



**CITY OF SOUTH EUCLID
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

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**REPORT OF ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Members of City Council:

We have audited the financial statements of the City of South Euclid, Cuyahoga County, Ohio, (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated June 10, 2002, wherein we noted the City adopted Governmental Accounting Standards Board Statement 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 10, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 10, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

June 10, 2002

CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001

ISSUED BY THE DEPARTMENT OF FINANCE

JANET BIHARY, CPA,

FINANCE DIRECTOR

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2001
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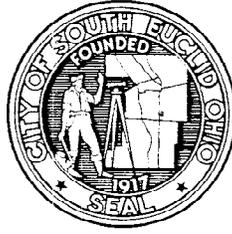
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CITY OF SOUTH EUCLID



June 10, 2002

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

I am pleased to present the Comprehensive Annual Financial Report of the City of South Euclid for the year ended December 31, 2001. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections as follows:

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

Reporting Entity

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

The South Euclid-Lyndhurst City School District, South Euclid-Lyndhurst Regional Branch of the Cuyahoga County Public Library and Northeast Ohio Regional Sewer Council of Governments have not been included in the accompanying financial statements because none have boards appointed by the City, and none are fiscally dependent on the City. The South Euclid Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

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

The City And Form of Government

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

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

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

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

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

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

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

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

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

Economic Condition and Outlook

The City is primarily a residential community with a preponderance of single family homes. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Aero Controlex, Division of Transdigm, Inc. is a Fortune 500 company which manufactures custom components for the aerospace industry; Glastic Corporation manufactures thermoset polymers used in appliances; Gent Machine Company manufactures automotive and aircraft components; Eppoc Enterprises manufactures rubber mats for trucks and automobiles; Skidmore-Wilhelm Manufacturing Company produces testing equipment for the construction industry; Concrete Services, Inc. are concrete specialists; and Dearing Compressor & Pump distributes rebuilt compressors and parts. A major medical facility, University Suburban Health Care, provides quality health care to South Euclid residents as well as to our neighboring communities.

Several retail shopping centers in South Euclid are available for the City's residents. In 2001, the City welcomed a new 14,000 square foot shopping center at the intersection of Mayfield and Green, which is anchored by CVS. This supplements the existing Mayfield Road-Green Road shopping center that houses over 58 retail stores. This shopping area includes Marc's discount store and Blockbuster Video. The largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads and features 48 retail stores. Another small shopping center is located in the northern section of the City known as Glengate Shopping Center and houses thirteen retail stores. A smaller strip of stores is located on Cedar and Green Roads.

Although less than two percent of the City's land is vacant and available for new housing, three new homes were built in 2001, totaling \$688,000. In residential areas, homeowners carefully maintain their property, which increases property value and enhances the appearance of the City's neighborhoods. To encourage individual upkeep, the City has conducted an exterior residential property maintenance program. By establishing minimum standards governing the maintenance of dwelling structures, the City works to create neighborhoods that are enjoyable to inhabit. Without the support of property owners who have genuine concern for the community, the goals of the program would not be reached. Each year a specific area of the City is targeted for inspection. The area is selected in a systematic way to achieve the program's goal to inspect the entire City every four years and to eliminate selective enforcement of the City Code. During the past year, residents have improved their homes by alterations and additions valued at \$4,801,228. A total of 1,051 permits were issued in 2001, including 53 commercial permits for additions totaling \$3,587,727. The City is emphasizing enforcement of maintenance standards on its population of rental housing as well with a program goal of annual exterior inspections with interior inspections performed every two years.

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

Major Initiatives

For the Year In 2001, the City of South Euclid continued its commitment to provide quality services and facilities to the City's residents. Emphasis continued to be placed on the maintenance and improvement of the City's infrastructure, specifically streets and sewers. With the assistance of State and Federal funding the replacement of the Liberty Road bridge and the rebuilding of Victory Drive were completed in 2001.

The year 2001 also brought the start of the Bexley Drainage Infrastructure Improvement project. Financed with the cooperation of the State of Ohio, this \$6.7 million project will provide new sewers, waterlines and pavement replacement and is anticipated to be completed in 2003.

The decision was made in 2001 for the City to hire its first Economic Development Manager. Concerned with both retaining and attracting businesses to the City, a search was initiated to find an individual who would bring a proven track record. The successful candidate will begin in early 2002.

For the Future Groundbreaking for the City of South Euclid's first Planned Unit Residential Development is scheduled to take place in the spring of 2002. Named Monticello Place, this 38 single family detached unit development will encompass approximately ten acres and provide a housing option not currently available in the City. The project is expected to be completed in the fall of 2002.

This project has spurred interest from several other parties to develop similar projects.

The City is also working to provide other housing options to current and potential residents. In conjunction with the First Suburbs Consortium, studies are being conducted to provide realistic architectural enhancements for current housing stock designed to upgrade existing facilities within the City.

Development of the Cedar Center area continues to be a primary focus. Potential exists for a mix of retail, professional offices and residential development. Attracting both local and national retailers to available storefronts throughout the City will also be a priority in 2002.

Internal Accounting and Budgetary Controls

In developing the City's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial records for preparing financial statements and maintaining accountability over assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

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

Within ninety days of the beginning of the fiscal year covered by such ordinance, Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper. The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at object levels, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service, and operating transfers. For management purposes, the object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Mayor for approval and submitted to the Finance Office for the preparation of a purchase order and certification. The purchase order is reviewed for certification of the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of a department's appropriations at any time during the year.

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

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

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. The discussion follows this letter of transmittal, providing an assessment of the City finances for 2001. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Cash Management

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

Interest earnings for 2001 totaled \$679,836 on the statement of revenues and expenditures. This represents a decrease of \$23,755 or 3.38 percent from 2000. All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits.

Risk Management

The City maintains risk management through a self-insurance pool with nine other cities. The Northern Ohio Risk Management Agency (NORMA) provides for general liability, property, and vehicle insurance. As part of the comprehensive plan, resources are being accumulated in the pool to meet potential losses. In addition, various risk control techniques have been implemented to minimize potential losses. The goal of the pool is to minimize loss potential in all areas of the City's operations while delivering services in the most efficient manner possible. For the year ended December 31, 2001, the City paid to NORMA premiums of \$61,779.

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

Other Information

Independent Audit Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2001 by the Office of Jim Petro, Auditor of State. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

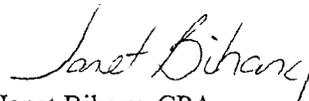
Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Euclid for the year ended December 31, 2000. This was the twelfth year that the City of South Euclid received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

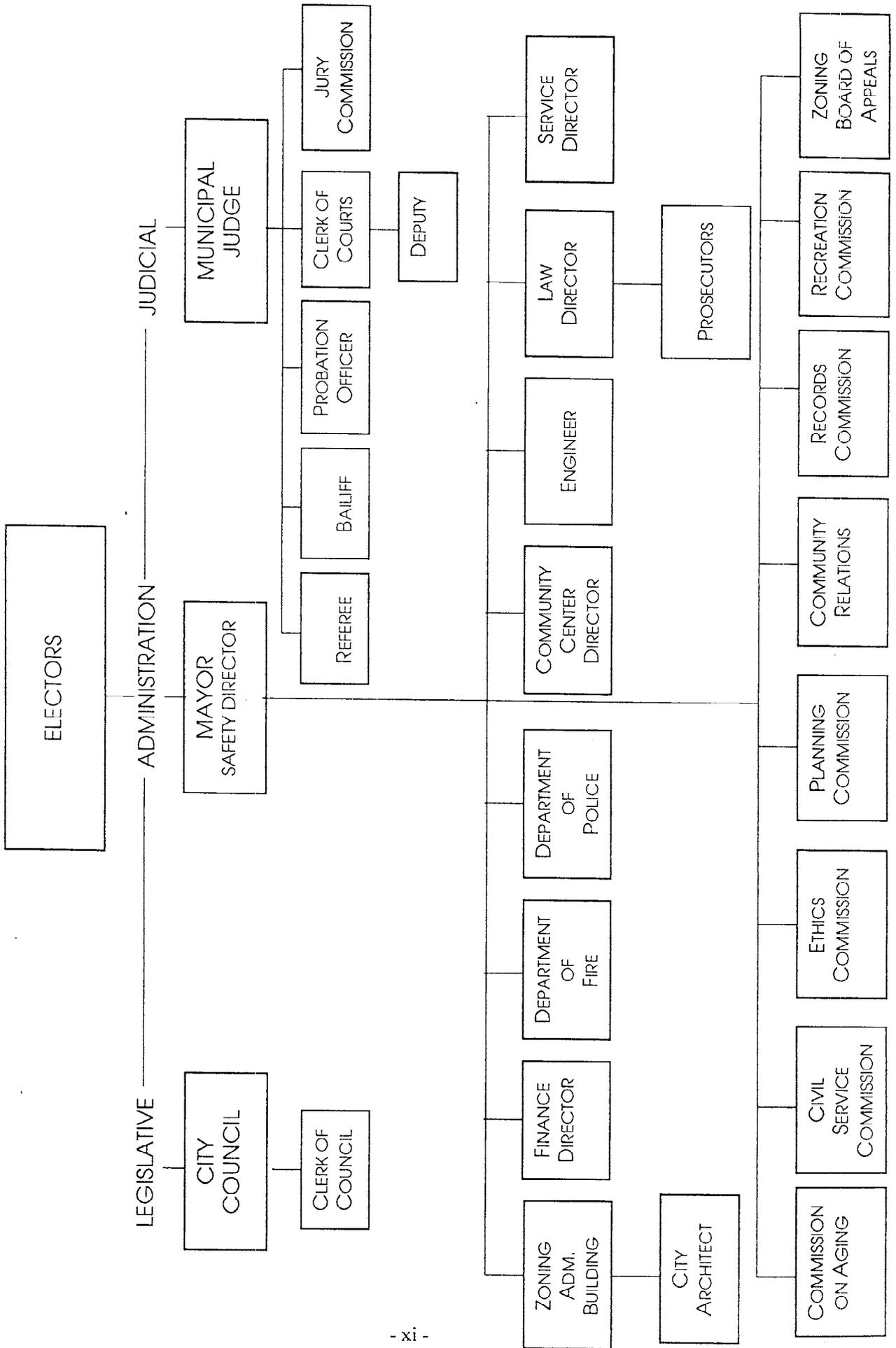
Acknowledgments This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Sincere gratitude goes to Council and to Mayor John T. Kocivar for their enthusiastic support and their granting of funds for this project.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

Respectfully submitted,



Janet Bihary, CPA
Finance Director

CITY OF SOUTH EUCLID
ORGANIZATION CHART



CITY OF SOUTH EUCLID

ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR JOHN T. KOCEVAR

CITY COUNCIL

Edward A. Icovc, President, Ward 3

Chelly Tufts, At Large

James P. Boyle, At Large

Sunny Simon, At Large

Joseph J. Coreno, Ward 1

Modestino Romeo, Ward 2

Ronald L. Rosenfield, Ward 4

MUNICIPAL JUDGE

Patricia A. Kleri

APPOINTED OFFICIALS

Janet Bihary, Director of Finance

Vincent A. Feudo, Director of Law

Kevin P. Lynch, Director of Service

Daniel Gargas, Building Commissioner

Matthew Capadona, Chief of Police

Thomas Cannell, Chief of Fire

Stephen J. Hovancsek, City Engineer

Marilyn Doehring, Director of Community Center

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Euclid,
Ohio

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

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



Imelda Aruete
President

Jeffrey L. Essler
Executive Director

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Members of City Council:

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

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of South Euclid, Cuyahoga County, Ohio, as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement 34 as of and for the year ended December, 31, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We performed our audit to form an opinion on the basic financial statements of the City, taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

June 10, 2002

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2001
Unaudited

The discussion and analysis of the City of South Euclid's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2001. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the transmittal letter, as well as the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City of South Euclid exceeded its liabilities at December 31, 2001 by \$36,212,270. Of this amount, \$7,040,492 may be used to meet the City's ongoing obligations to citizens and creditors.
- Total assets of the City increased by \$9,586,688, which represents an increase of 21.76 percent from 2000 to 2001. This was primarily due to an increase in cash and cash equivalents and capital assets, which together increased by \$9,023,931.
- Total liabilities increased by \$5,323,813, which represents an increase of 43.95 percent from 2000 to 2001. This was primarily due to an increase in notes payable.
- In total, net assets in governmental activities increased \$4,262,875 during 2001. This represents a 13.34 percent increase from 2000.

Using this Annual Financial Report

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

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

Government-wide Financial Statements – Reporting the City of South Euclid as a Whole

Statement of Net Assets and the Statement of Activities

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

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condition of capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use accrual basis of accounting, similar to the accounting method used by most private sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

- Assets
- Liabilities
- Net Assets
- Program Revenues and Expenses
- General Revenues
- Special Item
- Net Assets Beginning of Year and End of Year

Reporting the City of South Euclid's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

As noted earlier, the Statement of Net Assets looks at the City as a whole and can be used as an indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2001 compared to 2000.

City of South Euclid, Ohio
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Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2001</u>	<u>2000</u>
Assets		
Current and Other Assets	\$31,943,478	\$23,771,235
Capital Assets, Net	<u>21,707,137</u>	<u>20,292,692</u>
Total Assets	<u>53,650,615</u>	<u>44,063,927</u>
Liabilities		
Current Liabilities	5,521,854	6,325,597
Long-Term Liabilities		
Due Within One Year	474,799	394,639
Due in More Than One Year	<u>11,441,692</u>	<u>5,394,296</u>
<i>Total Liabilities</i>	<u>17,438,345</u>	<u>12,114,532</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	15,960,784	14,855,754
Restricted for:		
Capital Projects	10,139,448	7,009,887
Debt Service	564,075	657,985
Other Purposes	2,507,471	2,643,101
Unrestricted	<u>7,040,492</u>	<u>6,782,668</u>
<i>Total Net Assets</i>	<u>\$36,212,270</u>	<u>\$31,949,395</u>

Total assets increased by \$9,586,688 from 2000 to 2001. Of that increase, cash and cash equivalents was the most significant, increasing by \$7,609,486. This was due to unspent note proceeds. The other significant increase was capital assets, which increased by \$1,414,445 net of depreciation expense.

Total liabilities increased by \$5,323,813. The majority of the increase resulted from the City issuing \$4,900,000 in new notes in the Issue II Projects and Flood Control capital projects funds.

Total net assets of the City's governmental activities increased by \$4,262,875. Increases were seen in income tax, intergovernmental revenue, charges for services and property tax collections. As part of their scheduled reappraisals, the County Auditor verified that property values in the City of South Euclid continued to increase resulting in increased tax revenues beginning in 2001.

