

City of Lakewood, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

Issued by the Department of Finance

Glenda J. Blasko, CPA, Director of Finance



**Auditor of State
Betty Montgomery**

Honorable Mayor Cain and
Members of City Council
City of Lakewood
12650 Detroit Avenue
Lakewood, OH 44107

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

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 24, 2003

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Introductory Section

CITY OF LAKEWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2002

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CITY OF LAKEWOOD, OHIO

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

DECEMBER 31, 2002

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lakewood,
Ohio**

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

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



William Robert Hartz

President

Jeffrey R. Emer

Executive Director



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MADLINE A. CAIN
MAYOR

June 2, 2003

To: City Council, and the Citizens of the
City of Lakewood, Ohio:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Lakewood for the year ended December 31, 2002. This report presents comprehensive financial and operating information relating to the City's activities during 2002. The responsibility for the accuracy of all data presented, its completeness and fairness of presentation, rests with the City of Lakewood, and specifically, the Department of Finance. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and the results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

The CAFR is arranged in three sections:

- * **Introductory Section** contains the table of contents, a list of principal City officials, an organizational chart, and this transmittal letter.
- * **Financial Section** includes the Report of Independent Accountants; the general purpose financial statements, the notes to these financial statements; and more detailed combining and individual fund and account group statements and schedules.

- * **Statistical Section** includes select financial, economic and demographic information about the City, which may be used to indicate trends for comparative fiscal periods.

The Reporting Entity

In evaluating the definition of the governmental reporting entity, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*." The City's financial statements include all organizations, activities, and component units for which the City (primary government) is financially accountable. Financial accountability is defined as the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The City's financial reporting entity includes all funds, account groups, agencies, boards and commissions that are part of the primary government, including: police and fire protection; waste collection; water and sewer service; street maintenance; street construction; cultural activities; health; community development and planning; and parks and recreation facilities. The City also offers extensive services for its youth, families, and senior citizens.

The following entities are affiliated organizations of the City of Lakewood; however the City is not financially accountable for these entities. Therefore, these entities have been excluded from the financial reporting entity.

- Lakewood Hospital, a full service, short-term, acute care general hospital, is located in the center of the City. Lakewood Hospital employs approximately 1,418 people making it the largest employer within the City. In 2002 Lakewood Hospital had 12,453 admissions, 7,164 surgeries, 107,380 repeat outpatients and approximately 36,449 emergency room visits.
- The Board of Education of the Lakewood City School District is a separate political subdivision of the State, the territorial boundaries of which are coterminous with the City limits. The Lakewood Board of Education provides public education for grades 1 through 12 and is the second largest employer within the City employing approximately 1,233 employees.

City of Lakewood

Lakewood is located along the shores of Lake Erie, five miles west of downtown Cleveland and enjoys close proximity to major cultural, educational and medical facilities in Northeastern Ohio. In addition to the City's of Lakewood's superior recreational facilities which include fourteen parks, playgrounds, pools and world renowned indoor ice arena, residents are able to embrace facilities such as the Cleveland waterfront area including the

recreational/entertainment area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum and the new Cleveland Browns Stadium. The City also abuts the Cuyahoga County Metroparks-Rocky River Reservation which provides even more recreational facilities including horseback riding, walking, hiking and biking trails. This close proximity to Cleveland also provides close access to the University Circle area of Cleveland. University Circle is the home to major cultural, educational and medical facilities including Severance Hall, the home of the world-renown Cleveland Orchestra, the Cleveland Museum of Art, Case Western Reserve University, University Hospitals of Cleveland and the Cleveland Clinic, both world-renowned medical research, teaching and treatment facilities.

Lakewood is recognized for its tree-lined streets, excellent school and outstanding city services exemplified by its back yard garbage collection program. The City's 5.6 square miles are comprised primarily of a vintage residential community offering diversity in housing from modest single family homes and apartments to luxury "Gold Coast" condominiums and homes of distinct architectural design located within a national historic district. Single-family structures comprise 78% of the housing stock. The 2000 U.S. Census shows the population to be 56,646, making it the 14th largest city in Ohio.

The City operates under a City Charter that provides for a Mayor/Council form of government. Legislative authority is vested in a seven member council (three at-large and one for each of four wards in the City). Council members are elected for a four year term. The Council sets compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriations and indebtedness, licensing of regulated trades, and other municipal purposes. The City's Chief Executive Officer is the Mayor, who is elected by the voters for a four-year term.

Economic Condition and Outlook

Despite a continued slowing of the national economy, Lakewood's financial position continues to strengthen. The City's strong management, conservative budgeting practices and increasing reserves were instrumental in the City obtaining an upgrade by Moody's Investors Service from an Aa3 rating to an Aa2 rating in April 2003. The City's bond rating is considered very favorable especially when it is compared to other Ohio municipalities. Moody's, as of May 2003, rated approximately 6 of 165 Ohio cities higher than the City of Lakewood.

The City's income tax revenue stream can best be described as steadily growing with no major upturns or downturns due to the makeup and diversity of its employers within the City. The City's top three employers (Lakewood Hospital, Lakewood Board of Education and the City of Lakewood) are considered recession proof and comprise 24.5% of the City's total withholding income tax. On an annual budget basis municipal income tax collections totaled:

Income Tax

<u>Year</u>	<u>Collections</u>
1998	\$14,643,658
1999	\$15,230,142
2000	\$15,618,585
2001	\$16,826,108
2002	\$16,824,669

Likewise, the value of real property in Lakewood has risen steadily. The County Auditor reappraised properties in Lakewood in 2000 as part of a sexennial reappraisal mandated by the State of Ohio with an update scheduled for 2003. The average residential fair market value of a Lakewood property rose 15.0%. This increase is greater than the County-wide increase of 13.1%. The current levy, which will be collected in 2003, is based on a total assessed valuation of \$804,897,929.

With a light industrial and moderate commercial economic base, Lakewood is characterized overall by above-average wealth and income levels. Lakewood is home to over 1,100 businesses and agencies that employ over 31,000 people. Downtown Lakewood continues to remain a competitive location for office tenants seeking an attractive urban setting, offering office space with retail and service amenities within convenient walking distance. The City is again proud of the 94% commercial property occupancy rate that continues to exceed the Cuyahoga County average retail occupancy rate of 91% as reported by CB Richard Ellis.

Demographic trends in Lakewood, as reflected in the 2000 U.S. Census, continue to be strong. The overall population is relatively young (median age 34.2) and has experienced strong positive growth in professional and managerial occupations, educational attainment and median family income. Over 69% of the employed civilian population are employed in management, professional, sales and office occupations and over 60% of the population age 25 and over have some type of advanced education. Lakewood's wealth statistics continue to exceed the County and State averages. Median family income increased 43% and Per Capita income increased 47.3% from the 1990-2000 U.S. Census.

The unemployment rate for Lakewood residents is consistently below the county, state and national level. Comparative unemployment rates are shown below:

	<u>February 2001</u>	<u>February 2002</u>	<u>February 2003</u>
City	2.7%	4.3%	4.5%
County	4.2%	6.7%	7.0%
State	4.3%	5.9%	6.7%
Nation	4.6%	6.1%	6.4%

Another key indicator of Lakewood's continuing economic strength is the investment activity in its residential and commercial construction, as measured by the construction value of building permits issued. The following table shows the number of building permits issued by the City during the period from 1996 through 2002 and the estimated cost of new construction, alterations, and repairs authorized:

<u>Year</u>	<u>Number of Building Permits Issued</u>	<u>Estimated Construction Value</u>
1996	3,547	\$13,657,463
1997	3,622	12,507,996
1998	3,807	18,734,237
1999	3,266	17,017,253
2000	3,333	18,536,173
2001	3,449	24,495,279
2002	3,401	19,146,896

The 2002 building permit data indicates that \$7.7 million in private dollars were directly invested in the maintenance and improvement of residential properties, this reflects a consistent trend by property owners to re-invest in their homes. Home prices range from approximately \$75,000 to well over \$1 million reflecting the diverse housing stock available. Overall, business owners invested \$11.5 million in the year 2002 in new construction and alterations to commercial properties.

In mature, first-ring suburbs like Lakewood, it is essential that City government play a major role in development activities and forge important public-private partnerships to encourage and facilitate continued private investment in our community. The City's business philosophy is based around the concept of "partnership and leveraging"- that is the City should do its best to partner with the business community and all levels of government to leverage the public resources available to us with the private investment in our community. The City was very successful in partnership and leveraging in 2002 as demonstrated by the following:

- Commercial Property Revitalization (CPR) Program –Provides commercial property owners and tenants with architectural and financial assistance for facade design, signage and streetscape improvements. Overall, for every \$1 dollar of public assistance through the CPR Program, the 2002 CPR renovation projects generated over \$7 dollars of private investment.

<i>2002 Projects Assisted by the CPR Program</i>	
First Federal Savings & Loan of Lakewood	Private investment \$1Million
Geiger's Clothing & Sports	Private investment \$150,000
Angelo's Pizza	Private investment \$100,000
Sullivan's Irish Pub & Restaurant	Private investment \$75,000
Madison Eye Care	Private investment \$60,000
Liquid Planet	Private investment \$15,000

- Economic Development Fund (EDF) Program - Provides loans to businesses for a number of activities, including, but not limited to, building acquisition or expansion. One of the main priorities of the EDF is to “upgrade the industrial and commercial building stock in Lakewood.” Overall, for every \$1 dollar in public assistance provided through the EDF program, over \$5 dollars of private investment was generated.

<i>2002 Projects Assisted by the EDF program</i>	
Lakewood Vision Center	Private investment \$ 80,000
Optimal Health Chiropractic Clinic	Private investment \$ 700,000
Virginia Marti College of Fashion and Art	Private investment \$1,750,000

The City is currently implementing the following projects:

- Hinkey Lighting – private investment of \$2 Million
- Winking Lizard Tavern and Restaurant – private investment of \$1 Million
- International House of Pancakes (IHOP)- private investment of \$560,000
- Shops at West End - \$151 Million mixed use development
 Envisioned as a community gathering place where people can dine, shop, work and live, the proposed West End project includes streetside shops, restaurants, a theater and bookstore and new housing with views of the “Emerald Necklace” Metropark system, the Rocky River and Lake Erie. The proposed development will include:
 - A full-scale bookstore;
 - A movie theater;
 - A wide variety of family and fine dining restaurants;
 - Diversity of local, regional and national fashion and home furnishing retailers, some unique to the Cleveland market; and
 - A minimum of 200 new housing units to attract and keep young professionals and empty nesters in Lakewood.

Also, the City of Lakewood is very proud of the Lakewood Library being ranked number one in the nation. Our library topped the list of 523 public libraries in the United States serving populations of 50,000-99,999 (2000 Census) in Hennen’s American Public Library Ratings, 2002.

Major Initiatives

The City's 2002 operating budget focused on providing high quality services to residents and businesses. The budget provided funding for numerous programs that enhance the safety of the City's neighborhoods and strengthen the community. These projects provided for the continuous delivery of services and operations through the year while also improving the operational efficiency of numerous departments and divisions.

The major components of the 2002 capital improvement plan included major investments in our neighborhoods with over \$4 Million in street reconstruction and deep grind and overlay and \$3.6 Million in water and sewer improvements. The capital improvement plan also included a major renovation of the refuse facility as well as improvements to other various public buildings, improvements to various municipal properties including playgrounds and parks, and the acquisition of vehicles and equipment for various departments throughout the City.

The City has aggressively and successfully captured over \$9 million in State of Ohio Issue 2 infrastructure grants and zero-interest loans since 1997 as indicated below:

<i>OPWC Grants and Zero – Interest Loans Awarded to the City of Lakewood</i>	
Madison Avenue	\$ 650,000
Watermain	704,000
Debt Support for 1995 Water System	133,650
Forest Rd. & Clifton Rd. Reconstruction	616,000
1997 Water Main Replacement	1,349,700
1998 Water Main Replacement	2,108,906
West Clifton Storm Sewer Rehabilitation	115,101
Loan Assistance Belle Avenue	57,000
Edgewater Drive Sewer	654,057
2000 Water Main Replacement	1,193,831
Loan Assistance Narragansette	58,375
Lakewood Heights Blvd Reconstruction	232,560
Loan Assistance for Street Reconstruction	62,059
2001 Watermain Replacement	1,800,000
Total	\$9,735,239

The City was also awarded a \$600,000 zero interest loan from the Ohio Public Works Commission for the 2003 Belle Avenue project.

The City of Lakewood is very proud of its' safety forces. The Division of Fire is dedicated to protect and safeguard life and property from fire or hazardous conditions and to provide emergency medical treatment to those in need. The Division accomplishes this through a rapid response of well-trained and equipped personnel from its three fire stations strategically located throughout the City. However, before an alarm is even received, the protection of life and property is undertaken through an aggressive Fire Prevention and Inspection Bureau, which oversees fire code enforcement and fire safety education in the schools. In addition, utilizing trained emergency medical dispatchers enhances emergency medical response. The Division of Fire continues oversight and training of on-site personnel for the Lakewood Start - A-Heart Automatic External Defibrillation (AED) Program. This is one of the first community accessible AED programs, in which AED's are deployed at 11 public sites throughout the community for rapid response to heart attack victims. The Division of Fire has a proud tradition of community service. Also, 2002 marked the third full year of City-operated emergency medical service, which was previously operated by Lakewood Hospital. Prior to October 1999, the City reimbursed the Hospital for emergency medical services. The total of this reimbursement ranged from \$400,000 to \$550,000 in City dollars annually. In October of 1999, the City of Lakewood Division of Fire absorbed the Lakewood Hospital EMS program, added an additional advanced life support EMS squad and doubled the number of trained emergency medical responders. This change has increased the level of services that the City provides and also reflects a cash saving to the City's general fund by approximately \$879,000 since the inception of the operation.

The Lakewood Police Department's mission is to preserve the peace and protect the lives and property of the citizens of Lakewood. However, the Lakewood Police Department is not limited to the basic mission, it also reaches out and works with the citizens of the community to make Lakewood a safer community to live in. The Lakewood Police Department in 2002 hired a full time Youth Outreach Worker to intervene in crisis situations with all the youth of the community to assist them in times of need. The department also has two full time Youth Resource Officers assigned to the Lakewood High School to work with the students to address their needs and be positive role models. The Lakewood Police Department continues to work very closely with the Lakewood Division of Youth in addressing concerns of families and specifically youth of the community. Community is an important facet of life in Lakewood and the Lakewood Police Department continues to be an active and proud member of the community.

The City continues to use Community Development Block Grant (CDBG) funds to benefit the diverse community of Lakewood. In 2002 CDBG funds were used to continue the Project Pride and Operation Paintbrush programs. Project Pride funds the inspection of all one family, two family, three family and retail/mercantile occupancies located in the improvement target areas and low/moderate income areas. The Operation Paintbrush program provides free paint and labor to paint the exterior of very low income, owner occupied Lakewood residences. These two programs, as well as many other initiatives to serve the needs of the entire community from early childhood programs to programs provided through the Division of Aging, improve the quality of life of Lakewood residents.

The City has been awarded several additional grants from various sources to offset the costs of other endeavors benefiting the community. In 2002, the City was awarded the “Recycle Ohio!” grant to implement solid waste reduction, recycling, recycling market development and litter prevention programs. The receipt of these grant funds resulted in the City achieving an “A” rating by Cuyahoga County for a reduction of solid waste by 25%. Grant funds received from the Local Law Enforcement Block Grant were used to purchase equipment for the Police Department.

In addition to grant funded programs, the City’s operating budget included funding for other projects that improve the quality of life of our citizens. The Department of Human Services has developed the H2O (Help to Others) initiative, a community-based youth volunteer program which encourages the participation of Lakewood’s youth in addressing community needs. The participants assist in recycling activities, meal distribution programs, visiting senior citizens and planning numerous events.

Financial Information

Management of the City of Lakewood is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

The City of Lakewood, as a recipient of federal financial assistance, is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the United States Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations.*” The Single Audit includes the Schedule of Federal Awards Expenditures, findings and recommendations, and the auditor’s reports on internal control structure and compliance with applicable laws and regulations. As a part of Lakewood’s single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs.

The results of the City’s single audit for the fiscal year ended December 31, 2002 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The Single Audit report is separate from this comprehensive annual financial report and is available from the City.

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. On or before the fifteenth day of November in each year, the Mayor, Director of Public Works and Director of Finance shall submit an appropriation budget to Council.

The Council must adopt a permanent appropriation measure for the fiscal year by April 1. Additionally, the Cuyahoga County Auditor must certify that the City's appropriation measure does not exceed the amounts set forth in the County Budget Commission's Certificate of Estimated Resources.

The City's budget is legally adopted and controlled on a budget basis; therefore, the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) reports actual cash revenues and expenditures (including encumbrances) compared to budgeted amounts. The City maintains budgetary control on a non-GAAP basis at the fund level. Estimated expenditure amounts are encumbered prior to the release of a purchase order to vendors or the finalization of other contracts. Encumbrances which would exceed available fund budget levels are not approved until the City Council approves additional appropriations. Any encumbrances that remain open at the end of the year are reported as a reserve of fund balance. Unencumbered appropriations lapse at year-end.

In addition to the budgetary controls noted above, City ordinances require that all professional service contracts in excess of \$5,000 be authorized by City Council. All contracts in excess of \$7,500 must be authorized by Council and approved by the Board of Control comprised of the Mayor, and the Directors of the Law Department, the Finance Department, and the Public Works Department.

Accounting System

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The types of funds utilized are defined by generally accepted accounting principles. The City maintains separate funds for those required by law and for sound financial administration.

Governmental Funds

The following schedule presents a summary of Governmental Fund revenues on a GAAP basis, including the increases (decreases) over the prior year, as restated, for the year ended December 31, 2002:

2002 GAAP BASIS REVENUES All Governmental Funds

	2002 Actual	Percent of Total	2001 Actual	Percent of Total	Percent Increase (Decrease)
Revenues					
Taxes	\$ 27,936,619	58.79%	\$ 29,200,745	62.57%	-4.33%
Licenses and permits	698,661	1.47%	765,485	1.64%	-8.73%
Intergovernmental	12,821,281	26.98%	11,344,560	24.31%	13.02%
Charges for service	2,684,835	5.65%	2,584,971	5.54%	3.86%
Fines and forfeits	1,235,195	2.60%	1,163,004	2.49%	6.21%
Special assessments	167,359	0.35%	115,561	0.25%	44.82%
Interest	839,181	1.77%	1,166,804	2.50%	-28.08%
Miscellaneous	1,137,725	2.39%	325,033	0.70%	250.03%
Total revenues	<u>\$ 47,520,856</u>	<u>100.00%</u>	<u>\$ 46,666,163</u>	<u>100.00%</u>	

The largest source of revenue was derived from taxes. Tax revenues are comprised of Municipal Income Tax, Property Tax, and Gasoline Tax (recorded exclusively in the Special Revenue Funds). The City's income tax rate of 1.5% has remained the same since 1981. The City possesses the lowest income tax rate in Cuyahoga County of the ten cities with a population of over 30,000. The City's rate of 1.5% and Shaker Heights rate of 1.75% are the only cities whose rate is not at the 2.0% level or above. The actual income tax collections for the year 2002 were as follows:

Individual	\$ 9,539,883	56.70%
Net Profit	359,199	2.14%
Withholding	<u>6,925,587</u>	<u>41.16%</u>
	<u>\$ 16,824,669</u>	<u>100.00%</u>

Estate tax revenue increased approximately \$189,000. Over the last five years, the estate tax revenue has averaged \$1.2 million. The amount of estate tax received for the year 2002 was \$1.77 million. This increase is attributed to the change in the distribution of estate tax for local governments from 64% to 70% in 2001. The distribution to local governments increased in 2002 to 80% to help offset the increase in the taxable estate threshold from \$25,000 to \$200,000 in 2001. The taxable threshold for estates moved to \$338,000 in 2002.

The following schedule presents a summary of Governmental Fund expenditures on a GAAP basis, including the increases (decreases) over the prior year, for the year ended December 31, 2002:

All Governmental Funds

	2002 Actual	Percent of Total	2001 Actual	Percent of Total	Percent Increase (Decrease)
Expenditures					
Public safety	\$ 17,408,734	35.53%	\$ 21,757,271	40.30%	-19.99%
Health	3,137,717	6.41%	3,074,905	5.70%	2.04%
Culture and recreation	1,904,606	3.89%	1,869,277	3.46%	1.89%
Community environment	6,420,753	13.11%	5,519,228	10.22%	16.33%
Sanitation	4,172,822	8.52%	3,840,908	7.11%	8.64%
Highways and streets	1,912,861	3.91%	2,252,170	4.17%	-15.07%
General government	7,132,996	14.57%	6,137,933	11.37%	16.21%
Capital outlay	3,510,525	7.17%	3,810,178	7.06%	-7.86%
Principal retirement	1,737,223	3.55%	4,230,000	7.84%	-58.93%
Interest and fiscal charges	1,633,780	3.34%	1,494,977	2.77%	9.28%
Total expenditures	<u>\$ 48,972,017</u>	<u>100.00%</u>	<u>\$ 53,986,847</u>	<u>100.00%</u>	

The 2002 decrease in expenditure as compared to 2001 is primarily a result of the paydown of the accrued liability for the police and fire pensions. The City issued bonds to retire the City's accrued liability of \$7,553,295 owed to the Police and Firemen's Disability and Pension Fund (PFDPF). The accrued liability for the City was initiated in 1966 and established payments to the PFDPF amounting to \$419,364 until the year 2035. The PFDPF offered municipalities the ability to fully retire the accrued liability by paying a lump sum equal to 72.5% of the remaining liability. The City issued bonds on May 1, 2001 to finance the accrued liability in the amount of \$5,250,000.

General Fund The General Fund GAAP basis fund balance for the year ended December 31, 2002 totaled \$8,702,237. This balance reflects the City's goal of providing excellent City services while maintaining an adequate fund balance to insulate the City from an economic downturn or fiscal emergency.

Special Revenue Funds The Special Revenue Funds reflect revenues of \$10.8 million dollars and net other financing sources of \$1.3 million in 2001. Expenditures and other financing uses totaled \$11.9 million. In 2001, revenues and other financing sources totaled \$10.2 million and expenditures and other financing uses totaled \$7.8 million.

Debt Service Fund The debt service payments for the City's general obligation bonds are reflected in the Debt Service Fund. The Debt Service Fund receives a portion of property taxes to provide for the City's debt service payments. Special assessments collected for the retirement of debt are also recorded in the Debt Service Fund. A list of the debt serviced by resources available in the Debt Service Fund is reflected in Note 10 in the Notes to the Combined Financial Statements.

Capital Projects Funds The Capital Projects Funds account for all major capital improvement projects of the City other than those accounted for in the Proprietary and Special Revenue Fund Types. Approximately \$3.1 million dollars was expended from the Capital Projects Funds to finance improvements and acquisitions in 2002.

The City has developed a five-year capital improvement plan that is updated annually. Revisions to the existing plan are made based on the following criterion: the impact the project has on the preservation of existing City property and facilities; revitalization of Lakewood's neighborhoods; ability to foster economic development; and potential cost savings that will result upon project completion.

Proprietary Funds

Enterprise Funds The City of Lakewood operates five enterprise activities including a water system, a sewer and wastewater system, parking facilities, a congregate living facility, and a nationally recognized ice rink facility.

The Divisions of Water and Wastewater Collection and Wastewater Treatment are responsible for the pumping, distributing and treatment of potable water to all residents of the City of Lakewood in supplies adequate to meet the fire protection, domestic and commercial needs of the community. Operating revenues generated from the water system and the sewer and wastewater system totaled \$12.4 million in 2002, compared to \$12.0 million in 2001.

The Parking Facilities Fund accounts for the revenues collected through parking meters and the costs associated with the collection of coins and maintaining the meters and guardrails located throughout the City. Operating revenues remained consistent with the prior year's collections.

The City assumed the operations of Winterhurst Ice Rink in July 1996 and established an Enterprise Fund to account for the financial activity of the facility. The City has owned this facility since its construction; however, prior to 1996, the Lakewood Board of Education managed and operated the ice rink. The year-end GAAP retained earnings totaled \$25,918.

Internal Service Funds The City of Lakewood elected partial self-insurance for its Workers' Compensation Fund in 1991. Since that time the City has been enrolled in the State of Ohio's Retrospective Rating Plan for workers' compensation. The City pays for actual claims in addition to a minimum premium for stop loss insurance coverage which limits the City's claim liability.

The City of Lakewood maintains an Internal Service Fund to finance the cost of employee hospitalization and medical insurance on a cost reimbursement basis. Of three plans offered, one plan is funded through a minimum premium agreement. According to the terms of this plan, the City is liable for an administrative premium and actual claims up to a stop loss limit. This limit, the City's deposit liability, is determined annually based on claims experience. During 2002, the City's hospitalization costs (as reported on a budget basis) increased by 16%.

Account Groups

General Fixed Assets Account Group The General Fixed Assets of the City of Lakewood are those used in the performance of general government functions, and therefore, exclude the fixed assets of the Enterprise Funds. Infrastructure is not recorded as an asset of the General Fixed Asset Account Group. The General Fixed Assets (in service) have increased from \$37.0 million in 2001 to nearly \$39.4 million in 2002 primarily due to the acquisitions made through the Capital Projects Funds.

General Long-Term Obligation Account Group The General Long Term Obligation Account Group is used to account for the City's long-term debt obligations of its Governmental Fund Types. Principal and interest payments for Enterprise Fund debt is accounted for within the Enterprise Funds.

Cash Management

The City of Lakewood's investment policy includes minimizing credit and market risks, while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or surety bonds, collateralized, or secured by pledged assets consisting of eligible securities with an aggregate market value equal to 110% of the excess of all public deposits that are not insured by the Federal Deposit Insurance Corporation or any other agency or instrumentality of the Federal Government. All collateral on deposits were held by an agent of the financial institution's trust department, but not in the City of Lakewood's name.

The City's investment policy includes the following obligations as eligible investments: obligations of the U.S. government (including bills and notes); obligations of instrumentalities of the U.S. Government; investment in the Ohio State Treasurer's Asset Reserve Fund (STAR Ohio); certificates of deposits with eligible institutions; bonds and other obligations of the State of Ohio; and repurchase agreements with eligible institutions.

Other Information

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City of Lakewood, Ohio has received a Certificate of Achievement for the last 20 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Tree City USA

The City was presented with its 26th consecutive Tree City USA award in 2002. Lakewood has received this award more than any other city in Ohio.

