

THE CITY OF PAINESVILLE

PAINESVILLE, OHIO

SINGLE AUDIT REPORTS

DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

City Council
City of Painesville
Painesville, Ohio

We have reviewed the Independent Auditor's Report of the City of Painesville, Lake County, prepared by S.R. Snodgrass, A.C., 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 Painesville is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 28, 2003

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**THE CITY OF PAINESVILLE, OHIO
SINGLE AUDIT REPORTS**

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

City Council
The City of Painesville
Painesville, Ohio

We have audited the financial statements of The City of Painesville, Ohio (the "City") as of and for the year ended December 31, 2002, and have issued our report thereon dated June 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 11, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated June 11, 2003.

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

S. R. Snodgrass, A.C.

Mentor, Ohio
June 11, 2003



**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over
Compliance in Accordance with OMB Circular A-133**

City Council
The City of Painesville
Painesville, Ohio

Compliance

We have audited the compliance of The City of Painesville, Ohio (the "City") 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's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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'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 on the City's compliance with those requirements.

In our opinion, The City of Painesville, Ohio 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.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City'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 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 Painesville, Ohio as of and for the year ended December 31, 2002, and have issued our report thereon dated June 11, 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 of the City. 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 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.

S.R. Snodgrass, A.C.

Mentor, Ohio
June 11, 2003

**THE CITY OF PAINESVILLE, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**THE CITY OF PAINESVILLE, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH
FOR THE YEAR ENDED DECEMBER 31, 2002**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Number	Disburse- ments
U.S. HOUSING AND URBAN DEVELOPMENT			
Passed-Through Lake County Entitlement Grant Community Development Block Grant	14.228	B-01-4C-39007	\$ 85,000
U.S. DEPARTMENT OF JUSTICE			
COPS Grant	16.710	95-CF-WX-3270	66,019
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-Through State Department of Transportation: Highway Planning and Construction	20.205	PID13992	1,386,613
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Mobile Fire Safety Classroom	83.554	EME-2001-GR-0367	<u>45,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,582,632</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards - Cash.

**THE CITY OF PAINESVILLE, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH
FOR THE YEAR ENDED DECEMBER 31, 2002**

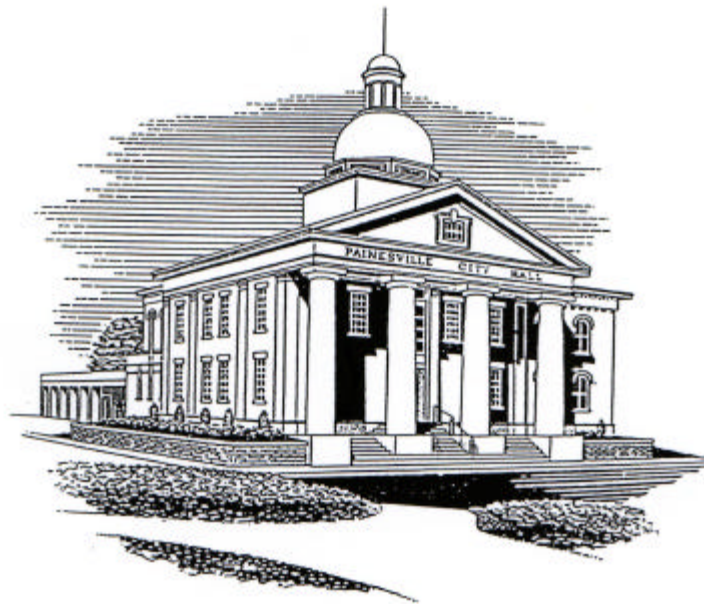
BASIS OF PRESENTATION

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

**THE CITY OF PAINESVILLE, OHIO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002**

None

THE CITY OF PAINESVILLE, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

THE CITY OF PAINESVILLE, OHIO

LAKE COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

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Fiscal Clerk II

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INTRODUCTORY SECTION



City of Painesville, Ohio

7 Richmond Street

Painesville, Ohio 44077

Phone (440) 639-4802

Fax (440) 639-4831

July 31, 2003

Honorable Members of Painesville City Council and
the Citizens of the City of Painesville, Ohio:

We are pleased to present this Comprehensive Annual Financial Report for the City of Painesville, Ohio for the fiscal year ended December 31, 2002. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Painesville to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; a list of principal elected officials; and a list of principal administrative personnel.
2. *The Financial Section* contains the City's General Purpose Financial Statements and explanatory notes thereto, the combining and individual fund and account group financial statements and schedules and the Independent Auditor's Report.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

The Reporting Entity

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: public safety (police and fire), health (health department), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility (water, electric, sanitation, public parking and wastewater pollution control), highways and streets (street and highway maintenance), and general government.

Certain organizations, although sharing some degree of name similarity with the City, are separate and distinct entities, not only from the City, but also from each other. The City is not financially accountable for these entities. Due to their independent nature, the following organizations are not part of the City of Painesville reporting entity and are excluded from the City's financial statements:

The Painesville Local School District and Painesville Township School District (the "Districts") are distinct governmental entities, independent of the City and one another. The members of boards of the Districts are elected by the voters. The Districts each represent a body politic and corporate and the City is not financially accountable for the Districts.

Painesville Township is a separate and distinct political subdivision governed by a Board of Trustees elected by the residents of the township. The City is not financially accountable for this legally separate organization.

The City of Painesville was incorporated as a town on February 11, 1832, reclassified as an incorporated village in 1852 and became a city in 1903. The City became a home rule municipal corporation operating under the laws of the State of Ohio in 1962. The City's current Charter has been amended four times since its original adoption. The State Constitution prevails when conflicts exist between the Charter and the Constitution and in matters where the Charter is silent. The City's Charter can only be amended by a majority of the City's voters.

Painesville is located approximately 35 miles east of the City of Cleveland in northeastern Ohio. It is the county seat for Lake County and is the fourth largest city, based upon population, within the County. According to the 2000 Census, Painesville is the 97th largest city in the State. Some of the City's major transportation arteries include State Routes 2, 44, 84 and 86, U.S. Highway 20 and Interstate Highway I-90. Lake Erie College, a private four-year college with an enrollment of approximately 900, is located near the center of the City.

The Management

The Council-Manager form of government is established by the Charter. The legislative power of the City is vested in a Council of seven members who are elected on a non-partisan basis for a term of four years. Four of the members are elected from wards and their current terms expire on December 31, 2003; the remaining members are elected At-Large and their current terms expire on December 31, 2005. The chief executive power of the City is vested in the City Manager who is appointed by the City Council. The Director of Finance and Law Director, as well as other administrative directors, are appointed by the City Manager, with the affirmation of City Council.

Services Provided

As authorized by its Charter and codified ordinances, the City provides a full range of municipal services that include police and fire protection, street construction, maintenance and repair, recreation and cultural activities, cemeteries, municipal court, community development, public improvements, planning and general administrative services. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

The City also operates six enterprise activities: a water system, sanitary sewer system, electric system, refuse collection, off-street parking facilities and a storm water system. These activities are accounted for in separate enterprise funds. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City's enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City's Council has the necessary authority to establish and amend appropriate user rates as required. The rates are monitored on an on-going basis to insure their adequacy. Responsibility for the frequency and amount of rate change lies solely with the City Council.

Bases of Accounting

The bases of accounting used by the City are in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and are consistent with GASB Codification Section 1600, "Basis of Accounting," except for accounting used for budgetary purposes. All governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus. The modified accrual basis of accounting is utilized for the governmental, expendable trust and agency funds. Revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for the interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary and nonexpendable trust funds is on "economic resources." All assets and all liabilities associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is used for the proprietary and nonexpendable trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses when they are incurred.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual, and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these two methods appears in Note 1.

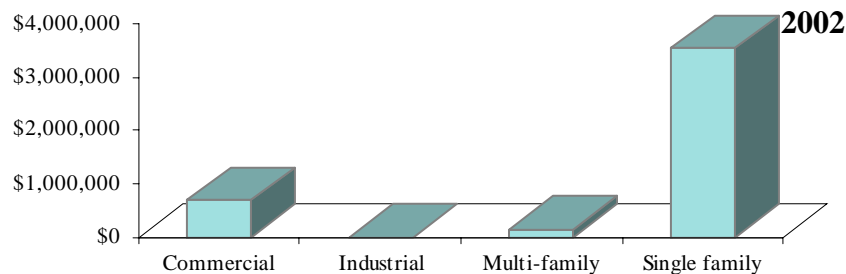
ECONOMIC CONDITION AND OUTLOOK

Local Economy

During 2002, the City experienced ups and downs with the local economy. The economic recession was felt with several businesses leaving and arriving in the City that resulted in only a mild increase in General Fund revenues. The Water Fund experienced a rise in revenues due to an 8% rate increase. The Electric Fund experienced higher consumption during 2002 than in 2001. Investment earnings were at an all-time low for the City as well as the nation as a whole. The average yield for an investment was 2%. Municipal income tax, the City's primary source of tax revenues, increased when compared to 2001 collections.

The City of Painesville experienced a temporary lull in economic growth in regards to construction activity, as indicated by the value of building permits issued. The chart below provides a summary and comparison of the value of building permits over the past five years. The decrease in building permits was primarily attributable to a slowing economy and the development of projects in the planning and zoning stage that have not gone to construction. The City is anticipating a resurgence in the level of activity in commercial construction and industrial construction. The multi-family and single-family sectors are expected to increase due to the City's efforts toward community and economic development.

Category	1998	1999	2000	2001	2002
Commercial	\$6,393,106	\$10,282,310	\$4,214,398	\$7,042,788	\$677,450
Industrial	3,072,900	2,266,500	3,857,500	1,858,000	0
Multi-family	3,487,657	919,517	93,066	450,000	150,000
Single family	2,543,647	1,149,024	3,365,350	3,151,974	3,537,306
Totals	\$15,497,310	\$14,617,351	\$11,530,314	\$12,502,762	\$4,364,756



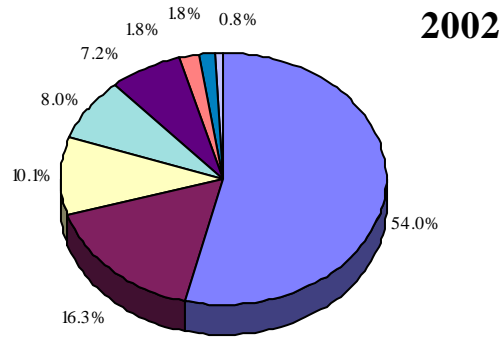
Unemployment in Lake County was comparable to state and national levels during 2002. The unemployment rate for Lake County did not change from 2001 to 2002. Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2002:

Lake County	5.0%
Ohio	4.5%
United States	5.4%

Business

The City of Painesville has 1,069 businesses, which employ approximately 6,317 workers in all sectors of the economy. The percentage of businesses by sector breakdown is as follows:

<u>Sector</u>	<u>Businesses</u>	<u>Percentage of Total</u>
Service	577	54.0%
Retail	174	16.3%
Manufacturing	108	10.1%
Construction	86	8.0%
Finance, Insurance and Real Estate	77	7.2%
Wholesale	19	1.8%
Government	19	1.8%
Other	9	0.8%
Total	1,069	100.00%



The large number of businesses in the service sector is an outgrowth of the City's position as the county seat for Lake County. The largest sectors in terms of total businesses continue to be the service and retail sectors with 54.0% and 16.3% of the total, respectively.

Listed below are new businesses which have opened or relocated to the City of Painesville during 2002. The City of Painesville has taken a very aggressive approach with its economic development program and is making a concerted effort to acquaint new businesses with the advantages of locating in the City of Painesville.

- Laurick Enterprises
- Cintas Corporation
- CMP Race Shop
- Finestra
- At Wicks End
- Special Events Floral & Design
- Don Cameron's
- Diamond Jim's Bistro
- Subway on the Square
- Sweet Memories at Thayers
- Karpenisi's Family Restaurant
- Good Faith Mortgage
- North Coast Financial
- Davis School of Defense

MAJOR INITIATIVES

Capital Improvements

Over the past several years, the City of Painesville has aggressively pursued capital improvement initiatives throughout the community. The capital improvement long range planning was re-implemented. The City formalized a process to establish and plan capital spending for a five-year period to leverage buying power and to accomplish more capital improvements with declining resources. The City accomplished more and spent less. This requires defining priorities for spending capital resources in order to forecast and plan future capital expenditures.

The major new project initiated during the third quarter of 2001 and completed in 2002 involved the renovation of the Municipal Court, Probation and Safety Center areas at City Hall. This added approximately 1,050 square feet to these three departments and has greatly enhanced operations and improved security. The total project cost of \$1,365,052 was distributed between the following funds, based on square footage: Capital Improvement Fund, Municipal Court Special Projects Fund and the Probation Services Fund. The City reissued \$500,000 of notes in 2002 to partially finance this project, with remaining funds coming from unencumbered reserve balances in the funds for 2001 and 2002.

A major initiative of the City during 2002 was completing renovations to the City Hall Complex following the relocation of several offices. Further renovations to reutilize valuable space were made in the Fire Station captain's office, dormitory, and lower level bathroom as well as the Police Squad and locker rooms. The roof of the City Hall Complex was also repaired and replaced. In addition, the City renovated space available at the Morse Avenue Community Center to create a utility and craft room, and also purchased new tables and chairs.

Another initiative of the capital improvement plan was to make several land improvements. When addressing needed land improvements, image enhancement was the major objective in completing the various projects. The first project addressed signage to welcome drivers from State Route 2 and to advertise recreation activities at Veteran's Park located in the center of town. The second project constructed was a walking path along a river in Recreation Park. The final project was phase two of the skate park facility, which enhanced phase one and was constructed at Recreation Park under a private/public partnership arrangement. The City contributed \$25,000 toward phase one of the project and the remaining \$40,000 was received from outside private contributions.

The City made a significant investment in road improvements during 2002. Several streets were resurfaced as part of a five-year program to resurface at least \$200,000 worth of streets annually. The Public Service Director and City Council determine which streets will be resurfaced based on annual evaluations. The program costs for 2002 were \$210,422, all of which was funded by special revenue funds. Matthews Street was reconstructed at a total cost of \$275,407 and part of the project was funded through a Community Development Block Grant of \$85,000. Bank Street was also reconstructed at a cost of \$131,971. Curbs were replaced on Lincoln and Harmon Street at a cost of \$62,116 and the utilities were relocated at the CSX railroad crossing in anticipation of the Shamrock Boulevard construction, scheduled for 2004 or 2005 at a cost of \$292,124. Shamrock Boulevard will provide access from Jackson Street to a 300-acre site, which was annexed into the City several years ago. The anticipated cost of this project is \$5.4 million and it will be funded through a mix of public and private funding sources.

Another initiative of the 2002 capital improvement plan was improving the equipment used to deliver City services. Some of the key purchases were: four new police vehicles, a track hoe for the Cemeteries Division, a pole-cam surveillance system for the Police Department, a citywide telephone system, computer upgrades for the Clerk of Courts Division, and a set-aside of approximately \$95,000 to address safety equipment and ergonomic issues identified throughout the City.

The major initiative in the Water Division involved putting into operation the replaced raw well and pump station at the Water Plant, which cost a total of \$1,973,894. The construction was completed in the fall of 2001 and was partially funded through the State Issue II program. The raw well and pump station were in full operation in early 2002. A major water system improvement was the design and upgrade of computer models for the distribution systems both inside and outside the City at a cost of \$27,252.

Two main projects were outlined in the capital improvement plan as water pollution control initiatives. First was the completion of a feasibility study and analysis to develop a storm-water utility system. This project was completed in 2002 and legislation was submitted to City Council to advance money from the Sewer Fund to establish the Storm Water Utility Fund. The City plans to begin billing for storm water services in early 2003. The second project was at the Water Pollution Control Plant, which entailed replacing the plant's tertiary screw pumps. The project was financed by a bond anticipation note issued in the fourth quarter of 2002. Work on the project was substantially completed in 2002 and the cost to date for the project is \$459,960.

The primary initiative for the Electric Department during 2002 was to upgrade traffic signalization throughout the City. The estimated cost of the project was \$2.6 million dollars, of which approximately \$2.0 million was funded with federal dollars passed through the Ohio Department of Transportation. Design and development of the project took several years while construction was substantially completed during 2002. The traffic signalization upgrade was put into operation in 2002. The Electric Department also upgraded the #1 demineralization system at its plant at a cost of \$62,526.

FINANCIAL INFORMATION

Internal Control Structure

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

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

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Summary of Accounting Policies and Budgetary Control

The City's financial statements for its governmental, expendable trust and agency funds have been prepared on the modified accrual basis of accounting. Revenues on this basis are recognized when measurable and available to finance current City operations; expenditures are recognized when the liability is incurred, if measurable, except for interest on general long-term debt which is recognized when due.

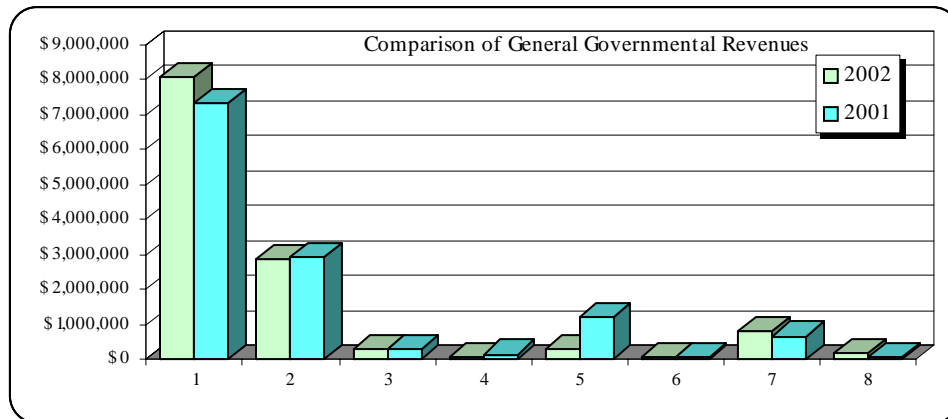
The City's proprietary and nonexpendable trust funds are accounted for on the accrual basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred. See Note 1 to the general purpose financial statements for a summary of the City's significant accounting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

The City is legally required to adopt an annual budget for all funds other than agency funds; however, only governmental funds are required to be reported. Budget amendments require an ordinance of the City Council. The primary level of budgetary control is at the program level (General Government, Public Safety, Highways and Streets, Public Health and Welfare, Culture and Recreation and Community Environment) and within each program at the level of personal services, all other expenditures, capital outlay and operating transfers as established by Ohio law. Purchase order amounts are encumbered prior to the release of the order to the vendor. Open encumbrances are individually reviewed prior to year-end and a determination is made whether or not to carry them forward to the following year. These encumbrances are reported as a reservation of fund balance at December 31, 2002 for all governmental funds. Budgets are legally adopted and controlled on a cash/encumbrance basis. Unencumbered appropriations lapse at year-end.

General Governmental Functions

The following schedule presents a summary of general fund, special revenue funds and debt service funds revenues for the year ended December 31, 2002 and the amount of increases and decreases in relation to prior year revenues.

Revenue Source	Total 2002 Revenues	Percent of Total	Total 2001 Revenues	Increase (Decrease) over 2001	Percent of Change
1 Taxes	\$8,087,055	63.56%	\$7,301,526	\$785,529	10.76%
2 Intergovernmental Revenues	2,860,610	22.48%	2,948,823	(88,213)	(2.99%)
3 Charges for Services	301,580	2.37%	327,915	(26,335)	(8.03%)
4 Licenses and Permits	78,377	0.62%	163,558	(85,181)	(52.08%)
5 Investment Earnings	315,711	2.48%	1,219,328	(903,617)	(74.11%)
6 Special Assessments	64,861	0.51%	57,556	7,305	12.69%
7 Fines and Forfeitures	829,496	6.52%	675,402	154,094	22.82%
8 All Other Revenues	186,481	1.46%	97,257	89,224	91.74%
Total	<u>\$12,724,171</u>	<u>100.00%</u>	<u>\$12,791,365</u>	<u>(\$67,194)</u>	



Revenues Narrative

The mild decrease in revenues from 2001 to 2002 was primarily attributable to two major factors: a reduction in unanticipated revenue and lower interest earnings on investments.

The \$903,617 decrease in Investment Earnings resulted from the extremely depressed market conditions and the limited eligible investments that could yield more than a 2% return. In comparison, the annual yield for the City's investment portfolio averaged 6% in 2000 and 4% in 2001. The 52.08% reduction in Licenses and Permits revenue from 2001 to 2002 was the end result of fewer permits being issued during 2002, combined with the City's late receipt of a cable franchise fee of \$68,684, which the City did not receive until the spring of 2003. Several revenue sources increased from 2001 to 2002, which limited the decline in total revenues to under 1%. Fines and Forfeitures increased by 22.82% from 2001 to 2002. The rise was caused by an increase in court fees that went into effect during April of 2002. The increase in All Other Revenues was the result of increased operating reimbursements within the general fund and special revenue funds. High levels of grant revenue led the City to create the Fire Fund during 2002, which allows grant activities to be more efficiently tracked.