City of South Euclid, Ohio
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Table 2 shows the changes in net assets for the year ended December 31, 2001 and corresponds to the Statement of Activities on page 13. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2000 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	Governmental Activities 2001
Revenues	
Program Revenues	
Charges for Services	\$1,079,878
Operating Grants, Contributions and Interest	3,740,595
Capital Grants and Contributions	672,508
Total Program Revenues	5,492,981
General Revenues	
Property Taxes	4,791,148
Income Taxes	5,897,127
Grants and Entitlements	2,324,610
Increase in Investment in Joint Venture	163,469
Investments	635,777
Miscellaneous	32,623
Total General Revenues	13,844,754
<i>Total Revenues</i>	19,337,735
Program Expenses	
General Governemnt:	
Legislative and Executive	1,895,080
Judicial System	371,504
Security of Persons and Property	
Police	3,853,772
Fire	2,665,347
Public Health Services	157,173
Leisure Time Activities	415,552
Community Development	243,728
Building Department	563,338
Transportation	1,928,058
Basic Utility Services	2,019,669
Swimming Pools	746,909
Interest and Fiscal Charges	364,455
Total Program Expenses	15,224,585
Special Item:	
Gain on Sale of Land	149,725
Increase in Net Assets	\$4,262,875

City of South Euclid, Ohio
Management's Discussion and Analysis
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Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate is 1.5 percent and has not changed since 1984. Residents of the City who work in another community and pay the withholding tax for that community receive a 100 percent credit of their City tax for South Euclid, the credit limit being 75 percent. The City has experienced consistent growth in the level of income tax collections over the last fifteen years. In 2001, the City worked in conjunction with the Regional Income Tax Agency to assure that companies and individuals who operate businesses within the City remit the required withholding tax on a timely basis.

The City of South Euclid has committed to devote major resources in its quest to renovate the City's aging infrastructure system, in particular the sewer system. As a part of this commitment, beginning in 2001, each property in the City is annually assessed \$231 per sewer connection. This assessment generates approximately \$330,000 devoted to ongoing sewer maintenance and \$2,000,000 designated for Flood Control projects. A portion of this assessment will be used to repay Issue II loans and note borrowings.

In 2001, the City of South Euclid was awarded a major grant and zero-interest loan from the Ohio Public Works Commission through its Issue II program. This award allowed the City to begin construction on the Bexley Drainage Area Infrastructure Improvements project that provides for the construction of new sewers, waterlines and roads for the Bexley-Ellison neighborhood. The entire project cost is estimated at \$6,751,880 with \$2,700,752 in the form of a grant, \$2,025,564 as a zero-interest, 20-year loan, and the City funding the remainder of \$2,025,564. To fund the City's portion, a one-year note was issued in April in the amount of \$5.9 million. The issue II projects fund received \$1.8 million to fund these projects, the flood control fund received \$3.1 million to fund future sewer improvement projects and \$1 million was refinanced. Note proceeds not used for this project will be used to fund future infrastructure improvements.

In 2001, the City continued its commitment to providing quality roads and sidewalks to our residents. South Euclid was awarded Community Development Block Grant Funds from Cuyahoga County to assist in reconstructing Victory Drive. The City also completed the renovation of the Liberty Road Bridge that was funded through a zero-interest, 20-year loan from the Ohio Public Works Commission. A 3-mill property tax levy provides the funds necessary to allow major resurfacing of selected streets, as well as annual crack sealing, seal coating and concrete repairs that extend the life of existing roads.

In 2000, the City of South Euclid was contacted by a developer who was interested in acquiring the municipal, metered parking lot located along Rushton Road, near the intersection of Mayfield and Green. As a result of negotiations between the developer and the City, legislation was passed authorizing the Mayor to enter into a land swap and easement agreement to allow for the development of a new shopping establishment on this corner. This agreement was entered into in early 2001 and consisted of the City of South Euclid and a developer swapping parcels of land. The parcel given up by the City cost approximately \$90,000, while the parcel it acquired was valued at approximately \$31,100. The City also received \$208,625 in consideration from the developer that was placed in the Land Acquisition fund. The City has opened a parking lot on the new parcel, and the development of the retail establishment is complete.

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The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,718,503 and expenditures of \$18,056,563. The General Fund had an unreserved fund balance at year-end of \$4,759,218 compared to annual expenditures of \$11,329,440. During 2001, \$1,557,926 was transferred to other funds from the general fund, enabling the City to fund capital improvements and provide operating funds for the swimming pools, parking lots and matching grant funds.

General Fund Budgeting Highlights

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

Both the original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2001, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed. The final budgeted revenue amount exceeded the original budget by \$1,167,598. The majority of this was due to the receipt of estate taxes (intergovernmental revenues) and increased income tax collections.

The City's ending unobligated budgetary fund balance was \$1,401,390 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2001, the City of South Euclid had \$21,707,137 invested in land, buildings, equipment, infrastructure and construction in progress.

Table 3 shows 2001 balances of Capital Assets as compared to 2000.

City of South Euclid, Ohio
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Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2001	2000
Land	\$1,161,867	\$1,220,767
Buildings	1,843,144	1,872,905
Improvements Other than Buildings	2,957,272	3,239,561
Equipment	1,183,331	1,169,209
Vehicles	991,678	980,634
Infrastructure		
Streets	8,050,063	7,644,315
Sewers, Culverts and Bridges	3,821,745	2,984,858
Waterlines	1,157,287	1,180,443
Construction in Progress	540,750	0
Total Capital Assets	\$21,707,137	\$20,292,692

Capital assets increased by \$1,414,445 in 2001. This was primarily due to the replacement or renovation of various infrastructure assets within the City. Financed through the Ohio Public Works Commission, the Liberty Road Bridge replacement was completed in 2001 at a cost of \$679,000. An \$89,000 Community Development Block grant through Cuyahoga County assisted in financing the \$271,000 reconstruction of Victory Drive. In addition, \$508,000 was expended to reconstruct several other streets within the City.

For 2001, infrastructure capital assets were calculated without the City's sidewalks or traffic lights. The infrastructure assets will be completed in 2002 with the inclusion of these two items to the capital assets.

Vehicles acquired in 2001 included a \$85,600 Vac-all sewer truck and two police cars. The Police and Fire communication center equipment was enhanced at a cost of \$81,000.

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

The City's garage staff works to maintain the fleet of vehicles at a high level of repair to extend their longevity. When replacement is required, City vehicles continue to be purchased from the General Capital Improvements Fund, which receives funding from the General Fund.

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

Long-Term Obligations

At December 31, 2001, the City of South Euclid had \$11,916,491 in outstanding debt, of which \$3,542,458 was in General Obligation Bonds. Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2001	2000
General Obligation Bonds	\$3,542,458	\$3,873,533
Special Assessment Bonds	485,000	510,000
OPWC Loans	718,895	53,405
Notes Payable	5,901,549	1,000,000
Police and Fire Pension Liability	347,358	351,997
Compensated Absences	921,231	859,958
Total	\$11,916,491	\$6,648,893

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

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

The OPWC loan represents a twenty-year zero-interest loan. As mentioned previously, the OPWC loan's repayment source are service assessments being collected in the Flood Control Fund. Repayment has not yet begun on this loan since the project was not completed as of December 31, 2001.

The notes payable represent sewer system improvement notes that were issued for the purpose of improving various sewer systems and Issue II projects throughout the City. Principal and interest on the notes will be paid with annual assessments collected by the county auditor.

City of South Euclid, Ohio
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The City of South Euclid's overall legal debt margin was \$31,834,411 with an unvoted debt margin of \$15,950,076 on December 31, 2001.

Current Financial Related Activities

The City of South Euclid is strong financially. Despite the downturn of the national and local economy, spurred on by the events of September 11th, the year 2001 was one in which the City fared well. The Administration provided strong fiscal management, holding general operating expenses in check while maintaining city services at a high level.

The administration has implemented several programs aimed at promoting pride in the community. The Mayor's Beautification Award was established in conjunction with the South Euclid Garden Club to recognize business owners' landscaping efforts. The City run sidewalk program assists homeowners in maintaining their properties at a violation free level. The Building Department awarded \$60,000 in block grants to residents for exterior maintenance projects. The Service Department oversees the annual tree planting, pruning and removal program that has been the recipient of the Tree City USA Award for 6 years.

The City's safety forces strive to provide exceptional service to our residents. In addition to their sworn duties, they are active in the community. In cooperation with the City's Community Center staff they participate in many activities including Safety Town, bicycle helmet fittings, and infant car seat safety checks. As individuals, they were active in the collection of funds to benefit the victims of the events of September 11th.

The City of South Euclid has committed itself to financial excellence and has a history of doing just that. The City has received the Government Finance Officers Award (GFOA) Certificate of Achievement of Excellence twelve times.

Contacting the City of South Euclid's Financial Management

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

City of South Euclid, Ohio

Statement of Net Assets

December 31, 2001

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$19,153,647
Accounts Receivable	115,607
Intergovernmental Receivable	1,715,578
Prepaid Items	59,535
Materials and Supplies Inventory	318,987
Income Tax Receivable	2,256,575
Property Taxes Receivable	4,880,391
Special Assessments Receivable	3,279,689
Investment in Joint Venture	163,469
Nondepreciable Capital Assets	1,702,617
Depreciable Capital Assets	20,004,520
	<hr/>
<i>Total Assets</i>	<i>53,650,615</i>
Liabilities	
Accounts Payable	132,076
Accrued Wages	165,513
Contracts Payable	149,990
Intergovernmental Payable	343,732
Accrued Interest Payable	161,626
Matured Compensated Absences Payable	1,253
Deferred Revenue	4,567,664
Long-Term Liabilities:	
Due Within One Year	474,799
Due In More Than One Year	11,441,692
	<hr/>
<i>Total Liabilities</i>	<i>17,438,345</i>
Net Assets	
Invested in Capital Assets, Net of Related Debt	15,960,784
Restricted for:	
Capital Projects	10,139,448
Debt Service	564,075
Other Purposes	2,507,471
Unrestricted	7,040,492
	<hr/>
<i>Total Net Assets</i>	<i>\$36,212,270</i>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2001

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities:					
General Government:					
Legislative and Executive	\$1,895,080	\$117,227	\$0	\$0	(\$1,777,853)
Judicial System	371,504	436,864	21,552	0	86,912
Security of Persons and Property:					
Police	3,853,772	49,710	18,240	0	(3,785,822)
Fire	2,665,347	1,621	71,334	0	(2,592,392)
Public Health Services	157,173	0	0	0	(157,173)
Leisure Time Activities	415,552	38,942	37,591	0	(339,019)
Community Development	243,728	70,682	42,356	150,000	19,310
Building Department	563,338	147,740	0	0	(415,598)
Transportation	1,928,058	13,074	632,428	0	(1,282,556)
Basic Utility Services	2,019,669	37,958	2,917,094	522,508	1,457,891
Swimming Pools	746,909	166,060	0	0	(580,849)
Interest and Fiscal Charges	364,455	0	0	0	(364,455)
<i>Total Governmental Activities</i>	<u>\$15,224,585</u>	<u>\$1,079,878</u>	<u>\$3,740,595</u>	<u>\$672,508</u>	<u>(9,731,604)</u>

General Revenues

Property Taxes Levied for:

General Purposes	3,553,391
Debt Service	481,170
Other Purposes	207,006
Capital Projects	549,581
Income Tax	5,897,127
Grants and Entitlements not Restricted to Specific Programs	2,324,610
Increase in Investment in Joint Venture	163,469
Investment Earnings	635,777
Miscellaneous	32,623

Total General Revenues 13,844,754

Special Item - Gain on Sale of Land 149,725

Total General Revenues and Special Item 13,994,479

Change in Net Assets 4,262,875

Net Assets Beginning of Year - (See Note 3) 31,949,395

Net Assets End of Year \$36,212,270

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2001

	General	General Capital Improvements	Flood Control	Issue II Projects
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$4,344,508	\$3,180,273	\$6,248,547	\$1,833,638
Materials and Supplies Inventory	24,977	0	0	0
Accounts Receivable	114,911	0	0	0
Interfund Receivable	93,000	0	0	0
Intergovernmental Receivable	1,143,175	0	0	34,981
Prepaid Items	59,535	0	0	0
Income Taxes Receivable	2,256,575	0	0	0
Property Taxes Receivable	3,592,128	0	0	0
Investment in Joint Venture	163,469	0	0	0
Special Assessments Receivable	0	0	2,058,215	0
<i>Total Assets</i>	<u>\$11,792,278</u>	<u>\$3,180,273</u>	<u>\$8,306,762</u>	<u>\$1,868,619</u>
Liabilities				
Accounts Payable	\$87,871	\$0	\$231	\$2,764
Accrued Wages	156,103	0	0	0
Contracts Payable	0	196	103,450	14,524
Intergovernmental Payable	33,602	0	0	0
Matured Compensated Absences Payable	1,253	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	6,519,528	0	2,058,215	0
<i>Total Liabilities</i>	<u>6,798,357</u>	<u>196</u>	<u>2,161,896</u>	<u>17,288</u>
Fund Balances				
Reserved for Encumbrances	179,838	229,653	68,510	272,784
Reserved for Inventory	24,977	0	0	0
Unreserved				
Designated for Compensated Absences	29,888	0	0	0
Undesignated, Reported in:				
General Fund	4,759,218	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	2,950,424	6,076,356	1,578,547
<i>Total Fund Balances</i>	<u>4,993,921</u>	<u>3,180,077</u>	<u>6,144,866</u>	<u>1,851,331</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,792,278</u>	<u>\$3,180,273</u>	<u>\$8,306,762</u>	<u>\$1,868,619</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2001*

Other Governmental Funds	Total Governmental Funds
\$3,546,681	\$19,153,647
294,010	318,987
696	115,607
0	93,000
537,422	1,715,578
0	59,535
0	2,256,575
1,288,263	4,880,391
0	163,469
1,221,474	3,279,689
<u>\$6,888,546</u>	<u>\$32,036,478</u>
\$41,210	\$132,076
9,410	165,513
31,820	149,990
1,933	35,535
0	1,253
93,000	93,000
2,992,482	11,570,225
<u>3,169,855</u>	<u>12,147,592</u>
490,400	1,241,185
294,010	318,987
0	29,888
0	4,759,218
1,041,451	1,041,451
522,235	522,235
1,370,595	11,975,922
<u>3,718,691</u>	<u>19,888,886</u>
<u>\$6,888,546</u>	<u>\$32,036,478</u>

Total Governmental Funds Balances	\$19,888,886
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	21,707,137
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	312,727
Income Tax	1,860,455
Intergovernmental	1,417,847
Special Assessments	3,278,939
Grants	<u>132,593</u>
Total	7,002,561
Intergovernmental Payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(308,197)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(161,626)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(921,231)
General Obligation Bonds	(3,542,458)
Special Assessment Bonds	(485,000)
OPWC Loan Payable	(718,895)
Notes Payable	(5,901,549)
Police and Fire Pension Loan	<u>(347,358)</u>
Total	<u>(11,916,491)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$36,212,270</u></u>

