in July, 2002 which will open in July, 2003. Revenue from income and property tax for both of these facilities is expected to exceed \$400,000 annually.

Phase II of the Streetscape Project has been completed between West 213 Street and Wooster Road. Amenities include benches, brick pavers and 135 new trees is complete. Funding for both phases of these projects was provided, in part through the Cuyahoga County Community Development Block Grant Program.

In the past year, the following new business have opened in the City:

Kwick-N-Clean Dry Cleaners  
AMS Character Warehouse  
Adrianna's Barber Shop  
Cabinet King's, Inc.  
Hickory Farms  
Dough's Go, Inc.  
Murphy's Loft  
Spelko PAL Chow Rescue Group

In addition, three major coming attractions are West Valley Medical Building on Lorain Road, office condominiums at Brookpark and West 227 and the new Metroparks Ranger and Service Station at the bottom of Wooster hill. Finally, the City continues to work closely with Jacob's Group to ensure Westgate Mall's viability as well as with the owner to Westgate Medical Arts Building to renovate this facility. We also continue with certain selected property owners to redevelop their facilities.

## **FIRST RING CONSORTIUM**

Fairview Park continues to be deeply involved in the First Ring Consortium, an organization comprised of 14 mature cities that surround Cleveland whose objective is to foster community and economic development through the identification of common problems and the implementation of common solutions. Current projects in process include the establishment of a Development Office, with a Director, that will serve all 14 cities, a housing initiative that consists of analyzing housing stock in certain neighborhoods to determine how marketability can be improved and advocacy at the regional, state and county level.

## **SERVICE**

The 2003 street resurfacing program will begin in June. Ten streets will be completed at a cost of \$601,000. The City was successful in obtaining \$848,000 from ODOT for the resurfacing of Lorain Road, which will begin after July 1, 2003. The City's match is a potential maximum of \$212,000.

The City collaborated with the City of Rocky River on a Issue 2 application for funding to rehabilitate the sanitary and storm sewers in the Wooster Road area. Subsequently, both cities received \$423,000 in grant assistance from Issue 2 and \$500,000 from the County Engineer for related road reconstruction cost. This project, which is \$2,300,000 in total cost, will be completed in 2004. In addition, in the continuing effort to further reduce basement flooding, a major televising, grouting, and dye testing program continued in the Coffinberry neighborhood and a downspout disconnect program is currently underway. Finally, additional upgrades are planned for Ward 5 pumping stations at West 220 and West 227.

The City applied for and was successful in gaining approval for a CDBG grant by the County Department of Development in the amount of \$106,000 that together with the City's match of \$81,000 will enable Fairview Park to establish a revolving fund to repair sidewalks beginning initially in the business district.

\$550,000 in new equipment will be purchased by the Service Department in 2003.

Improvements at City Hall facilities continue with the renovation of the four columns under the front portico.

## **MAJOR INITIATIVES**

The City of Fairview Park continued to maintain its strong financial reserves during 2002. The City's general fund unencumbered cash balance at year end was \$1,752,720. This represents 19.82% of general fund expenditures. The General Fund unencumbered cash balance decreased by \$2,512 (.1%) during the year 2002.

The City continued its annual street repair program at no extra cost to the residents of the streets repaired. The total spent in 2002 was \$681,000.

## FINANCIAL INFORMATION

### *Basis of Accounting*

The City of Fairview Park's accounting system is organized on a "fund basis". Each fund or account group is a self-balancing set of accounts. General government operations are reported on a modified accrual basis. Revenues are recognized when measurable and available. Expenditures are recognized when measurable and incurred. The City's proprietary funds are reported on the accrual basis. Revenues are recognized when earned. Expenses are recognized when incurred.

### *Internal Accounting Controls*

In developing the City's accounting system, consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss and misuse, and assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal controls should not exceed the benefits expected to be derived from their implementation.

The City utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

### *Budgetary Controls*

By statute, City Council adopts a temporary appropriation measure for the City on or about the first day of January. The City Council adopts a permanent appropriation measure by the first day of April. All disbursements and transfers of cash among funds require appropriation authority from City Council. Budgets are controlled at the department level in the General Fund and the fund level in all other funds.

Additional information regarding the City's budgetary accounting can be found in Note 2 to the General Purpose Financial Statements.

### *General Government Functions - Financial Highlights*

The following schedule presents a summary of general, special revenue, debt service, and capital projects funds revenues for the year ended December 31, 2002, and the amounts and percentages of increases and decreases in relation to prior year's revenues.

	<u>2001</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
Revenues:					
Property tax revenue - 1	\$ 3,886,358	\$ 4,152,713	33.34	\$ 266,535	6.85
Income tax revenue	4,652,551	4,545,917	36.50	(106,634)	(2.29)
Intergovernmental - 2	3,484,994	2,428,288	19.49	(1,056,706)	(30.32)
Special assessments	223,456	229,563	1.84	6,107	2.73
Charges for services - 3	215,756	453,623	3.64	237,867	100+
Fines, licenses & permits	458,474	486,249	3.90	27,775	6.06
Interest - 4	249,843	96,807	.78	(153,036)	(61.25)
Rent	11,166	10,859	.09	(307)	(2.75)
Miscellaneous	<u>70,676</u>	<u>51,888</u>	<u>.42</u>	<u>(18,788)</u>	<u>(26.58)</u>
Total Revenues	<u>\$ 13,253,274</u>	<u>\$ 12,455,907</u>	<u>100.00%</u>	<u>\$ (797,367)</u>	<u>(6.02)%</u>

- 1 - Property tax revenue increased due to new construction throughout the City.
- 2 - Intergovernmental revenue decreased primarily due to less estate taxes received during the year.
- 3 - Charges for services revenue increased due to billings for ambulance services.
- 4 - Interest revenue decreased due to dramatically declining interest rates in 2002.

The following schedule presents a summary of general, special revenue, debt service, and capital projects funds expenditures for the year ended December 31, 2002, and the amounts and percentages of increases and decreases in relation to prior year's expenditures.

	<u>2001</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
Expenditures:					
Current:					
General government - 5	\$ 1,612,294	\$ 1,843,234	12.66%	\$ 230,940	14.30%
Security of persons and property	5,484,567	5,573,697	38.30	89,130	1.63
Public Health	61,546	58,352	.40	(3,194)	(5.19)
Transportation - 6	973,226	764,149	5.25	(209,077)	(21.48)
Leisure time activities - 7	1,526,721	737,912	5.07	(788,809)	100+
Community environment	1,495,481	1,594,380	10.95	98,899	6.61
Capital outlay - 8	2,659,043	1,893,058	13.01	(765,985)	(28.81)
Debt Service:					
Principal retirement - 9	245,000	1,793,126	12.32	1,548,126	100+
Interest and fiscal charges	<u>321,961</u>	<u>297,091</u>	<u>2.04</u>	<u>(24,870)</u>	<u>(7.72)</u>
Total Expenditures	<u>\$14,379,839</u>	<u>\$14,554,999</u>	<u>100.00%</u>	<u>\$ 175,160</u>	<u>1.22%</u>

- 5 - Increase due to an increase in Worker's Compensation payment from 2001 to 2002 and County Auditor Fees.
- 6 - Decrease due to completion of numerous street projects.
- 7 - Leisure time activities decreased due to completion of capital expenditures for renovation to Bohlken Park.
- 8 - Capital outlay decreased primarily due to completion of additional street projects and less miscellaneous equipment purchases.

9 - Principal retirement includes paying of the Y2K loan from Cuyahoga County, Ohio and refinancing of the Brownfield loan at a lesser interest rate, in the amount of \$1,400,000. Proceeds from the refinancing are included under other financing sources.

#### *General Fund Balance*

The GAAP fund balance of the General Fund decreased from \$2,599,588 to \$2,339,392 during 2002, a decrease of 10.01%. This decrease is due to decreased intergovernmental and interest revenues.

#### *Enterprise Funds*

The Enterprise Funds operated by the City consist of the Sanitary Sewer Funds and Gilles-Sweet funds. Operating revenues in these funds totaled \$1,961,815. Depreciation expense was \$91,957 in the Sanitary Sewer fund. Net Income/(Loss) was \$5,811 and \$26 in the Sanitary Sewer Fund and Gilles Sweet Fund, respectively. The total Fund Equity is \$8,566,695 and \$10,274, respectively.

#### *Internal Service Funds*

The internal service funds operated by the City are the Health Insurance Reserve Fund and the Employee Section 125 Contributions Fund. The Insurance Reserve Fund was created to provide a medical benefits and liability self-insurance program for the City. This fund was discontinued on November 1, 1999 and reactivated on December 1, 2001. The Section 125 Contributions Fund was created to account for deductions from employee incomes for Section 125 contributions for payment to the City's third party administrators. For the year ended December 31, 2002, the funds had net incomes of \$80,597 and \$1,925 and fund equity of \$95,473 and \$6,523, respectively.

#### *Fiduciary Funds*

Fiduciary funds account for assets held by the City of Fairview Park in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The fiduciary funds which the City maintains are agency funds. At December 31, 2002, assets in agency funds totaled \$83,654.

### **CASH MANAGEMENT**

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations are cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in sweep accounts maintained at the City approved depository banks, short-term federal agencies or other securities authorized by state statutes. During 2002, \$68,881 of interest was deposited in the General Fund, \$3,956 in the Recreation Fund, \$249 in the Cable TV Fund, \$1,670 in the Permanent Improvement Fund, \$20,692 in the Capital Projects Fund, \$1,359 in the Lorain Road Revitalization Fund and \$34,787 in the Sanitary Sewer Fund in accordance with City ordinances. The decrease from the previous year was due to sharply declining interest rates.

## **RISK MANAGEMENT**

The City of Fairview Park maintains replacement cost insurance on all buildings and their contents. Blanket building and personal property insurance is held in the amount of \$7,900,000.

The coverage limits on December 31, 2002 for all types of coverage are as follows:

<b><u>Type of Coverage</u></b>	<b><u>Carrier</u></b>	<b><u>Coverage</u></b>
General Liability	Clarendon Natl. Insurance Co.	\$1,000,000 per occurrence \$2,000,000 aggregate
Blanket Building & Contents	‘ ‘	\$ 7,900,000
Automobile Liability	‘ ‘	\$ 1,000,000
Excess Umbrella Liability	‘ ‘	\$ 2,000,000 occurrence \$ 2,000,000 aggregate
Law Enforcement Liability	‘ ‘	\$ 1,000,000 occurrence \$ 2,000,000 aggregate
Public Official Liability	‘ ‘	\$ 1,000,000 occurrence \$ 2,000,000 aggregate
Employment Practices Liability	‘ ‘	\$ 1,000,000 occurrence \$ 2,000,000 aggregate

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

The City provides employee medical prescription, dental and vision benefits through a minimum premium self-insurance program. All funds in the City participate in the program and make payments to the medical self-insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Stop loss coverage is provided by Medical Mutual Service Inc. for all claims made in excess of \$50,000 for each person covered by the City's health insurance plan and total claims in excess of 110% of projected claims liability. The City utilizes a third party administrator, Medical Mutual of Ohio, to review and pay all claims; the City then reimburses the administrator. During 2002, a total of \$950,337 was paid in benefits and administration costs. Through April 30, 2003, \$69,564 was paid in claims pertaining to 2002.

## **DEBT MANAGEMENT**

The City maintains a A2 credit rating from Moody's Investors Service, Inc. All bonds of the City are backed by its full faith and credit.

Under current state statutes, the total voted net debt of the City, less the same exempt debt, shall never exceed 10.5% of the total assessed property valuation. The total unvoted debt less the same exempt debt, shall never exceed 5.5% of the assessed valuation. At December 31, 2002, the total legal debt margin was \$33,895,574 with an unvoted debt margin of \$15,172,682.

## **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 Fairview Park for its comprehensive annual financial report for the fiscal year ended December 31, 2001. This was the 4<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City submitted a Popular Annual Financial Report (PAFR) to the GFOA for the first time in 2001. A PAFR is a condensed a user friendly overview of this report. The City received an Award for Outstanding Achievement from the GFOA for this report. The City has issued a PAFR for 2002 and is available by contacting the Director of Finance's office.

## **INDEPENDENT AUDIT**

Included in this report is an unqualified audit opinion rendered on the City's financial statements as of December 31, 2002, by our independent auditor, Charles E. Harris and Associates, Inc. Their audit was conducted in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States.

City management plans to continue to subject the City's financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit also serves to maintain and strengthen the City's accounting and budgetary controls.

## ACKNOWLEDGMENTS

The publication of this CAFR represents an important achievement in the ability of the City of Fairview Park to provide significantly enhanced financial information and accountability to the citizens of the City, its elected officials, City management, and investors. This report continues the aggressive program of the Finance Department to improve the City's overall financial accounting, management, and reporting capabilities.

I would like to acknowledge the efforts of the entire staff of the Finance Department for their contributions to this report. Special thanks are extended to Mayor Eileen Ann Patton and Members of City Council for their enthusiastic support of this project. The guidance and assistance provided by the accounting firm of Charles E. Harris & Associates, and in particular John J. Phillips, Vice-President and Chris H. Ischay, Senior Auditor was greatly appreciated. They provided valuable assistance in a most professional manner.

I would also like to thank all of the elected officials, department heads, and their staffs for their assistance and cooperation with the preparation of this CAFR. I ask for their continued support of this project and of my efforts toward continuing the sound financial management for the City of Fairview Park.

Sincerely,

T.R. Kowalski, C.P.A.  
Finance Director



*City of Fairview Park, Ohio*  
Public Officials  
For the Year Ended December 31, 2002

ELECTED OFFICIALS

**Mayor**

Eileen Ann Patton

**Council**

Timothy M. Needham, President

William Gluvna

Kenneth J. Wolf

John Cooney

Jeanine L. Minek

Frederic Gauthier

William B. Westfall

**APPOINTED OFFICIALS**

**Director of Law**

Lucien C. Rego

**Director of Finance**

Theodore R. Kowalski

**Police Chief**

Patrick Neelon

**Fire Chief**

David Simon

**Director of Public Service**

James M. Kennedy

**Recreation Director**

Timothy J. Pinchek

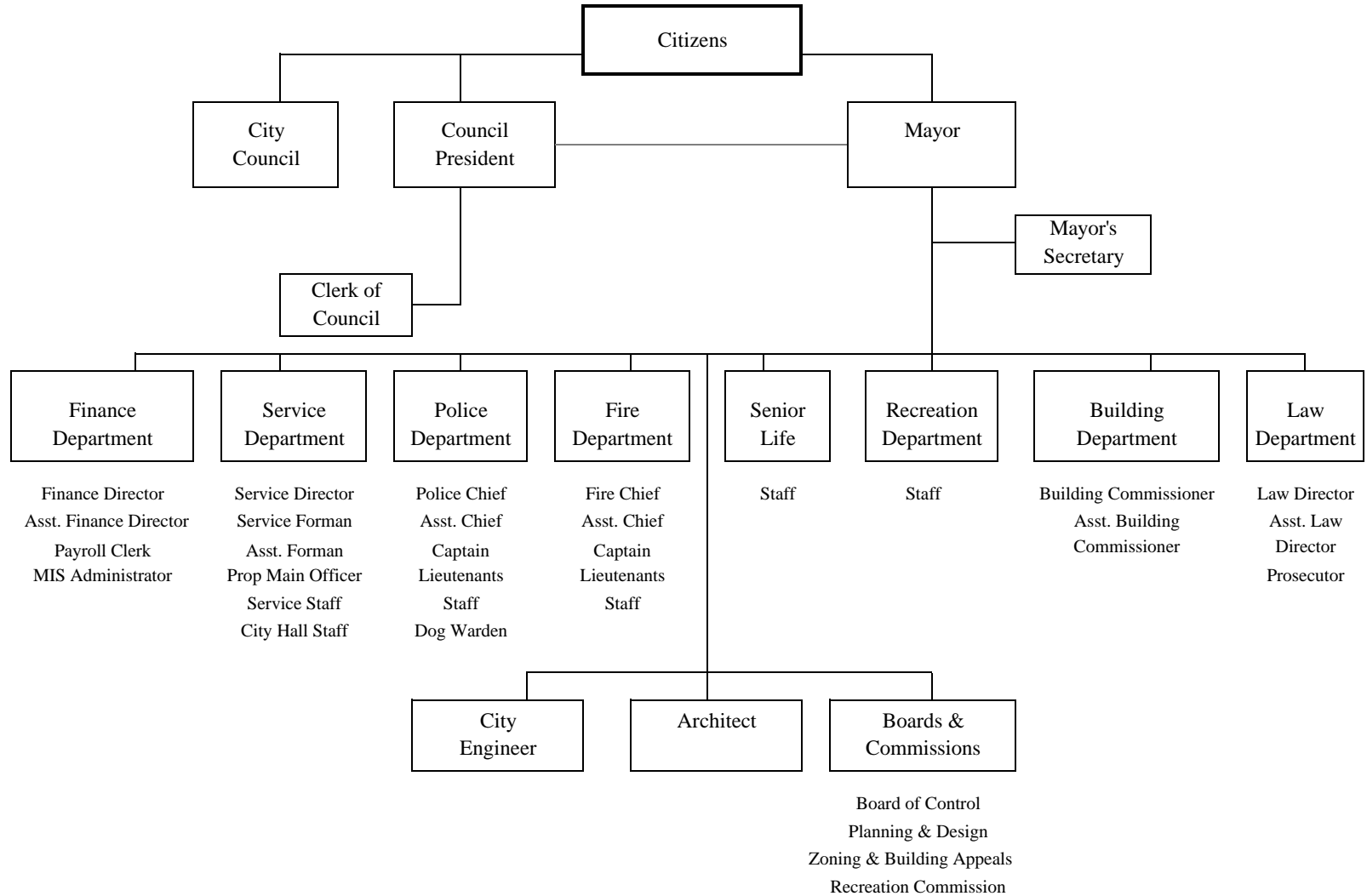
**Building Commissioner**

Steven Polinski

**Senior Life Office**

Nell Ellis

*City of Fairview Park, Ohio*  
 Organizational Chart  
 December 31, 2002



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairview Park,  
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

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## **Financial Section**



**REPORT OF INDEPENDENT ACCOUNTANTS**

The Honorable Mayor and City Council  
City of Fairview Park  
Fairview Park, Ohio

We have audited the accompanying general purpose financial statements of the City of Fairview Park (the City), 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's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. 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. 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.