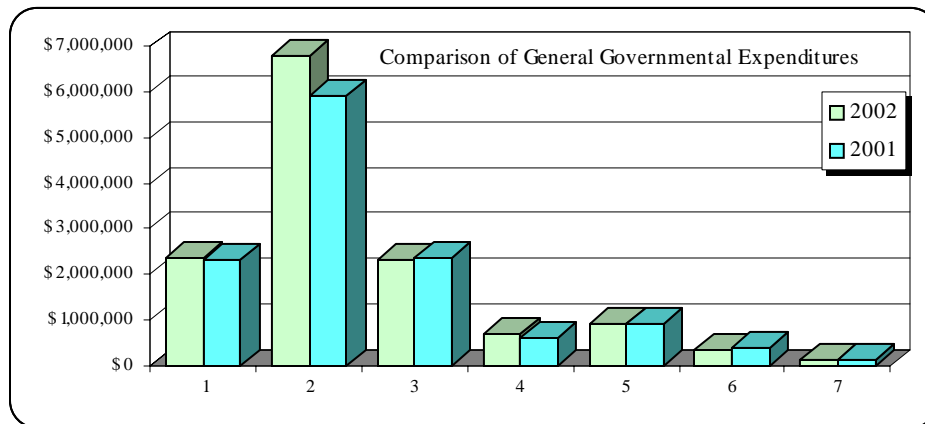
The City's income tax continues to be its primary source of governmental revenue, accounting for approximately 63.56% of the total general fund revenues. Income tax receipts for 2002 were \$785,529 higher than 2001 receipts. This significant increase is representative of the financial health of the community and the economic development thrusts of the City to attract new businesses to the area. The tax applies to all wages, salaries, commissions, and other compensation paid by employers and/or the net profits from the operation of a business, profession or other enterprise activity. Income tax rates of cities and villages within the State of Ohio are limited to a maximum of 1% unless specifically approved by a majority of the resident voters of the respective city or village. The income tax rate for the City of Painesville is 2% and has remained unchanged for eleven years. Approximately \$7 million of tax revenues for 2002 were attributable to income tax collection.

Property taxes in Ohio are levied and collected by its 88 counties. The counties, after collection, distribute portions of these taxes to the various political subdivisions within their geographic borders. Property taxes for the City represent a tax rate of 3.7 mills (\$3.70 per \$1000 of assessed valuation) applied to the assessed value of property located in the City. Assessed values represent approximately 35% of appraised values. The details of property tax valuations and tax rates relating to collections for the last three years are as follows:

TAX RATES			
(Per \$1000 of Assessed Valuation)			
Purpose	2002	2001	2000
General Fund	\$2.10	\$2.10	\$2.10
Bond Retirement	0.30	0.30	0.30
Police/Fire Pension	0.60	0.60	0.60
Fire Levy Fund	0.70	0.70	0.70
Totals	<u>\$3.70</u>	<u>\$3.70</u>	<u>\$3.70</u>
Assessed Valuations	\$228,352,726	\$212,620,607	\$189,974,374

The following schedule presents a summary of general fund, special revenue funds and debt service funds expenditures for the year ended December 31, 2002. Expenditures for general governmental purposes totaled \$13,518,508 in 2002, an increase of \$881,146 when compared to 2001. Expenditures for the major functions of the City and the percentage of total for 2002 and the percentage increase/(decrease) over 2001 are shown in the following table:

Expenditures	Total 2002 Expenditures	Percent of Total	Total 2001 Expenditures	Increase (Decrease) over 2001	Percent of Change
1 General Government	\$2,358,232	17.44%	\$2,321,333	\$36,899	1.59%
2 Public Safety	6,802,401	50.32%	5,919,145	883,256	14.92%
3 Highways and Streets	2,316,349	17.13%	2,360,440	(44,091)	(1.87%)
4 Public Health and Welfare	690,005	5.10%	606,275	83,730	13.81%
5 Culture and Recreation	901,394	6.67%	908,401	(7,007)	(0.77%)
6 Community Environment	335,371	2.48%	390,534	(55,163)	(14.13%)
7 Debt Service	114,756	0.86%	131,234	(16,478)	(12.56%)
Total	<u>\$13,518,508</u>	<u>100.00%</u>	<u>\$12,637,362</u>	<u>\$881,146</u>	



Expenditures Narrative

The increase in total expenditures in the general, special revenue and debt service funds from 2001 to 2002 is primarily the result of salary increases, capital outlay expenditures for building renovations and equipment replacement.

The increase in General Government can be traced to the municipal court for the cost of security officers hired to man the entrance and courtroom. The salary increase related to these hires was \$40,000, with additional costs for employee benefits, uniforms, hiring and training for the four officers. The increase in April of the court costs assessed to each adjudicated case helps to defray the costs associated with the increased security costs. The increase in Public Safety expenditures was due to a combination of reasons. The first was the salary and related benefit increases to all staff in 2002 and an increase in the capital outlay for new vehicles. Four new police cruisers, fully equipped with remote wireless capability, were added to the fleet for slightly less than \$80,000. Four older vehicles were traded-in to offset a portion of the expenditures. Capital improvements of approximately \$66,000 were one cause of the 13.81% increase in the Public Health and Welfare function. The improvements were primarily related to the replacement of aged equipment used to dig graves and cut cemetery lawns. Another factor was the increase in salary and related benefit costs for all employees within the Cemeteries Division. The 14.13% reduction in Community Environment expenditures was due to the relocation of Economic Development activities to the City Manager's Office and the year long vacancy of the City Planner position.

General Fund

Most municipalities are service-oriented organizations as is the City of Painesville. Not only is the general fund the largest governmental fund, it is also responsible for funding the major governmental services of the City, such as public safety, culture/recreation and a portion of general administration. Consequently, considerable time in the budget process is dedicated to the general fund. The budget of this fund is prepared by the City Manager, with the assistance of the Director of Finance, the City's chief fiscal officer, and is submitted to City Council for their consideration.

The budget process begins in the summer months of the preceding year. A review of citywide and departmental objectives is conducted. The various departments submit requests in the third quarter. A public budget hearing takes place early in the fourth quarter. The original budget is passed at the first meeting in December of the prior year. Final appropriations and amendments thereof are passed by Council in the form of an appropriations ordinance as required by the City Charter and state statutes.

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

The fund balance of the general fund at December 31, 2002 was \$4,682,471, a decrease of \$214,612 from the December 31, 2001 fund balance of \$4,897,083. It continues to be the goal of the City Manager and her administration to provide a sufficient fund balance in the general fund to serve as a hedge against any future unforeseen contingency. The current fund balance is indicative of the sound management principles that have been adhered to throughout 2001 and 2002.

Special Revenue Funds

Special revenue funds of the City are used to account for revenues derived from specific taxes or other legally restricted revenue sources. Considerable attention by the administration has been given to compliance with regulations pertaining to public hearings and other requirements relating to grants received by the City. All special revenue funds are controlled through the same detailed budget process used for the general fund.

Capital Projects Funds

The capital projects funds are used to account for transactions relating to the City's major capital improvement projects. The main sources of revenue for the capital projects funds are taxes, fines and forfeitures and transfers from other funds. The City has increased its capital improvements expenditures over the past few years, increasing the need for revenue other than transfers from other funds into the capital projects funds.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The following are the City's proprietary fund types:

Enterprise Funds

Enterprise funds, which are comparable to profit-making businesses, were established to account for the City's self-supporting activities.

The Water Fund accounts for the operation of the City's water treatment and distribution system. Operating revenues increased by \$668,651 or 19.12% and operating expenses increased \$595,214 or 17.86%, which resulted in operating income of \$235,895. It is anticipated that growth in the developing service area to the south and recently annexed properties of the City will produce increased revenues by expanding the number of customer accounts within the next five years.

The Sewer Fund accounts for the operation of the City's water pollution control plant and the sanitary sewer collection system. The operating loss in 2002 for the Sewer Fund was \$61,454. The fund ended the year with retained earnings of \$8,241,816, which was a decrease of \$70,404 from 2001.

The Electric Fund accounts for the operation of the City's electric generating plant and distribution system. It had operating income for 2002 of \$3,040,866. The Refuse Fund is used to account for the collection and disposal of solid waste, which is contracted to a private operation. It had an operating loss of \$453 in 2002.

The Off-Street Parking Fund, which is used to account for the operation of the City's downtown garage, had a 2002 operating loss of \$107,177 and retained earnings of \$1,279,176. The Storm Water Utility Fund accounts for the operation of the City's storm water utility system. It reported an operating loss of \$94,347 in 2002.

Internal Service Funds

The internal service rotary funds are used to account for the purchase of materials and supplies and petroleum products that are obtained in large volumes and then made available to the various departments on a cost reimbursement basis. Items purchased by the internal service funds are typically purchased at a lower cost than would be obtainable if each department had to make provisions to purchase their own materials and supplies and petroleum products. Revenues are generated for the internal service funds from billings to the various departments for goods obtained from the central warehouse or City maintenance/refueling facilities. The Fuel and Oil Rotary Fund experienced an operating loss of \$25,942 in 2002. The Supplies Rotary Fund recorded an operating loss of \$973. Internal billing charges are adjusted when necessary to insure that sufficient fund equity is maintained within the internal service funds.

In addition to the two rotary funds discussed above, the Workers' Compensation Retrospective Fund was established to account for transactions related to the City's participation in the State of Ohio Workers' Compensation Retrospective Rating Program. The program was initiated in conjunction with various safety and loss control programs designed to reduce the incidence of risk. Under the retrospective rating program, the City agrees to pay a fraction of the premium it would normally pay while accepting the responsibility of reimbursing workers' compensation claims as they come due. The City has broadened the definition of the fund to include participation in the regular State Workers' Compensation Program. The City has the option to participate or not participate in the program based on the cost-benefit analysis performed each year to determine the most cost effective approach to the overall workers' compensation program. The City will pay current premiums to the State Workers' Compensation based upon a cost per \$100 of payroll as well as paying for actual claims filed under the terms of the retrospective program.

In 2000, the City initiated a program similar in concept to the existing workers' compensation program. The Employee Health Insurance Fund was created and the City implemented self-funded employee health insurance. The City continued its program in 2002, having it administered by Medical Mutual of Ohio.

Under this program, the City operates with a third party administrator (TPA) and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection.

Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level. Any dollar amount over this specific level is paid by the re-insurance carrier. The City's specific level is \$40,000.

The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level.

Fiduciary Funds

Trust Funds

The expendable trust funds of the City are used to account for monies held by the City to insure compliance with local statutes. The expendable trust funds are accounted for and reported similarly to governmental funds.

The City also maintains nonexpendable trust funds, all of which are associated with the two cemeteries operated by the City and are used to account for principal balances from contributions and endowments where capital maintenance is of primary importance. The nonexpendable trust funds are accounted for and reported in a manner similar to proprietary funds.

Agency Funds

Agency funds are custodial in nature and do not involve the measurement of results of operations.

Debt Administration

The total general obligation bond and note debt on December 31, 2002 was \$13,258,097, which consisted of \$9,343,097 of general obligation bonds and \$3,915,000 of general obligation bond anticipation notes. In addition, the City had mortgage revenue bonds outstanding at December 31, 2002 of \$2,595,000. The City believes that the preparation of this report in the past helped the City obtain lower interest rates and maintain an A3 rating from Moody's.

Debt Capacity

The City is well within statutory limitations for both voted and unvoted debt. The computation of the legal debt margins at December 31, 2002 is included in the Statistical Section of this report, along with other related computations and ratios relevant to the City's note and bonded debt. The City currently has no general obligation bonded debt supported by property taxes.

Cash Management

The investment and deposit of City monies is governed by the provisions of the Charter and Codified Ordinances of the City. The appropriate sections of the City Code are reviewed annually for compliance and to assure the flexibility necessary to effectively manage the City's investment portfolio.

Effective cash management is recognized as essential to good fiscal management and is a vital component in the City of Painesville's overall financial strategy. The City's investment portfolio is designed and managed in a manner responsive to the public trust and consistent with state and local statutes. Investments are made on the basis of the following list of objectives, which are listed in the order of importance:

1. Security of City funds and investments.
2. Preservation of capital and protection of principal.
3. Maintenance of sufficient liquidity to meet operating needs.
4. Diversification of investments to avoid unreasonable or avoidable risks.
5. Maximization of return on the portfolio within the above constraints.

The City is generally restricted (after quotations are obtained) to investing in certificates of deposit, savings accounts, money market accounts, the State Treasury Asset Reserve (STAR Ohio), obligations of the State of Ohio and obligations of the United States government or certain agencies thereof. There is no limitation on the maturity of the City's investments.

Fixed Assets

It is essential that the City maintain a complete record of assets, which it owns and for which it is responsible. Fixed assets directly involved in the revenue producing activities of the enterprise funds are accounted for within those funds, and their related costs are included in the determination of the user charge rate structure.

The General Fixed Assets Account Group includes all fixed assets of the City not used in a proprietary operation. Such assets include public safety facilities, streets and highways facilities, parks and recreation facilities, general government buildings, motor vehicles and other major general government equipment. Infrastructure (streets, highways, sidewalks, curbs, gutters and bridges), which the City owns and is responsible for are excluded from the amounts shown. The City carries sufficient insurance on all assets subject to hazard or destruction.

The cost of items recorded in the General Fixed Assets Account Group at December 31, 2002 is as follows:

Land	\$1,248,648
Buildings and Improvements	3,421,717
Improvements other than Buildings	475,668
Machinery and Equipment	5,709,093
Construction in Progress	<u>125,925</u>
Total General Fixed Assets	<u>\$10,981,051</u>

Risk Management

The City has taken a very proactive approach in addressing the daily operations of the municipality, which is reflected in its insurance protection package and the favorable loss experience. Deductible levels for the various policies have been selected so as not to expose the City to excessive "first dollar" loss in the case of a claim. In the property damage area, deductibles are maintained at \$1,000 or less per loss. In the professional liability areas, no deductible exceeds \$25,000. Public officials and law enforcement employees are covered under separate policies and have aggregate limits of \$1,000,000. A synopsis of insurance is presented in the Statistical Section of this report. In 1992, Painesville applied and was accepted into the States Workers' Compensation Retrospective Rating Plan. Under the terms of the plan, the City will initially pay a minimum premium (a fraction of the premium it would pay as an experience-rated risk), while accepting responsibility for reimbursing workers' compensation claims as they come due, up to an aggregate and specific stop/loss limit. The City expects to realize a reduction in workers' compensation costs through this plan. In 1993, the City established a new internal service fund to account for workers' compensation. During 1998, the City elected to reenter from the retrospective rating program rather than pay the standard workers' compensation assessment, which is calculated as a specified rate per \$100 of payroll. An analysis of the retrospective program versus the standard program yielded a greater benefit based on lower cost in the retrospective program. The City will continue to monitor the costs and benefits of both programs.

OTHER INFORMATION

Independent Audit

Under federal law, the City is required to have an audit performed every year. The accounting firm of S. R. Snodgrass, A. C. performed the 2002 audit. The independent auditors' unqualified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2001. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement represents a significant accomplishment by a governmental unit.

A Certificate of Achievement is valid for a period of one year. Painesville has received a Certificate of Achievement for the last fifteen consecutive years, fiscal years ended 1987-2001. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

The City was presented the Auditors Award by the Auditor of State for its Comprehensive Annual Financial Report for the year ended December 31, 2001. The award was in recognition of the City's Comprehensive Annual Financial Report meeting the strict standards of the Government Finance Officers Association.

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Painesville, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

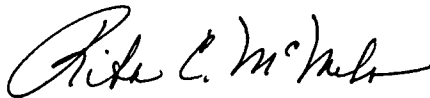
Acknowledgments

We would like to thank the staff and extend special recognition to all members of the Finance Department and related departments within the City who assisted with the preparation of the Comprehensive Annual Financial Report and annual independent audit.

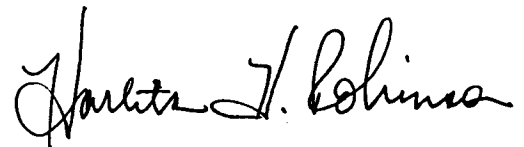
Special thanks are also due to Donald J. Schonhardt, President, Donald J. Schonhardt & Associates, Inc., Columbus, Ohio, and the members of his staff for their efforts in converting the City's budgetary basis accounting records to the generally accepted accounting principles (GAAP) basis. In addition, we would like to express appreciation to the firm of S. R. Snodgrass, A. C., as auditors, for their assistance and review during this project.

In closing, without the leadership and support of the Painesville City Council, preparation of this report would not have been possible.

Sincerely,



Rita C. McMahon
City Manager



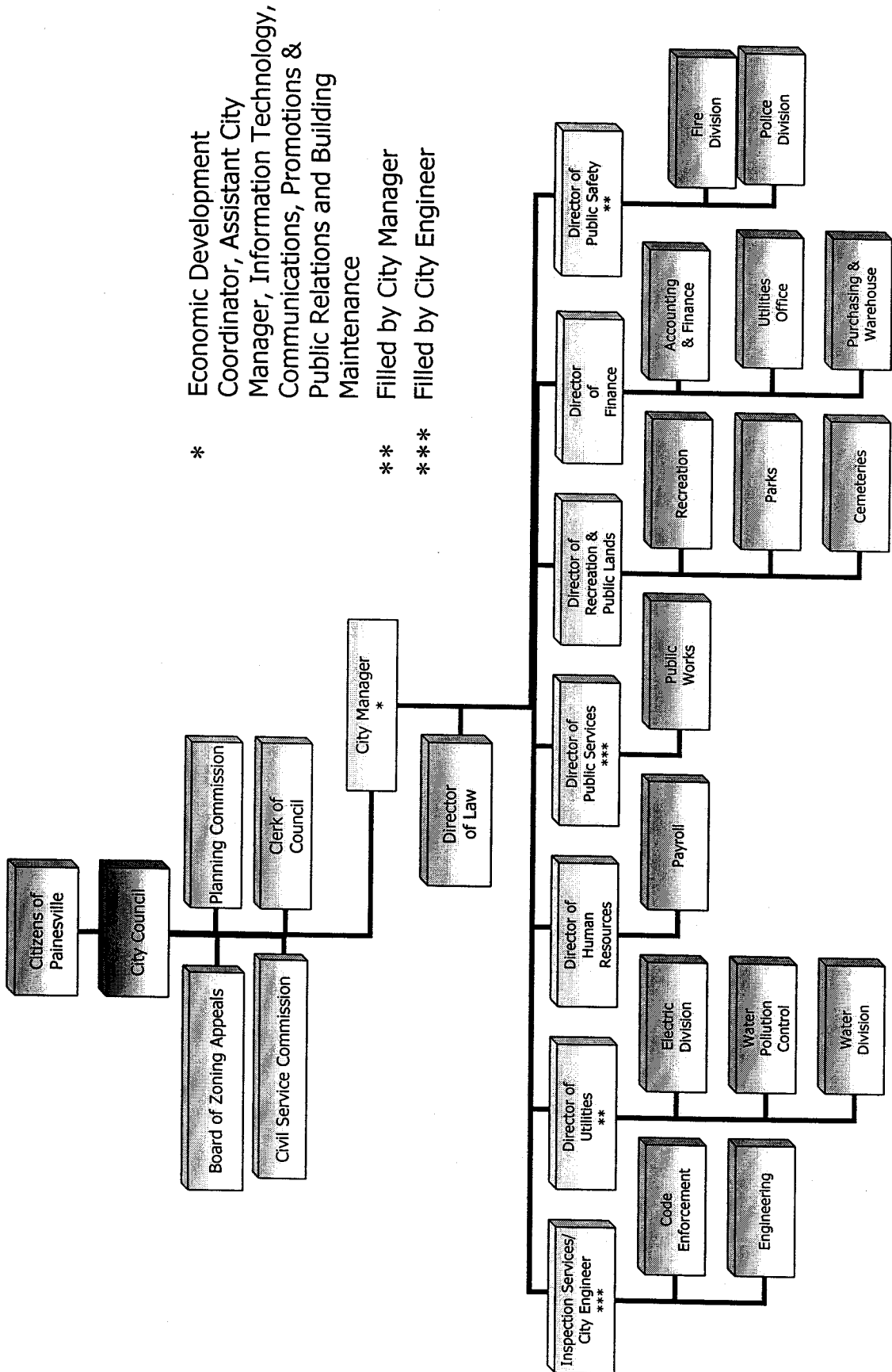
Harlita H. Robinson
Director of Finance

THE CITY OF PAINESVILLE, OHIO
LIST OF PRINCIPAL OFFICIALS
SHOWING YEARS OF MUNICIPAL/GOVERNMENTAL SERVICE
DECEMBER 31, 2002

Name	Title	Position	Years of Municipal/Governmental Service			
			City	Municipal/ Governmental Service	Other Municipal/ Governmental Service	Total Public Service
CITY COUNCIL						
Abby DelaMotte	President	(at Large)	3.0	13.0	25.0	26.0 (A)
William Horvath	Vice President	(Ward 2)	3.0	7.5	0.0	7.5
Ella Shaw	Council Member	(Ward 4)	3.0	3.0	0.0	3.0
Robert Fountain	Council Member	(Ward 3)	7.0	7.0	0.0	7.0
Andrew Flock	Council Member	(Ward 1)	7.5	7.5	0.0	7.5
Joseph Hada, Jr.	Council Member	(at Large)	21.0	21.0	0.0	21.0
Arlene L. Becks	Council Member	(at Large)	1.0	1.0	0.0	1.0
Jennifer Bell	Clerk of Council		1.2	1.2	4.2	5.4
CITY ADMINISTRATION						
Rita C. McMahon	City Manager		5.5	10.5	9.5	20.0
Vacant	Assistant City Manager		0.0	0.0	0.0	0.0
Harlita H. Robinson	Director of Finance		1.4	1.4	7.1	8.5
Joseph M. Gurley	Director of Law		15.0	22.3	14.3	26.3 (B)
DEPARTMENT/DIVISION HEADS						
Gary A. Paine, P.E.	City Engineer/Service Director		19.5	19.5	8.5	28.0
Thomas A. Green, P.E.	Electric Power Superintendent		24.0	24.0	0.0	24.0
Vacant	Water Pollution Control Superintendent		0.0	0.0	0.0	0.0
Francis Whittaker	Fire Chief		2.8	25.8	0.0	25.8
David R. Luhta	Chief of Police		1.3	1.3	22.9	24.2
William E. Vargyas	Water Superintendent		16.5	25.0	4.5	29.5
Robert C. Baetzel	Human Resources Director		4.5	4.5	0.0	4.5
Daniel P. Mazur	Director of Recreation and Public Lands		6.0	6.0	25.0	31.0

(A) 12 years concurrent government service
(B) 10.3 years concurrent government service

The City of Painesville, Ohio Organizational Chart



* Economic Development Coordinator, Assistant City Manager, Information Technology, Communications, Promotions & Public Relations and Building Maintenance

** Filled by City Manager

*** Filled by City Engineer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Painesville,
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 Patrick Haste

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

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SNODGRASS
Certified Public Accountants and Consultants

Independent Auditors' Report

City Council
The City of Painesville
Painesville, Ohio

We have audited the accompanying general-purpose financial statements of The City of Painesville (the "City"), as of and for the year ended December 31, 2002. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, as of December 31, 2002 and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds 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 a report dated June 11, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City. 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 presented, 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.