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2001

	General	General Capital Improvements	Flood Control	Issue II Projects
Revenues				
Property and Other Taxes	\$3,507,653	\$0	\$0	\$0
Income Taxes	5,480,272	0	0	0
Special Assessments	0	0	2,034,958	0
Intergovernmental	2,409,484	0	0	522,508
Interest	603,122	0	0	37,958
Fees, Licenses and Permits	169,739	0	0	0
Fines and Forfeitures	438,545	0	0	0
Rentals	97,359	0	0	0
Charges for Services	91,143	0	0	0
Other	5,674	0	0	0
<i>Total Revenues</i>	<u>12,802,991</u>	<u>0</u>	<u>2,034,958</u>	<u>560,466</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,911,321	0	0	0
Judicial System	370,071	0	0	0
Security of Persons and Property:				
Police	3,659,517	0	0	0
Fire	2,439,171	0	0	0
Public Health Services	102,938	0	0	0
Leisure Time Activities	334,721	0	0	0
Community Development	31,605	0	0	0
Building Department	544,835	0	0	0
Transportation	919,951	0	0	0
Basic Utility Services	995,760	0	0	0
Swimming Pools	0	0	0	0
Capital Outlay	0	390,819	163,739	1,192,535
Debt Service:				
Principal Retirement	4,639	0	0	0
Interest and Fiscal Charges	14,911	0	0	0
<i>Total Expenditures</i>	<u>11,329,440</u>	<u>390,819</u>	<u>163,739</u>	<u>1,192,535</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,473,551</u>	<u>(390,819)</u>	<u>1,871,219</u>	<u>(632,069)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,000	0	0	0
General Obligation Notes Issued	0	0	3,100,000	1,800,000
Premium on General Obligation Notes Issued	0	0	6,195	0
Proceeds of OPWC Loan	0	0	0	665,490
Transfers In	0	1,150,000	0	19,000
Transfers Out	(1,557,926)	0	(64,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,554,926)</u>	<u>1,150,000</u>	<u>3,041,695</u>	<u>2,484,490</u>
Special Item				
Proceeds from Sale of Land	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>(81,375)</u>	<u>759,181</u>	<u>4,912,914</u>	<u>1,852,421</u>
<i>Fund Balances (Deficits) Beginning of Year - Restated (See Note 3)</i>				
	5,078,231	2,420,896	1,231,952	(1,090)
Increase (Decrease) in Reserve for Inventory	(2,935)	0	0	0
<i>Fund Balances End of Year</i>	<u>\$4,993,921</u>	<u>\$3,180,077</u>	<u>\$6,144,866</u>	<u>\$1,851,331</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2001*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$7,445,250
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$1,226,010	\$4,733,663	Governmental funds report capital outlays as expenditures.	
0	5,480,272	However, in the statement of activities, the cost of those	
803,395	2,838,353	assets is allocated over their estimated useful lives as	
985,815	3,917,807	depreciation expense. This is the amount by which capital	
38,756	679,836	outlays exceeded depreciation in the current period.	
0	169,739	Capital Outlay	2,681,950
29,370	467,915	Depreciation	(1,173,395)
0	97,359		
193,846	284,989	Total	1,508,555
42,896	48,570		
3,320,088	18,718,503	Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(94,110)
		Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.	232,393
0	1,911,321	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
0	370,071	Property Taxes	57,485
194,173	3,853,690	Income Tax	416,855
130,000	2,569,171	Intergovernmental	(16,312)
0	102,938	Special Assessments	28,611
0	334,721	Grants	132,593
98,859	130,464	Total	619,232
0	544,835		
796,067	1,716,018	Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,394,639
934,730	1,930,490		
493,966	493,966	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
696,898	2,443,991	Accrued Interest on Bonds	(108,853)
1,390,000	1,394,639	Amortization of Premium	4,646
245,337	260,248	Bond Accretion	(33,925)
4,980,030	18,056,563	Total	(138,132)
		Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable (which represents contractually required pension contributions), do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
(1,659,942)	661,940	Compensated Absences	(61,273)
0	3,000	Pension Obligation	(71,994)
1,000,000	5,900,000	Total	(133,267)
0	6,195	Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.	
0	665,490	Proceeds of Notes	(5,900,000)
633,751	1,802,751	Proceeds of OPWC Loan	(665,490)
(180,325)	(1,802,751)	Premium on Notes	(6,195)
1,453,426	6,574,685	Total	(6,571,685)
208,625	208,625	<i>Change in Net Assets of Governmental Activities</i>	<i>\$4,262,875</i>
2,109	7,445,250		
3,481,254	12,211,243		
235,328	232,393		
\$3,718,691	\$19,888,886		

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,122,458	\$3,431,046	\$3,507,653	\$76,607
Income Taxes	5,160,037	5,670,000	5,718,096	48,096
Intergovernmental	2,273,151	2,497,805	2,491,458	(6,347)
Interest	573,337	630,000	645,089	15,089
Fees, Licenses and Permits	162,628	178,700	169,739	(8,961)
Fines and Forfeitures	328,531	361,000	431,789	70,789
Rentals	89,732	98,600	99,114	514
Charges for Services	82,402	90,546	91,143	597
Other	22,023	24,200	61,905	37,705
<i>Total Revenues</i>	<u>11,814,299</u>	<u>12,981,897</u>	<u>13,215,986</u>	<u>234,089</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,470,638	2,284,028	2,033,064	250,964
Judicial System	439,756	412,704	365,470	47,234
Security of Persons and Property:				
Police	4,295,195	3,926,791	3,665,672	261,119
Fire	2,698,010	2,708,915	2,495,658	213,257
Public Health Services	119,761	122,166	96,286	25,880
Leisure Time Activities	467,007	441,882	348,792	93,090
Community Development	62,200	122,300	46,791	75,509
Building Department	590,620	620,860	540,098	80,762
Transportation	1,268,509	1,050,209	959,923	90,286
Basic Utility Services	1,092,650	1,070,000	1,043,800	26,200
<i>Total Expenditures</i>	<u>13,504,346</u>	<u>12,759,855</u>	<u>11,595,554</u>	<u>1,164,301</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,690,047)</u>	<u>222,042</u>	<u>1,620,432</u>	<u>1,398,390</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	3,000	3,000
Advances In	11,103	12,200	12,200	0
Advances Out	0	(93,000)	(93,000)	0
Transfers Out	(187,249)	(1,557,926)	(1,557,926)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(176,146)</u>	<u>(1,638,726)</u>	<u>(1,635,726)</u>	<u>3,000</u>
<i>Net Change in Fund Balance</i>	<u>(1,866,193)</u>	<u>(1,416,684)</u>	<u>(15,294)</u>	<u>1,401,390</u>
<i>Fund Balance Beginning of Year</i>	<u>3,772,185</u>	<u>3,772,185</u>	<u>3,772,185</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>373,260</u>	<u>373,260</u>	<u>373,260</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,279,252</u>	<u>\$2,728,761</u>	<u>\$4,130,151</u>	<u>\$1,401,390</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2001

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$460,904
Cash and Cash Equivalents in Segregated Accounts	<u>49,783</u>
<i>Total Assets</i>	<u><u>\$510,687</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$510,687</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

Note 1 – Description of the City and Reporting Entity

The City of South Euclid (the “City”) is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted November 3, 1953. Legislative authority is vested in a seven-member Council. Council members are elected for a four year term. The Mayor is the chief executive and administrative officer who is elected for a four year term.

Reporting Entity

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

The South Euclid Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

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

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

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of South Euclid have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of South Euclid and/or the general laws of Ohio.

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

Flood Control Fund – The Flood Control Fund accounts for assessments and note proceeds to complete projects to correct flooding within the City.

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets, except for fiduciary funds.

Fund Financial Statements

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

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

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

During the year, the City invested in Victory Federal Mutual Funds, Federal National Mortgage Notes and Federal Home Loan Bank Notes. Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2001, share price.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund, the street construction maintenance and repair and state highway special revenue funds, and the issue II capital projects fund. Interest revenue credited to the general fund during 2001 amounted to \$603,122, which includes \$469,872 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of governmental funds are stated at cost determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

H. Capital Assets

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

For 2001, infrastructure capital assets were calculated without the City's sidewalks or traffic lights. The infrastructure assets will be completed in 2002 with the inclusion of these two items to the capital assets.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

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

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

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

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets.

J. Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves and Designations

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

M. Net Assets

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

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

N. Interfund Activity

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary items in 2001. During 2001, the City did a land swap with a developer which resulted in proceeds from the sale of \$208,625 and a gain on sale of \$149,725.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

P. 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.

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2001.

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

Note 3 - Change in Accounting Principles and Restatement of Prior Year Fund Equity

Changes in Accounting Principles

For 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statements No. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or modified accrual basis of accounting is required. For revenue recognition to occur on the modified accrual basis, however, the criteria established for accrual basis revenue recognition must be met and the revenue must be available.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The City has implemented a new capital asset policy which increases the capitalization threshold for capital assets from \$500 to \$2,500. The City also changed its available period from sixty to thirty-one days.

Restatement of Fund Balance

The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	General Capital Improvement	Flood Control
Fund Balances December 31, 2000	\$4,941,193	\$2,420,896	\$1,231,952
Restatement of Intergovernmental Payable	39,423	0	0
Restatement of Intergovernmental Receivable	0	0	0
Implementation of GASB Interpretation No. 6	12,577	0	0
GASB 33 Adjustments:			
Intergovernmental Receivable	85,038	0	0
Adjusted Fund Balances, December 31, 2000	<u>\$5,078,231</u>	<u>\$2,420,896</u>	<u>\$1,231,952</u>
	Issue II		
	Projects	Nonmajor	Total
Fund Balances December 31, 2000	(\$1,090)	\$3,574,693	\$12,167,644
Restatement of Intergovernmental Payable	0	9,701	49,124
Restatement of Intergovernmental Receivable	0	(103,509)	(103,509)
Implementation of GASB Interpretation No. 6	0	369	12,946
GASB 33 Adjustments:			
Intergovernmental Receivable	0	0	85,038
Adjusted Fund Balances, December 31, 2000	<u>(\$1,090)</u>	<u>\$3,481,254</u>	12,211,243

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

GASB 34 Adjustments:	
Capital Assets	\$20,292,692
Long-Term Liabilities	(6,648,893)
Accrued Interest Payable	(52,773)
Pension Obligations	(236,203)
Long-Term (Deferred) Assets	<u>6,383,329</u>
Governmental Activities Net Assets, December 31, 2000	<u><u>\$31,949,395</u></u>

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$81,375)
Net Adjustment for Revenue Accruals	371,028
Fair Value Adjustment for Investments	41,967
Advances In	12,200
Advances Out	(93,000)
Net Adjustment for Expenditures Accruals	(467,371)
Encumbrances	<u>201,257</u>
Budget Basis	<u><u>(\$15,294)</u></u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

Note 5 - Legal Compliance

The HUD grant special revenue fund had a deficit balance of \$10,118 at December 31, 2001. The deficit is due to adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

City of South Euclid, Ohio
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5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The City adopted an investment policy on September 23, 1996. The City cannot invest in the following: a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is either STAR Ohio or a fund created solely for the purpose of acquiring, constructing, owning, leasing or operating municipal utilities as authorized under Revised Code Section 715.02 or Section 4 of Article XVIII of the Ohio Constitution.

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

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

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

Deposits At year end, the carrying amount of the City's deposits was \$255,630 and the bank balance was \$526,810. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$326,810 was uncollateralized and uninsured. Although the securities were held by the pledging financial institution's trust department or agent in the financial institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of South Euclid, Ohio
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	Category 3	Fair Value
Victory Federal Mutual Funds		\$16,395,604
Federal Home Loan Bank Notes	\$2,001,700	2,001,700
Federal National Mortgage Notes	1,011,400	1,011,400
Total Investments	<u>\$3,013,100</u>	<u>\$19,408,704</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9.

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

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement 9</i>	\$19,664,334	\$0
Investments:		
Victory Federal Mutual Funds	(16,395,604)	16,395,604
Federal Home Loan Bank Notes	(2,001,700)	2,001,700
Federal National Mortgage Notes	(1,011,400)	1,011,400
<i>GASB Statement 3</i>	<u>\$255,630</u>	<u>\$19,408,704</u>

Note 7 - Receivables

Receivables at December 31, 2001, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments including delinquencies, and accounts (billings for utility service).

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

Special assessments expected to be collected in more than one year amount to \$460,000 in the Special Assessment Bond Retirement Fund.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of the 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

City of South Euclid, Ohio
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For The Year Ended December 31, 2001

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2001 public utility property taxes which became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001, was \$15.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$364,409,810
Public Utility Property	9,589,030
Tangible Personal Property	<u>14,537,028</u>
Total Assessed Values	<u><u>\$388,535,868</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of South Euclid. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2001 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

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

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

Governmental Activities	Amounts
Local Government and Local Government	
Revenue Assistance	\$698,104
Homestead and Rollback	323,630
Estate Tax	200,876
State and Local Highway Tax	119,063
FEMA Firefighters Grant	71,334
Motor Vehicle License Fees	68,088
HUD Grants	67,655
Permissive Motor Vehicle License Tax	67,557
Gasoline and Excise Tax	60,088
Issue II Grants	34,981
Liquor Permit Fees	3,283
Rental Fees	919
Total	\$1,715,578

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2001, was as follows:

Governmental Activities	Balance 12/31/2000	Additions	Deductions	Balance 12/31/2001
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,220,767	\$31,100	(\$90,000)	\$1,161,867
Construction in Progress	0	540,750	0	540,750
Total Capital Assets not being Depreciated	<u>1,220,767</u>	<u>571,850</u>	<u>(90,000)</u>	<u>1,702,617</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	9,564,701	47,721	0	9,612,422
Equipment	2,542,104	184,827	0	2,726,931
Vehicles	3,137,080	189,752	(49,887)	3,276,945
Infrastructure:				
Streets	10,429,137	779,364	0	11,208,501
Sewers, Culverts and Bridges	3,319,457	908,436	0	4,227,893
Waterlines	1,389,382	0	0	1,389,382
Total Capital Assets being Depreciated	<u>30,381,861</u>	<u>2,110,100</u>	<u>(49,887)</u>	<u>32,442,074</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,452,235)	(359,771)	0	(4,812,006)
Equipment	(1,372,895)	(170,705)	0	(1,543,600)
Vehicles	(2,156,446)	(174,598)	45,777	(2,285,267)
Infrastructure:				
Streets	(2,784,822)	(373,616)	0	(3,158,438)
Sewers, Culverts and Bridges	(334,599)	(71,549)	0	(406,148)
Waterlines	(208,939)	(23,156)	0	(232,095)
Total Accumulated Depreciation	<u>(11,309,936)</u>	<u>(1,173,395)</u>	<u>45,777</u>	<u>(12,437,554)</u>
Total Capital Assets being Depreciated, Net	<u>19,071,925</u>	<u>936,705</u>	<u>(4,110)</u>	<u>20,004,520</u>
Governmental Activities Capital Assets, Net	<u>\$20,292,692</u>	<u>\$1,508,555</u>	<u>(\$94,110)</u>	<u>\$21,707,137</u>

City of South Euclid, Ohio
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For The Year Ended December 31, 2001

Depreciation expense was charged to governmental activities as follows:

General Government	
Legislative and Executive	\$6,918
Judicial System	18,711
Security of Persons and Property	
Police	141,223
Fire	83,469
Leisure Time Activities	38,733
Building Department	12,614
Transportation	451,620
Basic Utility Services	141,222
Swimming Pools	278,885
Total Depreciation Expense	\$1,173,395

Note 9 - Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the City during 2001 follows:

	Amount Outstanding 12/31/2000	Additions	Deletions	Amount Outstanding 12/31/2001	Amounts Due In One Year
Governmental Activities					
<i>Voted General Obligation</i>					
<i>Refunding Bonds</i>					
4.0 % - 4.4% - 1998 - \$4,744,994					
Recreation Improvement	\$3,873,533	\$33,925	(\$365,000)	\$3,542,458	\$370,000
<i>Special Assessment Bonds</i>					
4.0% - 6.7% - 1994 - \$630,000					
Parking Lot Improvement	510,000	0	(25,000)	485,000	25,000
<i>OPWC Loan</i>					
0% - \$718,895					
Liberty Road Bridge Replacement	53,405	665,490	0	718,895	0
Notes Payable	1,000,000	5,906,195	(1,004,646)	5,901,549	1,549
Police and Fire Pension	351,997	0	(4,639)	347,358	4,838
Compensated Absences	859,958	458,810	(397,537)	921,231	73,412
<i>Total Governmental Activities</i>	\$6,648,893	\$7,064,420	(\$1,796,822)	\$11,916,491	\$474,799

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

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

The City has entered into a contractual agreement for a construction loan from OPWC. Under the terms of this agreement, OPWC will reimburse, advance, or directly pay the construction costs of the approved project. OPWC will capitalize administrative costs and construction interest and add them to the total

City of South Euclid, Ohio
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amount of the final loan. A line of credit has been established for the Liberty Road Bridge Replacement loan; however, since the loan has not been finalized, a repayment schedule is not included in the schedule of debt service requirements.