*Charles E. Harris & Associates, Inc.*  
June 27, 2003

**City of Fairview Park, Ohio**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$ 1,803,426	\$ 808,587	\$ 0	\$ 1,242,296
Receivables:				
Taxes	2,991,674	814,385	0	363,676
Accounts	2,487	36,362	0	0
Intergovernmental	411,435	238,926	0	19,411
Interfund Receivable	515,613	5,299	0	45,000
Special Assessments	0	227,164	0	0
Prepaid Items	24,552	0	0	0
Materials and Supplies Inventory	14,689	10,668	0	0
Investment in Joint Venture	0	0	0	0
<b><u>Fixed Assets:</u></b>				
Land	0	0	0	0
Buildings	0	0	0	0
Vehicles, equipment, and furnishings	0	0	0	0
Sewer Lines	0	0	0	0
Less: Accumulated depreciation	0	0	0	0
<b><u>Other Debits</u></b>				
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets</b>	<b>\$ 5,763,876</b>	<b>\$ 2,141,391</b>	<b>\$ 0</b>	<b>\$ 1,670,383</b>

See accompanying notes to the general purpose financial statements



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$ 2,464,052	\$ 176,272	\$ 83,654	0	0	\$ 6,578,287
0	0	0	0	0	4,169,735
179,299	0	0	0	0	218,148
0	0	0	0	0	669,772
0	0	0	0	0	565,912
0	0	0	0	0	227,164
0	0	0	0	0	24,552
185	0	0	0	0	25,542
4,671,234	0	0	0	0	4,671,234
0	0	0	\$ 275,202	0	275,202
0	0	0	3,774,558	0	3,774,558
80,093	0	0	5,354,260	0	5,434,353
3,403,257	0	0	0	0	3,403,257
(1,039,984)	0	0	0	0	(1,039,984)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 7,452,448</u>	<u>7,452,448</u>
<u>\$ 9,758,136</u>	<u>\$ 176,272</u>	<u>\$ 83,654</u>	<u>\$ 9,404,020</u>	<u>\$ 7,452,448</u>	<u>\$ 36,450,180</u>

(continued)

**City of Fairview Park, Ohio**  
 Combined Balance Sheet  
 All Fund Types and Account Groups - (continued)  
 December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 173,575	\$ 63,183	0	\$ 47,321
Contracts Payable	0	0	0	0
Interfund Payable	0	6,100	\$ 91,812	468,000
Intergovernmental Payable	121,848	13,822	0	0
Accrued Wages and Benefits	170,718	6,376	0	0
Compensated Absences Payable	143,421	5,674	0	0
Pension Obligation Payable	0	0	0	0
Deferred Revenue	2,814,922	1,041,549	0	289,413
Undistributed Monies	0	0	0	0
Deposits Held Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
Notes Payable	0	0	0	0
Claims Payable	0	0	0	0
OWPC Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,424,484</b>	<b>1,136,704</b>	<b>91,812</b>	<b>804,734</b>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficit):				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	0	31,125	0	171,362
Reserved for Prepaid Items	24,552	0	0	0
Reserved for Inventory	14,689	10,668	0	0
Reserved for Debt Service	0	0	(91,812)	0
Reserved for Budget Stabilization	460,000	0	0	0
Unreserved - Undesignated	1,840,151	962,894	0	694,287
<b>Total Fund Equity and Other Credits</b>	<b>2,339,392</b>	<b>1,004,687</b>	<b>(91,812)</b>	<b>865,649</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 5,763,876</b>	<b>\$ 2,141,391</b>	<b>\$ 0</b>	<b>\$ 1,670,383</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
0	\$ 4,712	0	0	0	\$ 288,791
\$ 66,032	0	0	0	0	66,032
0	0	0	0	0	565,912
115,807	0	\$ 71	0	0	251,548
15,381	0	0	0	0	192,475
60,655	0	0	0	\$ 1,542,074	1,751,824
16,671	0	0	0	323,882	340,553
0	0	0	0	0	4,145,884
0	0	72,362	0	0	72,362
0	0	11,221	0	0	11,221
3,554	0	0	0	0	3,554
0	0	0	0	164,944	164,944
0	0	0	0	1,766,548	1,766,548
0	69,564	0	0	0	69,564
443,067	0	0	0	0	443,067
460,000	0	0	0	3,655,000	4,115,000
<u>1,181,167</u>	<u>74,276</u>	<u>83,654</u>	<u>0</u>	<u>7,452,448</u>	<u>14,249,279</u>
0	0	0	\$ 9,404,020	0	9,404,020
7,647,999	0	0	0	0	7,647,999
928,970	101,996	0	0	0	1,030,966
0	0	0	0	0	202,487
0	0	0	0	0	24,552
0	0	0	0	0	25,357
0	0	0	0	0	(91,812)
0	0	0	0	0	460,000
0	0	0	0	0	3,497,332
<u>8,576,969</u>	<u>101,996</u>	<u>0</u>	<u>9,404,020</u>	<u>0</u>	<u>22,200,901</u>
<u>\$ 9,758,136</u>	<u>\$ 176,272</u>	<u>\$ 83,654</u>	<u>\$ 9,404,020</u>	<u>\$ 7,452,448</u>	<u>\$ 36,450,180</u>

**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Year Ended December 31, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Municipal Income Taxes	\$ 3,393,087	0	0	\$ 1,152,830	\$ 4,545,917
Property and Other Taxes	2,990,995	\$ 841,239	0	320,479	4,152,713
Charges for Services	12,107	441,516	0	0	453,623
Licenses and Permits	174,364	234,976	0	0	409,340
Fines and forfeitures	76,909	0	0	0	76,909
Intergovernmental	1,887,497	519,808	0	20,983	2,428,288
Special Assessments	0	229,563	0	0	229,563
Interest	68,881	4,205	0	23,721	96,807
Rent	10,859	0	0	0	10,859
Other	29,067	12,546	0	10,275	51,888
<b>Total Revenues</b>	<b>8,643,766</b>	<b>2,283,853</b>	<b>0</b>	<b>1,528,288</b>	<b>12,455,907</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	\$ 1,837,607	\$ 5,627	0	0	\$ 1,843,234
Security of Persons and Property	4,073,037	1,500,660	0	0	5,573,697
Public Health and Welfare	58,352	0	0	0	58,352
Transportation	337,529	426,620	0	0	764,149
Community Environment	1,594,380	0	0	0	1,594,380
Leisure Time Activities	308,968	428,944	0	0	737,912
Capital Outlay	0	0	0	\$ 1,893,058	1,893,058
<b>Debt Service:</b>					
Principal Retirement	25,128	0	\$ 1,767,998	0	1,793,126
Interest and Fiscal Charges	6,624	0	290,467	0	297,091
<b>Total Expenditures</b>	<b>8,241,625</b>	<b>2,361,851</b>	<b>2,058,465</b>	<b>1,893,058</b>	<b>14,554,999</b>
Excess of Revenues Over (Under) Expenditures	402,141	(77,998)	(2,058,465)	(364,770)	(2,099,092)
<b>Other Financing Sources (Uses):</b>					
Proceeds of Notes	0	0	0	\$ 1,400,000	\$ 1,400,000
Proceeds from the Sale of Assets	0	0	0	420,086	420,086
Operating Transfers - In	0	\$ 525,633	\$ 1,951,937	419,174	2,896,744
Operating Transfers - Out	\$ (654,235)	(476,677)	0	(1,765,832)	(2,896,744)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (654,235)</b>	<b>\$ 48,956</b>	<b>\$ 1,951,937</b>	<b>\$ 473,428</b>	<b>\$ 1,820,086</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(252,094)	(29,042)	(106,528)	108,658	(279,006)
Fund Balances at Beginning of Year	2,599,588	1,060,861	14,716	756,991	4,432,156
Increase (Decrease) in Reserved for Inventory	(8,102)	(27,132)	0	0	(35,234)
<b>Fund Balances at End of Year</b>	<b>\$ 2,339,392</b>	<b>\$ 1,004,687</b>	<b>\$ (91,812)</b>	<b>\$ 865,649</b>	<b>\$ 4,117,916</b>

See accompanying notes to the general purpose financial statements.

**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non - GAAP  
 Budget Basis) - All Governmental Funds  
 Year Ended December 31, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax	\$ 3,535,000	\$ 3,382,964	\$ (152,036)
Property and other taxes	2,861,456	2,993,306	131,850
Intergovernmental	1,881,734	1,951,308	69,574
Special assessments			
Charges for services	6,500	12,107	5,607
Licenses and permits	161,320	209,718	48,398
Fines and forfeitures	152,000	78,439	(73,561)
Interest	90,000	64,405	(25,595)
Rent	11,500	10,859	(641)
Miscellaneous	51,500	29,067	(22,433)
<b>Total Revenues</b>	<b>8,751,010</b>	<b>8,732,173</b>	<b>(18,837)</b>
<b>Expenditures</b>			
Current:			
General government	2,960,904	1,742,481	1,218,423
Security of persons and property	4,121,493	4,132,933	(11,440)
Public health and welfare	64,000	58,352	5,648
Transportation	340,526	340,163	363
Community environment	1,651,496	1,611,112	40,384
Leisure time activities	360,703	304,468	56,235
Capital outlay			
Debt service			
Principal payment			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>9,499,122</b>	<b>8,189,509</b>	<b>1,309,613</b>
<b>Excess of revenues under expenditures</b>	<b>(748,112)</b>	<b>542,664</b>	<b>1,290,776</b>
<b>Other financing sources (uses)</b>			
Proceeds of notes			
Proceeds from the sale of assets			
Operating transfers - in			
Operating transfers - out	(1,048,236)	(654,235)	394,001
<b>Total other sources (uses)</b>	<b>(1,048,236)</b>	<b>(654,235)</b>	<b>394,001</b>
<b>Excess of revenues and other financing sources under expenditures and other uses</b>	<b>(1,796,348)</b>	<b>(111,571)</b>	<b>1,684,777</b>
Fund balance at beginning of year, as restated see note 20.	1,755,232	1,755,232	
Prior year encumbrances appropriated	109,059	109,059	
<b>Fund balance at end of year</b>	<b>\$ 67,943</b>	<b>\$ 1,752,720</b>	<b>\$ 1,684,777</b>

See accompanying notes to the general purpose financial statements

Continued

**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non - GAAP  
 Budget Basis) - All Governmental Funds - Continued  
 Year Ended December 31, 2002

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax			
Property and other taxes	\$ 851,300	\$ 853,543	\$ 2,243
Intergovernmental	500,258	494,434	(5,824)
Special assessments	205,000	229,563	24,563
Charges for services	547,000	444,169	(102,831)
Licenses and permits	208,500	203,944	(4,556)
Fines and forfeitures	3,000	2,354	(646)
Interest	7,500	3,873	(3,627)
Rent			
Miscellaneous	15,864	12,596	(3,268)
<b>Total Revenues</b>	<b>2,338,422</b>	<b>2,244,476</b>	<b>(93,946)</b>
<b>Expenditures</b>			
Current:			
General government		5,427	(5,427)
Security of persons and property	1,565,578	1,526,090	39,488
Public health and welfare			
Transportation	512,307	470,682	41,625
Community environment			
Leisure time activities	552,115	460,966	91,149
Capital outlay			
Debt service			
Principal payment			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>2,630,000</b>	<b>2,463,165</b>	<b>166,835</b>
<b>Excess of revenues under expenditures</b>	<b>(291,578)</b>	<b>(218,689)</b>	<b>72,889</b>
<b>Other financing sources (uses)</b>			
Proceeds of notes			
Proceeds from the sale of assets			
Operating transfers - in	508,696	525,633	16,937
Operating transfers - out	(265,720)	(476,677)	(210,957)
<b>Total other sources (uses)</b>	<b>242,976</b>	<b>48,956</b>	<b>(194,020)</b>
<b>Excess of revenues and other financing sources under expenditures and other uses</b>	<b>(48,602)</b>	<b>(169,733)</b>	<b>(121,131)</b>
Fund balance at beginning of year, as restated see note 20.	759,597	759,597	
Prior year encumbrances appropriated	159,618	159,618	
<b>Fund balance at end of year</b>	<b>\$ 870,613</b>	<b>\$ 749,482</b>	<b>\$ (121,131)</b>

See accompanying notes to the general purpose financial statements

Continued

**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non - GAAP  
 Budget Basis) - All Governmental Funds - Continued  
 Year Ended December 31, 2002

	Debt Service Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax			
Property and other taxes			
Intergovernmental			
Special assessments			
Charges for services			
Licenses and permits			
Fines and forfeitures			
Interest			
Rent			
Miscellaneous			
<b>Total Revenues</b>			
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property			
Public health and welfare			
Transportation			
Community environment			
Leisure time activities			
Capital outlay			
Debt service			
Principal payment	\$ 1,767,998	\$ 1,767,998	
Interest and fiscal charges	290,467	290,467	
<b>Total expenditures</b>	<b>2,058,465</b>	<b>2,058,465</b>	
<b>Excess of revenues under expenditures</b>	<b>(2,058,465)</b>	<b>(2,058,465)</b>	
<b>Other financing sources (uses)</b>			
Proceeds of notes			
Proceeds from the sale of assets			
Operating transfers - in	1,993,450	1,951,937	\$ (41,513)
Operating transfers - out			
<b>Total other sources (uses)</b>	<b>1,993,450</b>	<b>1,951,937</b>	<b>(41,513)</b>
<b>Excess of revenues and other financing sources under expenditures and other uses</b>	<b>(65,015)</b>	<b>(106,528)</b>	<b>(41,513)</b>
Fund balance at beginning of year, as restated see note 20.	65,015	65,015	
Prior year encumbrances appropriated			
<b>Fund balance at end of year</b>	<b>\$ 0</b>	<b>\$ (41,513)</b>	<b>\$ (41,513)</b>

See accompanying notes to the general purpose financial statements

Continued

**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non - GAAP  
 Budget Basis) - All Governmental Funds - Continued  
 Year Ended December 31, 2002

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax	\$ 1,182,000	\$ 1,177,359	\$ (4,641)
Property and other taxes	332,011	320,479	(11,532)
Intergovernmental	19,411	19,412	1
Special assessments			
Charges for services			
Licenses and permits			
Fines and forfeitures			
Interest	3,000	22,312	19,312
Rent			
Miscellaneous		10,275	10,275
<b>Total Revenues</b>	<b>1,536,422</b>	<b>1,549,837</b>	<b>13,415</b>
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property			
Public health and welfare			
Transportation			
Community environment			
Leisure time activities			
Capital outlay	2,026,849	2,156,648	(129,799)
Debt service			
Principal payment			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>2,026,849</b>	<b>2,156,648</b>	<b>(129,799)</b>
<b>Excess of revenues under expenditures</b>	<b>(490,427)</b>	<b>(606,811)</b>	<b>(116,384)</b>
<b>Other financing sources (uses)</b>			
Proceeds of notes	1,400,000	1,400,000	
Proceeds from the sale of assets	492,000	420,086	(71,914)
Operating transfers - in	201,000	419,174	218,174
Operating transfers - out	(1,812,974)	(1,765,832)	47,142
<b>Total other sources (uses)</b>	<b>280,026</b>	<b>473,428</b>	<b>193,402</b>
<b>Excess of revenues and other financing sources under expenditures and other uses</b>	<b>(210,401)</b>	<b>(133,383)</b>	<b>77,018</b>
Fund balance at beginning of year, as restated see note 20.	781,444	781,444	
Prior year encumbrances appropriated	374,142	374,142	
<b>Fund balance at end of year</b>	<b>\$ 945,185</b>	<b>\$ 1,022,203</b>	<b>\$ 77,018</b>

See accompanying notes to the general purpose financial statements

Continued



**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Non - GAAP  
 Budget Basis) - All Governmental Funds - Continued  
 Year Ended December 31, 2002

	Totals - Memorandum Only		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax	\$ 4,717,000	\$ 4,560,323	\$ (156,677)
Property and other taxes	4,044,767	4,167,328	122,561
Intergovernmental	2,401,403	2,465,154	63,751
Special assessments	205,000	229,563	24,563
Charges for services	553,500	456,276	(97,224)
Licenses and permits	369,820	413,662	43,842
Fines and forfeitures	155,000	80,793	(74,207)
Interest	100,500	90,590	(9,910)
Rent	11,500	10,859	(641)
Miscellaneous	67,364	51,938	(15,426)
<b>Total Revenues</b>	<b>12,625,854</b>	<b>12,526,486</b>	<b>(99,368)</b>
<b>Expenditures</b>			
Current:			
General government	2,960,904	1,747,908	1,212,996
Security of persons and property	5,687,071	5,659,023	28,048
Public health and welfare	64,000	58,352	5,648
Transportation	852,833	810,845	41,988
Community environment	1,651,496	1,611,112	40,384
Leisure time activities	912,818	765,434	147,384
Capital outlay	2,026,849	2,156,648	(129,799)
Debt service			
Principal payment	1,767,998	1,767,998	
Interest and fiscal charges	290,467	290,467	
<b>Total expenditures</b>	<b>16,214,436</b>	<b>14,867,787</b>	<b>1,346,649</b>
<b>Excess of revenues under expenditures</b>	<b>(3,588,582)</b>	<b>(2,341,301)</b>	<b>1,247,281</b>
<b>Other financing sources (uses)</b>			
Proceeds of notes	1,400,000	1,400,000	
Proceeds from the sale of assets	492,000	420,086	(71,914)
Operating transfers - in	2,703,146	2,896,744	193,598
Operating transfers - out	(3,126,930)	(2,896,744)	230,186
<b>Total other sources (uses)</b>	<b>1,468,216</b>	<b>1,820,086</b>	<b>351,870</b>
<b>Excess of revenues and other financing sources under expenditures and other uses</b>	<b>(2,120,366)</b>	<b>(521,215)</b>	<b>1,599,151</b>
Fund balance at beginning of year, as restated see note 20.	3,361,288	3,361,288	
Prior year encumbrances appropriated	642,819	642,819	
<b>Fund balance at end of year</b>	<b>\$ 1,883,741</b>	<b>\$ 3,482,892</b>	<b>\$ 1,599,151</b>