S. R. Snodgrass, A.C.

Mentor, Ohio
June 11, 2003

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THE CITY OF PAINESVILLE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<i>Governmental Fund Types</i>			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
Cash and Cash Equivalents	\$1,186,471	\$2,389,681	\$122,608	\$2,241,631
Investments	937,709	0	105,620	267,018
Receivables (net of allowances for doubtful accounts):				
Taxes	2,343,179	262,973	69,761	0
Accounts	110,378	6,262	0	11,119
Special Assessments	0	0	377,931	0
Interest	113,842	75	250	1,243
Interfund Loan Receivable	0	0	0	0
Intergovernmental Receivables	975,555	411,772	7,445	2,191
Inventory of Supplies at Cost	132,454	417	0	0
Prepaid Items	55,363	71	0	0
Investment in Joint Venture	0	0	0	0
Land Held for Resale	1,894,390	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	333,000	517,000	0	100,000
Investments	0	0	0	0
Deferred Charges	0	0	0	0
Fixed Assets in Service:				
Land	0	0	0	0
Buildings and Improvements	0	0	0	0
Improvements Other than Buildings	0	0	0	0
Utility Plant in Service	0	0	0	0
Machinery and Equipment	0	0	0	0
Less: Accumulated Depreciation	0	0	0	0
Net Fixed Assets	0	0	0	0
Construction in Progress	0	0	0	0
Other Debits:				
Amount Available in Debt Service Funds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$8,082,341</u>	<u>\$3,588,251</u>	<u>\$683,615</u>	<u>\$2,623,202</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF PAINESVILLE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$11,334,174	\$841,595	\$223,705	\$0	\$0	\$18,339,865
10,644,031	0	0	0	0	11,954,378
0	0	0	0	0	2,675,913
2,962,374	0	0	0	0	3,090,133
0	0	0	0	0	377,931
14,690	0	1,175	0	0	131,275
685,000	0	0	0	0	685,000
73,588	0	0	0	0	1,470,551
685,743	39,151	0	0	0	857,765
5,899	0	0	0	0	61,333
2,712,295	0	0	0	0	2,712,295
0	0	0	0	0	1,894,390
371,782	0	953,215	0	0	2,274,997
1,251,730	0	0	0	0	1,251,730
318,583	0	0	0	0	318,583
517,067	0	0	1,248,648	0	1,765,715
0	0	0	3,421,717	0	3,421,717
12,861,398	0	0	475,668	0	13,337,066
38,910,764	0	0	0	0	38,910,764
29,484,352	0	0	5,709,093	0	35,193,445
(46,206,570)	0	0	0	0	(46,206,570)
<u>35,567,011</u>	<u>0</u>	<u>0</u>	<u>10,855,126</u>	<u>0</u>	<u>46,422,137</u>
1,287,941	0	0	125,925	0	1,413,866
0	0	0	0	230,717	230,717
0	0	0	0	4,740,721	4,740,721
<u>\$67,914,841</u>	<u>\$880,746</u>	<u>\$1,178,095</u>	<u>\$10,981,051</u>	<u>\$4,971,438</u>	<u>\$100,903,580</u>

(Continued)

THE CITY OF PAINESVILLE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<u>Governmental Fund Types</u>			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$151,791	\$78,979	\$0	\$77,490
Accrued Wages and Benefits	542,275	40,779	0	0
Interfund Loan Payable	685,000	0	0	0
Intergovernmental Payables	6,290	11,194	0	213
Due to Others	0	0	0	0
Accrued Interest Payable	0	1,996	0	6,766
Customer Deposits	0	0	0	0
Deferred Revenue	2,014,514	584,316	452,898	0
General Obligation Notes Payable	0	578,000	0	1,960,000
Long-Term Notes Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Claims Liability	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable (with governmental commitment)	0	0	0	0
Revenue Bonds Payable	0	0	0	0
Ohio Water Development Authority Loans Payable	0	0	0	0
Ohio Public Works Commission Loans Payable	0	0	0	0
Police/Firemen's Pension Accrued Liability	0	0	0	0
Total Liabilities	3,399,870	1,295,264	452,898	2,044,469
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Revenue Bond Indenture	0	0	0	0
Unreserved	0	0	0	0
Total Retained Earnings	0	0	0	0
Fund Balance (Deficit):				
Reserved for Encumbrances	672,527	161,815	0	123,957
Reserved for Supplies Inventory	132,454	417	0	0
Reserved for Prepaid Items	55,363	71	0	0
Reserved for Debt Service	0	0	230,717	0
Reserved for Endowments	0	0	0	0
Unreserved	3,822,127	2,130,684	0	454,776
Total Fund Balance	4,682,471	2,292,987	230,717	578,733
Total Equity and Other Credits	4,682,471	2,292,987	230,717	578,733
Total Liabilities, Equity and Other Credits	\$8,082,341	\$3,588,251	\$683,615	\$2,623,202

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF PAINESVILLE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$801,024	\$9,768	\$0	\$0	\$0	\$1,119,052
460,068	0	0	0	0	1,043,122
0	0	0	0	0	685,000
254,620	0	0	0	0	272,317
0	0	76,007	0	0	76,007
71,701	0	0	0	0	80,463
333,482	0	0	0	0	333,482
0	0	0	0	0	3,051,728
1,377,000	0	0	0	0	3,915,000
0	0	0	0	1,163,750	1,163,750
1,116,401	0	0	0	1,225,605	2,342,006
38,300	0	0	0	1,365,356	1,403,656
0	609,308	0	0	0	609,308
9,343,097	0	0	0	0	9,343,097
0	0	0	0	260,000	260,000
2,595,000	0	0	0	0	2,595,000
1,658,886	0	0	0	0	1,658,886
600,000	0	0	0	99,623	699,623
0	0	0	0	857,104	857,104
<u>18,649,579</u>	<u>619,076</u>	<u>76,007</u>	<u>0</u>	<u>4,971,438</u>	<u>31,508,601</u>
0	0	0	10,981,051	0	10,981,051
5,233,958	0	0	0	0	5,233,958
1,251,730	0	0	0	0	1,251,730
<u>42,779,574</u>	<u>261,670</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,041,244</u>
<u>44,031,304</u>	<u>261,670</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,292,974</u>
0	0	0	0	0	958,299
0	0	0	0	0	132,871
0	0	0	0	0	55,434
0	0	0	0	0	230,717
0	0	953,215	0	0	953,215
0	0	148,873	0	0	6,556,460
0	0	1,102,088	0	0	8,886,996
<u>49,265,262</u>	<u>261,670</u>	<u>1,102,088</u>	<u>10,981,051</u>	<u>0</u>	<u>69,394,979</u>
<u>\$67,914,841</u>	<u>\$880,746</u>	<u>\$1,178,095</u>	<u>\$10,981,051</u>	<u>\$4,971,438</u>	<u>\$100,903,580</u>

THE CITY OF PAINESVILLE, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues			
Taxes	\$7,840,692	\$198,728	\$47,635
Intergovernmental Revenues	1,866,940	981,286	12,384
Charges for Services	103,830	197,750	0
License, Permit and Inspection Fees	77,657	720	0
Investment Earnings	310,768	1,121	3,822
Special Assessments	0	0	64,861
Fines and Forfeitures	721,805	107,691	0
All Other Revenues	164,061	18,742	3,678
Total Revenues	11,085,753	1,506,038	132,380
Expenditures			
Current:			
General Government	2,181,454	176,778	0
Public Safety	6,449,855	352,546	0
Highways and Streets	1,313,600	1,002,749	0
Public Health and Welfare	90,071	599,934	0
Culture and Recreation	897,968	3,426	0
Community Environment	335,371	0	0
Other Expenditures	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	26,415	30,000
Interest and Fiscal Charges	27,400	7,322	23,619
Total Expenditures	11,295,719	2,169,170	53,619
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,966)	(663,132)	78,761
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	7,448	0	0
Operating Transfers In	1,165,067	657,554	0
Operating Transfers Out	(1,516,000)	(129,354)	(56,100)
Other Financing Sources - Capital Leases	333,000	552,400	0
Total Other Financing Sources (Uses)	(10,485)	1,080,600	(56,100)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(220,451)	417,468	22,661
Fund Balance at Beginning of Year	4,897,083	1,875,902	208,056
Increase (Decrease) in Inventory Reserve	5,839	(383)	0
Fund Balance at End of Year	\$4,682,471	\$2,292,987	\$230,717

The notes to the general purpose financial statements are an integral part of this statement.

<u>Capital Projects</u>	<i>Fiduciary Fund Type</i> <u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$0	\$0	\$8,087,055
0	0	2,860,610
0	40,468	342,048
0	0	78,377
4,102	17,609	337,422
0	0	64,861
178,870	0	1,008,366
<u>24,590</u>	<u>0</u>	<u>211,071</u>
<u>207,562</u>	<u>58,077</u>	<u>12,989,810</u>
400,494	0	2,758,726
34,964	2,021	6,839,386
0	0	2,316,349
0	2,632	692,637
9,850	0	911,244
0	0	335,371
0	837	837
903,825	0	903,825
0	0	56,415
<u>37,124</u>	<u>0</u>	<u>95,465</u>
<u>1,386,257</u>	<u>5,490</u>	<u>14,910,255</u>
(1,178,695)	52,587	(1,920,445)
61,827	0	69,275
735,100	0	2,557,721
0	(18,200)	(1,719,654)
<u>370,000</u>	<u>0</u>	<u>1,255,400</u>
<u>1,166,927</u>	<u>(18,200)</u>	<u>2,162,742</u>
(11,768)	34,387	242,297
590,501	114,486	7,686,028
<u>0</u>	<u>0</u>	<u>5,456</u>
<u>\$578,733</u>	<u>\$148,873</u>	<u>\$7,933,781</u>

THE CITY OF PAINESVILLE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$7,190,795	\$7,473,110	\$282,315	\$251,590	\$191,832	(\$59,758)
Intergovernmental Revenues	1,900,347	1,894,827	(5,520)	773,240	977,476	204,236
Charges for Services	120,350	104,045	(16,305)	146,800	197,750	50,950
License, Permit and Inspection Fees	154,300	142,515	(11,785)	3,000	720	(2,280)
Investment Earnings	803,000	352,324	(450,676)	3,500	1,164	(2,336)
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	490,440	700,333	209,893	102,400	107,302	4,902
All Other Revenues	51,240	160,849	109,609	5,300	18,742	13,442
Total Revenues	10,710,472	10,828,003	117,531	1,285,830	1,494,986	209,156
Expenditures:						
Current:						
General Government	2,542,914	2,238,919	303,995	248,272	211,599	36,673
Public Safety	7,176,544	6,794,230	382,314	420,023	362,354	57,669
Highways and Streets	1,517,872	1,377,422	140,450	1,282,000	1,152,462	129,538
Public Health and Welfare	94,040	90,702	3,338	600,176	586,520	13,656
Culture and Recreation	1,047,289	959,823	87,466	48,345	48,341	4
Community Environment	694,608	634,838	59,770	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	326,415	326,415	0
Interest and Fiscal Charges	0	0	0	11,195	6,000	5,195
Total Expenditures	13,073,267	12,095,934	977,333	2,936,426	2,693,691	242,735
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,362,795)	(1,267,931)	1,094,864	(1,650,596)	(1,198,705)	451,891
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	10,000	7,448	(2,552)	0	0	0
Proceeds from General Obligation Notes	0	0	0	200,000	578,000	378,000
Operating Transfers In	600,000	1,165,067	565,067	529,000	657,554	128,554
Operating Transfers Out	(1,524,000)	(1,516,000)	8,000	(129,354)	(129,354)	0
Advances In	685,000	685,000	0	0	0	0
Advances Out	(712,400)	(712,400)	0	0	0	0
Total Other Financing Sources (Uses)	(941,400)	(370,885)	570,515	599,646	1,106,200	506,554
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,304,195)	(1,638,816)	1,665,379	(1,050,950)	(92,505)	958,445
Fund Balance at Beginning of Year	2,449,111	2,449,111	0	1,933,886	1,933,886	0
Prior Year Encumbrances	520,473	520,473	0	300,221	300,221	0
Fund Balance at End of Year	(\$334,611)	\$1,330,768	\$1,665,379	\$1,183,157	\$2,141,602	\$958,445

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF PAINESVILLE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$66,626	\$45,818	(\$20,808)	\$0	\$0	\$0	\$7,509,011	\$7,710,760	\$201,749
4,100	12,384	8,284	0	0	0	2,677,687	2,884,687	207,000
0	0	0	0	0	0	267,150	301,795	34,645
0	0	0	0	0	0	157,300	143,235	(14,065)
8,600	3,911	(4,689)	0	1,189	1,189	815,100	358,588	(456,512)
48,000	64,861	16,861	0	0	0	48,000	64,861	16,861
0	0	0	134,500	176,272	41,772	727,340	983,907	256,567
0	3,678	3,678	0	294,590	294,590	56,540	477,859	421,319
127,326	130,652	3,326	134,500	472,051	337,551	12,258,128	12,925,692	667,564
0	0	0	584,701	517,284	67,417	3,375,887	2,967,802	408,085
0	0	0	41,483	40,873	610	7,638,050	7,197,457	440,593
0	0	0	850	843	7	2,800,722	2,530,727	269,995
0	0	0	0	0	0	694,216	677,222	16,994
0	0	0	10,000	9,850	150	1,105,634	1,018,014	87,620
0	0	0	1,350	1,341	9	695,958	636,179	59,779
0	0	0	1,455,759	954,298	501,461	1,455,759	954,298	501,461
335,000	335,000	0	1,405,000	1,405,000	0	2,066,415	2,066,415	0
30,220	29,719	501	31,200	28,100	3,100	72,615	63,819	8,796
365,220	364,719	501	3,530,343	2,957,589	572,754	19,905,256	18,111,933	1,793,323
(237,894)	(234,067)	3,827	(3,395,843)	(2,485,538)	910,305	(7,647,128)	(5,186,241)	2,460,887
0	0	0	0	0	0	10,000	7,448	(2,552)
260,000	255,000	(5,000)	1,105,000	1,705,000	600,000	1,565,000	2,538,000	973,000
0	0	0	400,000	679,000	279,000	1,529,000	2,501,621	972,621
(10,000)	0	10,000	(175,000)	0	175,000	(1,838,354)	(1,645,354)	193,000
712,400	712,400	0	0	61,827	61,827	1,397,400	1,459,227	61,827
(712,400)	(712,400)	0	0	0	0	(1,424,800)	(1,424,800)	0
250,000	255,000	5,000	1,330,000	2,445,827	1,115,827	1,238,246	3,436,142	2,197,896
12,106	20,933	8,827	(2,065,843)	(39,711)	2,026,132	(6,408,882)	(1,750,099)	4,658,783
206,634	206,634	0	1,733,042	1,733,042	0	6,322,673	6,322,673	0
0	0	0	613,547	613,547	0	1,434,241	1,434,241	0
\$218,740	\$227,567	\$8,827	\$280,746	\$2,306,878	\$2,026,132	\$1,348,032	\$6,006,815	\$4,658,783



THE CITY OF PAINESVILLE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Funds	
<u>Operating Revenues</u>				
Charges for Services	\$26,099,649	\$1,970,387	\$0	\$28,070,036
Other Charges for Services	213,431	0	0	213,431
Other Operating Revenues	219,457	0	0	219,457
Contributions	0	0	26,480	26,480
Total Operating Revenues	<u>26,532,537</u>	<u>1,970,387</u>	<u>26,480</u>	<u>28,529,404</u>
<u>Operating Expenses</u>				
Personal Services	8,648,284	1,366,072	0	10,014,356
Materials and Supplies	4,733,747	155,633	0	4,889,380
Contractual Services	5,032,930	337,970	0	5,370,900
Utilities	3,363,944	0	0	3,363,944
Depreciation	1,740,302	0	0	1,740,302
Total Operating Expenses	<u>23,519,207</u>	<u>1,859,675</u>	<u>0</u>	<u>25,378,882</u>
Operating Income	3,013,330	110,712	26,480	3,150,522
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental Grants	1,956,201	0	0	1,956,201
Capital Contributions	583,926	0	0	583,926
Loss on Investment in Joint Venture	(157,760)	0	0	(157,760)
Investment Earnings	622,256	0	0	622,256
Interest and Fiscal Charges	(830,294)	0	0	(830,294)
Other Nonoperating Revenue	134,463	240,498	0	374,961
Other Nonoperating Expense	(16,709)	0	(789)	(17,498)
Total Nonoperating Revenues (Expenses)	<u>2,292,083</u>	<u>240,498</u>	<u>(789)</u>	<u>2,531,792</u>
Income Before Operating Transfers	5,305,413	351,210	25,691	5,682,314
<u>Operating Transfers</u>				
Operating Transfers In	395,000	32,000	0	427,000
Operating Transfers Out	(1,265,067)	0	0	(1,265,067)
Total Operating Transfers	<u>(870,067)</u>	<u>32,000</u>	<u>0</u>	<u>(838,067)</u>
Net Income	4,435,346	383,210	25,691	4,844,247
Add: Depreciation Charged to Contributed Capital	164,677	0	0	164,677
Increase in Retained Earnings/Fund Balance	4,600,023	383,210	25,691	5,008,924
Retained Earnings (Accumulated Deficit)/Fund Balance at Beginning of Year	<u>39,431,281</u>	<u>(121,540)</u>	<u>927,524</u>	<u>40,237,265</u>
Retained Earnings /Fund Balance at End of Year	<u>\$44,031,304</u>	<u>\$261,670</u>	<u>\$953,215</u>	<u>\$45,246,189</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF PAINESVILLE, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Funds	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$26,305,857	\$0	\$0	\$26,305,857
Cash Receipts from Quasi-External Operating Transactions with Other Funds	0	1,970,387	0	1,970,387
Cash Received from Interfund Charges	0	9,589	0	9,589
Cash Received from Contributions	0	0	26,480	26,480
Cash Payments for Goods and Services	(13,037,533)	(480,414)	(789)	(13,518,736)
Cash Payments to Employees	(8,635,972)	(47,744)	0	(8,683,716)
Cash Payments for Employee Medical Claims	0	(1,599,318)	0	(1,599,318)
Net Cash Provided (Used) by Operating Activities	<u>4,632,352</u>	<u>(147,500)</u>	<u>25,691</u>	<u>4,510,543</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	1,882,613	0	0	1,882,613
Transfers In from Other Funds	395,000	32,000	0	427,000
Transfers Out to Other Funds	(1,265,067)	0	0	(1,265,067)
Advances In from Other Funds	712,400	0	0	712,400
Advances Out to Other Funds	(685,000)	0	0	(685,000)
Net Cash Provided by Noncapital Financing Activities	<u>1,039,946</u>	<u>32,000</u>	<u>0</u>	<u>1,071,946</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Proceeds of General Obligation Notes	1,377,000	0	0	1,377,000
Principal Paid on General Obligation Notes	(1,400,000)	0	0	(1,400,000)
Acquisition and Construction of Assets	(631,262)	0	0	(631,262)
Principal Paid on Revenue Bonds	(735,000)	0	0	(735,000)
Principal Paid on General Obligation Bonds	(519,577)	0	0	(519,577)
Proceeds from Ohio Public Works Commission Loans	600,000	0	0	600,000
Principal Paid on Ohio Water Development Authority Loans	(304,478)	0	0	(304,478)
Interest Paid on All Debt	(811,631)	0	0	(811,631)
Net Cash Used for Capital and Related Financing Activities	<u>(2,424,948)</u>	<u>0</u>	<u>0</u>	<u>(2,424,948)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Principal and Interest on Investments	531,932	0	0	531,932
Purchase of Investments	(2,068,067)	0	0	(2,068,067)
Net Cash Used for Investing Activities	<u>(1,536,135)</u>	<u>0</u>	<u>0</u>	<u>(1,536,135)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,711,215	(115,500)	25,691	1,621,406
Cash and Cash Equivalents at Beginning of Year	<u>9,994,741</u>	<u>957,095</u>	<u>927,524</u>	<u>11,879,360</u>
Cash and Cash Equivalents at End of Year	<u>\$11,705,956</u>	<u>\$841,595</u>	<u>\$953,215</u>	<u>\$13,500,766</u>

