

City Of Euclid, Ohio

Comprehensive Annual Financial Report

December 31, 2001

**Prepared by the Department of Finance
Richard T. Balazs, Director**



CITY OF EUCLID, OHIO
INTRODUCTORY SECTION



STATE OF OHIO
OFFICE OF THE AUDITOR

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

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

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

JIM PETRO
Auditor of State

July 18, 2002

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CITY OF EUCLID, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2001

TABLE OF CONTENTS PAGE

Introductory Section

Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
City of Euclid Principal Officials	xx
Organizational Chart	xxi
GFOA Certificate of Achievement	xxii

Financial Section

Independent Auditors' Report.....	1
General Purpose Financial Statements - Combined Overview:	3
Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Unit.....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Discretely Presented Component Unit.....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Governmental Fund Types	10
Combined Statement of Revenues, Expenses, and Changes in Total Fund Equity – All Proprietary Fund Types	14
Combined Statement of Revenues, Expenses and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Proprietary Fund Types	16
Combined Statement of Cash Flows – All Proprietary Fund Types	18
Notes to the Combined Financial Statements.....	20

CITY OF EUCLID, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2001

TABLE OF CONTENTS	PAGE
Combining, Individual Fund and Account Group Statements:	
Special Revenue Funds:	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	52
Schedules of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis):	
Streets and Highways	54
Community Development Block Grant.....	55
Recreation Operating	56
Other Grants	57
Total - Special Revenue Funds	58
Capital Projects Funds:	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis):	
Capital Bond and Note Construction	61
Capital Improvement.....	62
Total - Capital Projects Funds.....	63
Enterprise Funds:	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenses, and Changes in Total Fund Equity.....	67
Schedules of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Waste Water	68
Golf Course	69
Total - Enterprise Funds	70
Combining Statement of Cash Flows	71
Agency Funds - Combining Statement of Changes in Assets and Liabilities.....	73

CITY OF EUCLID, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2001

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Account Group Schedules:	
General Fixed Assets Account Group - Schedule of General Fixed Assets by Source	75
Schedule of General Fixed Assets by Function and Activity	76
Schedule of Changes in General Fixed Assets by Program and Department	77
 <u>Statistical Section</u>	
Operations Statistics:	
General Governmental Expenditures by Function	79
General Governmental Revenues by Source	80
Tax Statistics:	
Property Tax Levies and Collections	81
Assessed and Estimated Actual Value of Taxable Property	82
Assessed Value of Real Property by Class	83
Property Tax Rates - Direct and Overlapping Governments	84
Debt Statistics:	
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	85
Computation of Legal Debt Margin	86
Computation of Direct and Overlapping Debt	87
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	88
Revenue Loan Coverage	89
Principal Amount of General Long and Short-Term Debt	90
Ratio of Debt to Total Population, Assessed Value of Real and Personal Property and Per Capita Income	92
Economic Demographic And Miscellaneous Statistics:	
Property Values, Bank Deposits and Construction	93
Principal Property Taxpayers - Personal Property	94
Principal Property Taxpayers - Real Property	95
Demographic Statistics	96
Miscellaneous Statistical Data	99
Special Assessment Billings and Collections	102
Schedule of Insurance	103

CITY OF EUCLID, OHIO

TRANSMITTAL LETTER

The Transmittal Letter is a non-technical narrative that explains the legal and policy reasons for the publication of a Comprehensive Annual Financial Report and discusses its substantive highlights.



585 East 222nd Street, Euclid, OH 44123-2099

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June 17, 2002

Department of FINANCE

Richard T. Balazs, Director

Phone: 216/289-2850

Fax: 216/289-2764

Honorable Mayor Paul Oyaski,
Members of Euclid City Council and
Residents of the City of Euclid:

We are pleased to submit to you the City of Euclid's (the City) Comprehensive Annual Financial Report for the fiscal year ending December 31, 2001. We believe this report, prepared by the Department of Finance, presents comprehensive financial and operating information about the City's activities during 2001 that should be useful to citizens, elected officials, investment institutions, rating agencies and other interested parties.

This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: the Introductory Section, a series of Financial Sections and a Statistical Section.

The Introductory Section includes this transmittal letter from the Director of Finance, a general governmental organizational chart, and a list of the principal officials. The transmittal letter includes summarized financial information about the City of Euclid, an analysis of the past year's operations of general government and major enterprise activities, and an overview of the City of Euclid's current economic picture as well as its initiatives and financial accomplishments for the year.

The Financial Section includes our external auditor's letter expressing an opinion as to the accuracy and fairness of the presentation, the audited general purpose financial statements and the supporting schedules and notes. The combined statements in this section present an overview of the City of Euclid's entire financial operations. Combined and individual fund statements present financial data of each of the separate funds and account groups of the City of Euclid. Data from the prior fiscal year, which ended December 31, 2000, has been included in certain statements and schedules for comparative purposes.

The Statistical Section includes a number of statistical tables and charts representing various financial, economic, social and demographic information presented on a ten year basis.

The City of Euclid receives federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1984, and Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and *Government Auditing Standards*, issued by the Comptroller General of the United States has been performed for the fiscal year ended December 31, 2001. The required reports on supplementary information, compliance, and internal controls along with various supplementary schedules will be provided under a separate report cover.

THE REPORTING ENTITY

The City of Euclid, which covers 10.2 square miles, is situated in the industrial Midwest and is bounded on the west by the City of Cleveland, on the north by Lake Erie and on the south and east by other smaller cities. The City was incorporated as a village in 1903, became incorporated, as a city in 1931 and then became a Charter City in 1951. The form of government established by the Charter is the Mayor/Council form. The executive power of the City is vested in the Mayor, who is elected for a term of four (4) years. The legislative power of the City is vested in a Council of nine (9) members elected for a term of two (2) years. The judicial power of the City is vested in the Municipal Court Judge, elected to a six (6) year term. The Mayor appoints the directors of Administration, Finance, Community Service, Law, Parks & Recreation, and Public Service.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, establishes the criteria used for defining the financial reporting entity of a governmental unit. These principles provide that the reporting entity is comprised of the primary government, organizations, for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the general purpose financial statements to be misleading or incomplete. Pursuant to these principles, the City has included in this report all funds, account groups, agencies, boards and commissions for which the City is financially accountable. In addition, the activities of the Euclid Development Corporation (EDCOR) are included as a discretely presented component unit in the special revenue funds in this report as part of the primary government reporting entity because these activities are so intertwined with the primary government that they are, in substance, the same as the primary government. EDCOR provides administrative assistance to the City in conjunction with its Community Development Block Grant award and is an integral part of the City's economic development program.

CITY SERVICES

The City of Euclid offers its citizens a full range of municipal services that include a municipal court, police and fire protection, sanitation, street maintenance and improvements, health and welfare, community and economic development, a civic cultural center, and a community center that is home to many senior citizen organizations and community activities. In addition, the City's recreational facilities include an 18-hole municipal golf course, an indoor ice skating rink, several swimming pools, and a variety of sports fields which provide opportunities for competitive sports. Fine health care is available in Euclid for people living and working in the City, due to the presence of Euclid Hospital, affiliated with the Cleveland Clinic, and University Mednet's Clinic.

The City operates two enterprises, Briardale Greens golf course and the Waste Water Treatment Plant. Both are accounted for in the City's enterprise funds. The City of Euclid provides waste water treatment for the cities of Wickliffe, Willowick, Willoughby Hills, and parts of Richmond Heights, Ohio. Each of these communities depends in whole or in part on the City of Euclid's sanitary sewer system for transportation of their waste water to the City's waste water treatment plant.

The maintenance of the sanitary sewer system within each community is the responsibility of each individual community. The firm of DMG-Maximus, Inc. determines annually and independently the revenues required to provide waste water services and recommends a rate structure that would equitably recover these costs from the system users.

The Cleveland Electric Illuminating Company (nka FirstEnergy Corp.) and the East Ohio Gas Company, both independent, publicly-owned utilities, provide the residents of the City with electricity and natural gas, respectively. Cleveland Public Power, a municipally owned electric utility, serves a small portion of the community and the Regional Transit Authority, a county wide transit system provides bus service within the city.

ECONOMIC CONDITION AND OUTLOOK

There is no doubt that September 11, 2001 changed our country and our individual lives forever. Before September 11th, the National and World economies were in a slow down mode. The tragic events of 9/11 served to accelerate the downturn into full-blown recession.

The year 2001 brought a dramatic downturn to the stock markets, individual businesses nation wide and, specifically, Northeast Ohio. Cuyahoga County suffered the worst drop in terms of job losses while Northeast Ohio saw 37,000 jobs eliminated because of the recession.

The City of Euclid did share in the plight of the nation and the region. Overall, job loss was not significant, but a cut back in hours and overtime certainly affected the City income tax collections.

All was not doom and gloom, though, for the City of Euclid. Several projects that were in the planning stage came to fruition totally ignoring the overall state of the economy.

A & D Machine, the first new building on Euclid's newest industrial park, completed their 42,000 square foot light manufacturing facility. Construction and personal property investment totaled over 6.5 million dollars. A & D Machine is in the process of adding 47 new employees which will generate an additional \$2 million in new payroll.

Lake Erie Abrasive relocated to Euclid and built a 23,000 square foot facility and brought 20 new employees representing a new payroll of \$1 million.

Suburban Auto purchased vacant land from the City and constructed a 12,000 square foot building. This project added 12 new employees representing \$700,000 in new payroll.

Finally, Powdermet, Inc., a high technology company located in California, has committed to locate a new division within the City of Euclid. Powdermet will purchase the long vacant Textron R & D facility and invest over \$2,250,000 in its initial stage of the project. Over a three-year period, Powdermet will bring to Euclid approximately 122 high paying jobs generating a minimum of \$4,695,000 in new payroll.

This project represents a first for the City of Euclid and the Heritage Industrial Park in relation to a West Coast high-tech company relocating to the heart of the so-called "rust belt." The success of this project promises a potential for compatible company spin-off within the City.

The usually weak commercial sector also experienced growth with the completion of several projects.

Home Depot finished its 18,000 square foot building investing over \$8 million. The opening of this beautiful store created 175 new jobs generating a new payroll of \$4.3 million.

Rick Case Honda constructed a 30,000 square foot building investing over \$3.1 million. This project created 60 new jobs representing a new payroll of \$1.8 million.

TOPS Supermarket completed their 47,000 square foot building investing over \$4 million in this state-of-the-art store. This project created 125 new jobs representing over \$2.0 million in new payroll.

Competition breeds competition. Dave's Super Market, located across the street from the new TOPS, completed phase one of a comprehensive renovation project investing over \$1 million in interior redesign and renovation. Phase two will consist of the redesign and renovation of the exterior of the building. Success also breeds success as both stores have been enjoying booming businesses.

In addition, Save-A-Lot constructed a new 15,000 square foot grocery store to serve the southeast side of the City. Project investment was over \$850,000 with 30 new jobs representing over \$400,000 in new payroll.

Not to be outdone by the grocery business boom, Fine Interiors, a seller of top quality furniture, purchased a vacant 85,000 square foot building and invested over \$500,000 in renovations. This project created 60 new jobs representing over \$1 million in new payroll.

The above is just an example of the new investment that occurred in the City of Euclid despite the National recession. The National economy has stabilized, but growth will most likely be a long-term occurrence.

The City of Euclid, though effected by the recession, is not standing pat. New developments and economic projects are being pursued. Some of these projects are in the planning stages, and others are close to fruition.

One project that has been discussed and pursued for twenty years is Lake Front Development. Many studies and meetings have been held, but the one factor missing has always been a commitment from the private sector. That commitment has now been delivered. A private developer has purchased two major high-rise lakefront apartment complexes and will be totally renovating them. In addition, the developer is acquiring all of the residential property separating the two complexes with new townhouse condos and Lake Erie access being the goal. This represents just phase one of a multi-phase project that would include a 260-boat marina, restaurants, stores, and more luxury housing. It has been twenty years in the planning, but the future looks bright.

This is another example of how the City of Euclid used wise planning, strong leadership and economic diversity to generate reinvestment, stability and economic growth. That, in itself, continues to describe the City of Euclid and its future.

FINANCIAL INFORMATION

Internal Accounting and Reporting Control

As part of its continuing commitment to excellence in financial reporting, the City administration and Council have continued to rely on a fully integrated computerized financial accounting, budgeting and reporting system that has proven successful since its implementation in 1992. Being an integrated and widely deployed system, the City's current financial status is available to management on a moment's notice. The timeliness and accuracy of the information provided to management allows for more informed daily decision making, performance evaluation and planning.

The Mayor and administrators are responsible for implementing an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the determination of costs and benefits requires estimates and judgements by management.

All internal controls are designed within the above framework. Accordingly, we believe the City's system of internal accounting controls is adequate to safeguard assets and provide reasonable assurance of proper recording of transactions.

Summary of Accounting Policies and Budgetary Control

The City of Euclid's financial statements for its governmental and fiduciary funds are prepared on a modified accrual basis of accounting which conforms to generally accepted accounting principles. Revenues on this basis are recognized when measurable and available to finance current City operations; expenditures are recognized when the liability is incurred, if measurable, except for interest on general obligation debt, which is recognized when due.

The City's enterprise and internal service funds are accounted for on the accrual basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred. See Note 1 to the general purpose financial statements for a summary of the City's significant accounting policies.

The City's budgeting process is governed by Ohio law and is divided between the City's Mayor and Finance Director (who prepares the tax budget), Council, the Cuyahoga County Budget Commission (consisting of the County Auditor, County Treasurer and County Prosecutor) and the County Auditor. The major features of the budgeting process are discussed below.

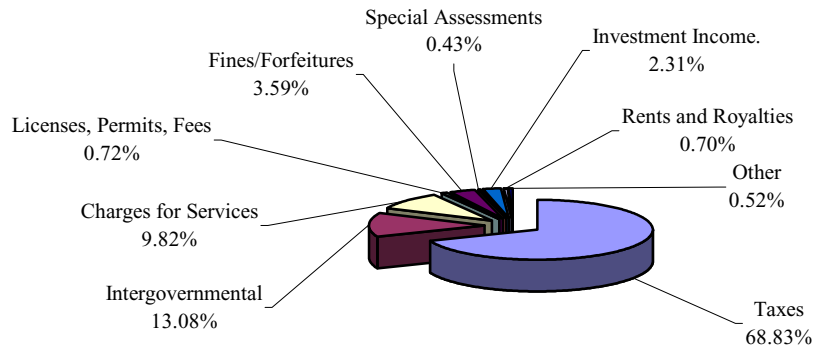
On or before the fifteenth day of July of each year, the Council must adopt a tax budget for the next succeeding fiscal year. The tax budget is prepared on a cash or non-GAAP basis. Based upon its review of the tax budget, the County Budget Commission certifies tax levies that may be levied within and in excess of the ten-mill tax limitation. The County Budget Commission also issues an "official certificate of estimated resources," stating the City's estimated resources, by fund. The City must then revise its tax budget so that the total contemplated appropriations and expenditures, by fund, will not exceed the City's estimated resources, by fund, as determined by the County Budget Commission's certificate. The revised tax budget is the basis of the annual appropriation measure. On or about the first of each year, the fiscal officer of the City certifies the total amount of all sources (taxes and revenues) available for expenditure from each fund, together with balances existing at the end of the preceding year. Year-end balances are to be unencumbered balances; that is, the balances shall be reduced by unliquidated and outstanding obligations at the end of the year. The County Budget Commission then issues an amended official certificate of estimated resources.

The total appropriations made during the fiscal year from any fund may not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereto, certified prior to the appropriations. Based on the revised tax budget and official certificate of estimated resources, or amendments thereto, the City's Council will pass the annual appropriation measure and any supplemental appropriations. The Council may pass a temporary appropriation measure and delay the passage of the annual appropriation measure to a date not later than April 1st. Appropriation measures are not effective until the County Auditor files with the Council a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the amounts shown in the official or amended official certificate of estimated resources. When the County Auditor may properly give such certificate, he must do so forthwith upon his receipt from the Council of a certified copy of the appropriation measure. The temporary, annual and supplemental appropriation measures establish the maximum amount that may be encumbered or expended from each fund during the fiscal year. These encumbrances are reported as a reservation of fund balance at December 31, 2001. Budgets are legally adopted and controlled on a cash/encumbrance basis. Unencumbered appropriations lapse at year-end and become available for future appropriations.

General Governmental Functions

The following chart presents a summary and compares revenues for the general governmental functions that include the General Fund; Special Revenue Funds and Debt Service Fund revenues for the year ended December 31, 2001.

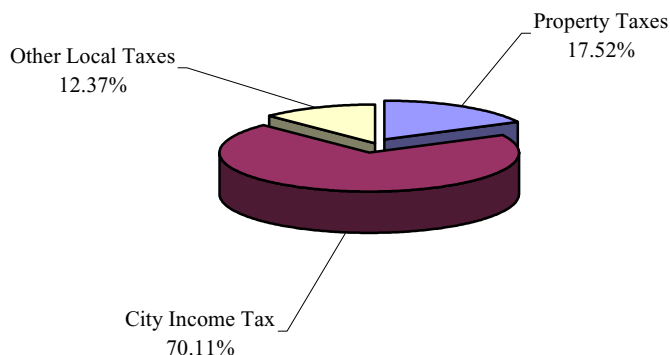
Revenue Sources



<u>Revenue Sources</u>	<u>2001 Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From 2000</u>
Taxes	\$ 28,837,807	68.82%	\$ (1,633,091)
Intergovernmental	5,483,130	13.08%	179,707
Charges for Services	4,116,375	9.82%	160,545
License, Permits, Fees	303,514	0.72%	43,586
Fines and Forfeitures	1,506,379	3.59%	41,794
Special Assessments	179,399	0.43%	(39,452)
Investment Income	967,290	2.31%	(682,490)
Rental and Royalties	293,649	0.70%	12,775
Other	216,810	0.52%	(5,292)
Total	\$ 41,904,353	100.00%	\$ (1,921,918)

Intergovernmental Revenue showed the most significant increase compared to the prior year. This was due to an increase in grant funding and local government revenue. Charges for Services were the next most significant increase in revenue because of the increase in the collection of ambulance billing receipts. The revenue source that showed a significant decrease compared to the prior year is the Municipal Income Tax. Although the City diligently pursued delinquent taxpayers in 2001, total tax receipts were down due to reductions in the work force of some of the major employers in the City. There was a sharp reduction in Investment Income revenue due to declining interest rates.

Tax Revenue



<u>Tax Revenue</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>2001 Amount</u>	<u>Percentage of Total</u>
Property Taxes	\$ 2,406,414	\$ 465,527	\$ 2,181,126	\$ 5,053,067	17.52%
City Income Tax	20,217,015	-	-	20,217,015	70.11%
Other Local Taxes	<u>2,137,738</u>	<u>1,429,987</u>	-	<u>3,567,725</u>	<u>12.37%</u>
Total	<u>\$ 24,761,167</u>	<u>\$ 1,895,514</u>	<u>\$ 2,181,126</u>	<u>\$ 28,837,807</u>	<u>100.00%</u>

Ohio law authorizes the levy of a municipal income tax at a rate not to exceed 1% by an act of council, solely, without a vote of the electors. Municipal income taxes at a rate in excess of 1% must first be approved by a vote of the electors and be for a specified purpose. The City’s municipal income tax rate has slowly increased to its present rate of 2.85%. On July 1, 1968, the tax rate levied by the City and approved by council was increased to 1% per annum. The tax rate was increased from 1% to 1.50% per annum based upon a vote of the electors on June 7, 1977. On July 1, 1982, after a vote of the electors, an additional .5% was levied to raise the tax rate to 2% and then in 1994 the electors voted in an increase of .85% joint tax to be split between the City and the Euclid Board of Education. Presently, the .85% increase in the income tax rate is allocated .47% to the Euclid Board of Education and .38% to the City of Euclid. The 2.0% remaining is solely for the City of Euclid.

The City’s income tax is levied upon the net income of corporations and other business entities and on the wages, salaries and compensation of individuals. The income tax is collected and administered on behalf of the City by the Central Collection Agency, a regional council of governments organized under Ohio law.

In Ohio, the assessed value of real property is equal to 35% of its appraised value. The County auditor is responsible for administering the property tax, including establishment of real property assessed values. The Auditor’s office conducts a reappraisal of property every six years and an update adjustment in the third year following reappraisal. These functions are known as the “sexennial” reappraisal and the “triennial” adjustment. The most recent reappraisal was conducted in 2000.

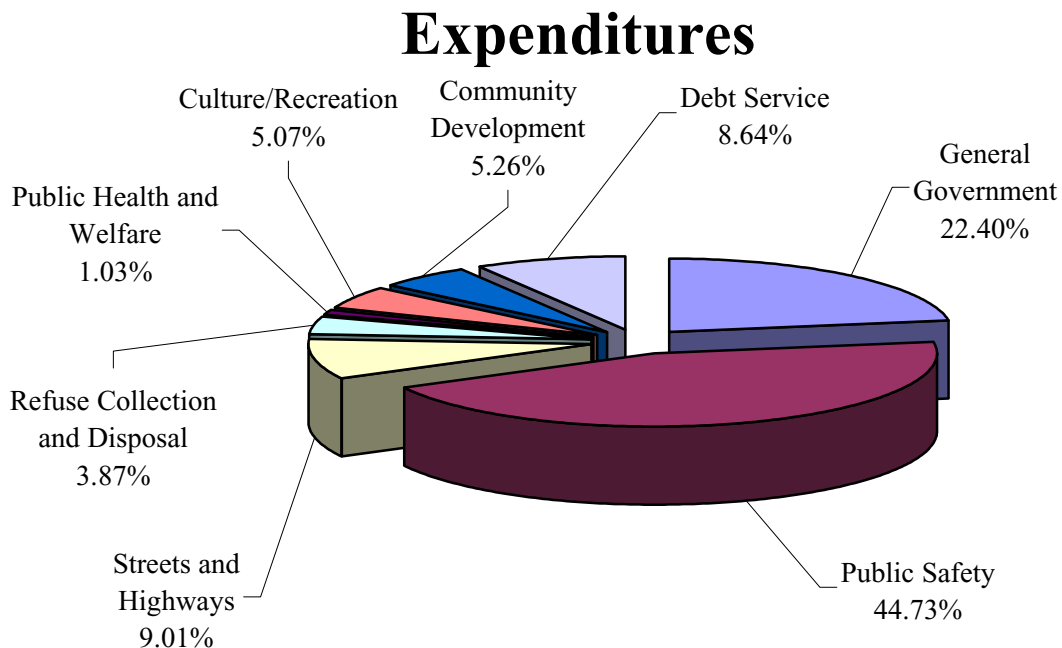
Under Ohio law for tax year 2001 (collection year 2002) tangible personal property used in business (except for the public utility business) is assessed at 25% of true value (in general, true value is net book value). The assessment level of public utility tangible personal property, except that of a railroad and a rural electric company whose tangible personal property is assessed at 25% and 50% respectively, was changed from 100% for all such property to either 88% or 100% of true value depending on the nature of the public utility. The true value of the production equipment of an electric company is the equipments original cost less fifty-percent (50%) of that cost as an allowance for depreciation and obsolescence.

The details of property tax valuations and tax rates relating to collections for the last three years are as follows:

TAX RATES (Per \$1,000 of assessed Valuation)

<u>Purpose</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund	\$ 6.72	\$ 6.72	\$ 6.92
Recreation Operating	2.00	2.00	1.30
Bond Retirement	3.88	3.88	3.88
Capital Improvements	1.00	1.00	1.70
Sewers	2.00	2.00	2.00
Totals	<u>\$ 15.60</u>	<u>\$ 15.60</u>	<u>\$ 15.80</u>
Assessed Valuation	<u>\$ 826,000,544</u>	<u>\$ 768,218,306</u>	<u>\$ 790,617,336</u>

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund expenditures for the year ended December 31, 2001 and the increases and decreases in relation to prior year expenditures.



<u>Functions</u>	<u>2001 Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) from 2000</u>
General Government	\$ 10,485,230	22.40%	\$ (894,650)
Public Safety	20,937,263	44.73%	687,179
Streets and Highways	4,215,489	9.01%	(190,037)
Refuse Collection and Disposal	1,810,188	3.87%	81,928
Public Health and Welfare	482,245	1.03%	(232,440)
Culture/Recreation	2,373,877	5.07%	99,190
Community Development	2,464,349	5.26%	(27,745)
Debt Service	4,044,104	8.64%	108,950
Total	<u>\$ 46,812,745</u>	<u>100.00%</u>	<u>\$ (367,625)</u>

The most significant increase in expenditures when compared to the prior year was in the Public Safety function. This increase was the result of; 1) a three-percent (3%) pay increase given to City employees pursuant to agreements with various bargaining unions and the increase in related fringe benefits and 2) training and overtime related to that training for each department. The most significant decrease compared to the prior year was in the General Government function. This significant decrease in expenditures was the result of certain cost cutting measures and effective budget management by each of the department managers.