*See accompanying notes to the general purpose financial statements*

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**City of Fairview Park, Ohio**  
 Combined Statement of Revenues, Expenses  
 and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Year Ended December 31, 2002

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Charges for Services	\$ 1,958,488	\$ 1,055,589	\$ 3,014,077
Other Operating Revenues	<u>3,327</u>	<u>7,087</u>	<u>10,414</u>
Total Operating Revenues	1,961,815	1,062,676	3,024,491
Operating Expenses:			
Personal Services	\$ 502,816	\$ 5,162	\$ 507,978
Contractual Services	1,091,037	974,992	2,066,029
Materials and Supplies	23,922	0	23,922
Other Operating Expenses	66,032	0	66,032
Depreciation	<u>91,957</u>	<u>0</u>	<u>91,957</u>
Total Operating Expenses	<u>1,775,764</u>	<u>980,154</u>	<u>2,755,918</u>
Operating Income (Loss)	186,051	82,522	268,573
Non-Operating Revenues (Expenses):			
Interest Income	\$ 34,787	0	\$ 34,787
Interest and Fiscal Charges	(40,250)	0	(40,250)
Loss in equity in joint venture	<u>(174,751)</u>	<u>0</u>	<u>(174,751)</u>
Total Non-Operating Revenues (Expenses)	<u>(180,214)</u>	<u>0</u>	<u>(180,214)</u>
Net Income (Loss)	5,837	82,522	88,359
Depreciation on Fixed Assets Acquired by Contributed Capital	68,975	0	68,975
Retained Earnings at Beginning of Year	<u>854,158</u>	<u>19,474</u>	<u>873,632</u>
Retained Earnings at End of Year	928,970	101,996	1,030,966
Contributed Capital at Beginning of Year	7,716,974	0	7,716,974
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>(68,975)</u>	<u>0</u>	<u>(68,975)</u>
Contributed Capital at End of Year	<u>7,647,999</u>	<u>0</u>	<u>7,647,999</u>
Total Fund Equity at End of Year	<u>\$ 8,576,969</u>	<u>\$ 101,996</u>	<u>\$ 8,678,965</u>

See accompanying notes to the general purpose financial statements

**City of Fairview Park, Ohio**  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the year ended December 31, 2002

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,014,666	\$ 0	\$ 2,014,666
Cash received from quasi-external transactions with other funds	0	1,055,589	1,055,589
Cash payments for employee service and benefits	(494,365)	(8,907)	(503,272)
Cash payments to goods and services	(1,285,661)	(950,337)	(2,235,998)
Other operating revenues	<u>3,327</u>	<u>7,087</u>	<u>10,414</u>
Net Cash Provided by Operating Activities	\$ 237,967	\$ 103,432	\$ 341,399
Cash Flows from Investing Activities:			
Interest income	<u>\$ 34,787</u>	<u>\$ 0</u>	<u>\$ 34,787</u>
Net Cash Provided by Investing Activities	\$ 34,787	\$ 0	\$ 34,787
Cash Flows from Capital and Related Financing Activities:			
Principal paid on OPWC loans	\$ (36,134)	\$ 0	\$ (36,134)
Principal paid on intergovernmental payable	(65,916)	0	(65,916)
Principal paid on bonds	(115,000)	0	(115,000)
Interest paid on bonds, notes and loans	<u>(40,250)</u>	<u>0</u>	<u>(40,250)</u>
Net Cash Used for Capital and Related Financing Activities	\$ (257,300)	\$ 0	\$ (257,300)
Net Increase (Decrease) in Cash and Cash Equivalents	15,454	103,432	118,886
Cash and Cash Equivalents at Beginning of Year	<u>2,448,598</u>	<u>72,840</u>	<u>2,521,438</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,464,052</u>	<u>\$ 176,272</u>	<u>\$ 2,640,324</u>

**City of Fairview Park, Ohio**  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types - (Continued)  
 For the year ended December 31, 2002

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 186,051	\$ 82,522	\$ 268,573
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	91,957	0	91,957
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	56,178	0	56,178
(Increase) decrease in inventory	(104)	0	(104)
Increase (decrease) in contracts payable	34,451	(3,163)	31,288
Increase (decrease) in accrued wages	3,050	0	3,050
Increase (decrease) in compensated absences	4,292	0	4,292
Increase (decrease) in intergovernmental payable	(140,173)	0	(140,173)
Increase (decrease) in pension obligation payable	2,265	0	2,265
Increase (decrease) in claims payable	0	24,073	24,073
Total Adjustments	<u>(40,041)</u>	<u>20,910</u>	<u>(19,131)</u>
Net Cash Provided by Operating Activities	\$ <u>237,967</u>	\$ <u>103,432</u>	\$ <u>341,399</u>

*See accompanying notes to the general purpose financial statements.*

*City of Fairview Park, Ohio*  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 1 - Reporting Entity and Basis of Presentation**

The City of Fairview Park (the City) is a home rule municipal corporation established under the laws of the State of Ohio, which operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1959.

The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes. As the chief conservator of the peace, she oversees the enforcement of all laws and ordinances. She also appoints all department heads, subject to the approval of Council, and executes all contracts, conveyances, and evidences of indebtedness of the City.

Legislative authority is vested in a seven-member council with five members elected by ward and two members elected at large for two-year staggered terms. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes.

*A. Reporting Entity*

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Fairview Park and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

The primary government comprises all activities and services which are not legally separate for the City. The City provides various services including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), sewers, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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 or the City is obligated for the debt of 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. Currently, the City has no component units.

The Rocky River Wastewater Treatment Plant is a joint venture among the cities of Fairview Park, Bay Village, Rocky River and Westlake. The plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the plant's operation. The City has an explicit and measurable equity interest in the Rocky River Wastewater Treatment Plant. There exists a residual interest in the assets upon venture's liabilities (See Note 16).

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 1 - Reporting Entity and Basis of Presentation (continued)**

*A. Reporting Entity (continued)*

The City is associated with the Westshore Council of Governments and Tri-City Park, which are identified as jointly governed organizations. These organizations are presented in Note 17 to the general purpose financial statements.

*B. Basis of Presentation - Fund Accounting*

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

A fund is defined as a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

*Governmental Fund Types* - Governmental funds are those through which most City functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

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

*Special Revenue Funds* - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

*Debt Service Fund* - This fund is used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal and interest and related costs.

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

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 1 - Reporting Entity and Basis of Presentation (continued)**

*B. Basis of Presentation - Fund Accounting (continued)*

*Proprietary Fund Types* - Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

*Enterprise Funds* - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been 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* - This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

*Fiduciary Fund Type* - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City only utilizes the agency fund type.

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

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

*General Fixed Assets Account Group* - The general fixed assets account group is used to account for all fixed assets of the City other than those accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* - The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the City that is not a specific liability of the proprietary funds.

**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 principals (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.



**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

*A. Measurement Focus and Basis of Accounting*

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

All proprietary fund types 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. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is utilized for reporting purposes by the governmental and agency funds. The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, including income taxes, estate taxes, motel-hotel taxes, property taxes, estate taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes, estate taxes, and motel-hotel taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from the non-exchange transactions must also be available before it can be recognized.

*City of Fairview Park, Ohio*  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

**Deferred Revenue** – Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforcement legal claim as of December 31, 2002, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

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

*B. Budgetary Data*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Even though annual budgets are legally adopted, proprietary budgetary statements have not been presented since they are not required under GAAP.

All disbursements require appropriation authority. The legal level of budgetary control is at the fund level with the exception of the General Fund, which is at the department level. Any budgetary modifications at this level may only be made by resolution of the City Council.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

*B. Budgetary Data (continued)*

Advances in and Advances out are not required to be budgeted, since they represent a temporary cash advance and are intended to be repaid.

*Tax Budget* - During the first Council meeting in July, the City Finance Director presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

*Estimated Resources* - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized property taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

*Appropriations* - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund level with the exception of the General Fund, which is at the department level. The appropriation ordinance may be amended during the year as new information becomes available. Total fund appropriations may not exceed current estimated resources as certified. The allocation of appropriations among departments within a fund, with the exception of the General Fund, may be modified during the year by Management. Appropriations among departments within the General Fund may be modified during the year only by ordinance of Council. During the year, several supplemental appropriation measures were passed. However, none were significant in amount. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

*Encumbrances* - Encumbrances outstanding at year end represent the estimated amount of expenditures that will ultimately result if unperformed contracts in process (for example, purchase orders and contracted services) are completed. On a GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent year expenditures in the governmental funds and reported in the notes to the general purpose financial statements for proprietary funds.

*Lapsing of Appropriations* - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

***City of Fairview Park, Ohio***  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

*C. Cash and Cash Equivalents*

Cash received by the City is deposited into several bank accounts. Monies from all funds, including the proprietary funds, are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the City's records.

The City has invested funds in the State Treasurer's Asset Reserve of Ohio (STAROhio) during the fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price of the investment could be sold for on December 31, 2002.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less are considered to be cash equivalents. Interest earnings accrue to the general fund except that relate to certain special revenue, capital projects and enterprise funds.

Interest revenue credited to the General Fund during 2002 amounted to \$68,881, which includes interest assigned from other City funds.

*D. Inventory*

Inventories of governmental funds are stated at cost while the inventories of the proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

*E. Investment in Joint Venture*

The investment in the joint venture is reported using the equity method of accounting.

*F. Prepaid Items*

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

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

*G. Interfund Assets and Liabilities*

Receivables and payables resulting from transactions between funds for services provided or goods received and agency fund assets due to operating funds are classified as "due from other funds" or "due to other funds" on the balance sheet. For 2002, there were no such transactions. Short-term interfund loans are classified as "interfund receivables/payables."

*H. Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in proprietary funds are capitalized in the specific funds.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The City maintains a capitalization policy of \$1,000.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, vehicles, and sewer lines in the proprietary fund types is computed using the straight-line method over an estimated useful life. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets. The estimated useful lives are as follows:

Equipment	3-25 years
Vehicles	3-25 years
Building Improvements	40 years
Sewer Lines	40 years

*I. 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 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 resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

*I. Accrued Liabilities and Long-Term Obligations (continued)*

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

*J. Compensated Absences*

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based upon sick leave accumulated at December 31, 2002 for those employees who the City has identified as probable to receive termination benefit payments in the future.

For governmental funds, 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 "compensated absences payable" 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 proprietary funds, the entire amount of compensated absences is reported as a fund liability.

*K. Fund Equity*

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures including amounts that are legally segregated for a specific future use. Fund balances are reserved for inventories, prepaid items, encumbrances and budget stabilization.

*L. Interfund Transactions*

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 2 - Summary of Significant Accounting Policies (continued)**

*M. Estimates*

The preparations 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 could differ from those estimates.

*N. Total - Memorandum Only Columns*

The total columns on the general purpose financial statements are captioned "Totals (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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balance/retained earnings 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, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budget Basis) - All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute.

The major differences between the budget basis and the GAAP basis (Generally Accepted Accounting Principles) are:

1. Revenues are recorded when received in cash (Budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Proceeds and principal payments on short-term note obligations are reported on the operating statement (budget) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis:

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 3 - Budgetary Basis of Accounting (continued)**

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Uses -  
All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (252,094)	\$ (29,042)	\$ (106,528)	\$ 108,658
Net Adjustment for Revenue Accruals	88,407	(39,377)	-	21,549
Net Adjustment for Expenditure Accruals	139,859	(42,545)	-	(44,967)
Encumbrances	<u>(87,743)</u>	<u>(58,769)</u>	<u>-</u>	<u>(218,623)</u>
Budget Basis	<u>\$ (111,571)</u>	<u>\$ (169,733)</u>	<u>\$ (106,528)</u>	<u>\$ (133,383)</u>

**Note 4 - Accountability and Compliance**

*A. Fund Deficits*

The following funds had deficit fund balances as of December 31, 2002:

<i>Special Revenue Funds</i>	
State Grants	(4,513)
<i>Capital Projects Funds</i>	
Lorain Road Revitalization	(465,685)
<i>Debt Service</i>	(91,812)

The State Grants Special Revenue fund resulted from the recognition of liabilities for advances made during the year. The General Fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur.

The deficits in the Capital Projects Lorain Road Revitalization fund and the Debt Service fund resulted from the conversion to generally accepted accounting principles. Management is analyzing this situation to determine the appropriate steps to eliminate the deficits.

*B. Compliance*

The City did not properly encumber a significant portion of expenditures contrary to Ohio Revised Code Section 5705.41 (D).

Section 5705.41 (D), Revised Code, requires that encumbrances be charged against proper appropriations. Section 5705.41 (B), Revised Code, prohibits the City from making expenditure unless it has been properly appropriated. The following funds were found to have expenditures plus encumbrances in excess of



***City of Fairview Park, Ohio***  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 4 - Accountability and Compliance (continued)**

appropriations: Recreation Fund, Recreation Construction Fund, Street Lighting Fund, Bain Park Restoration Fund and the Capital Projects Fund. In addition, the following General Fund legal level of control line items were found to have expenditures plus encumbrances in excess of appropriations: Fire Department, Planning Department, Building Department, Board of Appeals, Service Director, and Legislative. Also, during the year the following funds/department levels were found to have expenditures plus encumbrances exceeding appropriations at October 31, 2002: General Fund - Civil Service and the Capital Projects fund.

Section 5705.36, Revised Code, requires the City to certify to the county budget commission the total amount of resources available for expenditure plus any unencumbered balances that existed at the end of the preceding year. The City failed to certify the estimated resources of the Recreation Construction fund as required.

Section 5705.10, Revised Code, provides that money paid into any fund shall be used only for the purpose for which the fund was established. At year-end, the Debt Service fund had a deficit cash balance, indicating that this fund was used to pay obligations of other funds.

Section 5705.41 (A), Revised Code, prohibits the City from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund. The State Grants fund was found to have appropriations in excess of the amount certified as available by the county budget commission.

**Note 5 - Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 5 - Deposits and Investments (continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

As well as the above six statutory requirements, the City's investment policy of November 20, 1989, states that the City may invest in the following categories:

1. Commercial paper note issues of United States corporations having assets that exceed \$500 million. Such notes are to be rated "prime" (P-1) by Moody's Investor's Service and (A-1) by Standard & Poor's and must mature no later than 180 days after the date of purchase by the City; and;
2. Bankers acceptances from members of the Federal Deposit Insurance Corporation which are eligible for purchase by the Federal Reserve System and which mature no later than 180 days after the date of purchase by the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 5 - Deposits and Investments (continued)**

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

During 2002, investments were limited to repurchase agreements, commercial paper and STAROhio. Commercial paper investments are stated at amortized cost and have a remaining maturity at the time of purchase of one year or less.

GASB Statement 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

*Deposits* - At year-end, the carrying amount of the City's deposits was \$27,777 and the bank balance was \$85,738, all of which was covered by federal depository insurance.

*Investments* - Investments are classified under the guidelines of GASB Statement No. 3 into three categories, Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

	Amortized Cost	Fair Value
STAR Ohio	<u>\$ 6,550,510</u>	<u>\$ 6,550,510</u>
Total Investments	<u>\$ 6,550,510</u>	<u>\$ 6,550,510</u>

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

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

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

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 5 - Deposits and Investments (continued)**

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$6,578,287	0
STAR Ohio	<u>(6,550,510)</u>	<u>6,550,510</u>
GASB Statement No. 3	<u>\$ 27,777</u>	<u>\$ 6,550,510</u>

**Note 6 - Taxes**

A. *Property Taxes*

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied by October 1 in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1997. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, payment is due December 31 with the remainder payable by June 20, unless extended.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fairview Park. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable at December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the availability period are not subject to reasonable estimate at December 31, 2002 nor are they intended to finance 2002 operations. The receivable is, therefore, offset by deferred revenue.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 6 – Taxes (continued)**

*A. Property Taxes (continued)*

The full tax rate for all City operations for the year ended December 31, 2002 was \$11.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based was as follows:

Real Property	\$356,530,290
Public Utility Personal Property	6,690,510
Tangible Personal Property	<u>11,237,049</u>
Total Assessed Value	<u>\$374,457,849</u>

*B. Income Taxes*

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 75 percent of the tax paid to another municipality to a maximum of the total amount assessed with a limit to the credit of 1.25 percent.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**Note 7- Fixed Assets**

A summary of the enterprise funds' fixed assets at December 31, 2002 as follows:

Equipment	\$ 80,093
Sewer Lines	<u>3,403,257</u>
Total Fixed Assets	3,483,350
Less Accumulated Depreciation	<u>(1,039,984)</u>
Net Fixed Assets	<u>\$ 2,443,366</u>

A summary of changes in general fixed assets during 2002 follows:

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 7- Fixed Assets (continued)**

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2002</u>
Land	\$ 3,105,332	\$ 340,000	\$ (3,170,130)	\$ 275,202
Buildings	3,774,558	0	0	3,774,558
Equipment - Vehicles, furniture	<u>5,280,113</u>	<u>74,147</u>	<u>0</u>	<u>5,354,260</u>
Total	<u>\$ 12,160,003</u>	<u>\$ 414,147</u>	<u>\$ (3,170,130)</u>	<u>\$ 9,404,020</u>

**Note 8 - Contingencies**

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

**Note 9 - Receivables**

Receivables at December 31, 2002 primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues and special assessments. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 9 – Receivables (continued)**

<u>Intergovernmental Receivables</u>	<u>Amount</u>
<b>General Fund:</b>	
Court fines	\$ 2,912
Gasoline tax	47,166
Local government	185,859
Estate taxes	<u>175,498</u>
<i>Total General Fund</i>	<u>\$ 411,435</u>
 <b>Special Revenue Funds:</b>	
Street Construction Maintenance and Repair	
Perm tax	\$ 15,794
State/Local highway	13,481
Gasoline tax	137,079
State Highway	
Perm Tax	2,374
Gasoline tax	10,821
Recreation	
Gasoline tax	22,312
Fire Operating Levy	
Local government	18,540
POPAS Fund	
Fines and Forfeitures	4,759
Police and Fire Pension Fund	
Local government	13,388
DUI Education	
Fines and Forfeitures	<u>378</u>
<i>Total Special Revenue Funds</i>	<u>\$ 238,926</u>
 <b>Capital Projects Funds:</b>	
Permanent Improvement	
Local government	<u>19,411</u>
<b>Total</b>	<u>\$ 669,772</u>

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 10- Risk Management**

The City of Fairview Park is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

During 2002, the City contracted for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Reliance	Boilers and Machinery	\$1,000
Reliance	Comprehensive Auto	1,000
Reliance	Property and Equipment/Inland Marine	1,000 for Property 250 for Equipment
Reliance	General Liability	5,000
Reliance	Law Enforcement	10,000
Reliance	Public Officials	0
Reliance	Ambulance/Fire Errors and Omissions	0
Guarantee National	Umbrella	0

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

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last five years.