THE CITY OF PAINESVILLE, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Funds	
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>				
Cash and Cash Equivalents	\$11,334,174	\$841,595	\$223,705	\$12,399,474
Restricted Cash and Cash Equivalents	371,782	0	953,215	1,324,997
Less: Cash in Expendable Trust and Agency Funds	0	0	(223,705)	(223,705)
Cash and Cash Equivalents at End of Year	<u>\$11,705,956</u>	<u>\$841,595</u>	<u>\$953,215</u>	<u>\$13,500,766</u>

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:

Operating Income	\$3,013,330	\$110,712	\$26,480	\$3,150,522
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,740,302	0	0	1,740,302
Miscellaneous Nonoperating Revenues	134,710	240,498	0	375,208
Miscellaneous Nonoperating Expenses	(71,623)	0	(789)	(72,412)
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(361,390)	0	0	(361,390)
Decrease in Inventory	167,303	4,175	0	171,478
Decrease in Prepaid Items	103,824	0	0	103,824
Increase (Decrease) in Accounts Payable	(294,664)	9,014	0	(285,650)
Increase in Accrued Wages and Benefits	42,657	0	0	42,657
Increase in Intergovernmental Payable	186,866	0	0	186,866
Decrease in Compensated Absences Payable	(28,963)	0	0	(28,963)
Decrease in Claims Liability	0	(511,899)	0	(511,899)
Total Adjustments	<u>1,619,022</u>	<u>(258,212)</u>	<u>(789)</u>	<u>1,360,021</u>
Net Cash Provided (Used) by Operating Activities	<u>\$4,632,352</u>	<u>(\$147,500)</u>	<u>\$25,691</u>	<u>\$4,510,543</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002 the Water, Sewer, and Electric Funds had outstanding liabilities of \$17,235, \$10,000, and \$62,071 respectively for the purchase of certain capital assets. During 2002 the fair value of investments increased by \$8,928, \$8,702, \$48,485, and \$579 in the Water, Sewer, Electric, and Off-Street Parking Funds, respectively. The Water and Electric Funds received \$274,802 and \$309,124, respectively, of capital assets contributed from various sources.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF PAINESVILLE, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Painesville, Ohio (the City), is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted on November 6, 1962 and has been amended four times (1963, 1973, 1983 and 1989).

The accompanying general purpose financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety (police and fire), health (health department), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility (water, electric, sanitation, public parking and wastewater pollution control), highways and streets (street and highway maintenance), and general government (administrative services including the municipal court).

Joint Venture with Equity Interest – The City is a participant with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2). The Omega JV-2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economics of the participants' respective municipal electric utility systems. The Omega JV-2 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 17, "Joint Venture."

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The various funds are grouped into generic fund types and three broad fund categories for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service, and capital projects funds. Proprietary funds include enterprise and internal service funds. Fiduciary funds include trust and agency funds. Account groups are established to maintain accountability over fixed assets not related to a specific fund and long-term obligations that are not a specific liability of a proprietary or trust fund. The following fund types and account groups are used by the City:

Governmental Funds - Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

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

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

Debt Service Funds - These funds are used for the accumulation of resources for, and the payment of, general and special assessment long-term debt 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).

Proprietary Funds - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are presented as assets and liabilities of the funds to which they relate. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City maintains separate enterprise funds for its water, sewer, electricity, refuse and off-street parking services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds, nonexpendable trust funds and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the City except those accounted for in the proprietary funds.

C. Basis of Accounting

The basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, fines and forfeitures, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes which are measurable at December 31, 2002, but which are not intended to finance 2002 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred revenue as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by all proprietary funds and nonexpendable trust funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in the proprietary funds.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the annual tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported in the combined financial statements. The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and operating transfers as required by Ohio law. The City Manager is authorized to transfer appropriations between objects of expenditure budgeted within the same program, so long as total appropriations for each program do not exceed the amount approved by Council. Budgetary modifications, other than those noted previously, may only be made by ordinance of the City Council.

1. Tax Budget

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The estimated revenue amounts reported on the accompanying budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued for 2002.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. By Charter, the City Manager must submit an annual appropriation ordinance (for the period January 1 through December 31) to City Council by March 31 of each year. The appropriation ordinance establishes spending controls at the fund, program (General Government, Public Safety, Highways and Streets, Public Health and Welfare, Culture and Recreation and Community Environment) and object level (personal services, all other expenditures, capital outlay, and operating transfers). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types are presented on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis as opposed to reservation of fund balance on the GAAP basis. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
GAAP Basis (as reported)	(\$220,451)	\$417,468	\$22,661	(\$11,768)
Increase (Decrease):				
Accrued Revenues at December 31, 2002 received during 2003	(1,861,440)	(613,766)	(2,489)	(114,553)
Accrued Revenues at December 31, 2001 received during 2002	1,267,689	85,714	817	71,965
Accrued Expenditures at December 31, 2001 paid during 2002	1,385,356	132,948	0	84,469
Accrued Expenditures at December 31, 2001 paid during 2002	(1,414,058)	(146,578)	0	(118,830)
2001 Prepays for 2002	43,987	1,859	0	777
2002 Prepays for 2003	(55,363)	(71)	0	0
Note Proceeds	0	578,000	0	1,960,000
Note Retirements	0	(300,000)	0	(1,710,000)
2002 Adjustment to Fair Value	(5,875)	0	(661)	(1,673)
2001 Adjustment to Fair Value	8,876	0	605	0
Outstanding Encumbrances	(787,537)	(248,079)	0	(200,098)
Budget Basis	<u>(\$1,638,816)</u>	<u>(\$92,505)</u>	<u>\$20,933</u>	<u>(\$39,711)</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), repurchase agreements and short-term certificates of deposit with original maturities of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the general purpose financial statements because it is a highly liquid instrument which is readily convertible to cash.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instrument described above, represents the balance on hand as if each fund maintained its own cash and investments account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be a cash equivalent. See Note 3 "Cash, Cash Equivalents and Investments."

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

The City has invested funds in the STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002. See Note 3, "Cash, Cash Equivalents and Investments."

G. Accounts Receivable

Receivables consist primarily of taxes in the governmental funds and accounts (billings for user charged services, including unbilled amounts) in the proprietary funds.

H. Inventory

Inventories are stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. The reservations for inventory in the balance sheet of the governmental fund types indicate that a portion of the fund balance is not available for future expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

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

The City has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund Types

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost for assets not purchased in recent years), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings and Improvements	40 - 60
Utility Plant in Service	20 - 60
Improvements Other Than Buildings	20
Machinery, Equipment, Furniture and Fixtures	5 - 15

J. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying combined financial statements generally reflect such transactions as operating transfers. To the extent that certain transactions between funds have not been paid or received as of year end, interfund receivables or payables have been recorded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable". The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation leave.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	Water Fund, Electric Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Ohio Public Works	Street Construction, Maintenance and Repair Fund
Commission Loans	Water Fund
Ohio Water Development	Water Fund
Authority (OWDA) Loans	Sewer Fund
Mortgage Revenue Bonds	Electric Fund
	Off-Street Parking Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations (Continued)

Obligation	Fund
Police and Fire Pension Accrued Liability	General Fund
Workers' Compensation Liability	Workers' Compensation Retrospective Fund
Capital Leases	General Fund Street Construction, Maintenance and Repair Fund Cemeteries Fund Capital Equipment Reserve Fund Capital Improvement Fund Water Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Cemeteries Fund Water Fund Sewer Fund Electric Fund Off-Street Parking Fund
Long-Term Notes Payable	General Fund

M. Issuance Costs

In governmental fund types, issuance costs are recognized in the current period. Issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

N. Contributed Capital

Depreciation recognized on assets acquired or constructed through capital grants or contributions is closed to the appropriate contributed capital account. Net income or loss adjusted by the amount of depreciation on fixed assets acquired through contributed capital is closed to retained earnings. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary funds.

O. Reservations of Fund Balances

Fund balances are reserved for inventories of supplies, prepaid items and encumbered amounts that have not been accrued at year end. The fund balances in the debt service funds are reserved for the retirement of debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements - Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

The deficits at December 31, 2002 of \$73,718 in the Fire Levy Fund (special revenue fund), \$11,889 in the Probation Services Fund (special revenue fund), \$129,054 in the Municipal Court Improvement Fund (capital projects fund) and \$554,970 in the Industrial Park Project Fund (capital projects fund) arose from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. The deficit of \$108,183 in the Employee Health Insurance Fund (internal service fund) was the result of recognizing expenses on the accrual basis, which result in expenses greater than those on the cash basis. Deficits do not exist on a cash basis. The General Fund provides operating transfers, upon City Council's approval, when cash is required, not when accruals occur.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents."

The investment and deposit of City monies is governed by the provisions of the Charter and Codified Ordinances of the City as well as the Ohio Revised Code. Accordingly, only financial institutions approved by City Council are eligible to hold the City's cash deposits. In addition, investments may only be purchased, after competitive quotations are obtained, through financial institutions located within Ohio or through "primary securities dealers" as designated by the Federal Reserve Bank.

Ohio law requires the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Governmental Accounting Standards Board Statement Number 3 (GASB No. 3) has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the City's name).

Investments:

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

A. Deposits

At December 31, 2002, the carrying amount of the City's deposits was \$17,986,965 and the bank balance was \$18,872,466. Federal depository insurance covered \$600,083 of the bank balance. The remaining deposits of \$18,272,383 were classified as Category 3, uncollateralized, as defined by GASB (securities are pledged with the pledging financial institution's trust department or agent, but not in the City's name).

B. Investments

The City's investments at December 31, 2002 are categorized below to give an indication of the level of risk assumed by the City at year end.

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$2,045,259	\$0	\$2,045,259
Federal Home Loan Mortgage Corporation	998,037	0	998,037
Federal National Mortgage Association	4,987,579	0	4,987,579
U.S. Treasury Bills	0	548,927	548,927
U.S. Treasury Notes	0	702,803	702,803
Total Categorized Investments	8,030,875	1,251,730	9,282,605
 <u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	6,551,400
Total Investments	\$8,030,875	\$1,251,730	\$15,834,005

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined balance sheet and the classifications per this GASB Statement No. 3 disclosure is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$20,614,862	\$13,206,108
Certificates of Deposit (with maturities of more than 3 months)	3,923,503	(3,923,503)
Investments:		
STAR Ohio	<u>(6,551,400)</u>	<u>6,551,400</u>
Per GASB Statement No. 3	<u>\$17,986,965</u>	<u>\$15,834,005</u>

NOTE 4 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000 and the equalization adjustment was made in 1997. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30; the remainder is payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is currently assessed at 100% of its true value and real property is assessed at 35% of its true (market) value. Public utility property taxes are payable on the same dates as real property taxes described previously.

NOTE 4 - PROPERTY TAX (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Painesville. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2002 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2002 collection was based was \$228,352,726. This amount constitutes \$185,158,360 in real property assessed value, \$5,765,580 in public utility assessed value and \$37,428,786 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Property taxes recorded as revenue in 2001 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2002 consist of the following individual fund receivables and payables:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$0	\$685,000
Enterprise Fund:		
Electric Fund	685,000	0
Totals	\$685,000	\$685,000

The interfund loan balances result from the General Fund's issuance of a note payable during 2001 to fund the City's purchase of land to be held for resale. The Electric Fund acquired the \$685,000 note payable at that time. The note payable was retired and reissued for \$685,000 during 2002. The note payable bears an interest rate of 2.00% and matures on March 15, 2003.

NOTE 6 – LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2002, the City's Land Held for Resale balance was \$1,894,390.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,165,067	\$1,516,000
Special Revenue Funds:		
Street Construction, Maintenance and Repair Fund	112,500	0
Cemeteries Fund	528,200	0
Municipal Motor Vehicle License Tax Fund	0	43,000
City Motor Vehicle License Tax Fund	0	69,500
Fire Levy Fund	0	16,854
Fire Fund	16,854	0
Total Special Revenue Funds	657,554	129,354
Debt Service Fund:		
General Bond Retirement Fund	0	56,100
Capital Projects Funds:		
Capital Improvement Fund	56,100	0
Shamrock Boulevard Road Project Fund	444,000	0
Industrial Park Project Fund	235,000	0
Total Capital Projects Funds	735,100	0
Expendable Trust Funds:		
Cemetery Trust Operations Fund	0	9,500
Special Endowment Operations Fund	0	8,700
Total Expendable Trust Funds	0	18,200
Enterprise Funds:		
Water Fund	0	100,000
Sewer Fund	0	200,000
Electric Fund	0	965,067
Refuse Fund	40,000	0
Off-Street Parking Fund	255,000	0
Storm Water Utility Fund	100,000	0
Total Enterprise Funds	395,000	1,265,067
Internal Service Fund:		
Fuel and Oil Rotary Fund	32,000	0
Total All Funds	<u>\$2,984,721</u>	<u>\$2,984,721</u>

NOTE 8 - FIXED ASSETS

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

Category	December 31, 2001	Additions	Deletions	December 31, 2002
Land	\$1,129,406	\$124,410	(\$5,168)	\$1,248,648
Buildings and Improvements	1,963,517	1,458,200	0	3,421,717
Improvements Other than Buildings	440,668	35,000	0	475,668
Machinery and Equipment	5,133,081	576,012	0	5,709,093
Construction in Progress	855,252	86,683	(816,010)	125,925
Totals	\$9,521,924	\$2,280,305	(\$821,178)	\$10,981,051

NOTE 9 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the "Ohio PERS")

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$1,386,965, \$1,325,700 and \$1,059,305, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$511,795.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System'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 OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)**

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$407,339, \$395,021 and \$352,021 for police and \$413,875, \$395,428 and \$357,519 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment 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 on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$161,891 representing 7.75% of covered payroll for police and \$133,647 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. 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. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of long-term obligation activity for the year ended December 31, 2002 follows:

		Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002
Enterprise Funds:				
Mortgage Revenue Bonds:				
7.700%	Off-Street Parking Facility	1973	\$170,000	(\$170,000)
2.900 - 6.000%	Electric System	1992	3,160,000	(565,000)
	Total Mortgage Revenue Bonds		3,330,000	(735,000)
				2,595,000
General Obligation Bonds:				
2.900 - 6.400%	Waterworks	1992	2,365,000	(160,000)
3.250 - 4.600%	Waterworks	1998	4,250,000	(250,000)
4.600 - 4.750%	Joint Venture Agreement	2001	3,247,674	(109,577)
	Total General Obligation Bonds		9,862,674	(519,577)
				9,343,097

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

		Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002
Enterprise Funds (Continued):				
Ohio Water Development Authority Loans (OWDA):				
7.490% Water Pollution Control Plant (Original)	1979	\$501,937	(\$241,910)	\$260,027
7.820% Water Pollution Control Plant (1st Supplement)	1980	19,474	(9,420)	10,054
4.618% Safe Drinking Water	1998	1,441,953	(53,148)	1,388,805
Total OWDA Loans		<u>1,963,364</u>	<u>(304,478)</u>	<u>1,658,886</u>
Ohio Public Works Commission Loan (OPWC):				
0.000% Raw Water Pump Station Replacement	2002	0	600,000	600,000
Capital Leases Payable		0	38,300	38,300
Total Enterprise Funds		<u>\$15,156,038</u>	<u>(\$920,755)</u>	<u>\$14,235,283</u>
Internal Service Fund:				
Workers' Compensation Retrospective Fund - Workers' Compensation Liability				
		<u>\$661,168</u>	<u>(\$230,909)</u>	<u>\$430,259</u>
General Long-Term Obligations Account Group:				
Special Assessment Debt (with governmental commitment)				
8.000 - 8.125% Chicago/Forest/Roosevelt Street Improvements	1988	\$290,000	(\$30,000)	\$260,000
Total Special Assessment Debt (with governmental commitment)		<u>290,000</u>	<u>(30,000)</u>	<u>260,000</u>
Ohio Public Works Commission Loans (OPWC):				
0.000% Skinner Avenue Rehabilitation Loan	1994	41,038	(16,415)	24,623
0.000% East Walnut Avenue Improvements Loan	2000	85,000	(10,000)	75,000
Total OPWC Loans		<u>126,038</u>	<u>(26,415)</u>	<u>99,623</u>
Long-Term Notes Payable:				
5.000% Land Purchase	2001	1,163,750	0	1,163,750
Total Long-Term Notes Payable		<u>1,163,750</u>	<u>0</u>	<u>1,163,750</u>
Other Long-Term Obligations:				
Compensated Absences		1,138,958	86,647	1,225,605
Capital Leases Payable		165,741	1,255,400	1,365,356
			(55,785)	1,365,356
Police/Firemen's Pension Accrued Liability		<u>869,212</u>	<u>(12,108)</u>	<u>857,104</u>
Total Other Long-Term Obligations		<u>2,173,911</u>	<u>1,274,154</u>	<u>3,448,065</u>
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$3,753,699</u>	<u>\$1,217,739</u>	<u>\$4,971,438</u>

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Defeased Debt

In December 1985, the City defeased \$4,540,000 of Electric Plant First Mortgage Revenue Bonds dated July 1, 1972 and August 1, 1974 and \$3,400,000 of Special Obligation Electric System Refunding Bonds dated December 1, 1985 through the issuance of Electric System Mortgage Revenue Bonds (the "1985 Bonds"). In December 1992, the City defeased \$5,090,000 of the 1985 Bonds through the issuance of \$6,000,000 of Electric System Mortgage Revenue Refunding Bonds (the "1992 Bonds"). The net proceeds of both the 1985 and 1992 Bonds have been invested in U.S. Treasury obligations and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$3,300,000 at December 31, 2002, are not included in the City's outstanding debt since the City has satisfied its obligations through the advanced refunding.

B. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,330,574 for the City as of December 31, 2002.

In addition, management staff and personnel in each bargaining unit earn vacation at different rates based upon length of service. Vacation carried forward to the current year may not exceed one year's leave balance. In case of death, termination or retirement, an employee (or his estate) is paid for unused vacation up to a maximum of one year credit and two week accrual. The total obligation for accrued vacation for the City as a whole at December 31, 2002 amounted to \$1,011,432.

C. Police and Firemen's Pension Accrued Liability

The City's liability for past service costs related to the Police and Fire Pension Fund at December 31, 2002 was \$1,587,777 in principal and scheduled interest payments through the year 2035. Only the principal portion of the payments due are included in the General Long-Term Obligations Account Group.

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

D. Capital Leases

The City has entered into agreements to lease equipment. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term obligations in the financial statements. The costs of these assets are included in both the General Fixed Assets Account Group and the Water Enterprise Fund. The capital leases payable are recorded in the General Long-Term Obligations Account Group and the Water Enterprise Fund in the amount of \$1,365,356 and \$38,300, respectively.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2002:

Year Ending December 31,	General Long-Term Obligations	Water Enterprise Fund
2003	\$342,629	\$13,356
2004	342,629	13,356
2005	342,628	13,356
2006	191,583	0
2007	191,583	0
2008	46,002	0
2009	46,002	0
Minimum Lease Payments	1,503,056	40,068
Less: amount representing interest at the City's incremental borrowing rate of interest	(137,700)	(1,768)
Present value of minimum lease payments	<u>\$1,365,356</u>	<u>\$38,300</u>

E. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2002, \$260,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$218,834 in the Special Assessment Bond Retirement Fund at December 31, 2002 is reserved for the retirement of outstanding special assessment bonds.