The City of Euclid has classified its funds into three categories: governmental funds, proprietary funds and fiduciary funds. The funds within each category are described as follows:

Governmental Funds

The acquisition, use and balance of the City's expendable financial resources and the related current liabilities (except those accounted for in the Proprietary Funds) are accounted for through governmental funds. The measurement focus is based upon determination of financial position.

General Fund

The primary operating fund of the City, the General fund traditionally accounts for most of the general governmental revenue and expenditures. The General Fund is responsible for funding the major services of the City, which include the safety forces, parks and recreation, administrative departments, appointed commissions, health and sanitation services. The General Fund budget is prepared by the Mayor with the assistance of the Finance Director and all other City directors, and is submitted to Council for its consideration prior to the start of the new fiscal year. A series of public budget hearings, which take place on various dates over a period of up to 60 days, constitutes the review process. Final appropriations and amendments thereof are passed by Council in the form of ordinances as required by the City Charter and State statutes.

The City's major revenue source is the municipal income tax. A great variety of other sources of income flow into the General Fund, including general property taxes, licenses, fees, permits, sales taxes, court fines, penalties and amounts received from other governments.

The fund balance of the General Fund at December 31, 2001 was \$10,222,000. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Euclid and the general laws of the State of Ohio. It is the goal of the Mayor and his administration to provide a sufficient fund balance in the General Fund to serve as a hedge against any future economic downturn.

Special Revenue Fund

Special Revenue Funds of the City are funds used to account for revenues (other than expendable trusts or major capital projects) derived from specific taxes or other legally restricted revenue sources. The funds include the Community Development Block Grant Fund, the Streets and Highways Fund, and the Recreation Operating Fund. The expenditures of these funds are legally restricted for specified purposes.

All special revenue funds are controlled through the same detailed budget process used for the General Fund. Federal monies have continued to play an important role in the City's revitalization programs and the Community Development staff, which is responsible for monitoring the City's compliance with applicable federal laws and regulations has provided for the administration and utilization of these resources at an optimum level.

Capital Projects Funds

The Capital Projects Funds account for financial resources to be used for acquisition or construction of major capital facilities except for those financed by Proprietary or Trust funds. Major sewer reconstruction projects, street resurfacing and curbs, and real estate and equipment acquisitions are accounted for in capital projects funds. The main sources of revenue for capital projects funds are property taxes, the sale of bond and notes, special assessments and government grants.

Proprietary Funds

Proprietary Funds are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The intent of the City concerning these funds is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's proprietary fund types:

Enterprise Funds

Enterprise Funds of the City of Euclid include the Golf Course Fund (Briardale Greens) and the Waste Water Treatment Fund. These funds, which are comparable to for-profit businesses, were established to account for the City's self-supporting activities. The Waste Water Treatment Fund accounts for the operation of the City's sanitary sewer and waste water treatment system which not only services Euclid, but several other surrounding communities. The City's enterprise funds are required to adopt budgets and operate under the same budgetary controls as the General Fund

The firm of DMG-Maximus, Inc., to date, has completed their tenth (10th) rate study analysis concerning the adequacy of user rates. Upon their recommendations, user fees rate increases went into effect April 1, 2000 for all users. The rate increase was earmarked to fund the United States Environmental Protection Agency court mandated projects and provide the necessary operating funds for this enterprise fund. DMG-Maximus, Inc. has been retained to evaluate the User Charge System annually.

The Briardale Greens Golf Course, over the past three years, continued an increase in net income. A rate increase in 1995 was approved by the Euclid City Council to provide additional revenue from the users to enable this fund to operate as a profit making business. Renovations to the Driving Range and the retirement of some capital debt should further improve the financial outcome of the course.

Internal Service Fund

The Internal Service Fund is used to account for self-funded insurance programs initiated by the City. The City of Euclid's Self-Insurance Program has continued under the authority of Section 2744.08 of the Ohio Revised Code. The program has operated successfully since its inception based on an incident generated "Risk Management" concept initiated and operated by the City administration. See footnote 10 to the general purpose financial statements for a discussion of funding requirements related to this fund.

The City's Self-Insurance Risk Management Program has accepted the following types of potential loss exposures: general liability, automobile liability and physical damage, and public officials and law enforcement professional liability. In an ongoing effort to reduce the City's potential liability within the self-insurance risk categories, the City has continued to make procedural changes in day-to-day operations along with safety and loss control programs.

Risk Management

In 1988, the City undertook and implemented its own self-funded insurance plan that covers all areas of Risk Management, including general liability, property and vehicle coverage. The City instituted a medical self-insurance program in 1989 designed to provide city employees with maximum health care benefits while controlling the increasing cost of health insurance. Individual funds are charged for the per-capita cost of specific claims and administration. The level of risk assumed is limited by the City's purchase of specific stop-loss coverage per employees. A detailed listing of the insurance coverage carried by the City can be found in Table 20 in the Statistical Section of this report.

The City participates in a retrospective rating program for workers' compensation insurance. The program was initiated in conjunction with various safety and loss control programs designed to reduce the level of risk. Under the retrospective rating program, the City agrees to pay an administrative premium based on a percentage of gross payroll from the previous year, which is a fraction of the premium it would normally pay, while accepting the responsibility of reimbursing workers' compensation claims as they come due. The City expects to realize a reduction in workers' compensation costs through this plan, not only through lower initial premiums, but also from the cash flow accumulation the City realizes. The level of risk assumed by the City is limited to a maximum of two times the actual annual premium.

Debt Administration

The City's outstanding General Obligation debt is currently rated "Aa3" by Moody's Investors Service. This rating was confirmed in 2001 with the City's last long-term bond issue. This high investment grade rating is attributed to the City's conservative financial management, diverse tax base and moderate debt position. Maintaining its superior credit rating enables the City to obtain short term and long term financing at the lowest possible interest rates. As of December 31, 2001, the City's General Obligation debt totaled \$35,325,000 of long term bonds.

Debt Capacity

The City is well within statutory limitations for both voted and not voted debt. The computation of the legal debt margins at December 31, 2001 is included in the Statistical Section of this report under the heading "Debt Statistics" along with other related computations and ratios relevant to the City's note and bonded debt.

The ratio of general bonded debt to assessed valuation and the amount of net bonded debt per capita provide useful information concerning the level of the City's debt to management and investors. The information as of December 31, 2001 for the City of Euclid is as follows:

	<u>Amount</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
General Obligation Debt (Bonded)	\$ 35,325,000	3.80%	\$603.05

Cash Management

The City believes that appropriate cash management activities are integral to the City's overall financial well being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income.

The program's efficiency is enhanced using direct deposits and wire transfers to accelerate the availability of investable balances; cash budgeting and the use of controlled disbursements to control expenditures; and the use of appropriate portfolio management techniques to maximize earnings.

This portfolio program, which aggregates the excess cash of substantially all funds for investment purchases, adheres to the following priorities: assuring the safety of all invested principal, providing needed liquidity to meet the City's obligations on a timely basis, and earning a market rate of return over budgetary and economic cycles.

The securities and maturities utilized are authorized by the Ohio Revised Code, Section 135.14 as amended. The City approaches investment selection in two ways: (1) it purchases eligible securities which mature at specific times to pay known obligations of the City (maturity matching); and (2) it diversifies other maturities over the permissible investment horizon, given cash flow forecasts and market conditions, by constructing a "laddered" configuration.

The City purchases Certificates of Deposit, over-night repurchase agreements with eligible depositories, and Treasury and Agency/Instrumentality securities permitted by the Ohio Revised Code. It also uses the State Treasurers' Star Ohio account for short-term investments. The City does not invest in derivative securities nor engage in leverage. It utilizes yield curve analysis and relative value approaches to investment selection.

All investments are transacted competitively, using three bids/offers from eligible bank and dealer firms. The City uses a third-party safekeeping bank and securities transactions are settled on a delivery versus payment basis.

The City follows the procedure permitted by Ohio law regarding the safekeeping of deposits and investments. Deposits are generally secured by a pool of eligible investments, not in the City's name, held by depository institutions or at their Federal Reserve Bank account for the City. The Governmental Accounting Standards Board, using strict standards of deposit segregation, refers to these deposits as "uncollateralized". The State of Ohio does not require that this criteria be met. Investments in specific instruments, such as U.S. Treasury notes, are held in safekeeping for the City by an eligible depository institution in their Federal Reserve account, for the Account of the City of Euclid.

Fixed Assets

The City is required to maintain and record City assets that it owns or has within its responsibility. Fixed assets that are directly involved in revenue producing activities pertaining to enterprise funds are accounted for within those funds and their related costs are included in the determination of the user charge rate structure.

The City of Euclid engaged the appraisal firm of American Appraisal Associates to conduct a professional asset valuation service. The purpose of this appraisal was to provide an accurate valuation report to establish improved property record reporting and controls and to provide more accurate asset reporting to enable a sound basis for the management and accounting of the general fixed asset group of accounts. The current fixed asset program is an ongoing program that provides accurate up-to-date data and is integrated into a fixed asset financial reporting system.

The General Fixed Assets Account Group includes all fixed assets of the City not used in a proprietary operation. Such assets include the solid waste disposal plant, buildings, land, parks and recreation facilities other than the golf course, motor vehicles and other major equipment. Infrastructure (streets, highways, sidewalks, curbs, gutters and bridges) which the City owns and is responsible for is excluded from the amounts shown. Depreciation of general fixed assets is not recorded in the General Fixed Assets Account Group. As of December 31, 2001, the general fixed assets of the City of Euclid amounted to \$44,286,451.

Pension Obligations

The employees of the city belong to one of the two state sponsored pension systems. Police and Fire are members of the Ohio Police and Fire Pension Fund ("OPFPF"). All other employees are members of the Public Employees Retirement System of Ohio ("PERS"). Both PERS and OPFPF are cost sharing multiple employer public retirement systems. More detailed information on both pension systems can be found in the notes to the financial statements in the Financial Section of this report.

OTHER INFORMATION

Independent Audit

In accordance with Ohio law, annual independent audits are required to be performed on all financial operations of the City. The accounting firm of Ciuni & Panichi, Inc. performed the 2001 audit. The independent accountants' unqualified opinion has been included in this report. The administration plans to continue this audit procedure as required by law as part of the preparation of a Comprehensive Annual Financial Report. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

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 Euclid for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2000. This was the nineteenth (19th) consecutive year the City of Euclid 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.

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

ACKNOWLEDGMENTS

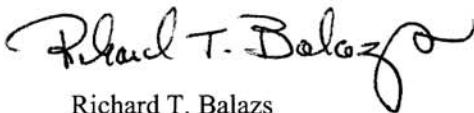
While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Euclid to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and presentation of this report rest mainly with the City's Finance Department. Successful preparation of a report of this magnitude that meets rigid conformance guidelines requires significant dedication of the many staff employees who have participated in producing this report. The performance of the Finance Department again represented a great team effort, but a special thanks and acknowledgement to Paul C. Beckwith for his efforts in coordinating the production. A special thanks to Mr. Robert Gliha for his narrative expressing the business and economic outlook for the City of Euclid.

POSTSCRIPT

The publication of this comprehensive annual financial report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City management and investors. In addition, recipients of this report will include state and federal officials, university students, schools, libraries, newspapers, investment banking firms, banks and rating agencies. A copy of this report will be made available to any person or organization requesting it.

I would like to emphasize that our administration policy pertaining to financial information is a continual open book policy for all residents, investors and interested parties, so that they may have a greater awareness of the financial transactions and statistics of our City, known as the "City of Superior Services", Euclid, Ohio.

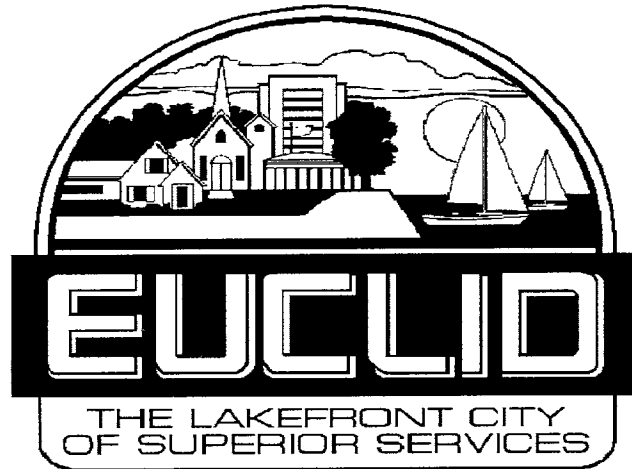
Respectfully submitted,



Richard T. Balazs
Director of Finance

CITY OF EUCLID, OHIO
"A City of Superior Services"

Mayor
PAUL OYASKI



Administrative Directors

PATRICK MURPHY - *Law*

JACK JOHNSON - *Administration*

RICHARD BALAZS - *Finance*

HANK GULICH - *Public Service*

KORY KORAN - *Community Development*

ROBERT DEMINICO - *Recreation*

CHIEF DAVID MAINE - *Police*

CHIEF MICHAEL DWORNING - *Fire*

DEBORAH LEBARRON - *Judge Municipal Court*

Euclid City Council

ED GUDENAS - *President of Council*

KIRSTEN HOLZHEIMER-GAIL - *Ward I*

PATRICK DELANEY - *At-Large*

DARYL LANGMAN - *Ward II*

FREDRICK J. LISY - *At-Large*

JERRY SUSTARSIC - *Ward III*

D. FAY MILLER - *At-Large*

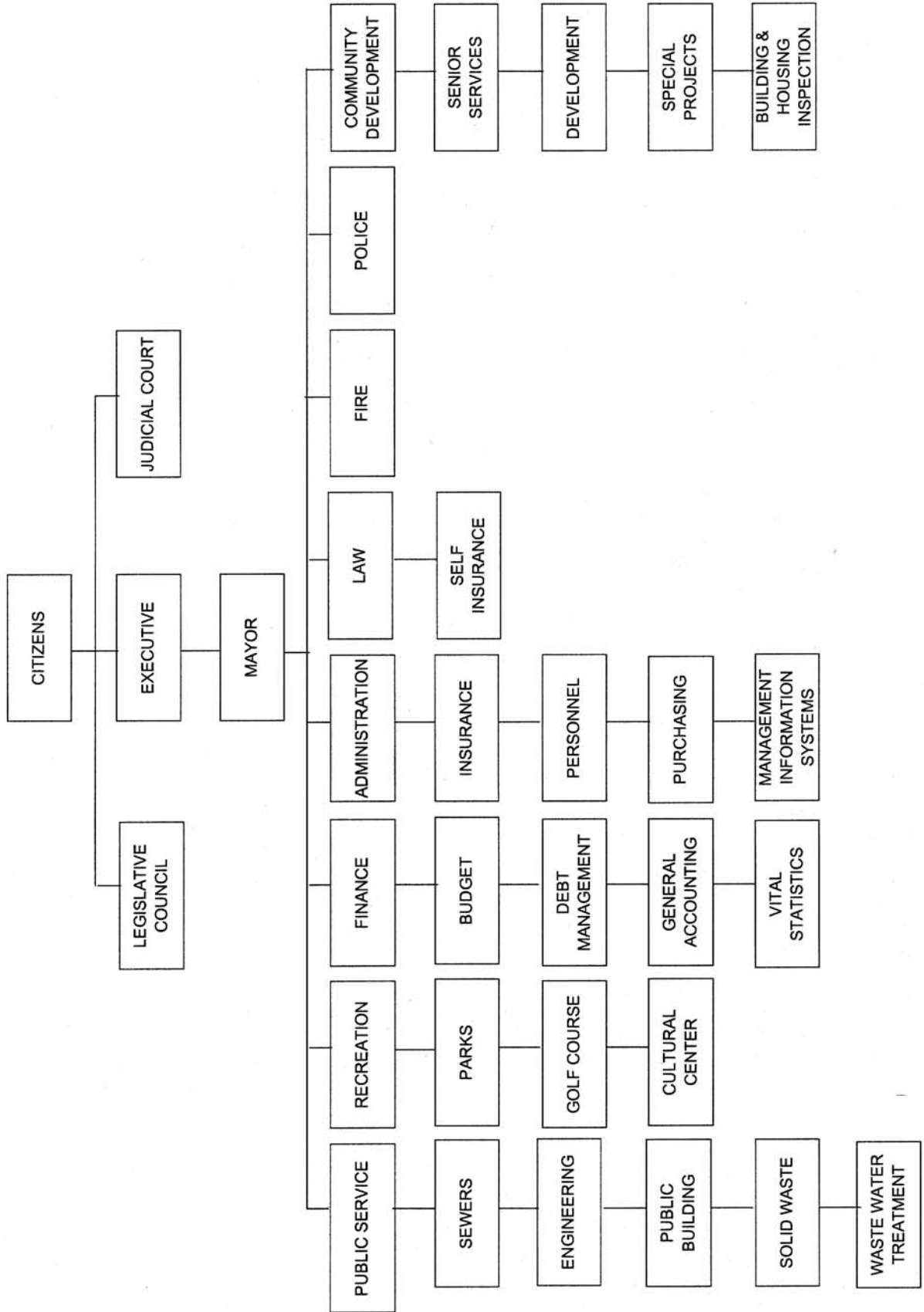
CHRISTOPHER GRUBER - *Ward IV*

MICHAEL McTIGHE - *At-Large*

CITY OF EUCLID

Organizational Chart

December 31, 2001



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Euclid,
Ohio

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

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



Thomas A. Druce
President

Jeffrey L. Essler
Executive Director



CITY OF EUCLID, OHIO
FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Euclid, Ohio

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

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

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

As described in Note 17 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* as of December 31, 2001. This results in a change to the City's method of accounting for certain nonexchange revenues

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2002 on our consideration of the City of Euclid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Cleveland, Ohio
May 13, 2002



CITY OF EUCLID, OHIO
GENERAL PURPOSE
FINANCIAL STATEMENTS —
COMBINED OVERVIEW

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CITY OF EUCLID, OHIO

GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF EUCLID, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT

DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS						
<u>Assets</u>						
Cash and Cash Equivalents	\$ 6,639,591	\$ 1,757,084	\$ 3,434,906	\$ 1,695,689	\$ 5,160,318	\$ 1,226,002
Receivables:						
Taxes	9,936,993	487,660	3,248,184	637,709	750,245	-
Accounts (Net of Allowances for Doubtful Accounts)	195,348	258,358	34,630	216,251	2,871,528	-
Interest	260,867	44	81,819	72,209	-	-
Intergovernmental	537,711	734,117	-	-	-	-
Special Assessments	-	-	2,882,710	200,402	-	-
Notes	2,000,000	-	-	-	-	-
Interfund Receivable	114,454	-	-	-	-	-
Inventory of Supplies at Cost	79,526	167,292	-	-	42,458	-
Deposits	-	-	-	-	-	-
	<u>19,764,490</u>	<u>3,404,555</u>	<u>9,682,249</u>	<u>2,822,260</u>	<u>8,824,549</u>	<u>1,226,002</u>
<u>Restricted Assets</u>						
Cash and Cash Equivalents	-	-	-	-	-	-
<u>Fixed Assets</u>						
Land	-	-	-	-	6,470,412	-
Land Improvements	-	-	-	-	1,182,610	-
Utility Plant/Sanitary Sewers	-	-	-	-	72,552,329	-
Buildings and Improvements	-	-	-	-	1,615,485	-
Furniture, Fixtures, and Equipment	-	-	-	-	2,208,728	-
Less: Accumulated Depreciation	-	-	-	-	(35,368,086)	-
Net Fixed Assets	-	-	-	-	<u>48,661,478</u>	-
<u>Other Debits</u>						
Amount Available in Debt Service Funds	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-
Total Assets and Other Debits	\$ <u>19,764,490</u>	\$ <u>3,404,555</u>	\$ <u>9,682,249</u>	\$ <u>2,822,260</u>	\$ <u>57,486,027</u>	\$ <u>1,226,002</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)	
	General	General	Primary		Reporting	
	Fixed	Long-Term	Government		Entity	
Trust And Agency	Assets	Obligations	2001		2001	2000
\$ 786,808	\$ -	\$ -	\$ 20,700,398	\$ -	\$ 20,700,398	\$ 24,822,748
-	-	-	15,060,791	-	15,060,791	16,199,427
-	-	-	3,576,115	-	3,576,115	4,024,228
-	-	-	414,939	-	414,939	964,084
-	-	-	1,271,828	-	1,271,828	1,062,245
-	-	-	3,083,112	-	3,083,112	3,308,311
-	-	-	2,000,000	1,567,832	3,567,832	3,604,909
-	-	-	114,454	-	114,454	117,495
-	-	-	289,276	-	289,276	242,190
-	-	-	-	15	15	15
<u>786,808</u>	<u>-</u>	<u>-</u>	<u>46,510,913</u>	<u>1,567,847</u>	<u>48,078,760</u>	<u>54,345,652</u>
<u>201,739</u>	<u>-</u>	<u>-</u>	<u>201,739</u>	<u>456,829</u>	<u>658,568</u>	<u>345,937</u>
-	8,945,895	-	15,416,307	-	15,416,307	14,743,542
-	-	-	1,182,610	-	1,182,610	1,159,481
-	-	-	72,552,329	-	72,552,329	72,084,847
-	30,751,671	-	32,367,156	-	32,367,156	30,120,436
-	11,144,302	-	13,353,030	-	13,353,030	12,546,865
-	-	-	(35,368,086)	-	(35,368,086)	(33,596,955)
<u>-</u>	<u>50,841,868</u>	<u>-</u>	<u>99,503,346</u>	<u>-</u>	<u>99,503,346</u>	<u>97,058,216</u>
-	-	3,533,956	3,533,956	-	3,533,956	4,755,832
<u>-</u>	<u>-</u>	<u>40,752,495</u>	<u>40,752,495</u>	<u>-</u>	<u>40,752,495</u>	<u>30,851,432</u>
\$ <u>988,547</u>	\$ <u>50,841,868</u>	\$ <u>44,286,451</u>	\$ <u>190,502,449</u>	\$ <u>2,024,676</u>	\$ <u>192,527,125</u>	\$ <u>187,357,069</u>