The \$1,000,000 sewer improvement note issued at 4.55 percent and outstanding at December 31, 2000, was rolled over into the \$5,900,000 Issue II and Flood Control 3.30 percent note, and was issued at a premium of \$6,195. This note is backed by full faith of the City of South Euclid.

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

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

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

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$31,834,411 and the unvoted legal debt margin was \$15,950,076.

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

	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2002	\$405,572	\$145,080	\$25,000	\$31,380	\$4,838	\$14,712	\$626,582
2003	412,317	129,355	25,000	30,080	5,046	14,504	616,302
2004	444,202	113,417	30,000	28,755	5,263	14,287	635,924
2005	451,016	96,205	30,000	27,135	5,489	14,061	623,906
2006	473,008	78,780	35,000	25,125	5,725	13,825	631,463
2007-2011	1,702,421	1,209,311	195,000	89,445	32,531	65,221	3,293,929
2012-2016	0	0	145,000	19,765	40,145	57,605	262,515
2017-2021	0	0	0	0	49,490	48,262	97,752
2022-2026	0	0	0	0	61,132	36,620	97,752
2027-2031	0	0	0	0	75,438	22,314	97,752
2032-2035	0	0	0	0	62,261	5,296	67,557
Total	<u>\$3,888,536</u>	<u>\$1,772,148</u>	<u>\$485,000</u>	<u>\$251,685</u>	<u>\$347,358</u>	<u>\$306,707</u>	<u>\$7,051,434</u>

Note 10 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 1987, the City joined together with neighboring cities to form the Northern Ohio Risk Management Agency (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a

City of South Euclid, Ohio
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For The Year Ended December 31, 2001

finalized, jointly administered self insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the general fund.

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

B. Worker's Compensation

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

Note 11 - Defined Benefit Pension Plans

Public Employees Retirement System

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$273,842, \$190,017, and \$259,360, respectively. The full amount has been contributed for 2000 and 1999. 79.08 percent has been contributed for 2001, with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$260,124 and \$280,335 for the year ended December 31, 2001, \$258,301 and \$278,740 for the year ended

City of South Euclid, Ohio
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December 31, 2000, and \$254,568 and \$271,398 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 76.53 percent and 77.02 percent, respectively, have been contributed for 2001, with the remainder being presented as “intergovernmental payable” in the governmental activities column of the statement of net assets.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2001, the unfunded liability of the City was \$347,358 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 12 - Postemployment Benefits

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 as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$127,300. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

Police and Firemen's Disability and Pension Fund

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

City of South Euclid, Ohio
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The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$162,577 for police and \$127,425 for fire. The OP&F's total health care expense for the year ended December 31, 2000 (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

Note 13 - Compensated Absences

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

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

Employees earn sick leave at a rate of 1.25 days per month of service. Sick leave accumulation is generally limited to 1,200 hours for all employees except for firefighters who can accumulate up to 1,248 hours. Upon retirement or death, an employee can be paid one third of the outstanding sick leave accumulated up to the maximum hours allowed. As of December 31, 2001, the total liability for unpaid compensated absences is \$922,484.

Note 14 - Joint Ventures

A. Tri-City Consortium on Aging

The Tri-City Consortium on Aging (Consortium) is a joint venture among the Cities of South Euclid, Lyndhurst and Highland Heights, formed for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Consortium revenues consist of contributions from the member cities and federal grants. The Consortium is controlled by the Council of Governments composed of the Mayors of the Cities of South Euclid, Lyndhurst, and Highland Heights, with the advice of a nine member commission. Continued existence of the Consortium is dependent on the City, however the City of South Euclid has no explicit and measurable equity interest in the Consortium. The Consortium is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2001, the City contributed \$159,173, paid from the general fund, which

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

represented twenty-eight percent of Consortium revenues. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio, 44121.

B. South Euclid-Lyndhurst Recreation Commission

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

The operation of SELREC is controlled by a nine member board consisting of the following: one member appointed by the Mayor of the City of South Euclid and one member appointed by the Mayor of the City of Lyndhurst, three members that are residents of the City of South Euclid, three members that are residents of the City of Lyndhurst, and one member that is a resident of the South Euclid-Lyndhurst City School District and that lives in either the City of South Euclid or the City of Lyndhurst (jointly appointed by the Mayors of the Cities of South Euclid and Lyndhurst). The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contributions. In 2001, the City contributed \$37,424, which represented sixteen percent of SELREC's revenues. The City also has a measurable equity interest in SELREC because the joint venture agreement stipulates that the participants have a claim to assets and sets forth the method of distribution upon dissolution of the joint venture. SELREC has no capital assets. SELREC is audited on a two-year basis, the latest reported is for the fiscal year ended June 30, 2001. Financial statements can be obtained by contacting the fiscal agent, South Euclid-Lyndhurst City School District, 6044 Mayfield Road, Lyndhurst, Ohio 44124.

Note 15 Jointly Governed Organizations

A. Northeast Ohio Public Energy Council

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of South Euclid did not contribute to NOPEC during 2001. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

B. First Suburbs Consortium of Northeast Ohio Council of Governments

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

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2001, the City of South Euclid did not make a contribution. Financial information can be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

Note 16 - Shared Risk Pool

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

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

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

In 2001, the City of South Euclid paid \$61,779 in premiums from the general fund, which represents 10.94 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

Note 17 - Outstanding Contractual Commitments

The City has the following outstanding contractual commitments for various projects at December 31, 2001:

Contractor	Project	Amount of Contract	Amount Expended	Amount Remaining
S.S. Construction	Liberty Road Bridge	\$680,070	\$641,811	\$38,259
C.A. Agresta	Concrete Street Reconstruction	343,785	266,251	77,534
Tri-Mor Corporation	Monticello Boulevard	48,750	37,538	11,212
C.A. Agresta	Victory Drive Reconstruction	295,314	252,677	42,637
Fabrizi Trucking	Bexley Infrastructure Improvements	5,245,891	419,368	4,826,523
Penn Care Medical	Rescue Squad	110,705	0	110,705
Environmental				
Pipeliners	Okalona Sewer Slip Lining	23,850	0	23,850
Warren Fire Equipment	Self Contained Breathing Apparatus	59,698	0	59,698
T.C. Construction	Maydor Lane Reconstruction	174,369	0	174,369
Thomas Fence	Outfield Fences	15,950	0	15,950
Totals		<u>\$6,998,382</u>	<u>\$1,617,645</u>	<u>\$5,380,737</u>

Note 18 - Interfund Transfers and Balances

Interfund transfers for the year ended December 31, 2001, consisted of the following:

Transfers To	Transfers From			Total
	General	Flood Control	Special Purpose Grant	
Operation Home Improvement	\$10,000	\$0	\$0	\$10,000
Parking Lots and Meters	90,000	0	0	90,000
Swimming Pools	300,000	0	0	300,000
FEMA Firefighters Grant	7,926	0	0	7,926
G.O. Bond Retirement	0	45,500	0	45,500
General Capital Improvements	1,150,000	0	0	1,150,000
Issue II Projects	0	19,000	0	19,000
Land Acquisition	0	0	180,325	180,325
Totals	<u>\$1,557,926</u>	<u>\$64,500</u>	<u>\$180,325</u>	<u>\$1,802,751</u>

Transfers from the general fund to the operation home improvement and FEMA firefighters special revenue funds were to cover the City's match that is required by grant agreements. The transfers from the general fund to the parking lots and meters and swimming pools special revenue funds were to cover general operating expenditures. The general capital improvements capital projects fund received its transfer from the general fund to fund future capital purchases and improvements. The flood control capital projects fund made transfers to the general obligation bond retirement fund and the Issue II projects capital projects fund to make an interest payment on a note and cover a City match required by the Issue II loan. The special purpose grant capital projects fund transferred money to the land acquisition capital projects fund for the purpose of future land purchases.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

Interfund balances at December 31, 2001, resulted from the HUD and FEMA firefighters special revenue grant funds having expenditures against their grants that have not yet been reimbursed. The grants are reimbursement driven and the general fund covers the expenditures until they are reimbursed. The advances are expected to be paid within one year. At year end the general fund reported a due from other funds at December 31, 2001 of \$93,000, the HUD and FEMA Firefighters Nonmajor funds recorded a due to other funds for \$23,000 and \$70,000 respectively.

Note 19 - Contingencies

A. Litigation

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

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2001.

Note 20 - Subsequent Event

On April 3, 2002, the City rolled over the 2001 sewer improvement note for \$5,900,000 at 3.30 percent and also issued a road improvement note for \$3,000,000 at 2.25 percent. The new notes mature on April 3, 2003.

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**Combining Statements and
Individual Fund Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

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

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

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

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

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

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

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

School Based Partnership Grant Fund This grant accounts for monies received from the U.S. Department of Justice to establish a program to address the problem of bullying, threat and intimidation in schools. This program is administered with in the South Euclid-Lyndhurst City School District.

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

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

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

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

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

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

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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

Nonmajor Debt Service Funds

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

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund accounts for the resources that are used for payment of principal and interest and fiscal charges on general obligation debt.

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

Nonmajor Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities.

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

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

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

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

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

Special Purpose Grant Fund The Special Purpose Grant Fund accounts for monies for streetscape and landscape improvements.

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

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City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,270,562	\$522,235	\$1,753,884	\$3,546,681
Materials and Supplies Inventory	294,010	0	0	294,010
Accounts Receivable	696	0	0	696
Intergovernmental Receivable	468,185	33,599	35,638	537,422
Property Taxes Receivable	215,528	502,897	569,838	1,288,263
Special Assessments Receivable	736,474	485,000	0	1,221,474
<i>Total Assets</i>	<u>\$2,985,455</u>	<u>\$1,543,731</u>	<u>\$2,359,360</u>	<u>\$6,888,546</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$41,210	\$0	\$0	\$41,210
Accrued Wages	9,410	0	0	9,410
Contracts Payable	12,291	0	19,529	31,820
Intergovernmental Payable	1,933	0	0	1,933
Interfund Payable	93,000	0	0	93,000
Deferred Revenue	1,365,510	1,021,496	605,476	2,992,482
<i>Total Liabilities</i>	<u>1,523,354</u>	<u>1,021,496</u>	<u>625,005</u>	<u>3,169,855</u>
Fund Balances				
Reserved for Encumbrances	126,640	0	363,760	490,400
Reserved for Inventory	294,010	0	0	294,010
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,041,451	0	0	1,041,451
Debt Service Funds	0	522,235	0	522,235
Capital Projects Funds	0	0	1,370,595	1,370,595
<i>Total Fund Balances</i>	<u>1,462,101</u>	<u>522,235</u>	<u>1,734,355</u>	<u>3,718,691</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,985,455</u>	<u>\$1,543,731</u>	<u>\$2,359,360</u>	<u>\$6,888,546</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$204,262	\$476,611	\$545,137	\$1,226,010
Special Assessments	778,395	25,000	0	803,395
Intergovernmental	828,264	86,272	71,279	985,815
Interest	6,101	32,655	0	38,756
Fines and Forfeitures	29,370	0	0	29,370
Charges for Services	123,164	0	70,682	193,846
Other	42,896	0	0	42,896
<i>Total Revenues</i>	<u>2,012,452</u>	<u>620,538</u>	<u>687,098</u>	<u>3,320,088</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	194,173	0	0	194,173
Fire	130,000	0	0	130,000
Community Development	98,859	0	0	98,859
Transportation	796,067	0	0	796,067
Basic Utility Services	934,730	0	0	934,730
Swimming Pools	493,966	0	0	493,966
Capital Outlay	0	0	696,898	696,898
Debt Service:				
Principal Retirement	0	1,390,000	0	1,390,000
Interest and Fiscal Charges	0	245,337	0	245,337
<i>Total Expenditures</i>	<u>2,647,795</u>	<u>1,635,337</u>	<u>696,898</u>	<u>4,980,030</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(635,343)</u>	<u>(1,014,799)</u>	<u>(9,800)</u>	<u>(1,659,942)</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	0	1,000,000	0	1,000,000
Transfers In	407,926	45,500	180,325	633,751
Transfers Out	0	0	(180,325)	(180,325)
<i>Total Other Financing Sources (Uses)</i>	<u>407,926</u>	<u>1,045,500</u>	<u>0</u>	<u>1,453,426</u>
Special Item:				
Proceeds from Sale of Land	0	0	208,625	208,625
<i>Net Change in Fund Balances</i>	<u>(227,417)</u>	<u>30,701</u>	<u>198,825</u>	<u>2,109</u>
<i>Fund Balances Beginning of Year</i>	1,454,190	491,534	1,535,530	3,481,254
Increase in Reserve for Inventory	235,328	0	0	235,328
<i>Fund Balances End of Year</i>	<u>\$1,462,101</u>	<u>\$522,235</u>	<u>\$1,734,355</u>	<u>\$3,718,691</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2001

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway	Parking Lots and Meters
Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,349	\$13,213	\$155,823	\$33,852	\$69,599
Materials and Supplies Inventory	0	0	294,010	0	0
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	228,695	18,544	0
Property Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	5,982
<i>Total Assets</i>	<u>\$5,349</u>	<u>\$13,213</u>	<u>\$678,528</u>	<u>\$52,396</u>	<u>\$75,581</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$1,736	\$0	\$1,018
Accrued Wages	0	0	4,738	353	310
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	909	68	59
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	193,292	15,674	5,362
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>200,675</u>	<u>16,095</u>	<u>6,749</u>
Fund Balances					
Reserved for Encumbrances	0	0	1,324	0	2,436
Reserved for Inventory	0	0	294,010	0	0
Unreserved, Undesignated	5,349	13,213	182,519	36,301	66,396
<i>Total Fund Balances (Deficit)</i>	<u>5,349</u>	<u>13,213</u>	<u>477,853</u>	<u>36,301</u>	<u>68,832</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,349</u>	<u>\$13,213</u>	<u>\$678,528</u>	<u>\$52,396</u>	<u>\$75,581</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2001