Starting in December of 2001 the City is providing employee medical prescription, dental, and vision benefits through a minimum premium self-insurance program. All funds in the City participate in the program and make payments to the medical self-insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Stop loss coverage is provided by Medical Mutual Service Inc. for all claims made in excess of \$50,000 for each person covered by the City's health insurance plan and total claims in excess of 110% of projected claims liability. The City utilized a third party administrator, Medical Mutual of Ohio, to review and pay claims; the City then reimburses the administrator. During 2002, a total of \$950,337 was paid in benefits and administration costs. Through April 30, 2003, \$69,564 was paid in claims pertaining to 2002.

The claims liability of \$69,564 reported in the Fund at December 31, 2002, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information is obtained prior to the issuance of the financial statements and the claims that have been incurred but not reported. Changes in the fund's claims liability amount for the last two years follow:

	Balance	Current Year	Claim	Balance at
	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2001	\$ -	64,024	(18,533)	45,491
2002	\$ 45,491	974,410	(950,337)	69,564



**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 11 - Long-Term Obligations**

Changes in the long-term obligations of the City during 2002 were as follows:

	<u>Outstanding</u> <u>12/31/01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/02</u>
<i>General Long-Term Debt Account Group:</i>				
Various Purpose General Obligation Bonds Payable 3.7%-5.3%	\$ 3,850,000	0	\$ 195,000	\$ 3,655,000
Lorain Road Revitalization-2004	1,767,500	1,400,000	1,400,000	1,767,500
Year 2002 Loan	172,998	0	172,998	0
Capital Lease Payable	190,072	0	25,128	164,944
Compensated Absences	1,400,775	141,299	0	1,542,074
Pension Obligation	<u>314,295</u>	<u>323,882</u>	<u>314,295</u>	<u>323,882</u>
Total General Long-Term Obligations	<u>7,695,640</u>	<u>1,865,181</u>	<u>2,107,421</u>	<u>7,453,400</u>
<i>Enterprise Fund Obligations:</i>				
Capital Charges Agreement	251,149	0	135,342	115,807
1998 OPWC Sanitary Sewer - 0% interest	479,201	0	36,134	443,067
1986 7.00% Sanitary Sewer Improvement General Obligation Bonds	<u>575,000</u>	<u>0</u>	<u>115,000</u>	<u>460,000</u>
GRAND TOTAL	<u>\$ 9,000,990</u>	<u>\$ 1,865,181</u>	<u>\$ 2,393,897</u>	<u>\$ 8,472,274</u>

The activity of the compensated absences are netted for practical purposes. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. Long-term pension obligations will be paid from the fund from which the employees' salaries are paid. Enterprise general obligation bonds and Ohio Public Works Commission loans will be paid from user charges.

The Various Purpose General obligation bonds will be paid from the General Bond Retirement Debt Service fund using transfers from other funds. The proceeds of the bonds were used to refund the general obligation bond anticipation notes used to improve and expand the City's park and recreational facilities, construct the senior center, acquire equipment and vehicles and pay the unfunded pension liability. They are being paid using transfers-out of the Police and Fire Pension Special Revenue fund, the Recreation Special Revenue Fund, the Permanent Improvement Capital Projects Fund and the Lorain Road Revitalization Capital Projects fund.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 11 - Long-Term Obligations (continued)**

The City is a member of Rocky River Waste Water Treatment Plant Joint Venture and is obligated for one-fourth of its debt. The debt is not in the name of Fairview Park. The City is required to pay \$5,992 per month for the next 229 months for debt issued for the Joint Venture.

The City's overall legal debt margin was \$33,895,574 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002 are as follows:

Year Ended	Sewer General Obligation Bonds	General Obligation Bonds	OPWC Loans
2003	\$ 147,200	\$ 381,562	\$ 36,134
2004	139,150	383,470	36,134
2005	131,100	379,860	36,134
2006	123,050	340,830	36,134
2007	0	342,910	36,134
2008-2012	0	1,616,310	180,672
2013-2017	0	1,468,231	81,725
2018-2022	<u>0</u>	<u>880,204</u>	<u>0</u>
Total	<u>\$ 540,500</u>	<u>\$ 5,793,377</u>	<u>\$ 443,067</u>

**Note 12 - Other Employee Benefits**

*Compensated Absences*

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department and only with the Mayor's approval. The carry over vacation must be taken by February 28 of the following year. Sick leave accrual is continuous, without limit. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, an employee can be paid for one half of their accumulated hours of sick leave up to 960 hours, except fire department employees, who are paid for one half of their accumulated sick leave up to 1,196 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not used.

As of December 31, 2002, the liability for unpaid compensated absences was \$1,751,824 for the entire City.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 13 - Defined Benefit Pension Plans**

*A. Public Employees Retirement System of Ohio (OPERS)*

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. OPERS 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. OPERS issues a stand-alone financial report which may be obtained by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for the City was 13.55% of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$ 413,766, \$ 356,312, and \$ 313,099, respectively. The full amount has been contributed for 2001 and 2000. 74.1 percent has been contributed for 2002 with the remainder being reported as a liability in the General Long-Term Debt Account Group.

*B. Police and Firemen's Disability and Pension*

The City of Fairview Park 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.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations, while the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters to fund pension obligations. Contributions are authorized by State statute. The City's contributions to OP&F for police and firefighters were \$327,033 and \$402,565, respectively, for the year ended December 31, 2002, \$306,358 and \$393,439 for 2001 and \$188,929 and \$257,284 for 2000. The full amount has been contributed for 2001 and 2000. 76.01 and 75.02 percent respectively, have been contributed for 2002 with the remainder being reported as a liability within the General Long-Term Obligations Account Group.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 14 - Postemployment Benefits**

A. *Ohio Public Employees Retirement System (OPERS)*

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 No. 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. The 2002 employer contribution rate was 13.55% of covered payroll of which 5% was the portion used to fund health care for the year.

An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. Significant actuarial assumptions, based on the System's latest Actuarial Review performed as of December 31, 2001, include a rate of return on investments of 8%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and annual pay increases, over and above the 4.00% base increase, ranging from 0.50% and 6.30%. Health care costs were assumed to increase 4.00% annually.

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

OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041 as of December 31, 2001. The contribution rates stated above are the actuarially determined contribution requirements for OPERS. The City's actual contributions for 2002, which were used to fund post-employment benefits were \$152,680. \$11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

***City of Fairview Park, Ohio***  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 14 - Postemployment Benefits (continued)**

*B. Ohio Police and Firemen's Pension Fund*

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement 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% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provided statutory authority allowing OP&F'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 7.5% and 7.75% 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 City's actual contributions for 2002 that were used to fund postemployment benefits were \$129,832 for Police and \$130,028 for Firefighters. OP&F's total health care expense for the year ended 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. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, are 13,174 for Police and 10,239 for Firefighters.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 15 - Segment Information**

The City maintains two enterprise funds to account for its sewer and recreation operations. Segment information for these operations for the year ended December 31, 2002 is as follows:

	<u>Sanitary Sewer</u>	<u>Gilles-Sweet</u>	<u>Total</u>
Operating revenues	\$1,961,789	26	\$1,961,815
Operating expenses			
before depreciation	1,683,807	0	1,683,807
Depreciation expense	91,957	0	91,957
Operating income/(loss)	186,025	26	186,051
Non-operating revenues			
(expenses)	(180,214)	0	(180,214)
Net income	5,811	26	5,837
Net working capital	2,470,969	10,274	2,481,243
Total assets	9,747,862	10,274	9,758,136
Long-term debt	903,067	0	903,067
Total equity/(deficit)	8,566,695	10,274	8,576,969

**Note 16 - Joint Venture - Rocky River Wastewater Treatment Plant**

The Rocky River Wastewater Treatment Plant (the "Plant") is a joint venture among the cities of Fairview Park, Bay Village, Rocky River and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the Plant's operations. The Plant supplies all participating residents of the member cities with sewer services. Each city owns the sewage liens located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City has an equity interest in the Plant. The City's equity interest is \$4,671,234, which represents 17.19 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden on the City. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard Ave., Rocky River, Ohio 44116.

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 17 - Jointly Governed Organizations**

A. *Westshore Council of Governments*

The Westshore Council of Governments (the "Council") is comprised the Cities of Bay Village, Fairview Park, Lakewood, North Olmsted, Rocky River and Westlake. The Council helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board.

In 2002, the City contributed \$35,078 to the Council, which represented 10.5 percent of total contributions. The Council has established two subsidiary organizations, the Westshore Hazardous Materials Committee ("HAZMAT") which provides hazardous material protection and assistance, and the Westshore Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. Complete financial statements can be obtained from the City of Rocky River, P.O. Box 16088, Rocky River, Ohio 44146-0088.

B. *Tri-City Park*

The Tri-City Park (the "Park") provides a recreational park to the cities of Rocky River, Westlake and Fairview Park. The Park is governed by a board consisting of the elected mayors of the three cities. The board exercises total control over the operation of the Park including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. In 2002 the City contributed \$1,000 to the Park. Complete financial statements can be obtained from the City of Westlake, 27216 Hilliard Road, Westlake, Ohio 44145.

**Note 18 – Subsequent Event**

In February 2003, the City entered into a capital charges agreement with the City of North Olmsted, whereby Fairview Park will pay \$1,135,648 in semi-annual installments through December 1, 2016. This agreement was initiated since a portion of the sewer improvements made by the City of North Olmsted benefit certain residents of Fairview Park.

**Note 19 - Capital Lease**

The City has entered into a lease agreement for financing the acquisition of capital equipment. This lease qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

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

**City of Fairview Park, Ohio**  
Notes to the General Purpose Financial Statements  
For The Year Ended December 31, 2002

**Note 19 - Capital Lease (continued)**

<u>Year</u>	<u>General long- Term debt</u>
2003	\$ 32,521
2004	32,521
2005	32,521
2006	32,521
2007	32,521
2008	<u>27,101</u>
Total minimum lease payment	189,706
Less: Amount representing interest	<u>(24,762)</u>
Present value of future minimum lease payments	<u>\$ 164,944</u>

**Note 20 – Restatement of Fund Balance**

An addition error in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budget Basis) – Special Revenue Funds, caused a misstatement in the ending fund balance total column. The correct ending balance for December 31, 2001 is as follows:

	<u>Special Revenue Fund</u>
As stated 12/31/01	\$767,393
Adjustment:	<u>7,794</u>
As restated 1/1/02	<u>\$759,597</u>

**Note 21 – Interfund Balances**

The following is a summary of interfund receivables and payables for all funds for 2002:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$515,613	\$0
Special Revenue Fund		
Police & Fire Pension	\$5,299	\$0
State Grants	\$0	\$6,100
Capital Projects		
Senior Center Construction	\$45,000	\$0
Lorain Road Revitalization	\$0	\$468,000
Debt Service	<u>\$0</u>	<u>\$91,812</u>
Totals	<u>\$565,912</u>	<u>\$565,912</u>



**COMBINING,  
INDIVIDUAL FUND  
AND  
ACCOUNT GROUP  
STATEMENTS AND SCHEDULES**

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*City of Fairview Park, Ohio*

**General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources of the City, except for those required by law or contract to be accounted for in another fund. The following is the “Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non - GAAP Budget Basis),” as required by law for the level of appropriations as budgeted by the City.

**City of Fairview Park, Ohio**

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual (Non - GAAP Budget Basis) -  
General Fund

Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax	\$ 3,535,000	\$ 3,382,964	\$ (152,036)
Property and other taxes	2,861,456	2,993,306	131,850
Intergovernmental	1,881,734	1,951,308	69,574
Charges for services	6,500	12,107	5,607
Licenses and permits	161,320	209,718	48,398
Fines and forfeitures	152,000	78,439	(73,561)
Interest	90,000	64,405	(25,595)
Rent	11,500	10,859	(641)
Miscellaneous	51,500	29,067	(22,433)
<b>Total Revenues</b>	<b>8,751,010</b>	<b>8,732,173</b>	<b>(18,837)</b>
<b>Expenditures</b>			
Current:			
General government:			
Board of appeals	1,209	1,421	(212)
Mayors office	131,494	131,420	74
Service director	247,885	247,917	(32)
Finance department	346,689	333,509	13,180
Legal department	131,657	85,871	45,786
Engineering	34,058	34,039	19
Municipal land/building	345,510	314,218	31,292
Civil service	1,930	1,669	261
County & state fees	392,500	360,237	32,263
Legislative	91,865	92,188	(323)
Other administrative	1,236,107	139,992	1,096,115
<b>Total general government</b>	<b>2,960,904</b>	<b>1,742,481</b>	<b>1,218,423</b>
Security of persons and property:			
Police department	2,390,527	2,365,666	24,861
Traffic control	145,974	139,886	6,088
Fire department	1,584,992	1,627,381	(42,389)
<b>Total security of persons and property</b>	<b>4,121,493</b>	<b>4,132,933</b>	<b>(11,440)</b>

*City of Fairview Park, Ohio*

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual (Non - GAAP Budget Basis) -  
General Fund - Continued

	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Expenditures - Continued</b>			
Public health and welfare:			
Public health	64,000	58,352	5,648
<b>Total public health and welfare</b>	<b>64,000</b>	<b>58,352</b>	<b>5,648</b>
Transportation:			
Motor vehicle maintenance	340,526	340,163	363
<b>Total transportation</b>	<b>340,526</b>	<b>340,163</b>	<b>363</b>
Community environment			
Planning	6,200	7,315	(1,115)
Building department	253,577	254,864	(1,287)
Solid waste disposal	1,116,843	1,079,522	37,321
Senior life office	274,876	269,411	5,465
<b>Total community environment</b>	<b>1,651,496</b>	<b>1,611,112</b>	<b>40,384</b>
Leisure time activities:			
Parks	360,703	304,468	56,235
<b>Total leisure time activities</b>	<b>360,703</b>	<b>304,468</b>	<b>56,235</b>
<b>Total expenditures</b>	<b>9,499,122</b>	<b>8,189,509</b>	<b>1,309,613</b>
<b>Excess of revenues under expenditures</b>	<b>(748,112)</b>	<b>542,664</b>	<b>1,290,776</b>
<b>Other financing sources (uses)</b>			
Operating transfers - out	(1,048,236)	(654,235)	394,001
<b>Total other sources (uses)</b>	<b>(1,048,236)</b>	<b>(654,235)</b>	<b>394,001</b>
<b>Excess of revenues and other financing sources under expenditures and other uses</b>	<b>(1,796,348)</b>	<b>(111,571)</b>	<b>1,684,777</b>
Fund balance at beginning of year	1,755,232	1,755,232	
Prior Year Encumbrances Appropriated	109,059	109,059	
<b>Fund balance at end of year</b>	<b>\$ 67,943</b>	<b>\$ 1,752,720</b>	<b>\$ 1,684,777</b>

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*City of Fairview Park, Ohio*

**Special Revenue Funds**

**Street Construction Maintenance and Repair Fund**

To account for the receipts of restricted funds and expenditures use in the maintenance and repair of City streets.

**State Highway Fund**

To account for the receipt of restricted funds and expenditures use in the maintenance of state highways located in the City of Fairview Park.

**Recreation Fund**

To provide for the receipt of recreation funds from recreation programs and recreation millage and account for recreation expenditures.

**S.A.V.E. Fund**

Stop A Vandal Easily funded from general fund, to be used for reward for information in regards to solving crimes.

**Street Lighting Fund**

To account for the receipt of special assessment monies levied for the providing of street lighting of City roads.

**Fire Operating Levy**

To account for the receipt of millage collected to pay salaries and fringe benefits of the fire department.

**Federal Grants Fund**

To account for the receipt and expenditures of Federal Projects.

**State Grants Fund**

To account for the receipt and expenditures of State Projects.

*City of Fairview Park, Ohio*

**Special Revenue Funds - continued**

**Fairview Park Sidewalk**

To account for the transfer of general fund monies used in the improvement of City sidewalks.

**P.O.P.A.S. Fund**

To receipt funds received from traffic violations issued by Auxiliary Police and impound fees from motor vehicles. These funds are to be used for the purchases of police equipment.

**Civil Reimbursement Fund**

To account for revenue received from the Civil Service Department and to record expenses for civil service testing.

**Cable TV Franchise Fee Fund**

To account for revenue received from the cable franchises and record those expenses allowed by City Council.

**DARE Fund**

To account for donations and Federal Grants received and expenditures made for drug education.

**Bain Park Restoration Fund**

To receipt rental income and donations for funds used in Bain Cabin.

**Law Enforcement Trust**

To receipt funds seized in the commitment of a felony and awarded to the City of Fairview Park and to be used in purchases of capital equipment for use in the Police Department.



*City of Fairview Park, Ohio*

**Special Revenue Funds - continued**

**Police and Fire Pension Fund**

To account for receipt of millage collected for police & fire pensions and account for expenditures in regards to police and fire pensions.