Continued

CITY OF EUCLID, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 236,232	\$ 358,093	\$ -	\$ 372,655	\$ 605,834	\$ -
Claims Payable	-	-	-	-	66,000	765,000
Accrued Wages and Benefits	895,229	103,964	1,424	-	117,066	2,862
Accrued Compensated Absences	238,107	36,179	7,178	-	824,443	25,157
Due to Other Governments	2,351,365	427,118	6,397	-	779,458	7,778
Interfund Payable	-	13,550	-	-	-	-
Deferred Revenue	4,670,103	984,826	6,130,892	838,111	750,244	-
Accrued Pension	1,151,454	109,236	2,402	-	125,448	3,599
Accrued Interest Payable	-	-	-	-	709,925	-
Notes Payable	-	-	-	-	-	-
Loan Payable	-	-	-	-	3,986,226	-
Ohio Water Development Authority Loans	-	-	-	-	18,333,990	-
Capital Lease Payable	-	-	-	-	12,855	-
Bonds Payable	-	-	-	-	1,930,000	-
Deposits Held	-	-	-	-	-	-
Total Liabilities	<u>9,542,490</u>	<u>2,032,966</u>	<u>6,148,293</u>	<u>1,210,766</u>	<u>28,241,489</u>	<u>804,396</u>
<u>Fund Equity and Other Credits</u>						
Investment in General Fixed Assets	-	-	-	-	-	-
Contributed Capital	-	-	-	-	18,274,455	-
Retained Earnings:						
Reserved for Capital Improvements	-	-	-	-	1,044,828	-
Unreserved	-	-	-	-	9,925,255	421,606
Total Retained Earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,970,083</u>	<u>421,606</u>
Fund Balance:						
Reserve for Encumbrances	147,811	1,256,057	-	252,521	-	-
Reserve for Inventory	79,526	167,292	-	-	-	-
Reserve for Notes Receivable	2,000,000	-	-	-	-	-
Unreserved (Deficit)	7,994,663	(51,760)	3,533,956	1,358,973	-	-
Total Fund Balance	<u>10,222,000</u>	<u>1,371,589</u>	<u>3,533,956</u>	<u>1,611,494</u>	<u>-</u>	<u>-</u>
Total Fund Equity and Other Credits	<u>10,222,000</u>	<u>1,371,589</u>	<u>3,533,956</u>	<u>1,611,494</u>	<u>29,244,538</u>	<u>421,606</u>
Total Liabilities, Fund Equity, and Other Credits	\$ <u>19,764,490</u>	\$ <u>3,404,555</u>	\$ <u>9,682,249</u>	\$ <u>2,822,260</u>	\$ <u>57,486,027</u>	\$ <u>1,226,002</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	Primary Government 2001		Reporting Entity	2001
\$ -	\$ -	\$ -	\$ 1,572,814	\$ -	\$ 1,572,814	\$ 1,865,658
-	-	-	831,000	-	831,000	944,000
-	-	-	1,120,545	881	1,121,426	1,042,063
-	-	6,480,917	7,611,981	-	7,611,981	8,602,283
18,176	-	-	3,590,292	-	3,590,292	3,680,323
100,904	-	-	114,454	-	114,454	117,495
-	-	-	13,374,178	-	13,374,178	13,751,937
-	-	-	1,392,139	-	1,392,139	863,663
-	-	-	709,925	-	709,925	882,447
-	-	-	-	-	-	10,025,000
-	-	2,256,993	6,243,217	-	6,243,217	4,107,055
-	-	-	18,333,990	-	18,333,990	19,367,447
-	-	223,541	236,396	-	236,396	301,684
-	-	35,325,000	37,255,000	-	37,255,000	27,840,000
869,467	-	-	869,467	-	869,467	716,860
988,547	-	44,286,451	93,255,398	881	93,256,279	94,107,916
-	50,841,868	-	50,841,868	-	50,841,868	47,236,141
-	-	-	18,274,455	-	18,274,455	18,274,455
-	-	-	1,044,828	-	1,044,828	660,375
-	-	-	10,346,861	-	10,346,861	13,433,834
-	-	-	11,391,689	-	11,391,689	14,094,209
-	-	-	1,656,389	-	1,656,389	2,204,060
-	-	-	246,818	-	246,818	199,142
-	-	-	2,000,000	1,567,832	3,567,832	3,604,909
-	-	-	12,835,832	455,963	13,291,795	7,636,237
-	-	-	16,739,039	2,023,795	18,762,834	13,644,348
-	50,841,868	-	97,247,051	2,023,795	99,270,846	93,249,153
\$ 988,547	\$ 50,841,868	\$ 44,286,451	\$ 190,502,449	\$ 2,024,676	\$ 192,527,125	\$ 187,357,069

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
Taxes	\$ 24,761,167	\$ 1,895,514
Intergovernmental	3,921,294	1,561,836
Charges for Services	2,326,618	1,662,346
License/Permit and Inspection Fees	303,514	-
Fines and Forfeitures	1,482,768	-
Special Assessments	-	-
Investment Income	606,822	149,103
Rents and Royalties	277,749	15,900
Other	33,279	148,901
Total Revenues	<u>33,713,211</u>	<u>5,433,600</u>
<u>Expenditures</u>		
Current:		
General Government	10,211,292	270,668
Public Safety	20,394,430	542,833
Streets and Highways	-	4,215,489
Refuse Collection and Disposal	1,742,455	67,733
Public Health and Welfare	482,245	-
Culture/Recreation	1,065,087	1,308,790
Community Development	1,243,184	1,221,165
Debt Service:		
Principal Retirement	60,000	217,632
Interest and Fiscal Charges	155,925	199,258
Total Expenditures	<u>35,354,618</u>	<u>8,043,568</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,641,407)</u>	<u>(2,609,968)</u>
<u>Other Financing Sources (Uses)</u>		
Proceeds from Sale of Debt	-	4,260,000
Operating Transfers – In	286,456	330,000
Operating Transfers – Out	(216,500)	-
Inception of Capital Lease	-	-
Total Other Financing Sources (Uses)	<u>69,956</u>	<u>4,590,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,571,451)	1,980,032
Fund Balance at Beginning of Year, Restated	11,807,777	(670,445)
Increase (Decrease) in Inventory Reserve	(14,326)	62,002
Fund Balance at End of Year	<u>\$ 10,222,000</u>	<u>\$ 1,371,589</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Debt Service	Capital Projects	Totals (Memorandum Only)		Totals (Memorandum Only)	
		Primary Government	Component Unit	Reporting Entity	
		2001		2001	2000
\$ 2,181,126	\$ 1,530,503	\$ 30,368,310	\$ -	\$ 30,368,310	\$ 30,936,464
-	234,530	5,717,660	24,072	5,741,732	5,446,577
127,411	525,785	4,642,160	-	4,642,160	4,062,852
-	-	303,514	-	303,514	259,928
23,611	-	1,506,379	-	1,506,379	1,464,585
179,399	79,564	258,963	-	258,963	342,700
211,365	90,899	1,058,189	51,437	1,109,626	1,695,430
-	-	293,649	-	293,649	280,874
34,630	34,854	251,664	241,168	492,832	431,181
<u>2,757,542</u>	<u>2,496,135</u>	<u>44,400,488</u>	<u>316,677</u>	<u>44,717,165</u>	<u>44,920,591</u>
3,270	1,462,862	11,948,092	-	11,948,092	13,567,309
-	308,880	21,246,143	-	21,246,143	21,053,341
-	1,396,603	5,612,092	-	5,612,092	4,898,168
-	51,285	1,861,473	-	1,861,473	1,736,867
-	-	482,245	-	482,245	716,270
-	365,192	2,739,069	-	2,739,069	2,723,594
-	1,146,726	3,611,075	31,211	3,642,286	2,553,027
1,825,000	296,270	2,398,902	-	2,398,902	2,300,908
<u>1,586,289</u>	<u>302,952</u>	<u>2,244,424</u>	<u>-</u>	<u>2,244,424</u>	<u>1,986,533</u>
<u>3,414,559</u>	<u>5,330,770</u>	<u>52,143,515</u>	<u>31,211</u>	<u>52,174,726</u>	<u>51,536,017</u>
<u>(657,017)</u>	<u>(2,834,635)</u>	<u>(7,743,027)</u>	<u>285,466</u>	<u>(7,457,561)</u>	<u>(6,615,426)</u>
-	7,235,000	11,495,000	-	11,495,000	407,526
1,117,803	812,955	2,547,214	-	2,547,214	2,067,657
(500,000)	(946,523)	(1,663,023)	-	(1,663,023)	(2,283,069)
-	149,179	149,179	-	149,179	301,201
<u>617,803</u>	<u>7,250,611</u>	<u>12,528,370</u>	<u>-</u>	<u>12,528,370</u>	<u>493,315</u>
(39,214)	4,415,976	4,785,343	285,466	5,070,809	(6,122,111)
3,573,170	(2,804,482)	11,906,020	1,738,329	13,644,349	19,721,314
-	-	47,676	-	47,676	45,146
<u>\$ 3,533,956</u>	<u>\$ 1,611,494</u>	<u>\$ 16,739,039</u>	<u>\$ 2,023,795</u>	<u>\$ 18,762,834</u>	<u>\$ 13,644,349</u>

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Taxes	\$ 25,524,432	\$ 25,626,831	\$ 102,399
Intergovernmental	3,701,951	3,736,261	34,310
Charges for Services	2,797,649	2,823,578	25,929
License/Permit and Inspection Fees	300,727	303,514	2,787
Fines and Forfeitures	1,482,488	1,496,228	13,740
Investment Income	1,077,677	1,087,665	9,988
Rents and Royalties	272,563	275,089	2,526
Other	<u>32,180</u>	<u>32,478</u>	<u>298</u>
Total Revenues	<u>35,189,667</u>	<u>35,381,644</u>	<u>191,977</u>
<u>Expenditures</u>			
Current:			
General Government	10,808,998	10,137,992	671,006
Public Safety	21,115,683	20,097,082	1,018,601
Refuse Collection and Disposal	1,744,263	1,742,455	1,808
Public Health and Welfare	484,908	474,135	10,773
Culture/Recreation	1,227,299	1,039,995	187,304
Community Development	1,313,280	1,220,258	93,022
Debt Service:			
Principal Retirement	60,000	60,000	-
Interest and Fiscal Charges	<u>157,000</u>	<u>155,925</u>	<u>1,075</u>
Total Expenditures	<u>36,911,431</u>	<u>34,927,842</u>	<u>1,983,589</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,721,764)</u>	<u>453,802</u>	<u>2,175,566</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	286,456	286,456	-
Operating Transfers – Out	<u>(216,500)</u>	<u>(216,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>69,956</u>	<u>69,956</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,651,808)	523,758	2,175,566
Unencumbered Fund Balance at Beginning of Year	<u>5,867,488</u>	<u>5,867,488</u>	<u>-</u>
Unencumbered Fund Balance at End of Year	\$ <u>4,215,680</u>	\$ <u>6,391,246</u>	\$ <u>2,175,566</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 2,014,923	\$ 1,895,514	\$ (119,409)
Intergovernmental	2,177,511	1,211,808	(965,703)
Charges for Services	1,823,553	1,737,859	(85,694)
Investment Income	172,492	149,795	(22,697)
Rents and Royalties	15,858	15,900	42
Other	<u>321,567</u>	<u>146,401</u>	<u>(175,166)</u>
Total Revenues	<u>6,525,904</u>	<u>5,157,277</u>	<u>(1,368,627)</u>
<u>Expenditures</u>			
Current:			
General Government	291,078	244,827	46,251
Public Safety	606,316	545,855	60,461
Streets and Highways	4,642,683	4,623,617	19,066
Culture/Recreation	1,347,400	1,292,619	54,781
Community Development	2,117,551	1,228,673	888,878
Debt Service:			
Principal Retirement	2,774,612	2,417,632	356,980
Interest and Fiscal Charges	<u>353,200</u>	<u>307,751</u>	<u>45,449</u>
Total Expenditures	<u>12,132,840</u>	<u>10,660,974</u>	<u>1,471,866</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,606,936)</u>	<u>(5,503,697)</u>	<u>103,239</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	435,903	401,990	(33,913)
Proceeds from Sale of Debt	4,260,000	4,260,000	-
Operating Transfers – In	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>5,025,903</u>	<u>4,991,990</u>	<u>(33,913)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(581,033)	(511,707)	69,326
Unencumbered Fund Balances at Beginning of Year	<u>1,463,314</u>	<u>1,463,314</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>882,281</u>	\$ <u>951,607</u>	\$ <u>69,326</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 3,214,458	\$ 3,102,863	\$ (111,595)
Fines and Forfeitures	17,869	23,611	5,742
Special Assessments	135,769	179,399	43,630
Investment Income	<u>216,833</u>	<u>286,514</u>	<u>69,681</u>
Total Revenues	<u>3,584,929</u>	<u>3,592,387</u>	<u>7,458</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	9,900,000	9,549,000	351,000
Interest and Fiscal Charges	<u>2,150,000</u>	<u>1,901,616</u>	<u>248,384</u>
Total Expenditures	<u>12,050,000</u>	<u>11,450,616</u>	<u>599,384</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,465,071)</u>	<u>(7,858,229)</u>	<u>606,842</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	5,571,850	7,235,000	1,663,150
Operating Transfers – In	1,117,803	1,117,803	-
Operating Transfers – Out	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>6,189,653</u>	<u>7,852,803</u>	<u>1,663,150</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,275,418)	(5,426)	2,269,992
Unencumbered Fund Balance at Beginning of Year	<u>3,393,221</u>	<u>3,393,221</u>	<u>-</u>
Unencumbered Fund Balance at End of Year	\$ <u>1,117,803</u>	\$ <u>3,387,795</u>	\$ <u>2,269,992</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 636,803	\$ 608,765	\$ (28,038)
Intergovernmental	1,367,430	268,811	(1,098,619)
Charges for Services	571,572	314,534	(257,038)
Special Assessments	74,365	79,564	5,199
Investment Income	1,364,552	87,804	(1,276,748)
Other	<u>21,712</u>	<u>29,854</u>	<u>8,142</u>
Total Revenues	<u>4,036,434</u>	<u>1,389,332</u>	<u>(2,647,102)</u>
<u>Expenditures</u>			
Current:			
General Government	1,947,314	387,556	1,559,758
Public Safety	438,028	306,157	131,871
Streets and Highways	1,512,603	1,294,839	217,764
Refuse Collection and Disposal	74,682	33,565	41,117
Culture/Recreation	645,899	314,336	331,563
Community Development	1,203,786	1,134,204	69,582
Debt Service:			
Principal Retirement	296,500	296,270	230
Interest and Fiscal Charges	<u>35,500</u>	<u>35,324</u>	<u>176</u>
Total Expenditures	<u>6,154,312</u>	<u>3,802,251</u>	<u>2,352,061</u>
Excess of Revenues Over (Under Expenditures)	<u>(2,117,878)</u>	<u>(2,412,919)</u>	<u>(295,041)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	812,955	812,955	-
Operating Transfers – Out	<u>(946,523)</u>	<u>(946,523)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(133,568)</u>	<u>(133,568)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,251,446)	(2,546,487)	(295,041)
Unencumbered Fund Balances at Beginning of Year	<u>3,655,837</u>	<u>3,655,837</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>1,404,391</u>	\$ <u>1,109,350</u>	\$ <u>(295,041)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
<u>Operating Revenues</u>				
Charges for Services	\$ 11,030,547	\$ 30	\$ 11,030,577	\$ 10,841,460
License/Permit and Inspection Fees	45,156	-	45,156	25,520
Other	16,778	-	16,778	11,555
Total Operating Revenues	<u>11,092,481</u>	<u>30</u>	<u>11,092,511</u>	<u>10,878,535</u>
<u>Operating Expenses</u>				
Personal Services	4,418,170	109,829	4,527,999	4,430,072
Materials and Supplies	927,293	1,140	928,433	851,592
Contractual Services	4,007,754	16,226	4,023,980	1,847,037
Utilities	812,096	-	812,096	1,023,917
Depreciation	1,771,131	-	1,771,131	1,804,296
Claims	-	55,637	55,637	87,250
Total Operating Expenses	<u>11,936,444</u>	<u>182,832</u>	<u>12,119,276</u>	<u>10,044,164</u>
Operating Income (Loss)	<u>(843,963)</u>	<u>(182,802)</u>	<u>(1,026,765)</u>	<u>834,371</u>
<u>Non-Operating Income (Expenses)</u>				
Interest Income	126	-	126	47,223
Interest Expense	(1,477,885)	-	(1,477,885)	(1,491,853)
Sewer Levy	716,195	-	716,195	581,067
Loss on Sale of Fixed Assets	-	-	-	(2,681)
Total Non-Operating Income (Expense)	<u>(761,564)</u>	<u>-</u>	<u>(761,564)</u>	<u>(866,244)</u>
Income (Loss) Before Operating Transfers	<u>(1,605,527)</u>	<u>(182,802)</u>	<u>(1,788,329)</u>	<u>(31,873)</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN TOTAL FUND EQUITY – ALL PROPRIETARY FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
<u>Operating Transfers</u>				
Operating Transfers – In	1,313,000	-	1,313,000	1,784,868
Operating Transfers – Out	<u>(2,227,191)</u>	<u>-</u>	<u>(2,227,191)</u>	<u>(1,599,456)</u>
Total Operating Transfers	<u>(914,191)</u>	<u>-</u>	<u>(914,191)</u>	<u>185,412</u>
Net Income (Loss)	(2,519,718)	(182,802)	(2,702,520)	153,539
Retained Earnings (Deficit), January 1, Restated	<u>13,489,801</u>	<u>604,408</u>	<u>14,094,209</u>	<u>13,940,670</u>
Retained Earnings, December 31	<u>10,970,083</u>	<u>421,606</u>	<u>11,391,689</u>	<u>14,094,209</u>
Contributed Capital, January 1	18,274,455	-	18,274,455	18,274,455
Contributions to Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributed Capital, December 31	<u>18,274,455</u>	<u>-</u>	<u>18,274,455</u>	<u>18,274,455</u>
Fund Equity at End of Year	\$ <u>29,244,538</u>	\$ <u>421,606</u>	\$ <u>29,666,144</u>	\$ <u>32,368,664</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	Enterprise Funds		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 10,846,787	\$ 11,167,319	\$ 320,532
Sewer Levy	689,239	716,195	26,956
License/Permit and Inspection Fees	43,456	45,156	1,700
Investment Income	103	126	23
Other	<u>834,307</u>	<u>11,778</u>	<u>(822,529)</u>
Total Revenues	<u>12,413,892</u>	<u>11,940,574</u>	<u>(473,318)</u>
<u>Expenses</u>			
Current:			
Personal Services	4,676,498	4,387,680	288,818
Materials and Supplies	726,752	664,404	62,348
Contractual Services	4,926,042	4,590,704	335,338
Utilities	873,533	812,096	61,435
Claims	35,345	33,000	2,345
Debt Service:			
Principal Retirement	1,329,019	1,239,044	89,975
Interest and Fiscal Charges	<u>1,572,387</u>	<u>1,467,803</u>	<u>104,584</u>
Total Expenses	<u>14,139,576</u>	<u>13,194,733</u>	<u>944,843</u>
Excess of Revenues Over (Under) Expenses	<u>(1,725,684)</u>	<u>(1,254,159)</u>	<u>471,525</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	1,870,062	1,943,199	73,137
Operating Transfers – In	1,313,000	1,313,000	-
Operating Transfers – Out	<u>(2,227,191)</u>	<u>(2,227,191)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>955,871</u>	<u>1,029,007</u>	<u>73,137</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(769,813)	(225,151)	544,662
Unencumbered Fund Balances at Beginning of Year	<u>4,672,322</u>	<u>4,672,322</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>3,902,509</u>	\$ <u>4,447,171</u>	\$ <u>544,662</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Internal Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ -	\$ 30	\$ 30
Investment Income	-	46,674	46,674
Total Revenues	<u>-</u>	<u>46,704</u>	<u>46,704</u>
<u>Expenses</u>			
Current:			
Personal Services	96,904	93,675	3,229
Materials and Supplies	7,573	1,140	6,433
Contractual Services	26,158	16,226	9,932
Claims	<u>900,969</u>	<u>135,637</u>	<u>765,332</u>
Total Expenses	<u>1,031,604</u>	<u>246,678</u>	<u>784,926</u>
Excess of Revenues Over (Under) Expenses	(1,031,604)	(199,974)	831,630
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – Out	<u>(206,500)</u>	<u>-</u>	<u>206,500</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(1,238,104)	(199,974)	1,038,130
Unencumbered Fund Balance at Beginning of Year	<u>1,425,976</u>	<u>1,425,976</u>	<u>-</u>
Unencumbered Fund Balance at End of Year	\$ <u>187,872</u>	\$ <u>1,226,002</u>	\$ <u>1,038,130</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

COMBINED STATEMENTS OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
<u>Cash Flows from Operating Activities</u>				
Cash Received From Customers	\$ 11,167,319	\$ 30	\$ 11,167,349	\$ 10,070,349
Cash Payments for Goods and Services	(5,499,132)	(17,366)	(5,516,498)	(3,794,629)
Cash Payments to Employees	(4,387,680)	(93,675)	(4,481,355)	(4,199,805)
Other Operating Revenues	56,934	-	56,934	37,075
Other Operating Expenses	(33,000)	(135,637)	(168,637)	(200,250)
Net Cash Provided by (Used in)				
Operating Activities	<u>1,304,441</u>	<u>(246,648)</u>	<u>1,057,793</u>	<u>1,912,740</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Operating Transfers – In				
From Other Funds	1,313,000	-	1,313,000	1,784,868
Operating Transfers – Out				
To Other Funds	<u>(2,227,191)</u>	<u>-</u>	<u>(2,227,191)</u>	<u>(1,599,456)</u>
Net Cash Provided by (Used in)				
Non-Capital Financing	<u>(914,191)</u>	<u>-</u>	<u>(914,191)</u>	<u>185,412</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Payment on Capital Leases	(19,194)	-	(19,194)	(20,255)
Acquisition and Construction on Capital Assets	(610,534)	-	(610,534)	(213,259)
Proceeds from Additional Borrowings on Construction Loans	1,943,199	-	1,943,199	105,257
Principal Payment on Construction Loans	(1,219,850)	-	(1,219,850)	(1,084,421)
Proceeds Received from a Sewer Levy	716,195	-	716,195	756,896
Interest Paid on Loans	<u>(1,467,803)</u>	<u>-</u>	<u>(1,467,803)</u>	<u>(1,488,313)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(657,987)</u>	<u>-</u>	<u>(657,987)</u>	<u>(1,944,095)</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
<u>Cash Flows From Investing Activities</u>				
Interest on Investments	126	41,531	41,657	49,341
Net Increase (Decrease) in Cash and Cash Equivalents	(267,611)	(205,117)	(472,728)	203,398
Cash and Cash Equivalents at Beginning of Year	<u>5,427,929</u>	<u>1,431,119</u>	<u>6,859,048</u>	<u>6,655,650</u>
Cash and Cash Equivalents at End of Year	\$ <u>5,160,318</u>	\$ <u>1,226,002</u>	\$ <u>6,386,320</u>	\$ <u>6,859,048</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u>				
Operating Income (Loss)	\$ (843,963)	\$ (177,631)	\$ (782,093)	\$ 834,371
<u>Adjusting to Reconcile Operating Income (Loss) to Net Cash</u>				
Depreciation Expense	1,771,131	-	1,771,131	1,804,296
Decrease (Increase) in Accounts Receivable, Net	131,771	-	131,771	(771,110)
Increase (Decrease) in Accounts Payable	247,126	-	247,126	(51,632)
Decrease in Claims Payable	(33,000)	(80,000)	(113,000)	(113,000)
Increase (Decrease) in Accrued Wages and Benefits	41,632	11,252	52,884	(25,128)
Increase (Decrease) in Due to Other Governments	(10,846)	(269)	(250,611)	255,394
Increase (Decrease) in Inventory of Supplies	<u>590</u>	<u>-</u>	<u>590</u>	<u>(20,451)</u>
Total Adjustments	<u>2,148,404</u>	<u>(69,017)</u>	<u>1,839,891</u>	<u>1,078,369</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>1,304,446</u>	\$ <u>(246,648)</u>	\$ <u>1,057,798</u>	\$ <u>1,912,740</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 – THE REPORTING ENTITY

The City of Euclid, Ohio (the City) was incorporated in 1931 and includes an area of approximately 10.3 square miles. The City operates under an elected Mayor/Council (nine members) administrative/legislative form of government and provides services to its more than 54,000 residents in many areas, including law enforcement, administration of justice, community enrichment and development, human services and sewage services. The City established a formal charter in 1951 which governs its operations.

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

The Euclid Municipal Court – The City budgets and appropriates funds for the operation of the Court. The City also establishes the compensation of certain Court employees and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court, along with its share of the Court's administrative and operating costs, are recorded in the City's General Fund. Due to this relationship, the Court is not considered a component unit of the City but rather as part of the primary government unit itself. Monies held by the Court in a fiduciary capacity are recorded as an agency fund in the accompanying financial statements.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has the following component units:

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 1 – THE REPORTING ENTITY (CONTINUED)

Euclid Development Corporation – In 1978, the City established the Euclid Development Corporation (EDCOR), a nonprofit corporation formed for the purpose of providing administrative program assistance to the Community Development Department while combating deterioration and lessening the burdens of government by advancing, encouraging and promoting residential and commercial redevelopment and revitalization within the City of Euclid. EDCOR directly benefits the City through cost effective administration of low interest home improvement loans to Euclid residents under terms which satisfy and comply with the short and long-term objectives relating to the rehabilitation of existing housing units as specified in the City's Housing and Community Development Block Grant (CDBG) application filed annually. EDCOR has been included as a discretely presented component unit of the government for financial reporting purposes. EDCOR qualifies to be reported as a component unit as it is fiscally dependent on the City and due to the relationship between EDCOR and the City, EDCOR's exclusion would cause the City's financial statements to be incomplete. The City subsidizes EDCOR's entire operation from its Community Development Block Grant. By performing this administrative CDBG program assistance, EDCOR is providing a vital service to the City of Euclid in order to help it meet the terms of its CDBG grant agreement. EDCOR issues a stand alone financial report. That report may be obtained by writing to the Euclid Development Corporation at 291 East 222nd Street, Euclid, Ohio 44123.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounting system is organized and operated on the basis of funds and account groups, each of which is defined as a fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

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

General Fund – represents the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Euclid (the Charter) and the general laws of the State of Ohio.