	Swimming Pools	Permissive Motor Vehicle License	HUD Grant	Court Security Grant	Law Enforcement
Assets					
Equity in Pooled Cash and Cash Equivalents	\$216,052	\$123,481	\$16,412	\$558	\$51,202
Materials and Supplies Inventory	0	0	0	0	0
Accounts Receivable	0	0	0	0	696
Intergovernmental Receivable	0	67,557	67,655	0	0
Property Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$216,052</u>	<u>\$191,038</u>	<u>\$84,067</u>	<u>\$558</u>	<u>\$51,898</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$2,986	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Contracts Payable	0	0	9,926	0	0
Intergovernmental Payable	0	0	0	0	127
Interfund Payable	0	0	23,000	0	0
Deferred Revenue	0	58,299	61,259	0	0
<i>Total Liabilities</i>	<u>2,986</u>	<u>58,299</u>	<u>94,185</u>	<u>0</u>	<u>127</u>
Fund Balances					
Reserved for Encumbrances	711	11,302	5,716	558	6,428
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated	212,355	121,437	(15,834)	0	45,343
<i>Total Fund Balances (Deficit)</i>	<u>213,066</u>	<u>132,739</u>	<u>(10,118)</u>	<u>558</u>	<u>51,771</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$216,052</u>	<u>\$191,038</u>	<u>\$84,067</u>	<u>\$558</u>	<u>\$51,898</u>

FEMA Firefighters Grant	Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$77,926	\$393,439	\$77,575	\$18,041	\$18,040	\$1,270,562
0	0	0	0	0	294,010
0	0	0	0	0	696
71,334	0	0	7,200	7,200	468,185
0	0	0	107,764	107,764	215,528
0	374,917	355,575	0	0	736,474
<u>\$149,260</u>	<u>\$768,356</u>	<u>\$433,150</u>	<u>\$133,005</u>	<u>\$133,004</u>	<u>\$2,985,455</u>
\$0	\$32,716	\$2,754	\$0	\$0	\$41,210
0	0	4,009	0	0	9,410
0	0	2,365	0	0	12,291
0	0	770	0	0	1,933
70,000	0	0	0	0	93,000
71,334	374,917	355,445	114,964	114,964	1,365,510
141,334	407,633	365,343	114,964	114,964	1,523,354
75,778	0	22,387	0	0	126,640
0	0	0	0	0	294,010
(67,852)	360,723	45,420	18,041	18,040	1,041,451
7,926	360,723	67,807	18,041	18,040	1,462,101
<u>\$149,260</u>	<u>\$768,356</u>	<u>\$433,150</u>	<u>\$133,005</u>	<u>\$133,004</u>	<u>\$2,985,455</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2001

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway	Parking Lots and Meters
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	65,050
Intergovernmental	50,000	10,588	452,084	36,656	0
Interest	0	0	5,351	750	0
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>50,000</u>	<u>10,588</u>	<u>457,435</u>	<u>37,406</u>	<u>65,050</u>
Expenditures					
Current:					
Security of Persons and Property:					
Police	0	11,588	0	0	0
Fire	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation	0	0	516,206	26,390	0
Basic Utility Services	59,570	0	0	0	103,951
Swimming Pools	0	0	0	0	0
<i>Total Expenditures</i>	<u>59,570</u>	<u>11,588</u>	<u>516,206</u>	<u>26,390</u>	<u>103,951</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,570)	(1,000)	(58,771)	11,016	(38,901)
Other Financing Source					
Transfers In	10,000	0	0	0	90,000
<i>Net Change in Fund Balances</i>	430	(1,000)	(58,771)	11,016	51,099
<i>Fund Balances Beginning of Year</i>	4,919	14,213	301,296	25,285	17,733
Increase in Reserve for Inventory	0	0	235,328	0	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$5,349</u>	<u>\$13,213</u>	<u>\$477,853</u>	<u>\$36,301</u>	<u>\$68,832</u>

Swimming Pools	Permissive Motor Vehicle License	School Based Partnership Grant	HUD Grant	Court Security Grant	Law Enforcement	FEMA Firefighters Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	136,342	24,180	88,741	0	873	0
0	0	0	0	0	0	0
0	0	0	0	0	29,240	0
123,164	0	0	0	0	0	0
42,896	0	0	0	0	0	0
<u>166,060</u>	<u>136,342</u>	<u>24,180</u>	<u>88,741</u>	<u>0</u>	<u>30,113</u>	<u>0</u>
0	0	25,461	0	17,956	9,168	0
0	0	0	0	0	0	0
0	0	0	98,859	0	0	0
0	253,471	0	0	0	0	0
0	0	0	0	0	0	0
493,966	0	0	0	0	0	0
<u>493,966</u>	<u>253,471</u>	<u>25,461</u>	<u>98,859</u>	<u>17,956</u>	<u>9,168</u>	<u>0</u>
(327,906)	(117,129)	(1,281)	(10,118)	(17,956)	20,945	0
<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,926</u>
(27,906)	(117,129)	(1,281)	(10,118)	(17,956)	20,945	7,926
240,972	249,868	1,281	0	18,514	30,826	0
0	0	0	0	0	0	0
<u>\$213,066</u>	<u>\$132,739</u>	<u>\$0</u>	<u>(\$10,118)</u>	<u>\$558</u>	<u>\$51,771</u>	<u>\$7,926</u>

(continued)

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2001

	Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Revenues					
Property and Other Taxes	\$0	\$0	\$102,131	\$102,131	\$204,262
Special Assessments	363,138	350,207	0	0	778,395
Intergovernmental	0	0	14,400	14,400	828,264
Interest	0	0	0	0	6,101
Fines and Forfeitures	0	130	0	0	29,370
Charges for Services	0	0	0	0	123,164
Other	0	0	0	0	42,896
<i>Total Revenues</i>	<u>363,138</u>	<u>350,337</u>	<u>116,531</u>	<u>116,531</u>	<u>2,012,452</u>
Expenditures					
Current:					
Security of Persons and Property:					
Police	0	0	130,000	0	194,173
Fire	0	0	0	130,000	130,000
Community Development	0	0	0	0	98,859
Transportation	0	0	0	0	796,067
Basic Utility Services	363,058	408,151	0	0	934,730
Swimming Pools	0	0	0	0	493,966
<i>Total Expenditures</i>	<u>363,058</u>	<u>408,151</u>	<u>130,000</u>	<u>130,000</u>	<u>2,647,795</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	80	(57,814)	(13,469)	(13,469)	(635,343)
Other Financing Source					
Transfers In	0	0	0	0	407,926
<i>Net Change in Fund Balances</i>	80	(57,814)	(13,469)	(13,469)	(227,417)
<i>Fund Balances Beginning of Year</i>	360,643	125,621	31,510	31,509	1,454,190
Increase in Reserve for Inventory	0	0	0	0	235,328
<i>Fund Balances (Deficit) End of Year</i>	<u>\$360,723</u>	<u>\$67,807</u>	<u>\$18,041</u>	<u>\$18,040</u>	<u>\$1,462,101</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2001

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$373,139	\$149,096	\$522,235
Intergovernmental Receivable	33,599	0	33,599
Property Taxes Receivable	502,897	0	502,897
Special Assessments Receivable	0	485,000	485,000
<i>Total Assets</i>	<u>\$909,635</u>	<u>\$634,096</u>	<u>\$1,543,731</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$536,496	\$485,000	\$1,021,496
Fund Balances			
Unreserved, Undesignated	<u>373,139</u>	<u>149,096</u>	<u>522,235</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$909,635</u>	<u>\$634,096</u>	<u>\$1,543,731</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2001

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Property and Other Taxes	\$476,611	\$0	\$476,611
Special Assessments	0	25,000	25,000
Intergovernmental	67,199	19,073	86,272
Interest	0	32,655	32,655
<i>Total Revenues</i>	<u>543,810</u>	<u>76,728</u>	<u>620,538</u>
Expenditures			
Debt Service:			
Principal Retirement	1,365,000	25,000	1,390,000
Interest and Fiscal Charges	211,986	33,351	245,337
<i>Total Expenditures</i>	<u>1,576,986</u>	<u>58,351</u>	<u>1,635,337</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,033,176)</u>	<u>18,377</u>	<u>(1,014,799)</u>
Other Financing Sources			
General Obligation Notes Issued	1,000,000	0	1,000,000
Transfers In	45,500	0	45,500
<i>Total Other Financing Sources</i>	<u>1,045,500</u>	<u>0</u>	<u>1,045,500</u>
<i>Net Change in Fund Balances</i>	12,324	18,377	30,701
<i>Fund Balances Beginning of Year</i>	<u>360,815</u>	<u>130,719</u>	<u>491,534</u>
<i>Fund Balances End of Year</i>	<u><u>\$373,139</u></u>	<u><u>\$149,096</u></u>	<u><u>\$522,235</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2001

	<u>Recreation Improvement</u>	<u>Road Improvement</u>	<u>Sidewalk Improvement</u>	<u>Stanhope Parking Lot</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$150,000	\$585,448	\$228,672	\$2,853
Intergovernmental Receivable	0	35,638	0	0
Property Taxes Receivable	0	569,838	0	0
<i>Total Assets</i>	<u>\$150,000</u>	<u>\$1,190,924</u>	<u>\$228,672</u>	<u>\$2,853</u>
Liabilities and Fund Balances				
Liabilities				
Contracts Payable	\$0	\$19,529	\$0	\$0
Deferred Revenue	0	605,476	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>625,005</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	15,950	310,001	37,809	0
Unreserved, Undesignated	134,050	255,918	190,863	2,853
<i>Total Fund Balances</i>	<u>150,000</u>	<u>565,919</u>	<u>228,672</u>	<u>2,853</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$150,000</u>	<u>\$1,190,924</u>	<u>\$228,672</u>	<u>\$2,853</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2001

	Land Acquisition	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$714,450	\$72,461	\$1,753,884
Intergovernmental Receivable	0	0	35,638
Property Taxes Receivable	0	0	569,838
<i>Total Assets</i>	<u>\$714,450</u>	<u>\$72,461</u>	<u>\$2,359,360</u>
Liabilities and Fund Balances			
Liabilities			
Contracts Payable	\$0	\$0	\$19,529
Deferred Revenue	0	0	605,476
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>625,005</u>
Fund Balances			
Reserved for Encumbrances	0	0	363,760
Unreserved, Undesignated	714,450	72,461	1,370,595
<i>Total Fund Balances</i>	<u>714,450</u>	<u>72,461</u>	<u>1,734,355</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$714,450</u>	<u>\$72,461</u>	<u>\$2,359,360</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2001

	<u>Recreation Improvement</u>	<u>Road Improvement</u>	<u>Sidewalk Improvement</u>	<u>Stanhope Parking Lot</u>
Revenues				
Property and Other Taxes	\$0	\$545,137	\$0	\$0
Intergovernmental	0	71,279	0	0
Charges for Services	0	0	70,682	0
<i>Total Revenues</i>	0	616,416	70,682	0
Expenditures				
Capital Outlay	0	601,251	95,647	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	15,165	(24,965)	0
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
Special Item:				
Proceeds from Sale of Land	0	0	0	0
<i>Net Change in Fund Balances</i>	0	15,165	(24,965)	0
<i>Fund Balances Beginning of Year</i>	150,000	550,754	253,637	2,853
<i>Fund Balances End of Year</i>	<u>\$150,000</u>	<u>\$565,919</u>	<u>\$228,672</u>	<u>\$2,853</u>

(continued)

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended December 31, 2001

	Land Acquisition	Special Purpose Grant	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$545,137
Intergovernmental	0	0	0	71,279
Charges for Services	0	0	0	70,682
<i>Total Revenues</i>	0	0	0	687,098
Expenditures				
Capital Outlay	0	0	0	696,898
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	(9,800)
Other Financing Sources (Uses)				
Transfers In	180,325	0	0	180,325
Transfers Out	0	(180,325)	0	(180,325)
<i>Total Other Financing Sources (Uses)</i>	180,325	(180,325)	0	0
Special Item:				
Proceeds from Sale of Land	208,625	0	0	208,625
<i>Net Change in Fund Balances</i>	388,950	(180,325)	0	198,825
<i>Fund Balances Beginning of Year</i>	325,500	180,325	72,461	1,535,530
<i>Fund Balances End of Year</i>	<u>\$714,450</u>	<u>\$0</u>	<u>\$72,461</u>	<u>\$1,734,355</u>

Combining Statements - Agency Funds

Agency Funds

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

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

Municipal Court Fund The Municipal Court Fund accounts for the collection and distribution of court fines and forfeitures.