F. Ohio Water Development Authority Loan

In 1998, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the Water Supply Revolving Loan Account and the Freshwater Loan Agreement in the amounts of \$1,644,613. The interest rate on the loan is 4.618% per annum. This loan is payable from water service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2002 the City had received \$1,524,401. The City began repaying the loan in semiannual payments in 1999 based on a loan amount of \$1,664,613 to be paid through 2019. As of December 31, 2002, the loan had an outstanding balance of \$1,388,805.

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

G. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2002, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$529,240	\$467,873	\$35,000	\$20,800	\$590,000	\$153,340
2004	543,903	444,278	40,000	18,000	630,000	120,300
2005	558,899	419,411	40,000	14,800	665,000	82,500
2006	574,227	392,431	45,000	11,600	710,000	42,600
2007	594,556	364,782	50,000	8,000	0	0
2008-2012	3,306,360	1,321,560	50,000	4,000	0	0
2013-2017	2,256,177	558,125	0	0	0	0
2018-2020	979,735	81,948	0	0	0	0
Totals	<u>\$9,343,097</u>	<u>\$4,050,408</u>	<u>\$260,000</u>	<u>\$77,200</u>	<u>\$2,595,000</u>	<u>\$398,740</u>

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$325,645	\$83,709	\$86,415	\$0	\$12,628	\$36,294
2004	58,094	60,811	78,208	0	13,171	35,752
2005	60,747	58,158	70,000	0	13,736	35,186
2006	63,529	55,376	70,000	0	14,326	34,596
2007	66,445	52,460	70,000	0	14,942	33,981
2008-2012	381,190	213,337	325,000	0	84,905	159,708
2013-2017	478,715	115,812	0	0	104,774	139,839
2018-2022	224,521	13,290	0	0	129,292	115,320
2023-2035	0	0	0	0	469,330	139,997
Totals	<u>\$1,658,886</u>	<u>\$652,953</u>	<u>\$699,623</u>	<u>\$0</u>	<u>\$857,104</u>	<u>\$730,673</u>

Years	Long-Term Notes Payable	
	Principal	Interest
2003	\$1,163,750	\$58,188

The repayment of the mortgage revenue bonds is secured by the revenues and a first mortgage on the property of the related utility operation. All other bonds, notes and the police and fire pension accrued liability are backed by the full faith and credit of the City. The Ohio Water Development Authority construction loans are secured by the revenues of the City's wastewater treatment operations. The loans require, among other things, that the City charge sufficient rates and fees for wastewater treatment services to enable the revenues to service the loan principal and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City was not required to pledge the general resources or general credit of the City to secure the repayment of the loans.

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes and renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than the principal maturities required if the bonds had been issued at the expiration of the initial five year period. Below is a summary of notes payable activity during 2002:

	Balance January 1, 2002	Issued (Retired)	Balance December 31, 2002
Special Revenue Funds:			
Street Construction, Maintenance and Repair Fund:			
3.00% Street Construction and Resurfacing	\$0	\$378,000	\$378,000
Fire Levy Fund:			
2.00% Motorized Equipment Acquisition	200,000	(200,000)	
3.00% Motorized Equipment Acquisition		150,000	150,000
Probation Services Fund:			
2.00% Municipal Court/Safety Center Renovation	100,000	(100,000)	
3.00% Municipal Court/Safety Center Renovation		50,000	50,000
Total Special Revenue	<u>300,000</u>	<u>278,000</u>	<u>578,000</u>
Capital Projects Funds:			
Municipal Court Improvement Fund:			
2.00% Municipal Court/Safety Center Renovation	550,000	(550,000)	
3.00% Municipal Court/Safety Center Renovation		450,000	450,000
Capital Improvement Fund:			
2.00% City Office Building Improvements	305,000	(305,000)	
3.00% City Office Building Improvements		255,000	255,000
Shamrock Boulevard Road Project Fund:			
3.00% Construction of Shamrock Boulevard	0	150,000	150,000
Industrial Park Project Fund:			
2.00% Renaissance Parkway Improvements	855,000	(855,000)	
3.00% Renaissance Parkway Improvements		1,105,000	1,105,000
Total Capital Projects	<u>1,710,000</u>	<u>250,000</u>	<u>1,960,000</u>
Enterprise Funds:			
Water Fund:			
2.00% Water Treatment Plant Improvements	950,000	(950,000)	
3.00% Water Treatment Plant Improvements		617,000	617,000
Sewer Fund:			
2.00% Wastewater Treatment Plant Improvements	450,000	(450,000)	
3.00% Wastewater Treatment Plant Improvements		760,000	760,000
Total Enterprise	<u>1,400,000</u>	<u>(23,000)</u>	<u>1,377,000</u>
Total Notes Payable	<u>\$3,410,000</u>	<u>\$505,000</u>	<u>\$3,915,000</u>

NOTE 12 - CONTRIBUTED CAPITAL

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from capital contributions is charged to contributed capital. Contributed capital in the Water and Sewer Enterprise Fund primarily results from capital grants. Contributed capital in the Water Enterprise Fund also results from assets contributed from private sources through special assessments. Contributed capital in the Electric Enterprise Fund results from the contribution of a coal feeder from private sources and from special assessments.

A schedule of changes in contributed capital is presented below:

	Water Fund	Sewer Fund	Electric Fund	Total
Balance at Beginning of Year	\$2,914,049	\$2,472,309	\$12,277	\$5,398,635
Less: Depreciation on Contributed Capital	(5,256)	(154,443)	(4,978)	(164,677)
Balance at End of Year	<u>\$2,908,793</u>	<u>\$2,317,866</u>	<u>\$7,299</u>	<u>\$5,233,958</u>

NOTE 13 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds and Economic Development Revenue Bonds to provide financial assistance to private and public sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private or public sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, there was one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$4,780,000. In addition, there was one series of Economic Development Revenue Bonds with an aggregate principal amount payable of \$819,271.

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City financed primarily by user charges are water, sewer, electric, refuse and parking. The key financial information as of and for the year ended December 31, 2002 for these enterprise activities is as follows:

For the Year Ended December 31, 2002	Water	Sewer	Electric	
Operating Revenues	\$4,165,216	\$3,032,627	\$19,230,094	
Depreciation Expense	535,387	389,597	786,339	
Operating Income (Loss)	235,895	(61,454)	3,040,866	
Operating Transfers In	0	0	0	
Operating Transfers Out	100,000	200,000	965,067	
Operating Grants	496,000	0	1,460,201	
Net Income (Loss)	700,238	(224,847)	3,770,621	
Current Capital Contributions	274,802	0	309,124	
Property, Plant and Equipment:				
Additions	265,170	423,512	417,851	
As of December 31, 2002				
Total Assets	18,227,032	12,051,666	36,245,523	
Net Working Capital	2,554,442	2,367,559	18,252,804	
Bonds, Loans and Leases Payable	8,232,105	270,081	5,733,097	
Total Equity	8,766,437	10,559,682	28,570,834	
For the Year Ended December 31, 2002	Refuse	Off-Street Parking	Storm Water Utility	Total
Operating Revenues	\$5,144	\$99,456	\$0	\$26,532,537
Depreciation Expense	0	28,979	0	1,740,302
Operating Income (Loss)	(453)	(107,177)	(94,347)	3,013,330
Operating Transfers In	40,000	255,000	100,000	395,000
Operating Transfers Out	0	0	0	1,265,067
Operating Grants	0	0	0	1,956,201
Net Income (Loss)	39,547	144,134	5,653	4,435,346
Current Capital Contributions	0	0	0	583,926
Property, Plant and Equipment:				
Additions	0	0	0	1,106,533
As of December 31, 2002				
Total Assets	83,480	1,296,449	10,691	67,914,841
Net Working Capital	83,480	177,148	5,653	23,441,086
Bonds, Loans and Leases Payable	0	0	0	14,235,283
Total Equity	83,480	1,279,176	5,653	49,265,262

NOTE 15 - RISK MANAGEMENT

The City purchases insurance policies in varying amounts providing coverage for general liability, vehicle liability, property damage, employee and public officials liability, professional liability and errors and omissions liability. The City also pays unemployment claims to the State of Ohio as incurred.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2002 the City contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Zito/United National	Law Enforcement Professional Liability	\$5,000
Zito/United National	Public Officials Liability	5,000/15,000
Cincinnati Insurance Company	Public Employee Dishonesty/Forgery	0
Cincinnati Insurance Company	Comprehensive General Liability	Varies
Cincinnati Insurance Company	Property	1,000
Cincinnati Insurance Company	Ohio Employers Intentional Tort Liability	0
Cincinnati Insurance Company	Commercial Umbrella Liability	0
Cincinnati Insurance Company	Boiler and Machinery	Varies
Cincinnati Insurance Company	Automobile	250
AAIC	Emergency Service Management Liability	0
AAIC	Commercial General Liability (Fire)	0
AAIC	Commercial Umbrella	0

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

In 1993, the Workers' Compensation Retrospective Rating Fund was established to account for the funding of the City's workers' compensation plan. Under the plan, the City is charged by the State of Ohio for administrative fees, claims paid and premiums for individual and aggregate claim limits. All City funds are charged a premium per employee covered by the Workers' Compensation Retrospective Rating Fund based on claims experience. The City has a claims limit of \$250,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$430,259 reported in the fund at December 31, 2002 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2001	\$669,531	\$111,430	(\$119,793)	\$661,168
2002	661,168	91,589	(322,498)	430,259

NOTE 15 - RISK MANAGEMENT (Continued)

In 2000, the Employee Health Insurance Fund was created to account for the City’s self-funded employee health insurance. Under this program, the City operates with a third party administrator and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection. Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level of \$40,000. Any dollar amount over this specific level is paid by the re-insurance carrier. The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level. The claims liability of \$179,049 reported in the fund at December 31, 2002 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past year are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2001	\$211,607	\$1,624,922	(\$1,376,490)	\$460,039
2002	460,039	1,318,328	(1,599,318)	179,049

NOTE 16 - CONSTRUCTION COMMITMENTS

As of December 31, 2002, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
City-wide Signalization Upgrade	\$70,614	07/01/03
Tertiary Screw Pump Replacement	155	05/01/03
Signalization Project	62,200	07/01/03
Tertiary Pump Replacement	56,770	05/01/03
2002 Roadway Paving Program	5,063	06/01/03
Casement/Nebraska Sanitary Sewer Rehabilitation	103,755	05/01/03
Vinyl Soffit Safety Center and Fire Building	1,887	05/01/03
Lincoln/Harmon Avenue Curb Improvement	61,926	06/01/03
2002 CAFR Software Setup and Implementation	15,700	12/31/03
Tie Circuit Underground Cable Replacement	140,985	12/31/03
Processor and Remote Panel Assembly	66,000	08/01/03
Computers, Hub and Alarm Printer	14,500	08/01/03
Software Programming and Database Configuration	14,500	08/01/03
Total	<u>\$614,055</u>	

NOTE 17 - JOINT VENTURE

The City is a participant with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2). The Omega JV-2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economics of the participants' respective municipal electric utility systems. On dissolution of the joint venture, the net assets of Omega JV-2 will be shared by the participants on a percentage basis. The Omega JV-2 is managed by AMP-Ohio, which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the financing participants of Omega JV-2. The net proceeds of the bond issue of \$45,904,712 were contributed to Omega JV-2. The City's obligation for these bonds at December 31, 2002 was \$3,138,097. In accordance with the joint venture agreement, the City remitted \$370,162 to the joint venture for 2002. The City's net investment and its share of the operating results of Omega JV-2 are reported in the City's electric fund (an enterprise fund). The City's equity interest in Omega JV-2 was \$2,712,295 at December 31, 2002. Complete financial statements for Omega JV-2 can be obtained from AMP-Ohio or from the City's Finance Director.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2002 are:

<u>Municipality</u>	<u>Percent Project Ownership and Entitlement</u>	<u>Municipality</u>	<u>Percent Project Ownership and Entitlement</u>	
Hamilton	23.87 %	Grafton	0.79 %	
Bowling Green	14.32	Brewster	0.75	
Niles	11.49	Monroeville	0.57	
Cuyahoga Falls	7.46	Milan	0.55	
Wadsworth	5.81	Oak Harbor	0.55	
Painesville	5.22	Elmore	0.27	
Dover	5.22	Jackson Center	0.22	
Galion	4.29	Napoleon	0.20	
Amherst	3.73	Lodi	0.16	
St. Marys	2.98	Genoa	0.15	
Montpelier	2.98	Pemberville	0.15	
Shelby	1.89	Lucas	0.12	
Versailles	1.24	South Vienna	0.09	
Edgerton	1.09	Bradner	0.09	
Yellow Springs	1.05	Woodville	0.06	
Oberlin	0.91	Haskins	0.04	
Pioneer	0.86	Arcanum	0.03	
Seville	0.80	Custar	0.00	Total
Subtotal	<u>95.21 %</u>	Subtotal	<u>4.79 %</u>	<u>100.00 %</u>

NOTE 18 - CONTINGENCIES

A. Environmental Matters

The City owns land and operates a wastewater pollution control facility on a portion of an area which has been declared by the United States Environmental Protection Agency (USEPA) as a "Superfund Site" under the Comprehensive Environmental Response, Compensation and Liabilities Act. Under this Act, the City could be held liable for a portion of the cost of the clean-up of the site. A liability has not been recorded in the accompanying combined financial statements for this matter because the extent and cost of the possible required corrective action as well as the City's share is unknown at this time.

B. Litigation

There are several lawsuits pending in which the City is involved. The City's management believes that the ultimate outcome of these matters will not significantly impact the City's financial position or operations.

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

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, DEBT SERVICE FUNDS,
CAPITAL PROJECTS FUNDS, ENTERPRISE FUNDS, INTERNAL SERVICE
FUNDS, FIDUCIARY FUNDS AND THE GENERAL FIXED ASSETS ACCOUNT
GROUP.*

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GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Property Taxes:			
Real Estate and Public Utility	\$390,001	\$290,514	(\$99,487)
Tangible Personal	73,806	71,319	(2,487)
Total Property Taxes	463,807	361,833	(101,974)
Municipal Income Tax	6,726,973	7,111,255	384,282
Other Local Taxes	15	22	7
Total Taxes	7,190,795	7,473,110	282,315
Intergovernmental Revenues:			
Local	28,220	23,054	(5,166)
Federal	2,000	0	(2,000)
Local Government Fund - County	1,419,398	1,314,567	(104,831)
Local Government Fund - State	166,483	123,265	(43,218)
Inheritance Tax	80,000	196,757	116,757
Property Tax Allocation	36,500	86,687	50,187
Miscellaneous Tax	167,746	150,497	(17,249)
Total Intergovernmental Revenues	1,900,347	1,894,827	(5,520)
Charges for Services:			
General Government	800	1,489	689
Public Safety	1,950	1,561	(389)
Highways and Streets	34,550	52,363	17,813
Culture and Recreation	80,950	46,981	(33,969)
Community Environment	2,100	1,651	(449)
Total Charges for Services	120,350	104,045	(16,305)
License, Permit and Inspection Fees:			
License Fees	5,510	8,690	3,180
Permit Fees	56,935	41,721	(15,214)
Inspection Fees	9,880	5,334	(4,546)
Zoning Appeal Fees	6,900	19,472	12,572
Other Fees	75,075	67,298	(7,777)
Total License, Permit and Inspection Fees	154,300	142,515	(11,785)
Investment Earnings	803,000	352,324	(450,676)
Fines and Forfeitures	490,440	700,333	209,893
All Other Revenues	51,240	160,849	109,609
Total Revenues	10,710,472	10,828,003	117,531

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

<u>Expenditures</u>	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
General Government:			
Legislative:			
Council:			
Personal Services	14,207	12,765	1,442
All Other Expenditures	3,004	2,513	491
Clerk of Council:			
Personal Services	7,639	7,104	535
All Other Expenditures	3,388	2,191	1,197
Judicial - Municipal Court:			
Judicial Activities:			
Personal Services	188,982	188,001	981
All Other Expenditures	9,300	8,196	1,104
Clerk of Court:			
Personal Services	662,744	595,515	67,229
All Other Expenditures	100,072	98,577	1,495
Probation:			
Personal Services	211,332	203,720	7,612
All Other Expenditures	2,000	87	1,913
Executive:			
City Manager:			
Personal Services	73,797	71,005	2,792
All Other Expenditures	38,227	16,272	21,955
Communications, Promotions and Public Relations Activities:			
Personal Services	1,485	1,480	5
All Other Expenditures	6,562	4,451	2,111
Information Technology:			
All Other Expenditures	10,700	9,547	1,153
Human Resources:			
Personal Services	51,867	48,378	3,489
All Other Expenditures	17,952	15,100	2,852
Economic Development:			
Personal Services	29,439	26,776	2,663
All Other Expenditures	10,540	6,690	3,850

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
General Government: (Continued)			
Finance:			
Administration:			
Personal Services	50,841	48,642	2,199
All Other Expenditures	26,344	20,951	5,393
Accounting:			
Personal Services	38,670	36,163	2,507
All Other Expenditures	28,018	26,844	1,174
Purchasing/Warehousing:			
Personal Services	30,537	28,494	2,043
All Other Expenditures	2,387	1,458	929
Income Tax Collection:			
All Other Expenditures	103,120	102,887	233
Law:			
Administration:			
Personal Services	59,742	56,782	2,960
All Other Expenditures	15,885	15,334	551
Engineering:			
Administration:			
Personal Services	151,936	143,529	8,407
All Other Expenditures	14,739	9,415	5,324
Capital Outlay	17,600	17,586	14
Public Lands and Buildings:			
Building Operations Maintenance and Repair:			
Personal Services	63,747	57,670	6,077
All Other Expenditures	269,820	266,785	3,035
Boards and Commissions:			
Civil Service Commission:			
Personal Services	379	13	366
All Other Expenditures	18,961	18,819	142
Miscellaneous:			
Insurance:			
All Other Expenditures	46,100	46,097	3
Tax Settlement Deductions:			
All Other Expenditures	11,300	11,284	16

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
General Government: (Continued)			
Other Miscellaneous:			
All Other Expenditures	149,551	11,798	137,753
Total General Government	2,542,914	2,238,919	303,995
Public Safety:			
Police:			
Law Enforcement - Sworn Officers:			
Personal Services	3,096,550	2,859,958	236,592
Law Enforcement - Other:			
Personal Services	484,876	448,363	36,513
All Other Expenditures	273,978	270,261	3,717
Capital Outlay	131,674	131,674	0
Fire:			
Fire Fighting, Prevention and Inspection:			
Personal Services	2,558,327	2,465,887	92,440
All Other Expenditures	169,419	163,927	5,492
Fire Service - Other:			
Personal Services	58,299	50,769	7,530
Police and Fire Communications:			
Control Center:			
All Other Expenditures	403,421	403,391	30
Total Public Safety	7,176,544	6,794,230	382,314
Highways and Streets:			
Public Works:			
Administration:			
Personal Services	213,064	201,885	11,179
All Other Expenditures	44,190	38,744	5,446
Street Maintenance and Repair:			
Personal Services	395,904	378,613	17,291
All Other Expenditures	9,317	7,386	1,931
Sidewalks:			
Personal Services	4,543	2,982	1,561
All Other Expenditures	11,336	10,941	395

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Highways and Streets: (Continued)			
Street Cleaning:			
Personal Services	17,238	10,746	6,492
All Other Expenditures	6,300	5,253	1,047
Storm Sewers and Drains:			
All Other Expenditures	5,180	3,201	1,979
Building Maintenance:			
Personal Services	49,367	44,635	4,732
All Other Expenditures	25,418	23,460	1,958
Equipment Maintenance:			
Personal Services	119,819	115,804	4,015
All Other Expenditures	39,476	39,319	157
Public Works:			
Personal Services	250,147	189,356	60,791
Sidewalks - Snow Removal:			
Personal Services	10,075	7,089	2,986
All Other Expenditures	2,770	2,755	15
Leaf/Yard Waste Removal:			
Personal Services	16,478	16,476	2
All Other Expenditures	25,727	21,646	4,081
Parking:			
Parking Meters:			
Personal Services	78,867	74,620	4,247
All Other Expenditures	7,441	6,576	865
Parking Lots:			
All Other Expenditures	14,551	14,278	273
Traffic Signs, Markings:			
Traffic Signs, Markings, Signals:			
Personal Services	124,672	116,250	8,422
All Other Expenditures	37,492	36,907	585
Capital Outlay	8,500	8,500	0
Total Highways and Streets	1,517,872	1,377,422	140,450

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Public Health and Welfare:			
Support of Prisoners:			
Prisoner Expense:			
All Other Expenditures	4,075	3,600	475
Payments to County Health Board:			
County Health District Assessments:			
All Other Expenditures	87,465	86,572	893
Assistance to Needy/Aged:			
Poor Relief:			
All Other Expenditures	2,500	530	1,970
Total Public Health and Welfare	94,040	90,702	3,338
Culture and Recreation:			
Parks:			
Administration:			
Personal Services	141,747	134,460	7,287
All Other Expenditures	2,970	2,774	196
Parks System:			
Personal Services	197,664	187,032	10,632
All Other Expenditures	93,707	90,626	3,081
Capital Outlay	71,838	71,594	244
Building Maintenance:			
All Other Expenditures	12,604	10,227	2,377
Morse Avenue Community Center:			
Personal Services	36,019	28,690	7,329
All Other Expenditures	15,580	13,944	1,636
Capital Outlay	12,000	11,331	669
Recreation Activities:			
Personal Services	297,112	253,320	43,792
All Other Expenditures	89,548	79,478	10,070
Other Leisure Time Activities:			
Senior Citizens Center:			
All Other Expenditures	25,000	25,000	0
Community Functions:			
All Other Expenditures	51,500	51,347	153
Total Culture and Recreation	1,047,289	959,823	87,466

(Continued)

**THE CITY OF PAINESVILLE, OHIO
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2002**

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Community Environment:			
Community Planning and Zoning:			
Planning Commission:			
Personal Services	1,704	1,634	70
All Other Expenditures	2,971	1,278	1,693
Demolition:			
All Other Expenditures	2,607	0	2,607
Planning and Development:			
Personal Services	11,573	6,641	4,932
All Other Expenditures	40,289	32,974	7,315
Capital Outlay	277,000	273,024	3,976
Housing and Building Code Enforcement:			
Personal Services	313,090	281,155	31,935
All Other Expenditures	28,977	22,698	6,279
Capital Outlay	200	0	200
Tree Care and Weed Control:			
Tree Care:			
All Other Expenditures	4,371	3,856	515
Weed Control:			
Personal Services	1,406	1,394	12
All Other Expenditures	10,420	10,184	236
Total Community Environment	694,608	634,838	59,770
Total Expenditures	13,073,267	12,095,934	977,333
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,362,795)	(1,267,931)	1,094,864

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	10,000	7,448	(2,552)
Operating Transfers In	600,000	1,165,067	565,067
Operating Transfers Out	(1,524,000)	(1,516,000)	8,000
Advances In	685,000	685,000	0
Advances Out	(712,400)	(712,400)	0
Total Other Financing Sources (Uses)	(941,400)	(370,885)	570,515
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,304,195)	(1,638,816)	1,665,379
Fund Balance at Beginning of Year	2,449,111	2,449,111	0
Prior Year Encumbrances	520,473	520,473	0
Fund Balance at End of Year	(334,611)	\$1,330,768	\$1,665,379

SPECIAL REVENUE FUNDS

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

Street Construction, Maintenance and Repair Fund

Required by the Ohio Revised Code to account for 92.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Improvement Fund

Required by the Ohio Revised Code to account for 7.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Cemeteries Fund

To account for revenue received from the operation of the City's two municipal cemeteries.