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

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

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

Proprietary Funds – are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The measurement focus is upon determination of net income, financial position and cash flows.

Fiduciary Funds – are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups – are used to establish accounting control and accountability for the City’s general fixed assets and general long-term debt obligations. The following are the City’s account groups:

General Fixed Assets Account Group – is used to account for fixed assets other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group – is used to account for all long-term obligations of the City that are not a specific liability of any proprietary fund.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

Component Unit – The accounts of EDCOR are organized on the basis of funds using the modified accrual basis of accounting. The operations are accounted for in a General Fund.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by the Charter and 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 a Non-GAAP budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budget control is at the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary modifications at the fund level may only be made by ordinance of City Council.

Tax Budget

By July 15, the Finance Director submits an annual tax 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 20th of each year, for the period January 1 to December 31 of the following year.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenues. The Budget Commission then certifies its action to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The budgeted revenues reported in the Budget and Actual (Non-GAAP Budgetary Basis) statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund level. The appropriation ordinance may be amended during the year by ordinance of City Council as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several amended appropriation ordinances were approved.

Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types are provided on the budgetary basis to provide a comparison of actual results, including encumbrances, with the final budget, including all amendments and modifications.

Encumbrances

As part of the formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year-end, however, are reported as reservations of fund balances in the governmental funds for subsequent year expenditures in the accompanying general purpose financial statements.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

D. CASH AND CASH EQUIVALENTS

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

For presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments not purchased from the pool with an initial maturity of more than three months are reported as investments.

E. INVENTORY

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

F. PREPAID ITEMS

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

G. FIXED ASSETS AND DEPRECIATION

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for those assets for which historical cost is not practicably determinable) in the General Fixed Asset Account Group. Contributed fixed assets are recorded at their fair market value as of the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems (i.e., infrastructure assets), have not been capitalized. Such assets are normally immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. FIXED ASSETS AND DEPRECIATION (CONTINUED)

The City has elected not to record depreciation in the General Fixed Assets Account Group. Assets that have been transferred between operating departments have been recorded net (assets transferred-in minus assets transferred-out) on the Schedule of Changes in General Fixed Assets by Function and Activity. The balance of net transfers represents transfers to the enterprise funds.

Property, plant and equipment acquired by proprietary funds are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Interest, if significant, is capitalized during the construction period for proprietary fund assets. Contributed fixed assets are recorded at their fair market value as of the date received.

Depreciation on proprietary fund fixed assets has been provided using the straight-line method over the following estimated useful lives:

Land Improvements	20-40 years
Utility Plant and Sanitary Sewers	40-50 years
Buildings and Improvements	20-40 years
Furniture, Fixtures and Equipment	3-10 years

H. INTERGOVERNMENTAL REVENUES

In governmental funds, grants awarded on a non-reimbursement basis, shared revenues and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues in the period when all applicable eligibility requirements have been met and the resources are available.

I. INTERFUND ASSETS AND LIABILITIES

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

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. COMPENSATED ABSENCES

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2001. Additionally, certain salary-related payments associated with the payment of compensated absences have been accrued. For governmental fund types, the portion of the liability that will not be liquidated with expendable, available financial resources is recorded in the General Long-Term Debt Account Group.

All employees earn sick leave at a rate of 1.25 days per month of work completed except for school guards and certain part-time employees who accrue sick leave at a rate of 4.6 hours per 80 hours of work completed and fire department employees who accrue sick leave at a rate of 1.5 days per month. Accumulated vacation is based upon length of service as follows:

After 1 year	2 weeks earned per year
After 5 years	3 weeks earned per year
After 10 years	4 weeks earned per year
After 15 years	5 weeks earned per year
After 20 years	6 weeks earned per year

Accumulated vacation may not be carried forward without specific approval.

At December 31, 2001, the City's accumulated, unpaid compensated absences, primarily vacation and sick leave benefits, amounted to \$7,611,981, of which \$6,480,917 is recorded in the General Long-Term Debt Account Group.

Employees receive payment in cash for a certain portion of their accumulated sick leave hours upon retirement or death. Employees also receive payments in cash for accumulated vacation time upon resignation, termination or retirement.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

L. INTERFUND TRANSACTIONS

During the course of its operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. Transfers for current operations are recorded as operating transfers. The classification of amounts recorded as operating transfers, advances, or equity contributions is determined by City management.

M. FUND EQUITY

Reservations of fund balance or retained earnings indicate that a portion of the balance is not available for expenditure or is legally segregated for a specific future use. Balances are reserved for inventories of materials and supplies, prepaid expenses, encumbrances and long-term receivables (for governmental funds) and contractual commitments.

N. ESTIMATES

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

O. TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major difference between the budgetary basis and the GAAP basis lies in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis for Governmental Fund Types and Proprietary Fund Types is as follows:

	<u>Excess of Revenues and Other Financing Sources Over (Under)</u> <u>Expenditures and Other Financing Uses</u>			
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>
GAAP Basis	\$ (1,571,451)	\$ 1,980,032	\$ (39,214)	\$ 4,415,976
<u>Increase (Decrease) Due to:</u>				
Revenue Accruals	1,669,234	125,667	8,069,845	(8,490,982)
Expenditure Accruals	632,879	(1,811,923)	(8,036,057)	2,106,882
Net Impact of Encumbrances on Budget Basis Expenditures	<u>(206,904)</u>	<u>(805,483)</u>	<u>-</u>	<u>(578,363)</u>
Budgetary Basis	\$ <u>523,758</u>	\$ <u>(511,707)</u>	\$ <u>(5,426)</u>	\$ <u>(2,546,487)</u>
	<u>Excess Revenues Over (Under)</u> <u>Expenses, Advances and Transfers/Net Income (Loss)</u>			
			<u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
Net Loss			\$ (2,519,718)	\$ (182,802)
<u>Increase (Decrease) Due to:</u>				
Revenue Accruals			2,074,971	46,674
Expense Accruals			2,704,464	(63,846)
Decrease in Inventory			(590)	-
Depreciation Expense			(1,771,131)	-
Budget Basis Encumbrances			<u>(713,147)</u>	<u>-</u>
Budget Basis			\$ <u>(225,151)</u>	\$ <u>(199,974)</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources for a majority of the City's individual funds are combined to form a pool of cash and investments which are stated at cost and amortized cost. The City's policy is to allocate investment earnings to the General Fund unless the allocation of such earnings is legally or otherwise restricted.

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. None of the investments are reported at amortized cost at year end.

The City may invest any monies not required to be used for a period of six months in the following classes of investments:

- Bonds, notes or other obligations guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest;
- Discount notes of the Federal National Mortgage Association;
- Bonds of the State of Ohio; and
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities with an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

The Governmental Accounting Standards Board, Statement No. 3, has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 – Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 – Uncollateralized, although secured by pooled securities pledged by financial institutions.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments:

- Category 1 – Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 – Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. DEPOSITS AND SHORT-TERM INVESTMENTS

At year end, the carrying amount of the City's deposits, excluding the Component Unit, was \$1,421,466 and the bank balance was \$1,643,525. Of the bank balance:

1. \$428,672 was covered by the federal depository insurance, by collateral held by the City or by its agent in the name of the City.
2. \$1,214,853 was collateralized with securities held by the pledging financial institution or their trust departments or agents but not in the City's name.

At year end, the carrying amount of the Component Unit (EDCOR's) deposits was \$456,829 and the bank balance was \$543,900. Of the bank balance, \$210,165 was covered by the federal depository insurance, by collateral held by EDCOR or by its agent in the name of EDCOR and \$333,735 was collateralized with securities held by the pledging financial institution or their trust departments or agents but not in the City's name.

B. INVESTMENTS

The City's investments are detailed below by type and are categorized to give an indication of the level of risk assumed as of year-end.

<u>Description</u>	<u>Risk Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 7,065,104	\$ 7,065,104	\$ 7,065,104
State Treasurer's Investment Pool (Star Ohio)*	-	11,600,000	11,600,000
Repurchase Agreements	815,567	815,567	815,567
Total Investments	\$ 7,880,671	\$ 19,480,671	\$ 19,480,671

*Non-categorized

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

NOTE 5 – RECEIVABLES

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 in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years with a triennial update. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable by June 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Taxpayers become liable for tangible personal property taxes (other than public utility) on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. In 2001, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding year on assessed values of December 31 of that preceding year, the lien date. Public utility tangible personal property currently is generally assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Euclid. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 5 – RECEIVABLES (CONTINUED)

A. PROPERTY TAXES (CONTINUED)

The full tax rate of all City operations for the year ended December 31, 2001 was \$15.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based totaled \$826,000,544 which was comprised of \$698,146,480 in real property, \$25,710,060 in public utility property and \$102,144,004 in personal property.

B. INCOME TAXES

The City levies a 2.85 percent income tax on substantially all income earned within the City. The .85 percent collected is to be split between the City and the school board at a ratio of .38 percent for the City and .47 percent for the schools. In addition, residents are required to pay City income tax on income earned outside the City; however, a 100 percent credit is allowed for income taxes paid to other municipalities. Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City's agent, Central Collection Agency (CCA), either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax liability quarterly and file a declaration annually. All income tax proceeds are recorded in the General Fund.

C. OTHER TAXES

In addition to property and income taxes, certain other taxes are recognized as revenue by the City. These taxes include state shared taxes, gasoline taxes, inheritance taxes and miscellaneous other taxes which have various lien, levy and collection dates.

D. NOTES RECEIVABLE

General funds notes receivable represent amounts loaned to a major corporation in connection with an economic development and rehabilitation project. These notes will be paid back to the City over 30 years by the corporation at an interest rate of 2%. The City will incur interest charges at a rate of 8.25% on the bonds that had been issued by the City in conjunction with this program. The difference in the interest rates is a subsidy which will be funded by nontax revenue sources.

Component unit notes receivable represent low interest loans for home improvements granted to eligible City residents through EDCOR under the Federal Community Development Block Grant program. The loans bear interest at an annual rate of 3 percent. The loans are to be repaid over periods ranging from five to fifteen years.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 6 – FIXED ASSETS

General Fixed Assets

A summary of changes in the General Fixed Assets Account Group follows:

	<u>Balance</u> <u>1-1-01</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12-31-01</u>
Land	\$ 8,273,130	\$ 672,766	\$ -	\$ 8,945,895
Buildings and Improvements	28,504,951	2,246,719	-	30,751,671
Furniture, Fixtures and Equipment	<u>10,458,060</u>	<u>1,097,996</u>	<u>411,754</u>	<u>11,144,302</u>
Total	\$ <u>47,236,141</u>	\$ <u>4,017,481</u>	\$ <u>411,754</u>	\$ <u>50,841,868</u>

Included in buildings and improvements at December 31, 2001 is approximately \$6,500,000 relating to an incinerator plant which became idle during 1987 when the City contracted with an outside firm to perform its sanitation services. The plant is being held for future use in the event that it is decided to again use City personnel and facilities to provide sanitation services. Future use of the plant could require substantial start-up costs, the amount of which cannot presently be determined.

In November 1992, the City entered into an agreement with Waste Management of Ohio, Inc., (Waste Management) that gives Waste Management the right to operate and maintain a recycling-transfer station and provide solid waste disposal and recycling services on the site of the City's idle incinerator plant. The term of the agreement is 20 years, beginning November 1, 1992, with one 10-year option. The City retains ownership of the property throughout the term of the agreement and any property improvements made by Waste Management become the property of the City at the end of the agreement. Under the terms of the agreement, Waste Management paid the City \$2,000,000 in 1992 and 1993, respectively.

Proprietary Fund Type Fixed Assets

A summary of proprietary fund type property, plant and equipment at December 31, 2001 follows:

	<u>Balance</u> <u>12-31-00</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12-31-01</u>
Land	\$ 6,470,412	\$ -	\$ -	\$ 6,470,412
Land Improvements	1,159,481	23,129	-	1,182,610
Utility Plant/Sanitary Sewers	72,084,847	467,482	-	72,552,329
Buildings and Improvements	1,615,485	-	-	1,615,485
Furniture, Fixtures and Equipment	<u>2,088,805</u>	<u>119,923</u>	<u>-</u>	<u>2,208,728</u>
Total	83,419,030	610,534	-	84,029,564
Less Accumulated Depreciation	<u>(33,596,955)</u>	<u>(1,771,131)</u>	<u>-</u>	<u>(35,368,086)</u>
Net Proprietary Fund Type Fixed Assets	\$ <u>49,822,075</u>	\$ <u>(1,160,597)</u>	\$ <u>-</u>	\$ <u>48,661,478</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 – LONG-TERM DEBT

A. NOTE DEBT

The City has pledged its full faith and credit as collateral for the general obligation notes. All notes have been issued in anticipation of long-term bond financing. Ohio law permits the issuance and renewal of bond anticipation notes such that the notes may remain outstanding for 20 years consecutively before such notes must be retired either from available funds of the City or from the proceeds of bonds issued to redeem the anticipation notes. If such notes and renewal of such notes remain outstanding for a period in excess of five years, any such period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Furthermore, a certain portion of the principal amount of such notes must be retired in the amounts and at the times that would have been required for the payment of principal maturities on the bonds anticipated as if the bonds had been issued at the expiration of the initial five-year period.

Detail of the changes in short-term notes payable for the year ended December 31, 2001 is as follows:

	<u>Balance</u> <u>January 1,</u> <u>2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31,</u> <u>2001</u>
GENERAL OBLIGATION NOTES:				
Various Purpose Improvement Note (Motorized Equipment) 2001 Issue (10.00%)	\$ 244,000	\$ -	\$ 244,000	\$ -
Various Purpose Improvement Note (Municipal Buildings) 2001 Issue (10.00%)	382,000	-	382,000	-
Various Purpose Improvement Note (Fire Equipment & Vehicles) 2001 Issue (10.00%)	234,000	-	234,000	-
Various Purpose Improvement Note (Tree Improvements) 2001 Issue (10.00%)	185,000	-	185,000	-
Various Purpose Improvement Note (Waterworks System Improvement) 2001 Issue (10.00%)	2,200,000	-	2,200,000	-
Various Purpose Improvement Note (Improving Streets) 2001 Issue (10.00%)	255,000	-	255,000	-
Various Purpose Improvement Note (Computer Equipment) 2001 Issue (10.00%)	106,719	-	106,719	-
Various Purpose Improvement Note (Motorized Equipment) 2001 Issue (10.00%)	221,500	-	221,500	-

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. NOTE DEBT (CONTINUED)

	Balance January 1, 2001	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2001
GENERAL OBLIGATION NOTES (CONTINUED):				
Various Purpose Improvement Note (Resurfacing Streets) 2001 Issue (10.00%)	303,781	-	303,781	-
Various Purpose Improvement Note (Jail Facilities) 2001 Issue (10.00%)	68,000	-	68,000	-
Various Purpose Improvement Note (Service Garage) 2001 Issue (10.00%)	600,000	-	600,000	-
Various Purpose Improvement Note (Parklawn) 2001 Issue (10.00%)	2,810,000	-	2,810,000	-
Various Purpose Improvement Note (Property Development) 2001 Issue (10.00%)	<u>2,415,000</u>	<u>-</u>	<u>2,415,000</u>	<u>-</u>
Total Short-Term Notes Payable	\$ <u>10,025,000</u>	\$ <u>-</u>	\$ <u>10,025,000</u>	\$ <u>-</u>

B. BONDED DEBT

Detail of the changes in the bonds, notes and other long-term obligations of the City, included in the General Long-Term Debt Account Group, for the year ended December 31, 2001 is as follows:

	Balance January 1, 2001 Restated	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2001
GENERAL OBLIGATION BONDS:				
4.80% to 6.625% Various Purpose Bonds, Series 1991 Due Through 2011	\$ 3,430,000	\$ -	\$ 340,000	\$ 3,090,000
3.70% to 5.55% Various Purpose Bonds, Series 1995 Due Through 2009	5,670,000	-	515,000	5,155,000
3.70% to 5.50% Various Purpose Bonds, Series 1995 Due Through 2015	6,420,000	-	415,000	6,005,000

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. BONDED DEBT (CONTINUED)

	Balance January 1, 2001 Restated	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2001
GENERAL OBLIGATION BONDS (CONTINUED):				
3.80% to 4.90% Various Purpose Bonds, Series 1998 Due Through 2018	5,800,000	-	300,000	5,500,000
3.80% to 5.125% Waterline Improvement Bonds, Series 1998 Due Through 2018	955,000	-	35,000	920,000
3.25% to 5.50% Peterson Improvement Bonds, Series 2001 Due Through 2020	-	4,260,000	85,000	4,175,000
3.25% to 5.50% Various Purpose Bonds, Series 2001 Due Through 2001	-	<u>7,235,000</u>	<u>200,000</u>	<u>7,035,000</u>
Total General Obligation Bonds	\$ <u>22,275,000</u>	\$ <u>11,495,000</u>	\$ <u>1,890,000</u>	\$ <u>31,880,000</u>
DEVELOPMENT REVENUE BONDS:				
8.25% Development Revenue Bond Due Through 2016	\$ <u>1,890,000</u>	\$ -	\$ <u>60,000</u>	\$ <u>1,830,000</u>
SPECIAL ASSESSMENT BONDS:				
5.60% to 6.15% Heritage Drive Improvement Bonds, Series 2000 Due Through 2019	\$ <u>1,670,000</u>	\$ -	\$ <u>55,000</u>	\$ <u>1,615,000</u>
OTHER OBLIGATIONS:				
OPWC Loans:				
0% Ohio Public Works Commission, Waterline/Pavement Replacement Project Loan Due Through 2020	\$ 1,952,635	\$ 401,990	\$ 97,632	\$ 2,256,993
Capital Lease Obligations	269,633	149,179	195,270	223,541
Accrued Compensated Absences	<u>7,549,996</u>	<u>-</u>	<u>1,069,079</u>	<u>6,480,917</u>
Total Other Obligations	\$ <u>9,772,264</u>	\$ <u>551,169</u>	\$ <u>1,361,981</u>	\$ <u>8,961,451</u>
Total Long-Term General Obligation Bonds and Other Obligations	\$ <u>35,607,264</u>	\$ <u>12,046,169</u>	\$ <u>3,366,981</u>	\$ <u>44,286,451</u>

In 1998, the City defeased a general obligation bond issue by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's General Long-Term Debt Account Group. As of December 31, 2001, the amount of defeased debt outstanding amounted to \$2,935,000.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. BONDED DEBT (CONTINUED)

In 1995, the City defeased a general obligation bond issue by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's General Long-Term Debt Account Group. As of December 31, 2001, the amount of defeased debt outstanding amounted to \$5,330,000.

Detail of the changes in Capital Leases of the Enterprise Funds for the year ended December 31, 2001 is as follows:

	Balance January 1, 2001	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2001
Capital Lease Obligations	\$ <u>32,051</u>	\$ <u>-</u>	\$ <u>19,194</u>	\$ <u>12,855</u>

Detail of the changes in General Obligation Bonds and Ohio Water Development Authority Loans of the Enterprise Funds for the year ended December 31, 2001 is as follows:

	Balance January 1, 2001	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2001
General Obligation Bonds:				
3.80% to 5.125% Waterline Improvement Bonds, Series 1998				
Due Through 2018	\$ <u>2,005,000</u>	\$ <u>-</u>	\$ <u>75,000</u>	\$ <u>1,930,000</u>
Total General Obligation Bonds	\$ <u>2,005,000</u>	\$ <u>-</u>	\$ <u>75,000</u>	\$ <u>1,930,000</u>

	Balance January 1, 2001 Restated	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2001
OWDA Loans:				
5.2% Ohio Water Development Authority Waste Water Facility Project Loan Due Through 2013	\$ 10,390,207	\$ -	\$ 547,442	\$ 9,842,765
4.56% Ohio Water Development Authority Waste Water Facility Project Loan Due Through 2014	2,530,386	-	132,626	2,397,760
11.19% Ohio Water Development Authority Waste Water Facility Project Loan Due Through 2011	<u>6,446,854</u>	<u>-</u>	<u>353,389</u>	<u>6,093,465</u>
Total OWDA Loan Payable	\$ <u>19,367,447</u>	\$ <u>-</u>	\$ <u>1,033,457</u>	\$ <u>18,333,990</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. BONDED DEBT (CONTINUED)

OPWC Loans:

0% Ohio Public Works Commission

Various Purpose Project Loans

Due Through 2019 and 2020	\$	<u>2,154,420</u>	\$	<u>1,943,199</u>	\$	<u>111,393</u>	\$	<u>3,986,226</u>
Total OPWC Loans Payable	\$	<u>2,154,420</u>	\$	<u>1,943,199</u>	\$	<u>111,393</u>	\$	<u>3,986,226</u>

In 1992, the City entered into a loan agreement with the Ohio Water Development Authority (OWDA) to fund certain improvements mandated by the United States Environmental Protection Agency. The borrowings under the original loan agreement were limited to \$13,338,783. The loan bears interest at the rate of 5.2% per year and is payable over 20 years, beginning in 1994. During 1994, the City made a supplemental agreement with OWDA increasing the maximum amount borrowable under the 5.2% OWDA Waste Water Facility Project Loan by \$3,797,401 to \$17,136,184. The interest rate for the amounts borrowed under the supplemental agreement will be 4.56% per year.

All Ohio Water Development Authority Waste Water Facility Project Loans are secured by the revenues of the facility. Under the terms of the loans, the City is required to charge rates and fees for the services of the facility so that revenues will be at least sufficient to service the loan principal and interest payments and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City did not pledge the general resources or the general credit of the City to secure the repayment of the loans. The City, at its option, may use any of its general resources in meeting its obligations for the construction, maintenance, operation or debt service of the facility.

The loans payable, from the Ohio Public Works Commission, represent 20-year interest-free loans, with payments beginning in 2001 and running through 2022.

A summary of the City's future debt service requirements, including principal and interest at December 31, 2001 is as follows:

	General Obligation Bonds	Development Revenue Bonds	Special Assessment Bonds	Ohio Water Development Authority Loans	Ohio Public Works Commission Loans	Total
2002	\$ 3,888,922	\$ 215,975	\$ 141,358	\$ 2,402,017	\$ 219,038	\$ 6,867,310
2003	3,888,626	215,613	143,965	2,402,017	326,284	6,976,505
2004	3,852,356	219,838	141,265	2,402,017	326,284	6,941,760
2005	3,850,847	218,238	143,475	2,402,017	326,284	6,940,861
2006	3,605,774	216,225	145,355	2,402,017	326,284	6,695,655
2007-2011	14,912,313	1,085,726	721,150	11,472,689	1,631,420	29,823,298
2012-2016	9,643,549	1,083,989	718,520	3,441,321	1,631,420	16,518,799
2017-2021	4,328,495	-	428,960	-	1,348,957	6,106,412
2022	-	-	-	-	107,248	107,248
Total	\$ <u>47,970,882</u>	\$ <u>3,255,604</u>	\$ <u>2,584,048</u>	\$ <u>26,924,095</u>	\$ <u>6,243,219</u>	\$ <u>86,977,848</u>

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 7 – LONG-TERM DEBT (CONTINUED)

C. CAPITAL LEASES

The City has entered into agreements to lease equipment. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term lease obligations in the financial statements. The lease contracts contain options that would allow the City to cancel the leases if sufficient funds are not appropriated by City Council. Since cancellation of the leases is not foreseen, the leases have been capitalized. Further, upon satisfaction of the lease obligations, title to the equipment will pass to the City. During 2001, operating lease payments for the City were immaterial.

The capital leases payable are recorded in the General Long-Term Obligations Account Group and the Golf Course Enterprise Fund in the amount of \$223,541 and \$12,855, respectively. The leases relate to vehicles and equipment which are leased under a long-term agreement which meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases.”