City of South Euclid, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2001

	Beginning Balance 12/31/00	Additions	Deductions	Ending Balance 12/31/01
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$407,073	\$290,944	\$237,113	\$460,904
Liabilities				
Intergovernmental Payable	\$12,527	\$0	\$12,527	\$0
Deposits Held and Due to Others	394,546	290,944	224,586	460,904
<i>Total Liabilities</i>	\$407,073	\$290,944	\$237,113	\$460,904
<i>Municipal Court Fund</i>				
Assets				
Cash in Segregated Accounts	\$64,281	\$839,038	\$853,536	\$49,783
Liabilities				
Deposits Held and Due to Others	\$64,281	\$839,038	\$853,536	\$49,783
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$407,073	\$290,944	\$237,113	\$460,904
Cash and Cash Equivalents in Segregated Accounts	64,281	839,038	853,536	49,783
<i>Total Assets</i>	\$471,354	\$1,129,982	\$1,090,649	\$510,687
Liabilities				
Intergovernmental Payable	\$12,527	\$0	\$12,527	\$0
Deposits Held and Due to Others	458,827	1,129,982	1,078,122	510,687
<i>Total Liabilities</i>	\$471,354	\$1,129,982	\$1,090,649	\$510,687

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$3,122,458	\$3,431,046	\$3,507,653	\$76,607
Income Taxes	5,160,037	5,670,000	5,718,096	48,096
Intergovernmental	2,273,151	2,497,805	2,491,458	(6,347)
Interest	573,337	630,000	645,089	15,089
Fees, Licenses and Permits	162,628	178,700	169,739	(8,961)
Fines and Forfeitures	328,531	361,000	431,789	70,789
Rentals	89,732	98,600	99,114	514
Charges for Services	82,402	90,546	91,143	597
Other	22,023	24,200	61,905	37,705
<i>Total Revenues</i>	11,814,299	12,981,897	13,215,986	234,089
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	69,100	67,700	66,858	842
Materials and Supplies	1,528	1,500	478	1,022
Other	7,355	4,500	1,026	3,474
Total Council	77,983	73,700	68,362	5,338
Mayor				
Personal Services	115,300	115,900	114,563	1,337
Contractual Services	0	500	0	500
Materials and Supplies	5,000	5,528	2,814	2,714
Other	11,600	13,005	7,536	5,469
Total Mayor	131,900	134,933	124,913	10,020
Finance Department				
Personal Services	201,000	196,760	187,059	9,701
Contractual Services	50,115	37,615	20,283	17,332
Materials and Supplies	6,900	9,500	5,388	4,112
Other	12,000	11,500	5,559	5,941
Total Finance Department	270,015	255,375	218,289	37,086
Law Director				
Personal Services	109,000	102,800	95,934	6,866
Contractual Services	180,890	163,390	146,300	17,090
Materials and Supplies	6,389	7,089	6,405	684
Other	22,800	28,500	18,078	10,422
Total Law Director	319,079	301,779	266,717	35,062
Civil Service				
Personal Services	6,400	6,250	5,640	610
Contractual Services	12,600	23,800	20,609	3,191
Other	600	500	410	90
Total Civil Service	\$19,600	\$30,550	\$26,659	\$3,891

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Complex				
Personal Services	\$128,000	\$127,880	\$122,552	\$5,328
Contractual Services	314,267	350,867	323,793	27,074
Materials and Supplies	16,800	12,000	9,252	2,748
Other	126,047	67,547	56,443	11,104
Total Municipal Complex	585,114	558,294	512,040	46,254
Engineer				
Personal Services	14,700	14,400	13,646	754
Other	98,723	76,723	66,101	10,622
Total Engineer	113,423	91,123	79,747	11,376
Mandated				
Contractual Services	806,524	678,274	598,009	80,265
Other	147,000	160,000	138,328	21,672
Total Mandated	953,524	838,274	736,337	101,937
Total Legislative and Executive	2,470,638	2,284,028	2,033,064	250,964
Judicial System:				
Municipal Court				
Personal Services	385,500	359,948	325,774	34,174
Contractual Services	3,500	3,800	3,366	434
Materials and Supplies	26,667	25,567	23,084	2,483
Other	24,089	23,389	13,246	10,143
Total Judicial System	439,756	412,704	365,470	47,234
Total General Government	2,910,394	2,696,732	2,398,534	298,198
Security of Persons and Property				
Police:				
Police Department				
Personal Services	3,656,642	3,624,550	3,400,680	223,870
Contractual Services	53,983	54,483	40,514	13,969
Materials and Supplies	68,111	65,611	58,760	6,851
Other	516,459	182,147	165,718	16,429
Total Police	4,295,195	3,926,791	3,665,672	261,119
Fire:				
Fire Department				
Personal Services	2,385,000	2,447,650	2,286,486	161,164
Contractual Services	38,001	36,401	23,307	13,094
Materials and Supplies	76,246	71,746	48,524	23,222
Other	170,263	125,118	119,290	5,828
Total Fire Department	\$2,669,510	\$2,680,915	\$2,477,607	\$203,308

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Hydrants				
Contractual Services	\$18,000	\$18,000	\$17,415	\$585
Materials and Supplies	10,500	10,000	636	9,364
Total Fire Hydrants	28,500	28,000	18,051	9,949
Total Fire	2,698,010	2,708,915	2,495,658	213,257
Total Security of Persons and Property	6,993,205	6,635,706	6,161,330	474,376
Public Health Services:				
Health and Human Services				
Contractual Services	119,761	122,166	96,286	25,880
Leisure Time Activities:				
Recreation Department				
Personal Services	87,000	98,800	86,080	12,720
Contractual Services	62,000	57,700	43,877	13,823
Materials and Supplies	10,000	9,000	4,502	4,498
Other	47,000	16,500	175	16,325
Total Recreation Department	206,000	182,000	134,634	47,366
Community Center				
Personal Services	116,882	112,700	101,374	11,326
Contractual Services	34,125	36,300	33,110	3,190
Materials and Supplies	33,000	32,715	16,525	16,190
Other	77,000	78,167	63,149	15,018
Total Community Center	261,007	259,882	214,158	45,724
Total Leisure Time Activities	467,007	441,882	348,792	93,090
Community Development:				
Boards and Commissions				
Personal Services	34,500	34,400	30,446	3,954
Other	1,600	600	569	31
Total Boards and Commissions	36,100	35,000	31,015	3,985
Community Relations				
Personal Services	0	50,000	0	50,000
Contractual Services	0	10,000	1,000	9,000
Materials and Supplies	1,600	3,500	10	3,490
Other	24,500	23,800	14,766	9,034
Total Community Relations	26,100	87,300	15,776	71,524
Total Community Development	\$62,200	\$122,300	\$46,791	\$75,509

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building Department				
Personal Services	\$500,069	\$518,000	\$466,844	\$51,156
Contractual Services	16,133	26,403	23,968	2,435
Materials and Supplies	20,170	23,544	19,262	4,282
Other	54,248	52,913	30,024	22,889
Total Building Department	590,620	620,860	540,098	80,762
Transportation:				
Service Department				
Personal Services	390,000	352,450	337,549	14,901
Contractual Services	273,850	190,850	172,316	18,534
Materials and Supplies	128,010	97,510	90,779	6,731
Other	126,200	51,200	48,041	3,159
Total Service Department	918,060	692,010	648,685	43,325
Service Garage				
Personal Services	115,500	116,000	107,518	8,482
Contractual Services	62,000	68,000	53,571	14,429
Materials and Supplies	162,449	164,199	142,910	21,289
Other	10,500	10,000	7,239	2,761
Total Service Garage	350,449	358,199	311,238	46,961
Total Transportation	1,268,509	1,050,209	959,923	90,286
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	945,000	925,000	909,117	15,883
Curbside Recycling				
Personal Services	100,400	101,000	93,182	7,818
Other	47,250	44,000	41,501	2,499
Total Curbside Recycling	147,650	145,000	134,683	10,317
Total Basic Utility Services	1,092,650	1,070,000	1,043,800	26,200
Total Expenditures	13,504,346	12,759,855	11,595,554	1,164,301
Excess of Revenues Over (Under) Expenditures	(\$1,690,047)	\$222,042	\$1,620,432	\$1,398,390

(continued)

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$0	\$0	\$3,000	\$3,000
Advances In	11,103	12,200	12,200	0
Advances Out	0	(93,000)	(93,000)	0
Transfers Out	(187,249)	(1,557,926)	(1,557,926)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(176,146)</u>	<u>(1,638,726)</u>	<u>(1,635,726)</u>	<u>3,000</u>
<i>Net Change in Fund Balance</i>	(1,866,193)	(1,416,684)	(15,294)	1,401,390
<i>Fund Balance Beginning of Year</i>	3,772,185	3,772,185	3,772,185	0
Prior Year Encumbrances Appropriated	<u>373,260</u>	<u>373,260</u>	<u>373,260</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,279,252</u></u>	<u><u>\$2,728,761</u></u>	<u><u>\$4,130,151</u></u>	<u><u>\$1,401,390</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	<u>1,241,168</u>	<u>1,168,167</u>	<u>650,007</u>	<u>518,160</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,241,168)</u>	<u>(1,168,167)</u>	<u>(650,007)</u>	<u>518,160</u>
Other Financing Sources				
Sale of Capital Assets	30,882	1,375	0	(1,375)
Transfers In	<u>169,118</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>200,000</u>	<u>1,151,375</u>	<u>1,150,000</u>	<u>(1,375)</u>
<i>Net Change in Fund Balance</i>	(1,041,168)	(16,792)	499,993	516,785
<i>Fund Balance Beginning of Year</i>	2,209,459	2,209,459	2,209,459	0
Prior Year Encumbrances Appropriated	<u>241,168</u>	<u>241,168</u>	<u>241,168</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,409,459</u></u>	<u><u>\$2,433,835</u></u>	<u><u>\$2,950,620</u></u>	<u><u>\$516,785</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Flood Control Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$774,439	\$2,025,000	\$2,034,958	\$9,958
Expenditures				
Capital Outlay:				
Contractual Services	1,162,945	303,945	280,557	23,388
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(388,506)</u>	<u>1,721,055</u>	<u>1,754,401</u>	<u>33,346</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	1,185,561	3,100,000	3,100,000	0
Premium on Notes	0	0	6,195	6,195
Transfers Out	0	(1,884,000)	(64,500)	1,819,500
<i>Total Other Financing Sources (Uses)</i>	<u>1,185,561</u>	<u>1,216,000</u>	<u>3,041,695</u>	<u>1,825,695</u>
<i>Net Change in Fund Balance</i>	797,055	2,937,055	4,796,096	1,859,041
<i>Fund Balance Beginning of Year</i>	1,199,484	1,199,484	1,199,484	0
Prior Year Encumbrances Appropriated	162,945	162,945	162,945	0
<i>Fund Balance End of Year</i>	<u><u>\$2,159,484</u></u>	<u><u>\$4,299,484</u></u>	<u><u>\$6,158,525</u></u>	<u><u>\$1,859,041</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Projects Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,465,510	\$3,465,510	\$487,527	(\$2,977,983)
Interest	50,000	50,000	37,958	(12,042)
<i>Total Revenues</i>	3,515,510	3,515,510	525,485	(2,990,025)
Expenditures				
Capital Outlay:				
Contractual Services	7,493,259	7,493,259	1,448,499	6,044,760
<i>Excess of Revenues Under Expenditures</i>	(3,977,749)	(3,977,749)	(923,014)	3,054,735
Other Financing Sources (Uses)				
Proceeds of OPWC Loan	665,490	665,490	665,490	0
General Obligation Notes Issued	1,800,000	1,800,000	1,800,000	0
Advances Out	(2,000)	(2,000)	(2,000)	0
Transfers In	1,819,000	1,819,000	19,000	(1,800,000)
<i>Total Other Financing Sources (Uses)</i>	4,282,490	4,282,490	2,482,490	(1,800,000)
<i>Net Change in Fund Balance</i>	304,741	304,741	1,559,476	1,254,735
<i>Fund Balance Beginning of Year</i>	910	910	910	0
<i>Fund Balance End of Year</i>	\$305,651	\$305,651	\$1,560,386	\$1,254,735

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Operation Home Improvement Fund
For the Year Ended December 31, 2001*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$51,000	\$51,000	\$50,000	(\$1,000)
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Other	50,000	64,000	59,570	4,430
<i>Excess of Revenues Over (Under) Expenditures</i>	1,000	(13,000)	(9,570)	3,430
Other Financing Uses				
Transfers In	11,000	11,000	10,000	(1,000)
<i>Net Change in Fund Balance</i>	12,000	(2,000)	430	2,430
<i>Fund Balance Beginning of Year</i>	4,919	4,919	4,919	0
<i>Fund Balance End of Year</i>	<u>\$16,919</u>	<u>\$2,919</u>	<u>\$5,349</u>	<u>\$2,430</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	<u>\$25,587</u>	<u>\$25,587</u>	<u>\$16,175</u>	<u>(\$9,412)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	16,213	15,817	7,893	7,924
Materials and Supplies	<u>3,787</u>	<u>3,695</u>	<u>3,695</u>	<u>0</u>
<i>Total Expenditures</i>	<u>20,000</u>	<u>19,512</u>	<u>11,588</u>	<u>7,924</u>
<i>Net Change in Fund Balance</i>	5,587	6,075	4,587	(1,488)
<i>Fund Balance Beginning of Year</i>	<u>8,626</u>	<u>8,626</u>	<u>8,626</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,213</u></u>	<u><u>\$14,701</u></u>	<u><u>\$13,213</u></u>	<u><u>(\$1,488)</u></u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2001*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$445,000	\$450,000	\$462,249	\$12,249
Interest	5,000	5,000	5,351	351
<i>Total Revenues</i>	<u>450,000</u>	<u>455,000</u>	<u>467,600</u>	<u>12,600</u>
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	335,891	364,781	310,454	54,327
Materials and Supplies	136,450	190,950	182,072	8,878
Contractual Services	38,311	29,311	26,068	3,243
Other	6,500	6,700	1,163	5,537
<i>Total Expenditures</i>	<u>517,152</u>	<u>591,742</u>	<u>519,757</u>	<u>71,985</u>
<i>Net Change in Fund Balance</i>	(67,152)	(136,742)	(52,157)	84,585
<i>Fund Balance Beginning of Year</i>	203,181	203,181	203,181	0
Prior Year Encumbrances Appropriated	<u>2,852</u>	<u>2,852</u>	<u>2,852</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$138,881</u>	<u>\$69,291</u>	<u>\$153,876</u>	<u>\$84,585</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$34,507	\$35,000	\$37,480	\$2,480
Interest	493	500	750	250
<i>Total Revenues</i>	<u>35,000</u>	<u>35,500</u>	<u>38,230</u>	<u>2,730</u>
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	36,700	34,500	16,263	18,237
Materials and Supplies	10,500	10,000	10,000	0
<i>Total Expenditures</i>	<u>47,200</u>	<u>44,500</u>	<u>26,263</u>	<u>18,237</u>
<i>Net Change in Fund Balance</i>	(12,200)	(9,000)	11,967	20,967
<i>Fund Balance Beginning of Year</i>	<u>21,885</u>	<u>21,885</u>	<u>21,885</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,685</u></u>	<u><u>\$12,885</u></u>	<u><u>\$33,852</u></u>	<u><u>\$20,967</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lots and Meters Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$61,176	\$80,000	\$64,560	(\$15,440)
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters:				
Personal Services	62,200	61,350	48,217	13,133
Materials and Supplies	2,800	2,350	2,057	293
Contractual Services	57,294	48,976	45,780	3,196
Other	26,800	13,100	12,351	749
<i>Total Expenditures</i>	<u>149,094</u>	<u>125,776</u>	<u>108,405</u>	<u>17,371</u>
<i>Excess of Revenues Under Expenditures</i>	(87,918)	(45,776)	(43,845)	1,931
Other Financing Sources				
Transfers In	68,824	90,000	90,000	0
<i>Net Change in Fund Balance</i>	(19,094)	44,224	46,155	1,931
<i>Fund Balance Beginning of Year</i>	6,014	6,014	6,014	0
Prior Year Encumbrances Appropriated	14,994	14,994	14,994	0
<i>Fund Balance End of Year</i>	<u>\$1,914</u>	<u>\$65,232</u>	<u>\$67,163</u>	<u>\$1,931</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pools Fund
For the Year Ended December 31, 2001