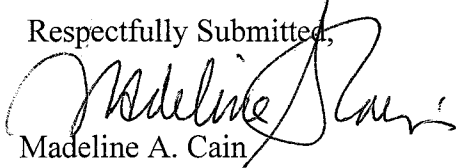
Independent Audit

State statutes require an annual audit by the State Auditors Office or by a designated independent certified public accounting firm. This year's audit was completed by Ciuni and Panichi, Inc., along with Watson, Rice & Company. The City of Lakewood has received an unqualified opinion from Ciuni and Panichi, Inc. for 2002 and the opinion is contained herein.

Acknowledgments

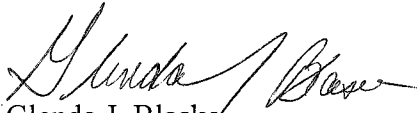
The preparation of this report on a timely basis could not have been accomplished without the dedicated service of the staff of the Department of Finance. We would like to express our appreciation to all staff members who have assisted and contributed in its preparation. We would also like to thank the Members of City Council, for, without their continued support, the Department of Finance could not have continued the financial management practices required to ensure the integrity of the City. Additionally, we express gratitude to Ciuni & Panichi, Inc., along with Watson, Rice & Company, for their efforts and professional conduct throughout the audit engagement.

Respectfully Submitted,



Madeline A. Cain

Mayor



Glenda J. Blasko

Director of Finance

CITY OF LAKEWOOD, OHIO

2002 ELECTED OFFICIALS

DECEMBER 31, 2002

Mayor.....Madeline A. Cain
Municipal Court Judge.....Patrick Carroll
City Council At Large.....Edward FitzGerald
City Council At Large.....Denis P. Dunn
City Council At Large.....Michael Skindell

City Council by Wards:

Ward 1.....Brian T. Corrigan
Ward 2.....Thomas J. George
Ward 3.....Robert M. Seelie, Council President
Ward 4.....Nancy J. Roth

CITY OF LAKEWOOD, OHIO

2002 APPOINTED OFFICIALS

DECEMBER 31, 2002

Office of the Mayor

Executive Assistant to the Mayor Keith Benjamin

Office of Council

Clerk of Council..... Mary Hagan

Municipal Court

Clerk of Courts..... Richard L. Gray
Magistrates..... Thomas O'Malley and Terease Neff

Department of Law

Director of Law Kevin Spellacy

Department of Finance

Director of Finance Glenda J. Blasko

Department of Public Works

Director of Public Works William Boag

Department of Public Safety

Assistant Director of Housing and Building John Gallagher
Chief of Fire Lawrence E. Mroz
Chief of Police Timothy J. Malley

Department of Human Services

Director of Human Services..... Judith E. Carey
Health Commissioner..... Dr. Virginia A. Evans

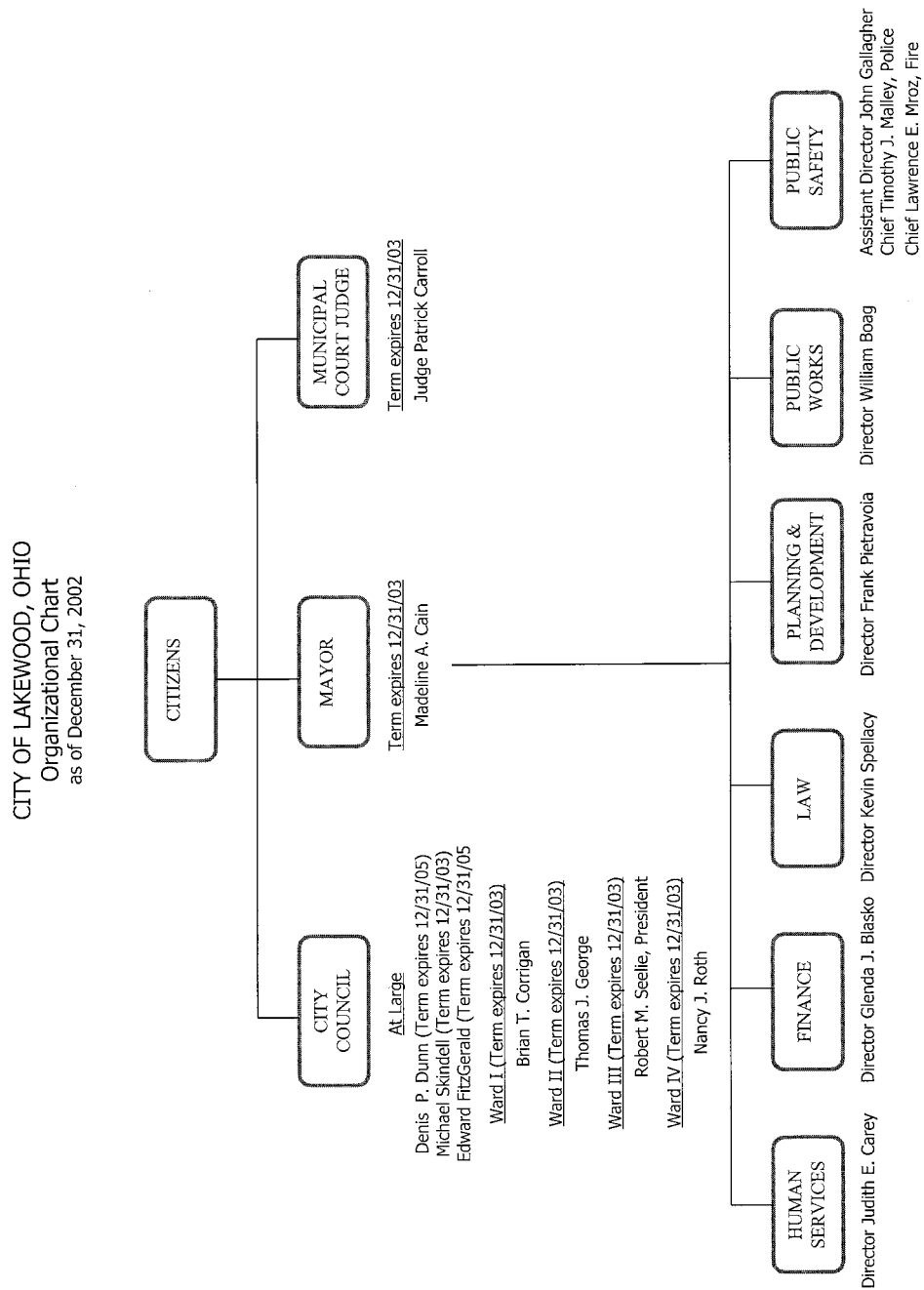
Department of Planning and Community Development

Director of Planning and Development Frank Pietravoia

CITY OF LAKEWOOD, OHIO

ORGANIZATIONAL CHART

AS OF DECEMBER 31, 2002



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Financial Section



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

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Independent Auditor's Report

Members of the City Council
Lakewood, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2003 on our consideration of the City of Lakewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of the City Council
City of Lakewood, Ohio

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

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

Cimini & Panichi, Inc.

Cleveland, Ohio
June 2, 2003

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CITY OF LAKEWOOD, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2002

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS						
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 6,549,087	\$ 4,047,733	\$ 744,953	\$ 2,966,836	\$ 8,342,599	\$ 2,235,808
Cash and investments in segregated account	-	-	-	-	-	-
Receivables:						
Taxes	15,728,205	2,346,358	2,482,272	-	1,430,705	-
Accounts	-	149,343	-	51,144	1,609,723	-
Special assessments	-	-	161,968	44,830	-	-
Loans	-	2,964,927	-	-	-	-
Accrued interest	33,207	666	-	-	42,679	11,440
Other	313,933	18,948	-	-	-	-
Less allowance for doubtful accounts	-	-	-	-	(41,613)	-
Receivables, net	16,075,345	5,480,242	2,644,240	95,974	3,041,494	11,440
Due from other funds	-	-	-	-	-	553,005
Due from other governments	2,584,431	786,100	165,485	-	95,381	-
Prepaid items	223,905	35,470	-	-	-	-
Inventories	103,029	61,444	-	-	373,232	-
Restricted cash	-	-	-	-	1,241,100	-
Deferred bond issuance costs	-	-	-	-	289,142	-
Fixed assets:						
Land and land improvements	-	-	-	-	2,659,166	-
Utility plant in service	-	-	-	-	60,752,262	-
Buildings, structures, and improvements	-	-	-	-	6,281,247	-
Machinery and equipment	-	-	-	-	10,719,734	-
Construction in progress	-	-	-	-	2,902,383	-
Less accumulated depreciation	-	-	-	-	(28,400,634)	-
Fixed assets, net	-	-	-	-	54,914,158	-
<u>Other Debits</u>						
Amount available for retirement of general long-term debt	-	-	-	-	-	-
Amount to be provided for retirement of general long-term obligations:						
Debt	-	-	-	-	-	-
Other obligations	-	-	-	-	-	-
Total assets and other debits	\$ <u>25,535,797</u>	\$ <u>10,410,989</u>	\$ <u>3,554,678</u>	\$ <u>3,062,810</u>	\$ <u>68,297,106</u>	\$ <u>2,800,253</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Agency			
\$ 1,336,189	\$ -	\$ -	\$ 26,223,205
176,796	-	-	176,796
-	-	-	21,987,540
-	-	-	1,810,210
-	-	-	206,798
-	-	-	2,964,927
-	-	-	87,992
-	-	-	332,881
-	-	-	(41,613)
-	-	-	27,348,735
-	-	-	553,005
-	-	-	3,631,397
-	-	-	259,375
-	-	-	537,705
-	-	-	1,241,100
-	-	-	289,142
-	3,266,745	-	5,925,911
-	-	-	60,752,262
-	18,746,585	-	25,027,832
-	17,110,477	-	27,830,211
-	296,028	-	3,198,411
-	-	-	(28,400,634)
-	39,419,835	-	94,333,993
-	-	868,636	868,636
-	-	24,472,764	24,472,764
-	-	4,472,473	4,472,473
\$ <u>1,512,985</u>	\$ <u>39,419,835</u>	\$ <u>29,813,873</u>	\$ <u>184,408,326</u>

Continued

CITY OF LAKEWOOD, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

DECEMBER 31, 2002

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES						
Accounts payable	\$ 323,683	\$ 227,581	\$ -	\$ 227,457	\$ 919,871	\$ 383,735
Due to other funds	408,923	82,185	-	-	61,897	-
Due to other governments	193,492	-	-	-	14,768	-
Accrued wages and benefits	1,482,549	206,064	-	-	324,055	-
Accrued interest	-	-	-	-	170,583	-
Reserve for claims	-	-	-	-	-	2,254,595
Capital lease obligations	-	-	-	-	19,282	-
Other liabilities	-	-	-	-	-	-
Deferred revenue	14,424,913	2,774,218	2,686,042	44,830	1,454,798	-
Debt:						
Loans payable	-	-	-	-	6,161,367	-
Notes payable	-	-	-	5,961,000	3,945,000	-
Special assessment bonds payable with government commitment	-	-	-	-	-	-
General obligation bonds payable net of unamortized deferral on advanced refunding	-	-	-	-	14,268,600	-
Total debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,961,000</u>	<u>24,374,967</u>	<u>-</u>
Total liabilities	<u>16,833,560</u>	<u>3,290,048</u>	<u>2,686,042</u>	<u>6,233,287</u>	<u>27,340,221</u>	<u>2,638,330</u>
EQUITY AND OTHER CREDITS						
Investment in general fixed assets	-	-	-	-	-	-
Contributed capital – City of Lakewood	-	-	-	-	13,923,339	500,000
Retained earnings:						
Unreserved (deficit)	-	-	-	-	27,033,546	(338,077)
Fund balances:						
Reserved for loans receivable	-	2,964,927	-	-	-	-
Reserved for inventories	103,029	61,444	-	-	-	-
Reserved for prepaid items	223,905	35,470	-	-	-	-
Reserved for encumbrances	222,787	369,366	-	1,048,199	-	-
Undesignated and Unreserved (deficit)	8,152,516	3,689,734	868,636	(4,218,676)	-	-
Total fund balances (deficit)	<u>8,702,237</u>	<u>7,120,941</u>	<u>868,636</u>	<u>(3,170,477)</u>	<u>-</u>	<u>-</u>
Total equity and other credits (deficit)	<u>8,702,237</u>	<u>7,120,941</u>	<u>868,636</u>	<u>(3,170,477)</u>	<u>40,956,885</u>	<u>161,923</u>
Total liabilities, equity and other credits	<u>\$ 25,535,797</u>	<u>\$ 10,410,989</u>	<u>\$ 3,554,678</u>	<u>\$ 3,062,810</u>	<u>\$ 68,297,106</u>	<u>\$ 2,800,253</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Trust and Agency			
\$ -	\$ -	\$ -	\$ 2,082,327
-	-	-	553,005
-	-	-	208,260
-	-	3,311,676	5,324,344
-	-	-	170,583
-	-	-	2,254,595
-	-	453,260	472,542
1,512,985	-	-	1,512,985
-	-	-	21,384,801
-	-	707,537	6,868,904
-	-	-	9,906,000
-	-	155,000	155,000
-	-	25,186,400	39,455,000
-	-	26,048,937	56,384,904
1,512,985	-	29,813,873	90,348,346
-	39,419,835	-	39,419,835
-	-	-	14,423,339
-	-	-	26,695,469
-	-	-	2,964,927
-	-	-	164,473
-	-	-	259,375
-	-	-	1,640,352
-	-	-	8,492,210
-	-	-	13,521,337
-	39,419,835	-	94,059,980
\$ <u>1,512,985</u>	\$ <u>39,419,835</u>	\$ <u>29,813,873</u>	\$ <u>184,408,326</u>

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CITY OF LAKEWOOD, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)- ALL GOVERNMENT FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues					
Taxes	\$ 23,095,423	\$ 2,283,004	\$ 2,558,192	\$ -	\$ 27,936,619
Licenses and permits	613,280	85,381	-	-	698,661
Intergovernmental	6,633,137	5,837,959	350,185	-	12,821,281
Charges for services	492,079	2,192,756	-	-	2,684,835
Fines and forfeits	1,148,213	86,982	-	-	1,235,195
Special assessments	1,061	-	35,831	130,467	167,359
Interest	734,965	81,362	22,854	-	839,181
Miscellaneous	757,292	363,290	17,133	10	1,137,725
Total revenues	<u>33,475,450</u>	<u>10,930,734</u>	<u>2,984,195</u>	<u>130,477</u>	<u>47,520,856</u>
Expenditures					
Current:					
Public safety	13,939,068	3,469,666	-	-	17,408,734
Health	734,416	2,403,301	-	-	3,137,717
Culture and recreation	1,904,606	-	-	-	1,904,606
Community environment	2,367,234	4,053,519	-	-	6,420,753
Sanitation	4,172,822	-	-	-	4,172,822
Highways and streets	-	1,912,861	-	-	1,912,861
General government	6,999,534	133,462	-	-	7,132,996
Capital outlay	474,393	-	-	3,036,132	3,510,525
Debt service:					
Principal retirement	-	-	1,697,223	40,000	1,737,223
Interest and fiscal charges	-	-	1,558,745	75,035	1,633,780
Total expenditures	<u>30,592,073</u>	<u>11,972,809</u>	<u>3,255,968</u>	<u>3,151,167</u>	<u>48,972,017</u>
Excess of revenues over (under) expenditures	<u>2,883,377</u>	<u>(1,042,075)</u>	<u>(271,773)</u>	<u>(3,020,690)</u>	<u>(1,451,161)</u>
Other financing sources (uses)					
Capital lease resources	474,393	-	-	-	474,393
Operating transfers, in	5,850	2,053,448	355,545	50,000	2,464,843
Operating transfers, out	(4,616,895)	(862,191)	-	-	(5,479,086)
Net other financing sources (uses)	<u>(4,136,652)</u>	<u>1,191,257</u>	<u>355,545</u>	<u>50,000</u>	<u>(2,539,850)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,253,275)</u>	<u>149,182</u>	<u>83,772</u>	<u>(2,970,690)</u>	<u>(3,991,011)</u>
Fund balances (deficit), January 1, Restated	<u>9,955,512</u>	<u>6,971,759</u>	<u>784,864</u>	<u>(199,787)</u>	<u>17,512,348</u>
Fund balances (deficit), December 31	\$ <u>8,702,237</u>	\$ <u>7,120,941</u>	\$ <u>868,636</u>	\$ <u>(3,170,477)</u>	\$ <u>13,521,337</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$ 23,752,922	\$ 23,053,125	\$ (699,797)	\$ 2,280,096	\$ 2,280,096	\$ -
Licenses and permits	589,999	613,280	23,281	85,381	85,381	-
Intergovernmental	6,548,440	6,720,054	171,614	9,510,729	6,661,193	(2,849,536)
Charges for services	455,908	486,953	31,045	2,131,731	2,141,513	9,782
Fines and forfeits	1,072,725	1,146,413	73,688	126,139	139,146	13,007
Special assessments	-	1,061	1,061	-	-	-
Interest	514,908	788,609	273,701	-	-	-
Miscellaneous	740,180	637,817	(102,363)	421,127	360,839	(60,288)
Total revenues	<u>33,675,082</u>	<u>33,447,312</u>	<u>(227,770)</u>	<u>14,555,203</u>	<u>11,668,168</u>	<u>(2,887,035)</u>
<u>Expenditures</u>						
Current:						
Public safety	13,764,741	12,811,864	952,877	3,896,948	3,579,472	317,476
Health	701,478	638,734	62,744	2,636,049	2,352,022	284,027
Culture and recreation	2,090,472	1,792,638	297,834	-	-	-
Community environment	2,428,400	2,191,232	237,168	6,272,492	3,942,777	2,329,715
Basic Utilities	4,278,867	3,901,937	376,930	-	-	-
Highways and streets	-	-	-	2,268,374	1,844,834	423,540
General government	7,561,629	6,486,875	1,074,754	229,410	116,160	113,250
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>30,825,587</u>	<u>27,823,280</u>	<u>3,002,307</u>	<u>15,303,273</u>	<u>11,835,265</u>	<u>3,468,008</u>
Excess of revenues over (under) expenditures	<u>2,849,495</u>	<u>5,624,032</u>	<u>2,774,537</u>	<u>(748,070)</u>	<u>(167,097)</u>	<u>580,973</u>
<u>Other financing sources (uses)</u>						
Debt Proceeds	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Operating transfers, in	5,364	5850	486	2,080,745	2,053,448	(27,297)
Operating transfers, out	(4,681,312)	(4,616,895)	64,417	(932,947)	(862,191)	70,756
Net other financing sources (uses)	<u>(4,675,948)</u>	<u>(4,611,045)</u>	<u>64,903</u>	<u>1,147,798</u>	<u>1,191,257</u>	<u>43,459</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,826,453)</u>	<u>1,012,987</u>	<u>2,839,440</u>	<u>399,728</u>	<u>1,024,160</u>	<u>624,432</u>
Decertification of prior year encumbrances	-	180,176	180,176	-	244,316	244,316
Fund balances, January 1, restated	<u>5,122,853</u>	<u>5,122,853</u>	<u>-</u>	<u>5,406,801</u>	<u>5,406,801</u>	<u>-</u>
Fund balances, December 31	<u>\$ 3,296,400</u>	<u>\$ 6,316,016</u>	<u>\$ 3,019,616</u>	<u>\$ 5,806,529</u>	<u>\$ 6,675,277</u>	<u>\$ 868,748</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,462,572	\$ 2,488,033	\$ 25,461	\$ -	\$ -	\$ -	\$ 28,495,590	\$ 27,821,254	\$ (674,336)
-	-	-	-	-	-	675,380	698,661	23,281
352,510	350,185	(2,325)	-	-	-	16,411,679	13,731,432	(2,680,247)
-	-	-	-	-	-	2,587,639	2,628,466	40,827
-	-	-	-	-	-	1,198,864	1,285,559	86,695
74,638	35,831	(38,807)	164,754	89,957	(74,797)	239,392	126,849	(112,543)
24,316	22,854	(1,462)	-	-	-	539,224	811,463	272,239
-	17,133	17,133	100,010	10	(100,000)	1,261,317	1,015,799	(245,518)
<u>2,914,036</u>	<u>2,914,036</u>	<u>-</u>	<u>264,764</u>	<u>89,967</u>	<u>(174,797)</u>	<u>51,409,085</u>	<u>48,119,483</u>	<u>(3,289,602)</u>
-	-	-	-	-	-	17,661,689	16,391,336	1,270,353
-	-	-	-	-	-	3,337,527	2,990,756	346,771
-	-	-	-	-	-	2,090,472	1,792,638	297,834
-	-	-	-	-	-	8,700,892	6,134,009	2,566,883
-	-	-	-	-	-	4,278,867	3,901,937	376,930
-	-	-	-	-	-	2,268,374	1,844,834	423,540
-	-	-	-	-	-	7,791,039	6,603,035	1,188,004
-	-	-	5,617,769	3,769,662	1,848,107	5,617,769	3,769,662	1,848,107
<u>5,402,863</u>	<u>5,210,093</u>	<u>192,770</u>	<u>46,180</u>	<u>44,160</u>	<u>2,020</u>	<u>5,449,043</u>	<u>5,254,253</u>	<u>194,790</u>
<u>5,402,863</u>	<u>5,210,093</u>	<u>192,770</u>	<u>5,663,949</u>	<u>3,813,822</u>	<u>1,850,127</u>	<u>57,195,672</u>	<u>48,682,460</u>	<u>8,513,212</u>
(2,488,827)	(2,296,057)	192,770	(5,399,185)	(3,723,855)	1,675,330	(5,786,587)	(562,977)	5,223,610
2,025,000	2,025,000	-	3,761,203	3,936,000	174,797	5,786,203	5,961,000	174,797
-	(32,011)	(32,011)	-	-	-	-	(32,011)	(32,011)
355,545	355,545	-	50,000	50,000	-	2,491,654	2,464,843	(26,811)
-	-	-	-	-	-	(5,614,259)	(5,479,086)	135,173
<u>2,380,545</u>	<u>2,348,534</u>	<u>(32,011)</u>	<u>3,811,203</u>	<u>3,986,000</u>	<u>174,797</u>	<u>2,663,598</u>	<u>2,914,746</u>	<u>251,148</u>
(108,282)	52,477	160,759	(1,587,982)	262,145	1,850,127	(3,122,989)	2,351,769	5,474,758
-	-	-	-	51,825	51,825	-	476,317	476,317
<u>692,476</u>	<u>692,476</u>	<u>-</u>	<u>1,274,899</u>	<u>1,274,899</u>	<u>-</u>	<u>12,497,029</u>	<u>12,497,029</u>	<u>-</u>
\$ <u>584,194</u>	\$ <u>744,953</u>	\$ <u>160,759</u>	\$ <u>(313,083)</u>	\$ <u>1,588,869</u>	\$ <u>1,901,952</u>	\$ <u>9,374,040</u>	\$ <u>15,325,115</u>	\$ <u>5,951,075</u>

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Operating revenues</u>			
Charges for services	\$ 13,273,430	\$ 123,756	\$ 13,397,186
Other operating revenue	3,328	-	3,328
Total operating revenues	<u>13,276,758</u>	<u>123,756</u>	<u>13,400,514</u>
<u>Operating expenses</u>			
Wages and benefits	3,737,734	43,675	3,781,409
Utilities	639,660	-	639,660
Contractual services	6,082,409	-	6,082,409
Material and supplies	82,929	-	82,929
Benefits payments	-	3,581,629	3,581,629
Miscellaneous	1,038,140	318,962	1,357,102
Capital outlay	642,444	-	642,444
Depreciation	1,736,413	-	1,736,413
Total operating expenses	<u>13,959,729</u>	<u>3,944,266</u>	<u>17,903,995</u>
Operating loss	<u>(682,971)</u>	<u>(3,820,510)</u>	<u>(4,503,481)</u>
<u>Nonoperating revenues (expenses)</u>			
Interest income	103,020	16,375	119,395
Interest expense and fiscal charges	(863,954)	-	(863,954)
Tax revenue	1,433,611	-	1,433,611
Intergovernmental	187,976	-	187,976
Other nonoperating revenues	11,938	567,113	579,051
Net nonoperating revenues (expenses)	<u>872,591</u>	<u>583,488</u>	<u>1,456,079</u>
Net Income (loss) before transfers	189,620	(3,237,022)	(3,047,402)
Operating transfers – in	250,000	3,284,294	3,534,294
Operating transfers – out	<u>(384,157)</u>	<u>-</u>	<u>(384,157)</u>
Net income	55,463	47,272	102,735
Depreciation on fixed assets acquired by contributed capital	<u>501,939</u>	<u>-</u>	<u>501,939</u>
Increase in retained earnings	557,402	47,272	604,674
Retained earnings (deficit), January 1, Restate	<u>26,476,144</u>	<u>(385,349)</u>	<u>26,090,795</u>
Retained earnings (deficit), December 31	\$ <u>27,033,546</u>	\$ <u>(338,077)</u>	\$ <u>26,695,469</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF LAKEWOOD, OHIO