Police Pension Transfer Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Fire Pension Transfer Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Municipal Motor Vehicle License Tax Fund

To account for County-levied motor vehicle registration fees designated for street construction, maintenance and repair.

Indigent Drivers Alcohol Treatment Fund

To account for funds received pursuant to Ohio Revised Code Section 4511.191 (M) to be used for the incarceration and/or treatment of alcohol abuse by individuals that are determined by the courts to be indigent.

(Continued)

SPECIAL REVENUE FUNDS

Enforcement and Education Fund

To account for funds received pursuant to Ohio Revised Code Section 4511.99 (A) to be used by the Painesville Police to pay the costs of educating the public about laws governing operation of a motor vehicle while under the influence of alcohol.

City Motor Vehicle License Tax Fund

To account for City-levied motor vehicle registration fees designated for street construction, maintenance and repair.

Fire Levy Fund

To account for property tax revenues derived from a voted tax levy for the purchase of fire fighting apparatus.

Underground Storage Tank Fund

To account for monies to pay for the deductible amount of costs of third party damages and corrective actions necessary to clean up a petroleum release from an underground storage tank.

Probation Services Fund

To account for monies received pursuant to Ohio Revised Code Section 2951.021 to be used for operating expenses of the Probation Department.

Community Oriented Policing Services (COPS) Fast Grant Fund

To account for federal grant monies designated for the cost of additional police officers.

Cleveland Foundation Grant Fund

To account for grant monies designated for the cost of a Legal Case Manager. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Municipal Court Security Grant Fund

To account for grant monies received from the Ohio Supreme Court Security Grant Fund to enhance security measures in the Painesville Municipal Court operations. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Skate Facility Fund

To account for monies designated for the costs to construct and maintain a skate facility.

Fire Fund

To account for grants and donated monies received for funding the operations of the Fire Division.

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemeteries	Police Pension Transfer	Fire Pension Transfer
Assets:					
Cash and Cash Equivalents	\$1,690,157	\$86,931	\$284,095	\$633	\$633
Receivable (net of allowance for doubtful accounts):					
Taxes	0	0	0	69,761	69,761
Accounts	0	0	0	0	0
Interest	0	0	0	0	0
Intergovernmental Receivables	317,733	11,160	0	7,445	7,445
Inventory of Supplies at Cost	0	0	417	0	0
Prepaid Items	0	0	71	0	0
Restricted Assets:					
Cash and Cash Equivalents	447,000	0	70,000	0	0
Total Assets	<u>\$2,454,890</u>	<u>\$98,091</u>	<u>\$354,583</u>	<u>\$77,839</u>	<u>\$77,839</u>
Liabilities and Fund Equity:					
<i>Liabilities:</i>					
Accounts Payable	\$69,659	\$0	\$7,148	\$0	\$0
Accrued Wages and Benefits	10,835	0	24,333	0	0
Intergovernmental Payables	18	10,254	922	0	0
Accrued Interest Payable	1,305	0	0	0	0
Deferred Revenue	254,955	6,887	0	74,967	74,967
General Obligation Notes Payable	378,000	0	0	0	0
Total Liabilities	<u>714,772</u>	<u>17,141</u>	<u>32,403</u>	<u>74,967</u>	<u>74,967</u>
<i>Fund Equity:</i>					
Reserved for Encumbrances	78,511	9,873	27,169	0	0
Reserved for Supplies Inventory	0	0	417	0	0
Reserved for Prepaid Items	0	0	71	0	0
Unreserved	1,661,607	71,077	294,523	2,872	2,872
Total Fund Equity	<u>1,740,118</u>	<u>80,950</u>	<u>322,180</u>	<u>2,872</u>	<u>2,872</u>
Total Liabilities and Fund Equity	<u>\$2,454,890</u>	<u>\$98,091</u>	<u>\$354,583</u>	<u>\$77,839</u>	<u>\$77,839</u>

**THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002**

Municipal Motor Vehicle License Tax	Indigent Drivers Alcohol Treatment	Enforcement and Education	City Motor Vehicle License Tax	Fire Levy	Underground Storage Tank	Probation Services
\$3,248	\$122,532	\$36,780	\$5,766	\$73,745	\$8,563	\$36,955
0	0	0	0	123,451	0	0
0	565	25	0	0	0	5,672
0	0	0	0	75	0	0
14,891	0	0	29,779	1,343	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$18,139</u>	<u>\$123,097</u>	<u>\$36,805</u>	<u>\$35,545</u>	<u>\$198,614</u>	<u>\$8,563</u>	<u>\$42,627</u>
\$0	\$0	\$0	\$0	\$1,016	\$0	\$1,156
0	0	0	0	0	0	3,187
0	0	0	0	0	0	0
0	0	0	0	518	0	173
9,923	0	0	19,843	120,798	0	0
0	0	0	0	150,000	0	50,000
<u>9,923</u>	<u>0</u>	<u>0</u>	<u>19,843</u>	<u>272,332</u>	<u>0</u>	<u>54,516</u>
0	22,459	0	0	0	0	1,642
0	0	0	0	0	0	0
0	0	0	0	0	0	0
8,216	100,638	36,805	15,702	(73,718)	8,563	(13,531)
<u>8,216</u>	<u>123,097</u>	<u>36,805</u>	<u>15,702</u>	<u>(73,718)</u>	<u>8,563</u>	<u>(11,889)</u>
<u>\$18,139</u>	<u>\$123,097</u>	<u>\$36,805</u>	<u>\$35,545</u>	<u>\$198,614</u>	<u>\$8,563</u>	<u>\$42,627</u>

(Continued)

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	COPS Fast Grant	Skate Facility	Fire	Totals
<u>Assets:</u>				
Cash and Cash Equivalents	\$3,140	\$22,234	\$14,269	\$2,389,681
Receivable (net of allowance for doubtful accounts):				
Taxes	0	0	0	262,973
Accounts	0	0	0	6,262
Interest	0	0	0	75
Intergovernmental Receivables	17,318	0	4,658	411,772
Inventory of Supplies at Cost	0	0	0	417
Prepaid Items	0	0	0	71
Restricted Assets:				
	0	0	0	517,000
Total Assets	<u>\$20,458</u>	<u>\$22,234</u>	<u>\$18,927</u>	<u>\$3,588,251</u>
<u>Liabilities and Fund Equity:</u>				
<i>Liabilities:</i>				
Accounts Payable	\$0	\$0	\$0	\$78,979
Accrued Wages and Benefits	2,424	0	0	40,779
Intergovernmental Payables	0	0	0	11,194
Accrued Interest Payable	0	0	0	1,996
Deferred Revenue	17,318	0	4,658	584,316
General Obligation Notes Payable	0	0	0	578,000
Total Liabilities	<u>19,742</u>	<u>0</u>	<u>4,658</u>	<u>1,295,264</u>
<i>Fund Equity:</i>				
Reserved for Encumbrances	1,161	21,000	0	161,815
Reserved for Supplies Inventory	0	0	0	417
Reserved for Prepaid Items	0	0	0	71
Unreserved	(445)	1,234	14,269	2,130,684
Total Fund Equity	<u>716</u>	<u>22,234</u>	<u>14,269</u>	<u>2,292,987</u>
Total Liabilities and Fund Equity	<u>\$20,458</u>	<u>\$22,234</u>	<u>\$18,927</u>	<u>\$3,588,251</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemeteries	Police Pension Transfer	Fire Pension Transfer
Revenues					
Taxes	\$0	\$0	\$0	\$52,636	\$52,636
Intergovernmental Revenues	668,092	37,631	0	12,384	12,384
Charges for Services	0	0	197,750	0	0
License, Permit and Inspection Fees	690	0	30	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	5,452	0	0	0	0
Total Revenues	<u>674,234</u>	<u>37,631</u>	<u>197,780</u>	<u>65,020</u>	<u>65,020</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	63,100	63,100
Highways and Streets	969,213	33,536	0	0	0
Public Health and Welfare	0	0	599,934	0	0
Culture and Recreation	0	0	0	0	0
Debt Service:					
Principal Retirement	26,415	0	0	0	0
Interest and Fiscal Charges	1,305	0	0	0	0
Total Expenditures	<u>996,933</u>	<u>33,536</u>	<u>599,934</u>	<u>63,100</u>	<u>63,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(322,699)	4,095	(402,154)	1,920	1,920
Other Financing Sources (Uses)					
Operating Transfers In	112,500	0	528,200	0	0
Operating Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Leases	447,000	0	105,400	0	0
Total Other Financing Sources (Uses)	<u>559,500</u>	<u>0</u>	<u>633,600</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	236,801	4,095	231,446	1,920	1,920
Fund Balance (Deficit)					
at Beginning of Year	1,503,317	76,855	91,117	952	952
Decrease in Inventory Reserve	0	0	(383)	0	0
Fund Balance (Deficit) at End of Year	<u>\$1,740,118</u>	<u>\$80,950</u>	<u>\$322,180</u>	<u>\$2,872</u>	<u>\$2,872</u>

(Continued)

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Municipal Motor Vehicle License Tax	Indigent Drivers Alcohol Treatment	Enforcement and Education	City Motor Vehicle License Tax	Fire Levy
Revenues					
Taxes	\$0	\$0	\$0	\$0	\$93,456
Intergovernmental Revenues	36,790	0	0	73,579	20,050
Charges for Services	0	0	0	0	0
License, Permit and Inspection Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	1,121
Fines and Forfeitures	0	28,457	948	0	0
All Other Revenues	0	0	0	0	2,163
Total Revenues	36,790	28,457	948	73,579	116,790
Expenditures					
Current:					
General Government	0	22,306	0	0	0
Public Safety	0	0	0	0	31,932
Highways and Streets	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Culture and Recreation	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	4,069
Total Expenditures	0	22,306	0	0	36,001
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,790	6,151	948	73,579	80,789
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	(43,000)	0	0	(69,500)	(16,854)
Other Financing Sources - Capital Leases	0	0	0	0	0
Total Other Financing Sources (Uses)	(43,000)	0	0	(69,500)	(16,854)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,210)	6,151	948	4,079	63,935
Fund Balance (Deficit)					
at Beginning of Year	14,426	116,946	35,857	11,623	(137,653)
Decrease in Inventory Reserve	0	0	0	0	0
Fund Balance (Deficit) at End of Year	\$8,216	\$123,097	\$36,805	\$15,702	(\$73,718)

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Underground Storage Tank	Probation Services	COPS Fast Grant	Cleveland Foundation Grant	Municipal Court Security Grant	Skate Facility	Fire	Totals
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$198,728
0	0	66,109	0	0	0	54,267	981,286
0	0	0	0	0	0	0	197,750
0	0	0	0	0	0	0	720
0	0	0	0	0	0	0	1,121
0	78,286	0	0	0	0	0	107,691
0	721	0	0	0	9,351	1,055	18,742
0	79,007	66,109	0	0	9,351	55,322	1,506,038
0	153,887	0	0	585	0	0	176,778
0	0	134,133	2,374	0	0	57,907	352,546
0	0	0	0	0	0	0	1,002,749
0	0	0	0	0	0	0	599,934
0	0	0	0	0	3,426	0	3,426
0	0	0	0	0	0	0	26,415
0	1,948	0	0	0	0	0	7,322
0	155,835	134,133	2,374	585	3,426	57,907	2,169,170
0	(76,828)	(68,024)	(2,374)	(585)	5,925	(2,585)	(663,132)
0	0	0	0	0	0	16,854	657,554
0	0	0	0	0	0	0	(129,354)
0	0	0	0	0	0	0	552,400
0	0	0	0	0	0	16,854	1,080,600
0	(76,828)	(68,024)	(2,374)	(585)	5,925	14,269	417,468
8,563	64,939	68,740	2,374	585	16,309	0	1,875,902
0	0	0	0	0	0	0	(383)
<u>\$8,563</u>	<u>(\$11,889)</u>	<u>\$716</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,234</u>	<u>\$14,269</u>	<u>\$2,292,987</u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$577,640	\$663,310	\$85,670
License, Permit and Inspection Fees	3,000	690	(2,310)
All Other Revenues	0	5,452	5,452
Total Revenues	580,640	669,452	88,812
<u>Expenditures</u>			
Highways and Streets:			
Public Works:			
Street Construction and Reconstruction:			
Capital Outlay	619,466	584,337	35,129
Street Maintenance and Repair:			
Personal Services	25,552	5,792	19,760
All Other Expenditures	46,432	28,677	17,755
Capital Outlay	167,810	158,819	8,991
Snow and Ice Removal:			
Personal Services	84,478	75,630	8,848
All Other Expenditures	206,622	203,082	3,540
Storm Sewers and Drains:			
Personal Services	45,722	20,066	25,656
All Other Expenditures	17,309	9,050	8,259
Capital Outlay	25,200	23,600	1,600
Debt Service:			
Principal Retirement	26,415	26,415	0
Total Expenditures	1,265,006	1,135,468	129,538
Excess (Deficiency) of Revenues Over (Under) Expenditures	(684,366)	(466,016)	218,350
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	0	378,000	378,000
Operating Transfers In	97,000	112,500	15,500
Total Other Financing Sources (Uses)	97,000	490,500	393,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(587,366)	24,484	611,850
Fund Balance at Beginning of Year	1,377,814	1,377,814	0
Prior Year Encumbrances	140,152	140,152	0
Fund Balance at End of Year	\$930,600	\$1,542,450	\$611,850

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STATE HIGHWAY IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$29,000	\$38,060	\$9,060
Total Revenues	29,000	38,060	9,060
<u>Expenditures</u>			
Highways and Streets:			
Public Works:			
State Highway Maintenance:			
All Other Expenditures	43,409	43,409	0
Total Expenditures	43,409	43,409	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(14,409)	(5,349)	9,060
Fund Balance at Beginning of Year	58,744	58,744	0
Prior Year Encumbrances	13,409	13,409	0
Fund Balance at End of Year	\$57,744	\$66,804	\$9,060

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CEMETERIES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$146,800	\$197,750	\$50,950
License, Permit and Inspection Fees	0	30	30
All Other Revenues	300	0	(300)
Total Revenues	147,100	197,780	50,680
<u>Expenditures</u>			
Public Health and Welfare:			
Cemeteries:			
Administration:			
Personal Services	179,668	179,667	1
All Other Expenditures	16,836	15,888	948
Evergreen/Riverside Cemeteries:			
Personal Services	339,846	330,150	9,696
All Other Expenditures	44,738	42,268	2,470
Capital Outlay	7,700	7,658	42
Building Maintenance:			
All Other Expenditures	11,388	10,889	499
Total Expenditures	600,176	586,520	13,656
Excess (Deficiency) of Revenues Over (Under) Expenditures	(453,076)	(388,740)	64,336
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	432,000	528,200	96,200
Total Other Financing Sources (Uses)	432,000	528,200	96,200
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(21,076)	139,460	160,536
Fund Balance at Beginning of Year	100,877	100,877	0
Prior Year Encumbrances	11,888	11,888	0
Fund Balance at End of Year	\$91,689	\$252,225	\$160,536

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

POLICE PENSION TRANSFER FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$67,126	\$50,819	(\$16,307)
Intergovernmental Revenues	5,300	12,384	7,084
Total Revenues	<u>72,426</u>	<u>63,203</u>	<u>(9,223)</u>
<u>Expenditures</u>			
Public Safety:			
Police:			
Law Enforcement-Sworn Officers:			
Personal Services	63,103	63,100	3
Total Expenditures	<u>63,103</u>	<u>63,100</u>	<u>3</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	9,323	103	(9,220)
Fund Balance at Beginning of Year	530	530	0
Fund Balance at End of Year	<u><u>\$9,853</u></u>	<u><u>\$633</u></u>	<u><u>(\$9,220)</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE PENSION TRANSFER FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$67,126	\$50,819	(\$16,307)
Intergovernmental Revenues	5,300	12,384	7,084
Total Revenues	<u>72,426</u>	<u>63,203</u>	<u>(9,223)</u>
<u>Expenditures</u>			
Public Safety:			
Fire:			
Fire Fighting, Prevention, Inspection:			
Personal Services	63,103	63,100	3
Total Expenditures	<u>63,103</u>	<u>63,100</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,323	103	(9,220)
Fund Balance at Beginning of Year	530	530	0
Fund Balance at End of Year	<u><u>\$9,853</u></u>	<u><u>\$633</u></u>	<u><u>(\$9,220)</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$32,000	\$36,971	\$4,971
Total Revenues	<u>32,000</u>	<u>36,971</u>	<u>4,971</u>
<u>Expenditures</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,000	36,971	4,971
<u>Other Financing Sources (Uses)</u>			
Operating Transfers Out	<u>(43,000)</u>	<u>(43,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(43,000)</u>	<u>(43,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,000)	(6,029)	4,971
Fund Balance at Beginning of Year	<u>9,277</u>	<u>9,277</u>	<u>0</u>
Fund Balance at End of Year	<u><u>(\$1,723)</u></u>	<u><u>\$3,248</u></u>	<u><u>\$4,971</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$26,000	\$28,595	\$2,595
Total Revenues	<u>26,000</u>	<u>28,595</u>	<u>2,595</u>
<u>Expenditures</u>			
General Government:			
All Other Expenditures	74,765	44,765	30,000
Total Expenditures	<u>74,765</u>	<u>44,765</u>	<u>30,000</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(48,765)	(16,170)	32,595
Fund Balance at Beginning of Year	101,478	101,478	0
Prior Year Encumbrances	14,765	14,765	0
Fund Balance at End of Year	<u><u>\$67,478</u></u>	<u><u>\$100,073</u></u>	<u><u>\$32,595</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$1,400	\$1,071	(\$329)
Total Revenues	1,400	1,071	(329)
<u>Expenditures</u>			
General Government:			
All Other Expenditures	3,000	0	3,000
Total Expenditures	3,000	0	3,000
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,600)	1,071	2,671
Fund Balance at Beginning of Year	35,709	35,709	0
Fund Balance at End of Year	\$34,109	\$36,780	\$2,671