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$107,556	\$121,000	\$123,164	\$2,164
Other	25,778	29,000	42,896	13,896
<i>Total Revenues</i>	<u>133,334</u>	<u>150,000</u>	<u>166,060</u>	<u>16,060</u>
Expenditures				
Current:				
Leisure Time Activities:				
Swimming Pools:				
Personal Services	342,650	331,400	331,001	399
Materials and Supplies	36,200	47,500	40,921	6,579
Contractual Services	62,350	140,800	119,057	21,743
Other	60,000	3,200	2,382	818
<i>Total Expenditures</i>	<u>501,200</u>	<u>522,900</u>	<u>493,361</u>	<u>29,539</u>
<i>Excess of Revenues Under Expenditures</i>	(367,866)	(372,900)	(327,301)	45,599
Other Financing Sources				
Transfers In	266,667	300,000	300,000	0
<i>Net Change in Fund Balance</i>	(101,199)	(72,900)	(27,301)	45,599
<i>Fund Balance Beginning of Year</i>	241,442	241,442	241,442	0
Prior Year Encumbrances Appropriated	1,200	1,200	1,200	0
<i>Fund Balance End of Year</i>	<u>\$141,443</u>	<u>\$169,742</u>	<u>\$215,341</u>	<u>\$45,599</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$120,000	\$120,000	\$136,175	\$16,175
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Materials and Supplies	181,004	285,004	225,719	59,285
Contractual Services	0	75,000	56,700	18,300
<i>Total Expenditures</i>	<u>181,004</u>	<u>360,004</u>	<u>282,419</u>	<u>77,585</u>
<i>Net Change in Fund Balance</i>	(61,004)	(240,004)	(146,244)	93,760
<i>Fund Balance Beginning of Year</i>	227,419	227,419	227,419	0
Prior Year Encumbrances Appropriated	<u>31,004</u>	<u>31,004</u>	<u>31,004</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$197,419</u></u>	<u><u>\$18,419</u></u>	<u><u>\$112,179</u></u>	<u><u>\$93,760</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Based Partnership Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$43,000	\$43,250	\$37,000	(\$6,250)
Expenditures				
Current:				
Security of Persons and Property:				
School Based Partnership Grant:				
Personal Services	37,000	30,520	26,833	3,687
Contractual Services	3,000	0	0	0
Materials and Supplies	3,000	2,500	0	2,500
<i>Total Expenditures</i>	<u>43,000</u>	<u>33,020</u>	<u>26,833</u>	<u>6,187</u>
<i>Excess of Revenues Over Expenditures</i>	0	10,230	10,167	(63)
Other Financing Uses				
Advances Out	0	(10,200)	(10,200)	0
<i>Net Change in Fund Balance</i>	0	30	(33)	(63)
<i>Fund Balance Beginning of Year</i>	<u>33</u>	<u>33</u>	<u>33</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$33</u>	<u>\$63</u>	<u>\$0</u>	<u>(\$63)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
HUD Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$127,000	\$127,000	\$82,345	(\$44,655)
Expenditures				
Current:				
Community Development:				
HUD Grant:				
Contractual Services	<u>150,000</u>	<u>150,000</u>	<u>104,575</u>	<u>45,425</u>
<i>Excess of Revenues Under Expenditures</i>	(23,000)	(23,000)	(22,230)	770
Other Financing Sources				
Advances In	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	770	770
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$770</u></u>	<u><u>\$770</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Security Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,000	\$1,000	\$0	(\$1,000)
Expenditures				
Current:				
Security of Persons and Property:				
Court Security:				
Contractual Services	<u>19,500</u>	<u>18,514</u>	<u>18,514</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(18,500)	(17,514)	(18,514)	(1,000)
<i>Fund Balance Beginning of Year</i>	1,014	1,014	1,014	0
Prior Year Encumbrances Appropriated	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14</u></u>	<u><u>\$1,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$1,000)</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$200	\$1,000	\$873	(\$127)
Fines and Forfeitures	4,800	24,000	28,569	4,569
<i>Total Revenues</i>	5,000	25,000	29,442	4,442
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Materials and Supplies	0	10,000	9,928	72
Other	20,000	10,000	6,273	3,727
<i>Total Expenditures</i>	20,000	20,000	16,201	3,799
<i>Net Change in Fund Balance</i>	(15,000)	5,000	13,241	8,241
<i>Fund Balance Beginning of Year</i>	31,533	31,533	31,533	0
<i>Fund Balance End of Year</i>	\$16,533	\$36,533	\$44,774	\$8,241

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Firefighters Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Materials and Supplies	<u>79,260</u>	<u>79,260</u>	<u>75,778</u>	<u>3,482</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(79,260)</u>	<u>(79,260)</u>	<u>(75,778)</u>	<u>3,482</u>
Other Financing Sources				
Advances In	71,260	71,260	70,000	(1,260)
Transfers In	<u>8,000</u>	<u>8,000</u>	<u>7,926</u>	<u>(74)</u>
<i>Total Other Financing Sources</i>	<u>79,260</u>	<u>79,260</u>	<u>77,926</u>	<u>(1,334)</u>
<i>Net Change in Fund Balance</i>	0	0	2,148	2,148
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,148</u></u>	<u><u>\$2,148</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2001

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special Assessments	\$350,000	\$350,000	\$363,138	\$13,138
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	400,000	406,500	395,536	10,964
<i>Net Change in Fund Balance</i>	(50,000)	(56,500)	(32,398)	24,102
<i>Fund Balance Beginning of Year</i>	425,837	425,837	425,837	0
<i>Fund Balance End of Year</i>	<u>\$375,837</u>	<u>\$369,337</u>	<u>\$393,439</u>	<u>\$24,102</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rental Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$340,000	\$340,000	\$350,207	\$10,207
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	235,000	231,400	209,145	22,255
Materials and Supplies	5,000	5,750	3,887	1,863
Contractual Services	99,925	249,075	236,864	12,211
Other	3,000	9,500	4,896	4,604
<i>Total Expenditures</i>	<u>342,925</u>	<u>495,725</u>	<u>454,792</u>	<u>40,933</u>
<i>Net Change in Fund Balance</i>	(2,925)	(155,725)	(104,585)	51,140
<i>Fund Balance Beginning of Year</i>	107,483	107,483	107,483	0
Prior Year Encumbrances Appropriated	<u>49,925</u>	<u>49,925</u>	<u>49,925</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$154,483</u></u>	<u><u>\$1,683</u></u>	<u><u>\$52,823</u></u>	<u><u>\$51,140</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Taxes	\$104,470	\$104,405	\$102,131	(\$2,274)
Intergovernmental	13,008	13,000	14,400	1,400
<i>Total Revenues</i>	117,478	117,405	116,531	(874)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	130,000	130,000	130,000	0
<i>Net Change in Fund Balance</i>	(12,522)	(12,595)	(13,469)	(874)
<i>Fund Balance Beginning of Year</i>	31,510	31,510	31,510	0
<i>Fund Balance End of Year</i>	<u>\$18,988</u>	<u>\$18,915</u>	<u>\$18,041</u>	<u>(\$874)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Taxes	\$104,470	\$104,405	\$102,131	(\$2,274)
Intergovernmental	13,008	13,000	14,400	1,400
<i>Total Revenues</i>	117,478	117,405	116,531	(874)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Contractual Services	130,000	130,000	130,000	0
<i>Net Change in Fund Balance</i>	(12,522)	(12,595)	(13,469)	(874)
<i>Fund Balance Beginning of Year</i>	31,509	31,509	31,509	0
<i>Fund Balance End of Year</i>	<u>\$18,987</u>	<u>\$18,914</u>	<u>\$18,040</u>	<u>(\$874)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$457,132	\$481,889	\$476,611	(\$5,278)
Intergovernmental	62,609	66,000	67,199	1,199
<i>Total Revenues</i>	519,741	547,889	543,810	(4,079)
Expenditures				
Debt Service:				
Principal Retirement	1,359,194	1,387,694	1,365,000	22,694
Interest and Fiscal Charges	211,986	211,986	211,986	0
<i>Total Expenditures</i>	1,571,180	1,599,680	1,576,986	22,694
<i>Excess of Revenues Under Expenditures</i>	(1,051,439)	(1,051,791)	(1,033,176)	18,615
Other Financing Sources				
General Obligation Notes Issued	1,000,325	1,054,500	1,000,000	(54,500)
Transfers In	43,162	45,500	45,500	0
<i>Total Other Financing Sources</i>	1,043,487	1,100,000	1,045,500	(54,500)
<i>Net Change in Fund Balance</i>	(7,952)	48,209	12,324	(35,885)
<i>Fund Balance Beginning of Year</i>	360,815	360,815	360,815	0
<i>Fund Balance End of Year</i>	\$352,863	\$409,024	\$373,139	(\$35,885)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$23,272	\$23,272	\$25,000	\$1,728
Intergovernmental	19,073	19,073	19,073	0
Interest	32,655	32,655	32,655	0
<i>Total Revenues</i>	75,000	75,000	76,728	1,728
Expenditures				
Debt Service:				
Principal Retirement	25,149	25,149	25,000	149
Interest and Fiscal Charges	33,351	33,351	33,351	0
<i>Total Expenditures</i>	58,500	58,500	58,351	149
<i>Net Change in Fund Balance</i>	16,500	16,500	18,377	1,877
<i>Fund Balance Beginning of Year</i>	130,719	130,719	130,719	0
<i>Fund Balance End of Year</i>	\$147,219	\$147,219	\$149,096	\$1,877

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Improvement Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	<u>150,000</u>	<u>150,000</u>	<u>15,950</u>	<u>134,050</u>
<i>Net Change in Fund Balance</i>	(150,000)	(150,000)	(15,950)	134,050
<i>Fund Balance Beginning of Year</i>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$134,050</u></u>	<u><u>\$134,050</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvement Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Taxes	\$551,041	\$550,398	\$545,137	(\$5,261)
Intergovernmental	72,084	72,000	71,279	(721)
<i>Total Revenues</i>	623,125	622,398	616,416	(5,982)
Expenditures				
Capital Outlay:				
Contractual Services	1,183,312	1,183,312	927,876	255,436
<i>Net Change in Fund Balance</i>	(560,187)	(560,914)	(311,460)	249,454
<i>Fund Balance Beginning of Year</i>	511,731	511,731	511,731	0
Prior Year Encumbrances Appropriated	55,647	55,647	55,647	0
<i>Fund Balance End of Year</i>	<u>\$7,191</u>	<u>\$6,464</u>	<u>\$255,918</u>	<u>\$249,454</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Improvement Fund
For the Year Ended December 31, 2001

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$30,000	\$60,000	\$70,682	\$10,682
Expenditures				
Capital Outlay:				
Contractual Services	100,000	136,000	133,456	2,544
<i>Net Change in Fund Balance</i>	(70,000)	(76,000)	(62,774)	13,226
<i>Fund Balance Beginning of Year</i>	253,637	253,637	253,637	0
<i>Fund Balance End of Year</i>	<u>\$183,637</u>	<u>\$177,637</u>	<u>\$190,863</u>	<u>\$13,226</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Stanhope Parking Lot Fund
For the Year Ended December 31, 2001

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Acquisition Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	325,500	300,000	0	300,000
<i>Excess of Revenues Under Expenditures</i>	(325,500)	(300,000)	0	300,000
Other Financing Sources				
Operating Transfers In	380,000	171,375	180,325	8,950
Special Item:				
Proceeds from Sale of Land	0	208,625	208,625	0
<i>Net Change in Fund Balance</i>	54,500	80,000	388,950	308,950
<i>Fund Balance Beginning of Year</i>	325,500	325,500	325,500	0
<i>Fund Balance End of Year</i>	<u>\$380,000</u>	<u>\$405,500</u>	<u>\$714,450</u>	<u>\$308,950</u>

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Purpose Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
Other Financing Uses				
Operating Transfers Out	<u>(100,000)</u>	<u>(180,325)</u>	<u>(180,325)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(100,000)	(180,325)	(180,325)	0
<i>Fund Balance Beginning of Year</i>	<u>180,325</u>	<u>180,325</u>	<u>180,325</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$80,325</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rehabilitation Fund
For the Year Ended December 31, 2001

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

Statistical Section

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

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

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

Source: City financial records

(1) Includes Other Local Taxes

(2) 2001 was the first year subcategories were identified for general government, security of persons and property and building department.

(3) Information is based on modified accrual. Information for full accrual will be presented when there are enough years of information to make comparisons.

1997	1996	1995	1994	1993	1992
\$2,964,891	\$2,978,871	\$3,002,273	\$2,650,817	\$2,616,974	\$2,613,951
4,798,369	4,873,018	4,935,896	4,546,288	4,498,798	4,363,954
2,061,214	1,771,473	1,832,653	1,816,514	2,102,304	1,502,794
430,375	421,016	392,712	257,981	250,620	246,372
157,234	139,459	118,692	121,917	88,723	69,394
360,777	363,086	319,440	345,712	347,485	300,189
80,512	108,583	65,348	0	0	0
236,783	46,759	248,214	193,904	137,192	121,474
19,658	61,650	73,672	13,512	19,421	20,615
<u>\$11,109,813</u>	<u>\$10,763,915</u>	<u>\$10,988,900</u>	<u>\$9,946,645</u>	<u>\$10,061,517</u>	<u>\$9,238,743</u>
\$2,132,607	\$1,912,153	\$1,954,589	\$1,721,099	\$1,739,051	\$1,786,358
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
5,052,954	4,914,264	4,553,806	4,453,953	4,390,560	4,230,689
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
84,987	77,854	76,027	69,351	72,638	71,851
364,539	344,972	344,521	302,758	312,951	353,079
488,886	455,744	429,181	442,599	424,950	388,411
N/A	N/A	N/A	N/A	N/A	N/A
964,821	835,956	624,688	436,612	489,997	498,427
837,339	786,581	845,990	944,471	850,878	847,616
19,550	19,551	19,550	19,551	19,550	19,551
<u>\$9,945,683</u>	<u>\$9,347,075</u>	<u>\$8,848,352</u>	<u>\$8,390,394</u>	<u>\$8,300,575</u>	<u>\$8,195,982</u>

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

Year	Current Tax Levy (1)	Delinquent Tax Levy (2)	Total Tax Levy	Percentage of Total Collections		Total Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Collections		Outstanding Delinquent Taxes (2)	Percentage of Outstanding Delinquent Taxes to Total Tax Levy
				Current Tax Collections	Delinquent Tax Collections				to Current Tax Levy	to Total Tax Levy		
2001	\$5,099,502	\$228,592	\$5,328,094	\$4,921,798	\$152,921	\$5,074,719	\$152,921	\$5,074,719	99.51%	95.24%	\$256,578	4.82%
2000	4,732,622	214,483	4,947,105	4,245,613	135,544	4,381,157	135,544	4,381,157	92.57	88.56	170,212	3.44
1999	4,774,920	213,085	4,988,005	4,640,329	130,754	4,771,083	130,754	4,771,083	99.92	95.65	206,341	4.14
1998	4,767,393	185,464	4,952,857	4,665,337	87,469	4,752,806	87,469	4,752,806	99.69	95.96	195,074	3.94
1997	4,601,873	147,642	4,749,515	4,514,919	85,671	4,600,590	85,671	4,600,590	99.97	96.86	176,597	3.72
1996	4,600,344	130,322	4,730,666	4,536,549	57,711	4,594,260	57,711	4,594,260	99.87	97.12	133,715	2.83
1995	4,617,168	126,789	4,743,957	4,541,944	53,735	4,595,679	53,735	4,595,679	99.53	96.87	121,278	2.56
1994	4,212,006	172,835	4,384,841	4,147,779	93,955	4,241,734	93,955	4,241,734	100.71	96.74	118,553	2.70
1993	4,211,849	166,574	4,378,423	4,146,741	54,814	4,201,555	54,814	4,201,555	99.76	95.96	164,201	3.75
1992	4,194,901	158,483	4,353,384	4,117,859	44,985	4,162,844	44,985	4,162,844	99.24	95.62	147,455	3.39

Source: Cuyahoga County Auditor

(1) State Reimbursement of Rollback and Homestead Exemptions are included.