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Cash flows from operating activities:			
Cash received from customers	\$ 13,401,849	\$ -	\$ 13,401,849
Cash paid to suppliers for goods and services	(8,089,215)	(3,659,771)	(11,748,986)
Cash paid to employees for services	(3,426,557)	-	(3,426,557)
Other operating revenues	1,636	-	1,636
Other operating expenses	(1,175,180)	(318,962)	(1,494,142)
Net cash provided by (used for) operating activities	<u>712,533</u>	<u>(3,978,733)</u>	<u>(3,266,200)</u>
Cash flows from non-capital financing activities:			
Cash transfers from other funds	250,000	3,284,294	3,534,294
Cash transfers to other funds	(384,157)	-	(384,157)
Other non-operating revenue	9,338	-	9,338
Reimbursement received	-	312,742	312,742
Intergovernmental revenue	187,976	-	187,976
Tax revenue	<u>1,434,023</u>	<u>-</u>	<u>1,434,023</u>
Net cash provided by non-capital financing activities	<u>1,497,180</u>	<u>3,597,036</u>	<u>5,094,216</u>
Cash flows from capital and related financing activities:			
Debt Proceeds	9,681,810	-	9,681,810
Acquisition and construction of capital assets	(4,378,247)	-	(4,378,247)
Principal paid on bonds and notes	(8,825,945)	-	(8,825,945)
Interest and fiscal charges paid on bonds and notes	(952,230)	-	(952,230)
Net cash (used for) capital and related financing activities	<u>(4,474,612)</u>	<u>-</u>	<u>(4,474,612)</u>
Cash flows from investing activities			
Earnings on investments	<u>60,341</u>	<u>4,935</u>	<u>65,273</u>
Net (decrease) in cash and cash equivalents	(2,204,558)	(376,762)	(2,581,320)
Cash and cash equivalents, January 1	<u>11,788,257</u>	<u>2,612,570</u>	<u>14,400,827</u>
Cash and cash equivalents, December 31	\$ <u><u>9,583,699</u></u>	\$ <u><u>2,235,808</u></u>	\$ <u><u>11,819,507</u></u>
Reconciliation of operating loss to net cash from operating activities:			
Operating loss	\$ (682,971)	\$ (3,820,510)	\$ (4,503,481)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	1,736,413	-	1,736,413
Increase (decrease) in allowance for doubtful accounts	(25,118)	-	(25,118)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	128,341	-	128,341
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in due from other funds	-	(123,756)	(123,756)
(Increase) decrease in inventories	(129,221)	-	(129,221)
Increase (decrease) in prepaid items	-	-	-
Increase (decrease) in due to other funds	(126,331)	-	(126,331)
Increase (decrease) in accounts payable	(207,836)	132,556	(75,280)
Increase (decrease) in accrued wages and benefits	19,256	-	19,256
Increase (decrease) in reserve for claims	-	(167,023)	(167,023)
Total adjustments	<u>1,395,504</u>	<u>(158,223)</u>	<u>1,237,281</u>
Net cash provided by (used for) operating activities	\$ <u><u>712,533</u></u>	\$ <u><u>(3,978,733)</u></u>	\$ <u><u>(3,266,200)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise Funds			Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ 1,419,425	\$ 1,434,023	\$ 14,598	\$ -	\$ -	\$ -
Intergovernmental	189,268	187,976	(1,292)	-	-	-
Charges for services	13,989,274	13,402,620	(586,654)	-	-	-
Interest	15,000	60,341	45,341	4,935	4,935	-
Miscellaneous	665	865	200	-	-	-
Total revenues	15,613,632	15,085,825	(527,807)	4,935	4,935	-
<u>Expenses</u>						
Current						
Wages and Benefits	2,761,706	2,608,801	152,905	55,000	43,675	11,325
Utilities	793,050	696,225	96,825	-	-	-
Contractual Services	6,472,559	5,870,381	602,178	-	-	-
Material and Supplies	256,696	186,010	70,686	-	-	-
Benefits Payment	880,667	871,307	9,360	4,080,314	3,634,091	446,223
Miscellaneous	1,102,818	1,175,180	(72,362)	320,864	318,962	1,902
Capital outlay	9,243,766	6,244,143	2,999,623	-	-	-
Debt service	8,872,965	9,778,175	(905,210)	-	-	-
Total expenses	30,384,227	27,430,222	2,954,005	4,456,178	3,996,728	459,450
Excess (deficiency) of revenues Over (under) expenses	(14,770,595)	(12,344,397)	2,426,198	(4,451,243)	(3,991,793)	459,450
<u>Other financing sources (uses)</u>						
Debt Proceeds	5,321,910	9,681,810	4,359,900	-	-	-
Other reimbursements	-	9,338	9,338	131,520	312,742	181,222
Operating transfers, in	95,153	250,000	154,847	3,465,516	3,284,294	(181,222)
Operating transfers, out	(384,157)	(384,157)	-	-	-	-
Net other financing sources (uses)	5,032,906	9,556,991	4,524,085	3,597,036	3,597,036	-
Excess (deficiency) of revenues and other sources over (under) expenses and other uses	(9,737,689)	(2,787,406)	6,950,283	(854,207)	(394,757)	459,450
Decertification of prior year encumbrances	-	49,957	49,957	-	-	-
Fund equity, January 1	9,970,310	9,970,310	-	2,587,695	2,587,695	-
Fund equity, December 31	\$ 232,621	\$ 7,232,861	\$ 7,000,240	\$ 1,733,488	\$ 2,192,938	\$ 459,450

The Accompanying Notes are an Integral Part of These Financial Statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,419,425	\$ 1,434,023	\$ 14,598
189,268	187,976	(1,292)
13,989,274	13,402,620	(586,654)
19,935	65,276	45,341
<u>665</u>	<u>865</u>	<u>200</u>
<u>15,618,567</u>	<u>15,090,760</u>	<u>(527,807)</u>
2,816,706	2,652,476	164,230
793,050	696,225	96,825
6,472,559	5,870,381	602,178
256,696	186,010	70,686
4,960,981	4,505,398	455,583
1,423,682	1,494,142	(70,460)
9,243,766	6,244,143	2,999,623
<u>8,872,965</u>	<u>9,778,175</u>	<u>(905,210)</u>
<u>34,840,405</u>	<u>31,426,950</u>	<u>3,413,455</u>
<u>(19,221,838)</u>	<u>(16,336,190)</u>	<u>2,885,648</u>
5,321,910	9,681,810	4,360,000
131,520	322,080	190,560
3,560,669	3,534,294	(26,375)
<u>(384,157)</u>	<u>(384,157)</u>	<u>-</u>
<u>8,629,942</u>	<u>13,154,027</u>	<u>4,524,085</u>
(10,591,896)	(3,182,163)	7,409,733
-	49,957	49,957
<u>12,558,005</u>	<u>12,558,005</u>	<u>-</u>
\$ <u><u>1,966,109</u></u>	\$ <u><u>9,425,799</u></u>	\$ <u><u>7,459,690</u></u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE REPORTING ENTITY

The City of Lakewood (the City) was incorporated and chartered in 1911. The City operates under an elected Mayor/Council administrative/legislative form of government and provides the following services as authorized by its charter: public safety (police and fire protection), sanitation, planning and zoning, public improvements, culture and recreation, municipal court and general administration services. In addition, the City owns and operates several enterprise activities, including a water system, a local sewer system, an ice rink facility, and parking facilities.

To define the governmental entity, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

The financial statements present the primary government and component units and organizations for which the City (primary government) is financially accountable. Financial accountability is defined as the level of accountability that exists if a primary government appoints a voting majority of the component unit's board and is either able to impose its will on that component unit or there is potential for the component unit to provide a financial benefit to, or impose a financial burden on, the primary government. Based upon the foregoing criteria, these financial statements do not include any component units.

The following entities, which are associated with the City, are excluded from the accompanying financial statements:

- ◆ Lakewood City School District;
- ◆ Lakewood Public Library; and
- ◆ Lakewood Hospital Association.

B. BASIS OF PRESENTATION

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments.

The financial transactions of the City are recorded in individual funds and account groups. The various funds and account groups are reported by type in the general purpose financial statements. Amounts in the "Totals-Memorandum Only" columns in the general purpose financial statements are presented only to facilitate analysis. The total amounts do not present changes in financial position in conformity with generally accepted accounting principles. Interfund eliminations are not made in the aggregation of this information. The information is not comparable to a consolidation.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

The City uses the following fund categories, fund types, and account groups:

Governmental Funds

General Fund

This fund, which is the major operating fund of the City, is used to account for all revenues and expenditures, except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for revenue from specific sources (other than major capital projects) which require separate accounting because of legal restrictions.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term obligations principal and interest.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds), and to account for the financing of public improvements or services deemed to benefit specific properties on which assessments are levied.

Proprietary Funds

Enterprise Funds

These funds are used to account for operations that provide services which are financed primarily by user charges, or activities where periodic determination of revenues, expenses, and net income is appropriate for public policy, management control or other purposes.

Internal Service Funds

These funds are used to account for the goods or services provided to certain City departments and funds, or to other governments on a cost reimbursement basis.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Fiduciary Funds

Agency Funds

These funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, or other funds.

Account Groups

General Fixed Assets Account Group

This account group is used to present the general fixed assets utilized in general government operations of the City, exclusive of those used in the Proprietary Funds.

General Long-Term Obligation Account Group

This account group is used to account for all long-term obligations of the City, except for those accounted for in the Proprietary Funds.

C. BASIS OF ACCOUNTING

All financial transactions for Governmental and Fiduciary Funds are accounted for on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Revenues accrued at the end of the year primarily consist of reimbursements from other governments for grant expenditures, income taxes receivable arising from payroll tax withholdings for individuals in December, and investment income. Governmental fund expenditures are accrued when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation, which is not payable from expendable financial resources, and general long-term obligations principal and interest, which are recorded when due. Financial transactions for Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Under the guidelines of GASB Statement No. 20, the City has elected to apply all GASB pronouncements and FASB Statements and Interpretations issued on or before November 30, 1989, except those that conflict with a GASB pronouncement, to its proprietary activities.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS

Governmental Funds are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. The operating statements present sources (revenues and other financing sources) available to pay liabilities in existence at the end of the period. All Proprietary Funds are accounted for on a flow of economic resources measurement focus.

E. BUDGETARY ACCOUNTING

An annual appropriations budget is adopted by City Council for the Governmental Funds and Proprietary Funds. Modifications to the original budget are approved by City Council throughout the year. Budget amounts presented in the accompanying financial statements represent final amended amounts.

The City maintains budgetary control by not permitting expenditures/expenses plus other financing uses to exceed appropriations for each fund (legal level) without the approval of City Council. The Director of Finance is authorized to allocate appropriations among departments within any fund. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward into the next year.

The City's budgetary process accounts for certain transactions on a basis which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.
3. Proceeds from and principal payment on short-term note obligations are reported on the operating statement for budget basis reporting rather than on the balance sheet for GAAP purposes.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETARY ACCOUNTING (CONTINUED)

An analysis of the difference in excess of revenues and other financing sources over expenditures and other uses for Governmental Funds and changes in retained earnings for Proprietary Funds for the year ended December 31, 2002 as determined under the GAAP basis and budget basis follows:

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (1,253,275)	\$ 149,182	\$ 83,772	\$ (2,970,690)
Increase (decrease) in:				
Revenue accruals	(502,531)	737,434	1,954,841	3,895,490
Expenditure accruals	3,027,509	589,647	(1,986,136)	613,001
Encumbrances	<u>(258,716)</u>	<u>(452,103)</u>	<u>-</u>	<u>(1,275,656)</u>
Budget basis for budgeted funds	\$ <u>1,012,987</u>	\$ <u>1,024,160</u>	\$ <u>52,477</u>	\$ <u>262,145</u>
			<u>Proprietary Fund Types</u>	
			<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis			\$ 55,463	\$ 47,272
Increase (decrease) in:				
Revenue accruals			9,763,670	(389,567)
Expense accruals			(11,106,017)	(34,467)
Depreciation expense			1,736,413	-
Encumbrances			<u>(3,236,935)</u>	<u>(17,995)</u>
Budget basis for budgeted funds			\$ <u>(2,787,406)</u>	\$ <u>(394,757)</u>

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as highly liquid investments with maturities of three months or less when purchased. Cash and cash equivalents on the Combined and Combining Statements of Cash Flows – All Proprietary Fund types includes restricted cash.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. INVESTMENTS

The City has applied the provisions stated in GASB Statement No. 31 to value investments. Accordingly, the City has reported money market investments that have a remaining maturity at the time of purchase of one year or less at amortized cost. Money market investments that do not meet the criteria for reporting at amortized cost have been recorded on the financial statements at fair value.

H. FIXED ASSETS

Fixed assets include land and land improvements, utility plant in service, buildings, structures and improvements, and machinery and equipment owned by the City. Infrastructure pertaining to Governmental Fund type activities, including streets, bridges, and sidewalks, is not capitalized by the City.

Fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and capitalized in the General Fixed Assets Account Group. Property and equipment acquired by Proprietary Funds are reported in the respective funds. The City's policy is to capitalize expense (including interest, if applicable) on Proprietary Funds' construction projects until substantially completed.

All purchased fixed assets are recorded at historical cost or estimated historical cost if actual cost information is not available. All donated fixed assets are recorded at estimated fair market value on the date received.

I. DEPRECIATION

Depreciation is not recorded in the General Fixed Assets Account Group. Depreciation, including amortization of amounts for capitalized leases, is charged to operations of Proprietary Funds over the fixed assets' estimated useful lives using the straight-line method. The following useful lives are used to calculate depreciation:

Utility plant in service	20-80 years
Buildings, structures, and improvements	20-80 years
Machinery and equipment	5-15 years

J. ENCUMBRANCES

As part of formal budgetary control over all funds, purchase orders, contracts, and other commitments for expenditures are recorded as encumbrances to reserve the applicable portion of the appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance since they do not represent expenditures or liabilities of the City.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

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

L. CONTRIBUTED CAPITAL – ENTERPRISE FUNDS

Contributed capital for the Enterprise Funds was estimated by assuming that as of January 1, 1981 the net fixed assets of such funds were acquired first through outstanding debt (less restricted assets) and then through capital contributions of the City or others. Contributed capital in the Enterprise Funds is reduced annually by the amount of depreciation applicable to the fixed assets acquired through such capital contributions.

M. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Such transactions are generally reflected as operating transfers in the accompanying financial statements.

N. INVENTORIES

Inventories are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in the Governmental Funds and Proprietary Funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as expenditures in the Governmental Fund and Proprietary Fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the Governmental Funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

O. COMPENSATED ABSENCES

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City has accrued a liability for sick leave, vacation and/or severance for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. The current obligations of all funds and the long-term obligations of Proprietary Funds are reported in the respective funds. For Governmental Fund types, the liability not currently due and payable at year end is reported in the General Long-Term Obligation Account Group.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditures, including amounts legally segregated for a specific future use. Fund balances are reserved for loans receivable, inventories of supplies and materials, prepaid items, and encumbrances.

NOTE 2 – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds except for the Municipal Court, which maintains its own cash and investments in segregated accounts. Each fund whose monies are included in the cash and investment pool has equity therein. Each fund's portion of total cash and investments is summarized by fund type on the combined balance sheet as "equity in pooled cash and cash equivalents". Amounts reported as equity in pooled cash and equivalents principally consist of bank balances; obligations of the U.S. Treasury, U.S. agencies, and U.S. instrumentalities; and investments in the State Treasurer Asset Reserve Fund (STAR Ohio).

A. DEPOSITS

Ohio Law requires that deposits be placed in eligible banks or savings and loans associations located in Ohio. The City's policy is to place deposits with federally insured banks having offices within the County. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to 110% of the excess of deposits not insured by the Federal Deposit Insurance Corporation.

At year end, the carrying amount of the City's deposits, including certificates of deposit, was \$5,207,457. The actual bank balances totaled \$5,427,641. The difference represents outstanding warrants payable and normal reconciling items. Of the bank balance, \$400,000 was fully insured by federal depository insurance and \$5,027,641 was insured by surety bonds in the City's name.

B. INVESTMENTS

The City's investment policies are governed by State statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, Agencies and Instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; U.S. Government Money Market Mutual Funds, repurchase transactions, and the State Treasurer Asset Reserve Fund (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The City has implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement established accounting and reporting guidelines for government investments and investment pools.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2002. Investments in Mutual Funds are valued at the fund's current share price on December 31, 2002. Certain U.S. Government securities (those that are not money market investments as defined by GASB Statement 31) have been recorded at fair value which reflects the quoted market price for those investments on December 31, 2002. Money market investments (which include U.S. Treasury securities that had a remaining maturity at the time of purchase of one year or less) have been recorded on the financial statements at amortized cost.

Investments are classified as to credit risk by three categories: 1) Insured or registered, or securities held by the City or its agent in the City's name; 2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; and 3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

<u>Type of Investment</u>	(2) Uninsured and Unregistered, With Securities Held by the Counterparty's Trust Department or Agent in the City's Name		<u>Carrying</u>	<u>Fair</u>
			<u>Value</u>	<u>Value</u>
U.S. Government Securities	\$	9,547,344	\$ 9,547,344	\$ 9,547,344
Repurchase Agreements		12,728,643	12,728,643	12,728,643
Investments in Mutual Funds			155,942	155,942
State Treasurer Asset Reserve Fund (STAR Ohio)			<u>1,715</u>	<u>1,715</u>
	\$		<u>22,433,644</u>	<u>22,433,644</u>

The amounts invested with STAR Ohio and mutual funds are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 3 – CHANGES IN FIXED ASSETS IN SERVICE

A summary of changes in General Fixed Assets follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Land and land improvements	\$ 3,266,745	\$ -	\$ -	\$ 3,266,745
Buildings, structures, and improvements	17,306,830	1,439,755	-	18,746,585
Machinery and equipment	15,696,216	1,455,734	41,473	17,110,477
Construction in progress	691,363	296,028	691,363	296,028
	<u>\$ 36,961,154</u>	<u>\$ 3,191,517</u>	<u>\$ 732,836</u>	<u>\$ 39,419,835</u>

A summary of changes in Enterprise Fund fixed assets follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Land and land improvements	\$ 2,659,166	\$ -	\$ -	\$ 2,659,166
Utility plant in service	58,892,188	1,860,074	-	60,752,262
Buildings, structures, and Improvements	6,278,047	3,200	-	6,281,247
Machinery and equipment	9,699,605	1,025,495	5,366	10,719,734
Construction in progress	1,692,028	2,090,315	879,960	2,902,383
	79,221,034	4,979,084	885,326	83,314,792
Less: Accumulated depreciation	<u>(26,671,061)</u>	<u>(1,736,413)</u>	<u>(6,840)</u>	<u>(28,400,634)</u>
	<u>\$ 52,549,973</u>	<u>\$ 3,242,671</u>	<u>\$ 878,486</u>	<u>\$ 54,914,158</u>

NOTE 4 – CHANGES IN CONTRIBUTED CAPITAL

A summary of changes in Proprietary Funds' contributed capital is as follows:

	Enterprise Funds	Internal Service Funds
Balance January 1, 2002	\$ 14,425,278	\$ 500,000
Reductions	<u>(501,939)</u>	<u>-</u>
Balance December 31, 2002	<u>\$ 13,923,339</u>	<u>\$ 500,000</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 5 – INTERFUND RECEIVABLE AND PAYABLE BALANCES

The following balances at December 31, 2002 represent individual fund interfund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ <u>-</u>	\$ <u>408,923</u>
Special Revenue Funds:		
Streets and Highways	-	23,959
Office on Aging Grant	-	25,593
Community Development Block Grant	-	9,348
Lakewood Hospital	<u>-</u>	<u>23,285</u>
Total Special Revenue Funds	<u>-</u>	<u>82,185</u>
Enterprise Funds:		
Water	-	16,222
Sewer and Wastewater	-	40,026
Parking Facilities	-	1,997
Winterhurst Ice Rink	<u>-</u>	<u>3,652</u>
Total Enterprise Funds	<u>-</u>	<u>61,897</u>
Internal Service Funds:		
Hospitalization	<u>553,005</u>	<u>-</u>
Total	\$ <u><u>553,005</u></u>	\$ <u><u>553,005</u></u>

NOTE 6 – DEFINED BENEFIT PENSION PLANS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Lakewood contributes to the Ohio Public Employees Retirement System of Ohio (the “System”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The System issues a stand-alone financial report. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for local governments was 13.55 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2002, 2001 and 2000 were \$2,493,532, \$2,388,054, and \$1,899,938, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City of Lakewood's contributions to OP&F for the years ending December 31, 2002, 2001 and 2000 were \$2,192,960, \$1,919,806, and \$1,890,109, respectively, equal to the required contributions for each year.

NOTE 7 – POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55 percent of covered payroll; 5.00 percent was the portion used to fund health care for the year. During 2002, the City's portion that was used to fund health care was \$920,113, representing 5.00 percent of covered payroll.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 7 – POSTEMPLOYMENT BENEFITS (CONTINUED)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on OPERS's latest actuarial review performed as of December 31, 2001; an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2001 was 8.00 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used – meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.00 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.00 percent base increase were assumed to range from 0.50 percent to 6.30 percent; and health care costs are assumed to increase 4.00 percent annually. The actuarially accrued postretirement health care liability for OPERS at December 31, 2001 was \$16,400,000,000. The net assets were \$11,600,000,000, leaving an unfunded actuarial accrued liability of \$4,800,000,000. The number of active participants was 402,041.

B. OHIO POLICE AND FIRE PENSION FUND

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

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

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, was 13,174 for police and 10,239 for firefighters. The City's actual contributions for 2002 that were used to fund post-employment benefits were \$412,310 for police and \$372,870 for firefighters. OP&F's total health care expenses for the year ending December 31, 2001, the date of the last actuarial valuation available, was \$122,298,771, which was net of member contributions of \$6,874,699.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 8 – ACCUMULATED UNPAID EMPLOYEE BENEFITS AND OVERTIME

City employees generally earn vacation and sick leave ranging from two to five weeks and 14 to 30 days per year, respectively, based on length of service. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Accumulated vacation leave and accumulated sick days cannot exceed 50 or 120 days, respectively, at the end of any year. However, employees convert to cash, on a three-to-one basis, sick days accumulated in excess of 120 days. Twenty-five percent of unused sick leave plus any accumulated vacation leave is paid at termination, retirement or death.

For Governmental Fund types, the liability for accumulated vacation totaled \$920,953 at December 31, 2002. This amount has been recorded in the General Long-Term Obligation Account Group since the timing of future payments is not determinable. For Enterprise Funds, accumulated vacation leave totaled \$131,669. This amount has been recorded as a liability in the respective Enterprise Funds.

The City has recorded an estimated liability of \$94,338 for accumulated sick leave benefits payable at December 31, 2002 in accordance with GASB No. 16, *Accounting for Compensated Absences*. This liability has been recorded in the General Long-Term Obligation Account Group. The estimated liability for Enterprise Funds totaled \$4,570 at December 31, 2002. This amount has been recorded in the respective Enterprise Funds.

In addition, employees of the City accumulate deferred compensation for a portion of overtime hours worked based upon time and a half for police and fire department employees and straight time for other employees. The liabilities for overtime, at current pay rates and converted to straight time hours, at December 31, 2002 follow:

<u>Department</u>	<u>Amount</u>
Police	\$ 231,318
Fire	416,361
Other:	
Governmental Fund Types	71,570
Proprietary Fund Types	16,574

Employees are entitled to receive payments for their accumulated hours upon retirement or other termination from the City's payroll. Police and fire department employees can receive, on a yearly basis, payments for portions of overtime accumulated upon written request to the respective department Chief. The accumulated overtime is recorded in the General Long-Term Obligation Account Group since the timing of future payments is not determinable. Proprietary Fund type amounts are recorded as liabilities in the respective Enterprise Funds.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 8 – ACCUMULATED UNPAID EMPLOYEE BENEFITS AND OVERTIME (CONTINUED)

Fire Department personnel required to work a holiday shall be granted, at a later time, an eight or twenty-four hour off-duty period. Members hired after January 1, 1989 must take holiday time off during the year in which it is earned. Members hired before January 1, 1989 may accumulate up to fourteen 24-hour holidays which would be paid at their hourly rate at the time of retirement or termination. Members have the option of up to 144 holiday hours in lieu of time off. Payment for these hours is received in January of the following year.

NOTE 9 – LEASES

A. CAPITAL LEASES

The City leases police vehicles, an ice resurfer and copier equipment through capital leasing arrangements. The assets of such agreements are recorded in the General Fixed Asset Account Group and Winterhurst Ice Rink Enterprise Fund. The lease contracts contain annual one-year renewal options that can be exercised by the City if sufficient funds are appropriated by City Council. The following is a schedule of the future minimum lease payments for capital leases and the present value of net minimum lease payments as of December 31, 2002:

	General Long-Term Obligations Account Group	Winterhurst Ice Rink Enterprise Fund
2003	\$ 287,957	\$ 19,869
2004	129,610	-
2005	24,474	-
2006	18,903	-
2007	<u>12,147</u>	<u>-</u>
Total minimum lease payments	473,091	19,869
Less: amount representing interest	<u>(19,831)</u>	<u>(587)</u>
Total	\$ <u>453,260</u>	\$ <u>19,282</u>

B. OPERATING LEASES

In 1997, the City renegotiated its lease agreement with the Lakewood Hospital Association (LHA) for its use of real and personal property owned by the City for the purpose of operating a hospital. The cost of leased assets and accumulated depreciation totaled \$159,707,000 and \$103,651,000, respectively, as of December 31, 2001 (the most recent information available). Under the terms of the lease, the City will receive amounts ranging from \$1 million to \$1.225 million commencing in 1997 and continuing through 2026. Upon expiration of the lease term or the termination of this lease, LHA will surrender the leased property to the City.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – DEBT AND LONG-TERM OBLIGATIONS

Debt and long-term obligations of the City as of December 31, 2002 follow:

	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2002</u>
Capital Projects Fund:				
General Obligation Notes Payable:				
2.50% Various purpose improvement notes	\$ -	\$ 5,961,000	\$ -	\$ 5,961,000
3.50% Various purpose improvement notes	<u>2,025,000</u>	<u>-</u>	<u>2,025,000</u>	<u>-</u>
Total Capital Projects Fund Debt	\$ <u>2,025,000</u>	\$ <u>5,961,000</u>	\$ <u>2,025,000</u>	\$ <u>5,961,000</u>
	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2002</u>
Special Assessment Bonds Payable with Governmental Commitment:				
Various rates, street improvement bonds due through 2002	31,000	-	31,000	-
Various rates, breakwall improve- ment bonds due through 2003	80,000	-	40,000	40,000
Various rates, street improvement bonds due through 2006	<u>140,000</u>	<u>-</u>	<u>25,000</u>	<u>115,000</u>
Total Special Assessment Bonds Payable with Government Com- mitment	\$ <u>251,000</u>	<u>-</u>	<u>96,000</u>	<u>155,000</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – DEBT AND LONG-TERM OBLIGATIONS (CONTINUED)

	Balance January 1, 2002	<u>Additions</u>	<u>Deletions</u>	Balance December 31, 2002
General Obligation and Refunding Bonds Payable:				
Various rates, refunding general obligation bonds due through 2012	7,050,000	-	615,000	6,435,000
Various rates, various purpose general obligation bonds due through 2015	8,225,000	-	465,000	7,760,000
Various rates, various purpose general obligation bonds due through 2017	3,403,600	-	197,200	3,206,400
Various rates, various purpose general obligation bonds due through 2021	<u>8,085,000</u>	<u>-</u>	<u>300,000</u>	<u>7,785,000</u>
Total General Obligation Bonds Payable	<u>26,763,600</u>	<u>-</u>	<u>1,577,200</u>	<u>25,186,400</u>
Total Debt in the General Long-Term Obligation Account Group	<u>27,014,600</u>	<u>-</u>	<u>1,673,200</u>	<u>25,341,400</u>
Other Long-Term Obligations:				
Accrued wages and benefits (accumulated unpaid employ- ee benefits)	2,348,762	2,505,905	2,262,240	2,592,427
Accumulated overtime	304,932	414,317	-	719,249
Capital lease obligations	254,677	474,393	275,810	453,260
Loans payable	<u>771,560</u>	<u>-</u>	<u>64,023</u>	<u>707,537</u>
Total Other Long-Term Obli- gations in the General Long-Term Obligation Ac- count Group	<u>3,679,931</u>	<u>3,394,615</u>	<u>2,602,073</u>	<u>4,472,473</u>
Total Debt and Other Long- Term Obligations	\$ <u>30,694,531</u>	\$ <u>3,394,615</u>	\$ <u>4,275,273</u>	\$ <u>29,813,873</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – DEBT AND LONG-TERM OBLIGATIONS (CONTINUED)

	Balance January 1, 2002 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, 2002 <u>2002</u>
<u>Enterprise Funds</u>				
General Obligation and Refunding Bonds Payable:				
Water main mortgage revenue bonds due through 2011	\$ 3,065,000	\$ 4,025,000	\$ 3,065,000	\$ 4,025,000
Various rates, refunding general obligations bonds due through 2011	4,330,000	-	355,000	3,975,000
Various rates, sewer construc- tion bonds due through 2015	2,410,000	-	115,000	2,295,000
Various rates, water main mort- gage revenue bonds due through 2015	2,770,000	-	85,000	2,685,000
Various rates, recreation facility general obligation bonds due through 2017	<u>1,290,400</u>	<u>-</u>	<u>1,800</u>	<u>1,288,600</u>
Total Bonds Payable in the Enterprise Funds	<u>13,865,400</u>	<u>4,025,000</u>	<u>3,621,800</u>	<u>14,268,600</u>
Other Long-Term Obligations:				
Loans Payable:				
Ohio Public Works Commission	5,292,605	831,810	253,849	5,870,566
Ohio Water Development Authority	<u>311,097</u>	<u>-</u>	<u>20,296</u>	<u>290,801</u>
Total Loans Payable	5,603,702	831,810	274,145	6,161,367
Notes Payable:				
1.75% Various purpose water improvement note	1,100,000	880,000	1,980,000	-
1.75% Various purpose sewer improvement note	870,000	696,000	870,000	696,000
2.50% Various purpose sewer improvement notes	<u>2,080,000</u>	<u>3,249,000</u>	<u>2,080,000</u>	<u>3,249,000</u>
Total Notes Payable	<u>4,050,000</u>	<u>4,825,000</u>	<u>4,930,000</u>	<u>3,945,000</u>
Total Debt and Other Long- Term Obligations in the Enterprise Funds	\$ <u>23,519,102</u>	\$ <u>9,681,810</u>	\$ <u>8,825,945</u>	\$ <u>24,374,967</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – DEBT AND LONG-TERM OBLIGATIONS (CONTINUED)

Notes payable represent unvoted general obligation bond anticipation notes payable from ad valorem property taxes. Further security is provided on the general obligation bond anticipation notes by a pledge of the full faith, credit, and general revenues of the City for the re-payment of debt. The notes payable are issued by the City with one year maturity. Ohio law permits the issuance and renewal of bond anticipation notes such that the notes may remain outstanding for five years consecutively before such notes must be retired either from available funds of the City or from the proceeds of bonds issued to redeem the anticipation notes.