The following is a schedule of the future minimum lease payments under capital leases and the present value of net minimum lease payments at December 31, 2001:

	<u>General Long-Term Obligations</u>	<u>Golf Course Enterprise Fund</u>
2002	\$ 133,111	\$ 7,456
2003	<u>37,987</u>	<u>7,456</u>
Total Minimum Lease Payments	171,098	14,912
Less: Amount Representing Interest	<u>(17,702)</u>	<u>(2,057)</u>
Present Value of Net Minimum Lease Payments	\$ <u><u>223,541</u></u>	\$ <u><u>12,855</u></u>

The vehicles are capitalized in the General Fixed Assets Account Group at a cost of approximately \$476,217. The equipment is capitalized and depreciated in the Golf Course Enterprise Fund.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 8 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer contribution rate for local governments was 13.55 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2001, 2000, and 1999, were \$1,336,279, \$909,545, and \$1,248,453, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City of Euclid contributions to OP&F for the years ending December 31, 2001, 2000, and 1999, were \$2,463,889, \$2,380,306, and \$2,235,673, respectively, equal to the required contributions for each year.

NOTE 9 – POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55 percent of covered payroll; 4.30 percent was the portion used to fund health care for the year. During 2001, the City's portion that was used to fund health care was \$621,189, representing 4.3 percent of covered payroll.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

B. OHIO POLICE AND FIRE PENSION FUND

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

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

The number of participants eligible to receive health care benefits as of December 31, 2000, the date of the last actuarial valuation available, was 12,853 for police and 10,037 for firefighters. The City's actual contributions for 2001 that were used to fund post-employment benefits were \$448,000 for police and \$405,966 for firefighters. OP&F's total health care expenses for the year ending December 31, 2000, the date of the last actuarial valuation available, was \$106,160,054, which was net of member contributions of \$5,657,431.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to property, machinery, general liability, workers' compensation and employees medical benefits.

The City of Euclid is self-funded with regard to general liability, and has been since 1988. An internal service fund is used to process claims made against the City. The fund was created to accumulate monies within the General Fund to pay third-party claims against the City. The City's Administrative Code included provisions that the council shall annually appropriate funds to cover the costs of this fund. The City annually appropriates transfers to the Self-Insurance Fund sufficient to cover its cash basis requirements.

Contracts with commercial insurance companies exist to provide property, boiler and machinery insurance. The City carries a commercial package property insurance policy for blanket coverage in excess of \$77,000,000. The policy coverage includes loss of business income for specific locations, personal property, crime, securities and property in the open. The deductible payable by the City is \$5,000. The City also carries a boiler and machinery policy through a commercial insurance carrier with a \$50,000,000 limit. The deductible for this coverage is \$5,000 and the limit per occurrence is \$1,000,000 for all related claims submitted under the policy.

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

The City accounts for its insurance premiums as well as its deductibles in the General Fund. Based on the requirements of Government Accounting Standards Board Statement No. 10, a liability for claims should be reported if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The City believes that, pursuant to these standards, no liability exists at December 31, 2001.

The City of Euclid provides to eligible employees a comprehensive major medical plan, which includes dental coverage. Some employees have an individual deductible of \$150 or co-insurance of \$125; for families the deductible is \$250 or the co-insurance is \$185. After the deductibles or co-insurances have been met the medical plan covers 100% of the usual, customary and reasonable charges. The remaining employees are under the prior medical plan agreement which pays 100% of the usual, customary and reasonable charges. Dental insurance for employees has no deductible. The medical and dental plan is self-funded utilizing a third party administrator. The plan has a catastrophic coverage at a threshold of \$100,000 per occurrence. Employee medical and dental benefits are charged to the various funds of the City in accordance with where an employee's salary is charged.

The City is required to purchase workers' compensation insurance through the State of Ohio. The City applied for and was accepted into the State's Retrospective Rating Plan whereby the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the City's injured workers' claims are incurred, the City must reimburse the State fund for those costs, subject to the plan's individual claim cost limitation and the City's premium limitation. The City pays workers' compensation claims from various funds based on payroll allocations. The City's retrospective rating plan provides for a \$250,000 catastrophic limit per claim and an unlimited claim limit.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 10 – RISK MANAGEMENT (CONTINUED)

At December 31, 2001, \$3,497,395 has been accrued (in various funds of the City as a component of Due to Other Governments) for workers' compensation claims representing estimates of amounts to be paid for reported claims and incurred but not reported claims based upon the current available information.

The schedule below presents the changes in Workers' Compensation claims liabilities as of December 31, 2001:

	<u>2001</u>	<u>2000</u>
Beginning of Fiscal Year Liability	\$ 3,388,071	\$ 1,652,877
Current Year Claims and Changes in Estimates	374,859	1,994,753
Claim Payments	<u>(265,535)</u>	<u>(259,559)</u>
Balance at Fiscal Year End	\$ <u>3,497,395</u>	\$ <u>3,388,071</u>

NOTE 11 – COMMITMENTS

Federal and State Grants – Under the terms of various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2001, there were no questioned costs that had not been resolved with various federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of City officials, no material grant expenditures will be disallowed.

Worker's Compensation – Beginning in 1989, the City elected to participate in the Retrospective Rating Program provided by the Ohio Bureau of Worker's Compensation (OBWC). Under this program, the City will be required to make a final payment on claims, once ten years has elapsed. The OBWC will calculate the amount due to cover future liabilities on the claims; and thus assume the liability from the City on an ongoing basis. The City is not able to estimate the amount of the future payment at December 31, 2001 and, therefore, no liability has been recorded in the General Long-Term Debt Account Group.

Community Development Block Grant/Section 108 Loan Guarantee – In connection with an economic development and rehabilitation project of a major corporation, the City received a Section 108 loan guarantee from the U.S. Department of Housing and Urban Development in 1994. Under this agreement, the City provided the corporation \$1,250,000 to be used for this project of which \$105,000 is subject to the Section 108 loan guarantee as of December 31, 2001. The City has pledged as security only the use of future Community Development Block Grant funds for the payment of principal and interest due on this obligation which is guaranteed by the full faith and credit of the United States Government. This obligation will be repaid through future allocations of Community Development Block Grant Awards.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 11 – COMMITMENTS (CONTINUED)

Financial Matters – Over the past few years, the City has been operating at a level whereby certain governmental fund types have incurred a deficiency of revenues over expenditures and debt levels have increased. The City continues to evaluate alternative measures to increase revenues and/or reduce expenditures to improve its financial position.

NOTE 12 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains two enterprise funds which provide sewer service and leisure time services. Financial information as of December 31, 2001 and for the year then ended for the two enterprise funds is summarized as follows:

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Total</u>
Operating Revenues	\$ 10,225,613	\$ 866,868	\$ 11,092,481
Sewer Levy	716,195	-	716,195
Depreciation	1,713,855	57,276	1,771,131
Operating Income (Loss)	(887,053)	43,090	(843,963)
Operating Transfers – In	1,313,000	-	1,313,000
Operating Transfers – Out	(2,227,191)	-	(2,227,191)
Net Income (Loss)	(2,560,564)	40,846	(2,519,718)
Property, Plant and Equipment Additions	578,109	32,425	610,534
Net Working Capital	4,702,967	143,164	4,846,131
Total Assets	50,068,234	7,417,793	57,486,027
Long-Term Debt	24,250,216	12,855	24,263,071
Total Equity	22,068,984	7,175,554	29,244,538

NOTE 13 – INTERFUND ACTIVITY

A. INTERFUND RECEIVABLES AND PAYABLES

The General Fund has interfund receivables from the Municipal Court Agency Fund and the Community Development Block Grant Special Revenue Fund in the amounts of \$100,904 and \$13,550, respectively.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 13 – INTERFUND ACTIVITY (CONTINUED)

B. OPERATING TRANSFERS

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

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ <u>286,456</u>	\$ <u>216,500</u>
Special Revenue:		
Streets and Highways	200,000	-
Other Grants	<u>130,000</u>	<u>-</u>
Total Special Revenue	<u>330,000</u>	<u>-</u>
Debt Service:		
Bond Retirement	<u>1,117,803</u>	<u>500,000</u>
Capital Projects:		
Capital Bond and Note Construction	6,455	-
Capital Improvements	<u>806,500</u>	<u>946,523</u>
Total Capital Projects	<u>812,955</u>	<u>946,523</u>
Enterprise:		
Waste Water	<u>1,313,000</u>	<u>2,227,191</u>
Agency	<u>30,000</u>	<u>-</u>
Total All Funds	\$ <u>3,890,214</u>	\$ <u>3,890,214</u>

NOTE 14 – CONTINGENCIES/PENDING LITIGATION

The City is a party to various legal proceedings for which it has established accruals for estimated loss contingencies. In the opinion of the City Law Director, the ultimate disposition of these proceedings will not have a material, adverse effect on the City's financial position or results of operations.

CITY OF EUCLID, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2001

NOTE 15 – SOLID WASTE

In accordance with a notice letter received from the Ohio Environmental Protection Agency, the City of Euclid executed the final closure financial assurance instrument for the temporary solid waste transfer station by the required deadline. The sum of post-closure cost estimate assured by the financial test was \$180,000 and the City met all of the requirements set forth by Ohio Administrative Code Rule 3745-27-17. The City does not currently accrue a liability for this cost. This treatment is in accordance with the Government Accounting Standards Board.

NOTE 16 – ACCOUNTABILITY – FUND EQUITY DEFICIT

Special Revenue Fund – The Community Development Block Grant Fund and the Recreation Operating Fund have fund deficits of \$232,626 and \$36,017, respectively, due to a reclassification of the prior years accounts receivable. The General Fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR YEAR FUND BALANCES

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>
Fund Balances, Retained Earnings, December 31, 2000	\$ 10,950,118	\$ (720,424)	\$ 4,755,832	\$ (2,675,201)	\$ 13,660,507
GASB 33 Adjustment:					
Municipal Income Taxes	1,431,231	-	-	-	-
Property Taxes	(573,572)	(110,959)	(1,182,662)	(129,281)	(170,706)
Intergovernmental Revenue	-	160,938	-	-	-
Adjusted Fund Balances/Retained Earnings, December 31, 2000	\$ <u>11,807,777</u>	\$ <u>(670,445)</u>	\$ <u>3,573,170</u>	\$ <u>(2,804,482)</u>	\$ <u>13,489,801</u>

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>
Deferred Revenue, December 31, 2000	\$ 2,143,597	\$ 388,825	\$ 5,206,611	\$ 739,322	\$ 598,193
GASB 33 Adjustments:					
Taxes Receivable	2,567,810	110,959	1,182,662	129,281	170,706
Intergovernmental Receivable	-	513,971	-	-	-
Restated Deferred Revenue, December 31, 2000	\$ <u>4,711,407</u>	\$ <u>1,013,755</u>	\$ <u>6,389,273</u>	\$ <u>868,603</u>	\$ <u>768,899</u>

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CITY OF EUCLID, OHIO
COMBINING AND
INDIVIDUAL FUND
STATEMENTS



CITY OF EUCLID, OHIO

SPECIAL REVENUE FUNDS

Streets and Highways Fund — Accounts for revenues from state license and gas taxes which are used for the repair, maintenance and construction associated with the City's streets.

Community Development Block Grant Fund — Accounts for revenues and expenditures related to the Community Development Block Grant Program of the United States Department of Housing and Urban Development.

Recreation Operating Fund — Accounts for operations and maintenance of all recreational facilities within the City as well as City sponsored recreation programs which are funded by participation fees and facility rentals.

Other Grants Fund — Accounts for revenues and expenditures related to federal and state grants.

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS

DECEMBER 31, 2001

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2000

	<u>Streets and Highways</u>	<u>Community Development Block Grant</u>	<u>Recreation Operating</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,452,140	\$ 3,333	\$ 88,290
Receivables:			
Taxes	-	-	487,660
Accounts	255,858	-	2,500
Interest	44	-	-
Intergovernmental	712,078	-	-
Inventory of Supplies at Cost	84,765	-	2,666
Total Assets	<u>\$ 2,504,885</u>	<u>\$ 3,333</u>	<u>\$ 581,116</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts Payable	\$ 320,991	\$ 12,191	\$ 24,911
Accrued Wages and Benefits	63,079	16,867	17,788
Accrued Compensated Absences	7,957	19,340	2,122
Due to Other Governments	204,933	154,463	66,512
Accrued Interest Payable	-	-	-
Interfund Payable	-	13,550	-
Deferred Revenue	497,165	-	487,661
Deferred Compensation Payable	-	-	-
Accrued Pension	64,382	19,548	18,139
Notes Payable	-	-	-
Total Liabilities	<u>1,158,507</u>	<u>235,959</u>	<u>617,133</u>
Fund Equity:			
Reserve for Encumbrances	1,101,630	133,243	12,572
Reserve for Inventory	84,765	-	2,666
Unreserved (Deficit)	<u>159,983</u>	<u>(365,869)</u>	<u>(51,255)</u>
Total Fund Equity	<u>1,346,378</u>	<u>(232,626)</u>	<u>36,017</u>
Total Liabilities and Fund Equity	<u>\$ 2,504,885</u>	<u>\$ 3,333</u>	<u>\$ 581,116</u>

	Other Grants	Totals	
		2001	2000
\$	213,321	\$ 1,757,084	\$ 2,089,711
	-	487,660	499,783
	-	258,358	331,280
	-	44	735
	22,039	734,117	802,887
	<u>79,861</u>	<u>167,292</u>	<u>105,290</u>
\$	<u>315,221</u>	<u>3,404,555</u>	<u>3,829,686</u>

\$	-	\$ 358,093	\$ 582,113
	6,230	103,964	110,305
	6,760	36,179	22,578
	1,210	427,118	434,933
	-	-	108,493
	-	13,550	13,550
	-	984,826	1,013,755
	-	-	-
	7,167	109,236	14,404
	-	-	<u>2,200,000</u>
	<u>21,367</u>	<u>2,032,966</u>	<u>4,500,131</u>

	8,612	1,256,057	565,624
	79,861	167,292	105,290
	<u>205,381</u>	<u>(51,760)</u>	<u>(1,391,338)</u>
	<u>293,854</u>	<u>1,371,589</u>	<u>(720,424)</u>
\$	<u>315,221</u>	<u>3,404,555</u>	<u>3,779,707</u>

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Streets and Highways</u>	<u>Community Development Block Grant</u>	<u>Recreation Operating</u>
<u>Revenues</u>			
Property Taxes	\$ 1,429,987	\$ -	\$ 465,527
Intergovernmental	348,625	1,183,374	-
Charges for Services	958,886	-	703,238
Investment Income	140,839	-	-
Rents and Royalties	-	-	15,900
Other	<u>4,669</u>	<u>-</u>	<u>8,866</u>
Total Revenues	<u>2,883,006</u>	<u>1,183,374</u>	<u>1,193,531</u>
<u>Expenditures</u>			
Current:			
General Government	4,713	-	-
Public Safety	402,011	-	-
Streets and Highways	4,215,489	-	-
Refuse Collection and Disposal	67,733	-	-
Public Health and Welfare	-	-	-
Culture/Recreation	-	-	1,308,790
Community Development	-	1,172,636	-
Debt Service:			
Principal Retirement	217,632	-	-
Interest and Fiscal Charges	<u>199,258</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,106,836</u>	<u>1,172,636</u>	<u>1,308,790</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,223,830)</u>	<u>10,738</u>	<u>(115,259)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	4,260,000	-	-
Operating Transfers – In	200,000	-	-
Operating Transfers – Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,460,000</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,236,170	10,738	(115,259)
Fund Balance (Deficit) at Beginning of Year, Restated	(962,957)	(243,364)	79,721
Increase (Decrease) in Inventory Reserve	<u>73,165</u>	<u>-</u>	<u>(479)</u>
Fund Balance (Deficit) at End of Year	\$ <u>1,346,378</u>	\$ <u>(232,626)</u>	\$ <u>(36,017)</u>

	Other Grants	Totals	
		2001	2000
\$	-	\$ 1,895,514	\$ 1,817,512
	29,837	1,561,836	1,486,855
	222	1,662,346	1,589,162
	8,264	149,103	57,372
	-	15,900	15,900
	<u>135,366</u>	<u>148,901</u>	<u>180,630</u>
	<u>173,689</u>	<u>5,433,600</u>	<u>5,147,431</u>
	265,955	270,668	210,413
	140,822	542,833	405,487
	-	4,215,489	4,405,526
	-	67,733	32,419
	-	-	264,576
	-	1,308,790	1,311,520
	48,529	1,221,165	1,369,899
	-	217,632	35,000
	-	<u>199,258</u>	<u>155,842</u>
	<u>455,306</u>	<u>8,043,568</u>	<u>8,190,682</u>
	<u>(281,617)</u>	<u>(2,609,968)</u>	<u>(3,043,251)</u>
	-	4,260,000	407,526
	130,000	330,000	696,731
	-	-	<u>(100,000)</u>
	<u>130,000</u>	<u>4,590,000</u>	<u>1,004,257</u>
	(151,617)	1,980,032	(2,038,994)
	456,155	(670,445)	1,358,700
	<u>(10,684)</u>	<u>62,002</u>	<u>9,849</u>
\$	<u>293,854</u>	\$ <u>1,371,589</u>	\$ <u>(670,445)</u>

CITY OF EUCLID, OHIO

STREETS AND HIGHWAYS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 1,550,626	\$ 1,429,987	\$ (120,639)
Charges for Services	1,121,665	1,034,399	(87,266)
Investment Income	153,393	141,459	(11,934)
Other	<u>5,063</u>	<u>4,669</u>	<u>(394)</u>
Total Revenues	<u>2,830,747</u>	<u>2,610,514</u>	<u>(220,233)</u>
<u>Expenditures</u>			
Current:			
Public Safety	406,316	401,047	5,269
Streets and Highways	4,642,683	4,623,617	19,066
Debt Service:			
Principal Retirement	2,774,612	2,417,632	356,980
Interest and Fiscal Charges	<u>353,200</u>	<u>307,751</u>	<u>45,449</u>
Total Expenditures	<u>8,176,811</u>	<u>7,750,047</u>	<u>426,764</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,346,064)</u>	<u>(5,139,533)</u>	<u>206,531</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	435,903	401,990	(33,913)
Proceeds from Sale of Debt	4,260,000	4,260,000	-
Operating Transfers – In	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,895,903</u>	<u>4,861,990</u>	<u>(33,913)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(450,161)	(277,543)	172,618
Unencumbered Fund Balances at Beginning of Year	<u>945,387</u>	<u>945,387</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>495,226</u>	\$ <u>667,844</u>	\$ <u>172,618</u>

CITY OF EUCLID, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ <u>2,112,362</u>	\$ <u>1,183,374</u>	\$ <u>(928,988)</u>
<u>Expenditures</u>			
Current:			
Community Development	<u>2,065,960</u>	<u>1,185,689</u>	<u>880,271</u>
Excess of Revenues Over (Under) Expenditures	46,402	(2,315)	(48,717)
Unencumbered Fund Balances at Beginning of Year	<u>5,648</u>	<u>5,648</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u><u>52,050</u></u>	\$ <u><u>3,333</u></u>	\$ <u><u>(48,717)</u></u>

CITY OF EUCLID, OHIO

RECREATION OPERATING

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 464,297	\$ 465,527	\$ 1,230
Charges for Services	701,379	703,238	1,859
Rents and Royalties	15,858	15,900	42
Other	<u>6,349</u>	<u>6,366</u>	<u>17</u>
Total Revenues	<u>1,187,883</u>	<u>1,191,031</u>	<u>3,148</u>
<u>Expenditures</u>			
Current:			
Culture/Recreation	<u>1,347,400</u>	<u>1,292,619</u>	<u>54,781</u>
Excess of Revenues Over (Under) Expenditures	(159,517)	(101,588)	57,929
Unencumbered Fund Balances at Beginning of Year	<u>177,308</u>	<u>177,308</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>17,791</u>	\$ <u>75,720</u>	\$ <u>57,929</u>

CITY OF EUCLID, OHIO

OTHER GRANTS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 65,149	\$ 28,434	\$ (36,715)
Charges for Services	509	222	(287)
Investment Income	19,099	8,336	(10,763)
Other	<u>310,155</u>	<u>135,366</u>	<u>(174,789)</u>
Total Revenues	<u>394,912</u>	<u>172,358</u>	<u>(222,554)</u>
<u>Expenditures</u>			
Current:			
General Government	291,078	244,827	46,251
Public Safety	200,000	144,808	55,192
Community Development	<u>51,591</u>	<u>42,984</u>	<u>8,607</u>
Total Expenditures	<u>542,669</u>	<u>432,619</u>	<u>110,050</u>
Excess of Revenues Over (Under) Expenditures	(147,757)	(260,261)	(112,504)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,757)	(130,261)	(112,504)
Unencumbered Fund Balances at Beginning of Year	<u>334,971</u>	<u>334,971</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>317,214</u>	\$ <u>204,710</u>	\$ <u>(112,504)</u>

CITY OF EUCLID, OHIO

TOTAL SPECIAL REVENUE FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 2,014,923	\$ 1,895,514	\$ (119,409)
Intergovernmental	2,177,511	1,211,808	(965,703)
Charges for Services	1,823,553	1,737,859	(85,694)
Investment Income	172,492	149,795	(22,697)
Rents and Royalties	15,858	15,900	42
Other	<u>321,567</u>	<u>146,401</u>	<u>(175,166)</u>
Total Revenues	<u>6,525,904</u>	<u>5,157,277</u>	<u>(1,368,627)</u>
<u>Expenditures</u>			
Current:			
General Government	291,078	244,827	46,251
Public Safety	606,316	545,855	60,461
Streets and Highways	4,642,683	4,623,617	19,066
Culture/Recreation	1,347,400	1,292,619	54,781
Community Development	2,117,551	1,228,673	888,878
Debt Service:			
Principal Retirement	2,774,612	2,417,632	356,980
Interest and Fiscal Charges	<u>353,200</u>	<u>307,751</u>	<u>45,449</u>
Total Expenditures	<u>12,132,840</u>	<u>10,660,974</u>	<u>1,471,866</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,606,936)</u>	<u>(5,503,697)</u>	<u>103,239</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	435,903	401,990	(33,913)
Proceeds from Sale of Debt	4,260,000	4,260,000	-
Operating Transfers – In	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>5,025,903</u>	<u>4,991,990</u>	<u>(33,913)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(581,033)	(511,707)	69,326
Unencumbered Fund Balances at Beginning of Year	<u>1,463,314</u>	<u>1,463,314</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>882,281</u>	\$ <u>951,607</u>	\$ <u>69,326</u>



CITY OF EUCLID, OHIO CAPITAL PROJECTS FUNDS

Capital Bond and Note Construction — To account for the proceeds of debt used to fund capital acquisitions and construction.

Capital Improvement — To account for miscellaneous revenues which fund capital projects.