**D.U. I. Education Fund**

To receipt funds received Federal Government, State of Ohio or Cuyahoga County to be used in D.U.I. education and equipment used in D.U.I. enforcement.

**Emergency Medical Systems**

To record fees charged for ambulance service and to record expenditures made for Fire Department equipment.

*City of Fairview Park, Ohio*

Combining Balance Sheet - Special Revenue Funds

December 31, 2002

	Street Construction Maintenance and Repair	State Highway	Recreation	SAVE
<b>Assets and other debits:</b>				
Cash and cash equivalents	\$ 10,265	\$ 38,894	\$ 117,616	\$ 400
Receivables (net of allowances for uncollectibles)				
Taxes			332,659	
Accounts Intergovernmental	166,354	13,195	22,312	
Special assessments				
Interfund receivable				
Materials and supplies inventory	2,729	7,939		
<b>Total assets</b>	<u>\$ 179,348</u>	<u>\$ 60,028</u>	<u>\$ 472,587</u>	<u>\$ 400</u>
<b>Liabilities:</b>				
Accounts payable	\$ 26,215		\$ 5,525	
Accrued wages and benefits			4,108	
Compensated absence payable	5,003		671	
Interfund payable				
Intergovernmental payable	13,822			
Deferred revenue			332,659	
<b>Total liabilities</b>	<u>45,040</u>		<u>342,963</u>	
<b>Fund Equity</b>				
Fund balances				
Reserved for encumbrances			\$ 28,920	
Reserved for inventory	\$ 2,729	\$ 7,939		
Unreserved - undesignated	131,579	52,089	100,704	\$ 400
<b>Total fund equity</b>	<u>134,308</u>	<u>60,028</u>	<u>129,624</u>	<u>400</u>
<b>Total liabilities and fund equity</b>	<u>\$ 179,348</u>	<u>\$ 60,028</u>	<u>\$ 472,587</u>	<u>\$ 400</u>

Street Lighting	Fire Operating Levy	Federal Grants	State Grants	Fairview Park Sidewalk	POPAS
\$ 236,055	\$ 1,754	\$ 1,456	\$ 1,587	\$ 4,924	\$ 33,349
	282,057				
	18,540				4,759
227,164					
<u>\$ 463,219</u>	<u>\$ 302,351</u>	<u>\$ 1,456</u>	<u>\$ 1,587</u>	<u>\$ 4,924</u>	<u>\$ 38,108</u>
\$ 30,431					\$ 295 1,096
			\$ 6,100		
<u>227,164</u>	<u>\$ 282,057</u>		<u>6,100</u>		<u>1,391</u>
257,595	282,057				
					\$ 1,060
\$ 205,624	\$ 20,294	\$ 1,456	\$ (4,513)	\$ 4,924	35,657
<u>205,624</u>	<u>20,294</u>	<u>1,456</u>	<u>(4,513)</u>	<u>4,924</u>	<u>36,717</u>
\$ 463,219	\$ 302,351	\$ 1,456	\$ 1,587	\$ 4,924	\$ 38,108

(Continued)

*City of Fairview Park, Ohio*

Combining Balance Sheet - Special Revenue Funds - (Continued)

December 31, 2002

	Civil Reimbursement	Cable TV Franchise Fee	DARE	Bain Park Restoration
<b>Assets and other debits:</b>				
Cash and cash equivalents	\$ 1,061	\$ 245,382	\$ 15,799	\$ 12,347
Receivables (net of allowances for uncollectibles)				
Taxes				
Accounts		36,362		
Intergovernmental				
Special assessments				
Interfund receivable				
Materials and supplies inventory				
<b>Total assets</b>	<u>\$ 1,061</u>	<u>\$ 281,744</u>	<u>\$ 15,799</u>	<u>\$ 12,347</u>
<b>Liabilities:</b>				
Accounts payable				\$ 198
Accrued wages and benefits				
Compensated absence payable				
Interfund payable				
Intergovernmental payable				
Deferred revenue				
<b>Total liabilities</b>				<u>198</u>
<b>Fund Equity</b>				
Fund balances				
Reserved for encumbrances				
Reserved for inventory				
Unreserved - undesignated	\$ 1,061	\$ 281,744	\$ 15,799	\$ 12,149
<b>Total fund equity</b>	<u>1,061</u>	<u>281,744</u>	<u>15,799</u>	<u>12,149</u>
<b>Total liabilities and fund equity</b>	<u>\$ 1,061</u>	<u>\$ 281,744</u>	<u>\$ 15,799</u>	<u>\$ 12,347</u>

Law Enforcement Trust	Police and Fire Pension	DUI Education	Emergency Medical Systems	Total
\$ 11,973	\$ 4,441	\$ 4,020	\$ 67,264	\$ 808,587
	199,669			814,385
	13,388	378		36,362
	5,299			238,926
				227,164
				5,299
				10,668
<u>\$ 11,973</u>	<u>\$ 222,797</u>	<u>\$ 4,398</u>	<u>\$ 67,264</u>	<u>\$ 2,141,391</u>
		\$ 264	\$ 255	\$ 63,183
			1,172	6,376
				5,674
				6,100
				13,822
	\$ 199,669			1,041,549
	<u>199,669</u>	<u>264</u>	<u>1,427</u>	<u>1,136,704</u>
			\$ 1,145	\$ 31,125
\$ 11,973	\$ 23,128	\$ 4,134		10,668
<u>11,973</u>	<u>23,128</u>	<u>4,134</u>	<u>64,692</u>	<u>962,894</u>
				1,004,687
<u>\$ 11,973</u>	<u>\$ 222,797</u>	<u>\$ 4,398</u>	<u>\$ 67,264</u>	<u>\$ 2,141,391</u>

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Special Revenue funds

For the Year Ended December 31, 2002

	Street Construction Maintenance and Repair	State Highway	Recreation	SAVE
<b>Revenues:</b>				
Property Taxes			\$ 352,376	
Intergovernmental	\$ 378,402	\$ 29,044	24,118	
Special assessments				
Interest			3,956	
Fines, licenses and permits	103,623	9,040		
Charges for services			157,924	
Miscellaneous			6,961	
<b>Total revenues</b>	482,025	38,084	545,335	
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Leisure time activities			\$ 428,944	
General government				
Transportation	\$ 426,230	\$ 390		
<b>Total expenditures</b>	426,230	390	428,944	
<b>Excess of revenue over (under) expenditures</b>	55,795	37,694	116,391	
<b>Other financing sources (uses):</b>				
Operating transfers in	\$ 16,000			
Operating transfers out			\$ (376,292)	
<b>Total other financing sources (uses)</b>	16,000		(376,292)	
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	71,795	37,694	(259,901)	
Fund balance at beginning of year	70,452	41,527	389,525	\$ 400
Increase (Decrease) in reserve for inventory	(7,939)	(19,193)		
<b>Fund balance at end of year</b>	\$ 134,308	\$ 60,028	\$ 129,624	\$ 400

Street Lighting	Fire Operating Levy	Federal Grants	State Grants	Fairview Park Sidewalk	POPAS
\$ 229,563	\$ 296,811 18,899		\$ 5,724		
					\$ 90,980
229,563	315,710		5,724		90,980
\$ 214,136	\$ 316,571				\$ 68,806
214,136	316,571				68,806
15,427	(861)		5,724		22,174
15,427	(861)		5,724		22,174
190,197	21,155	\$ 1,456	\$ (10,237)	\$ 4,924	14,543
\$ 205,624	\$ 20,294	\$ 1,456	\$ (4,513)	\$ 4,924	\$ 36,717

(Continued)

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Special Revenue funds - (Continued)

For the Year Ended December 31, 2002

	Civil Reimbursement	Cable TV Franchise Fee	DARE	Bain Park Restoration
<b>Revenues:</b>				
Property Taxes				
Intergovernmental			\$ 29,777	
Special assessments				
Interest		\$ 249		
Fines, licenses and permits		119,774		
Charges for services				
Miscellaneous	\$ 1,060			\$ 4,525
<b>Total revenues</b>	1,060	120,023	29,777	4,525
<b>Expenditures:</b>				
Current:				
Security of persons and property			\$ 13,979	
Leisure time activities				
General government				\$ 5,627
Transportation				
<b>Total expenditures</b>			13,979	5,627
<b>Excess of revenue over (under) expenditures</b>	1,060	120,023	15,798	(1,102)
<b>Other financing sources (uses):</b>				
Operating transfers in				
Operating transfers out		\$ (90,000)		
<b>Total other financing sources (uses)</b>		(90,000)		
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	1,060	30,023	15,798	(1,102)
Fund balance at beginning of year	1	251,721	1	13,251
Increase (Decrease) in reserve for inventory				
<b>Fund balance at end of year</b>	\$ 1,061	\$ 281,744	\$ 15,799	\$ 12,149



Law Enforcement Trust	Police and Fire Pension	DUI Education	Emergency Medical Systems	Total
	\$ 192,052			\$ 841,239
	33,844			519,808
				229,563
				4,205
\$ 419		\$ 2,120		234,976
			\$ 192,612	441,516
				12,546
419	225,896	2,120	192,612	2,283,853
\$ 5,975	\$ 723,458	\$ 4,363	\$ 153,372	\$ 1,500,660
				428,944
				5,627
				426,620
5,975	723,458	4,363	153,372	2,361,851
(5,556)	(497,562)	(2,243)	39,240	(77,998)
	\$ 509,633			525,633
	(10,385)			(476,677)
	499,248			48,956
(5,556)	1,686	(2,243)	39,240	(29,042)
17,529	21,442	6,377	26,597	1,060,861
				(27,132)
\$ 11,973	\$ 23,128	\$ 4,134	\$ 65,837	\$ 1,004,687

*City of Fairview Park, Ohio*

Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds  
Year Ended December 31, 2002

	Street Construction Maintenance and Repair		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Property and other taxes			
Intergovernmental	\$ 380,000	\$ 367,691	\$ (12,309)
Special assessments			
Licenses and permits	111,000	111,492	492
Fines and forfeitures			
Charges for services			
Interest			
Miscellaneous			
<b>Total Revenues</b>	491,000	479,183	(11,817)
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property			
Transportation	475,307	470,292	5,015
Leisure time activities			
<b>Total expenditures</b>	475,307	470,292	5,015
<b>Excess of revenues over/(under) expenditures</b>	15,693	8,891	(6,802)
<b>Other financing sources (uses)</b>			
Operating transfers - in		16,000	16,000
Operating transfers - out			
<b>Total other sources (uses)</b>		16,000	16,000
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	15,693	24,891	9,198
Fund balance at beginning of year, as restated see note 20.	(16,376)	(16,376)	
Prior year encumbrances appropriated	1,750	1,750	
<b>Fund balance at end of year</b>	\$ 1,067	\$ 10,265	\$ 9,198

State Highway		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$ 29,500	\$ 29,107	\$ (393)
7,500	9,040	1,540
<u>37,000</u>	<u>38,147</u>	<u>1,147</u>
37,000	390	36,610
<u>37,000</u>	<u>390</u>	<u>36,610</u>
	37,757	37,757
	37,757	37,757
1,137	1,137	
<u>1,137</u>	<u>38,894</u>	<u>37,757</u>

Recreation		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$ 350,000	\$ 352,376	\$ 2,376
24,450	22,312	(2,138)
147,000	157,924	10,924
7,500	3,873	(3,627)
10,864	6,961	(3,903)
<u>539,814</u>	<u>543,446</u>	<u>3,632</u>
552,115	460,966	91,149
<u>552,115</u>	<u>460,966</u>	<u>91,149</u>
(12,301)	82,480	94,781
(175,720)	(376,292)	(200,572)
<u>(175,720)</u>	<u>(376,292)</u>	<u>(200,572)</u>
(188,021)	(293,812)	(105,791)
252,879	252,879	
124,021	124,021	
<u>188,879</u>	<u>83,088</u>	<u>(105,791)</u>

Continued

*City of Fairview Park, Ohio*

Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds - Continued

	Police & Fire Pension		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Property and other taxes	\$ 204,300	\$ 204,356	\$ 56
Intergovernmental	17,372	20,456	3,084
Special assessments			
Licenses and permits			
Fines and forfeitures			
Charges for services			
Interest			
Miscellaneous			
<b>Total Revenues</b>	<b>221,672</b>	<b>224,812</b>	<b>3,140</b>
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property	725,206	723,458	1,748
Transportation			
Leisure time activities			
<b>Total expenditures</b>	<b>725,206</b>	<b>723,458</b>	<b>1,748</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>(503,534)</b>	<b>(498,646)</b>	<b>4,888</b>
<b>Other financing sources (uses)</b>			
Operating transfers - in	508,696	509,633	937
Operating transfers - out		(10,385)	(10,385)
<b>Total other sources (uses)</b>	<b>508,696</b>	<b>499,248</b>	<b>(9,448)</b>
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	<b>5,162</b>	<b>602</b>	<b>(4,560)</b>
Fund balance at beginning of year as restated see note 20.	3,839	3,839	
Prior year encumbrances appropriated			
<b>Fund balance at end of year</b>	<b>\$ 9,001</b>	<b>\$ 4,441</b>	<b>\$ (4,560)</b>

Save			Street Lighting		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
			\$ 205,000	\$ 229,563	\$ 24,563
			<u>205,000</u>	<u>229,563</u>	<u>24,563</u>
			229,285	234,559	(5,274)
			<u>229,285</u>	<u>234,559</u>	<u>(5,274)</u>
			(24,285)	(4,996)	19,289
			<u>(24,285)</u>	<u>(4,996)</u>	<u>19,289</u>
\$ 400	\$ 400		190,195	190,195	
			<u>29,285</u>	<u>29,285</u>	
<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 195,195</u>	<u>\$ 214,484</u>	<u>\$ 19,289</u>

Continued

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds - Continued

	Fire Operating Levy		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Property and other taxes	\$ 297,000	\$ 296,811	\$ (189)
Intergovernmental	19,936	19,367	(569)
Special assessments			
Licenses and permits			
Fines and forfeitures			
Charges for services			
Interest			
Miscellaneous			
<b>Total Revenues</b>	<b>316,936</b>	<b>316,178</b>	<b>(758)</b>
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property	317,000	316,571	429
Transportation			
Leisure time activities			
<b>Total expenditures</b>	<b>317,000</b>	<b>316,571</b>	<b>429</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>(64)</b>	<b>(393)</b>	<b>(329)</b>
<b>Other financing sources (uses)</b>			
Operating transfers - in			
Operating transfers - out			
<b>Total other sources (uses)</b>			
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	<b>(64)</b>	<b>(393)</b>	<b>(329)</b>
Fund balance at beginning of year, as restated see note 20.	2,147	2,147	
Prior year encumbrances appropriated			
<b>Fund balance at end of year</b>	<b>\$ 2,083</b>	<b>\$ 1,754</b>	<b>\$ (329)</b>

Federal Grants			State Grants		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
				\$ 5,724	\$ 5,724
				<u>5,724</u>	<u>5,724</u>
				<u>5,724</u>	<u>5,724</u>
				<u>5,724</u>	<u>5,724</u>
\$ 1,455	\$ 1,455		(4,137)	(4,137)	
<u>\$ 1,455</u>	<u>\$ 1,455</u>	<u>\$ 0</u>	<u>\$ (4,137)</u>	<u>\$ 1,587</u>	<u>\$ 5,724</u>

Continued

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds - Continued

	Fairview Park Sidewalk		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Property and other taxes			
Intergovernmental			
Special assessments			
Licenses and permits			
Fines and forfeitures			
Charges for services			
Interest			
Miscellaneous			
<b>Total Revenues</b>			
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property			
Transportation			
Leisure time activities			
<b>Total expenditures</b>			
<b>Excess of revenues over/(under) expenditures</b>			
<b>Other financing sources (uses)</b>			
Operating transfers - in			
Operating transfers - out			
<b>Total other sources (uses)</b>			
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>			
Fund balance at beginning of year, as restated see note 20.	\$ 4,924	\$ 4,924	
Prior year encumbrances appropriated			
<b>Fund balance at end of year</b>	<b>\$ 4,924</b>	<b>\$ 4,924</b>	<b>\$ 0</b>



Bain Park Restoration			Law Enforcement Trust		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
				\$ 419	\$ 419
\$ 5,000	\$ 4,575	\$ (425)			
<u>5,000</u>	<u>4,575</u>	<u>(425)</u>		<u>419</u>	<u>419</u>
	5,427	(5,427)	6,000	5,975	25
	<u>5,427</u>	<u>(5,427)</u>	<u>6,000</u>	<u>5,975</u>	<u>25</u>
<u>5,000</u>	<u>(852)</u>	<u>(5,852)</u>	<u>(6,000)</u>	<u>(5,556)</u>	<u>444</u>
5,000	(852)	(5,852)	(6,000)	(5,556)	444
13,199	13,199		17,529	17,529	
<u>\$ 18,199</u>	<u>\$ 12,347</u>	<u>\$ (5,852)</u>	<u>\$ 11,529</u>	<u>\$ 11,973</u>	<u>\$ 444</u>

Continued

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds - Continued

	DUI Education		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Property and other taxes			
Intergovernmental			
Special assessments			
Licenses and permits			
Fines and forfeitures	\$ 3,000	\$ 1,935	\$ (1,065)
Charges for services			
Interest			
Miscellaneous			
<b>Total Revenues</b>	<b>3,000</b>	<b>1,935</b>	<b>(1,065)</b>
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property	4,200	4,099	101
Transportation			
Leisure time activities			
<b>Total expenditures</b>	<b>4,200</b>	<b>4,099</b>	<b>101</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>(1,200)</b>	<b>(2,164)</b>	<b>(964)</b>
<b>Other financing sources (uses)</b>			
Operating transfers - in			
Operating transfers - out			
<b>Total other sources (uses)</b>			
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	<b>(1,200)</b>	<b>(2,164)</b>	<b>(964)</b>
Fund balance at beginning of year, as restated see note 20.	6,184	6,184	
Prior year encumbrances appropriated			
<b>Fund balance at end of year</b>	<b>\$ 4,984</b>	<b>\$ 4,020</b>	<b>\$ (964)</b>