Special assessment projects are funded through the issuance of bonds and notes payable. Bonds and notes issued are recognized as general long-term obligations of the City and retired with assessments levied against property owners and/or general revenues of the City based on the improvements/benefit to the respective parties. Assessments will be received over periods ranging from five to ten years, with interest equal to the interest on the bonds and notes issued to finance the improvements.

A summary of the City's future debt service requirements for tax supported general obligation and special assessment bonds; Enterprise Fund general obligation and revenue bonds; and final loans payable as of December 31, 2002 follows:

	<u>Enterprise Funds Debt</u>		<u>Special Assessment Bonds</u>		<u>Other General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 1,382,410	\$ 657,914	\$ 65,000	\$ 6,715	\$ 1,610,823	\$ 1,308,894
2004	1,363,330	620,389	30,000	3,615	1,690,823	1,239,411
2005	1,409,291	582,153	30,000	2,415	1,740,823	1,164,798
2006	1,457,093	538,881	30,000	1,215	1,729,023	1,082,098
2007	1,494,939	494,647	-	-	1,797,223	999,613
2008 and there- after	<u>13,322,904</u>	<u>2,237,734</u>	<u>-</u>	<u>-</u>	<u>17,325,222</u>	<u>5,134,497</u>
	<u>\$ 20,429,967</u>	<u>\$ 5,131,718</u>	<u>\$ 155,000</u>	<u>\$ 13,960</u>	<u>\$ 25,893,937</u>	<u>\$ 10,929,311</u>

The bonds payable are comprised of unvoted general obligation bonds of the City payable from ad valorem property taxes and special obligation bonds. The security for payment of the general obligation bonds of the City is the requirement of the levy by the City of ad valorem property taxes within the ten-mill limitation imposed by Ohio law. Additionally, the City has pledged its full faith and credit as security for the general obligation bonds payable. General obligation bonds issued to provide funds for additions or improvements to the fixed assets of the Enterprise Funds are general obligations of the City; however, the City's practice has been to service the debt with the revenues of the respective Enterprise Funds.

The City has outstanding 1995 and 2002 water mortgage revenue bonds. The debt service on the water mortgage revenue bonds is payable from the net revenues derived by the City from the operation of the water distribution system.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – DEBT AND LONG-TERM OBLIGATIONS (CONTINUED)

The City entered into agreements with the Ohio Public Works Commission for street construction loans. The reconstruction of Forest and Clifton Roads was completed in 1998 and the loan amount totaled \$616,000. The Lakewood Heights Boulevard reconstruction project was completed in 2001 and the loan amount totaled \$232,560. The combined loan balance of \$707,537 remaining at December 31, 2002 has been recorded as a liability in the General Long-Term Obligation Account Group and is payable from monies collected from ad valorem property taxes.

The City also entered into agreements with the Ohio Public Works Commission securing loans for water main and sewer separation construction projects. The loans will be repaid with revenues of the Water and Sewer and Wastewater Funds. As of January 1, 2002 the fund balance has been restated to recognize a project that was previously reported completed in 2001. The fund balance was restated by a decrease of \$314,589. At December 31, 2002, the Ohio Public Works Commission had loaned the City \$5,870,566 which has been recorded as a liability in the Water and Sewer and Wastewater Funds. Of the total liability recorded, \$3,492,124 represented loans that had been finalized at December 31, 2002. The City has received a repayment schedule for this amount and therefore included these payments in the table illustrating the City's future debt service requirements. The balance of \$2,378,442 represents construction advances applied to current water main and sewer separation construction projects.

The 1998 advance refunding of the 1992 Sanitary Sewer System special obligation bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt. The refunded debt was called on December 1, 2001 and has been paid off. The unamortized balance of the deferral totaled \$289,142 at December 31, 2002. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2011 using the straight-line method. The City completed the advance refunding to reduce its total debt service payments by \$223,590 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$155,524.

On March 1, 1998, the city issued \$5,695,000 in general obligation bonds to advance refund \$5,195,000 of outstanding 1992 Sanitary Sewer System special obligation bonds. The net proceeds of \$5,631,000 (after payment of issuance costs) were used to purchase direct obligations of the U.S. government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earning from the securities are sufficient to provide for all future debt service payment on the 1992 bonds. As a result are considered to be defeased and the liability for those bonds has been removed from the Sewer and Wastewater Fund. As of December 31, 2002, \$3,975,000 of the defeased debt remained outstanding

On March 1, 1998, the City issued \$9,060,000 in general obligation bonds to advance refund \$8,170,000 of outstanding 1992 various purpose general obligation bonds. The net proceeds of \$8,960,000 (after payment of issuance costs) were used to purchase direct obligations of the U.S. government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the 1992 bonds. As a result, the 1992 bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligation Account Group. As of December 31, 2002, \$6,435,000 of the defeased debt remained outstanding.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 10 – DEBT AND LONG-TERM OBLIGATIONS (CONTINUED)

The City completed the advance refunding to reduce its total debt service payments by \$313,087 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$213,491.

The Ohio Police and Fire Pension Fund (OP&F) has offered municipalities the ability to retire their unfunded past service liability early, by paying a lump sum equal to 72.5% of the remaining liability. The City issued bonds on May 1, 2001 in the amount of \$5,250,000 to retire the City's accrued liability of \$7,553,295. The retirement of this debt is financed by the specific property tax levy authorized within the City's Second Amended Charter.

On December 12, 2002 the City issued \$4,025,000 in water revenue refunding bonds to advance refund and defease the series 1991 water revenue bonds of \$2,845,000 and advance refund a portion (\$880,000) of the series 2002 bond anticipation notes. The net proceeds were used to purchase direct obligations of the U.S. government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the series 1991 water revenue bonds and respective portion of the series 2002 bond anticipation notes. As a result, the 1991 water revenue bonds and the respective portion of the series 2002 bond anticipation notes are considered to be defeased. As of December 31, 2002, \$4,025,000 of the defeased debt remained outstanding.

Legal Debt Margin: Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 2002 had the capacity to issue \$7,066,186 of additional unvoted general obligation debt.

Conduit Debt Obligations: In 1983 and 1989, the City issued Hospital Improvement Revenue Bonds for the purpose of providing funds to pay costs of Lakewood Hospital facility improvements. In 1989, the City also issued Hospital Improvement Refunding Revenue Bonds to advance refund the Hospital Improvement Bonds, Series 1983. On October 23, 2000, the City issued Educational Facilities Revenue Bonds for the purpose of providing funds to pay costs of acquiring and constructing additional facilities for St. Edward High School. These bonds do not constitute a debt or pledge of the full faith and credit of the City and, therefore, are not reported in the financial statements. As of December 31, 2001 (the most recent information available), the aggregate principal amount of conduit debt obligations outstanding for Lakewood Hospital was \$31,801,000. The aggregate principal amount of conduit debt obligations outstanding for St. Edward High School was \$10,800,000. This amount will not be paid down until 2005.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 11 – INCOME TAXES

The City currently levies a municipal income tax at the rate of 1.5 percent. The City's income tax is levied upon the net income of corporations and other business entities and on the wages, salaries, and other personal service compensation earned by residents of the City and non-residents working within the City. Residents of the City are granted a .50 percent credit for income taxes paid to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit this tax to an intermediary collection agency (Regional Income Tax Agency) at least quarterly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the collection agency. The collection agency remits tax collected for the City each month, net of a fee for their service.

NOTE 12 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. The assessed value upon which 2002 collections were based was \$810,424,493 (per the Cuyahoga County Auditor). Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies 3.47 mills of the first 10 mills of assessed value. In addition to the 3.47 mills, 13.83 mills has been levied based upon mills voted for general operations, bond retirement, police and fire pensions, and sewage disposal.

A summary of voted millage follows:

<u>Voter Authorized Rate (a)</u>	<u>Rate Levied for Current Year Collection</u>	<u>Purpose</u>	<u>Initial Collection Year</u>	<u>Final Collection Year</u>
2.0 (b)	2.00	Sewage Disposal	1960	Indefinite Life
8.65 (b)	8.65	Operating	1949	Indefinite Life
Open End (c)	1.57	Police Pension	1969	Indefinite Life
Open End (c)	1.61	Fire Pension	1969	Indefinite Life

- (a) In mills per \$1.00 of assessed valuation.
- (b) The electors of the City have authorized Council to levy each year up to 2.0 and 8.65 mills, respectively, on all taxable property in the City without further authorization from the electors for the aforesaid purposes, but subject to change by further action of the electors. No portion of the 2.0 mills and 8.65 mills, respectively, can be preempted by an overlapping taxing subdivision.
- (c) The electors of the City have authorized the Council to levy each year an amount of millage sufficient in rate to provide all moneys required by the laws of the State of Ohio to be paid by the City into the Police and Firemen's Disability and Pension Fund of the State on all of the taxable property in the City without further authorization from the electors, but subject to change by further action of the electors. No portion of the levy can be preempted by an overlapping taxing subdivision.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 12 – PROPERTY TAXES (CONTINUED)

Real property taxes, excluding public utility property, are all assessed at 35% of appraised market value. Pertinent real property tax dates follow:

Collection Dates	January 20 and June 20 of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

Tangible personal property taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. For the collection year 2002, the percentage used to determine taxable value of personal property and inventory was 25%. Pertinent tangible personal property tax dates follow:

Collection Dates	April 30 and September 30 of the current year
Lien Date	January 1 of the current year
Levy Date	October 1 of the year preceding the collection year

Public utility tangible personal property currently is assessed at 100% of its true value except for rural electric companies (88%) and railroads (25%). Pertinent public utility tangible personal property tax dates follow:

Collection Dates	January 20 and June 20 of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

NOTE 13 – LOSS CONTINGENCIES AND COMMITMENTS

There are several lawsuits pending in which the City is involved. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being allowable expenditures under federal and state regulations. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 14 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City currently maintains five Enterprise Funds which provide water, sewer, parking, housing services and an ice rink facility. Information for the year ended December 31, 2002 for the Enterprise Funds is summarized as follows:

	<u>Water</u>	<u>Sewer and Wastewater</u>	<u>Parking Facilities</u>	<u>Congregational Living Facility</u>	<u>Winterhurst Ice Rink</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 8,728,279	\$ 3,486,376	\$ 280,244	\$ 8,100	\$ 773,759	\$ 13,276,758
Tax revenues	-	1,433,611	-	-	-	1,433,611
Intergovernmental	-	187,976	-	-	-	187,976
Depreciation	605,554	935,485	71,173	621	123,580	1,736,413
Operating loss	(33,345)	(511,064)	(5,027)	(8,995)	(124,540)	(682,971)
Net income (loss)	(399,912)	446,281	(15,573)	(8,976)	33,643	55,463
Additions to property, plant and equipment	2,467,413	2,487,636	20,835	3,200	-	4,979,084
Net working capital	2,565,912	6,659,487	78,835	(2,737)	11,835	9,313,332
Total identifiable assets	28,054,229	35,283,899	2,038,046	43,635	2,877,297	68,297,106
Bonds and other long-term liabilities payable from operating revenues	11,386,635	12,129,530	-	-	1,284,682	24,800,847
Total equity	15,177,862	22,288,265	1,964,970	37,175	1,488,613	40,956,885

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Most of these risks are covered by commercial insurance purchased from independent third parties. Settled claims from risks covered by the City's insurance policies have not exceeded the insurance coverage for the past three fiscal years. In addition to these coverages, the City has a self-insurance program. The City established a General Insurance Fund to account for and finance its uninsured risk of losses. All funds of the City participate in the self-insurance program.

In accordance with GASB Statement No. 10, claims liabilities, arising from uninsured risks, are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 15 – RISK MANAGEMENT (CONTINUED)

Changes to the estimated claims payable recorded in the General Insurance Fund and during the years ended December 31, 2002 and 2001 were as follows:

	<u>2002</u>	<u>2001</u>
Estimated claims payable January 1	\$ 23,000	\$ 23,000
Plus: Current year claims and changes in estimates	6,224	9,144
Less: Claim payments	<u>(6,224)</u>	<u>(9,144)</u>
Estimated claims payable December 31	<u>\$ 23,000</u>	<u>\$ 23,000</u>

The City of Lakewood maintains the Hospitalization Internal Service Fund to finance the cost of employee hospitalization and medical insurance on a cost reimbursement basis. The City offers two plans to its employees. One of the insurance plans is funded through a minimum premium agreement. Under this plan, the plan administrator pays claims on behalf of the employees and bills the City for the amount of actual claims paid plus administrative costs. The City is liable for claims up to a maximum premium.

At December 31, 2002, \$553,005 has been accrued for hospitalization claims representing an estimate of the amount to be paid for claims that have been incurred but not reported. Changes in the balances of claims liabilities during the past two fiscal years follows:

	<u>2002</u>	<u>2001</u>
Estimated claims payable January 1	\$ 428,045	\$ 414,041
Plus: Current year claims and changes in estimates	2,831,873	2,051,374
Less: Claim payments	<u>(2,706,913)</u>	<u>(2,037,370)</u>
Estimated claims payable December 31	<u>\$ 553,005</u>	<u>\$ 428,045</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 16 – OPERATING TRANSFERS

Following is a summary of council approved operating transfers, made in compliance with the Ohio Revised Code, for all funds for 2002 from the general purpose financial statements:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ <u>5,850</u>	\$ <u>4,616,895</u>
Special Revenue:		
Streets and Highways	500,000	145,000
Police and Fire Pension	-	355,545
Litter Control Grant	14,596	-
Office on Aging Grant	1,375,000	141,000
Community Development Block Grant	-	75,266
Community Festival	5,000	-
Law Enforcement	147,287	12,085
Political Subdivision	-	5,000
Bureau of Justice Grant	2,090	-
Lakewood Hospital	-	128,287
Just Friends	-	8
Byrne Memorial Grant	<u>9,475</u>	<u>-</u>
Total Special Revenue	<u>2,053,448</u>	<u>862,191</u>
Debt Service	<u>355,545</u>	<u>-</u>
Capital Projects:		
Land Acquisition	<u>50,000</u>	<u>-</u>
Total Capital Projects	<u>50,000</u>	<u>-</u>
Enterprise Funds:		
Water	-	113,660
Sewer and Wastewater	-	232,498
Parking Facilities	-	11,000
Winterhurst Ice Rink	<u>250,000</u>	<u>26,999</u>
Total Enterprise	<u>250,000</u>	<u>384,157</u>
Internal Service Funds:		
Workers' Compensation	237,595	-
Hospitalization	<u>3,046,699</u>	<u>-</u>
Total Internal Service	<u>3,284,294</u>	<u>-</u>
Agency Funds	<u>2,432</u>	<u>138,326</u>
Total All Funds	\$ <u>6,001,569</u>	\$ <u>6,001,569</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 17 – WORKERS’ COMPENSATION

The State of Ohio has the exclusive authority to provide employers with workers' compensation insurance. Historically, under the Ohio Workers' Compensation System for public employer taxing districts, there have been two types of rating plans: base rating and experience rating. Ohio law was subsequently amended to include an additional plan called retrospective rating, which is offered to Ohio employers who meet the eligibility standards. Under the terms of the State of Ohio's retrospective rating plan, an employer initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the employer's injured workers' claims are incurred, the employer must reimburse the State for those costs, subject to the plans individual claim cost limitation and the employer's premium limitation.

During 1991, the City applied for and was accepted into the State of Ohio's Retrospective Rating Plan. The City has established a Workers Compensation Self-Insurance Fund (an Internal Service Fund) to account for and pay workers' compensation claims from accumulated assets of the fund. The City's retrospective rating plan provides for an aggregate stop loss limit on premiums of 200% of the employer's normal premium in the year in which the claim occurred and a \$300,000 limit per individual claim.

At December 31, 2002, \$1,678,590 has been accrued for workers' compensation claims representing estimates of amounts to be paid for reported claims and incurred but not reported claims calculated using trends in actual claims experience. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>2002</u>	<u>2001</u>
Estimated Claims payable January 1	\$ 2,224,944	\$ 1,456,807
Plus: Current year claims and changes in estimates	(470,511)	987,580
Less: Claim payments	<u>(75,843)</u>	<u>(219,443)</u>
Estimated Claims payable December 31	<u>\$ 1,678,590</u>	<u>\$ 2,224,944</u>

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 18 – RESTATEMENT OF PRIOR YEAR FUND BALANCES

Due to a change in the method of implementing GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and to properly adjust balance for loans payable the following changes to beginning balances have been made.

	<u>General Fund</u>	<u>Sewer and Wastewater Fund</u>
Fund Balances, December 31, 2001	\$ 9,242,408	\$ 13,432,828
GASB 33 Adjustment:		
Loans Payable	-	(314,589)
Intergovernmental Revenue	<u>713,104</u>	<u>-</u>
Adjusted Fund Balances, January 1, 2002	\$ <u>9,955,512</u>	\$ <u>13,118,239</u>

NOTE 19 – ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

The following funds had deficit fund balance or retained earning at December 31, 2002:

<u>Capital Project Funds</u>	
Permanent Capital Improvement	\$ 3,327,493
<u>Internal Service Funds</u>	
General Insurance	397,273
Hospitalization	105,876

The deficit in the permanent Capital Improvement Capital Projects Fund resulted from the use of short-term notes, which are recorded as liabilities in the funds, to finance capital projects. Once the notes are retired or bonds are issued, the deficit will be eliminated.

The retained earning deficits in the General Insurance Fund and Hospitalization Fund were caused by the accrual of claims that are estimated to be paid in the future. The funding for these claims, if incurred and paid at some point in the future, will be obtained through and operating transfer from other funds.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 19 – ACCOUNTABILITY AND COMPLIANCE (CONTINUED)

B. LEGAL COMPLIANCE

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

	<u>Appropriation</u>	<u>Expenditure & Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Just Friends Grant	\$ 0	\$ 8	\$ 8
Juvenile Accountability Incentive Block Grant	44,000	44,268	268
<u>Internal Service Fund</u>			
Hospitalization Fund	3,402,599	3,476,973	74,374

Contrary to Section 5705.39 Ohio Revised Code, the following funds had appropriations in excess of total estimated revenue available for expenditure:

	<u>Certificate of Estimated Resources</u>	<u>Appropriation</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Emergency Shelter Grant	\$ 50,637	\$ 91,008	\$ 40,371
Little Links Fund	21,063	23,332	2,269
Home Investment Program	207,500	379,776	172,276
Cuyahoga County Violence Prevention Grant	17,881	19,222	1,341
Byrne Memorial Grant Fund	35,970	37,901	1,931
Help To Others	22,568	34,700	12,132
Lead Paint Program	0	250,000	250,000
<u>Capital Project Funds</u>			
Permanent Capital Improvement	5,149,689	5,607,769	458,080
City Park Improvement Fund	10	10,000	9,990
<u>Enterprise Fund</u>			
Winterhurst Ice Rink	933,002	968,083	35,081
Water	15,834,070	17,270,073	1,436,003

The amended certificate of estimated revenues revised the estimated revenues to actual revenues received. All funds had sufficient revenue and fund balance to support appropriations.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

NOTE 20- BUDGETARY RESTATEMENT

<u>Fund</u>	Balance As of <u>December 31, 2001</u>	Balance As of <u>January 1, 2002</u>	<u>Adjustment</u>
General Fund	\$ 5,070,408	\$ 5,122,853	\$ 52,445
<u>Special Revenue Funds</u>			
Streets and Highways Fund	273,029	298,174	25,145
Police and Fire Pensions Fund	764,056	329,927	(434,129)
Community Development Block Grant Fund	(1,012,549)	3,217,620	4,230,169
Children's Trust Grant Fund	(2,885)	(2,882)	3
Bureau of Justice Grant Fund	52,851	55,225	2,374
Lakewood Hospital Fund	1,009,819	1,029,115	19,296
<u>Capital Projects Fund</u>			
Permanent Capital Improvement Fund	1,209,566	1,168,231	(41,335)

The prior year fund balance was restated to properly reflect receipts and expenditures due to a misposting.

NOTE 21 – SUBSEQUENT EVENTS

On May 8, 2003, the City issued \$8,700,000 of Various Purpose General Obligation Bonds, Series 2003. The bonds will bear interest until maturity on May 08, 2023 at various rates between 3.55% to 4.50%. The proceeds will be used to finance various permanent capital improvements scheduled for completion in 2003 and paying debt off.

On June 5, 2003, the City issued \$4,118,500 of Various Purpose General Obligation Bond Anticipation Notes, Series 2003. The notes will bear interest until maturity on June 5, 2003 at a rate of 1.09%. The proceeds will be used to finance various permanent capital improvements scheduled for completion in 2003.

CITY OF LAKEWOOD, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2002

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CITY OF LAKEWOOD, OHIO

SPECIAL REVENUE FUNDS

DECEMBER 31, 2002

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

Streets and Highways Fund	To account for the revenue from the City's share of state gasoline taxes and vehicle registration fees. State law requires that these taxes be used for maintenance of streets.
Police and Fire Pensions Fund	To account for the revenue from property taxes levied for the partial payment of the current and accrued liability for police and firemen disability and pension.
Enforcement and Education Fund	To account for the revenue from fines imposed by the Courts which are used for programs aimed at further education in enforcement of D.U.I. laws.
Litter Control Grant Fund	To account for the revenues received from Ohio Department of Natural Resources and expenditures relative to this program.
Office on Aging Grant Fund	To account for the revenues received through the Ohio Department on Aging from the federal government under the Older Americans Act and expenditures related to this program.
Community Development Block Grant Fund	To account for the revenues received from the federal government and expenditures as prescribed under the Community Development Block Grant program.
Community Festival Fund	To account for the revenues and expenditures relating to various community activities held during the year.
Children's Trust Grant Fund	To account for the revenue received from the Governor's Office of Criminal Justice Services which are used to implement a comprehensive community awareness and prevention program for Lakewood's youth.
Law and Drug Enforcement Fund	To account for confiscated property and forfeited bonds. Monies are designated for specific law enforcement purposes and activities.
Emergency Shelter Grant Fund	To account for grants issued to the City by the United States Department of Housing and Urban Development (HUD) to fund the renovation, rehabilitation or conversion of buildings for use as emergency shelters for the homeless.

Continued

CITY OF LAKEWOOD, OHIO

SPECIAL REVENUE FUNDS (CONTINUED)

DECEMBER 31, 2002

Indigent Drivers Alcohol Treatment Fund	To account for the revenue from fines imposed by the persons convicted of “Driving while under the influence of alcohol (D.U.I.)”
Federal Forfeiture Fund	To account for the local share of federally seized property designated for specific law enforcement purposes and activities.
Political Subdivision Fund	To account for the revenue from fines imposed by the Courts which is distributed to the political subdivision responsible for housing the D.U.I. offender to offset related costs.
Bureau of Justice Grant Fund	To account for grant proceeds from the federal government and the expenditures relative to this program.
Computer Research and Maintenance Fund	To account for the revenue from fines imposed by the Courts which is used to provide for computerized research services and maintenance of the Court’s computer system.
Little Links Fund	To account for the revenues and expenditures to maintain the City’s miniature golf course.
Lakewood Hospital Fund	To account for revenues and expenditures related to providing emergency medical service and other health and safety services.
Just Friends Grant Fund	To account for grant proceeds from the State which fund youth programming.
Home Investment Partnership Fund	To account for the revenues received to help first-time homebuyer with low and moderate income to purchase a new home.
Cuyahoga County Violence Prevention Grant Fund	To account for grant proceeds from the County used to provide case management services to children who witness violence.
Juvenile Accountability Incentive Block Grant Fund	To account for grant proceeds from the State used to decrease the number of juveniles entering the court systems.