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CITY MOTOR VEHICLE LICENSE TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$65,000	\$73,941	\$8,941
Total Revenues	<u>65,000</u>	<u>73,941</u>	<u>8,941</u>
<u>Expenditures</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,000	73,941	8,941
<u>Other Financing Sources (Uses)</u>			
Operating Transfers Out	<u>(69,500)</u>	<u>(69,500)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(69,500)</u>	<u>(69,500)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,500)	4,441	8,941
Fund Balance at Beginning of Year	1,325	1,325	0
Fund Balance at End of Year	<u><u>(\$3,175)</u></u>	<u><u>\$5,766</u></u>	<u><u>\$8,941</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE LEVY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$117,338	\$90,194	(\$27,144)
Intergovernmental Revenues	9,000	20,050	11,050
Investment Earnings	3,500	1,164	(2,336)
All Other Revenues	5,000	2,163	(2,837)
Total Revenues	134,838	113,571	(21,267)
<u>Expenditures</u>			
Public Safety:			
Fire Fighting, Prevention, Inspection:			
All Other Expenditures	1,400	1,216	184
Capital Outlay	63,919	39,783	24,136
Debt Service:			
Principal Retirement	200,000	200,000	0
Interest and Fiscal Charges	9,000	4,000	5,000
Total Expenditures	274,319	244,999	29,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	(139,481)	(131,428)	8,053
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	150,000	150,000	0
Operating Transfers Out	(16,854)	(16,854)	0
Total Other Financing Sources (Uses)	133,146	133,146	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,335)	1,718	8,053
Fund Balance at Beginning of Year	55,692	55,692	0
Prior Year Encumbrances	15,319	15,319	0
Fund Balance at End of Year	\$64,676	\$72,729	\$8,053

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

UNDERGROUND STORAGE TANK FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	8,563	8,563	0
Fund Balance at End of Year	<u>\$8,563</u>	<u>\$8,563</u>	<u>\$0</u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PROBATION SERVICES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$75,000	\$77,636	\$2,636
All Other Revenues	0	721	721
Total Revenues	75,000	78,357	3,357
<u>Expenditures</u>			
General Government:			
Personal Services	71,691	69,310	2,381
All Other Expenditures	38,115	36,836	1,279
Capital Outlay	60,116	60,103	13
Debt Service:			
Principal Retirement	100,000	100,000	0
Interest and Fiscal Charges	2,195	2,000	195
Total Expenditures	272,117	268,249	3,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	(197,117)	(189,892)	7,225
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(147,117)	(139,892)	7,225
Fund Balance at Beginning of Year	108,862	108,862	0
Prior Year Encumbrances	65,246	65,246	0
Fund Balance at End of Year	\$26,991	\$34,216	\$7,225

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COPS FAST GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$50,000	\$66,109	\$16,109
Total Revenues	50,000	66,109	16,109
<u>Expenditures</u>			
Public Safety:			
Law Enforcement-Sworn Officers:			
Personal Services	64,295	44,874	19,421
All Other Expenditures	90,000	90,000	0
Total Expenditures	154,295	134,874	19,421
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(104,295)	(68,765)	35,530
Fund Balance at Beginning of Year	55,217	55,217	0
Prior Year Encumbrances	15,527	15,527	0
Fund Balance at End of Year	(\$33,551)	\$1,979	\$35,530

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CLEVELAND FOUNDATION GRANT FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures</u>			
Public Safety:			
All Other Expenditures	<u>2,374</u>	<u>2,374</u>	<u>0</u>
Total Expenditures	<u>2,374</u>	<u>2,374</u>	<u>0</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(2,374)	(2,374)	0
Fund Balance at Beginning of Year	<u>2,374</u>	<u>2,374</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MUNICIPAL COURT SECURITY GRANT FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures</u>			
General Government:			
All Other Expenditures	585	585	0
Total Expenditures	585	585	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(585)	(585)	0
Fund Balance at Beginning of Year	585	585	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SKATE FACILITY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
All Other Revenues	\$0	\$9,351	\$9,351
Total Revenues	0	9,351	9,351
<u>Expenditures</u>			
Culture and Recreation:			
All Other Expenditures	1,810	1,808	2
Capital Outlay	46,535	46,533	2
Total Expenditures	48,345	48,341	4
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,345)	(38,990)	9,355
Fund Balance at Beginning of Year	16,309	16,309	0
Prior Year Encumbrances	23,915	23,915	0
Fund Balance at End of Year	(\$8,121)	\$1,234	\$9,355

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE FUND			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$0	\$54,267	\$54,267
All Other Revenues	0	1,055	1,055
Total Revenues	0	55,322	55,322
<u>Expenditures</u>			
Public Safety:			
Fire Service - Other:			
All Other Expenditures	21,829	8,166	13,663
Capital Outlay	50,000	49,741	259
Total Expenditures	71,829	57,907	13,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,829)	(2,585)	69,244
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	0	16,854	16,854
Total Other Financing Sources (Uses)	0	16,854	16,854
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(71,829)	14,269	86,098
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	0	0	0
Fund Balance at End of Year	(\$71,829)	\$14,269	\$86,098

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

General Bond Retirement Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Special Assessment Bond Retirement Fund

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Land Acquisition Note Retirement Fund

To account for the accumulation of resources for the payments of land acquisition notes of the City. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2002

	General Bond Retirement	Special Assessment Bond Retirement	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$9,644	\$112,964	\$122,608
Investments	0	105,620	105,620
Receivables (net of allowance for doubtful accounts):			
Taxes	69,761	0	69,761
Special Assessments	0	377,931	377,931
Interest	0	250	250
Intergovernmental Receivables	<u>7,445</u>	<u>0</u>	<u>7,445</u>
Total Assets	<u><u>\$86,850</u></u>	<u><u>\$596,765</u></u>	<u><u>\$683,615</u></u>
<u>Liabilities and Fund Equity:</u>			
<i>Liabilities:</i>			
Deferred Revenue	<u>\$74,967</u>	<u>\$377,931</u>	<u>\$452,898</u>
Total Liabilities	<u>74,967</u>	<u>377,931</u>	<u>452,898</u>
<i>Fund Equity:</i>			
Reserved for Debt Service	<u>11,883</u>	<u>218,834</u>	<u>230,717</u>
Total Fund Equity	<u>11,883</u>	<u>218,834</u>	<u>230,717</u>
Total Liabilities and Fund Equity	<u><u>\$86,850</u></u>	<u><u>\$596,765</u></u>	<u><u>\$683,615</u></u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Bond Retirement	Special Assessment Bond Retirement	Totals
<u>Revenues</u>			
Taxes	\$47,635	\$0	\$47,635
Intergovernmental Revenues	12,384	0	12,384
Investment Earnings	24	3,798	3,822
Special Assessments	0	64,861	64,861
All Other Revenues	3,678	0	3,678
Total Revenues	63,721	68,659	132,380
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	0	30,000	30,000
Interest and Fiscal Charges	419	23,200	23,619
Total Expenditures	419	53,200	53,619
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,302	15,459	78,761
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(56,100)	0	(56,100)
Total Other Financing Sources (Uses)	(56,100)	0	(56,100)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,202	15,459	22,661
Fund Balance at Beginning of Year	4,681	203,375	208,056
Fund Balance at End of Year	\$11,883	\$218,834	\$230,717

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL BOND RETIREMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$66,626	\$45,818	(\$20,808)
Intergovernmental Revenues	4,100	12,384	8,284
Investment Earnings	600	27	(573)
All Other Revenues	0	3,678	3,678
Total Revenues	<u>71,326</u>	<u>61,907</u>	<u>(9,419)</u>
<u>Expenditures</u>			
Debt Service Functions:			
Debt Service:			
Principal Retirement	305,000	305,000	0
Interest and Fiscal Charges	<u>6,520</u>	<u>6,519</u>	<u>1</u>
Total Expenditures	<u>311,520</u>	<u>311,519</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,194)	(249,612)	(9,418)
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	260,000	255,000	(5,000)
Operating Transfers Out	<u>(10,000)</u>	<u>0</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>255,000</u>	<u>5,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	9,806	5,388	(4,418)
Fund Balance at Beginning of Year	<u>4,256</u>	<u>4,256</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$14,062</u></u>	<u><u>\$9,644</u></u>	<u><u>(\$4,418)</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Investment Earnings	\$8,000	\$3,884	(\$4,116)
Special Assessments	48,000	64,861	16,861
Total Revenues	<u>56,000</u>	<u>68,745</u>	<u>12,745</u>
<u>Expenditures</u>			
Debt Service Functions:			
Debt Service - Unvoted:			
Debt Service:			
Principal Retirement	30,000	30,000	0
Interest and Fiscal Charges	<u>23,700</u>	<u>23,200</u>	<u>500</u>
Total Expenditures	<u>53,700</u>	<u>53,200</u>	<u>500</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	2,300	15,545	13,245
Fund Balance at Beginning of Year	<u>202,378</u>	<u>202,378</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$204,678</u></u>	<u><u>\$217,923</u></u>	<u><u>\$13,245</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAND ACQUISITION NOTE RETIREMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<u>Other Financing Sources (Uses)</u>			
Advance In	712,400	712,400	0
Advance Out	<u>(712,400)</u>	<u>(712,400)</u>	<u>0</u>
Total Other Financing Sources (Uses)	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than that financed by proprietary funds and trust funds.

Municipal Court Improvement Fund

To account for the expansion to a second municipal courtroom, including remodeling and furnishing of the existing facilities financed by unvoted general obligation bond anticipation notes.

Capital Equipment Reserve Fund

To account for the costs associated with the purchase and maintenance of capital equipment.

Capital Improvement Fund

To account for the accumulation of funds for the acquisition of capital assets and/or the construction of major capital facilities.

Shamrock Boulevard Road Project Fund

To account for the costs associated with the construction of Shamrock Boulevard Road.

Jackson Street Interchange Project Fund

To account for the costs associated with the construction of an interchange off of State Route 44 and Jackson Street.

Industrial Park Project Fund

To account for the costs associated with the construction of the Renaissance Industrial Park located on Newell Street.

Municipal Court Special Projects Fund

To account for the accumulation of funds for the general use of the Municipal Court.

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

	<u>Municipal Court Improvement</u>	<u>Capital Equipment Reserve</u>	<u>Capital Improvement</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$315,741	\$345,598	\$859,033
Investments	0	0	0
Receivable (net of allowance for doubtful accounts):			
Accounts	6,851	0	0
Interest	0	0	0
Intergovernmental Receivables	1,352	0	0
Restricted Assets:			
Cash and Cash Equivalents	<u>0</u>	<u>100,000</u>	<u>0</u>
Total Assets	<u><u>\$323,944</u></u>	<u><u>\$445,598</u></u>	<u><u>\$859,033</u></u>
<u>Liabilities and Fund Equity:</u>			
<i>Liabilities:</i>			
Accounts Payable	\$1,232	\$30,836	\$45,422
Intergovernmental Payables	213	0	0
Accrued Interest Payable	1,553	0	880
General Obligation Notes Payable	<u>450,000</u>	<u>0</u>	<u>255,000</u>
Total Liabilities	<u>452,998</u>	<u>30,836</u>	<u>301,302</u>
<i>Fund Equity:</i>			
Reserved for Encumbrances	13,007	28,949	59,579
Unreserved	<u>(142,061)</u>	<u>385,813</u>	<u>498,152</u>
Total Fund Equity	<u>(129,054)</u>	<u>414,762</u>	<u>557,731</u>
Total Liabilities and Fund Equity	<u><u>\$323,944</u></u>	<u><u>\$445,598</u></u>	<u><u>\$859,033</u></u>

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

Shamrock Boulevard Road Project	Jackson Street Interchange Project	Industrial Park Project	Municipal Court Special Projects	Totals
\$340,003	\$54,861	\$285,584	\$40,811	\$2,241,631
0	0	267,018	0	267,018
0	0	0	4,268	11,119
0	0	1,243	0	1,243
0	0	0	839	2,191
0	0	0	0	100,000
<u>\$340,003</u>	<u>\$54,861</u>	<u>\$553,845</u>	<u>\$45,918</u>	<u>\$2,623,202</u>
\$0	\$0	\$0	\$0	\$77,490
0	0	0	0	213
518	0	3,815	0	6,766
<u>150,000</u>	<u>0</u>	<u>1,105,000</u>	<u>0</u>	<u>1,960,000</u>
<u>150,518</u>	<u>0</u>	<u>1,108,815</u>	<u>0</u>	<u>2,044,469</u>
14,010	1,061	4,368	2,983	123,957
<u>175,475</u>	<u>53,800</u>	<u>(559,338)</u>	<u>42,935</u>	<u>454,776</u>
<u>189,485</u>	<u>54,861</u>	<u>(554,970)</u>	<u>45,918</u>	<u>578,733</u>
<u>\$340,003</u>	<u>\$54,861</u>	<u>\$553,845</u>	<u>\$45,918</u>	<u>\$2,623,202</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Municipal Court Improvement</u>	<u>Capital Equipment Reserve</u>	<u>Capital Improvement</u>
<u>Revenues</u>			
Investment Earnings	\$0	\$0	\$0
Fines and Forfeitures	115,392	0	0
All Other Revenues	<u>6,490</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>121,882</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
General Government	318,098	18,882	0
Public Safety	0	2,175	32,789
Culture and Recreation	0	0	9,850
Capital Outlay	25,584	39,181	520,631
Debt Service:			
Interest and Fiscal Charges	<u>11,317</u>	<u>0</u>	<u>6,295</u>
Total Expenditures	<u>354,999</u>	<u>60,238</u>	<u>569,565</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(233,117)	(60,238)	(569,565)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	61,827
Operating Transfers In	0	0	56,100
Other Financing Sources - Capital Leases	<u>0</u>	<u>100,000</u>	<u>270,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>100,000</u>	<u>387,927</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(233,117)	39,762	(181,638)
Fund Balance (Deficit) at Beginning of Year	<u>104,063</u>	<u>375,000</u>	<u>739,369</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$129,054)</u></u>	<u><u>\$414,762</u></u>	<u><u>\$557,731</u></u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Shamrock Boulevard Road Project</u>	<u>Jackson Street Interchange Project</u>	<u>Industrial Park Project</u>	<u>Municipal Court Special Projects</u>	<u>Totals</u>
\$0	\$0	\$4,102	\$0	\$4,102
0	0	0	63,478	178,870
<u>2,163</u>	<u>0</u>	<u>15,937</u>	<u>0</u>	<u>24,590</u>
<u>2,163</u>	<u>0</u>	<u>20,039</u>	<u>63,478</u>	<u>207,562</u>
0	0	0	63,514	400,494
0	0	0	0	34,964
0	0	0	0	9,850
316,521	0	1,908	0	903,825
<u>518</u>	<u>0</u>	<u>18,994</u>	<u>0</u>	<u>37,124</u>
<u>317,039</u>	<u>0</u>	<u>20,902</u>	<u>63,514</u>	<u>1,386,257</u>
(314,876)	0	(863)	(36)	(1,178,695)
0	0	0	0	61,827
444,000	0	235,000	0	735,100
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>370,000</u>
<u>444,000</u>	<u>0</u>	<u>235,000</u>	<u>0</u>	<u>1,166,927</u>
129,124	0	234,137	(36)	(11,768)
<u>60,361</u>	<u>54,861</u>	<u>(789,107)</u>	<u>45,954</u>	<u>590,501</u>
<u><u>\$189,485</u></u>	<u><u>\$54,861</u></u>	<u><u>(\$554,970)</u></u>	<u><u>\$45,918</u></u>	<u><u>\$578,733</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MUNICIPAL COURT IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$99,500	\$114,990	\$15,490
All Other Revenues	0	6,490	6,490
Total Revenues	99,500	121,480	21,980
<u>Expenditures</u>			
General Government:			
Clerk of Court:			
All Other Expenditures	475,971	410,482	65,489
Capital Outlay	26,169	25,584	585
Debt Service:			
Principal Retirement	550,000	550,000	0
Interest and Fiscal Charges	13,750	11,000	2,750
Total Expenditures	1,065,890	997,066	68,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	(966,390)	(875,586)	90,804
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	450,000	450,000	0
Total Other Financing Sources (Uses)	450,000	450,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(516,390)	(425,586)	90,804
Fund Balance at Beginning of Year	307,223	307,223	0
Prior Year Encumbrances	420,489	420,489	0
Fund Balance at End of Year	\$211,322	\$302,126	\$90,804

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL EQUIPMENT RESERVE FUND

<u>Revenues</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Total Revenues	\$0	\$0	\$0
<u>Expenditures</u>			
General Government:			
Clerk of Council:			
All Other Expenditures	500	486	14
City Manager:			
All Other Expenditures	1,000	973	27
Human Resources:			
All Other Expenditures	1,200	1,157	43
Economic Development:			
All Other Expenditures	305	302	3
Finance:			
Administration:			
All Other Expenditures	500	486	14
Accounting:			
All Other Expenditures	500	486	14
Capital Outlay	41,105	41,101	4
Purchasing/Warehousing:			
All Other Expenditures	305	302	3
Engineering:			
Administration:			
All Other Expenditures	605	604	1
Building Operations, Maintenance and Repairs:			
All Other Expenditures	800	789	11
Miscellaneous:			
All Other Expenditures	35,141	34,720	421
Total General Government	<u>81,961</u>	<u>81,406</u>	<u>555</u>

(Continued)

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL EQUIPMENT RESERVE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Public Safety:			
Law Enforcement-Other:			
All Other Expenditures	1,520	1,505	15
Fire Fighting, Prevention and Inspection:			
All Other Expenditures	4,015	3,994	21
Total Public Safety	<u>5,535</u>	<u>5,499</u>	<u>36</u>
Highway and Streets:			
Traffic Signs, Markings, Signals:			
All Other Expenditures	850	843	7
Community Environment:			
Housing and Building Code Enforcement:			
All Other Expenditures	1,350	1,341	9
Total Expenditures	<u>89,696</u>	<u>89,089</u>	<u>607</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(89,696)	(89,089)	607
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	200,000	0	(200,000)
Operating Transfers Out	(375,000)	0	375,000
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>0</u>	<u>175,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(264,696)	(89,089)	175,607
Fund Balance at Beginning of Year	<u>375,000</u>	<u>375,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$110,304</u></u>	<u><u>\$285,911</u></u>	<u><u>\$175,607</u></u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
All Other Revenues	\$0	\$270,000	\$270,000
Total Revenues	0	270,000	270,000
<u>Expenditures</u>			
General Government:			
Building Operations, Maintenance and Repairs:			
Capital Outlay	741,316	517,256	224,060
Public Safety:			
Law Enforcement-Other:			
All Other Expenditures	35,948	35,374	574
Capital Outlay	43,633	10,633	33,000
Highway and Streets:			
Parking Garage:			
Capital Outlay	752	752	0
Public Health and Welfare:			
Cemeteries:			
Capital Outlay	16,000	14,743	1,257
Culture and Recreation:			
Recreation Activities:			
All Other Expenditures	10,000	9,850	150
Total Expenditures	847,649	588,608	259,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	(847,649)	(318,608)	529,041
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	0	61,827	61,827
Operating Transfers In	400,000	0	(400,000)
Total Other Financing Sources (Uses)	400,000	61,827	(338,173)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(447,649)	(256,781)	190,868
Fund Balance at Beginning of Year	839,791	839,791	0
Prior Year Encumbrances	171,649	171,649	0
Fund Balance at End of Year	\$563,791	\$754,659	\$190,868

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SHAMROCK BOULEVARD ROAD PROJECT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
All Other Revenues	\$0	\$2,163	\$2,163
Total Revenues	0	2,163	2,163
<u>Expenditures</u>			
Highway and Streets:			
Miscellaneous:			
Capital Outlay	461,840	335,439	126,401
Total Expenditures	461,840	335,439	126,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(461,840)	(333,276)	128,564
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	0	150,000	150,000
Operating Transfers In	0	444,000	444,000
Total Other Financing Sources (Uses)	0	594,000	594,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(461,840)	260,724	722,564
Fund Balance at Beginning of Year	47,429	47,429	0
Prior Year Encumbrances	17,840	17,840	0
Fund Balance at End of Year	(\$396,571)	\$325,993	\$722,564

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

JACKSON STREET INTERCHANGE PROJECT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures</u>			
Highway and Streets:			
Miscellaneous:			
Capital Outlay	1,061	1,061	0
Total Expenditures	1,061	1,061	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,061)	(1,061)	0
Fund Balance at Beginning of Year	53,800	53,800	0
Prior Year Encumbrances	1,061	1,061	0
Fund Balance at End of Year	<u>\$53,800</u>	<u>\$53,800</u>	<u>\$0</u>

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

INDUSTRIAL PARK PROJECT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental Revenues	\$0	\$0	\$0
Investment Earnings	0	1,189	1,189
All Other Revenues	0	15,937	15,937
Total Revenues	0	17,126	17,126
<u>Expenditures</u>			
Highway and Streets:			
Miscellaneous:			
Capital Outlay	123,883	7,729	116,154
Debt Service:			
Principal Retirement	855,000	855,000	0
Interest and Fiscal Charges	17,450	17,100	350
Total Expenditures	996,333	879,829	116,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	(996,333)	(862,703)	133,630
<u>Other Financing Sources (Uses)</u>			
Proceeds from General Obligation Notes	655,000	1,105,000	450,000
Operating Transfers In	0	235,000	235,000
Total Other Financing Sources (Uses)	655,000	1,340,000	685,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(341,333)	477,297	818,630
Fund Balance at Beginning of Year	66,756	66,756	0
Prior Year Encumbrances	2,508	2,508	0
Fund Balance at End of Year	(\$272,069)	\$546,561	\$818,630

THE CITY OF PAINESVILLE, OHIO
DETAILED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MUNICIPAL COURT SPECIAL PROJECTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues</u>			
Fines and Forfeitures	\$35,000	\$61,282	\$26,282
Total Revenues	<u>35,000</u>	<u>61,282</u>	<u>26,282</u>
<u>Expenditures</u>			
General Government:			
Judicial - Municipal Court:			
Judicial Activities:			
All Other Expenditures	9,000	8,828	172
Clerk of Court:			
All Other Expenditures	<u>58,874</u>	<u>57,669</u>	<u>1,205</u>
Total Expenditures	<u>67,874</u>	<u>66,497</u>	<u>1,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,874)	(5,215)	27,659
Fund Balance at Beginning of Year	<u>43,043</u>	<u>43,043</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$10,169</u></u>	<u><u>\$37,828</u></u>	<u><u>\$27,659</u></u>



ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, whereby the intent of City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or when City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund

To account for the operation of the City's water treatment and distribution systems.