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS

DECEMBER 31, 2001

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2000

	Capital Bond and Note <u>Construction</u>	Capital <u>Improvement</u>	<u>Totals</u>	
			2001	2000
<u>Assets</u>				
Cash and Cash Equivalents	\$ 702,440	\$ 993,249	\$ 1,695,689	\$ 5,654,295
Receivables:				
Taxes	-	637,709	637,709	653,562
Accounts	-	216,251	216,251	-
Interest	72,186	23	72,209	61,128
Special Assessments	-	200,402	200,402	215,040
Intergovernmental Receivable	-	-	-	34,281
Total Assets	\$ <u>774,626</u>	\$ <u>2,047,634</u>	\$ <u>2,822,260</u>	\$ <u>6,618,306</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts Payable	\$ 160,470	\$ 212,185	\$ 372,655	\$ 665,075
Deferred Revenue	-	838,111	838,111	868,603
Accrued Interest Payable	-	-	-	64,110
Notes Payable	-	-	-	7,825,000
Total Liabilities	<u>160,470</u>	<u>1,050,296</u>	<u>1,210,766</u>	<u>9,422,788</u>
Fund Equity:				
Reserve for Encumbrances	78,939	173,582	252,521	1,479,127
Unreserved (Deficit)	<u>535,217</u>	<u>823,756</u>	<u>1,358,973</u>	<u>(4,283,609)</u>
Total Fund Equity (Deficit)	<u>614,156</u>	<u>997,338</u>	<u>1,611,494</u>	<u>(2,804,482)</u>
Total Liabilities and Fund Equity	\$ <u>774,626</u>	\$ <u>2,047,634</u>	\$ <u>2,822,260</u>	\$ <u>6,618,306</u>

CITY OF EUCLID, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	Capital Bond and Note <u>Construction</u>	Capital <u>Improvement</u>	<u>Totals</u>	
			2001	2000
<u>Revenues</u>				
Property Taxes	\$ -	\$ 1,530,503	\$ 1,530,503	\$ 465,566
Intergovernmental	-	234,530	234,530	109,281
Charges for Services	-	525,785	525,785	107,022
Special Assessments	47,940	31,624	79,564	123,849
Investment Income	46,960	43,939	90,899	-
Other	<u>10,000</u>	<u>24,854</u>	<u>34,854</u>	<u>-</u>
Total Revenues	<u>104,900</u>	<u>2,391,235</u>	<u>2,496,135</u>	<u>805,718</u>
<u>Expenditures</u>				
Current:				
General Government	1,059,350	403,512	1,462,862	2,187,429
Public Safety	-	308,880	308,880	803,257
Streets and Highways	-	1,396,603	1,396,603	492,642
Refuse Collection and Disposal	-	51,285	51,285	8,607
Public Health and Welfare	-	-	-	1,585
Culture/Recreation	-	365,192	365,192	448,907
Community Development	-	1,146,726	1,146,726	25,511
Debt Service:				
Principal Retirement	-	296,270	296,270	321,908
Interest and Fiscal Charges	<u>-</u>	<u>302,952</u>	<u>302,952</u>	<u>30,379</u>
Total Expenditures	<u>1,059,350</u>	<u>4,271,420</u>	<u>5,330,770</u>	<u>4,320,225</u>
Excess of Revenues Over (Under) Expenditures	<u>(954,450)</u>	<u>(1,880,185)</u>	<u>(2,834,635)</u>	<u>(3,514,507)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Debt	-	7,235,000	7,235,000	-
Operating Transfers – In	6,455	806,500	812,955	1,084,470
Operating Transfers – Out	(690,068)	(256,455)	(946,523)	(7,470)
Inception of Capital Lease	<u>-</u>	<u>149,179</u>	<u>149,179</u>	<u>301,201</u>
Total Other Financing Sources (Uses)	<u>(683,613)</u>	<u>7,934,224</u>	<u>7,250,611</u>	<u>1,378,201</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,638,063)	6,054,039	4,415,976	(2,136,306)
Fund Balance (Deficit) at Beginning of Year, Restated	<u>2,252,219</u>	<u>(5,056,701)</u>	<u>(2,804,482)</u>	<u>(668,176)</u>
Fund Balance (Deficit) at End of Year	\$ <u>614,156</u>	\$ <u>997,338</u>	\$ <u>1,611,494</u>	\$ <u>(2,804,482)</u>

CITY OF EUCLID, OHIO

CAPITAL BOND AND NOTE CONSTRUCTION

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Special Assessments	\$ 46,304	\$ 47,940	\$ 1,636
Investment Income	1,263,751	4,825	(1,258,926)
Other	-	10,000	10,000
Total Revenues	<u>1,310,055</u>	<u>62,765</u>	<u>(1,247,290)</u>
<u>Expenditures</u>			
Current:			
General Government	1,389,788	117,007	1,272,781
Culture/Recreation	<u>114,644</u>	<u>61,202</u>	<u>53,442</u>
Total Expenditures	<u>1,504,432</u>	<u>178,209</u>	<u>1,326,223</u>
Excess of Revenues Over (Under) Expenditures	<u>(194,377)</u>	<u>(115,444)</u>	<u>78,933</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	6,455	6,455	-
Operating Transfers – Out	<u>(690,068)</u>	<u>(690,068)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(683,613)</u>	<u>(683,613)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(877,990)	(799,057)	78,933
Unencumbered Fund Balances at Beginning of Year	<u>1,259,854</u>	<u>1,259,854</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>381,864</u>	\$ <u>460,797</u>	\$ <u>78,933</u>

CITY OF EUCLID, OHIO

CAPITAL IMPROVEMENT

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 636,803	\$ 608,765	\$ (28,038)
Intergovernmental	1,367,430	268,811	(1,098,619)
Charges for Services	571,572	314,534	(257,038)
Special Assessments	28,061	31,624	3,563
Investment Income	100,801	82,979	(17,822)
Other	<u>21,712</u>	<u>19,854</u>	<u>(1,858)</u>
Total Revenues	<u>2,726,379</u>	<u>1,326,567</u>	<u>(1,399,812)</u>
<u>Expenditures</u>			
Current:			
General Government	557,526	270,549	286,977
Public Safety	438,028	306,157	131,871
Streets and Highways	1,512,603	1,294,839	217,764
Refuse Collection and Disposal	74,682	33,565	41,117
Culture/Recreation	531,255	253,134	278,121
Community Development	1,203,786	1,134,204	69,582
Debt Service:			
Principal Retirement	296,500	296,270	230
Interest and Fiscal Charges	<u>35,500</u>	<u>35,324</u>	<u>176</u>
Total Expenditures	<u>4,649,880</u>	<u>3,624,042</u>	<u>1,025,838</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,923,501)</u>	<u>(2,297,475)</u>	<u>(373,974)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	806,500	806,500	-
Operating Transfers – Out	<u>(256,455)</u>	<u>(256,455)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>550,045</u>	<u>550,045</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,373,456)</u>	<u>(1,747,430)</u>	<u>(373,974)</u>
Unencumbered Fund Balances at Beginning of Year	<u>2,395,983</u>	<u>2,395,983</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>1,022,527</u>	\$ <u>648,553</u>	\$ <u>(373,974)</u>

CITY OF EUCLID, OHIO

TOTAL CAPITAL PROJECT FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 636,803	\$ 608,765	\$ (28,038)
Intergovernmental	1,367,430	268,811	(1,098,619)
Charges for Services	571,572	314,534	(257,038)
Special Assessments	74,365	79,564	5,199
Investment Income	1,364,552	87,804	(1,276,748)
Other	<u>21,712</u>	<u>29,854</u>	<u>8,142</u>
Total Revenues	<u>4,036,434</u>	<u>1,389,332</u>	<u>(2,647,102)</u>
<u>Expenditures</u>			
Current:			
General Government	1,947,314	387,556	1,559,758
Public Safety	438,028	306,157	131,871
Streets and Highways	1,512,603	1,294,839	217,764
Refuse Collection and Disposal	74,682	33,565	41,117
Culture/Recreation	645,899	314,336	331,563
Community Development	1,203,786	1,134,204	69,582
Debt Service:			
Principal Retirement	296,500	296,270	230
Interest and Fiscal Charges	<u>35,500</u>	<u>35,324</u>	<u>176</u>
Total Expenditures	<u>6,154,312</u>	<u>3,802,251</u>	<u>2,352,061</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,117,878)</u>	<u>(2,412,919)</u>	<u>(295,041)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	812,955	812,955	-
Operating Transfers – Out	<u>(946,523)</u>	<u>(946,523)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(133,568)</u>	<u>(133,568)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,251,446)</u>	<u>(2,546,487)</u>	<u>(295,041)</u>
Unencumbered Fund Balances at Beginning of Year	<u>3,655,837</u>	<u>3,655,837</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>1,404,391</u>	\$ <u>1,109,350</u>	\$ <u>(295,041)</u>

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CITY OF EUCLID, OHIO ENTERPRISE FUNDS

Waste Water Treatment Fund — Accounts for revenues and expenses related to the operation and maintenance of Euclid's sewage treatment plant and the construction and maintenance of the City's sanitary and storm sewers. Primary revenue sources are user charges and a two mill sewer levy which is used for the construction and maintenance of the sewer lines.

Golf Course Fund — Accounts for the operations of the City owned golf course. Debt issued to construct the golf course is accounted for in the debt service fund.

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – ENTERPRISE FUNDS

DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2000

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,800,280	\$ 360,038	\$ 5,160,318	\$ 5,427,929
Receivables:				
Taxes	750,245	-	750,245	768,898
Accounts (Net of Allowance for Doubtful Accounts)	2,871,528	-	2,871,528	3,003,299
Inventory of Supplies at Cost	<u>29,948</u>	<u>12,510</u>	<u>42,458</u>	<u>43,048</u>
Total Current Assets	<u>8,452,001</u>	<u>372,548</u>	<u>8,824,549</u>	<u>9,243,174</u>
Fixed Assets:				
Land	103,686	6,366,726	6,470,412	6,470,412
Land Improvements	-	1,182,610	1,182,610	1,159,481
Utility Plant/Sanitary Sewers	72,552,329	-	72,552,329	72,084,847
Buildings and Improvements	1,416,243	199,242	1,615,485	1,615,485
Furniture, Fixtures and Equipment	1,837,701	371,027	2,208,728	2,088,805
Less: Accumulated Depreciation	<u>(34,293,726)</u>	<u>(1,074,360)</u>	<u>(35,368,086)</u>	<u>(33,596,955)</u>
Net Fixed Assets	<u>41,616,233</u>	<u>7,045,245</u>	<u>48,661,478</u>	<u>49,822,075</u>
 Total Assets	 \$ <u>50,068,234</u>	 \$ <u>7,417,793</u>	 \$ <u>57,486,027</u>	 \$ <u>59,065,249</u>

Continued

CITY OF EUCLID, OHIO

COMBINING BALANCE SHEET – ENTERPRISE FUNDS (CONTINUED)

DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2000

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
<u>Liabilities and Fund Equity</u>				
Current Liabilities:				
Accounts Payable	\$ 598,216	\$ 7,618	\$ 605,834	\$ 358,708
Claims Payable	66,000	-	66,000	99,000
Accrued Wages and Benefits	106,112	10,954	117,066	115,884
Accrued Compensated Absences	707,361	117,082	824,443	889,898
Due to Other Governments	700,164	79,294	779,458	790,299
Deferred Revenue	750,246	-	750,246	768,899
Accrued Pension	112,361	13,087	125,448	19,543
Accrued Interest Payable	<u>708,574</u>	<u>1,349</u>	<u>709,923</u>	<u>699,844</u>
Total Current Liabilities	<u>3,749,034</u>	<u>229,384</u>	<u>3,978,418</u>	<u>3,742,075</u>
Long-Term Debt:				
Loans Payable	3,986,226	-	3,986,226	2,154,420
Ohio Water Development Authority				
Loans	18,333,990	-	18,333,990	19,367,447
Capital Lease Payable	-	12,855	12,855	32,051
General Obligation Bonds Payable	<u>1,930,000</u>	<u>-</u>	<u>1,930,000</u>	<u>2,005,000</u>
Total Liabilities	<u>27,999,250</u>	<u>242,239</u>	<u>28,241,489</u>	<u>27,300,993</u>
<u>Fund Equity and Other Credits</u>				
Contributed Capital	11,488,183	6,786,272	18,274,455	18,274,455
Retained Earnings:				
Reserved for Capital Improvements	1,041,368	3,460	1,044,828	660,375
Unreserved	<u>9,539,433</u>	<u>385,822</u>	<u>9,925,255</u>	<u>12,829,426</u>
Total Retained Earnings	<u>10,580,801</u>	<u>389,282</u>	<u>10,970,083</u>	<u>13,489,801</u>
Total Fund Equity and Other Credits	<u>22,068,984</u>	<u>7,175,554</u>	<u>29,244,538</u>	<u>31,764,256</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 50,068,234</u>	<u>\$ 7,417,793</u>	<u>\$ 57,486,027</u>	<u>\$ 59,065,249</u>

CITY OF EUCLID, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES – ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	Waste Water	Golf Course	Totals	
			2001	2000
<u>Operating Revenues</u>				
Charges for Services	\$ 10,175,457	\$ 855,090	\$ 11,030,547	\$ 10,841,460
License/Permit and Inspection Fees	45,156	-	45,156	25,520
Other Operating Revenues	<u>5,000</u>	<u>11,778</u>	<u>16,778</u>	<u>11,555</u>
Total Operating Revenues	<u>10,225,613</u>	<u>866,868</u>	<u>11,092,481</u>	<u>10,878,535</u>
<u>Operating Expenses</u>				
Personal Services	3,925,776	492,394	4,418,170	4,343,559
Materials and Supplies	781,050	146,243	927,293	850,599
Contractual Services	3,916,934	90,820	4,077,754	1,837,402
Utilities	775,051	37,045	812,096	1,023,917
Depreciation	<u>1,713,855</u>	<u>57,276</u>	<u>1,771,131</u>	<u>1,804,296</u>
Total Operating Expenses	<u>11,112,666</u>	<u>823,778</u>	<u>11,936,444</u>	<u>9,859,773</u>
Operating Income (Loss)	<u>(887,053)</u>	<u>43,090</u>	<u>(843,963)</u>	<u>1,018,762</u>
<u>Non-Operating Income (Expense)</u>				
Interest Income	106	20	126	202
Interest Expense	(1,475,621)	(2,264)	(1,477,885)	(1,491,853)
Sewer Levy	716,195	-	716,195	581,067
Loss on Sale of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,681)</u>
Total Non-Operating Income (Expense)	<u>(759,320)</u>	<u>(2,244)</u>	<u>(761,564)</u>	<u>(913,265)</u>
Income (Loss) Before Operating Transfers	<u>(1,646,373)</u>	<u>40,846</u>	<u>(1,605,527)</u>	<u>105,497</u>
<u>Operating Transfers</u>				
Operating Transfers – In	1,313,000	-	1,313,000	1,513,000
Operating Transfers – Out	<u>(2,227,191)</u>	<u>-</u>	<u>(2,227,191)</u>	<u>(1,599,456)</u>
Total Operating Transfers	<u>(914,191)</u>	<u>-</u>	<u>(914,191)</u>	<u>(86,456)</u>
Net Income (Loss)	(2,560,564)	40,846	(2,519,718)	19,041
Retained Earnings, January 1, Restated	<u>13,141,365</u>	<u>348,436</u>	<u>13,489,801</u>	<u>13,470,760</u>
Retained Earnings, December 31	10,580,801	389,282	10,970,083	13,489,801
Contributed Capital, January 1	<u>11,488,183</u>	<u>6,786,272</u>	<u>18,274,455</u>	<u>18,274,455</u>
Contributed Capital, December 31	<u>11,488,183</u>	<u>6,786,272</u>	<u>18,274,455</u>	<u>18,274,455</u>
Fund Equity at End of Year	\$ <u>22,068,984</u>	\$ <u>7,175,554</u>	\$ <u>29,244,538</u>	\$ <u>31,764,256</u>

CITY OF EUCLID, OHIO

WASTE WATER

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 9,924,105	\$ 10,312,229	\$ 388,124
Sewer Levy	689,239	716,195	26,956
License/Permit and Inspection Fees	43,456	45,156	1,700
Investment Income	103	106	3
Other	<u>821,598</u>	<u>-</u>	<u>(821,598)</u>
Total Revenues	<u>11,478,501</u>	<u>11,073,686</u>	<u>(404,815)</u>
<u>Expenses</u>			
Current:			
Personal Services	4,187,470	3,909,666	277,804
Materials and Supplies	554,697	517,898	36,799
Contractual Services	4,789,749	4,471,988	317,761
Utilities	830,126	775,053	55,073
Claims	35,345	33,000	2,345
Debt Service:			
Principal Retirement	1,306,529	1,219,850	86,679
Interest and Fiscal Charges	<u>1,569,040</u>	<u>1,464,947</u>	<u>104,093</u>
Total Expenses	<u>13,272,956</u>	<u>12,392,402</u>	<u>880,554</u>
Excess of Revenues Over (Under) Expenses	<u>(1,794,455)</u>	<u>(1,318,716)</u>	<u>475,739</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	1,870,062	1,943,199	73,137
Operating Transfers – In	1,313,000	1,313,000	-
Operating Transfers – Out	<u>(2,227,191)</u>	<u>(2,227,191)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>955,871</u>	<u>1,029,008</u>	<u>73,137</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(838,584)	(289,708)	548,876
Unencumbered Fund Balances at Beginning of Year	<u>4,380,301</u>	<u>4,380,301</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>3,541,717</u>	\$ <u>4,090,593</u>	\$ <u>548,876</u>

CITY OF EUCLID, OHIO

GOLF COURSE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 922,682	\$ 855,090	\$ (67,592)
Investment Income	-	20	20
Other	<u>12,709</u>	<u>11,778</u>	<u>(931)</u>
Total Revenues	<u>935,391</u>	<u>866,888</u>	<u>(68,503)</u>
<u>Expenses</u>			
Current:			
Personal Services	489,028	478,014	11,014
Materials and Supplies	172,055	146,506	25,549
Contractual Services	136,293	118,716	17,577
Utilities	43,407	37,045	6,362
Debt Service:			
Principal Retirement	22,490	19,194	3,296
Interest and Fiscal Charges	<u>3,347</u>	<u>2,856</u>	<u>491</u>
Total Expenses	<u>866,620</u>	<u>802,331</u>	<u>64,289</u>
Excess of Revenues Over (Under) Expenses	68,771	64,557	(4,214)
Unencumbered Fund Balances at Beginning of Year	<u>292,021</u>	<u>292,021</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>360,792</u>	\$ <u>356,578</u>	\$ <u>(4,214)</u>

CITY OF EUCLID, OHIO

TOTAL ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 10,846,787	\$ 11,167,319	\$ 320,532
Sewer Levy	689,239	716,195	26,956
License/Permit and Inspection Fees	43,456	45,156	1,700
Investment Income	103	126	23
Other	<u>834,307</u>	<u>11,778</u>	<u>(822,529)</u>
Total Revenues	<u>12,413,892</u>	<u>11,940,574</u>	<u>(473,318)</u>
<u>Expenses</u>			
Current:			
Personal Services	4,676,498	4,387,680	288,818
Materials and Supplies	726,752	664,404	62,348
Contractual Services	4,926,042	4,590,704	335,338
Utilities	873,533	812,098	61,435
Claims	35,345	33,000	2,345
Debt Service:			
Principal Retirement	1,329,019	1,239,044	89,975
Interest and Fiscal Charges	<u>1,572,387</u>	<u>1,467,803</u>	<u>104,584</u>
Total Expenses	<u>14,139,576</u>	<u>13,194,733</u>	<u>944,843</u>
Excess of Revenues Over (Under) Expenses	<u>(1,725,684)</u>	<u>1,254,159</u>	<u>471,525</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	1,870,062	1,943,199	73,137
Operating Transfers – In	1,313,000	1,313,000	-
Operating Transfers – Out	<u>(2,227,191)</u>	<u>(2,227,191)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(955,871)</u>	<u>(1,029,008)</u>	<u>73,137</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(769,813)	(225,151)	544,662
Unencumbered Fund Balances at Beginning of Year	<u>4,672,322</u>	<u>4,672,322</u>	<u>-</u>
Unencumbered Fund Balances at End of Year	\$ <u>3,902,509</u>	\$ <u>4,447,171</u>	\$ <u>544,662</u>

CITY OF EUCLID, OHIO

COMBINING STATEMENTS OF CASH FLOWS – ENTERPRISE FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
<u>Cash Flows from Operating Activities</u>				
Cash Received From Customers	\$ 10,312,229	\$ 855,090	\$ 11,167,319	\$ 10,070,349
Cash Payments for Goods and Services	(5,231,358)	(267,774)	(5,499,132)	(3,784,001)
Cash Payments to Employees	(3,909,666)	(478,014)	(4,387,680)	(4,111,925)
Other Operating Revenues	45,156	11,778	56,934	37,075
Other Operating Expenses	(33,000)	-	(33,000)	(33,000)
Net Cash Provided by Operating Activities	<u>1,183,361</u>	<u>121,080</u>	<u>1,304,441</u>	<u>2,178,498</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Operating Transfers – In From Other Funds	1,313,000	-	1,313,000	1,513,000
Operating Transfers – Out To Other Funds	(2,227,191)	-	(2,227,191)	(1,599,456)
Net Cash Used in Non-Capital Financing	<u>(914,191)</u>	<u>-</u>	<u>(914,191)</u>	<u>(86,456)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Payment on Capital Leases Inception of Capital Lease Acquisition and Construction on Capital Assets	-	(19,194)	(19,194)	(20,255)
Proceeds from Additional Borrowings on Construction Loans	-	-	-	25,838
Proceeds from Additional Borrowings on Construction Loans	(578,109)	(32,425)	(610,534)	(239,097)
Proceeds from Additional Borrowings on Construction Loans	1,943,199	-	1,943,199	105,257
Principal Payment on Construction Loans	(1,219,850)	-	(1,219,850)	(1,084,421)
Proceeds Received from a Sewer Levy	716,195	-	716,195	756,896
Interest Paid on Loans	(1,464,947)	(2,856)	(1,467,803)	(1,488,313)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(603,512)</u>	<u>(54,475)</u>	<u>(657,987)</u>	<u>(1,944,095)</u>

Continued

CITY OF EUCLID, OHIO

COMBINING STATEMENTS OF CASH FLOWS – ENTERPRISE FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Waste Water</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
<u>Cash Flows From Investing Activities</u>				
Interest on Investments	<u>106</u>	<u>20</u>	<u>126</u>	<u>980</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(334,236)	66,625	(267,611)	148,927
Cash and Cash Equivalents at Beginning of Year	<u>5,134,516</u>	<u>293,413</u>	<u>5,427,929</u>	<u>5,279,002</u>
Cash and Cash Equivalents at End of Year	\$ <u>4,800,280</u>	\$ <u>360,038</u>	\$ <u>5,160,318</u>	\$ <u>5,427,929</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u>				
Operating Income (Loss)	\$ (887,053)	\$ 43,090	\$ (843,963)	\$ 1,018,762
<u>Adjusting to Reconcile Operating Income (Loss) to Net Cash</u>				
Depreciation Expense	1,713,855	57,276	1,771,131	1,804,296
Decrease (Increase) in Accounts Receivable, Net	131,771	-	131,771	(771,110)
Increase (Decrease) in Accounts Payable	240,197	6,929	247,126	(51,632)
Decrease in Claims Payable	(33,000)	-	(33,000)	(33,000)
(Decrease) Increase in Accrued Wages and Benefits	26,021	15,611	41,632	(18,349)
(Decrease) Increase in Due to Other Governments	(9,612)	(1,234)	(10,846)	249,982
Decrease (Increase) in Inventory Of Supplies	<u>1,182</u>	<u>(592)</u>	<u>590</u>	<u>(20,451)</u>
Total Adjustments	<u>2,070,414</u>	<u>77,990</u>	<u>2,148,404</u>	<u>1,159,736</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>1,183,361</u>	\$ <u>121,080</u>	\$ <u>1,304,441</u>	\$ <u>2,178,498</u>



CITY OF EUCLID, OHIO

AGENCY FUNDS

Municipal Court Fund — Accounts for money received by the City's Municipal Court for fines and court costs which are distributed to the City, State and various other State Agencies.

Building Deposits Fund — Accounts for building deposits received and disbursed by the City's building and housing Department.

Other Agency Fund — Accounts primarily for the Workers Compensation which is charged to each fund monthly and deposited into this fund. Workers compensation is then paid to the state annually from this fund.

CITY OF EUCLID, OHIO

AGENCY FUNDS

COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2001

	Balance January 1, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2001</u>
<u>MUNICIPAL COURT</u>				
<u>Assets</u>				
Restricted Cash and Cash Equivalents	\$ <u>212,532</u>	\$ <u>3,079,448</u>	\$ <u>3,090,241</u>	\$ <u>201,739</u>
Total Assets	\$ <u>212,532</u>	\$ <u>3,079,448</u>	\$ <u>3,090,241</u>	\$ <u>201,739</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 20,250	\$ 253,273	\$ 255,347	\$ 18,176
Interfund Payable	103,945	1,489,260	1,492,301	100,904
Deposits Held	<u>88,337</u>	<u>1,336,915</u>	<u>1,342,593</u>	<u>82,659</u>
Total Liabilities	\$ <u>212,532</u>	\$ <u>3,079,448</u>	\$ <u>3,090,241</u>	\$ <u>201,739</u>
<u>BUILDING DEPOSITS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>290,961</u>	\$ <u>126,739</u>	\$ <u>124,552</u>	\$ <u>293,148</u>
Total Assets	\$ <u>290,961</u>	\$ <u>126,739</u>	\$ <u>124,552</u>	\$ <u>293,148</u>
<u>Liabilities</u>				
Deposits Held	\$ <u>290,961</u>	\$ <u>126,739</u>	\$ <u>124,552</u>	\$ <u>293,148</u>
Total Liabilities	\$ <u>290,961</u>	\$ <u>126,739</u>	\$ <u>124,552</u>	\$ <u>293,148</u>
<u>OTHER AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>337,562</u>	\$ <u>27,852,189</u>	\$ <u>27,696,091</u>	\$ <u>493,660</u>
Total Assets	\$ <u>337,562</u>	\$ <u>27,852,189</u>	\$ <u>27,696,091</u>	\$ <u>493,660</u>
<u>Liabilities</u>				
Deposits Held	\$ <u>337,562</u>	\$ <u>27,852,189</u>	\$ <u>27,696,091</u>	\$ <u>493,660</u>
Total Liabilities	\$ <u>337,562</u>	\$ <u>27,852,189</u>	\$ <u>27,696,091</u>	\$ <u>493,660</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 628,523	\$ 27,978,925	\$ 27,820,643	\$ 786,808
Restricted Cash and Cash Equivalents	<u>212,532</u>	<u>3,079,448</u>	<u>3,090,241</u>	<u>201,739</u>
Total Assets	\$ <u>841,055</u>	\$ <u>31,058,376</u>	\$ <u>30,910,884</u>	\$ <u>988,547</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 20,250	\$ 253,273	\$ 255,347	\$ 18,176
Interfund Payable	103,945	1,489,260	1,492,301	100,904
Deposits Held	<u>716,860</u>	<u>29,315,843</u>	<u>29,163,236</u>	<u>869,467</u>
Total Liabilities	\$ <u>841,055</u>	\$ <u>31,058,376</u>	\$ <u>30,910,884</u>	\$ <u>988,547</u>

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CITY OF EUCLID, OHIO
GENERAL FIXED ASSETS

CITY OF EUCLID, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

AS OF DECEMBER 31, 2001

GENERAL FIXED ASSETS:

Land	\$ 8,945,895
Buildings and Improvements	30,751,671
Furniture, Fixtures and Equipment	<u>11,144,302</u>
Total General Fixed Assets	\$ <u>50,841,868</u>

INVESTMENTS IN GENERAL FIXED ASSETS FROM:

General Fund	\$ 10,785,294
Special Revenue Fund	2,607,669
Capital Projects Fund	25,716,103
Undistributed (1)	<u>11,732,802</u>
Total Investment in General Fixed Assets	\$ <u>50,841,868</u>

NOTE:

- (1) Unrealized amount represents general fixed assets prior to December 31, 1983 for which the sources of funds are not available.