Continued

CITY OF LAKEWOOD, OHIO

SPECIAL REVENUE FUNDS (CONTINUED)

DECEMBER 31, 2002

Byrne Memorial Grant Fund	To account for grant proceeds from the State used to expand the community safety outreach program.
Help to Others Fund	To account for camp registration and donations used to fund a youth program that promotes volunteerism.
Court Special Projects Fund	To account for additional funds that are required to make available for computerized research services, maintenance and other special projects for the court's computer system and daily operation.
Court Probation Services Fund	To account for additional funds to defendant in a traffic or criminal case who has been placed on active probation.
Lead Base Paint Program Fund	To account for grant funds to families with low to moderate income and who have children under the age of six who are at risk for lead paint poisoning.

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

DECEMBER 31, 2002

	Streets and Highways Fund	Police and Fire Pensions Fund	Enforcement and Education Fund	Litter Control Grant Fund	Office on Aging Grant Fund	Community Development Block Grant Fund
<u>Assets</u>						
Cash and cash equivalents	\$ 892,537	\$ 972,267	\$ 46,588	\$ 15,211	\$ 224,740	\$ 84,439
Receivables						
Taxes	-	2,346,358	-	-	-	-
Accounts	-	-	-	-	656	23,481
Loans	-	-	-	-	-	2,964,927
Accrued interest	-	-	-	-	-	-
Other	-	-	328	-	13,108	-
Receivables, net	-	2,346,358	328	-	13,764	2,988,408
Due from other governments	594,599	156,425	-	-	24,094	4,776
Prepaid items	-	-	-	-	-	3,375
Inventories	61,444	-	-	-	-	-
Total assets	\$ <u>1,548,580</u>	\$ <u>3,475,050</u>	\$ <u>46,916</u>	\$ <u>15,211</u>	\$ <u>262,598</u>	\$ <u>3,080,998</u>
<u>Liabilities</u>						
Accounts payable	\$ 29,977	\$ -	\$ -	\$ -	\$ 7,203	\$ 133,195
Due to other funds	23,959	-	-	-	25,593	9,348
Accrued wages and benefits	55,037	-	-	-	71,083	16,494
Deferred revenue	388,346	2,385,872	-	-	-	-
Total liabilities	<u>497,319</u>	<u>2,385,872</u>	<u>-</u>	<u>-</u>	<u>103,879</u>	<u>159,037</u>
<u>Fund balance (deficit)</u>						
Reserved for loans receivable	-	-	-	-	-	2,964,927
Reserved for inventories	61,444	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	3,375
Reserved for encumbrances	256,487	-	-	110	2,056	-
Undesignated and unreserved (deficit)	<u>733,330</u>	<u>1,089,178</u>	<u>46,916</u>	<u>15,101</u>	<u>156,663</u>	<u>(46,341)</u>
Total fund balance (deficit)	<u>1,051,261</u>	<u>1,089,178</u>	<u>46,916</u>	<u>15,211</u>	<u>158,719</u>	<u>2,921,961</u>
Total liabilities and fund balance	\$ <u>1,548,580</u>	\$ <u>3,475,050</u>	\$ <u>46,916</u>	\$ <u>15,211</u>	\$ <u>262,598</u>	\$ <u>3,080,998</u>

Community Festival Fund	Children's Trust Grant Fund	Law and Drug Enforcement Fund	Emergency Shelter Grant Fund	Indigent Drivers Alcohol Treatment Fund	Federal Forfeiture Fund	Political Subdivision Fund	Bureau of Justice Grant Fund	Computer Research and Maintenance Fund
\$ 6,900	\$ 324	\$ 214,160	\$ -	\$ 138,909	\$ 27,515	\$ 1,881	\$ 70,807	\$ 114,621
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	666	-
-	-	875	-	200	-	45	-	1,751
-	-	875	-	200	-	45	666	1,751
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ <u>6,900</u>	\$ <u>324</u>	\$ <u>215,035</u>	\$ <u>-</u>	\$ <u>139,109</u>	\$ <u>27,515</u>	\$ <u>1,926</u>	\$ <u>71,473</u>	\$ <u>116,372</u>
\$ -	\$ -	\$ 4,575	\$ 9,246	\$ -	\$ -	\$ -	\$ 13,500	\$ 8,835
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	4,575	9,246	-	-	-	13,500	8,835
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	4,022	-	-	-	-	33,037	-
<u>6,900</u>	<u>324</u>	<u>206,438</u>	<u>(9,246)</u>	<u>139,109</u>	<u>27,515</u>	<u>1,926</u>	<u>24,936</u>	<u>107,537</u>
<u>6,900</u>	<u>324</u>	<u>210,460</u>	<u>(9,246)</u>	<u>139,109</u>	<u>27,515</u>	<u>1,926</u>	<u>57,973</u>	<u>107,537</u>
\$ <u>6,900</u>	\$ <u>324</u>	\$ <u>215,035</u>	\$ <u>-</u>	\$ <u>139,109</u>	\$ <u>27,515</u>	\$ <u>1,926</u>	\$ <u>71,473</u>	\$ <u>116,372</u>

Continued

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS (CONTINUED)

DECEMBER 31, 2002

	<u>Little Links Fund</u>	<u>Lakewood Hospital Fund</u>	<u>Just Friends Grant Fund</u>	<u>Home Investment Partnership Fund</u>	<u>Cuyahoga County Violence Prevention Grant Fund</u>	<u>Juvenile Accountability Incentive Block Grant Fund</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 5,082	\$ 1,186,864	\$ -	\$ 12,500	\$ 1	\$ 111
Receivables						
Taxes	-	-	-	-	-	-
Accounts	-	125,206	-	-	-	-
Loans	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Receivables, net	<u>-</u>	<u>125,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due from other governments	-	-	-	-	-	6,206
Prepaid items	-	32,095	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,082</u>	<u>\$ 1,344,165</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 1</u>	<u>\$ 6,317</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 21,050	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	23,285	-	-	-	-
Accrued wages and benefits	-	63,450	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>107,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance (deficit)</u>						
Reserved for loans receivable	-	-	-	-	-	-
Reserved for inventories	-	-	-	-	-	-
Reserved for prepaid items	-	32,095	-	-	-	-
Reserved for encumbrances	-	73,654	-	-	-	-
Undesignated and Unreserved (deficit)	<u>5,082</u>	<u>1,130,631</u>	<u>-</u>	<u>12,500</u>	<u>1</u>	<u>6,317</u>
Total fund balance (deficit)	<u>5,082</u>	<u>1,236,380</u>	<u>-</u>	<u>12,500</u>	<u>1</u>	<u>6,317</u>
Total liabilities and fund balance	<u>\$ 5,082</u>	<u>\$ 1,344,165</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 1</u>	<u>\$ 6,317</u>

<u>Byrne Memorial Grant Fund</u>	<u>Help to Others Fund</u>	<u>Court Special Projects Fund</u>	<u>Court Probation Services Fund</u>	<u>Totals</u>
\$ -	\$ 1,445	\$ 12,777	\$ 18,054	\$ 4,047,733
-	-	-	-	2,346,358
-	-	-	-	149,343
-	-	-	-	2,964,927
-	-	-	-	666
-	-	2,641	-	18,948
-	-	2,641	-	5,480,242
-	-	-	-	786,100
-	-	-	-	35,470
-	-	-	-	61,444
\$ <u>-</u>	\$ <u>1,445</u>	\$ <u>15,418</u>	\$ <u>18,054</u>	\$ <u>10,410,989</u>
\$ -	\$ -	\$ -	\$ -	\$ 227,581
-	-	-	-	82,185
-	-	-	-	206,064
-	-	-	-	2,774,218
-	-	-	-	3,290,048
-	-	-	-	2,964,927
-	-	-	-	61,444
-	-	-	-	35,470
-	-	-	-	369,366
-	1,445	15,418	18,054	3,689,734
-	1,445	15,418	18,054	7,120,941
\$ <u>-</u>	\$ <u>1,445</u>	\$ <u>15,418</u>	\$ <u>18,054</u>	\$ <u>10,410,989</u>

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Streets and Highways Fund</u>	<u>Police and Fire Pensions Fund</u>	<u>Enforcement and Education Fund</u>	<u>Litter Control Grant Fund</u>	<u>Office on Aging Grant Fund</u>	<u>Community Development Block Grant Fund</u>
Revenues						
Taxes	\$ -	\$ 2,283,004	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,465,521	298,882	-	50,772	388,051	3,186,342
Charges for services	9,782	-	-	-	3,600	-
Fines and forfeits	-	-	7,400	-	-	-
Interest	-	-	-	-	-	81,362
Miscellaneous	<u>105,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,282</u>	<u>-</u>
Total revenues	<u>1,580,657</u>	<u>2,581,886</u>	<u>7,400</u>	<u>50,772</u>	<u>615,933</u>	<u>3,267,704</u>
Expenditures						
Current:						
Public safety	-	2,022,915	5,977	-	-	-
Health	-	-	-	-	1,705,215	-
Community environment	-	-	-	67,235	-	3,486,639
Highways and streets	1,912,861	-	-	-	-	-
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,458</u>
Total expenditures	<u>1,912,861</u>	<u>2,022,915</u>	<u>5,977</u>	<u>67,235</u>	<u>1,705,215</u>	<u>3,488,097</u>
Excess of revenues over (under) expenditures	<u>(332,204)</u>	<u>558,971</u>	<u>1,423</u>	<u>(16,463)</u>	<u>(1,089,282)</u>	<u>(220,393)</u>
Other financing sources (uses)						
Operating transfers, in	500,000	-	-	14,596	1,375,000	-
Operating transfers, out	<u>(145,000)</u>	<u>(355,545)</u>	<u>-</u>	<u>-</u>	<u>(141,000)</u>	<u>(75,266)</u>
Net other financing sources (uses)	<u>355,000</u>	<u>(355,545)</u>	<u>-</u>	<u>14,596</u>	<u>1,234,000</u>	<u>(75,266)</u>
Excess of revenues and other sources over (under) expenditures and other uses	22,796	203,426	1,423	(1,867)	144,718	(295,659)
Fund balances (deficit), January 1,	<u>1,028,465</u>	<u>885,752</u>	<u>45,493</u>	<u>17,078</u>	<u>14,001</u>	<u>3,217,620</u>
Fund balances (deficit), December 31	<u>\$ 1,051,261</u>	<u>\$ 1,089,178</u>	<u>\$ 46,916</u>	<u>\$ 15,211</u>	<u>\$ 158,719</u>	<u>\$ 2,921,961</u>

Community Festival Fund	Children's Trust Grant Fund	Law and Drug Enforcement Fund	Emergency Shelter Grant Fund	Indigent Drivers Alcohol Treatment Fund	Federal Forfeiture Fund	Political Subdivision Fund	Bureau of Justice Grant Fund	Computer Research and Maintenance Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	3,000	-	110,830	-	-	-	39,842	-
-	-	-	-	-	-	-	-	-
-	-	13,201	-	15,091	23,197	5,651	-	22,442
-	-	-	-	-	-	-	-	-
<u>3,000</u>	<u>-</u>	<u>11,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,000</u>	<u>3,000</u>	<u>24,931</u>	<u>110,830</u>	<u>15,091</u>	<u>23,197</u>	<u>5,651</u>	<u>39,842</u>	<u>22,442</u>
-	-	61,711	-	-	-	-	-	-
-	237	-	-	-	-	-	-	-
-	-	-	114,957	-	13,616	-	41,463	-
-	-	-	-	-	-	-	-	-
<u>4,637</u>	<u>-</u>	<u>4,575</u>	<u>-</u>	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,936</u>
<u>4,637</u>	<u>237</u>	<u>66,286</u>	<u>114,957</u>	<u>25,500</u>	<u>13,616</u>	<u>-</u>	<u>41,463</u>	<u>78,936</u>
<u>(1,637)</u>	<u>2,763</u>	<u>(41,355)</u>	<u>(4,127)</u>	<u>(10,409)</u>	<u>9,581</u>	<u>5,651</u>	<u>(1,621)</u>	<u>(56,494)</u>
5,000	-	147,287	-	-	-	-	2090	-
-	-	(12,085)	-	-	-	(5,000)	-	-
<u>5,000</u>	<u>-</u>	<u>135,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>2,090</u>	<u>-</u>
3,363	2,763	93,847	(4,127)	(10,409)	9,581	651	469	(56,494)
<u>3,537</u>	<u>(2,439)</u>	<u>116,613</u>	<u>(5,119)</u>	<u>149,518</u>	<u>17,934</u>	<u>1,275</u>	<u>57,504</u>	<u>164,031</u>
\$ <u>6,900</u>	\$ <u>324</u>	\$ <u>210,460</u>	\$ <u>(9,246)</u>	\$ <u>139,109</u>	\$ <u>27,515</u>	\$ <u>1,926</u>	\$ <u>57,973</u>	\$ <u>107,537</u>

Continued

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Little Links Fund	Lakewood Hospital Fund	Just Friends Grant Fund	Home Investment Partnership Fund	Cuyahoga County Violence Prevention Grant Fund	Juvenile Accountability Incentive Block Grant Fund
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	85,381	-	-	-	-
Intergovernmental	-	25,684	-	207,500	13,270	24,506
Charges for services	16,001	2,106,355	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	300	1,855	-	-	-	-
Total revenues	16,301	2,219,275	-	207,500	13,270	24,506
<u>Expenditures</u>						
Current:						
Public safety	-	1,379,063	-	-	-	-
Health	-	697,849	-	-	-	-
Community environment	15,982	-	-	195,000	17,880	44,172
Highways and streets	-	-	-	-	-	-
General government	-	-	-	-	-	-
Total expenditures	15,982	2,076,912	-	195,000	17,880	44,172
Excess of revenues over (under) expenditures	319	142,363	-	12,500	(4,610)	(19,666)
<u>Other financing sources (uses)</u>						
Operating transfers, in	-	-	-	-	-	-
Operating transfers, out	-	(128,287)	(8)	-	-	-
Net other financing sources (uses)	-	(128,287)	(8)	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	319	14,076	(8)	12,500	(4,610)	(19,666)
Fund balances (deficit), January 1	4,763	1,222,304	8	-	4,611	25,983
Fund balances (deficit), December 31	\$ 5,082	\$ 1,236,380	\$ -	\$ 12,500	\$ 1	\$ 6,317

Byrne Memorial Grant Fund	Help to Others Fund	Court Special Projects Fund	Court Probation Services Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 2,283,004
-	-	-	-	85,381
23,759	-	-	-	5,837,959
-	5,190	33,774	18,054	2,192,756
-	-	-	-	86,982
-	-	-	-	81,362
-	16,769	-	-	363,290
<u>23,759</u>	<u>21,959</u>	<u>33,774</u>	<u>18,054</u>	<u>10,930,734</u>
-	-	-	-	3,469,666
-	-	-	-	2,403,301
35,452	21,123	-	-	4,053,519
-	-	-	-	1,912,861
-	-	18,356	-	133,462
<u>35,452</u>	<u>21,123</u>	<u>18,356</u>	<u>-</u>	<u>11,972,809</u>
(11,693)	836	15,418	18,054	(1,042,075)
9,475	-	-	-	2,053,448
-	-	-	-	(862,191)
<u>9,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,257</u>
(2,218)	836	15,418	18,054	149,182
<u>2,218</u>	<u>609</u>	<u>-</u>	<u>-</u>	<u>6,971,759</u>
\$ <u>-</u>	\$ <u>1,445</u>	\$ <u>15,418</u>	\$ <u>18,054</u>	\$ <u>7,120,941</u>

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Streets and Highways Fund			Police and Fire Pensions Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ 2,280,096	\$ 2,280,096	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,495,000	1,462,790	(32,210)	298,882	298,882	-
Charges for services	-	9,782	9,782	-	-	-
Fines and forfeits	-	-	-	-	-	-
Miscellaneous	171,203	105,354	(65,849)	-	-	-
Total revenues	<u>1,666,203</u>	<u>1,577,926</u>	<u>(88,277)</u>	<u>2,578,978</u>	<u>2,578,978</u>	<u>-</u>
<u>Expenditures</u>						
Current:						
Public Safety	-	-	-	2,448,047	2,183,482	264,565
Health	-	-	-	-	-	-
Community environment	-	-	-	-	-	-
Highways and streets	2,268,374	1,844,834	423,540	-	-	-
General government	-	-	-	-	-	-
Total expenditures	<u>2,268,374</u>	<u>1,844,834</u>	<u>423,540</u>	<u>2,448,047</u>	<u>2,183,482</u>	<u>264,565</u>
Excess of revenues over (under) expenditures	<u>(602,171)</u>	<u>(266,908)</u>	<u>335,263</u>	<u>130,931</u>	<u>395,496</u>	<u>264,565</u>
<u>Other financing sources (uses)</u>						
Operating transfers, in	500,000	500,000	-	-	-	-
Operating transfers, out	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(426,090)</u>	<u>(355,545)</u>	<u>70,545</u>
Net other financing sources (uses)	<u>355,000</u>	<u>355,000</u>	<u>-</u>	<u>(426,090)</u>	<u>(355,545)</u>	<u>70,545</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(247,171)</u>	<u>88,092</u>	<u>335,263</u>	<u>(295,159)</u>	<u>39,951</u>	<u>335,110</u>
Decertification of prior year encumbrances	-	224,380	224,380	-	-	-
Fund balances (deficit), January 1, Restated	<u>298,174</u>	<u>298,174</u>	<u>-</u>	<u>329,927</u>	<u>329,927</u>	<u>-</u>
Fund balances (deficit), December 31	\$ <u>51,003</u>	\$ <u>610,646</u>	\$ <u>559,643</u>	\$ <u>34,768</u>	\$ <u>369,878</u>	\$ <u>335,110</u>

Enforcement and Education Fund			Litter Control Grants Fund			Office on Aging Grant Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	50,772	50,772	-	389,405	398,134	8,729
-	-	-	-	-	-	3,600	3,600	-
7,627	7,627	-	-	-	-	-	-	-
-	-	-	-	-	-	208,000	221,831	13,831
<u>7,627</u>	<u>7,627</u>	<u>-</u>	<u>50,772</u>	<u>50,772</u>	<u>-</u>	<u>601,005</u>	<u>623,565</u>	<u>22,560</u>
10,000	5,976	4,024	-	-	-	-	-	-
-	-	-	-	-	-	1,871,617	1,659,656	211,961
-	-	-	71,178	66,109	5,069	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>10,000</u>	<u>5,976</u>	<u>4,024</u>	<u>71,178</u>	<u>66,109</u>	<u>5,069</u>	<u>1,871,617</u>	<u>1,659,656</u>	<u>211,961</u>
(2,373)	1,651	4,024	(20,406)	(15,337)	5,069	(1,270,612)	(1,036,091)	234,521
-	-	-	14,596	14,596	-	1,397,560	1,375,000	(22,560)
-	-	-	-	-	-	(141,000)	(141,000)	-
-	-	-	14,596	14,596	-	1,256,560	1,234,000	(22,560)
(2,373)	1,651	4,024	(5,810)	(741)	5,069	(14,052)	197,909	211,961
-	-	-	-	4	4	-	729	729
44,938	44,938	-	15,728	15,728	-	23,686	23,686	-
<u>42,565</u>	<u>46,589</u>	<u>4,024</u>	<u>9,918</u>	<u>14,991</u>	<u>5,073</u>	<u>9,634</u>	<u>222,324</u>	<u>212,690</u>

Continued

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Community Development Block Grant Fund			Community Festival Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	6,820,173	3,994,118	(2,826,055)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Miscellaneous	-	-	-	3,000	3,000	-
Total revenues	<u>6,820,173</u>	<u>3,994,118</u>	<u>(2,826,055)</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
<u>Expenditures</u>						
Current:						
Public Safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Community environment	5,224,617	3,426,679	1,797,938	-	-	-
Highways and streets	-	-	-	-	-	-
General government	-	-	-	5,610	4,637	973
Total expenditures	<u>5,224,617</u>	<u>3,426,679</u>	<u>1,797,938</u>	<u>5,610</u>	<u>4,637</u>	<u>973</u>
Excess of revenues over (under) expenditures	<u>1,595,556</u>	<u>567,439</u>	<u>(1,028,117)</u>	<u>(2,610)</u>	<u>(1,637)</u>	<u>973</u>
<u>Other financing sources (uses)</u>						
Operating transfers, in	-	-	-	5,000	5,000	-
Operating transfers, out	(75,266)	(75,266)	-	-	-	-
Net other financing sources (uses)	<u>(75,266)</u>	<u>(75,266)</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>1,520,290</u>	<u>492,173</u>	<u>(1,028,117)</u>	<u>2,390</u>	<u>3,363</u>	<u>973</u>
Decertification of prior year Encumbrances	-	10,110	10,110	-	-	-
Fund balances (deficit), January 1, Restated	<u>3,217,620</u>	<u>3,217,620</u>	<u>-</u>	<u>3,537</u>	<u>3,537</u>	<u>-</u>
Fund balances (deficit), December 31	<u>\$ 4,737,910</u>	<u>\$ 3,719,903</u>	<u>\$ (1,018,007)</u>	<u>\$ 5,927</u>	<u>\$ 6,900</u>	<u>\$ 973</u>

Children's Trust Grant Fund			Law and Drug Enforcement Fund			Emergency Shelter Grant Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
3,000	3,000	-	-	-	-	110,830	110,830	-
-	-	-	-	-	-	-	-	-
-	-	-	-	13,007	13,007	-	-	-
-	-	-	20,000	11,730	(8,270)	-	-	-
<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>20,000</u>	<u>24,737</u>	<u>4,737</u>	<u>110,830</u>	<u>110,830</u>	<u>-</u>
-	-	-	68,721	57,394	11,327	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	91,008	50,637	40,371
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	<u>68,721</u>	<u>57,394</u>	<u>11,327</u>	<u>91,008</u>	<u>50,637</u>	<u>40,371</u>
3,000	3,000	-	(48,721)	(32,657)	16,064	19,822	60,193	40,371
-	-	-	152,024	147,287	(4,737)	-	-	-
-	-	-	(12,304)	(12,085)	219	-	-	-
-	-	-	<u>139,720</u>	<u>135,202</u>	<u>(4,518)</u>	-	-	-
3,000	3,000	-	90,999	102,545	11,546	19,822	60,193	40,371
-	209	209	-	53	53	-	-	-
(2,882)	(2,882)	-	<u>102,967</u>	<u>102,967</u>	<u>-</u>	<u>(60,193)</u>	<u>(60,193)</u>	<u>-</u>
\$ <u>118</u>	\$ <u>327</u>	\$ <u>209</u>	\$ <u>193,966</u>	\$ <u>205,565</u>	\$ <u>11,599</u>	\$ <u>(40,371)</u>	\$ <u>-</u>	\$ <u>40,371</u>

Continued

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Indigent Drivers Alcohol Treatment Fund			Federal Forfeiture Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	15,491	15,491	-	23,197	23,197	-
Miscellaneous	-	-	-	-	-	-
Total revenues	15,491	15,491	-	23,197	23,197	-
<u>Expenditures</u>						
Current:						
Public Safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Community environment	-	-	-	18,203	13,616	4,587
Highways and streets	-	-	-	-	-	-
General government	51,000	25,500	25,500	-	-	-
Total expenditures	51,000	25,500	25,500	18,203	13,616	4,587
Excess of revenues over (under) expenditures	(35,509)	(10,009)	25,500	4,994	9,581	4,587
<u>Other financing sources (uses)</u>						
Operating transfers, in	-	-	-	-	-	-
Operating transfers, out	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(35,509)	(10,009)	25,500	4,994	9,581	4,587
Decertification of prior year encumbrances	-	-	-	-	-	-
Fund balances (deficit), January 1, Restated	148,918	148,918	-	17,934	17,934	-
Fund balances (deficit), December 31	\$ 113,409	\$ 138,909	\$ 25,500	\$ 22,928	\$ 27,515	\$ 4,587

Political Subdivision Fund			Bureau of Justice Grant Fund			Computer Research and Maintenance		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	39,842	39,842	-	-	-	-
-	-	-	-	-	-	-	-	-
5,851	5,851	-	-	-	-	24,786	24,786	-
-	-	-	-	-	-	-	-	-
<u>5,851</u>	<u>5,851</u>	<u>-</u>	<u>39,842</u>	<u>39,842</u>	<u>-</u>	<u>24,786</u>	<u>24,786</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	78,554	70,513	8,041	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	142,800	67,667	75,133
-	-	-	<u>78,554</u>	<u>70,513</u>	<u>8,041</u>	<u>142,800</u>	<u>67,667</u>	<u>75,133</u>
5,851	5,851	-	(38,712)	(30,671)	8,041	(118,014)	(42,881)	75,133
-	-	-	2,090	2,090	-	-	-	-
(5,000)	(5,000)	-	-	-	-	-	-	-
(5,000)	(5,000)	-	<u>2,090</u>	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
851	851	-	(36,622)	(28,581)	8,041	(118,014)	(42,881)	75,133
-	-	-	-	-	-	-	920	920
1,030	1,030	-	<u>55,225</u>	<u>55,225</u>	<u>-</u>	<u>156,583</u>	<u>156,583</u>	<u>-</u>
\$ <u>1,881</u>	\$ <u>1,881</u>	\$ <u>-</u>	\$ <u>18,603</u>	\$ <u>26,644</u>	\$ <u>8,041</u>	\$ <u>38,569</u>	\$ <u>114,622</u>	\$ <u>76,053</u>

Continued

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Little Links Fund			Lakewood Hospital Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	85,381	85,381	-
Intergovernmental	-	-	-	25,684	25,684	-
Charges for services	16,001	16,001	-	2,106,940	2,106,940	-
Fines and forfeits	-	-	-	-	-	-
Miscellaneous	300	300	-	1,855	1,855	-
Total revenues	<u>16,301</u>	<u>16,301</u>	<u>-</u>	<u>2,219,860</u>	<u>2,219,860</u>	<u>-</u>
<u>Expenditures</u>						
Current:						
Public Safety	-	-	-	1,370,180	1,332,620	37,560
Health	-	-	-	764,432	692,366	72,066
Community environment	23,333	15,982	7,351	-	-	-
Highways and streets	-	-	-	-	-	-
General government	-	-	-	-	-	-
Total expenditures	<u>23,333</u>	<u>15,982</u>	<u>7,351</u>	<u>2,134,612</u>	<u>2,024,986</u>	<u>109,626</u>
Excess of revenues over (under) expenditures	<u>(7,032)</u>	<u>319</u>	<u>7,351</u>	<u>85,248</u>	<u>194,874</u>	<u>109,626</u>
<u>Other financing sources (uses)</u>						
Operating transfers, in	-	-	-	-	-	-
Operating transfers, out	-	-	-	(128,287)	(128,287)	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,287)</u>	<u>(128,287)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(7,032)</u>	<u>319</u>	<u>7,351</u>	<u>(43,039)</u>	<u>66,587</u>	<u>109,626</u>
Decertification of prior year encumbrances	-	-	-	7,911	7,911	-
Fund balances (deficit), January 1, Restated	<u>4,763</u>	<u>4,763</u>	<u>-</u>	<u>1,029,115</u>	<u>1,029,115</u>	<u>-</u>
Fund balances (deficit), December 31	\$ <u>(2,269)</u>	\$ <u>5,082</u>	\$ <u>7,351</u>	\$ <u>986,076</u>	\$ <u>1,103,613</u>	\$ <u>117,537</u>