(2) Amounts listed include penalties and interest.

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

Year	Current Tax Levy	Delinquent Tax Levy	Total Tax Levy	Current Tax Collections (1)	Percentage of Current Collections to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Collections to Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Outstanding Taxes to Total Tax Levy
2001	\$218,218	\$40,421	\$258,639	\$184,760	84.67%	\$18,163	\$202,923	78.46%	\$56,149	21.71%
2000	229,464	18,171	247,635	204,658	89.19	(43)	204,615	82.63	45,238	18.27
1999	215,847	23,774	239,621	213,475	98.90	5,821	219,296	91.52	20,848	8.70
1998	210,829	22,668	233,497	207,893	98.61	7,264	215,157	92.15	19,202	8.22
1997	207,923	32,309	240,232	205,042	98.61	17,072	222,114	92.46	18,710	7.79
1996	183,276	39,225	222,501	178,460	97.37	57,711	236,171	106.14	21,793	9.79
1995	180,219	52,466	232,685	158,977	88.21	21,242	180,219	77.45	40,458	17.39
1994	158,183	19,116	177,299	148,997	94.19	7,942	156,939	88.52	20,263	11.43
1993	160,362	18,925	179,287	158,580	98.89	2,072	160,652	89.61	16,516	9.21
1992	156,826	29,634	186,460	154,795	98.70	13,509	168,304	90.26	17,597	9.44

Source: Cuyahoga County Auditor

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

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

Year	Real Property		Public Utility Property		Tangible Personal Property		Total		
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
2001	\$364,409,810	\$1,041,170,886	\$9,589,030	\$10,896,625	\$14,537,028	\$58,148,112	\$388,535,868	\$1,110,215,623	35.00%
2000	364,107,910	1,040,308,314	12,641,420	14,365,250	14,599,814	58,399,256	391,349,144	1,113,072,820	35.16
1999	330,695,520	944,844,343	12,846,360	14,598,136	14,200,467	56,801,868	357,742,347	1,016,244,347	35.20
1998	329,920,160	942,629,029	13,848,620	15,737,068	13,872,483	55,489,932	357,641,263	1,013,856,029	35.28
1997	329,370,380	941,058,229	13,965,180	15,869,523	13,414,431	53,657,724	356,749,991	1,010,585,476	35.30
1996	307,355,840	878,159,500	14,506,220	16,484,340	11,824,270	47,297,080	333,686,330	941,940,920	35.43
1995	307,665,010	876,117,200	15,572,380	16,955,250	10,011,555	46,508,124	333,248,945	939,580,574	35.47
1994	268,032,450	765,807,000	16,142,500	18,343,750	10,149,494	40,957,976	294,324,444	825,108,726	35.67
1993	267,787,150	765,106,143	15,598,150	17,725,170	9,604,730	38,418,920	292,990,030	821,250,233	35.68
1992	268,408,090	766,880,257	15,881,260	18,046,886	10,452,381	40,201,465	294,741,731	825,128,608	35.72

Source: Cuyahoga County Auditor

(1) This amount is calculated by dividing the assessed value by the assessment percentage. The percentages for 2001 were 35 percent for all real property, 35 percent for public utility real, 88 percent for public utility tangible, and 25 percent for tangible personal.

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

Year	General Fund	Special Funds (1)	Debt Service	Capital Projects	Total Levy	South Euclid/ Lyndhurst School Districts	Cuyahoga County Commissioner	Special (2) Taxing Districts	Total Tax Levy
2001	\$10.00	\$0.60	\$1.40	\$3.00	\$15.00	\$89.80	\$11.72	\$5.88	\$122.40
2000	10.00	0.60	1.40	3.00	15.00	81.90	11.72	5.88	114.50
1999	10.00	0.60	1.50	3.00	15.10	82.10	10.82	5.88	113.90
1998	10.00	0.60	1.60	3.00	15.20	82.10	10.82	5.88	114.00
1997	10.00	0.60	1.90	3.00	15.50	75.20	16.60	1.40	108.70
1996	10.00	0.60	1.90	3.00	15.50	75.00	12.12	5.88	108.50
1995	10.00	0.60	1.90	3.00	15.50	75.00	16.60	1.40	108.50
1994	10.00	0.60	1.90	3.00	15.50	75.20	12.32	5.88	108.90
1993	10.00	0.60	2.20	3.00	15.80	67.80	12.32	5.48	101.40
1992	10.00	0.60	2.10	3.00	15.70	67.90	12.32	5.48	101.40

(1) Police and Fire Pension Special Revenue Funds

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

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Special Assessments Billed and Collected

Last Ten Years

Year	City Assessments (a)				County Assessments (b)						Total Assessments Collected
	Special Assessments Billed	Special Assessments Collected	Special Assessments Certified	Special Assessments Billings	Service Assessments		Collections Debt Service Assessments		Amount Delinquent	Percentage of Collections to Amount Billed	
					Assessments	Total	Assessments	Assessments			
2001	\$56,938	\$44,494	\$12,444	\$2,772,104	\$2,700,931	\$73,089	\$2,774,020	\$37,968	100.07%	\$2,818,514	
2000	27,620	13,383	14,237	2,014,660	1,782,569	73,086	1,855,655	39,724	92.11	1,869,038	
1999	148,581	99,393	49,188	1,816,080	1,902,485	70,817	1,973,302	44,307	108.66	2,072,695	
1998	146,080	108,902	37,178	1,847,242	1,912,816	64,204	1,977,020	33,363	107.03	2,085,922	
1997	116,453	28,313	88,140	975,436	805,750	193,292	999,042	71,943	102.42	1,027,355	
1996	186,953	79,075	107,878	904,833	824,537	74,853	899,390	57,045	99.40	978,465	
1995	10,527	9,248	1,279	757,720	835,070	78,276	913,346	0	120.54	922,594	
1994	10,497	8,844	1,653	696,058	671,735	42,396	714,131	0	102.60	722,975	
1993	10,467	7,593	2,874	619,931	611,762	18,583	630,345	0	101.68	637,938	
1992	13,311	8,014	5,297	628,453	577,079	17,149	594,228	34,225	94.55	602,242	

Source: Cuyahoga County Auditor

(a) The City initially bills all special assessments except the sewer rental and rehabilitation, street lighting assessments and flood control. The individual or business is given 30 days to pay the assessment in full. If it is not paid at that time, it is certified by the County Auditor for collection.

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

City of South Euclid, Ohio
Computation of Legal Debt Margin
December 31, 2001

<hr/> <hr/>	
Total assessed valuation	\$388,535,868
Overall debt limitation - 10.5% of assessed valuation	40,796,266
Gross indebtedness	10,538,889
Less debt outside limitation:	<u>1,203,895</u>
Debt within 10.5% limitation	9,334,994
Less amount available in debt service fund (1)	<u>373,139</u>
Net debt within 10.5% limitation	<u>8,961,855</u>
Overall debt margin within 10.5% limitation	<u><u>\$31,834,411</u></u>
Unvoted debt limitation - 5.5% of assessed valuation	\$21,369,473
Gross indebtedness	10,538,889
Less debt outside limitation:	
Special Assessment Debt	485,000
Voted General Obligation Bonds	3,542,458
OPWC Loans	<u>718,895</u>
Debt within 5.5% limitation	5,792,536
Less amount available in debt service fund (1)	<u>373,139</u>
Net debt within 5.5% limitation	<u>5,419,397</u>
Unvoted debt margin within 5.5% limitation	<u><u>\$15,950,076</u></u>

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

Source: City of South Euclid

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

Year	Net General Bonded Debt (1)	Assessed Value	Population (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2001	\$3,169,319	\$388,535,868	23,537	0.82%	\$134.65
2000	3,512,718	391,349,144	23,537	0.90	149.24
1999	3,811,062	357,742,347	23,866	1.07	159.69
1998	4,126,860	357,641,263	23,866	1.15	172.92
1997	4,445,470	356,749,991	23,866	1.25	186.27
1996	4,738,513	333,686,330	23,866	1.42	198.55
1995	5,014,135	333,248,945	23,866	1.50	210.10
1994	5,277,804	294,324,444	23,866	1.79	221.14
1993	5,467,392	292,990,030	23,866	1.87	229.09
1992	5,782,325	294,741,731	23,866	1.96	242.28

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Debt Service on General Obligation Bonded Debt</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
2001	\$365,000	\$159,680	\$524,680	\$11,329,440	4.63%
2000	340,000	173,280	513,280	11,452,226	4.48
1999	330,000	186,480	516,480	11,201,263	4.61
1998	275,000	58,147	333,147	9,466,156	3.52
1997	290,000	341,036	631,036	9,945,683	6.34
1996	265,000	355,640	620,640	9,347,075	6.64
1995	255,000	369,778	624,778	8,848,352	7.06
1994	240,000	383,570	623,570	8,390,394	7.43
1993	230,000	395,063	625,063	8,300,575	7.53
1992	215,000	406,125	621,125	8,195,982	7.58

Source: City of South Euclid

City of South Euclid, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2001

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable To County (2)</u>	<u>Amount Applicable to City of South Euclid</u>
Direct:			
City of South Euclid	<u>\$3,169,319</u>	<u>100.00%</u>	<u>\$3,169,319</u>
Overlapping:			
South Euclid-Lyndhurst City School District	14,155,000	93.48	13,232,094
Cuyahoga County	216,544,636	1.35	2,923,353
Regional Transit Authority	<u>123,915,000</u>	1.35	<u>1,672,853</u>
Total Overlapping	<u>354,614,636</u>		<u>17,828,300</u>
Totals	<u><u>\$357,783,955</u></u>		<u><u>\$20,997,619</u></u>

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

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

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>
2001	23,537	\$16,114	4,452	4.6%
2000	23,537	16,114	4,482	4.2
1999	23,866	16,114	4,429	4.5
1998	23,866	16,114	4,344	4.5
1997	23,866	16,114	4,310	4.5
1996	23,866	16,114	4,412	5.0
1995	23,866	16,114	4,407	5.0
1994	23,866	16,114	4,397	5.8
1993	23,866	16,114	4,374	6.8
1992	23,866	13,740	4,314	6.6

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

(2) South Euclid-Lyndhurst City School District

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

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

Year	Real Property Value			Residential		Commercial		Domestic Bank Deposits in County (3)
	Agricultural/Residential	Commercial/Industrial	Total Value	Number of Units	Construction Value (2)	Number of Units	Construction Value (2)	
2001	\$319,288,080	\$45,121,730	\$364,409,810	998	\$4,801,228	53	\$3,587,727	\$63,893,769
2000	319,352,660	44,755,250	364,107,910	932	5,722,513	55	14,987,775	61,942,764
1999	288,880,180	41,815,340	330,695,520	879	4,304,043	38	8,761,551	57,816,942
1998	289,000,640	40,919,520	329,920,160	538	2,769,050	24	9,453,040	58,904,596
1997	288,910,160	40,460,220	329,370,380	553	2,838,548	27	692,821	53,941,971 (a)
1996	269,604,910	37,750,930	307,355,840	511	2,200,696	38	1,023,797	27,068,211
1995	269,540,490	38,124,520	307,665,010	430	1,924,560	47	1,150,181	22,458,573
1994	231,366,400	36,666,050	268,032,450	538	2,587,405	53	1,459,536	20,885,453
1993	231,311,810	36,475,340	267,787,150	415	2,045,507	38	1,473,350	21,009,421
1992	231,283,710	37,124,380	268,408,090	440	2,251,589	27	1,148,800	19,379,280

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

Sources: (1) Cuyahoga County Auditor

(2) City of South Euclid Building Department

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

City of South Euclid, Ohio
Principal Property Taxpayers
December 31, 2001

Taxpayers	Type of Business	Real Estate Assessed Valuation	Tangible Personal Property Assessed Valuation	Total Assessed Valuation	Percent of Total City Assessed Valuation
University Suburban Health Care	Health Center	\$5,743,190	\$0	\$5,743,190	1.48%
Cleveland Electric Illuminating	Utility	156,280	4,652,980	4,809,260	1.24
Ohio Bell Telephone	Utility	598,260	3,048,220	3,646,480	0.94
Glastic Corporation	Manufacturing	952,000	2,088,790	3,040,790	0.78
Giant Eagle	Food Store Property	2,339,580	483,860	2,823,440	0.73
Transdeigm	Manufacturing	0	2,417,610	2,417,610	0.62
Greenberg Trustees	Shopping Center	1,889,980	0	1,889,980	0.49
Walgreens	Shopping Center	765,420	747,220	1,512,640	0.39
B. W. S. Properties	Shopping Center	578,830	881,130	1,459,960	0.38
Cablevision	Communications	0	1,021,480	1,021,480	0.26
<i>Total Top Ten Taxpayers</i>		<u>\$13,023,540</u>	<u>\$15,341,290</u>	<u>\$28,364,830</u>	

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Miscellaneous Statistics

December 31, 2001

Date of Incorporation:	June 1941	Education: South Euclid-Lyndhurst City	
Effective Date of Charter:	November 3, 1953	School District	
Form of Government:	Mayor/Council	Elementary Schools	6
Area:	4.57 Sq. Miles	Upper Elementary Schools	1
Miles of Streets:	61.49 Miles	Secondary Schools	2
Number of Street Lights:	2,282	Number of Teachers	
Number of Traffic Signs:	3,545	Elementary Instructors	100
Number of Traffic Lights:	47	Secondary Instructors	<u>139</u>
Miles of Sanitary Sewers:	56.46 Miles	Total Teachers	239
Miles of Storm Sewers:	56.02 Miles	Number of Teachers with	
Miles of Water Distribution:	60.56 Miles	Master's degree or Above	140
Fire Protection:		2000/01 Student Enrollment	
Number of Stations	1	Elementary Enrollment	2,241
Number of Firemen and Officers	32	Secondary Enrollment	<u>2,211</u>
Number of Paramedics	20	Total Enrollment	4,452
Hours of Training	3,932	Teacher/Student Ratio	1 to 18.6
Number of Alarms	2,761	Recreation and Culture:	
Total Fire Loss	\$614,800	Number of Parks	3
Police Protection		Number of Playgrounds	2
Number of Stations	1	Number of Swimming Pools	3
Number of Policemen and Officers	38	Number of Tennis Courts	8
Number of School Guards	18	Number of Community Centers	1
Hours of Training	2,200	Acreage of Parks	39.411
Persons Arrested	776	Public Libraries	1
Traffic Violations	4,492	Public Transportation:	
Parking Violations - Arrest	5,171	Cuyahoga Regional Transit Authority	
City Employees			
Number of Full Time Employees	57		
Number of Part Time Employees	45		
Number of Seasonal Part Time Employees	121		

Municipal Water Department: Served by the City of Cleveland



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF SOUTH EUCLID

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 9, 2002**