POPAS		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$ 100,000	\$ 90,163	\$ (9,837)
<u>100,000</u>	<u>90,163</u>	<u>(9,837)</u>
70,363	69,674	689
<u>70,363</u>	<u>69,674</u>	<u>689</u>
29,637	20,489	(9,148)
<u>29,637</u>	<u>20,489</u>	<u>(9,148)</u>
11,505	11,505	
<u>11,505</u>	<u>11,505</u>	
<u>\$ 41,142</u>	<u>\$ 31,994</u>	<u>\$ (9,148)</u>

Civil Reimbursemen		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)
	\$ 1,060	1,060
	<u>1,060</u>	<u>1,060</u>
	1,060	1,060
	<u>1,060</u>	<u>1,060</u>
	1,060	1,060
	<u>1,060</u>	<u>1,060</u>
\$ 0	\$ 1,060	\$ 1,060
<u>\$ 0</u>	<u>\$ 1,060</u>	<u>\$ 1,060</u>

Continued

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds - Continued

	Cable TV Franchise Fee		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Property and other taxes			
Intergovernmental			
Special assessments			
Licenses and permits	\$ 90,000	\$ 83,412	\$ (6,588)
Fines and forfeitures			
Charges for services			
Interest			
Miscellaneous			
<b>Total Revenues</b>	<b>90,000</b>	<b>83,412</b>	<b>(6,588)</b>
<b>Expenditures</b>			
Current:			
General government			
Security of persons and property			
Transportation			
Leisure time activities			
<b>Total expenditures</b>	<b>90,000</b>	<b>83,412</b>	<b>(6,588)</b>
<b>Excess of revenues over/(under) expenditures</b>			<b>(6,588)</b>
<b>Other financing sources (uses)</b>			
Operating transfers - in			
Operating transfers - out	(90,000)	(90,000)	
<b>Total other sources (uses)</b>	<b>(90,000)</b>	<b>(90,000)</b>	
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>		<b>(6,588)</b>	<b>(6,588)</b>
Fund balance at beginning of year, as restated see note 20.	251,721	251,721	
Prior year encumbrances appropriated			
<b>Fund balance at end of year</b>	<b>\$ 251,721</b>	<b>\$ 245,133</b>	<b>\$ (6,588)</b>

DARE		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$ 29,000	\$ 29,777	\$ 777
<u>29,000</u>	<u>29,777</u>	<u>777</u>
14,500	13,979	521
<u>14,500</u>	<u>13,979</u>	<u>521</u>
<u>14,500</u>	<u>15,798</u>	<u>1,298</u>
<u>14,500</u>	<u>15,798</u>	<u>1,298</u>
1	1	
<u>14,501</u>	<u>15,799</u>	<u>1,298</u>

Emergency Medical System		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$ 300,000	\$ 196,082	\$ (103,918)
<u>300,000</u>	<u>196,082</u>	<u>(103,918)</u>
199,024	157,775	41,249
<u>199,024</u>	<u>157,775</u>	<u>41,249</u>
<u>100,976</u>	<u>38,307</u>	<u>(62,669)</u>
<u>100,976</u>	<u>38,307</u>	<u>(62,669)</u>
22,995	22,995	
<u>4,562</u>	<u>4,562</u>	
<u>128,533</u>	<u>65,864</u>	<u>(62,669)</u>

Continued

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Special Revenue Funds - Continued

	Totals		Variance Favorable/ (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Property and other taxes	\$ 851,300	\$ 853,543	\$ 2,243
Intergovernmental	500,258	494,434	(5,824)
Special assessments	205,000	229,563	24,563
Licenses and permits	208,500	203,944	(4,556)
Fines and forfeitures	3,000	2,354	(646)
Charges for services	547,000	444,169	(102,831)
Interest	7,500	3,873	(3,627)
Miscellaneous	15,864	12,596	(3,268)
<b>Total Revenues</b>	<b>2,338,422</b>	<b>2,244,476</b>	<b>(93,946)</b>
<b>Expenditures</b>			
Current:			
General government		5,427	(5,427)
Security of persons and property	1,565,578	1,526,090	39,488
Transportation	512,307	470,682	41,625
Leisure time activities	552,115	460,966	91,149
<b>Total expenditures</b>	<b>2,630,000</b>	<b>2,463,165</b>	<b>166,835</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>(291,578)</b>	<b>(218,689)</b>	<b>72,889</b>
<b>Other financing sources (uses)</b>			
Operating transfers - in	508,696	525,633	16,937
Operating transfers - out	(265,720)	(476,677)	(210,957)
<b>Total other sources (uses)</b>	<b>242,976</b>	<b>48,956</b>	<b>(194,020)</b>
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	<b>(48,602)</b>	<b>(169,733)</b>	<b>(121,131)</b>
Fund balance at beginning of year, as restated see note 20.	759,597	759,597	
Prior year encumbrances appropriated	159,618	159,618	
<b>Fund balance at end of year</b>	<b>\$ 870,613</b>	<b>\$ 749,482</b>	<b>\$ (121,131)</b>

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*City of Fairview Park, Ohio*

**Debt Service Fund**

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

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the combined general purpose financial statements, no additional financial statements are presented here.



*City of Fairview Park, Ohio*

**Capital Project Funds**

**Permanent Improvement Fund**

To record transfers from general fund, receipt of millage or borrowing for capital equipment and to record expenditures in regard to that equipment.

**Lorain Road Revitalization Project**

To receipt transfers, donations and proceeds from borrowings. These funds are used to purchase property in the revitalization project.

**Senior Center Construction Fund**

To receipt transfers, donations and proceeds from borrowings. These funds are used in the construction of a new senior center.

**Capital Projects Fund**

To record a portion of the income tax collection of the City of Fairview Park and to record expenditures in regards to street maintenance and new construction within the City.

**Recreation Construction Fund**

To record a portion of the property tax collection from the Recreation Special Revenue Fund and record expenditures for new construction of parks within the City of Fairview Park.

*City of Fairview Park, Ohio*

Combining Balance Sheet - Capital Projects Funds

December 31, 2002

	Permanent Improvement	Lorain Road Revitalization	Senior Center Construction	Capital Projects	Recreation Construction	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 85,381	\$ 2,315	\$ 10,858	\$ 1,016,602	\$ 127,140	\$ 1,242,296
Receivables (net allowance for uncollectibles):						
Taxes	289,413			74,263		363,676
Intergovernmental	19,411					19,411
Interfund			45,000			45,000
<b>Total assets</b>	<b>\$ 394,205</b>	<b>\$ 2,315</b>	<b>\$ 55,858</b>	<b>\$ 1,090,865</b>	<b>\$ 127,140</b>	<b>\$ 1,670,383</b>
<b>Liabilities</b>						
Accounts payable				\$ 45,821	\$ 1,500	\$ 47,321
Interfund payable		\$ 468,000				468,000
Deferred revenue	\$ 289,413					289,413
<b>Total liabilities</b>	<b>289,413</b>	<b>468,000</b>		<b>45,821</b>	<b>1,500</b>	<b>804,734</b>
<b>Fund equity</b>						
Fund balances:						
Reserve for encumbrances	\$ 12,326			\$ 152,139	\$ 6,897	\$ 171,362
Undesignated - unreserved	92,466	\$ (465,685)	\$ 55,858	892,905	118,743	694,287
<b>Total fund equity</b>	<b>104,792</b>	<b>(465,685)</b>	<b>55,858</b>	<b>1,045,044</b>	<b>125,640</b>	<b>865,649</b>
<b>Total liabilities and fund equity</b>	<b>\$ 394,205</b>	<b>\$ 2,315</b>	<b>\$ 55,858</b>	<b>\$ 1,090,865</b>	<b>\$ 127,140</b>	<b>\$ 1,670,383</b>

*City of Fairview Park, Ohio*

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Capital Projects Funds

For the Year Ended December 31, 2002

	Permanent Improvement	Lorain Road Revitalization	Senior Center Construction	Capital Projects	Recreation Construction	Total
<b>Revenues</b>						
Income taxes				\$ 1,152,830		\$ 1,152,830
Property and other taxes	\$ 306,567	\$ 13,912				320,479
Intergovernmental	20,983					20,983
Interest	1,670	1,359		20,692		23,721
Miscellaneous	10,275					10,275
<b>Total revenues</b>	<b>339,495</b>	<b>15,271</b>		<b>1,173,522</b>		<b>1,528,288</b>
<b>Expenditures</b>						
Capital outlay	\$ 57,457	\$ 477,628		\$ 1,265,439	\$ 92,534	\$ 1,893,058
<b>Total expenditures</b>	<b>57,457</b>	<b>477,628</b>		<b>1,265,439</b>	<b>92,534</b>	<b>1,893,058</b>
<b>Excess revenue over (under) expenditures</b>	<b>282,038</b>	<b>(462,357)</b>		<b>(91,917)</b>	<b>(92,534)</b>	<b>(364,770)</b>
<b>Other financing sources (uses)</b>						
Proceeds of notes		\$ 1,400,000				\$ 1,400,000
Proceeds of assets		420,086				420,086
Operating transfers - in		201,000			\$ 218,174	419,174
Operating transfers - out	\$ (261,928)	(1,503,904)				(1,765,832)
<b>Total other sources (uses)</b>	<b>(261,928)</b>	<b>517,182</b>			<b>218,174</b>	<b>473,428</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses</b>	<b>20,110</b>	<b>54,825</b>		<b>(91,917)</b>	<b>125,640</b>	<b>108,658</b>
Fund balance at beginning of year	84,682	(520,510)	\$ 55,858	1,136,961		756,991
<b>Fund balance at end of year</b>	<b>\$ 104,792</b>	<b>\$ (465,685)</b>	<b>\$ 55,858</b>	<b>\$ 1,045,044</b>	<b>\$ 125,640</b>	<b>\$ 865,649</b>

**City of Fairview Park, Ohio**  
Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Capital Project Funds

Year Ended December 31, 2002

	Permanent Improvement		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax			
Property and other taxes	\$ 302,011	\$ 306,567	\$ 4,556
Intergovernmental	19,411	19,412	1
Interest		1,587	1,587
Miscellaneous		10,275	10,275
<b>Total Revenues</b>	<b>321,422</b>	<b>337,841</b>	<b>16,419</b>
<b>Expenditures</b>			
Capital outlay:			
General government			
Capital outlay	130,838	80,845	49,993
<b>Total capital outlay</b>	<b>130,838</b>	<b>80,845</b>	<b>49,993</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>190,584</b>	<b>256,996</b>	<b>66,412</b>
<b>Other financing sources (uses)</b>			
Proceeds of notes			
Proceeds from the sale of assets			
Operating transfers - in			
Operating transfers - out	(261,928)	(261,928)	
<b>Total other sources (uses)</b>	<b>(261,928)</b>	<b>(261,928)</b>	
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	<b>(71,344)</b>	<b>(4,932)</b>	<b>66,412</b>
Fund balance at beginning of year	6,137	6,137	
Prior year encumbrances appropriated	71,766	71,766	
<b>Fund balance at end of year</b>	<b>\$ 6,559</b>	<b>\$ 72,971</b>	<b>\$ 66,412</b>

Lorain Road Revitalization			Senior Center Construction		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$ 30,000	\$ 13,912	\$ (16,088)			
3,000	1,276	(1,724)			
<u>33,000</u>	<u>15,188</u>	<u>(17,812)</u>			
595,367	552,912	42,455			
<u>595,367</u>	<u>552,912</u>	<u>42,455</u>			
(562,367)	(537,724)	24,643			
1,400,000	1,400,000				
492,000	420,086	(71,914)			
201,000	201,000				
(1,551,046)	(1,503,904)	47,142			
<u>541,954</u>	<u>517,182</u>	<u>(24,772)</u>			
(20,413)	(20,542)	(129)			
(65,958)	(65,958)		\$ 10,858	\$ 10,858	
88,732	88,732				
<u>\$ 2,361</u>	<u>\$ 2,232</u>	<u>\$ (129)</u>	<u>\$ 10,858</u>	<u>\$ 10,858</u>	<u>\$ 0</u>

Continued

**City of Fairview Park, Ohio**  
Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP  
Budget Basis) - Capital Projects Funds - Continued

Year Ended December 31, 2002

	Capital Projects		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues</b>			
Municipal income tax	\$ 1,182,000	\$ 1,177,359	\$ (4,641)
Property and other taxes			
Intergovernmental			
Interest		19,449	19,449
Miscellaneous			
<b>Total Revenues</b>	<b>1,182,000</b>	<b>1,196,808</b>	<b>14,808</b>
<b>Expenditures</b>			
Capital outlay:			
General government			
Capital outlay	1,300,644	1,423,460	(122,816)
<b>Total capital outlay</b>	<b>1,300,644</b>	<b>1,423,460</b>	<b>(122,816)</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>(118,644)</b>	<b>(226,652)</b>	<b>(108,008)</b>
<b>Other financing sources (uses)</b>			
Proceeds of notes			
Proceeds from the sale of assets			
Operating transfers - in			
Operating transfers - out			
<b>Total other sources (uses)</b>			
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses</b>	<b>(118,644)</b>	<b>(226,652)</b>	<b>(108,008)</b>
Fund balance at beginning of year	830,407	830,407	
Prior year encumbrances appropriated	213,644	213,644	
<b>Fund balance at end of year</b>	<b>\$ 925,407</b>	<b>\$ 817,399</b>	<b>\$ (108,008)</b>

Recreation Construction			Totals		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
			\$ 1,182,000	\$ 1,177,359	\$ (4,641)
			332,011	320,479	(11,532)
			19,411	19,412	1
			3,000	22,312	19,312
				10,275	10,275
			<u>1,536,422</u>	<u>1,549,837</u>	<u>13,415</u>
	\$ 99,431	\$ (99,431)	2,026,849	2,156,648	(129,799)
	<u>99,431</u>	<u>(99,431)</u>	<u>2,026,849</u>	<u>2,156,648</u>	<u>(129,799)</u>
	<u>(99,431)</u>	<u>(99,431)</u>	<u>(490,427)</u>	<u>(606,811)</u>	<u>(116,384)</u>
			1,400,000	1,400,000	
			492,000	420,086	(71,914)
	218,174	218,174	201,000	419,174	218,174
			(1,812,974)	(1,765,832)	47,142
	<u>218,174</u>	<u>218,174</u>	<u>280,026</u>	<u>473,428</u>	<u>193,402</u>
	118,743	118,743	(210,401)	(133,383)	77,018
			781,444	781,444	
			374,142	374,142	
	<u>\$ 0</u>	<u>\$ 118,743</u>	<u>\$ 945,185</u>	<u>\$ 1,022,203</u>	<u>\$ 77,018</u>

*City of Fairview Park, Ohio*

**Enterprise Funds**

**Sanitary Sewer Fund**

To account for the receipt of funds from water and sewer service to the residents of the City, and to account for expenditures in regards to water and sewer service. Also, to account for the expenditure of funds used for the capital improvement of these services.

**Gilles-Sweet Fund**

This fund is used to account for receipts and expenditure of the Gilles-Sweet Building, which was leased from the Fairview Park School District for Senior Center Activities. The lease expired and the Senior Center relocated in July of 2000. This fund is now used to pay residual expenses for past activity.