<u>Just Friends Grant Fund</u>			<u>Home Investment Partnership Fund</u>			<u>Cuyahoga County Violence Prev. Grant Fund</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	207,500	207,500	-	19,359	19,359	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	<u>207,500</u>	<u>207,500</u>	-	<u>19,359</u>	<u>19,359</u>	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	379,776	180,000	199,776	19,222	17,880	1,342
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	<u>379,776</u>	<u>180,000</u>	<u>199,776</u>	<u>19,222</u>	<u>17,880</u>	<u>1,342</u>
-	-	-	-	-	-	-	-	-
-	-	-	<u>(172,276)</u>	<u>27,500</u>	<u>199,776</u>	<u>137</u>	<u>1,479</u>	<u>1,342</u>
-	-	-	-	-	-	-	-	-
-	(8)	(8)	-	-	-	-	-	-
-	(8)	(8)	-	-	-	-	-	-
-	(8)	(8)	(172,276)	27,500	199,776	137	1,479	1,342
-	-	-	-	-	-	-	-	-
8	8	-	-	-	-	(1,478)	(1,478)	-
\$ <u>8</u>	\$ <u>-</u>	\$ <u>(8)</u>	\$ <u>(172,276)</u>	\$ <u>27,500</u>	\$ <u>199,776</u>	\$ <u>(1,341)</u>	\$ <u>1</u>	\$ <u>1,342</u>

Continued

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Juvenile Accountability Incentive Block Grant Fund			Byrne Memorial Grant Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	20,639	20,639	-	29,643	29,643	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	20,639	20,639	-	29,643	29,643	-
<u>Expenditures</u>						
Current:						
Public Safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Community environment	44,000	44,268	(268)	37,901	35,970	1,931
Highways and streets	-	-	-	-	-	-
General government	-	-	-	-	-	-
Total expenditures	44,000	44,268	(268)	37,901	35,970	1,931
Excess of revenues over (under) expenditures	(23,361)	(23,629)	(268)	(8,258)	(6,327)	1,931
<u>Other financing sources (uses)</u>						
Operating transfers, in	-	-	-	9,475	9,475	-
Operating transfers, out	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	9,475	9,475	-
Excess of revenues and other sources over (under) expenditures and other uses	(23,361)	(23,629)	(268)	1,217	3,148	1,931
Decertification of prior year encumbrances	-	-	-	-	-	-
Fund balances (deficit), January 1, Restated	23,740	23,740	-	(3,148)	(3,148)	-
Fund balances (deficit), December 31	\$ 379	\$ 111	\$ (268)	\$ (1,931)	\$ -	\$ 1,931

Help To Others Fund			Court Special Projects Fund			Court Probation Services Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,190	5,190	-	-	-	-	-	-	-
-	-	-	31,133	31,133	-	18,054	18,054	-
<u>16,769</u>	<u>16,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>21,959</u>	<u>21,959</u>	<u>-</u>	<u>31,133</u>	<u>31,133</u>	<u>-</u>	<u>18,054</u>	<u>18,054</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
34,700	21,123	13,577	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	30,000	18,356	11,644	-	-	-
<u>34,700</u>	<u>21,123</u>	<u>13,577</u>	<u>30,000</u>	<u>18,356</u>	<u>11,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(12,741)</u>	<u>836</u>	<u>13,577</u>	<u>1,133</u>	<u>12,777</u>	<u>11,644</u>	<u>18,054</u>	<u>18,054</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>(12,741)</u>	<u>836</u>	<u>13,577</u>	<u>1,133</u>	<u>12,777</u>	<u>11,644</u>	<u>18,054</u>	<u>18,054</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>609</u>	<u>609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>(12,132)</u>	\$ <u>1,445</u>	\$ <u>13,577</u>	\$ <u>1,133</u>	\$ <u>12,777</u>	\$ <u>11,644</u>	\$ <u>18,054</u>	\$ <u>18,054</u>	\$ <u>-</u>

Continued

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Lead Paint Program Fund			Totals		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ 2,280,096	\$ 2,280,096	\$ -
Licenses and permits	-	-	-	85,381	85,381	-
Intergovernmental	-	-	-	9,510,729	6,661,193	(2,849,536)
Charges for services	-	-	-	2,131,731	2,141,513	9,782
Fines and forfeits	-	-	-	126,139	139,146	13,007
Miscellaneous	-	-	-	421,127	360,839	(60,288)
Total revenues	-	-	-	<u>14,555,203</u>	<u>11,668,168</u>	<u>(2,887,035)</u>
<u>Expenditures</u>						
Current:						
Public Safety	-	-	-	3,896,948	3,579,472	317,476
Health	-	-	-	2,636,049	2,352,022	284,027
Community environment	250,000	-	250,000	6,272,492	3,942,777	2,329,715
Highways and streets	-	-	-	2,268,374	1,844,834	423,540
General government	-	-	-	229,410	116,160	113,250
Total expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>15,303,273</u>	<u>11,835,265</u>	<u>3,468,008</u>
Excess of revenues over (under) expenditures	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>(748,070)</u>	<u>(167,097)</u>	<u>580,973</u>
<u>Other financing sources (uses)</u>						
Operating transfers, in	-	-	-	2,080,745	2,053,448	(27,297)
Operating transfers, out	-	-	-	(932,947)	(862,191)	70,756
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,147,798</u>	<u>1,191,257</u>	<u>43,459</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>399,728</u>	<u>1,024,160</u>	<u>624,432</u>
Decertification of prior year encumbrances	-	-	-	-	244,316	244,316
Fund balances (deficit), January 1, Restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,406,801</u>	<u>5,406,801</u>	<u>-</u>
Fund balances (deficit), December 31	\$ <u>(250,000)</u>	\$ <u>-</u>	\$ <u>250,000</u>	\$ <u>5,806,529</u>	\$ <u>6,675,277</u>	\$ <u>868,748</u>

CITY OF LAKEWOOD, OHIO

CAPITAL PROJECTS FUNDS

DECEMBER 31, 2002

Capital Projects Funds are established to account for the acquisition and construction of major capital facilities and equipment other than those financed by Proprietary Funds.

Permanent Capital Improvement Fund	To account for the acquisition of equipment and the construction of general fixed assets of the City.
Lakehouse Breakwall Fund	To account for the construction of a permanent breakwall to protect the property of the citizens of the City.
Land Acquisition Fund	To account for the acquisition of properties purchased by the City to be developed for recreation, economic or other purposes as deemed appropriate by City Council and the Mayor.
City Park Improvement Fund	To account for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets.

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS

DECEMBER 31, 2002

	Permanent Capital Improvement Fund	Lakehouse Breakwall Fund	Land Acquisition Fund	City Park Improvement Fund	Totals
<u>Assets</u>					
Cash and cash equivalents	\$ 2,809,820	\$ 7,006	\$ 150,000	\$ 10	\$ 2,966,836
Accounts receivable	51,144	-	-	-	51,144
Special assessments receivable	-	44,830	-	-	44,830
Total assets	<u>\$ 2,860,964</u>	<u>\$ 51,836</u>	<u>\$ 150,000</u>	<u>\$ 10</u>	<u>\$ 3,062,810</u>
<u>Liabilities</u>					
Accounts payable	\$ 227,457	\$ -	\$ -	\$ -	\$ 227,457
Deferred revenue	-	44,830	-	-	44,830
Notes payable	5,961,000	-	-	-	5,961,000
Total liabilities	<u>6,188,457</u>	<u>44,830</u>	<u>-</u>	<u>-</u>	<u>6,233,287</u>
<u>Fund balance</u>					
Reserved for encumbrances	1,048,199	-	-	-	1,048,199
Undesignated and unreserved (deficit)	(4,375,692)	7,006	150,000	10	(4,218,676)
Total fund balance (deficit)	<u>(3,327,493)</u>	<u>7,006</u>	<u>150,000</u>	<u>10</u>	<u>(3,170,477)</u>
Total liabilities and fund balance	<u>\$ 2,860,964</u>	<u>\$ 51,836</u>	<u>\$ 150,000</u>	<u>\$ 10</u>	<u>\$ 3,062,810</u>

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Permanent Capital Improvement Fund	Lakehouse Breakwall Fund	Land Acquisition Fund	City Park Improvement Fund	Totals
<u>Revenues</u>					
Special assessments	\$ 85,968	\$ 44,499	\$ -	\$ -	\$ 130,467
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Total revenues	<u>85,968</u>	<u>44,499</u>	<u>-</u>	<u>10</u>	<u>130,477</u>
<u>Expenditures</u>					
Current:					
Capital outlay	3,036,132	-	-	-	3,036,132
Debt service:					
Principal retirement	-	40,000	-	-	40,000
Interest and fiscal charges	<u>70,875</u>	<u>4,160</u>	<u>-</u>	<u>-</u>	<u>75,035</u>
Total expenditures	<u>3,107,007</u>	<u>44,160</u>	<u>-</u>	<u>-</u>	<u>3,151,167</u>
Excess of revenues over (under) expenditures	<u>(3,021,039)</u>	<u>339</u>	<u>-</u>	<u>10</u>	<u>(3,020,690)</u>
<u>Other financing sources (uses)</u>					
Operating transfers, in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	(3,021,039)	339	50,000	10	(2,970,690)
Fund balance (deficit), January 1	<u>(306,454)</u>	<u>6,667</u>	<u>100,000</u>	<u>-</u>	<u>(199,787)</u>
Fund balance (deficit), December 31	\$ <u><u>(3,327,493)</u></u>	\$ <u><u>7,006</u></u>	\$ <u><u>150,000</u></u>	\$ <u><u>10</u></u>	\$ <u><u>(3,170,477)</u></u>

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Permanent Capital Improvement Fund</u>			<u>Lakehouse Breakwall Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>						
Special assessments	\$ 120,255	\$ 45,458	\$ (74,797)	\$ 44,499	\$ 44,499	\$ -
Miscellaneous	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>220,255</u>	<u>45,458</u>	<u>(174,797)</u>	<u>44,499</u>	<u>44,499</u>	<u>-</u>
<u>Expenditures</u>						
Capital outlay	5,607,769	3,769,662	1,838,107	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,180</u>	<u>44,160</u>	<u>2,020</u>
Total expenditures	<u>5,607,769</u>	<u>3,769,662</u>	<u>1,838,107</u>	<u>46,180</u>	<u>44,160</u>	<u>2,020</u>
Excess of revenues over (under) expenditures	<u>(5,387,514)</u>	<u>(3,724,204)</u>	<u>1,663,310</u>	<u>(1,681)</u>	<u>339</u>	<u>2,020</u>
<u>Other financing sources (uses)</u>						
Debt Proceeds	3,761,203	3,936,000	174,797	-	-	-
Operating transfers, in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>3,761,203</u>	<u>3,936,000</u>	<u>174,797</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,626,311)</u>	<u>211,796</u>	<u>1,838,107</u>	<u>(1,681)</u>	<u>339</u>	<u>2,020</u>
Decertification of prior year encumbrances	-	51,825	51,825	-	-	-
<u>Fund balances</u>						
January 1, Restated	<u>1,168,231</u>	<u>1,168,231</u>	<u>-</u>	<u>6,668</u>	<u>6,668</u>	<u>-</u>
Fund balances, December 31	\$ <u>(458,080)</u>	\$ <u>1,431,852</u>	\$ <u>1,889,932</u>	\$ <u>4,987</u>	\$ <u>7,007</u>	\$ <u>2,020</u>

Land Acquisition Fund			City Park Improvement Fund			Totals		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,754	\$ 89,957	\$ (74,797)
-	-	-	10	10	-	100,010	10	(100,000)
-	-	-	10	10	-	264,764	89,967	(174,797)
-	-	-	10,000	-	10,000	5,617,769	3,769,662	1,848,107
-	-	-	-	-	-	46,180	44,160	2,020
-	-	-	10,000	-	10,000	5,663,949	3,813,822	1,850,127
-	-	-	(9,990)	10	10,000	(5,399,185)	(3,723,855)	1,675,330
-	-	-	-	-	-	3,761,203	3,936,000	174,797
50,000	50,000	-	-	-	-	50,000	50,000	-
50,000	50,000	-	-	-	-	3,811,203	3,986,000	174,797
50,000	50,000	-	(9,990)	10	10,000	(1,587,982)	262,145	1,850,127
-	-	-	-	-	-	-	51,825	51,825
100,000	100,000	-	-	-	-	1,274,899	1,274,899	-
\$ 150,000	\$ 150,000	\$ -	\$ (9,990)	\$ 10	\$ 10,000	\$ (313,083)	\$ 1,588,869	\$ 1,901,952

CITY OF LAKEWOOD, OHIO

ENTERPRISE FUNDS

DECEMBER 31, 2002

Enterprise Funds are established to account for operations that are financed and operated by user charges for goods or services provided primarily to the general public.

Water Fund	To account for the provision of water distribution to the residential and commercial users in the City.
Sewer and Wastewater Fund	To account for the sanitary sewer services provided to the residential and commercial users of the City.
Parking Facilities Fund	To account for the off-street parking services provided by the City.
Congregational Living Facility Fund	To account for residential accommodations for senior citizens provided by the City.
Winterhurst Ice Rink Fund	To account for the revenues and costs of operating the municipal ice rink facility.

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL ENTERPRISE FUNDS

DECEMBER 31, 2002

	Water Fund	Sewer and Wastewater Fund	Parking Facilities Fund	Congregational Living Facility Fund	Winterhurst Ice Rink Fund	Totals
<u>Assets</u>						
Current assets						
Cash and cash equivalents	\$ 2,862,339	\$ 5,352,601	\$ 89,098	\$ 3,704	\$ 34,857	\$ 8,342,599
Receivables:						
Taxes	-	1,430,705	-	-	-	1,430,705
Accounts	1,103,482	462,154	-	-	44,087	1,609,723
Accrued Interest	14,646	27,387	454	19	173	42,679
Less allowance for doubtful accounts	(29,329)	(12,284)	-	-	-	(41,613)
Receivables, net	<u>1,088,799</u>	<u>1,907,962</u>	<u>454</u>	<u>19</u>	<u>44,260</u>	<u>3,041,494</u>
Due from other governments	-	95,381	-	-	-	95,381
Inventories	<u>104,506</u>	<u>169,647</u>	<u>62,359</u>	<u>-</u>	<u>36,720</u>	<u>373,232</u>
Total current assets	4,055,644	7,525,591	151,911	3,723	115,837	11,852,706
Restricted cash	1,241,100	-	-	-	-	1,241,100
Deferred bond issuance costs	190,330	85,519	-	-	13,293	289,142
Fixed assets						
Land and land						
Improvements	120,608	55,482	2,353,296	21,980	107,800	2,659,166
Utility plant in service	22,965,830	37,786,432	-	-	-	60,752,262
Buildings, structures, and improvements	1,308,354	1,256,102	166,389	35,322	3,515,080	6,281,247
Machinery and						
Equipment	2,055,117	8,465,538	21,370	-	177,709	10,719,734
Construction in Progress	1,789,026	1,113,357	-	-	-	2,902,383
Less accumulated depreciation	(5,671,780)	(21,004,122)	(654,920)	(17,390)	(1,052,422)	(28,400,634)
Fixed assets, net	<u>22,567,155</u>	<u>27,672,789</u>	<u>1,886,135</u>	<u>39,912</u>	<u>2,748,167</u>	<u>54,914,158</u>
Total assets	\$ <u>28,054,229</u>	\$ <u>35,283,899</u>	\$ <u>2,038,046</u>	\$ <u>43,635</u>	\$ <u>2,877,297</u>	\$ <u>68,297,106</u>

Continued

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL ENTERPRISE FUNDS (CONTINUED)

DECEMBER 31, 2002

	<u>Water Fund</u>	<u>Sewer and Wastewater Fund</u>	<u>Parking Facilities Fund</u>	<u>Congregational Living Facility Fund</u>	<u>Winterhurst Ice Rink Fund</u>	<u>Totals</u>
<u>Liabilities</u>						
Current liabilities						
Accounts payable	\$ 702,142	\$ 134,762	\$ 48,017	\$ 5,028	\$ 29,922	\$ 919,871
Due to other funds	16,222	40,026	1,997	-	3,652	61,897
Due to other governments	-	-	13,336	1,432	-	14,768
Accrued wages and benefits	108,731	163,706	9,726	-	41,892	324,055
Accrued interest	132,637	32,610	-	-	5,336	170,583
Current portion of long-term debt	<u>530,000</u>	<u>495,000</u>	<u>-</u>	<u>-</u>	<u>23,200</u>	<u>1,048,200</u>
Total current liabilities	1,489,732	866,104	73,076	6,460	104,002	2,539,374
Capital lease obligations	-	-	-	-	19,282	19,282
Deferred revenue	-	1,454,798	-	-	-	1,454,798
Loans payable	5,206,635	954,732	-	-	-	6,161,367
Notes payable	-	3,945,000	-	-	-	3,945,000
General obligation, mortgage revenue and refunding bonds payable	<u>6,180,000</u>	<u>5,775,000</u>	<u>-</u>	<u>-</u>	<u>1,265,400</u>	<u>13,220,400</u>
Total liabilities	<u>12,876,367</u>	<u>12,995,634</u>	<u>73,076</u>	<u>6,460</u>	<u>1,388,684</u>	<u>27,340,221</u>
<u>Fund equity</u>						
Contributed capital – City of Lakewood	2,100,588	8,423,141	1,907,101	29,814	1,462,695	13,923,339
Retained earnings – unreserved	<u>13,077,274</u>	<u>13,865,124</u>	<u>57,869</u>	<u>7,361</u>	<u>25,918</u>	<u>27,033,546</u>
Total fund equity	<u>15,177,862</u>	<u>22,288,265</u>	<u>1,964,970</u>	<u>37,175</u>	<u>1,488,613</u>	<u>40,956,885</u>
Total liabilities and fund equity	\$ <u>28,054,229</u>	\$ <u>35,283,899</u>	\$ <u>2,038,046</u>	\$ <u>43,635</u>	\$ <u>2,877,297</u>	\$ <u>68,297,106</u>

CITY OF LAKEWOOD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS (DEFICIT) – ALL ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

	Water Fund	Sewer and Wastewater Fund	Parking Facilities Fund	Congregational Living Facility Fund	Winterhurst Ice Rink Fund	Totals
Operating Revenues						
Charges for services	\$ 8,725,428	\$ 3,485,899	\$ 280,244	\$ 8,100	\$ 773,759	\$ 13,273,430
Other operating revenue	<u>2,851</u>	<u>477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,328</u>
Total operating revenues	<u>8,728,279</u>	<u>3,486,376</u>	<u>280,244</u>	<u>8,100</u>	<u>773,759</u>	<u>13,276,758</u>
Operating expenses						
Wages and benefits	1,091,884	2,070,240	149,359	-	426,251	3,737,734
Utilities	28,077	322,720	18,346	2,770	267,747	639,660
Contractual services	5,916,241	120,946	14,925	1,273	29,474	6,082,409
Material and supplies	72,161	707	9,429	312	320	82,929
Miscellaneous	432,165	530,908	21,307	4,665	49,095	1,038,140
Capital outlay	615,542	16,884	732	7,454	1,832	642,444
Depreciation	<u>605,554</u>	<u>935,485</u>	<u>71,173</u>	<u>621</u>	<u>123,580</u>	<u>1,736,413</u>
Total operating expenses	<u>8,761,624</u>	<u>3,997,440</u>	<u>285,271</u>	<u>17,095</u>	<u>898,299</u>	<u>13,959,729</u>
Operating loss	<u>(33,345)</u>	<u>(511,064)</u>	<u>(5,027)</u>	<u>(8,995)</u>	<u>(124,540)</u>	<u>(682,971)</u>
Non-operating revenues (expenses)						
Interest income	74,987	27,387	454	19	173	103,020
Interest expense and fiscal charges	(327,894)	(471,069)	-	-	(64,991)	(863,954)
Tax revenue	-	1,433,611	-	-	-	1,433,611
Intergovernmental	-	187,976	-	-	-	187,976
Other non-operating revenue	<u>-</u>	<u>11,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,938</u>
Net non-operating revenues (expenses)	<u>(252,907)</u>	<u>1,189,843</u>	<u>454</u>	<u>19</u>	<u>(64,818)</u>	<u>872,591</u>
Net income (loss) before transfers	(286,252)	678,779	(4,573)	(8,976)	(189,358)	189,620
Operating transfers—in	-	-	-	-	250,000	250,000
Operating transfers – out	<u>(113,660)</u>	<u>(232,498)</u>	<u>(11,000)</u>	<u>-</u>	<u>(26,999)</u>	<u>(384,157)</u>
Net income (loss)	(399,912)	446,281	(15,573)	(8,976)	33,643	55,463
Depreciation on fixed assets acquired by contributed capital	<u>59,797</u>	<u>300,604</u>	<u>73,763</u>	<u>487</u>	<u>67,288</u>	<u>501,939</u>
Increase (decrease) in retained earnings	(340,115)	746,885	58,190	(8,489)	100,931	557,402
Retained earnings (deficit), January 1, Restated	<u>13,417,389</u>	<u>13,118,239</u>	<u>(321)</u>	<u>15,850</u>	<u>(75,013)</u>	<u>26,476,144</u>
Retained earnings (deficit), December 31	\$ <u><u>13,077,274</u></u>	\$ <u><u>13,865,124</u></u>	\$ <u><u>57,869</u></u>	\$ <u><u>7,361</u></u>	\$ <u><u>25,918</u></u>	\$ <u><u>27,033,546</u></u>

CITY OF LAKEWOOD, OHIO

COMBINING STATEMENT OF CASH FLOWS – ALL ENTERPRISE FUNDS

DECEMBER 31, 2002

	<u>Water Fund</u>	<u>Sewer and Wastewater Fund</u>	<u>Parking Facilities Fund</u>	<u>Congregational Living Facility Fund</u>	<u>Winterhurst Ice Rink Fund</u>	<u>Totals</u>
Cash flows from operating activities:						
Cash received from customers \$	8,797,962	\$ 3,524,655	\$ 280,279	\$ 8,100	\$ 790,853	\$ 13,401,849
Cash paid to suppliers for goods and services	(6,439,379)	(1,130,327)	(38,515)	(11,240)	(469,754)	(8,089,215)
Cash paid to employees for services	(956,761)	(1,907,183)	(148,494)	-	(414,119)	(3,426,557)
Other operating revenues	1,159	477	-	-	-	1,636
Other operating expenses	(756,739)	(279,437)	(86,283)	(4,226)	(48,495)	(1,175,180)
Net cash provided by (used for) operating activities	<u>646,242</u>	<u>208,185</u>	<u>6,987</u>	<u>(7,366)</u>	<u>(141,515)</u>	<u>712,533</u>
Cash flows from non-capital financing activities:						
Cash transfers from other funds	-	-	-	-	250,000	250,000
Cash transfers to other funds	(113,660)	(232,498)	(11,000)	-	(26,999)	(384,157)
Cash advance from other funds	-	9,338	-	-	-	9,338
Intergovernmental revenue	-	187,976	-	-	-	187,976
Tax revenue	-	1,434,023	-	-	-	1,434,023
Net cash provided by (used for) non-capital financing activities	<u>(113,660)</u>	<u>1,398,839</u>	<u>(11,000)</u>	<u>-</u>	<u>223,001</u>	<u>1,497,180</u>
Cash flows from capital and related financing activities:						
Debt Proceeds	5,736,810	3,945,000	-	-	-	9,681,810
Acquisition and construction of capital assets	(2,293,427)	(2,080,067)	(20,835)	(3,200)	19,282	(4,378,247)
Principal paid on bonds and notes	(5,364,470)	(3,459,675)	-	-	(1,800)	(8,825,945)
Interest and fiscal charges paid on bonds and notes	(423,056)	(465,063)	-	-	(64,111)	(952,230)
Net cash used for capital and related financing activities	<u>(2,344,143)</u>	<u>(2,059,805)</u>	<u>(20,835)</u>	<u>(3,200)</u>	<u>(46,629)</u>	<u>(4,474,612)</u>
Cash flows from investing activities:						
Earnings on investments	60,341	-	-	-	-	60,341
Net decrease in cash and cash equivalents	(1,751,220)	(452,781)	(24,848)	(10,566)	34,857	(2,204,558)
Cash and cash equivalents, January 1	5,854,659	5,805,382	113,946	14,270	-	11,788,257
Cash and cash equivalents, December 31	<u>\$ 4,103,439</u>	<u>\$ 5,352,601</u>	<u>\$ 89,098</u>	<u>\$ 3,704</u>	<u>\$ 34,857</u>	<u>\$ 9,583,699</u>

Continued

CITY OF LAKEWOOD, OHIO

COMBINING STATEMENT OF CASH FLOWS – ALL ENTERPRISE FUNDS (CONTINUED) DECEMBER 31, 2002

	<u>Water Fund</u>	<u>Sewer and Wastewater Fund</u>	<u>Parking Facilities Fund</u>	<u>Congregational Living Facility Fund</u>	<u>Winterhurst Ice Rink Fund</u>	<u>Totals</u>
Reconciliation of operating loss to net cash from operating activities:						
Operating loss	\$ (33,345)	\$ (511,064)	\$ (5,027)	\$ (8,995)	\$ (124,540)	\$ (682,971)
Adjustments to reconcile operating loss to net cash from operating activities:						
Depreciation	605,554	935,485	71,173	621	123,580	1,736,413
Increase (decrease) in allowance for doubtful accounts	(17,160)	(7,958)	-	-	-	(25,118)
Change in assets and liabilities						
(Increase) decrease in accounts receivable	72,491	38,756	-	-	17,094	128,341
(Increase) decrease in other receivables	-	-	-	-	-	-
(Increase) decrease in inventories	7,004	(55,346)	(62,359)	-	(18,520)	(129,221)
Increase (decrease) in due to other funds	2,336	(4,238)	(655)	-	(123,774)	(126,331)
Increase (decrease) in accounts payable	(11,141)	(205,528)	2,336	1,008	5,489	(207,836)
Increase (decrease) in accrued wages and benefits	<u>20,503</u>	<u>18,078</u>	<u>1,519</u>	<u>-</u>	<u>(20,844)</u>	<u>19,256</u>
Total adjustments	<u>679,587</u>	<u>719,249</u>	<u>12,014</u>	<u>1,629</u>	<u>(16,975)</u>	<u>1,395,504</u>
Net cash provided by (used for) operating activities	\$ <u>646,242</u>	\$ <u>208,185</u>	\$ <u>6,987</u>	\$ <u>(7,366)</u>	\$ <u>(141,515)</u>	\$ <u>712,533</u>