CITY OF EUCLID, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

AS OF DECEMBER 31, 2001

<u>FUNCTION AND ACTIVITY</u>	<u>Land</u>	<u>Buildings And Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Total</u>
General Government:				
Council	\$ -	\$ -	\$ 13,160	\$ 13,160
Court	-	-	159,787	159,787
Mayor	-	-	32,567	32,567
Finance	-	-	670,958	670,958
Law	-	-	56,478	56,478
General Operations	4,589,349	2,085,468	1,063,477	7,738,294
Building and Housing	-	30,459	209,104	239,563
Community Development Services	851,906	538,187	199,214	1,589,307
Economic Development	670,615	445,406	90,185	1,206,206
Building Maintenance	-	10,805	137,625	148,430
Engineering	-	-	60,785	60,785
Motor Maintenance	-	19,643	72,858	92,501
City Hall	<u>251,450</u>	<u>9,494,463</u>	<u>-</u>	<u>9,745,913</u>
Total General Government	<u>6,363,320</u>	<u>12,624,431</u>	<u>2,766,198</u>	<u>21,753,949</u>
Public Safety:				
Fire	278,150	1,699,182	1,942,770	3,920,102
Police	4,500	1,028,621	2,153,684	3,186,805
Traffic Control	-	38,975	89,094	128,069
Animal Shelter	<u>57,247</u>	<u>202,234</u>	<u>-</u>	<u>259,481</u>
Total Public Safety	<u>339,897</u>	<u>2,969,012</u>	<u>4,185,548</u>	<u>7,494,457</u>
Public Works:				
Sanitation	121,992	6,818,067	693,447	7,633,506
Public Properties	355,120	2,539,197	148,375	3,042,692
Streets	-	2,340,494	653,598	3,997,092
Water Main	-	<u>572,863</u>	<u>-</u>	<u>572,863</u>
Total Public Works	<u>477,112</u>	<u>12,270,621</u>	<u>2,495,420</u>	<u>15,243,153</u>
Recreation:				
Playgrounds	69,279	311,779	375,904	756,962
Pools	537,079	750,456	222,972	1,510,507
Parks	1,070,796	953,972	955,521	2,980,289
Cemetery	78,412	28,175	14,395	120,982
Historical Site	10,000	35,790	-	45,790
Arena	-	613,939	76,181	690,120
Community Center	-	<u>193,496</u>	<u>52,163</u>	<u>245,659</u>
Total Recreation	<u>1,765,566</u>	<u>2,887,607</u>	<u>1,697,136</u>	<u>6,350,309</u>
Total	\$ <u>8,945,895</u>	\$ <u>30,751,671</u>	\$ <u>11,144,302</u>	\$ <u>50,841,868</u>

CITY OF EUCLID, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY PROGRAM AND DEPARTMENT

FOR THE YEAR ENDED DECEMBER 31, 2001

<u>FUNCTION AND ACTIVITY</u>	<u>Balance</u> <u>January 1,</u> <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2001</u>
General Government:				
Council	\$ 13,160	\$ -	\$ -	\$ 13,160
Court	153,414	6,373	-	159,787
Mayor	32,567	-	-	32,567
Finance	622,691	48,267	-	670,958
Law	51,345	5,133	-	56,478
General Operations	7,395,460	355,034	12,200	738,294
Building & Housing	229,202	21,318	10,957	239,563
Community Development Services	1,517,501	87,124	15,318	1,589,307
Economic Development	75,986	1,137,020	6,800	1,206,206
Building Maintenance	148,430	-	-	148,430
Engineering	60,785	-	-	60,785
Motor Maintenance	72,688	19,813	-	92,501
City Hall	<u>9,745,913</u>	<u>-</u>	<u>-</u>	<u>9,745,913</u>
Total General Government	<u>20,119,142</u>	<u>1,680,082</u>	<u>45,275</u>	<u>21,753,949</u>
Public Safety:				
Fire	3,953,625	135,050	168,573	3,920,102
Police	2,897,685	369,085	79,965	3,186,805
Traffic Control	141,300	-	1,323	128,069
Animal Shelter	<u>259,481</u>	<u>-</u>	<u>-</u>	<u>259,481</u>
Total Public Safety	<u>7,252,091</u>	<u>504,135</u>	<u>261,769</u>	<u>7,494,457</u>
Public Works:				
Sanitation	7,450,294	183,212	-	7,633,506
Public Properties	1,819,849	1,234,288	11,445	3,042,692
Streets	4,086,317	1,040	93,265	3,994,092
Water Main	<u>572,863</u>	<u>-</u>	<u>-</u>	<u>572,863</u>
Total Public Works	<u>13,929,323</u>	<u>1,418,540</u>	<u>104,710</u>	<u>15,243,153</u>
Recreation:				
Playgrounds	654,091	102,871	-	756,962
Pools	1,282,405	228,102	-	510,507
Parks	2,900,100	80,189	-	80,289
Cemetery	120,982	-	-	120,982
Historical Site	45,790	-	-	45,790
Arena	688,461	1,659	-	690,120
Community Center	<u>243,756</u>	<u>1,903</u>	<u>-</u>	<u>245,659</u>
Total Recreation	<u>5,935,585</u>	<u>414,724</u>	<u>-</u>	<u>6,350,309</u>
Total	\$ <u>47,236,141</u>	\$ <u>4,017,481</u>	\$ <u>411,754</u>	\$ <u>50,841,868</u>

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CITY OF EUCLID, OHIO
STATISTICAL SECTION



CITY OF EUCLID, OHIO OPERATIONS STATISTICS

TABLE 1 — Expenditures by Function for all Funds.

TABLE 2 — Revenues by Source for all Funds.

CITY OF EUCLID, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
(AMOUNT IN 000'S)

LAST TEN FISCAL YEARS

TABLE 1

Fiscal Year	General Government	Public Safety	Streets And Highways	Refuse Collection And Disposal	Public Health And Welfare	Culture/ Recreation	Community Development	Capital Outlay	Debt Service	Total
1992	\$ 7,348	\$ 14,818	\$ 1,629	\$ 2,104	\$ 708	\$ 1,624	\$ 1,645	\$ 3,614	\$ 8,034	\$ 41,524
1993	7,702	14,746	2,443	1,174	729	1,836	1,169	3,536	8,067	41,402
1994	7,876	14,416	1,778	966	679	1,771	2,363	2,782	11,174	43,805
1995	8,016	15,730	1,748	1,387	321	2,028	2,701	235	28,517	60,683
1996	8,888	17,287	3,294	1,259	384	2,285	2,123	-	3,703	39,223
1997	9,395	17,711	2,804	1,553	420	2,933	2,360	-	3,290	40,466
1998	11,247	18,759	3,005	1,988	424	2,313	3,583	-	6,953	48,272
1999	14,922	20,640	5,493	2,210	410	2,983	2,228	-	3,956	52,842
2000	13,567	21,053	4,898	1,737	716	2,724	2,518	-	4,288	51,501
2001	11,948	21,246	5,612	1,862	482	2,739	3,611	-	4,643	52,143

NOTE: (1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

CITY OF EUCLID, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
(AMOUNTS IN 000's)**

LAST TEN FISCAL YEARS

TABLE 2

Fiscal Year	Taxes	Intergovernmental	Charges For Services	License/Permit And Inspection Fees	Fines And Forfeitures	Investment Income	Other	Total
1992	\$ 25,970	\$ 1,020	\$ 2,175	\$ 159	\$ 1,338	\$ 1,056	\$ 2,656	\$ 34,374
1993	25,606	1,849	2,338	142	1,162	418	3,099	34,614
1994	26,850	2,377	2,656	237	1,169	424	723	34,436
1995	29,051	4,801	3,006	230	1,349	1,077	288	39,802
1996	29,823	4,591	3,063	197	1,557	1,294	758	41,283
1997	31,005	4,574	2,724	219	1,387	1,517	998	42,424
1998	33,401	5,195	3,491	218	1,642	1,403	416	45,766
1999	31,267	5,192	4,113	241	1,608	1,724	598	44,743
2000	31,502	5,252	4,063	260	1,464	1,650	845	45,036
2001	30,368	5,718	4,642	304	1,506	1,058	804	44,400

NOTE: (1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
(2) Includes \$2,000,000 in revenue related to the recycling-transfer station agreement.



CITY OF EUCLID, OHIO TAX STATISTICS

TABLE 3 — Property Tax Levies and Collections

TABLE 4 — Assessed and Estimated Actual Value of Taxable Property

TABLE 5 — Assessed Value of Real Property by Class

TABLE 6 — Property Tax Rates — All Overlapping Governments

CITY OF EUCLID, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

TABLE 3

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Of Total Tax Collections To Levy	Outstanding Delinquent Taxes	Percent Of Delinquent Taxes To Levy
1992	\$ 8,894,056	\$ 7,678,305	86.3%	\$ 217,240	\$ 7,895,545	88.8%	\$ 956,107	10.7%
1993	8,963,996	7,602,300	84.8	207,223	7,809,523	87.1	938,722	10.5
1994	9,089,635	7,856,584	86.4	187,899	8,044,483	88.5	832,711	9.2
1995	8,644,603	7,616,218	88.1	174,516	7,790,734	90.1	628,556	7.3
1996	8,382,386	7,511,010	89.6	219,011	7,730,021	92.2	668,052	8.0
1997	9,057,723	7,372,636	81.4	167,871	7,540,507	83.2	700,358	7.7
1998	8,675,292	7,726,989	89.1	218,581	7,945,570	91.6	703,081	8.1
1999	7,397,989	7,103,735	96.0	223,873	7,327,608	99.0	590,818	7.9
2000	8,246,789	7,401,858	89.8	213,456	7,436,982	90.8	925,381	11.2
2001	7,836,894	7,363,400	94.0	202,487	7,565,887	96.5	783,770	10.0

SOURCE: Cuyahoga County Auditor

CITY OF EUCLID, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(AMOUNTS IN 000's)

LAST TEN FISCAL YEARS

TABLE 4

Tax Collection Year	Real Property		Public Utility Property		Tangible Personal Property		Total	
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value	Estimated Actual Value
1992	\$ 560,432	\$ 1,601,234	\$ 43,451	\$ 43,451	\$ 122,558	\$ 453,918	\$ 726,441	\$ 2,098,603
1993	565,830	1,616,657	44,309	44,309	121,361	485,444	731,500	2,146,410
1994	559,331	1,598,089	44,524	50,595	117,835	471,340	721,690	2,120,024
1995	618,820	1,768,056	44,078	50,088	111,021	444,083	773,919	2,262,227
1996	615,152	1,757,577	40,352	45,855	99,698	398,792	755,202	2,202,224
1997	614,788	1,756,537	38,624	43,891	111,984	447,936	765,396	2,248,364
1998	645,220	1,843,487	36,902	41,934	111,485	445,940	793,607	2,331,361
1999	643,826	1,839,502	36,010	40,920	110,781	443,124	790,617	2,323,546
2000	634,435	1,812,674	32,953	37,446	100,830	443,320	768,218	2,293,440
2001	698,146	1,994,703	25,710	29,216	102,144	408,576	826,000	2,432,495

SOURCE: Cuyahoga County Auditor

NOTES: (1) The assessed value is computed at approximately the following percentages of estimated actual value: real property, 35%; public utilities, 88%; tangible personal property, 25%.

CITY OF EUCLID, OHIO

ASSESSED VALUE OF REAL PROPERTY BY CLASS (AMOUNT IN 000's)

LAST TEN FISCAL YEARS

TABLE 5

<u>Tax Collection Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Utility Real (1)</u>	<u>Total Real Property</u>
1992	\$ 373,267	\$ 128,986	\$ 57,951	\$ 228	\$ 560,432
1993	373,556	134,165	57,881	228	565,830
1994	373,866	126,625	58,608	232	559,331
1995	426,026	138,123	54,398	273	618,820
1996	424,366	136,627	53,814	345	615,152
1997	424,531	137,425	52,462	370	614,788
1998	459,728	136,864	48,242	386	645,220
1999	459,091	135,744	48,573	418	643,826
2000	459,298	125,716	48,973	449	698,146
2001	502,678	132,244	58,858	436	694,216

SOURCE: Cuyahoga County Auditor

NOTE: (1) Railroads are now the only values included in this class.

CITY OF EUCLID, OHIO

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

LAST TEN FISCAL YEARS

TABLE 6

Tax Collection Year	City of Euclid							Total City Rate	City, Library And School District		County	Total
	General Fund	(2) Recreation Operating	Bond Retirement	(1) Special Revenue	Capital Improvement	Sewer Levy	Total		District	County		
1992	4.57%	1.30%	5.13%	0.60%	1.70%	2.00%	15.30%	64.80%	16.80%	96.90%		
1993	4.61	1.30	5.09	0.60	1.70	2.00	15.30	64.80	16.80	96.90		
1994	6.56	1.30	5.04	0.00	1.70	2.00	16.60	64.80	16.80	98.20		
1995	6.96	1.30	4.34	0.00	1.70	2.00	16.30	64.70	16.80	97.80		
1996	6.96	1.30	3.94	0.00	1.70	2.00	15.90	65.40	16.60	97.90		
1997	6.92	1.30	3.88	0.00	1.70	2.00	15.80	65.50	16.60	97.90		
1998	6.92	1.30	3.88	0.00	1.70	2.00	15.80	65.40	16.60	97.80		
1999	6.72	1.30	3.88	0.00	1.70	2.00	15.60	65.30	15.30	96.20		
2000	6.72	2.00	3.88	0.00	1.00	2.00	15.60	72.20	15.30	103.10		
2001	6.72	2.00	3.88	0.00	1.00	2.00	15.60	72.80	16.20	104.60		

SOURCE: Cuyahoga County Auditor

NOTES: (1) Comprised of a \$0.30 rate for police pension and fire pension levies, respectfully.
(2) The Recreation Operating rate was included in the General Fund rate prior to 1991.



CITY OF EUCLID, OHIO

DEBT STATISTICS

TABLE 7 — Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

TABLE 8 — Computation of Legal Debt Margin

TABLE 9 — Computation of Overlapping Debt

TABLE 10 — Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

TABLE 11 — Revenue Loan Coverage

TABLE 12 — Principal Amount of Long and Short-Term Debt

TABLE 13 — Ratio of Debt to Total Assessed Value of Real and Personal Property, Estimated True Value of Taxable Real Property and Per Capita Income

CITY OF EUCLID, OHIO

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

LAST TEN FISCAL YEARS **TABLE 7**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Assessed Value (000's)</u>	<u>Gross General Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1992	54,875	\$ 726,441	\$18,706,760	\$ 2,079,464	\$ 16,627,296	0.023%	\$ 303.00
1993	54,875	731,500	16,924,800	974,351	15,950,449	0.022	290.67
1994	54,875	721,690	15,122,840	1,397,472	13,725,368	0.019	250.12
1995	54,875	773,919	23,515,880	3,570,884	19,944,996	0.026	363.46
1996	54,875	755,202	23,898,920	1,984,415	21,914,505	0.029	399.35
1997	54,875	765,396	22,266,960	2,580,322	19,686,638	0.026	358.75
1998	54,875	793,607	28,325,000	4,673,877	23,651,123	0.030	431.00
1999	54,875	790,617	27,915,000	4,566,409	23,348,591	0.030	425.49
2000	52,717	768,218	25,835,000	4,755,832	21,079,168	0.027	399.86
2001	52,717	826,000	35,325,000	3,533,956	31,791,044	0.038	603.05

NOTE: (1) Population data for 1989 through 1990 is assumed to be the same as that of the 1980 census as no subsequent data is available.

CITY OF EUCLID, OHIO

COMPUTATION OF LEGAL DEBT MARGIN

DECEMBER 31, 2001

TABLE 8

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Value (2000 for 2001 Collection)	\$ 826,000,544	\$ 826,000,544
Legal Debt Limitation (Percent)	<u>10.50%</u>	<u>5.50%</u>
Legal Debt Limitation (Dollar)	<u>86,730,057</u>	<u>45,430,030</u>
Applicable Debt Outstanding	35,325,000	35,325,000
Less: Applicable Debt Service Fund Amounts	<u>3,533,956</u>	<u>3,533,956</u>
Net Indebtedness Subject to Limitation	<u>31,791,044</u>	<u>31,791,044</u>
Legal Debt Margin	\$ <u>54,939,013</u>	\$ <u>13,638,986</u>

NOTE: (1) Direct debt limitation based upon Section 133 of the Ohio Revised Code.

CITY OF EUCLID, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2001

TABLE 9

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City of Euclid (1)</u>	<u>Amount Applicable To City Of Euclid</u>
Direct:			
City of Euclid, Ohio	\$ 31,791,044	100.00%	\$ 31,791,044
Euclid City School District*	<u>14,294,977</u>	100.00	<u>14,294,977</u>
Total Direct Debt	<u>46,086,021</u>		<u>46,086,021</u>
Overlapping:			
Cuyahoga County* (2)	216,544,636	2.90	6,279,794
Regional Transit Authority*	<u>123,915,000</u>	2.90	<u>3,593,535</u>
Total Overlapping Debt	<u>340,459,636</u>		<u>9,873,329</u>
Total Direct and Overlapping Debt	\$ <u>386,545,657</u>		\$ <u>55,959,350</u>

*SOURCE: Cuyahoga County Auditor

NOTES: (1) The percentage of indebtedness of the City's overlapping political subdivisions was determined by dividing the City's assessed valuation by the total assessed valuation of each overlapping subdivision.

(2) The special taxing districts' debt (which includes the Cleveland Metropolitan Park District, Cuyahoga Community College and the Cleveland-Cuyahoga Port Authority) is included in the County total.

CITY OF EUCLID, OHIO

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

LAST TEN FISCAL YEARS

TABLE 10

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio Of Debt Service To Total General Governmental Expenditures</u>
1992	\$ 1,756,960	\$ 1,370,584	\$ 3,127,544	\$ 41,524,000	0.08%
1993	1,781,960	1,262,472	3,044,432	41,402,000	0.07
1994	1,801,960	1,151,780	2,953,740	43,805,000	0.07
1995	8,746,960	908,497	9,655,457	60,683,000	0.16
1996	1,751,960	1,512,829	3,264,789	39,223,467	0.08
1997	1,631,960	1,346,415	2,978,375	40,465,908	0.07
1998	4,616,960	1,381,757	5,998,717	48,272,358	0.12
1999	2,035,000	1,570,559	3,605,559	52,674,063	0.07
2000	2,080,000	1,467,216	3,547,216	51,500,595	0.07
2001	2,005,000	1,649,881	3,654,881	52,143,513	0.07

NOTE: (1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

CITY OF EUCLID, OHIO

REVENUE LOAN COVERAGE

LAST TEN FISCAL YEARS

TABLE 11

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1992	\$ 7,863,239	\$ 7,990,426	\$ (127,187) (3)	\$ 366,366	\$ 938,753	\$ 1,305,119	(0.10)%
1993	11,934,273	8,496,791	3,437,482	151,261	923,696	1,074,957	3.20
1994	10,450,750	7,507,468	2,943,282	361,299	1,252,615	1,613,914	1.82
1995	11,061,504	8,991,020	2,070,484	710,239	1,680,697	2,390,936	0.87
1996	9,478,725	7,811,294	1,667,431	756,587	1,690,356	2,446,943	0.68
1997	9,279,081	9,361,937	(82,856) (3)	807,942	1,682,148	2,490,090	(0.03)
1998	8,174,448	10,210,340	(2,035,892) (3)	863,334	1,583,607	2,446,941	(0.83)
1999	11,021,928	11,174,408	(152,480)	850,695	1,450,526	2,301,221	(0.07)
2000	10,607,519	9,037,003	1,570,516	935,980	1,387,158	2,323,138	0.68
2001	10,941,808	11,112,666	(170,858)	1,033,457	661,920	1,695,377	(0.10)

NOTE: (1) Gross revenues represent all operating and non-operating revenues in the Waste Water Fund with the exception of proceeds of notes.
(2) Direct operating expenses include expenses for personal services, materials and supplies, contractual services, utilities, depreciation and other.
(3) The Waste Water Fund has experienced operating losses. This fund had available cash balances and retained earnings to offset the recent operating deficits.

CITY OF EUCLID, OHIO

PRINCIPAL AMOUNT OF GENERAL LONG- AND SHORT-TERM DEBT

LAST TEN FISCAL YEARS **TABLE 12**

	1996	1997	1998	1999	2000	2001
LONG-TERM INDEBTEDNESS:						
General Obligation Bonds -						
Sewer	\$ 110,000	\$ 55,000	\$ -	\$ -	\$ -	\$ -
Grade Crossing	85,000	65,000	45,000	25,000	-	-
Various Purposes	23,703,920	22,146,960	27,165,000	25,185,000	23,210,000	32,790,000
Peterson Improvements	-	-	1,025,000	990,000	955,000	920,000
Waterline Improvements	-	-	2,145,000	2,080,000	2,005,000	1,930,000
Heritage Drive	-	-	-	1,715,000	1,670,000	1,615,000
OPWC Loan	-	-	-	3,667,713	4,107,055	6,243,219
Enterprise Debt – OWDA Loans	21,956,146	21,148,204	20,284,868	20,303,427	19,367,447	18,333,990
Enterprise Debt – Capital Lease	<u>112,802</u>	<u>107,840</u>	<u>38,454</u>	<u>26,468</u>	<u>32,051</u>	<u>12,855</u>
Total Long-Term	<u>45,967,868</u>	<u>43,523,004</u>	<u>50,703,322</u>	<u>53,992,608</u>	<u>51,346,553</u>	<u>61,845,064</u>

Continued

CITY OF EUCLID, OHIO

PRINCIPAL AMOUNT OF GENERAL LONG- AND SHORT-TERM DEBT (CONTINUED)

LAST TEN FISCAL YEARS

TABLE 12

	1996	1997	1998	1999	2000	2001
SHORT-TERM INDEBTEDNESS:						
General Obligation Bond						
Anticipated Notes -						
Equipment and Street Improvement	1,420,000	1,420,000	-	410,500	850,500	-
Bennington Hamlet	-	-	-	-	-	-
Incinerator	-	-	375,000	-	-	-
Fire vehicles and apparatus	-	-	-	-	234,000	-
Municipal building improvement	-	-	-	-	382,000	-
Motorized Equipment	1,170,000	2,020,000	-	221,500	465,500	-
Triangle Park	-	-	-	-	-	-
Tree Program	-	-	-	-	-	-
Various Purposes	1,140,000	1,140,000	-	2,415,000	2,415,000	-
Field Lighting	180,000	830,000	-	-	-	-
Sanitary Sewers	-	2,090,000	-	-	-	-
Water Lines/Hydrants	-	1,000,000	-	-	2,200,000	-
Parklawn	-	-	2,040,000	2,810,000	2,810,000	-
Heritage	-	-	1,700,000	-	-	-
Jail Facility	-	-	-	68,000	68,000	-
Service Garage	-	-	-	600,000	600,000	-
Total Short-Term	3,910,000	8,500,000	4,115,000	6,525,000	10,025,000	-
Total Indebtedness	\$ 49,877,868	\$ 52,023,004	\$ 54,818,322	\$ 60,517,608	\$ 61,371,553	\$ 61,845,064

CITY OF EUCLID, OHIO

RATIO OF DEBT TO TOTAL POPULATION, ASSESSED VALUE OF REAL AND PERSONAL PROPERTY AND PER CAPITA INCOME

DECEMBER 31, 2001 **TABLE 13**

	1994	1995	1996	1997	1998	1999	2000	2001
Total Debt	\$ 44,249,256	\$ 48,790,259	\$ 49,877,868	\$ 52,023,004	\$ 54,818,322	\$ 60,517,608	\$ 61,371,553	\$ 61,845,064
Debt Per Capita	\$ 806.36	\$ 889.12	\$ 908.94	\$ 948.03	\$ 998.97	\$ 1,102.83	\$ 1,164.17	\$ 1,173.15
Percent Of Assessed Value	6.13%	6.30%	6.60%	6.80%	6.91%	7.65%	7.99%	7.49%
Debt Per Capita As A Percent Of Personal Income Per Capita	5.58%	3.30%	3.38%	3.52%	3.71%	3.95%	3.31%	3.34%

Note: (1) Per Capita Income From Complete 2000 U.S. Census was not available at time of printing.