*City of Fairview Park, Ohio*

Combining Balance Sheet - Enterprise Funds

December 31, 2002

	Sanitary Sewer	Gilles Sweet	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,453,778	\$ 10,274	\$ 2,464,052
Receivables (net of allowances for uncollectibles)			
Accounts	179,299		179,299
Materials and supplies inventory	185		185
Investment in joint venture	4,671,234		4,671,234
Fixed assets:			
Equipment	80,093		80,093
Sewer lines	3,403,257		3,403,257
Accumulated depreciation	(1,039,984)		(1,039,984)
<b>Total assets</b>	<b>\$ 9,747,862</b>	<b>\$ 10,274</b>	<b>\$ 9,758,136</b>
<b>Liabilities</b>			
Contracts payable	\$ 66,032		\$ 66,032
Accrued wages	15,381		15,381
Compensated absences payable	60,655		60,655
Pension obligation payable	16,671		16,671
Intergovernmental payable	115,807		115,807
Accrued interest payable	3,554		3,554
OPWC loan payable	443,067		443,067
General obligation bonds payable	460,000		460,000
<b>Total liabilities</b>	<b>1,181,167</b>		<b>1,181,167</b>
<b>Fund equity</b>			
Contributed capital	\$ 7,647,999		\$ 7,647,999
Retained earnings:			
Unreserved	918,696	\$ 10,274	928,970
<b>Total fund equity</b>	<b>8,566,695</b>	<b>10,274</b>	<b>8,576,969</b>
<b>Total liabilities and fund equity</b>	<b>\$ 9,747,862</b>	<b>\$ 10,274</b>	<b>\$ 9,758,136</b>

**City of Fairview Park, Ohio**  
Combining Statement of Revenues, Expenses and  
Changes in Fund Equity - Enterprise Funds  
For the Year Ended December 31, 2002

	Sanitary Sewer	Gilles Sweet	Total
<b>Operating revenues</b>			
Charges for services	\$ 1,958,462	\$ 26	\$ 1,958,488
Other operating revenues	3,327		3,327
<b>Total operating revenues</b>	<b>1,961,789</b>	<b>26</b>	<b>1,961,815</b>
<b>Operating expenses</b>			
Personal services	\$ 502,816		\$ 502,816
Contractual services	1,091,037		1,091,037
Materials and supplies	23,922		23,922
Other operating expenses	66,032		66,032
Depreciation	91,957		91,957
<b>Total operating expenses</b>	<b>1,775,764</b>		<b>1,775,764</b>
<b>Operating Income/(Loss)</b>	<b>186,025</b>	<b>26</b>	<b>186,051</b>
<b>Non-operating revenues/(expenses)</b>			
Interest income	\$ 34,787		\$ 34,787
Loss in Equity in Joint Venture	(174,751)		(174,751)
Interest and fiscal charges	(40,250)		(40,250)
<b>Total non-operating revenues/(expenses)</b>	<b>(180,214)</b>		<b>(180,214)</b>
<b>Net income/ (loss)</b>	<b>5,811</b>	<b>26</b>	<b>5,837</b>
Depreciation of fixed assets acquired by contributed capital	\$ 68,975		\$ 68,975
Retained earnings at beginning of year	843,910	\$ 10,248	854,158
Retained earnings at end of year	918,696	10,274	928,970
Contributed capital at beginning of year	7,716,974		7,716,974
Depreciation on fixed assets acquired by contributed capital	(68,975)		(68,975)
Contributed capital at end of year	7,647,999		7,647,999
<b>Fund equity at end of year</b>	<b>\$ 8,566,695</b>	<b>\$ 10,274</b>	<b>\$ 8,576,969</b>

**City of Fairview Park, Ohio**  
Combining Statement of Cash Flows  
All Enterprise Funds  
For the year ended December 31, 2002

	<u>Sanitary Sewer</u>	<u>Gilles-Sweet</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,014,640	\$ 26	\$ 2,014,666
Other operating revenues	3,327		3,327
Cash payments for employee service and benefits	(494,365)		(494,365)
Cash payments to goods and services	(1,285,661)		(1,285,661)
<b>Net Cash Provided by Operating Activities</b>	237,941	26	237,967
<b>Cash Flows from Investing Activities:</b>			
Interest income	\$ 34,787		\$ 34,787
<b>Net Cash Flows from Investing Activities</b>	34,787		34,787
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal paid on OPWC loans	\$ (36,134)		\$ (36,134)
Principal paid on intergovernmental payable	(65,916)		(65,916)
Principal paid on bonds	(115,000)		(115,000)
Interest paid on bonds, notes, and loans	(40,250)		(40,250)
<b>Net Cash Used for Capital and Related Financing Activities</b>	(257,300)		(257,300)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	15,428	26	15,454
<b>Cash and Cash Equivalents at Beginning of Year</b>	2,438,350	10,248	2,448,598
<b>Cash and Cash Equivalents at End of Year</b>	\$ 2,453,778	\$ 10,274	\$ 2,464,052

(Continued)

**City of Fairview Park, Ohio**  
Combining Statement of Cash Flows  
All Enterprise Funds - continued  
For the year ended December 31, 2002

	<u>Sanitary Sewer</u>	<u>Gilles-Sweet</u>	<u>Total</u>
<b>Reconciliation of Operating Income to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 186,025	\$ 26	186,051
<b>Adjustments to Reconcile Operating Income</b>			
<b>to Net Cash Provided by Operating Activities:</b>			
Depreciation	91,957	-	91,957
<b>Changes in Assets and Liabilities</b>			
(Increase) decrease in accounts receivable	56,178	-	56,178
(Increase) decrease in inventory	(104)	-	(104)
Increase (decrease) in contracts payable	34,451	-	34,451
Increase (decrease) in accrued wages	3,050	-	3,050
Increase (decrease) in compensated absences	4,292	-	4,292
Increase (decrease) in intergovernmental payable	(140,173)	-	(140,173)
Increase (decrease) in pension obligation payable	2,265	-	2,265
<b>Total Adjustments</b>	<u>(40,041)</u>	<u>-</u>	<u>(40,041)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 237,941</u>	<u>\$ 26</u>	<u>\$ 237,967</u>

*City of Fairview Park, Ohio*

**Internal Service Funds**

**Health Insurance Reserve**

To account for expenditures sent to the City's third party administrator to cover health insurance claims incurred by employees of the City. Revenues come from general fund transfers.

**Employee Section 125 Contributions**

To account for deductions from employee incomes for 125 contributions to their payment to the City's third party administrator.

*City of Fairview Park, Ohio*

Combining Balance Sheet - Internal Service Funds

December 31, 2002

	Health Insurance Reserve	Employee Section 125 Control	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 169,749	\$ 6,523	\$ 176,272
<b>Total assets</b>	<u>\$ 169,749</u>	<u>\$ 6,523</u>	<u>\$ 176,272</u>
<b>Liabilities</b>			
Accounts payable	\$ 4,712		\$ 4,712
Claims payable	<u>69,564</u>		<u>69,564</u>
<b>Total liabilities</b>	74,276		74,276
<b>Fund equity</b>			
Retained earnings:			
Unreserved	\$ 95,473	\$ 6,523	\$ 101,996
<b>Total fund equity</b>	<u>95,473</u>	<u>6,523</u>	<u>101,996</u>
<b>Total liabilities and fund equity</b>	<u>\$ 169,749</u>	<u>\$ 6,523</u>	<u>\$ 176,272</u>

*City of Fairview Park, Ohio*  
Combining Statement of Revenues, Expenses and  
Changes in Fund Equity - Internal Service Funds  
For the Year Ended December 31, 2002

	Health Insurance Reserve	Employee Section 125 Control	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating revenues</b>			
Charges for services	\$ 1,055,589		\$ 1,055,589
Other operating revenues		\$ 7,087	7,087
<b>Total operating revenues</b>	<u>1,055,589</u>	<u>7,087</u>	<u>1,062,676</u>
 <b>Operating expenses</b>			
Personal services		\$ 5,162	\$ 5,162
Contractual services	\$ 974,992		974,992
<b>Total operating expenses</b>	<u>974,992</u>	<u>5,162</u>	<u>980,154</u>
 <b>Net income/ (loss)</b>	 80,597	 1,925	 82,522
 Fund equity at beginning of year	 <u>14,876</u>	 <u>4,598</u>	 <u>19,474</u>
 <b>Fund equity at end of year</b>	 <u>\$ 95,473</u>	 <u>\$ 6,523</u>	 <u>\$ 101,996</u>

**City of Fairview Park, Ohio**  
Combining Statement of Cash Flows  
All Internal Service Funds  
For the year ended December 31, 2002

	Health Insurance Reserve	Employee Section 125 Control	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from quasi-external transactions	\$ 1,055,589		\$ 1,055,589
Other operating revenues		\$ 7,087	7,087
Cash payments for employee service and benefits		(8,907)	(8,907)
Cash payments to goods and services	(950,337)		(950,337)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 105,252</b>	<b>\$ (1,820)</b>	<b>103,432</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>64,497</u>	<u>8,343</u>	<u>72,840</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 169,749</u>	<u>\$ 6,523</u>	<u>\$ 176,272</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 80,597	\$ 1,925	\$ 82,522
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
<b>Changes in Assets and Liabilities</b>			
Increase (decrease) in accounts payable	582	(3,745)	(3,163)
Increase (decrease) in claims payable	24,073		24,073
<b>Total Adjustments</b>	<u>24,655</u>	<u>(3,745)</u>	<u>20,910</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 105,252</u>	<u>\$ (1,820)</u>	<u>\$ 103,432</u>



*City of Fairview Park, Ohio*

**Agency Funds**

**Special Hold Account**

To account for funds paid or donated to the City of Fairview Park and then remitted to a third party who is due those funds.

**State Building 3% Assessment**

To receipt State of Ohio assessments on building permits and account for payment to the State of Ohio.

**Architect Deposits**

To account for funds deposited for architect review of new construction within the City and to record expenses in regard to that review or the refund of unused deposits.

**Grade Deposits**

To account for contractor deposits for grade deposits regarding home construction and to record expenses and refunds relating to these projects.

**Street Cleaning**

To account for contractor deposits for street cleaning after new construction or additions to existing structures and to account for expenses and or refunds in relation to these projects.

**Street Opening**

To account for contractor deposits to guarantee restoration of residents' yards after waterline/sewerline repairs.

**Senior Life Donation**

To record donations to the Senior Life Program and to record expenditures relating to those donations.

*City of Fairview Park, Ohio*

**Agency Funds - continued**

**Survey Sanitary/Storm Storm Collections**

To record deposits for engineering review of plans regarding new construction, as they effect storm water run off and to record expenses incurred or refunds.

**Sidewalk Deposits**

To account for funds deposited for sidewalk construction in regards to new construction in the City of Fairview Park, and to record the expenses or refunds relating to that sidewalk.

**Preliminary Investigation**

To record deposits for engineering review of new subdivision proposals and to record expenses or refunds in regards to those deposits.

City of Fairview Park, Ohio

Combining Schedule of Changes in Assets and  
Liabilities - Agency Funds

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Special hold account</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 38,625	\$ 29,131	\$ 20,053	\$ 47,703
<b>Total assets</b>	<b>\$ 38,625</b>	<b>\$ 29,131</b>	<b>\$ 20,053</b>	<b>\$ 47,703</b>
<b>Liabilities</b>				
Undistributed monies	\$ 38,625	\$ 29,131	\$ 20,053	\$ 47,703
<b>Total liabilities</b>	<b>\$ 38,625</b>	<b>\$ 29,131</b>	<b>\$ 20,053</b>	<b>\$ 47,703</b>
 <b>State building 3% assessment</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 62	\$ 1,499	\$ 1,490	\$ 71
<b>Total assets</b>	<b>\$ 62</b>	<b>\$ 1,499</b>	<b>\$ 1,490</b>	<b>\$ 71</b>
<b>Liabilities</b>				
Intergovernmental payable	\$ 62	\$ 1,499	\$ 1,490	\$ 71
<b>Total liabilities</b>	<b>\$ 62</b>	<b>\$ 1,499</b>	<b>\$ 1,490</b>	<b>\$ 71</b>

(continued)

City of Fairview Park, Ohio

Combining Schedule of Changes in Assets and  
Liabilities - Agency Funds - (continued)

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Architect</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,023	\$ 3,681	\$ 4,624	\$ 80
<b>Total assets</b>	<b>\$ 1,023</b>	<b>\$ 3,681</b>	<b>\$ 4,624</b>	<b>\$ 80</b>
<b>Liabilities</b>				
Deposits held due to others	\$ 1,023	\$ 3,681	\$ 4,624	\$ 80
<b>Total liabilities</b>	<b>\$ 1,023</b>	<b>\$ 3,681</b>	<b>\$ 4,624</b>	<b>\$ 80</b>
 <b>Grade deposits</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,983	\$ 2,929	\$ 933	\$ 3,979
<b>Total assets</b>	<b>\$ 1,983</b>	<b>\$ 2,929</b>	<b>\$ 933</b>	<b>\$ 3,979</b>
<b>Liabilities</b>				
Deposits held due to others	\$ 1,983	\$ 2,929	\$ 933	\$ 3,979
<b>Total liabilities</b>	<b>\$ 1,983</b>	<b>\$ 2,929</b>	<b>\$ 933</b>	<b>\$ 3,979</b>

City of Fairview Park, Ohio

Combining Schedule of Changes in Assets and  
Liabilities - Agency Funds - (continued)

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Street cleaning</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,550	\$ 900	\$ 150	\$ 2,300
<b>Total assets</b>	<b>\$ 1,550</b>	<b>\$ 900</b>	<b>\$ 150</b>	<b>\$ 2,300</b>
<b>Liabilities</b>				
Deposits held due to others	\$ 1,550	\$ 900	\$ 150	\$ 2,300
<b>Total liabilities</b>	<b>\$ 1,550</b>	<b>\$ 900</b>	<b>\$ 150</b>	<b>\$ 2,300</b>
 <b>Street opening</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,194	\$ 1,750	\$ 527	\$ 3,417
<b>Total assets</b>	<b>\$ 2,194</b>	<b>\$ 1,750</b>	<b>\$ 527</b>	<b>\$ 3,417</b>
<b>Liabilities</b>				
Deposits held due to others	\$ 2,194	\$ 1,750	\$ 527	\$ 3,417
<b>Total liabilities</b>	<b>\$ 2,194</b>	<b>\$ 1,750</b>	<b>\$ 527</b>	<b>\$ 3,417</b>

(continued)

City of Fairview Park, Ohio

Combining Schedule of Changes in Assets and  
Liabilities - Agency Funds - (continued)

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Senior life donation</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 22,152	\$ 32,041	\$ 29,684	\$ 24,509
<b>Total assets</b>	<b>\$ 22,152</b>	<b>\$ 32,041</b>	<b>\$ 29,684</b>	<b>\$ 24,509</b>
<b>Liabilities</b>				
Undistributed monies	\$ 22,152	\$ 32,041	\$ 29,684	\$ 24,509
<b>Total liabilities</b>	<b>\$ 22,152</b>	<b>\$ 32,041</b>	<b>\$ 29,684</b>	<b>\$ 24,509</b>
 <b>Survey sanitary storm sewer</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 622	\$ 407	\$ 557	\$ 472
<b>Total assets</b>	<b>\$ 622</b>	<b>\$ 407</b>	<b>\$ 557</b>	<b>\$ 472</b>
<b>Liabilities</b>				
Deposits held due to others	\$ 622	\$ 407	\$ 557	\$ 472
<b>Total liabilities</b>	<b>\$ 622</b>	<b>\$ 407</b>	<b>\$ 557</b>	<b>\$ 472</b>

City of Fairview Park, Ohio

Combining Schedule of Changes in Assets and  
Liabilities - Agency Funds - (continued)

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Sidewalk deposits</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 973			\$ 973
<b>Total assets</b>	<b>\$ 973</b>			<b>\$ 973</b>
<b>Liabilities</b>				
Deposits held due to others	\$ 973			\$ 973
<b>Total liabilities</b>	<b>\$ 973</b>			<b>\$ 973</b>
 <b>Preliminary investigation</b>				
<b>Assets</b>				
Cash and cash equivalents		\$ 600	\$ 450	\$ 150
<b>Total assets</b>		<b>\$ 600</b>	<b>\$ 450</b>	<b>\$ 150</b>
<b>Liabilities</b>				
Undistributed monies		\$ 600	\$ 450	\$ 150
<b>Total liabilities</b>		<b>\$ 600</b>	<b>\$ 450</b>	<b>\$ 150</b>

(continued)

City of Fairview Park, Ohio

Combining Schedule of Changes in Assets and  
Liabilities - Agency Funds - (continued)

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Total agency funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 69,184	\$ 72,938	\$ 58,468	\$ 83,654
<b>Total assets</b>	<b>\$ 69,184</b>	<b>\$ 72,938</b>	<b>\$ 58,468</b>	<b>\$ 83,654</b>
<b>Liabilities</b>				
Intergovernmental payable	\$ 62	\$ 1,499	\$ 1,490	\$ 71
Undistributed monies	60,777	61,772	50,187	72,362
Deposits held due to others	8,345	9,667	6,791	11,221
<b>Total liabilities</b>	<b>\$ 69,184</b>	<b>\$ 72,938</b>	<b>\$ 58,468</b>	<b>\$ 83,654</b>



*City of Fairview Park, Ohio*

**General Fixed Assets Account Group**

The General Fixed Asset Account Group accounts for the cost of the following types of long-lived assets utilized by Governmental Fund Types:

- Land
- Buildings
- Vehicles, equipment and furnishings

*City of Fairview Park, Ohio*

Schedule of General Fixed Assets by Sources

December 31, 2002

<b>General fixed assets</b>	
Land	\$275,202
Buildings	3,774,558
Vehicles, equipment and furnishings	<u>5,354,260</u>
<b>Total general fixed assets</b>	<b><u><u>\$9,404,020</u></u></b>
<b>Investment in general fixed assets</b>	
General fund	\$5,341,213
Capital projects funds	<u>4,062,807</u>
<b>Total investment in general fixed assets</b>	<b><u><u>\$9,404,020</u></u></b>

*City of Fairview Park, Ohio*

Schedule of General Fixed Assets - By Function and Activity

December 31, 2002

	Land and Land Improve.	Buildings	Machinery and Equipment	Total
General government		\$1,784,500	\$459,649	\$2,244,149
Security of persons and property			1,670,059	1,670,059
Transportation		109,700	2,406,873	2,516,573
Leisure time activities		291,600		291,600
Capital outlay	\$275,202	1,588,758	817,679	2,681,639
<b>Total general fixed assets</b>	<b>\$275,202</b>	<b>\$3,774,558</b>	<b>\$5,354,260</b>	<b>\$9,404,020</b>

*City of Fairview Park, Ohio*

Schedule of Changes in General Fixed Assets -  
By Function and Activity

For the Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Disposals	Balance December 31, 2002
General government	<b>\$2,244,149</b>			<b>\$2,244,149</b>
Security of persons and property	<b>1,595,912</b>	<b>\$74,147</b>		<b>1,670,059</b>
Transportation	<b>2,516,573</b>			<b>2,516,573</b>
Leisure time activities	<b>291,600</b>			<b>291,600</b>
Capital outlay	<b>5,511,769</b>	<b>340,000</b>	<b>(\$3,170,130)</b>	<b>2,681,639</b>
<b>Total general fixed assets</b>	<b>\$12,160,003</b>	<b>\$414,147</b>	<b>(\$3,170,130)</b>	<b>\$9,404,020</b>

## **Statistical Section**



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*City of Fairview Park, Ohio*

General Government Expenditures by Function (1)

Last Ten Fiscal Years

Year	Security of Persons	Public Health	Leisure time Activities	Community Environment	Transportation
1993	\$ 3,880,141	\$ 41,420	\$ 650,925	\$ 1,155,671	\$ 592,774
1994	3,720,991	62,788	465,145	938,893	579,409
1995	3,908,845	48,200	454,573	901,892	528,495
1996	4,260,854	45,692	497,464	1,069,420	821,747
1997	4,292,831	48,801	661,233	1,015,362	855,497
1998	4,879,587	54,695	815,042	1,293,452	802,226
1999	5,061,879	51,917	907,820	1,203,078	888,275
2000	5,565,714	52,784	2,122,278	1,393,372	852,552
2001	5,484,567	61,546	1,526,721	1,495,481	973,226
<b>2002</b>	<b>5,573,697</b>	<b>58,352</b>	<b>737,912</b>	<b>1,594,380</b>	<b>764,149</b>



	General Government	Capital Outlay	Debt (2) Service	Total
\$	1,827,129	\$ 520,957	\$ 84,205	\$ 8,753,222
	1,648,203	559,003	74,674	8,049,106
	1,774,933	1,855,837	87,726	9,560,501
	1,529,385	1,029,453	85,531	9,339,546
	1,508,402	817,679	845,245	10,045,050
	1,606,178	1,028,635	694,829	11,174,644
	1,638,614	2,044,297	838,558	12,634,438
	1,911,286	4,065,081	410,024	16,373,091
	1,612,294	2,659,043	566,961	14,379,839
	<b>1,843,234</b>	<b>1,893,058</b>	<b>2,090,217</b>	<b>14,554,999</b>

(1) Includes all governmental fund type expenditures.