CITY OF LAKEWOOD, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – ALL ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

	Water Fund			Sewer and Wastewater Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$ -	\$ -	\$ -	\$ 1,419,425	\$ 1,434,023	\$ 14,598
Intergovernmental	-	-	-	189,268	187,976	(1,292)
Charges for services	9,207,585	8,798,733	(408,852)	3,547,610	3,524,655	(22,955)
Interest	15,000	60,341	45,341	-	-	-
Miscellaneous	500	388	(112)	165	477	312
Total revenues	<u>9,223,085</u>	<u>8,859,462</u>	<u>(363,623)</u>	<u>5,156,468</u>	<u>5,147,131</u>	<u>(9,337)</u>
<u>Expenses</u>						
Current:						
Wages and benefits	763,393	730,883	32,510	1,528,521	1,418,937	109,584
Utilities	37,200	28,077	9,123	424,750	377,622	47,128
Contractual services	6,000,102	5,560,828	439,274	413,200	263,363	149,837
Material and supplies	42,184	33,172	9,012	198,150	139,563	58,587
Benefits payment	258,145	246,678	11,467	509,972	513,167	(3,195)
Miscellaneous	629,906	756,739	(126,833)	322,265	279,437	42,828
Capital outlay	3,373,066	2,227,544	1,145,522	5,801,200	3,955,833	1,845,367
Debt service	<u>6,052,417</u>	<u>5,787,526</u>	<u>264,891</u>	<u>2,748,383</u>	<u>3,924,738</u>	<u>(1,176,355)</u>
Total expenses	<u>17,156,413</u>	<u>15,371,447</u>	<u>1,784,966</u>	<u>11,946,441</u>	<u>10,872,660</u>	<u>1,073,781</u>
Excess of revenues over (under) expenses	<u>(7,933,328)</u>	<u>(6,511,985)</u>	<u>1,421,343</u>	<u>(6,789,973)</u>	<u>(5,725,529)</u>	<u>1,064,444</u>
<u>Other financing sources (uses)</u>						
Debt Proceeds	1,376,910	5,736,810	4,359,900	3,945,000	3,945,000	-
Other reimbursements	-	-	-	-	9,338	9,338
Operating transfers, in	-	-	-	-	-	-
Operating transfers, out	<u>(113,660)</u>	<u>(113,660)</u>	<u>-</u>	<u>(232,498)</u>	<u>(232,498)</u>	<u>-</u>
Net other financing sources (uses)	<u>1,263,250</u>	<u>5,623,150</u>	<u>4,359,900</u>	<u>3,712,502</u>	<u>3,721,840</u>	<u>9,338</u>
Excess of revenues and other sources over (under) expenses and other uses	<u>(6,670,078)</u>	<u>(888,835)</u>	<u>5,781,243</u>	<u>(3,077,471)</u>	<u>(2,003,689)</u>	<u>1,073,782</u>
Decertification of prior year encumbrances	-	86	86	-	48,125	48,125
Fund equity(Deficit), January 1	<u>5,234,075</u>	<u>5,234,075</u>	<u>-</u>	<u>4,727,589</u>	<u>4,727,589</u>	<u>-</u>
Fund equity (deficit), December 31	\$ <u>(1,436,003)</u>	\$ <u>4,345,326</u>	\$ <u>5,781,329</u>	\$ <u>1,650,118</u>	\$ <u>2,772,025</u>	\$ <u>1,121,907</u>

Parking Facilities Fund			Congregational Living Facility Fund			Winterhurst Ice Rink Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
280,279	280,279	-	8,100	8,100	-	945,700	790,853	(154,847)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>280,279</u>	<u>280,279</u>	<u>-</u>	<u>8,100</u>	<u>8,100</u>	<u>-</u>	<u>945,700</u>	<u>790,853</u>	<u>(154,847)</u>
111,991	107,630	4,361	-	-	-	357,801	351,351	6,450
25,000	19,951	5,049	4,100	2,828	1,272	302,000	267,747	34,253
20,800	12,895	7,905	1,085	646	439	37,372	32,649	4,723
4,450	2,465	1,985	312	312	-	11,600	10,498	1,102
29,951	32,250	(2,299)	-	-	-	82,599	79,212	3,387
96,100	86,283	9,817	4,500	4,226	274	50,047	48,495	1,552
30,000	21,567	8,433	12,000	10,654	1,346	27,500	28,545	(1,045)
-	-	-	-	-	-	<u>72,165</u>	<u>65,911</u>	<u>6,254</u>
<u>318,292</u>	<u>283,041</u>	<u>35,251</u>	<u>21,997</u>	<u>18,666</u>	<u>3,331</u>	<u>941,084</u>	<u>884,408</u>	<u>56,676</u>
<u>(38,013)</u>	<u>(2,762)</u>	<u>35,251</u>	<u>(13,897)</u>	<u>(10,566)</u>	<u>3,331</u>	<u>4,616</u>	<u>(93,555)</u>	<u>(98,171)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	95,153	250,000	154,847
<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,999)</u>	<u>(26,999)</u>	<u>-</u>
<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,154</u>	<u>223,001</u>	<u>154,847</u>
(49,013)	(13,762)	35,251	(13,897)	(10,566)	3,331	72,770	129,446	56,676
-	354	354	-	-	-	-	1,392	1,392
<u>102,227</u>	<u>102,227</u>	<u>-</u>	<u>14,270</u>	<u>14,270</u>	<u>-</u>	<u>(107,851)</u>	<u>(107,851)</u>	<u>-</u>
\$ <u>53,214</u>	\$ <u>88,819</u>	\$ <u>35,605</u>	\$ <u>373</u>	\$ <u>3,704</u>	\$ <u>3,331</u>	\$ <u>(35,081)</u>	\$ <u>22,987</u>	\$ <u>58,068</u>

Continued

CITY OF LAKEWOOD, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – ALL ENTERPRISE FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

	Totals		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 1,419,425	\$ 1,434,023	\$ 14,598
Intergovernmental	189,268	187,976	(1,292)
Charges for services	13,989,274	13,402,620	(586,654)
Interest	15,000	60,341	45,341
Miscellaneous	665	865	200
Total revenues	15,613,632	15,085,825	(527,807)
<u>Expenditures</u>			
Current:			
Wages and Benefits	2,761,706	2,608,801	152,905
Utilities	793,050	696,225	96,825
Contractual Services	6,472,559	5,870,381	602,178
Material and Supplies	256,696	186,010	70,686
Benefits payment	880,667	871,307	9,360
Miscellaneous	1,102,818	1,175,180	(72,362)
Capital outlay	9,243,766	6,244,143	2,999,623
Debt service	8,872,965	9,778,175	(905,210)
Total expenditures	30,384,227	27,430,222	2,954,005
Excess of revenues over (under) expenditures	(14,770,595)	(12,344,397)	2,426,198
<u>Other financing sources (uses)</u>			
Proceeds from sale of debt	5,321,910	9,681,810	4,359,900
Other reimbursements	-	9,338	9,338
Operating transfers, in	95,153	250,000	154,847
Operating transfers, out	(384,157)	(384,157)	-
Total other financing sources (uses)	5,032,906	9,556,991	4,524,085
Excess of revenues and other sources over (under) expenditures and other uses	(9,737,689)	(2,787,406)	6,950,283
Decertification of prior year encumbrances	-	49,957	49,957
Fund equity, January 1	9,970,310	9,970,310	-
Fund equity (deficit), December 31	\$ 232,621	\$ 7,232,861	\$ 7,000,240

CITY OF LAKEWOOD, OHIO

INTERNAL SERVICE FUNDS

DECEMBER 31, 2002

Internal Service Funds are established to account for the financing of significant goods or services provided by one department or agency to other departments or agencies of the City, or other governments on a cost reimbursement basis.

General Insurance Fund	To account for the funds reserved to finance potential losses on property and liability cases.
Workers Compensation Fund	To account for workers' compensation costs incurred under the State's retrospectively rated workers' compensation program.
Hospitalization Fund	To account for the premiums charged to City funds and the payments incurred for hospitalization insurance provided as an employee benefit.

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL INTERNAL SERVICE FUNDS

DECEMBER 31, 2002

	General Insurance Fund	Workers Compensation Fund	Hospitalization Fund	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 127,010	\$ 2,050,501	\$ 58,297	\$ 2,235,808
Accrued Interest	650	10,492	298	11,440
Due from other funds	-	-	553,005	553,005
Total assets	\$ <u>127,660</u>	\$ <u>2,060,993</u>	\$ <u>611,600</u>	\$ <u>2,800,253</u>
<u>Liabilities</u>				
Current liabilities				
Accounts payable	\$ 1,933	\$ 217,331	\$ 164,471	\$ 383,735
Reserve for claims	<u>23,000</u>	<u>1,678,590</u>	<u>553,005</u>	<u>2,254,595</u>
Total liabilities	<u>24,933</u>	<u>1,895,921</u>	<u>717,476</u>	<u>2,638,330</u>
<u>Fund Equity</u>				
Contributed capital – City of Lakewood	500,000	-	-	500,000
Retained earnings (deficit)	<u>(397,273)</u>	<u>165,072</u>	<u>(105,876)</u>	<u>(338,077)</u>
Total fund equity (deficit)	<u>102,727</u>	<u>165,072</u>	<u>(105,876)</u>	<u>161,923</u>
Total liabilities and fund equity	\$ <u>127,660</u>	\$ <u>2,060,993</u>	\$ <u>611,600</u>	\$ <u>2,800,253</u>

CITY OF LAKEWOOD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS (DEFICIT) – ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

	General Insurance Fund	Workers Compensation Fund	Hospitalization Fund	Totals
<u>Operating revenues</u>				
Charges for Services	\$ -	\$ -	\$ 123,756	\$ 123,756
Total operating revenues	<u>-</u>	<u>-</u>	<u>123,756</u>	<u>123,756</u>
<u>Operating expenses</u>				
Wages and Benefits	-	26,537	17,138	43,675
Benefit payments	1,933	-	3,579,696	3,581,629
Miscellaneous	<u>318,962</u>	<u>-</u>	<u>-</u>	<u>318,962</u>
Total operating expenses	<u>320,895</u>	<u>26,537</u>	<u>3,596,834</u>	<u>3,944,266</u>
Operating loss	(320,895)	(26,537)	(3,473,078)	(3,820,510)
<u>Nonoperating revenues (expenses)</u>				
Interest	5,585	10,492	298	16,375
Other nonoperating revenues	<u>-</u>	<u>435,593</u>	<u>131,520</u>	<u>567,113</u>
Total nonoperating revenues (expenses)	<u>5,585</u>	<u>446,085</u>	<u>131,818</u>	<u>583,488</u>
Net income (loss) before transfers	(315,310)	419,548	(3,341,260)	(3,237,022)
Operating transfers, in	<u>-</u>	<u>237,595</u>	<u>3,046,699</u>	<u>3,284,294</u>
Net income (loss)	(315,310)	657,143	(294,561)	47,272
Retained earnings (deficit), January 1	<u>(81,963)</u>	<u>(492,071)</u>	<u>188,685</u>	<u>(385,349)</u>
Retained earnings (deficit), December 31	\$ <u><u>(397,273)</u></u>	\$ <u><u>165,072</u></u>	\$ <u><u>(105,876)</u></u>	\$ <u><u>(338,077)</u></u>

CITY OF LAKEWOOD, OHIO

COMBINING STATEMENT OF CASH FLOWS – ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>General Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Hospitalization Fund</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash paid to suppliers for goods and services	\$ -	\$ 200,792	\$ (3,458,979)	\$ (3,659,771)
Other operating expenses	<u>(318,962)</u>	<u>-</u>	<u>-</u>	<u>(318,962)</u>
Net cash used for operating activities	<u>(318,962)</u>	<u>(200,792)</u>	<u>(3,458,979)</u>	<u>(3,978,733)</u>
Cash flows from non-capital financing activities:				
Cash transfers from other funds	-	237,595	3,046,699	3,284,294
Reimbursement Received	<u>-</u>	<u>181,222</u>	<u>131,520</u>	<u>312,742</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>418,817</u>	<u>3,178,219</u>	<u>3,597,036</u>
Cash flows from investing activities:				
Earnings on investments	<u>4,935</u>	<u>-</u>	<u>-</u>	<u>4,935</u>
Net increase (decrease) in cash and cash equivalents	(314,027)	218,025	(280,760)	(376,762)
Cash and cash equivalents, January 1	<u>441,037</u>	<u>1,832,476</u>	<u>339,057</u>	<u>2,612,570</u>
Cash and cash equivalents, December 31	\$ <u><u>127,010</u></u>	\$ <u><u>2,050,501</u></u>	\$ <u><u>58,297</u></u>	\$ <u><u>2,235,808</u></u>
Reconciliation of operating loss to net cash from operating activities:				
Operating loss	\$ (320,895)	\$ (26,537)	\$ (3,473,078)	\$ (3,820,510)
Adjustments to reconcile operating loss to net cash from operating activities:				
Change in assets and liabilities				
(Increase) decrease in due from other funds	-	-	(123,756)	(123,756)
Increase (decrease) in accounts payable	1,933	117,728	12,895	132,556
Increase (decrease) in reserve for claims	<u>-</u>	<u>(291,983)</u>	<u>124,960</u>	<u>(167,023)</u>
Total adjustments	<u>1,933</u>	<u>(174,255)</u>	<u>14,099</u>	<u>(158,223)</u>
Net cash used for operating activities	\$ <u><u>(318,962)</u></u>	\$ <u><u>(200,792)</u></u>	\$ <u><u>(3,458,979)</u></u>	\$ <u><u>(3,978,733)</u></u>

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CITY OF LAKEWOOD, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2002

	General Insurance Fund			Workers Compensation Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Interest	\$ 4,935	\$ 4,935	\$ -	\$ -	\$ -	\$ -
<u>Expenses</u>						
Current:						
Wages and Benefits	-	-	-	25,000	26,537	(1,537)
Benefits Payments	-	-	-	707,715	174,255	533,460
Miscellaneous	320,864	318,962	1,902	-	-	-
Total expenses	320,864	318,962	1,902	732,715	200,792	531,923
Excess of revenues over (under) expenses	(315,929)	(314,027)	1,902	(732,715)	(200,792)	531,923
<u>Other financing sources (uses)</u>						
Other reimbursements	-	-	-	-	181,222	181,222
Operating transfers, in	-	-	-	418,817	237,595	(181,222)
Net other financing sources (uses)	-	-	-	418,817	418,817	-
Excess of revenues and other sources over (under) expenses and other uses	(315,929)	(314,027)	1,902	(313,898)	218,025	531,923
Fund equity, January 1	441,037	441,037	-	1,832,476	1,832,476	-
Fund equity, December 31	\$ 125,108	\$ 127,010	\$ 1,902	\$ 1,518,578	\$ 2,050,501	\$ 531,923

Hospitalization Fund			Totals		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 4,935	\$ 4,935	\$ -
30,000	17,138	12,862	55,000	43,675	11,325
3,372,599	3,459,836	(87,237)	4,080,314	3,634,091	446,223
-	-	-	320,864	318,962	1,902
<u>3,402,599</u>	<u>3,476,974</u>	<u>(74,375)</u>	<u>4,456,178</u>	<u>3,996,728</u>	<u>459,450</u>
(3,402,599)	(3,476,974)	(74,375)	(4,451,243)	(3,991,793)	459,450
131,520	131,520	-	131,520	312,742	181,222
<u>3,046,699</u>	<u>3,046,699</u>	-	<u>3,465,516</u>	<u>3,284,294</u>	<u>(181,222)</u>
<u>3,178,219</u>	<u>3,178,219</u>	-	<u>3,597,036</u>	<u>3,597,036</u>	-
(224,380)	(298,755)	(74,375)	(854,207)	(394,757)	459,450
<u>314,182</u>	<u>314,182</u>	-	<u>2,587,695</u>	<u>2,587,695</u>	-
\$ <u>89,802</u>	\$ <u>15,427</u>	\$ <u>(74,375)</u>	\$ <u>1,733,488</u>	\$ <u>2,192,938</u>	\$ <u>459,450</u>

CITY OF LAKEWOOD, OHIO

AGENCY FUNDS

DECEMBER 31, 2002

Agency Funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.

Municipal Court Fund

To account for assets received and disbursed by the Municipal Court as agent or custodian relative to civil or criminal court matters.

Other Agency Funds

To hold in trust those funds held by the City and received from a contractor, developer, or individual to insure compliance with the ordinances of the City of Lakewood.

CITY OF LAKEWOOD, OHIO

COMBINING BALANCE SHEET – ALL AGENCY FUNDS

DECEMBER 31, 2002

	<u>Municipal Court Fund</u>	<u>Other Funds</u>	<u>Totals</u>
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 1,336,189	\$ 1,336,189
Cash and investments in segregated account	<u>176,796</u>	<u>-</u>	\$ <u>176,796</u>
Total Assets	\$ <u><u>176,796</u></u>	\$ <u><u>1,336,189</u></u>	\$ <u><u>1,512,985</u></u>
<u>Liabilities</u>			
Other liabilities	\$ <u><u>176,796</u></u>	\$ <u><u>1,336,189</u></u>	\$ <u><u>1,512,985</u></u>

CITY OF LAKEWOOD, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deductions	Balance December 1, 2002
Municipal Court				
<u>Assets</u>				
Cash and investments in segregated account	\$ <u>80,240</u>	\$ <u>2,639,626</u>	\$ <u>2,543,070</u>	\$ <u>176,796</u>
<u>Liabilities</u>				
Other liabilities	\$ <u>80,240</u>	\$ <u>2,639,626</u>	\$ <u>2,543,070</u>	\$ <u>176,796</u>
Other Agency Funds				
<u>Assets</u>				
Cash and cash equivalents	\$ <u>1,184,859</u>	\$ <u>459,625</u>	\$ <u>308,295</u>	\$ <u>1,336,189</u>
<u>Liabilities</u>				
Other liabilities	\$ <u>1,184,859</u>	\$ <u>459,625</u>	\$ <u>308,295</u>	\$ <u>1,336,189</u>
Total - All Agency Funds				
<u>Assets</u>				
Cash and cash equivalents	\$ <u>1,265,099</u>	\$ <u>3,099,251</u>	\$ <u>2,851,365</u>	\$ <u>1,512,985</u>
<u>Liabilities</u>				
Other liabilities	\$ <u>1,265,099</u>	\$ <u>3,099,251</u>	\$ <u>2,851,365</u>	\$ <u>1,512,985</u>

CITY OF LAKEWOOD, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

DECEMBER 31, 2002

The General Fixed Assets Account Group is a self balancing account group to account for the fixed assets owned by the City exclusive of those acquired by Proprietary Funds.

CITY OF LAKEWOOD, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

DECEMBER 31, 2002

General Fixed Assets:

Land and land improvements	\$ 3,266,745
Buildings, structures and improvements	18,746,585
Machinery and equipment	17,110,477
Construction in progress	<u>296,028</u>
Total General Fixed Assets	\$ <u>39,419,835</u>

Investment in General Fixed Assets from:

General Fund revenues	\$ 11,546,012
Special Revenue Fund revenues	3,631,745
General obligation bonds and notes	21,020,036
Federal grants	2,976,980
State and local grants	151,390
Donations	28,304
Transfers from Proprietary Funds	<u>65,368</u>
Total Investment in General Fixed Assets	\$ <u>39,419,835</u>

CITY OF LAKEWOOD, OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fixed Assets			General Fixed Assets
	January 1, 2002	Additions	Deletions	December 31, 2002
<u>Public safety</u>				
Police	\$ 3,516,935	\$ 564,638	\$ -	4,081,573
Fire	7,668,610	179,766	-	7,848,376
Animal warden	239,329	-	(2,145)	237,184
Total Public safety	<u>11,424,874</u>	<u>744,404</u>	<u>(2,145)</u>	<u>12,167,133</u>
<u>Health</u>				
Traffic	732,711	79,391	-	812,102
Office on aging	1,487,383	49,320	(5,939)	1,530,764
Human services	17,227	-	-	17,227
Health	118,567	25,891	-	144,458
Communications	90,283	-	-	90,283
Total Health	<u>2,446,171</u>	<u>154,602</u>	<u>(5,939)</u>	<u>2,594,834</u>
<u>Culture and recreation</u>				
Parks	<u>6,898,987</u>	<u>108,007</u>	<u>(46,089)</u>	<u>6,960,905</u>
<u>Community environment</u>				
Building	162,331	-	(2,264)	160,067
Community environment	988,435	419,860	(4,052)	1,404,243
Youth services	51,991	21,981	(4,246)	69,726
Planning and development	62,161	6,948	(1,180)	67,929
Litter prevention	41,733	5,993	-	47,726
Little links	11,690	-	-	11,690
Total Community environment	<u>1,318,341</u>	<u>454,782</u>	<u>(11,742)</u>	<u>1,761,381</u>
<u>Sanitation</u>				
Refuse	<u>4,080,598</u>	<u>1,050,232</u>	<u>(419,930)</u>	<u>4,710,900</u>
<u>Highways and streets</u>				
Streets	<u>2,384,780</u>	<u>248,153</u>	<u>(494)</u>	<u>2,632,439</u>
<u>General government</u>				
Council	39,847	-	-	39,847
Courts	258,884	5,695	(1,997)	262,582
Civil service	4,830	1,079	(2,105)	3,804
Mayor	45,663	-	-	45,663
Human resources	91,412	-	-	91,412
Community relations	30,616	-	-	30,616
Public works	67,102	-	(2,145)	64,957
Land and buildings	6,396,212	234,904	(166,701)	6,464,415
Sidewalk repair	6,287	-	-	6,287
Fleet	87,262	97,825	(10,433)	174,654
Engineering	197,486	28,351	(3,540)	222,297
Finance	135,367	5,868	(3,134)	138,101
Information systems	949,650	57,615	(53,884)	953,381
Law	96,785	-	(2,558)	94,227
Total General Government	<u>8,407,403</u>	<u>431,337</u>	<u>(246,497)</u>	<u>8,592,243</u>
Total General Fixed Assets	\$ <u>36,961,154</u>	\$ <u>3,191,517</u>	\$ <u>(732,836)</u>	\$ <u>39,419,835</u>

CITY OF LAKEWOOD, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

DECEMBER 31, 2002

	Land and Land <u>Improvements</u>	Buildings, Structures and <u>Improvements</u>	Machinery and <u>Equipment</u>	Construction in <u>Progress</u>	<u>Total</u>
Public safety					
Police	\$ -	\$ 1,156,097	\$ 2,785,389	\$ 140,087	\$ 4,081,573
Fire	1,042,958	3,827,194	2,978,224	-	7,848,376
Animal warden	-	167,359	69,825	-	237,184
Total Public safety	<u>1,042,958</u>	<u>5,150,650</u>	<u>5,833,438</u>	<u>140,087</u>	<u>12,167,133</u>
Health					
Traffic	-	256,175	515,666	40,261	812,102
Office on aging	104,347	637,352	789,065	-	1,530,764
Human services	-	-	17,227	-	17,227
Health	-	-	144,458	-	144,458
Communications	-	-	90,283	-	90,283
Total Health	<u>104,347</u>	<u>893,527</u>	<u>1,556,699</u>	<u>40,261</u>	<u>2,594,834</u>
Culture and recreation					
Parks	<u>1,173,946</u>	<u>4,923,233</u>	<u>841,030</u>	<u>22,696</u>	<u>6,960,905</u>
Community environment					
Building	-	-	160,067	-	160,067
Community environment	719,942	406,029	278,272	-	1,404,243
Youth services	-	-	69,726	-	69,726
Planning and development	-	-	67,929	-	67,929
Litter prevention	-	12,850	34,876	-	47,726
Little links	10,645	-	1,045	-	11,690
Total Community environment	<u>730,587</u>	<u>418,879</u>	<u>611,915</u>	<u>-</u>	<u>1,761,381</u>
Sanitation					
Refuse	<u>14,688</u>	<u>1,188,429</u>	<u>3,494,024</u>	<u>13,759</u>	<u>4,710,900</u>
Highways and streets					
Streets	<u>-</u>	<u>133,861</u>	<u>2,462,658</u>	<u>35,920</u>	<u>2,632,439</u>
General government					
Council	-	-	39,847	-	39,847
Courts	-	-	262,582	-	262,582
Civil service	-	-	3,804	-	3,804
Mayor	-	-	45,663	-	45,663
Human resources	-	-	91,412	-	91,412
Community relations	-	-	30,616	-	30,616
Public works	-	-	64,957	-	64,957
Land and buildings	200,219	6,013,702	210,920	39,574	6,464,415
Sidewalk repair	-	-	6,287	-	6,287
Fleet	-	-	174,654	-	174,654
Engineering	-	24,304	197,993	-	222,297
Finance	-	-	138,101	-	138,101
Information systems	-	-	949,650	3,731	953,381
Law	-	-	94,227	-	94,227
Total General government	<u>200,219</u>	<u>6,038,006</u>	<u>2,310,714</u>	<u>43,305</u>	<u>8,529,243</u>
Total General Fixed Assets	<u>\$ 3,266,745</u>	<u>\$ 18,746,585</u>	<u>\$ 17,110,477</u>	<u>\$ 296,028</u>	<u>\$ 39,419,835</u>

Statistical Section

CITY OF LAKEWOOD, OHIO

GENERAL FUND REVENUE BY SOURCE

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Special Assessments</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
1993	\$ 17,090,306	\$ 505,703	\$ 4,642,943	\$ 328,505	\$ 1,236,165	\$ -	\$ 90,335	\$ 757,905	\$ 24,651,862
1994	17,420,800	497,104	4,353,710	407,255	1,137,522	-	129,181	1,653,810	25,599,382
1995	18,519,738	494,786	5,361,423	408,594	1,029,250	444	422,888	991,024	27,228,147
1996	18,553,753	524,842	5,394,859	406,135	1,157,842	215	471,228	981,013	27,489,887
1997	19,178,630	583,707	5,258,159	488,842	1,227,090	738	633,516	868,910	28,239,592
1998	20,339,872	626,923	5,885,167	407,674	1,258,381	364	915,507	876,681	30,310,569
1999	20,884,715	582,942	6,409,187	450,622	1,134,970	807	926,463	820,932	31,210,638
2000	21,621,175	586,032	6,591,920	450,501	1,085,734	443	1,636,919	781,167	32,753,891
2001	23,420,846	677,589	6,684,438	461,651	1,056,694	1,227	1,063,302	75,506	33,441,253
2002	23,095,423	613,280	6,633,137	492,079	1,148,213	1,061	734,965	757,292	33,475,450