CITY OF EUCLID, OHIO

ECONOMIC, DEMOGRAPHIC AND MISCELLANEOUS STATISTICS

TABLE 14 — Property Values, Bank Deposits and Construction

TABLE 15 — Principal Property Taxpayers — Real Property

TABLE 16 — Principal Property Taxpayers — Personal Property

TABLE 17 — Demographic Statistics

TABLE 18 — Miscellaneous Statistical Data

TABLE 19 — Special Assessment Billings & Collections

TABLE 20 — Schedule of Insurance

CITY OF EUCLID, OHIO

PROPERTY VALUES, BANK DEPOSITS AND CONSTRUCTION

DECEMBER 31, 2001

TABLE 14

<u>Fiscal Year</u>	<u>Assessed Value Real And Personal Property (Amounts in 000's) (1)</u>	<u>Bank Deposits (Amounts in 000's) (2)</u>	<u>Building Permits Issued (3)</u>	
			<u>Number</u>	<u>Value</u>
1992	\$ 726,441	\$ 19,379,280	1,016	\$ 12,406,201
1993	731,500	21,900,421	1,383	10,296,588
1994	721,690	20,885,453	1,161	17,242,834
1995	773,919	22,694,304	923	11,469,358
1996	755,202	27,068,211	1,060	10,170,356
1997	765,396	53,941,971 (4)	1,191	11,987,836
1998	793,607	58,904,596	1,132	11,398,567
1999	790,617	57,816,942	1,059	14,819,890
2000	768,218	61,943,764	1,115	25,979,662
2001	826,000	63,893,764	1,172	26,237,007

SOURCES:

- (1) Cuyahoga County Auditor's Office Data Service (the values listed pertain to the year of collection).
- (2) Federal Reserve Bank of Cleveland (total demand, time and savings deposits for commercial banks in Cuyahoga County).
- (3) Division of Building and Housing, City of Euclid.
- (4) The majority of this increase is due to a merger/acquisition by Key Bank National Association.

CITY OF EUCLID, OHIO

PRINCIPAL PROPERTY TAXPAYERS – REAL PROPERTY

DECEMBER 31, 2001

TABLE 16

<u>Property Owner</u>	<u>Assessed Value</u>	<u>Percent Of Total Assessed Value Of Real Property</u>	<u>Percent Of Total Assessed Value</u>
Lincoln Electric Company	\$ 14,112,890	2.02%	1.70%
Cleveland Electric Illuminating Co.	12,726,500	1.82	1.54
Ohio Bell Telephone Company	9,945,180	1.42	1.20
Argo Tech Corporation	7,728,840	1.11	0.93
Regency Towers Associates	7,053,800	1.02	0.85
Americana Apartments	5,265,720	0.75	0.64
Depot Land Co.	4,944,040	0.71	0.60
Reliance Electric & Engine Co.	4,909,450	0.70	0.59
Troy CMBS Property, LLC	4,566,630	0.65	0.55
Indian Hills Senior Community, Inc.	4,131,750	0.59	0.50
Euclid Square Investments, LLC	3,600,800	0.52	0.43
Horizon House LTD	<u>3,322,170</u>	<u>0.48</u>	<u>0.40</u>
Total	\$ <u>82,307,770</u>	<u>11.79%</u>	<u>9.93%</u>
Total Assessed Value of Real Property	\$ <u>698,146,480</u>	<u>100.00%</u>	<u>84.52%</u>
Total Assessed Value	\$ <u>826,000,544</u>		<u>100.00%</u>

SOURCE: Cuyahoga County Auditor (MIS Department)

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2001

TABLE 17

POPULATION

<u>Year</u>	<u>Population (1)</u>	<u>Increase (Decrease) (1)</u>	<u>Percent Increase (Decrease) (1)</u>	<u>County Population (2)</u>	<u>State Population (2)</u>
1940	17,866	5,115	40.1 %	1,217,250	6,907,612
1950	41,396	23,530	131.7	1,389,532	7,946,627
1960	62,998	21,602	52.2	1,647,895	9,706,397
1970	71,552	8,554	13.6	1,721,300	10,652,017
1980	59,999	(11,553)	(16.1)	1,498,400	10,797,630
1990	54,875	(5,124)	(8.5)	1,412,140	10,847,115
2000	52,717	(2,158)	(3.9)	1,393,978	11,353,140

AGE DISTRIBUTION (1)

Median age (years) = 38.9

<u>Age</u>	<u>Total</u>	
	<u>Number</u>	<u>Percentage</u>
0-4	3,327	6.3%
5-9	3,353	6.4
10-14	3,295	6.3
15-19	2,804	5.3
20-24	2,598	4.9
25-34	7,640	14.5
35-44	8,525	16.2
45-54	6,703	12.7
55-59	2,337	4.4
60-64	2,023	3.8
65-74	4,397	8.3
75-84	4,197	8.0
85+	1,518	2.9
Total	<u>52,717</u>	<u>100.0%</u>

SOURCES:

- (1) U.S. Census Bureau, Census 2000
- (2) City of Cleveland

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2001

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65-74	4,397	8.3
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85+	1,518	2.9
Total	<u>52,717</u>	<u>100.0%</u>

SOURCES:

- (1) U.S. Census Bureau, Census 2001

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS (CONTINUED)

DECEMBER 31, 2001

TABLE 17

DISTRIBUTION OF HOUSEHOLDS BY INCOME BRACKET – 2000

<u>Income</u>		<u>Number</u>	<u>Percent Of all Households</u>
\$	0 to 9,999	2,636	10.8%
\$	10,000 to 14,999	1,686	6.9%
\$	15,000 to 24,999	4,137	17.0%
\$	25,000 to 34,999	3,640	15.0%
\$	35,000 to 49,999	4,547	18.7%
\$	50,000 to 74,999	4,499	18.5%
\$	75,000 to 99,999	2,071	8.5%
\$	100,000 to 149,999	798	3.3%
\$	150,000 to 199,999	186	0.8%
\$	200,000 or more	112	0.3%
		<u>24,312</u>	<u>100.0%</u>
	Median household income		\$ 35,151
	Per capita income		\$ 19,664

HOUSEHOLD TYPE (TOTAL HOUSEHOLDS – 24,353)

	<u>Number</u>
TOTAL HOUSEHOLDS	24,353
FAMILY HOUSEHOLDS (FAMILIES)	13,484
With own children under 18 years	6,071
Married Couple family	8,831
With own children under 18 years	3,586
Female Householder, no husband present	3,711
With own children under 18 years	2,089
Nonfamily Households	10,869
Householder living alone	9,677
Total Households with Persons 65+ years of age	7,515

CITY OF EUCLID, OHIO

DEMOGRAPHIC STATISTICS (CONTINUED)

DECEMBER 31, 2001

TABLE 17

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2001</u>
HOUSEHOLD SIZE				
Average Number of Persons Per unit (Total Units)	2.85	2.30	2.70	2.14
HOUSING UNITS:				
Units Occupied	24,768	25,504	24,894	24,353
Owner Occupied	14,211	14,868	14,608	14,478
Renter Occupied	10,577	10,636	10,286	9,875
Total Units	25,303	26,396	26,586	26,123
Average household size of owner-occupied units		2.34		
Average household size of renter-occupied units		1.84		

SOURCE: U.S. Census Bureau, Census 2000

CITY OF EUCLID, OHIO

MISCELLANEOUS STATISTICAL DATA

DECEMBER 31, 2001

TABLE 18

GOVERNMENT:	Charter	Mayor and Council
	Founded	1797
	Township	1809
	Village	1903
	City	1931
POPULATION	Census 2000	52,717
AREA:	10.83 square miles (6,592 acres)	
ALTITUDE	700 feet above sea level	
CLIMATE:	Mean annual temperature	51 degrees Fahrenheit
	Average rainfall	33.5 inches
CITY STATISTICS:	Streets	143.065 miles (1.181 unpaved)
	Interstate Route 90	3.06 miles
	South Spur	1.65 miles
	Sewers	262.38 miles
	Water Mains	139.65 miles
HIGHWAYS:	U.S. Routes	6 – 20
	State Routes	2 – 175 – 283
	Interstate	90 (Lakeland Freeway), direct link with I-271 and I-77
POLICE:	Stations	1
	Mini Station	1
	Men	105
	Equipment (pieces)	59
	School guards	27
	Auxiliary	35
	Dispatchers	17
	Administrative personnel	14
	Corrections officers	42
	Humane officer	5
FIRE:	Stations	4
	Men	89
	Equipment (pieces)	20
ASSESSED VALUATION:	\$826,000,544; \$104.60 per \$1,000 combined millage (effective tax rate commercial/industrial \$79.48 per \$1,000)	
NUMBER OF DWELLINGS:	Total units	26,123

CITY OF EUCLID, OHIO

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

DECEMBER 31, 2001

TABLE 18

BANKS:	Banks and Savings & Loans	9
	Branches	15
CHURCHES:	Total	25
	Denominations	13
BUILDINGS:	Permits issued in 2001	1,172
	Valuation	\$26,237,007
INDUSTRY:	Manufacturing plants	150
	Products	Machines, automobile parts, electrical, welding equipment and small machine shop specialties, aerospace
RAILROADS:	Con-Rail	2
	Norfolk & Southern	
BUS LINES:	Regional Transit Authority (Cuyahoga County)	
MEDICAL:	Euclid Hospital	339 beds (includes Extended Care Unit)
	University Mednet Euclid Clinic	
	Medical Clinics	3
	Industrial	2
	Immediate Care Centers	4
EDUCATION:	Public Elementary (K-4)	4
	Public Magnet (K-6)	1
	Public Magnet (5-6)	1
	Public Middle School (7-8)	1
	Public Senior High (9-12)	1
	Private and Parochial	6
	Enrollment -- Public	6,005
	Enrollment -- Private	2,414
	Teachers (Administrative Personnel included)	415
	Colleges (in County)	13
LIBRARIES:	Public libraries	1
	Volumes available	270,759
	Visual aids	43,235
NEWSPAPERS:	Daily	2
	Weekly	1

CITY OF EUCLID, OHIO

MISCELLANEOUS STATISTICAL DATA (CONTINUED)

DECEMBER 31, 2001

TABLE 18

LODGING:	Motels	1
SHOPPING CENTERS:	Including enclosed mall	4
RECREATION FACILITIES:	Recreation centers	1 (football, soccer, etc.)
	Lighted sports areas	1
	Parks -	3
	Euclid Park	17.5 acres
	Memorial Park	52 acres
	Sims Park	33.5 acres
	Metropolitan	233 acres
	Playgrounds -	
	Supervised	1
	Unsupervised	18
	Tennis courts	31 (10 lighted)
	Basketball courts	9
	Soccer fields	7
	Sand volleyball courts	3
	Bocci courts	2
	Ball diamonds	19 (6 lighted)
	Enclosed ice arena	1
	Batting cage	1 (7 units)
	Swimming Pools -	
	Indoor deep water	3 (45' x 75')
	Outdoor deep water	1 (75' x 150')
	Neighborhood deep water	1 (30' x 80')
	Neighborhood shallow water	4 (35' x 80')
	Golf course -	
	City owned public course	18 holes – 126 acres
PUBLIC MEETINGS:	Euclid Council	First and third Monday each month (7:00 p.m.)
	Zoning Board	Third Tuesday each month
	Civil Service Commission	First and Third Tuesday each month
	Recreation Commission	Fourth Tuesday each month
	Architectural Review	Fourth Thursday each month

CITY OF EUCLID, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
(AMOUNTS IN 000's)**

DECEMBER 31, 2001

TABLE 19

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected (1)</u>
1992	97	97
1993	121	120
1994	146	141
1995	146	142
1996	515 (2)	182
1997	156	147
1998	197	191
1999	209	198
2000	325	405
2001	238	243

(1) Includes delinquents, penalties and interest.

(2) Includes a special assessment of \$329,034 for the demolition of a building.

Source: Cuyahoga County Auditor

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE

AS OF DECEMBER 31, 2001

TABLE 20

Type of Coverage	Policy Period		Coverage Limits		Annual Premium
	From	To			
Building & Contents	08/30/01	08/30/02	\$ 88,365,980	Blanket Coverage \$ 10,000 Deductible	\$ 48,166
Boiler & Machinery	08/30/01	08/30/02	\$ 50,000,000	Blanket comprehensive \$ 10,000 Deductible	\$ 4,059
Automobile Physical Damage	08/30/01	08/30/02		Comp/Collision physical for vehicles with a value of \$50,000 or more. \$ 5,000 Deductible	prem above
Extra Expense	08/30/01	08/30/02	\$ 1,000,000	Blanket coverage at scheduled locations \$ 1,000 Deductible	prem above
Valuable Papers & Records	08/30/01	08/30/02	\$ 100,000	Blanket coverage at all locations \$ 1,000 Deductible	prem above
Accounts Receivable Insurance	08/30/01	08/30/02	\$ 100,000	Blanket coverage at all locations \$ 1,000 Deductible	prem above
Miscellaneous Articles Scheduled Floater Insurance Contractor's Equipment in the Open	08/30/01	08/30/02		All Risk ACV coverage \$ 3,170,926 Blanket coverage \$ 1,000 Deductible	prem above prem above
Radios & Communications Equipment			\$ 50,000	Up to \$ 1,000 Deductible	prem above

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE (CONTINUED)

AS OF DECEMBER 31, 2001

TABLE 20

Type of Coverage	Policy Period		Coverage Limits		Annual Premium
	From	To			
Television Broadcasting on/off Premises			\$ 196,920	Blanket coverage \$ 1,000 Deductible	prem above
Electronic Data Processing Equipment			\$ 957,150	Blanket coverage \$ 1,000 Deductible	prem above
Money & Securities	08/30/01	08/30/02	\$ 25,000	Broad form inside outside premises \$ 250 Deductible	prem above
Public Employees Faithful Performance Blanket Position Bond	08/30/01	08/30/02	\$ 100,000	Blanket coverage for all employees including all required by ECO to provide a bond. Endorsed to Employee Dishonesty. \$ 50,000 Forgery \$ 250 Deductible	prem above
Business Income	08/30/01	08/30/02	\$ 1,220,000	Briardale Greens Golf Course \$ 1,000 Deductible	prem above
Consequential Loss	08/30/01	08/30/02	\$ 15,000	Coverage	prem above
Newly Acquired or Constructed Property (up to 180 days)	08/30/01	08/30/02	\$ 1,000,000	Coverage \$ 10,000 Deductible	prem above
Personal Property of Others (per person)	08/30/01	08/30/02	\$ 2,500	Employee	prem above
			\$ 1,000	Volunteer	
			\$ 50,000	Maximum per occurrence	

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE (CONTINUED)

AS OF DECEMBER 31, 2001

TABLE 20

Type of Coverage	Policy Period		Coverage Limits	Annual Premium
	From	To		
Property Off Premises	08/30/01	08/30/02	\$ 100,000 Coverage \$ 10,000 Deductible	prem above
Personal Property in Transit	08/30/01	08/30/02	\$ 100,000 Coverage \$ 10,000 Deductible	prem above
Fire Protection Device Recharge/Refill	08/30/01	08/30/02	\$ 10,000 Coverage \$ 10,000 Deductible	prem above
Fire Department Service Charge	08/30/01	08/30/02	\$ 25,000 Liability \$ 10,000 Deductible	prem above
Inventory or Appraisal	08/30/01	08/30/02	\$ 10,000 Coverage	prem above
Fine Arts \$5,000 maximum per item	08/30/01	08/30/02	\$ 100,000 Coverage \$ 1,000 Deductible	prem above
Ordinance or Law	08/30/01	08/30/02	15% Greater of \$500,000 Of building value	prem above
Communications Tower	08/30/01	08/30/02	\$ 100,000 Coverage	prem above
Property in Transit	08/30/01	08/30/02	\$ 250,000 Coverage	prem above
Miscellaneous Property	08/30/01	08/30/02	\$ 100,000 Coverage \$ 1,000 Deductible	prem above

CITY OF EUCLID, OHIO

SCHEDULE OF INSURANCE (CONTINUED)

AS OF DECEMBER 31, 2001

TABLE 20

Type of Coverage	Policy Period		Coverage Limits	Annual Premium
	From	To		
Trees, Shrubs & Landscaping	08/30/01	08/30/02	\$ 25,000 Coverage \$ 1,000 Deductible	prem above
Golf Course Greens & Tees	08/30/01	08/30/02	\$ 50,000 Coverage \$ 1,000 Deductible	prem above
Sewer Back Up	08/30/01	08/30/02	\$ 25,000 Coverage \$ 10,000 Deductible	prem above
C-Mac	07/24/01	07/24/02	\$ 1,000,000 CSL Liability \$ 500 Deductible – Collision \$ 250 Deductible – Other Than Collision	\$ 1,198
Mayor's Bond	01/01/99	11/30/04	\$ 25,000 Official Bond and Oath	\$ 284
Finance Director's Bond	08/30/01	08/30/02	\$ 25,000 Coverage	prem above
Vital Statistics Registrar's Board	08/30/01	08/01/02	\$ 25,000 Coverage	prem above

City Of Euclid, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 2001

CITY OF EUCLID, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards.....	5
Notes to the Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings OMB Circular A-133 Section .505	7-8
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b).....	9
Response to Findings Associated with Audit Conducted in Accordance with <i>Government Auditing Standards</i> for the Year Ended December 31, 2001.....	10

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

Members of the City Council of the
City of Euclid, Ohio

We have audited the financial statements of the City of Euclid, as of and for the year ended December 31, 2001, wherein we noted that the City reclassified certain assets to the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Fund Types, and have issued our report thereon dated May 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Euclid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2001-03. In addition, we noted certain immaterial instances of noncompliance, which we have reported to management of the City of Euclid in a separate letter dated May 13, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Euclid's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Euclid's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-01 and 2001-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Euclid, in a separate letter dated May 13, 2002.

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



Cleveland, Ohio
May 13, 2002

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

Members of the City Council of the
City of Euclid, Ohio

Compliance

We have audited the compliance of the City of Euclid with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The City of Euclid's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Euclid's management. Our responsibility is to express an opinion on the City of Euclid's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Euclid as of and for the year ended December 31, 2001, and have issued our report there dated May 13, 2002. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Cleveland, Ohio
May 13, 2002

CITY OF EUCLID, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Receipts</u>	<u>Disbursements</u>
Federal Grantor/Pass-Through Grantor/Program or Cluster Title			\$	\$
U.S. Department of Housing and Urban Development	14.218	N/A	<u>1,183,374</u>	<u>1,200,331</u>
Community Development Block Grant Entitlement Grant				
Total U.S. Department of Housing and Urban Development			<u>1,183,374</u>	<u>1,200,331</u>
U.S. Department of Justice:				
COPS In School Program	16.710	N/A	50,739	51,261
Local Law Enforcement Block Grant	16.710	N/A	38,953	33,935
Weed and Seed	16.595	N/A	159,618	137,102
Asset Forfeiture	16.595	N/A	<u>87,118</u>	<u>63,258</u>
Total U.S. Department of Justice			<u>336,428</u>	<u>285,556</u>
U.S. Department of Health and Human Services:				
Pass-Through Program From:				
State Department of Aging and the Western Reserve				
Area Agency on Aging:				
Special Programs for the Aging – Title III, Part C -				
Nutrition Services	93.045	N/A	<u>72,801</u>	<u>49,357</u>
Total U.S. Department of Health and Human Services			<u>72,801</u>	<u>49,357</u>
Total Expenditures of Federal Awards			<u>\$ 1,592,603</u>	<u>\$ 1,535,244</u>

The accompanying notes are an integral part of this schedule

CITY OF EUCLID, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant Entitlement Grants	14.218	\$ 60,437

NOTE 3 - LOANS OUTSTANDING

In 1994 the City received and expended a \$945,000 loan from HUD under Section 108 of Title I of the Housing and Community Development Act, as amended. The funds were to be used in connection with an economic development and rehabilitation project of a local business. Principal and interest are to be repaid in nine annual installments beginning in 1994. The loan and related activities have not been reflected in the Schedule of Expenditures of Federal Awards. The outstanding loan balance as of December 31, 2001 was \$105,000.

CITY OF EUCLID, OHIO

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

DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

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

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

2001-01 Fixed Asset Recordkeeping

Although formal procedures to ensure the proper maintenance of fixed asset records do exist, fixed asset additions and disposals are not being recorded on a timely basis. This could result in the City reporting an overstated or understated fixed asset balance.

We understand that the City has implemented a new fixed asset system and obtained additional staff to aid in fixed asset maintenance. We recommend that the City ensure this system and staff member facilitate reliable and timely fixed asset reporting.

CITY OF EUCLID, OHIO

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

DECEMBER 31, 2001

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

2001-02 Fixed Assets Detail Report

During our audit, we noted that a comprehensive fixed asset detail list for governmental fixed assets does not exist. The lack of a detail listing could result in an overstatement or understatement of total assets. Due to the fact that original costs are unknown at the time of disposal, an estimated cost must be calculated.

We recommend that the City establish a comprehensive fixed asset list for the governmental fixed assets. This would eliminate the necessity to estimate the cost of fixed assets at the time of disposal.

2001-03 Issuance of Purchase Orders

Per ORC Section 5705.41(D), no orders or contracts involving the expenditure of money are to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During our review of expenditures, Ciuni & Panichi, Inc. noted instances where purchase orders were issued after the City received the invoice.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings or questioned costs for federal awards to report in 2001.

CITY OF EUCLID, OHIO

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

DECEMBER 31, 2001

Finding No.	Finding Summary	Fully Corrected?	Explanation
2000-01	Fixed Asset Recordkeeping	No	The City has purchased governmental fixed asset management system software but has not yet entered into it the data from their independent appraisal.
2000-02	Fixed Asset Detail Report	No	A fixed asset detail report should be available after the City has input the data into their new fixed asset system (referred to in 2000-01 above).
2000-03	Issuance of Purchase Orders	No	The City was in non-compliance again in 2001.

CITY OF EUCLID

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-01	A Fixed Asset module within the City's financial management system was made available to a member of the Finance Department responsible for the fixed asset recordkeeping. In addition, the City has recently purchased a governmental fixed asset management system software program. This system will allow for better recordkeeping and reporting of the City's fixed assets. All fixed assets recorded during the independent appraisal completed at December 31, 1994 will be loaded into this new system. Additions and disposals of fixed assets subsequent to December 31, 1994 will also be incorporated into this new system.	December 31, 2002	Richard T. Balazs, Finance Director
2001-02	A more complete fixed asset detail report will be available as the fixed asset management system mentioned in Finding 2001-01 is implemented.	December 31, 2002	Richard T. Balazs, Finance Director
2001-03	The City will monitor expenditures to ensure that they have been properly encumbered.	December 31, 2002	Richard T. Balazs, Finance Director



STATE OF OHIO
OFFICE OF THE AUDITOR

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CITY OF EUCLID
CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 13, 2002**