(2) Represents all interest paid on bonds and notes in addition to payments made to reduce the principal or the actual amount borrowed. Does not include the gross effect of note rollovers.

*City of Fairview Park, Ohio*

General Government Revenue by Source (1)

Last Ten Fiscal Years

Year	Local Taxes	Intergovernmental	Charges for Services	Fees, Licenses, Fines & Forfeitures	Special Assessments
1993	\$ 5,474,823	\$ 2,379,975	\$ 205,288	\$ 203,553	\$ 183,712
1994	5,865,500	1,814,240	316,888	202,663	184,746
1995	7,386,405	1,784,757	233,979	264,652	210,238
1996	6,752,261	2,235,336	260,093	201,965	202,753
1997	7,225,336	2,355,695	287,899	288,055	201,116
1998	7,624,393	2,541,790	200,803	709,147	208,184
1999	7,965,255	2,025,185	297,431	619,283	225,147
2000	7,574,098	4,146,726	245,540	596,309	226,048
2001	8,538,909	3,484,994	215,756	458,474	223,456
<b>2002</b>	<b>8,698,630</b>	<b>2,428,288</b>	<b>453,623</b>	<b>486,249</b>	<b>229,563</b>

	Interest	Rentals	Miscellaneous	Total
\$	30,652		\$ 15,844	\$ 8,493,847
	16,659		33,438	8,434,134
	68,009		9,912	9,957,952
	80,094	\$14,002	3,526	9,750,030
	102,740	10,166	153,364	10,624,371
	145,130	11,610	241,260	11,682,317
	306,041	10,634	27,750	11,476,726
	409,375	12,007	257,408	13,467,511
	249,843	11,166	70,676	13,253,274
	<b>96,807</b>	<b>10,859</b>	<b>51,888</b>	<b>12,455,907</b>

(1) Includes all governmental fund type revenues.

*City of Fairview Park, Ohio*

Property Tax Levies and Collections

Last Ten Fiscal Years

Collection Year	Current Tax Levy	(1) Current Tax Collections	Percent Levy Collected	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
1993	\$ 2,737,667	\$ 2,605,822	95.2%	\$ 77,797	2.8%
1994	2,730,776	2,615,937	95.8	86,470	3.2
1995	3,320,485	3,139,095	94.5	100,238	3.0
1996	3,317,865	2,991,656	90.2	124,456	3.8
1997	3,702,214	3,522,103	95.1	143,595	3.9
1998	4,006,690	3,750,044	93.6	109,207	2.7
1999	3,879,470	3,797,785	97.9	104,185	2.7
2000	3,922,860	3,822,383	97.4	128,625	3.3
2001	4,303,981	4,141,439	96.2	167,031	3.9
<b>2002</b>	<b>4,254,969</b>	<b>4,131,651</b>	<b>97.1</b>	<b>160,239</b>	<b>3.7</b>

(1) Represents amounts collected by the County for the City during the year indicated.

Source: Cuyahoga County Auditor

*City of Fairview Park, Ohio*

Assessed and Estimated Value of All Taxable Property (1)

Last Ten Fiscal Years

Collection Year	Real Property		Public Utility Tangible Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$ 254,814,170	\$ 728,040,486	\$ 10,217,510	\$ 11,610,807	\$ 9,315,935	\$ 37,263,740	\$ 274,347,615	\$ 776,915,033	35.31
1994	253,775,800	725,073,714	10,122,770	11,503,148	8,836,304	35,345,216	272,734,874	771,922,078	35.33
1995	288,878,080	825,365,943	10,242,190	11,638,852	11,126,369	44,505,476	310,246,639	881,510,271	35.19
1996	288,260,820	823,602,343	9,793,290	11,128,739	11,327,056	45,308,224	309,381,166	880,039,306	35.16
1997	293,690,410	839,115,457	9,588,730	10,896,284	11,394,515	45,578,060	314,673,655	895,589,801	35.14
1998	317,905,830	908,302,371	9,385,270	10,665,080	11,819,544	47,278,176	339,110,644	966,245,627	35.10
1999	320,707,080	916,305,943	9,441,390	10,782,852	11,702,030	46,808,120	341,850,500	973,842,915	35.10
2000	324,605,540	927,444,400	9,610,600	10,921,136	11,895,084	47,580,336	346,111,224	985,945,872	35.10
2001	360,993,440	1,031,409,829	9,122,440	10,366,409	12,603,703	50,414,812	382,719,583	1,092,191,050	35.04
<b>2002</b>	<b>356,530,290</b>	<b>1,018,657,971</b>	<b>6,690,510</b>	<b>7,602,852</b>	<b>11,237,049</b>	<b>48,856,734</b>	<b>374,457,849</b>	<b>1,075,117,557</b>	<b>34.83</b>

- (1) The assessed valuation is computed at approximately the following percentage of estimated actual value:
- a) real property - 35%,
  - b) public utility tangible property - 88%,
  - c) tangible personal property - 1992-2001 - 25%.

Source: Cuyahoga County Auditor

**City of Fairview Park, Ohio**

Property Tax Rates - Direct and Overlapping Governments  
(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Tax Year	Collection Year	City	(1)	Fairview Park School District	Berea School District	Rocky River School District	Polaris JVSD	Total
			County and Special Taxing Districts					
1993	1994	11.90	17.80	71.30	57.00	59.40	2.50	219.90
1994	1995	12.80	18.20	70.50	56.90	58.90	2.50	219.80
1995	1996	10.40	18.00	78.60	57.00	58.40	2.40	224.80
1996	1997	11.80	18.00	78.40	57.90	60.90	2.40	229.40
1997	1998	11.80	18.00	78.10	57.90	64.40	2.40	232.60
1998	1999	11.80	16.70	76.20	58.00	64.70	2.40	229.80
1999	2000	11.80	16.70	76.20	63.90	68.60	2.40	239.60
2000	2001	11.80	17.60	82.20	63.80	68.00	2.40	245.80
2001	2002	11.80	17.60	78.40	63.80	67.50	2.40	241.50
<b>2002</b>	<b>2003</b>	<b>11.80</b>	<b>17.60</b>	<b>78.40</b>	<b>69.80</b>	<b>72.40</b>	<b>2.40</b>	<b>252.40</b>

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

Source: Cuyahoga County Auditor

*City of Fairview Park, Ohio*

Property Tax Rates - Compared to Charter Limitations  
(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Tax Year/ Collection Year	General Fund	Recreation Purposes	Permanent Improvement	Police Pension	Fire Pension	Fire Levy	Bond Retirement	Total City Millage
1993/1994	10.14	0.60	n/a	0.30	0.30	n/a	0.56	11.90
1994/1995	10.24	0.60	0.90	0.30	0.30	n/a	0.46	12.80
1995/1996	8.33	0.60	0.87	0.30	0.30	n/a	n/a	10.40
1996/1997	8.33	1.00	0.87	0.30	0.30	1.00	n/a	11.80
1997/1998	8.33	1.00	0.87	0.30	0.30	1.00	n/a	11.80
1998/1999	8.33	1.00	0.87	0.30	0.30	1.00	n/a	11.80
1999/2000	8.33	1.00	0.87	0.30	0.30	1.00	n/a	11.80
2000/2001	8.33	1.00	0.87	0.30	0.30	1.00	n/a	11.80
2001/2002	8.33	1.00	0.87	0.30	0.30	1.00	n/a	11.80
<b>2002/2003</b>	<b>8.33</b>	<b>1.00</b>	<b>0.87</b>	<b>0.30</b>	<b>0.30</b>	<b>1.00</b>	<b>n/a</b>	<b>11.80</b>

Source: Cuyahoga County Auditor

*City of Fairview Park, Ohio*

Special Assessment Billings and Collections

Last Eight Years - (2)

<u>Collection Year</u>	<u>Amount Billed</u>	(1) <u>Amount Collected</u>	<u>Percent Collected</u>
1995	212,248	209,628	98.8%
1996	207,262	202,942	97.9
1997	203,744	201,569	98.9
1998	204,358	200,214	98.0
1999	225,609	220,841	97.9
2000	225,264	220,999	98.1
2001	230,192	223,252	97.0
<b>2002</b>	<b>229,436</b>	<b>223,849</b>	<b>98.0</b>

(1) Collections made by County Auditor only.

(2) Information prior to collection year 1995 not available from the County Auditor.

Source: Cuyahoga County Auditor



*City of Fairview Park, Ohio*

Computation of Legal Debt Margin - Statutory Debt Limitations

December 31, 2002

**Statutory (direct) debt limitations**

Overall debt limitation 10-1/2% of assessed valuation		<b>\$39,318,074</b>
Gross indebtness	<b>\$6,325,567</b>	
Less - debt not subject to limitation	<u><b>903,067</b></u>	
Debt within 10-1/2% limitation	<b>5,422,500</b>	
Less - amount available in debt service fund	<u><b>0</b></u>	<b>5,422,500</b>
<b>Legal debt margin within 10-1/2% limitation</b>		<u><u><b>\$33,895,574</b></u></u>

Unvoted debt limitation 5-1/2% of assessed valuation		<b>\$20,595,182</b>
Gross indebtness	<b>\$6,325,567</b>	
Less - debt not subject to limitation	<u><b>903,067</b></u>	
Debt within 5-1/2% limitation	<b>5,422,500</b>	
Less - amount available in debt service fund	<u><b>0</b></u>	<b>5,422,500</b>
<b>Legal debt margin within 5-1/2% limitation</b>		<u><u><b>\$15,172,682</b></u></u>

*City of Fairview Park, Ohio*

Computation of Legal Debt Margin - Constitutional Debt Limitations

December 31, 2002

<b>Constitutional (indirect) debt limitation</b>	
Overall debt limitation authorized by Charter	<b>10.00 mills</b>
Encumbered millage as of December 31, 2002	<b><u>3.5425 mills</u></b>
<b>Available millage as of December 31, 2002</b>	<b><u><u>6.4575 mills</u></u></b>

Assumes maturity over a twenty year period with 5.5% annual interest.

*City of Fairview Park, Ohio*

Computation of Direct and Overlapping Debt

December 31, 2002

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Fairview Park, Ohio	Overlapping Debt	Amount Applicable to City of Fairview Park, Ohio
City of Fairview Park	\$6,325,567	100.00%		\$6,325,567
Fairview Park City School District	4,064,993	100.00	4,064,993	
Rocky River City School District	26,189,128	8.97	2,349,165	
Cuyahoga County	200,162,636	1.31	2,622,131	
Greater Cleveland Regional Transit Authority	13,631,000	1.51	1,785,661	
Polaris Joint Vocational School	none	none	<u>none</u>	
Subtotal Overlapping Debt				<u>\$10,821,950</u>
Total Applicable to Fairview Park				<u><u>\$17,147,517</u></u>

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

Source: Cuyahoga County Auditor

*City of Fairview Park, Ohio*

Ratio of Net General Debt to Assessed Value  
and Net Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Debt	(1) General Obligation Debt
1993	18,028	\$ 274,347,615	\$ 3,323,000	\$ 3,314,981
1994	18,028	272,734,874	2,759,000	2,754,991
1995	18,028	310,246,639	3,065,000	3,065,000
1996	18,028	309,381,166	2,425,000	2,425,000
1997	18,028	314,673,655	1,870,000	1,870,000
1998	18,028	339,110,644	1,630,817	1,630,817
1999	18,028	341,850,500	5,672,013	5,130,000
2000	17,572	346,111,224	7,222,766	6,035,498
2001	17,572	382,719,583	6,844,699	5,790,498
<b>2002</b>	<b>17,572</b>	<b>374,457,849</b>	<b>6,325,567</b>	<b>5,882,500</b>

	General Obligation Debt Service Money Available	(1) Net General Obligation Debt	(1) Ratio of Net Debt to Assessed Valuation	(1) Net General Obligation Debt Per Capita
\$	1,413	\$ 3,313,568	1.2	184
	25,147	2,729,844	1.0	151
	25,499	3,039,501	1.0	169
	200	2,424,800	0.8	135
	4	1,869,996	0.6	104
	847	1,629,970	0.5	90
		5,130,000	1.5	285
	25,608	6,009,890	1.7	342
	14,716	5,775,782	1.5	329
		<b>5,882,500</b>	<b>1.6</b>	<b>335</b>

(1) Does not include Special Assessment or OPWC Debt.

Source: Cuyahoga County Auditor

**City of Fairview Park, Ohio**

Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

Year	(1) General Obligation Principal	General Obligation Interest	(2) General Obligation Debt Service	Total General Operating Expenditures	Ratio of General Obligation Debt Service to General Operating Expenditures
1993	\$ 124,990	\$ 116,160	\$ 241,150	\$ 8,753,222	2.75
1994	124,990	107,424	232,414	8,049,106	2.89
1995	124,990	98,687	223,677	9,560,501	2.34
1996	120,000	89,950	209,950	9,339,546	2.25
1997	120,000	81,550	201,550	10,045,050	2.01
1998	120,000	73,150	193,150	11,174,644	1.73
1999	120,000	133,123	253,123	12,634,438	2.00
2000	345,000	261,468	606,468	16,373,091	3.70
2001	360,000	369,709	729,709	14,379,839	5.07
<b>2002</b>	<b>310,000</b>	<b>228,939</b>	<b>538,939</b>	<b>14,554,999</b>	<b>3.70</b>

(1) Does not include the rollover of principal due under bond anticipation notes or OPWC loans.

(2) Debt service on General Obligation Bonds and Notes does not include debt service on Special Assessment Bonds and Notes.

*City of Fairview Park, Ohio*

Demographic Statistics

Last Ten Fiscal Years

<u>Year</u>	<u>(1) Population</u>	<u>(2) Rocky River City School District</u>	<u>Fairview Park City School District</u>	<u>(3) Cuyahoga County Unemployment Rate</u>
1993	18,028		1,855	6.30%
1994	18,028		1,976	4.40
1995	18,028		1,997	4.70
1996	18,028		2,052	5.20
1997	18,028		2,091	4.80
1998	18,028	16	2,076	4.50
1999	18,028	16	1,974	4.50
2000	17,572	20	1,903	4.60
2001	17,572	33	1,899	6.00
<b>2002</b>	<b>17,572</b>	<b>33</b>	<b>1,870</b>	<b>6.20</b>

(1) Census Statistics

(2) Rocky River Board of Education (Rocky River, Fairview Park). Board of Education did not keep attendance records of children from the City of Fairview Park prior to 1998.

(3) Ohio Bureau of Employment Services Labor Marketing Information Department.

*City of Fairview Park, Ohio*

Construction, Bank Deposits and Assessed Property Taxes

Last Ten Fiscal Years

Year	(1) Residential & Commercial Construction Value	(1) Residential & Commercial Construction Units	(2) County Bank Deposits (In Thousands)	(3 and 4) Total Assessed Property Values
1993	\$5,995,176	372	21,900,421	274,347,615
1994	4,414,399	341	20,885,453	272,734,874
1995	12,855,065	366	22,694,304	310,246,639
1996	7,897,348	382	27,068,211	309,381,166
1997	7,207,918	416	53,941,971	314,673,655
1998	6,046,691	400	58,904,596	339,110,644
1999	4,697,708	348	57,816,942	341,850,500
2000	3,227,495	379	61,942,764	346,111,224
2001	10,439,559	383	63,893,769	382,719,583
<b>2002</b>	<b>9,273,481</b>	<b>410</b>	<b>95,761,917</b>	<b>374,457,849</b>

(1) City of Fairview Park Building Department.

(2) Federal Reserve Bank of Cleveland (total demand, time and savings deposits in Cuyahoga County).

(3) Cuyahoga County Auditor's Office.

(4) Represents the values assessed for taxation which range from 25% to 88% of estimated true value.



*City of Fairview Park, Ohio*

Principal Taxpayers - Real Property

December 31, 2002

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Westgate Joint Venture	\$ 14,481,220	3.87%
Z & Sons Limited Partnership	6,475,000	1.73
Fairview Shopping Center Corp.	3,937,150	1.05
Dillards Department Store	2,458,890	0.66
Lawn Village Inc.	2,355,430	0.63
Cleveland Electric Illuminating Co.	2,069,920	0.55
Ohio Bell Telephone Co	2,046,810	0.55
200 West Apartments	1,941,800	0.52
Westgate Medical Center	1,129,520	0.30
Center Ridge Equity	<u>972,410</u>	<u>0.26</u>
	\$ <u><u>37,868,150</u></u>	<u><u>10.44</u></u>
Total assessed valuation	\$ <u><u>374,457,849</u></u>	

*City of Fairview Park, Ohio*

Principal Taxpayers - Personal Property

December 31, 2002

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Dillards Department Store	\$ 2,908,050	0.78%
Tops Markets LLC	717,510	0.19
Kohl's Department Stores	693,580	0.19
Golf Galaxy Inc.	300,090	0.08
Cox Cable Cleveland, 1st	208,430	0.06
Gap, Inc.	203,640	0.05
Cox Cable Cleveland, 2nd	192,420	0.05
Quadax Inc.	168,400	0.04
Wideopenwest Cleveland LLC	139,810	0.04
Great Lakes Companies Inc	<u>137,880</u>	<u>0.04</u>
	\$ <u><u>5,669,810</u></u>	<u><u>1.51</u></u>
Total assessed valuation	\$ <u><u>374,457,849</u></u>	



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**Auditor of State  
Betty Montgomery**

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**CITY OF FAIRVIEW PARK**

**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  
SEPTEMBER 25, 2003**