CITY OF LAKEWOOD, OHIO

GENERAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Public Safety</u>	<u>Health</u>	<u>Culture and Recreation</u>	<u>Community Environment</u>	<u>Sanitation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Total</u>
1993	\$ 10,345,231	\$ 1,607,950	\$ 1,406,197	\$ 1,722,778	\$ 3,315,731	\$ 4,634,402	\$ -	\$ 23,068,289
1994	11,060,351	1,680,262	1,501,781	1,811,947	3,236,134	4,876,618	-	24,167,093
1995	10,396,338	1,896,033	1,715,022	1,932,314	3,549,232	5,648,236	136,395	25,273,570
1996	11,806,016	1,838,594	1,731,114	1,833,544	3,404,363	5,860,718	101,232	26,575,581
1997	11,500,511	1,483,330	1,667,242	1,902,108	3,478,512	5,611,461	50,183	25,693,347
1998	11,415,073	1,559,266	1,591,734	1,829,458	3,478,201	5,654,574	206,840	25,735,146
1999	12,060,711	1,406,487	1,620,581	1,890,370	4,004,465	5,818,987	329,111	27,130,712
2000	12,585,261	1,463,708	1,792,203	2,055,710	4,000,709	6,108,704	431,217	28,437,512
2001	12,984,175	583,143	1,869,277	2,142,906	3,840,908	5,985,908	353,690	27,760,007
2002	13,939,068	734,416	1,904,606	2,367,234	4,172,822	6,999,534	474,393	30,592,073

CITY OF LAKEWOOD, OHIO

AD VALOREM REAL PROPERTY TAXES – LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percent of Accumulated Delinquent Taxes to Total Tax Levy</u>
1993	\$ 9,992,738	\$ 9,634,834	96.4%	\$ 327,103	3.3%
1994	9,999,539	9,623,095	96.2%	306,196	3.1%
1995	11,418,201	11,022,758	96.5%	320,934	2.8%
1996	11,566,075	11,157,257	96.5%	382,558	3.3%
1997	11,594,830	10,903,108	94.0%	378,054	3.3%
1998	12,473,945	11,784,898	94.5%	457,346	3.7%
1999	12,587,879	11,630,669	92.4%	436,824	3.5%
2000	12,007,848	11,715,488	97.6%	420,589	3.5%
2001	14,025,782	13,088,922	93.3%	585,260	4.2%
2002	14,093,147	12,965,025	92.0%	608,167	4.3%

Source: Cuyahoga County, Ohio; County Auditor

CITY OF LAKEWOOD, OHIO

ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Collection Year	Assessed Valuations				Estimated True Value Taxable Property
	Real Property	Public Utility Property	Tangible Personal Property	Total	
1993	\$ 537,503,500	\$ 29,171,560	\$ 28,148,355	\$ 594,823,415	\$ 1,674,684,112
1994	536,580,590	28,451,190	28,638,909	593,670,689	1,671,688,240
1995	622,501,030	28,842,580	28,955,261	680,298,871	1,927,171,075
1996	619,624,830	26,532,660	28,143,010	674,300,500	1,913,079,447
1997	621,449,470	25,640,400	29,693,104	676,782,974	1,923,479,148
1998	674,651,070	24,653,550	28,969,777	728,274,397	2,071,468,991
1999	674,308,020	24,235,630	30,270,945	728,814,595	2,075,218,611
2000	672,238,960	22,218,700	29,495,988	723,953,648	2,063,915,218
2001	762,193,100	21,740,390	30,919,012	814,852,502	2,326,075,608
2002	762,148,140	16,758,320	31,518,033	810,424,493	2,322,681,791

The current assessed valuation is computed at approximately the following percentages of estimated true value: real property - 35%; tangible personal property - 25%; public utility tangible personal property 88% or 100% of the true value, depending on the nature of the public utility.

Source: Cuyahoga County, Ohio; County Auditor

CITY OF LAKEWOOD, OHIO

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

LAST TEN FISCAL YEARS

<u>Tax Year/ Collection Year</u>	<u>City</u>	<u>Cuyahoga County (1)</u>	<u>Lakewood City School District</u>	<u>Special Taxing Districts (2)</u>	<u>Total</u>
1993/1994	17.10	12.32	85.50	4.48	119.40
1994/1995	17.10	12.32	86.00	4.48	119.90
1995/1996	17.30	12.12	91.60	4.48	125.50
1996/1997	17.30	12.12	91.60	4.48	125.50
1997/1998	17.30	12.12	91.40	4.48	125.30
1998/1999	17.30	10.82	91.40	4.48	124.00
1999/2000	17.30	10.82	96.20	4.48	128.80
2000/2001	17.30	11.72	95.80	4.48	129.30
2001/2002	17.30	14.65	93.45	3.80	129.20
2002/2003	17.30	14.65	93.45	3.80	129.20

(1) Includes: Cuyahoga Community College; and Cleveland-Cuyahoga County Port Authority

(2) Includes: Lakewood Public Library and Cleveland Metropolitan Park District

Source: Cuyahoga County, Ohio; County Auditor

CITY OF LAKEWOOD, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Collection Year</u>	<u>Billed</u>	<u>Collected Amount</u>	<u>Percent Collected</u>
1993	\$ 141,388	\$ 138,952	98.28%
1994	181,600	143,779	79.17%
1995	140,481	137,719	98.03%
1996	125,426	124,671	99.40%
1997	95,303	97,402	102.20%
1998	74,820	76,185	101.82%
1999	55,867	53,027	94.92%
2000	67,378	64,553	95.81%
2001	93,531	96,100	102.75%
2002	80,874	83,561	103.32%

All amounts reflect only special assessments certified to the Cuyahoga County Auditor and do not include amounts billed and collected directly by the City.

Source: Cuyahoga County, Ohio; County Auditor

CITY OF LAKEWOOD, OHIO

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

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population*</u>	<u>Assessed Value (1)</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Bonded Debt Payable from Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1993	59,718	\$ 594,823,415	\$ 25,245,000	\$ 767,125	\$ 13,508,000	\$ 10,969,875	1.84%	\$ 183.69
1994	59,718	593,670,689	23,295,000	862,899	12,556,500	9,875,601	1.66%	165.37
1995	59,718	680,298,871	38,010,000	-	17,715,000	20,295,000	2.98%	339.85
1996	59,718	674,300,500	36,055,000	1,255,410	16,299,000	18,500,590	2.74%	309.80
1997	59,718	676,782,974	34,120,000	1,465,329	15,398,000	17,256,671	2.55%	288.97
1998	59,718	728,274,397	38,805,000	1,099,474	16,242,800	21,462,726	2.95%	359.40
1999	59,718	728,814,595	36,810,000	1,978,231	15,445,000	19,386,769	2.66%	324.64
2000	56,646	723,953,648	34,680,000	2,023,608	14,612,200	18,044,192	2.49%	318.54
2001	56,646	814,852,502	40,880,000	784,864	13,865,400	26,229,736	3.21%	463.04
2002	56,646	810,424,493	39,610,000	868,636	14,268,600	24,472,764	3.02%	432.03

* U. S. Bureau of Census, Census of Population

(1) Cuyahoga County, Ohio; County Auditor

CITY OF LAKEWOOD, OHIO

COMPUTATION OF LEGAL DEBT MARGIN

DECEMBER 31, 2002

Gross Indebtedness		\$	49,516,000
Less:			
Water Revenue Bonds	\$	6,710,000	
Police & Fire Disability & Pension Fund		5,085,000	
Special Assessment Bonds/Notes		<u>517,800</u>	
Total Exempt Debt	\$	<u>12,312,800</u>	
Net Indebtedness Subject to 10-1/2% Debt Limitation		\$	<u>37,203,200</u>
Net Indebtedness Subject to 5-1/2% Debt Limitation		\$	<u>37,203,000</u>
Assessed Valuation of City (Final as of December 19, 2002)		\$	804,897,929
10-1/2% of Valuation (Maximum Voted and Unvoted Non-exempt General Obligation Bond Debt Allowed)		\$	84,514,283
Net Indebtedness Subject to 10-1/2% Debt Limitation			<u>37,203,200</u>
Legal 10-1/2% Margin		\$	<u>47,311,083</u>
5-1/2% of Valuation (Maximum Unvoted and Unvoted Non-exempt General Obligation Bond Debt Allowed)		\$	44,269,386
Net Indebtedness Subject to 5-1/2% Debt Limitation			<u>37,203,200</u>
Legal 5-1/2% Margin		\$	<u>7,066,186</u>

CITY OF LAKEWOOD, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2002

<u>Jurisdiction</u>	<u>Gross Indebtedness (Bonds & Bond Anticipation Notes)</u>	<u>Percentage Applicable to City*</u>	<u>Direct</u>	<u>Overlapping Estimated Debt Applicable to City</u>	<u>Total</u>
City	\$ 49,516,000	100.00%	\$ 49,516,000	-	\$ 49,516,000
Lakewood School District	10,884,996	100.00%	-	10,884,996	10,884,996
Cuyahoga County	216,263,636	2.85%	-	6,163,513	6,163,513
Greater Cleveland Regional Transit Authority	<u>126,193,303</u>	2.85%	<u>-</u>	<u>3,596,509</u>	<u>3,596,509</u>
	\$ <u>402,857,935</u>		\$ <u>49,516,000</u>	\$ <u>20,645,018</u>	\$ <u>70,161,018</u>

* The percentage of Gross Indebtedness of the City's overlapping political subdivisions was determined by dividing the overlapping subdivision's assessed valuation within the City by its total assessed valuation.

CITY OF LAKEWOOD, OHIO

**RATIO OF ANNUAL DEBT PRINCIPAL EXPENDITURES FOR GENERAL BONDED DEBT* TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Debt Principal Expenditures</u>	<u>General Fund Expenditures</u>	<u>Ratio of Debt Principal to Total General Fund Expenditures</u>
1993	\$ 983,500	\$ 23,068,289	4.26%
1994	988,500	24,167,093	4.09%
1995	1,094,000	25,273,570	4.33%
1996	879,000	26,575,581	3.31%
1997	1,004,000	25,693,347	3.91%
1998	9,484,800 (1)	25,735,146	36.86%
1999	1,134,400	27,130,712	4.18%
2000	1,232,800	28,437,512	4.33%
2001	1,208,000	27,760,007	4.35%
2002	1,577,200	30,592,073	5.16%

* General obligations supported from Debt Service Fund, which excludes special assessments and enterprise obligations.
(1) Includes \$8,170,000 of advance refunded general obligation principal

CITY OF LAKEWOOD, OHIO

PRINCIPAL REAL PROPERTY TAXPAYERS

DECEMBER 31, 2002

<u>Taxpayer</u>	<u>2001 Assessed Valuation (Tax Duplicate) For Collection in 2002</u>	<u>Percentage of Total Assessed Valuation</u>
1. Cleveland Electric Illuminating Company	\$ 6,817,140	0.84%
2. Ohio Bell Telephone Company	5,711,970	0.70%
3. Lakewood Operating Associates	2,275,000	0.28%
4. Lakewood Senior Citizens, Inc.	2,159,750	0.27%
5. Marine Towers	2,030,000	0.25%
6. Castlewood Association	1,931,020	0.24%
7. Fame-Midamco Company	1,666,000	0.21%
8. Lakewood Association.	1,609,060	0.20%
9. Lakewood Health Care	1,575,810	0.19%
10. S S C & M Haven Inc.	<u>1,548,890</u>	<u>0.19%</u>
	<u>\$ 27,324,640</u>	<u>3.37%</u>
Total assessed valuation	<u>\$ 810,424,493</u>	

Assessed valuation is based upon a review of the 25 largest parcels in the City. The total valuation listed for each taxpayer does not include all parcels owned by the entity in the County.

Source: Cuyahoga County, Ohio; County Auditor

CITY OF LAKEWOOD, OHIO

CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Construction Value</u>	<u>Commercial Construction Value</u>	<u>Bank Deposits in the County[^] (in thousands)</u>	<u>Deposits of Financial Institutions Headquartered in the City * (in thousands)</u>
1993	\$ 4,962,412	\$ 8,248,209	\$ 21,009,421	\$ 801,347
1994	6,363,567	6,155,776	21,101,872	541,527
1995	6,148,509	6,557,742	22,694,304	615,975
1996	7,587,079	4,361,563	27,068,211	675,661
1997	6,921,499	3,427,818	53,941,971	722,417
1998	8,167,951	5,911,359	58,904,596	757,514
1999	6,613,136	5,928,044	57,816,942	796,092
2000	8,492,331	7,501,961	61,942,764	833,343
2001	10,814,661	13,680,618	63,893,769	882,031
2002	10,852,908	8,293,988	95,761,917	940,277

[^] Federal Reserve Bank of Cleveland (Total Demand, Time and Savings Deposits) for banks headquartered in Cuyahoga County, Ohio.

* First Federal Savings and Loan Association of Lakewood (headquartered in Lakewood, Ohio)

CITY OF LAKEWOOD, OHIO

REVENUE BOND COVERAGE – WATER SYSTEM MORTGAGE REVENUE BONDS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Gross Revenues (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service Requirements (3)</u>	<u>Coverage</u>
1993	\$ 6,713,248	\$ 5,033,591	\$ 1,679,657	\$ 439,850	3.82
1994	7,169,384	5,992,506	1,176,878	437,895	2.69
1995	7,976,981	6,035,217	1,941,764	426,270	4.56
1996	7,451,692	6,095,646	1,356,046	657,896	2.06
1997	7,857,587	6,250,920	1,606,667	635,645	2.53
1998	8,466,107	6,966,612	1,499,495	649,175	2.31
1999	8,780,617	6,994,242	1,786,375	650,788	2.74
2000	8,563,531	6,523,005	2,040,526	645,893	3.16
2001	8,651,628	7,084,088	1,567,540	645,442	4.12
2002	8,803,266	8,156,070	647,196	811,287	(12.53)

(1) Gross revenues include operating revenues, intergovernmental revenues and interest income.

(2) Direct operating expenses include operating expenses less depreciation.

(3) Annual debt service requirements include principal and interest on revenue bonds issued in 1995.

CITY OF LAKEWOOD, OHIO

INSURANCE SUMMARY

<u>Type of Coverage</u>	<u>Carrier</u>	<u>Liability Limits</u>	<u>Liability</u>	<u>Deductible</u>	<u>Effective Date</u>
General Liability	Specialty National	\$ 1,000,000 3,000,000	per occurrence aggregate	\$ 0 0	10/01/02 10/01/02 09/30/03 09/30/03
Automobile	Specialty National	1,000,000	Liability Comprehensive Collision	0 250 1,000	10/01/02 10/01/02 10/01/02 09/30/03 09/30/03 09/30/03
Law Enforcement	Specialty National	1,000,000	Liability	5,000	10/01/02 09/30/03
Public Officials	Specialty National	1,000,000	Liability	5,000	10/01/02 09/30/03
Professional (Health Dept)	St. Paul Fire & Marine	1,000,000 3,000,000	per occurrence aggregate	0 0	10/01/02 10/01/02 09/30/03 09/30/03
Employee Bonds	Hartford Fire Brook Stafford Specialty National	100,000 25,000 100,000	Director of Finance Court Employees Employee Dishonesty	0 0 250	01/03/03 09/01/02 10/01/02 09/30/03 01/03/04 09/01/05 09/30/03
Blanket Building & Contents	Specialty National	86,288,422		1,000	10/01/02 09/30/03
Inland Marine	Specialty National	4,888,945 2,571,887	EDP Equipment	1,000 1,000	10/01/02 10/01/02 09/30/03 09/30/03
Boiler & Machinery	Federal Insurance Co.	50,000,000		5,000	10/01/02 09/30/03
Umbrella	Specialty National	10,000,000		0	10/01/02 09/30/03
Municipal Pools	Century Surety Co.	5,000,000 5,000,000	per occurrence aggregate	0 0	02/05/03 02/05/04
Medical Professional	Admiral Insurance Co.	1,000,000 1,000,000	per occurrence aggregate	2500 0	02/05/03 02/05/04
Pollution (Lead Abatement Policy)	Seneca	1,000,000		5,000	10/01/02 10/01/03
Earthquake and Flood	Specialty National	5,000,000		50,000	10/01/02 10/01/03

CITY OF LAKEWOOD, OHIO

LARGEST EMPLOYERS

	<u>Number Of Employees*</u>
Lakewood Hospital	1,418
Lakewood Board of Education	1,223
City of Lakewood	694
Lake Erie Screw Corp.	244
Aristocrat Lakewood	170
New York Life Insurance Company	160
First Federal Saving & Loan Association of Lakewood	140
Bonne Bell Inc.	110
Advanced Energy Technologies	108
United Transportation Union	108

* includes part-time/seasonal employees

CITY OF LAKEWOOD, OHIO

MISCELLANEOUS STATISTICS

Date of Incorporation	1911
Form of Government	Mayor - Council
Area	5.66 square miles
Miles of streets	93
Number of street lights	3,554
<i><u>Fire Protection</u></i>	
Number of fire stations	3
Number of firemen and officers	78
<i><u>Police Protection</u></i>	
Number of police stations	1
Number of policemen and officers	87
Lakewood Hospital	400 beds
<i><u>Education (K-5 only):</u></i>	
Number of teachers	131
Number of students	2,827
<i><u>Education (6-8 only):</u></i>	
Number of teachers	96
Number of students	1,596
<i><u>Education (9-12 only):</u></i>	
Number of teachers	135
Number of students	2,285
<i><u>Municipal Water Department</u></i>	
Number of water accounts	14,327
Average daily consumption (cubic feet)	662,097
Miles of water mains	111
<i><u>Sewers</u></i>	
Sanitary sewers	74.53 miles
Storm sewers	65.91 miles
Combined	<u>25.28 miles</u>
Total Sewers	165.72 miles
Building permits issued	3,401
Number of full-time employees	570
Number of part-time employees	124

CITY OF LAKEWOOD, OHIO

DEMOGRAPHIC STATISTICS

Population

<u>Census</u>	<u>City</u>	<u>Cuyahoga County</u>	<u>State</u>
1970	70,173	1,721,300	10,652,017
1980	61,963	1,498,400	10,797,630
1990	59,718	1,412,140	10,847,115
2000	56,646	1,393,978	11,353,140

Age Distribution (Per 2000 Census)

	<u>Number</u>	<u>Percentage</u>
Under 5 years	3,340	5.90%
5 – 9 years	3,202	5.60%
10 – 14 years	3,408	6.00%
15 – 19 years	3,327	5.90%
20 – 24 years	4,023	7.10%
25 – 34 years	11,728	20.70%
35 – 44 years	9,364	16.50%
45 – 54 years	7,378	13.00%
55 – 59 years	2,245	4.00%
60 – 64 years	1,743	3.10%
65 – 74 years	3,207	5.70%
75 – 84 years	2,584	4.60%
85 years and over	1,097	1.90%
Total	56,646	100.00%

Median Age = 34.2 years

Population by Gender

Males	27,275
Females	29,371

City Of Lakewood, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 2002

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CITY OF LAKEWOOD, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2002

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

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

**Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Honorable Mayor Madeline Cain and
Members of the City Council of the
City of Lakewood, Ohio

We have audited the general-purpose financial statements of the City of Lakewood as of and for the year ended December 31, 2002, and have issued our report thereon dated June 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Lakewood's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 02-1 and 02-2. We also noted certain immaterial instances of noncompliance, which we have reported to management of the City of Lakewood in a separate letter dated June 2, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lakewood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Lakewood in a separate letter dated June 2, 2003.



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

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cuni & Panichi, Inc.

Cleveland, Ohio
June 2, 2003



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AND BUSINESS CONSULTING FIRM

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**Report On Compliance With Requirements Applicable To
Each Major Program And Internal Control Over
Compliance In Accordance With OMB Circular A-133**

Honorable Mayor Madeline Cain and
Members of the City Council of the
City of Lakewood, Ohio

Compliance

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

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

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



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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Lakewood as of and for the year ended December 31, 2002, and have issued our report there dated June 2, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Panichi, Inc.

Cleveland, Ohio
June 2, 2003

CITY OF LAKEWOOD, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

Program Title Federal Grantor and/or Pass-Through Grantor	Federal CFDA No.	Pass-Through Entity Number	Program or Award Amount	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture Passed-Through the Western Reserve Area Agency on Aging Nutrition Program for the Elderly	10.570	N/A	\$ 30,447	\$ -	\$ 30,447	\$ -	\$ 30,447
U.S. Department of Housing and Urban Development Direct Program							
Community Development Block Grant	14.218	B-01-MC-39-007	2,669,000	2,729,828	-	2,261,777	-
Community Development Block Grant	14.218	B-02-MC-39-007	2,615,000	640,284	-	911,078	-
Total Community Development Block Grant			5,284,000	3,370,112	-	3,172,855	-
Emergency Shelter Grant	14.231	S-01-MC-39-0007	90,000	77,609	-	60,200	-
Emergency Shelter Grant	14.231	S-02-MC-39-0007	91,000	33,221	-	50,629	-
Total Emergency Shelter Grant			181,000	110,830	-	110,829	-
Passed-Through Cuyahoga County Housing Consortium HOME Investment Partnerships Program Grant	14.239	M-02-DC396216-AC	367,276	207,500	-	180,000	-
Total U.S. Department of Housing and Urban Development			5,832,276	3,688,442	-	3,463,684	-
U.S. Department of Justice Direct Program							
Local Law Enforcement Block Grant	16.592	02-LB-VX-2286	61,171	39,842	-	26,350	-
U.S. Department of Health and Human Services Passed through the Western Reserve Area Agency on Aging							
Special Programs for the Aging – Title IIIB	93.044	N/A	175,862	160,881	-	160,881	-
Special Programs for the Aging – Title IIIC	93.045	N/A	96,394	52,032	44,362	52,032	44,362
Medical Assistance Program (Passport Services)	93.778	N/A	95,563	95,563	-	95,563	-
Total U.S. Department of Health and Human Services			367,819	308,476	44,362	308,476	-
Total Expenditures of Federal Awards			\$ 6,291,713	\$ 4,036,760	\$ 74,809	\$ 3,798,510	\$ 74,809

CITY OF LAKEWOOD, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City of Lakewood's (the City) federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2 - SUBRECIPIENTS

The City passes-through certain Federal assistance received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the City records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE 3 – MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support Federally funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE 4 - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND HOME PROGRAM GRANTS

The City has established a revolving loan program to provide low-interest loans to persons from low to moderate income households to rehabilitate their homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans directly to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on this Schedule. These loans are collateralized by mortgages on the property. At December 31, 2002, the gross amount of loans outstanding under this program is \$2,215,658. The Emergency Shelter grant is directly received by the City. The U.S. Department of Housing and Urban Development HOME Program grant is passed through the Cuyahoga County Housing Authority Consortium.

NOTE 5 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The U.S. Department of Health and Human Services grants are passed through the Western Reserve Area Agency on Aging.

CITY OF LAKEWOOD, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 – U.S. DEPARTMENT OF JUSTICE

The U.S. Department of Justice grant is a direct grant.

NOTE 7 – FOOD DISTRIBUTION

Non-monetary assistance, such as meals received from the Western Reserve Area Office on Aging, is reported in the Schedule at the value of \$1.90 per meal served. Of the value of an individual meal served, the U.S. Department of Agriculture allocates \$.54 per meal and the U.S. Department of Health and Human Services allocates \$1.36 per meal. For the year ended December 31, 2002, the City served 32,619 and 23,765 meals through the City's Office on Aging congregate meal program and home delivered meal program; therefore, the U.S. Department of Agriculture allocation was \$30,447 and the U.S. Department of Health and Human Services allocation was \$44,362.

CITY OF LAKEWOOD, OHIO

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

DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant; CFDA # 14.218
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

02-1 Ohio Revised Code Section 5705.41B states that expenditures plus encumbrances should not exceed appropriations.

Expenditures plus encumbrances were in excess of appropriations in the Just Friends Grant, Juvenile Accountability Incentive Block Grant, and Hospitalization Funds.

CITY OF LAKEWOOD, OHIO

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

DECEMBER 31, 2002

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

02-2 Ohio Revised Code Section 5705.39 states that the total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

Appropriations exceeded the final certificate of estimated resources for the following funds: Emergency Shelter Grant, HOME Investment Program, Lead Paint Program, Little Links, Cuyahoga County Violence Prevention, Byrne Memorial Grant, Help to Others Special Revenue Funds, Permanent Capital Improvement, City Park Improvement Capital Projects Funds, and the Water and Winterhurst Ice Rink Enterprise Funds.

3. FINDINGS FOR FEDERAL AWARDS

None.

CITY OF LAKEWOOD, OHIO

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

DECEMBER 31, 2002

Finding No.	Finding Summary	Fully Corrected	Explanation
01-1	<p>Ohio Rev. Code 5705.41B states that expenditures plus encumbrances should not exceed appropriations.</p> <p>At December 31, 2001, expenditures plus encumbrances were in excess of appropriations in the following funds: Office on Aging Grant, Community Festival, Cuyahoga Violence Prevention Grant, Byrne Memorial Grant, Winterhurst Ice Rink, and Hospitalization.</p>	No	The City had noncompliance in this area again in 2002.
01-2	<p>Ohio Rev. Code 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.</p> <p>At December 31, 2001, negative fund balances were found in the following funds: Community Development Block Grant, Childrens' Trust Grant, Cuyahoga County Violence Prevention Grant, Byrne Memorial Grant, and the Winterhurst Ice Rink Funds.</p>	Yes	<p>The City monitored expenses to ensure that money paid into a fund is used only for the purposes for which the fund was established.</p> <p>The auditor noted no instances of non-compliance while testing O.R.C. 5705.10 during the audit of compliance.</p>

CITY OF LAKEWOOD

**12650 DETROIT AVENUE
LAKEWOOD, OHIO 44107
(216) 529-6093**

RESPONSE TO FINDINGS ASSOCIATED WITH AUDIT CONDUCTED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
FOR THE YEAR ENDED DECEMBER 31, 2002

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
02-1	The City will monitor expenditures and encumbrances and amend appropriations, if necessary.	Immediately	Glenda Blasko, Finance Director
02-2	The City will monitor appropriations and estimated resources and amend appropriations and estimated resources as needed.	Immediately	Glenda Blasko, Finance Director



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

CITY OF LAKEWOOD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 19, 2003**