Sewer Fund

To account for the operation of the City's sewage treatment and collection systems.

Electric Fund

To account for the operation of the City's electric generation and distribution systems.

Refuse Fund

To account for the operation of the City's solid waste collection systems.

Off-Street Parking Fund

To account for the operation of the City's off-street parking garage.

Storm Water Utility Fund

To account for the operation of the City's storm water utility system.

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2002

<u>Assets:</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Cash and Cash Equivalents	\$1,390,851	\$1,490,292
Investments	1,424,763	1,388,827
Receivables (net of allowance for doubtful accounts):		
Accounts	442,785	404,666
Interest	4,287	1,915
Interfund Loan Receivable	0	0
Intergovernmental Receivables	0	0
Inventory of Supplies at Cost	126,449	52,687
Prepaid Items	1,118	783
Investment in Joint Venture	0	0
Restricted Assets:		
Cash and Cash Equivalents	130,532	0
Investments	0	0
Deferred Charges	66,493	0
Fixed Assets in Service:		
Land	124,757	28,868
Buildings and Improvements	915,748	6,658,293
Utility Plant in Service	19,943,323	8,648,759
Machinery and Equipment	1,174,972	3,767,139
Less: Accumulated Depreciation	<u>(7,574,266)</u>	<u>(10,819,159)</u>
Net Fixed Assets	<u>14,584,534</u>	<u>8,283,900</u>
Construction in Progress	<u>55,220</u>	<u>428,596</u>
Total Assets	<u><u>\$18,227,032</u></u>	<u><u>\$12,051,666</u></u>
<u>Liabilities and Fund Equity:</u>		
<i>Liabilities:</i>		
Accounts Payable	\$51,942	\$85,480
Accrued Wages and Benefits	108,750	92,283
Intergovernmental Payables	24,408	21,065
Accrued Interest Payable	33,711	12,783
Customer Deposits	92,232	0
General Obligation Notes Payable	617,000	760,000
Compensated Absences Payable	300,447	250,292
Capital Leases Payable	38,300	0
General Obligation Bonds Payable	6,205,000	0
Revenue Bonds Payable	0	0
Ohio Water Development Authority Loans Payable	1,388,805	270,081
Ohio Public Works Commission Loans Payable	<u>600,000</u>	<u>0</u>
Total Liabilities	<u>9,460,595</u>	<u>1,491,984</u>
<i>Fund Equity:</i>		
Contributed Capital	2,908,793	2,317,866
Retained Earnings:		
Reserved for Revenue Bond Indenture	0	0
Unreserved	<u>5,857,644</u>	<u>8,241,816</u>
Total Retained Earnings	<u>5,857,644</u>	<u>8,241,816</u>
Total Fund Equity	<u>8,766,437</u>	<u>10,559,682</u>
Total Liabilities and Fund Equity	<u><u>\$18,227,032</u></u>	<u><u>\$12,051,666</u></u>

Electric Fund	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund	Totals
\$8,260,047	\$83,480	\$98,813	\$10,691	\$11,334,174
7,737,971	0	92,470	0	10,644,031
2,114,785	0	138	0	2,962,374
8,416	0	72	0	14,690
685,000	0	0	0	685,000
73,588	0	0	0	73,588
506,607	0	0	0	685,743
3,839	0	159	0	5,899
2,712,295	0	0	0	2,712,295
238,899	0	2,351	0	371,782
1,251,730	0	0	0	1,251,730
252,090	0	0	0	318,583
244,470	0	118,972	0	517,067
3,561,112	0	1,726,245	0	12,861,398
10,318,682	0	0	0	38,910,764
24,536,819	0	5,422	0	29,484,352
(27,064,952)	0	(748,193)	0	(46,206,570)
11,596,131	0	1,102,446	0	35,567,011
804,125	0	0	0	1,287,941
<u>\$36,245,523</u>	<u>\$83,480</u>	<u>\$1,296,449</u>	<u>\$10,691</u>	<u>\$67,914,841</u>
\$652,313	\$0	\$6,251	\$5,038	\$801,024
253,209	0	5,826	0	460,068
206,720	0	2,427	0	254,620
25,207	0	0	0	71,701
238,899	0	2,351	0	333,482
0	0	0	0	1,377,000
565,244	0	418	0	1,116,401
0	0	0	0	38,300
3,138,097	0	0	0	9,343,097
2,595,000	0	0	0	2,595,000
0	0	0	0	1,658,886
0	0	0	0	600,000
<u>7,674,689</u>	<u>0</u>	<u>17,273</u>	<u>5,038</u>	<u>18,649,579</u>
7,299	0	0	0	5,233,958
1,251,730	0	0	0	1,251,730
27,311,805	83,480	1,279,176	5,653	42,779,574
<u>28,563,535</u>	<u>83,480</u>	<u>1,279,176</u>	<u>5,653</u>	<u>44,031,304</u>
<u>28,570,834</u>	<u>83,480</u>	<u>1,279,176</u>	<u>5,653</u>	<u>49,265,262</u>
<u>\$36,245,523</u>	<u>\$83,480</u>	<u>\$1,296,449</u>	<u>\$10,691</u>	<u>\$67,914,841</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Water Fund	Sewer Fund	Electric Fund
<u>Operating Revenues</u>			
Charges for Services	\$3,766,646	\$3,029,339	\$19,203,920
Other Charges for Services	213,431	0	0
Other Operating Revenues	185,139	3,288	26,174
Total Operating Revenues	4,165,216	3,032,627	19,230,094
<u>Operating Expenses</u>			
Personal Services	2,084,446	1,755,351	4,708,341
Materials and Supplies	298,845	232,836	4,192,523
Contractual Services	709,040	450,008	3,733,471
Utilities	301,603	266,289	2,768,554
Depreciation	535,387	389,597	786,339
Total Operating Expenses	3,929,321	3,094,081	16,189,228
Operating Income (Loss)	235,895	(61,454)	3,040,866
<u>Nonoperating Revenues (Expenses)</u>			
Intergovernmental Grants	496,000	0	1,460,201
Capital Contributions	274,802	0	309,124
Loss on Investment in Joint Venture	0	0	(157,760)
Investment Earnings	211,110	30,609	379,458
Interest and Fiscal Charges	(425,568)	(40,378)	(359,580)
Other Nonoperating Revenue	24,673	46,376	63,414
Other Nonoperating Expense	(16,674)	0	(35)
Total Nonoperating Revenues (Expenses)	564,343	36,607	1,694,822
Income (Loss) Before Operating Transfers	800,238	(24,847)	4,735,688
<u>Operating Transfers</u>			
Operating Transfers In	0	0	0
Operating Transfers Out	(100,000)	(200,000)	(965,067)
Total Operating Transfers	(100,000)	(200,000)	(965,067)
Net Income (Loss)	700,238	(224,847)	3,770,621
Add: Depreciation Charged to Contributed Capital	5,256	154,443	4,978
Increase (Decrease) in Retained Earnings	705,494	(70,404)	3,775,599
Retained Earnings at Beginning of Year	5,152,150	8,312,220	24,787,936
Retained Earnings at End of Year	\$5,857,644	\$8,241,816	\$28,563,535

Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund	Totals
\$288	\$99,456	\$0	\$26,099,649
0	0	0	213,431
4,856	0	0	219,457
<u>5,144</u>	<u>99,456</u>	<u>0</u>	<u>26,532,537</u>
0	100,146	0	8,648,284
72	9,471	0	4,733,747
5,525	40,539	94,347	5,032,930
0	27,498	0	3,363,944
0	28,979	0	1,740,302
<u>5,597</u>	<u>206,633</u>	<u>94,347</u>	<u>23,519,207</u>
(453)	(107,177)	(94,347)	3,013,330
0	0	0	1,956,201
0	0	0	583,926
0	0	0	(157,760)
0	1,079	0	622,256
0	(4,768)	0	(830,294)
0	0	0	134,463
0	0	0	(16,709)
<u>0</u>	<u>(3,689)</u>	<u>0</u>	<u>2,292,083</u>
(453)	(110,866)	(94,347)	5,305,413
40,000	255,000	100,000	395,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,265,067)</u>
40,000	255,000	100,000	(870,067)
<u>39,547</u>	<u>144,134</u>	<u>5,653</u>	<u>4,435,346</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>164,677</u>
39,547	144,134	5,653	4,600,023
43,933	1,135,042	0	39,431,281
<u>\$83,480</u>	<u>\$1,279,176</u>	<u>\$5,653</u>	<u>\$44,031,304</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Water Fund	Sewer Fund	Electric Fund	Refuse Fund
Cash Flows from Operating Activities:				
Cash Received from Customers	\$4,096,596	\$3,095,381	\$19,009,114	\$5,144
Cash Payments for Goods and Services	(1,290,275)	(880,120)	(10,698,160)	(6,007)
Cash Payments to Employees	(2,081,397)	(1,745,202)	(4,706,614)	0
Net Cash Provided (Used) by Operating Activities	724,924	470,059	3,604,340	(863)
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	496,000	0	1,386,613	0
Transfers In from Other Funds	0	0	0	40,000
Transfers Out to Other Funds	(100,000)	(200,000)	(965,067)	0
Advances In from Other Funds	0	0	712,400	0
Advances Out to Other Funds	0	0	(685,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	396,000	(200,000)	448,946	40,000
Cash Flows from Capital and Related Financing Activities:				
Proceeds from General Obligation Notes	617,000	760,000	0	0
Principal Paid on General Obligation Notes	(950,000)	(450,000)	0	0
Acquisition and Construction of Assets	(84,739)	(445,339)	(101,184)	0
Principal Paid on Revenue Bonds	0	0	(565,000)	0
Principal Paid on General Obligation Bonds	(410,000)	0	(109,577)	0
Proceeds from Ohio Public Works Commission Loans	600,000	0	0	0
Principal Paid on Ohio Water Development Authority Loans	(53,148)	(251,330)	0	0
Interest Paid on All Debt	(418,183)	(48,219)	(337,197)	0
Net Cash Used for Capital and Related Financing Activities	(699,070)	(434,888)	(1,112,958)	0
Cash Flows from Investing Activities:				
Receipts of Principal and Interest on Investments	210,252	32,135	288,432	0
Purchase of Investments	(309,500)	(7,309)	(1,747,768)	0
Net Cash Provided (Used) by Investing Activities	(99,248)	24,826	(1,459,336)	0
Net Increase (Decrease) in Cash and Cash Equivalents	322,606	(140,003)	1,480,992	39,137
Cash and Cash Equivalents at Beginning of Year	1,198,777	1,630,295	7,017,954	44,343
Cash and Cash Equivalents at End of Year	\$1,521,383	\$1,490,292	\$8,498,946	\$83,480
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$235,895	(\$61,454)	\$3,040,866	(\$453)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	535,387	389,597	786,339	0
Miscellaneous Nonoperating Revenues	24,740	46,376	63,414	0
Miscellaneous Nonoperating Expenses	(20,694)	0	(50,881)	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(93,360)	16,378	(284,394)	0
(Increase) Decrease in Inventory	(4,739)	12,534	159,508	0
Decrease in Prepaid Items	11,462	23,256	65,579	0
Increase (Decrease) in Accounts Payable	32,909	12,536	(344,612)	(410)
Increase in Accrued Wages and Benefits	11,477	9,334	19,954	0
Increase in Intergovernmental Payable	283	20,695	165,396	0
Increase (Decrease) in Compensated Absences Payable	(8,436)	807	(16,829)	0
Total Adjustments	489,029	531,513	563,474	(410)
Net Cash Provided (Used) by Operating Activities	\$724,924	\$470,059	\$3,604,340	(\$863)

Off-Street Parking Fund	Storm Water Utility Fund	Totals
\$99,622	\$0	\$26,305,857
(73,662)	(89,309)	(13,037,533)
(102,759)	0	(8,635,972)
(76,799)	(89,309)	4,632,352
0	0	1,882,613
255,000	100,000	395,000
0	0	(1,265,067)
0	0	712,400
0	0	(685,000)
255,000	100,000	1,039,946
0	0	1,377,000
0	0	(1,400,000)
0	0	(631,262)
(170,000)	0	(735,000)
0	0	(519,577)
0	0	600,000
0	0	(304,478)
(8,032)	0	(811,631)
(178,032)	0	(2,424,948)
1,113	0	531,932
(3,490)	0	(2,068,067)
(2,377)	0	(1,536,135)
(2,208)	10,691	1,711,215
103,372	0	9,994,741
\$101,164	\$10,691	\$11,705,956

(\$107,177)	(\$94,347)	\$3,013,330
28,979	0	1,740,302
180	0	134,710
(48)	0	(71,623)
(14)	0	(361,390)
0	0	167,303
3,527	0	103,824
(125)	5,038	(294,664)
1,892	0	42,657
492	0	186,866
(4,505)	0	(28,963)
30,378	5,038	1,619,022
(\$76,799)	(\$89,309)	\$4,632,352

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002 the Water, Sewer, and Electric Funds had outstanding liabilities of \$17,235, \$10,000, and \$62,071 respectively, for the purchase of certain capital assets. During 2002 the fair value of investments increased by \$8,928, \$8,702, \$48,485 and \$579 in the Water, Sewer, Electric Funds, and Off-Street Parking Funds, respectively. The Water and Electric Funds received \$274,802 and \$309,124, respectively, of capital assets contributed from various sources.

INTERNAL SERVICE FUNDS

The internal service funds are used to account for financing goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Fuel and Oil Rotary Fund

To account for the accumulation and allocation of costs associated with petroleum products.

Supplies Rotary Fund

To account for the accumulation and allocation of costs associated with operating supplies.

Employee Health Insurance Fund

To account for the expenses related to employee health insurance coverage provided by the City. This program is partially self-funded by the City as well as through a 'stop-loss' cap arrangement with an outside contractor.

Workers' Compensation Retrospective Fund

To account for expenses for workers' compensation coverage provided by the Ohio Bureau of Workers' Compensation.

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2002

	Fuel and Oil Rotary	Supplies Rotary	Employee Health Insurance	Workers' Compensation Retrospective	Totals
<u>Assets:</u>					
Cash and Cash Equivalents	\$38,139	\$29,431	\$70,866	\$703,159	\$841,595
Inventory of Supplies at Cost	0	39,151	0	0	39,151
Total Assets	<u>\$38,139</u>	<u>\$68,582</u>	<u>\$70,866</u>	<u>\$703,159</u>	<u>\$880,746</u>
<u>Liabilities and Fund Equity:</u>					
<i>Liabilities:</i>					
Accounts Payable	\$8,438	\$1,330	\$0	\$0	\$9,768
Claims Liability	0	0	179,049	430,259	609,308
Total Liabilities	<u>8,438</u>	<u>1,330</u>	<u>179,049</u>	<u>430,259</u>	<u>619,076</u>
<i>Fund Equity:</i>					
Retained Earnings Unreserved	<u>29,701</u>	<u>67,252</u>	<u>(108,183)</u>	<u>272,900</u>	<u>261,670</u>
Total Fund Equity	<u>29,701</u>	<u>67,252</u>	<u>(108,183)</u>	<u>272,900</u>	<u>261,670</u>
Total Liabilities and Fund Equity	<u>\$38,139</u>	<u>\$68,582</u>	<u>\$70,866</u>	<u>\$703,159</u>	<u>\$880,746</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fuel and Oil Rotary	Supplies Rotary	Employee Health Insurance	Workers' Compensation Retrospective	Totals
<u>Operating Revenues</u>					
Charges for Services	\$86,521	\$42,197	\$1,750,080	\$91,589	\$1,970,387
Total Operating Revenues	<u>86,521</u>	<u>42,197</u>	<u>1,750,080</u>	<u>91,589</u>	<u>1,970,387</u>
<u>Operating Expenses</u>					
Personal Services	0	0	1,318,328	47,744	1,366,072
Materials and Supplies	112,463	43,170	0	0	155,633
Contractual Services	0	0	294,125	43,845	337,970
Total Operating Expenses	<u>112,463</u>	<u>43,170</u>	<u>1,612,453</u>	<u>91,589</u>	<u>1,859,675</u>
Operating Income (Loss)	(25,942)	(973)	137,627	0	110,712
<u>Nonoperating Revenues (Expenses):</u>					
Other Nonoperating Revenue	0	0	9,589	230,909	240,498
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>0</u>	<u>9,589</u>	<u>230,909</u>	<u>240,498</u>
Income (Loss) Before Operating Transfers	(25,942)	(973)	147,216	230,909	351,210
<u>Operating Transfers:</u>					
Operating Transfers In	32,000	0	0	0	32,000
Total Operating Transfers	<u>32,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,000</u>
Net Income (Loss)	6,058	(973)	147,216	230,909	383,210
Retained Earnings/(Accumulated Deficit) at Beginning of Year	<u>23,643</u>	<u>68,225</u>	<u>(255,399)</u>	<u>41,991</u>	<u>(121,540)</u>
Retained Earnings/(Accumulated Deficit) at End of Year	<u>\$29,701</u>	<u>\$67,252</u>	<u>(\$108,183)</u>	<u>\$272,900</u>	<u>\$261,670</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fuel and Oil Rotary	Supplies Rotary	Employee Health Insurance	Workers' Compensation Retrospective	Totals
Cash Flows from Operating Activities:					
Cash Receipts from Quasi-External					
Operating Transactions with Other Funds	\$86,521	\$42,197	\$1,750,080	\$91,589	\$1,970,387
Cash Received from Interfund Charges	0	0	9,589	0	9,589
Cash Payments for Goods and Services	(104,025)	(38,419)	(294,125)	(43,845)	(480,414)
Cash Payments to Employees	0	0	0	(47,744)	(47,744)
Cash Payments for Employee Medical Claims	0	0	(1,599,318)	0	(1,599,318)
Net Cash Provided (Used) by Operating Activities	<u>(17,504)</u>	<u>3,778</u>	<u>(133,774)</u>	<u>0</u>	<u>(147,500)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	32,000	0	0	0	32,000
Net Cash Provided by Noncapital Financing Activities	<u>32,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,496	3,778	(133,774)	0	(115,500)
Cash and Cash Equivalents at Beginning of Year	23,643	25,653	204,640	703,159	957,095
Cash and Cash Equivalents at End of Year	<u>\$38,139</u>	<u>\$29,431</u>	<u>\$70,866</u>	<u>\$703,159</u>	<u>\$841,595</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Operating Income (Loss)	(\$25,942)	(\$973)	\$137,627	\$0	\$110,712
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) by Operating Activities:					
Miscellaneous Nonoperating Income	0	0	9,589	230,909	240,498
Changes in Assets and Liabilities:					
Decrease in Inventory	0	4,175	0	0	4,175
Increase in Accounts Payable	8,438	576	0	0	9,014
Decrease in Claims Liability	0	0	(280,990)	(230,909)	(511,899)
Total Adjustments	<u>8,438</u>	<u>4,751</u>	<u>(271,401)</u>	<u>0</u>	<u>(258,212)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$17,504)</u>	<u>\$3,778</u>	<u>(\$133,774)</u>	<u>\$0</u>	<u>(\$147,500)</u>

FIDUCIARY FUND TYPES

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

Deposit Trust Fund

To account for monies received and held by the City for various deposits.

Plan Review Trust Fund

To account for monies received and held by the City for various deposits for review of construction plans.

Zoning Application Trust Fund

To account for monies received and held by the City for zoning application requests.

Cemetery Trust Operations Fund

To account for interest income earned from the investment of cemetery trust principal. The interest portion of the trust can be used to maintain the City's two cemeteries.

Special Endowment Operations Fund

To account for interest income earned from the investment of special endowment (non-resident) principal. The interest portion of the trust can be used to maintain the City's two cemeteries.

Columbarium Trust Fund

To account for monies received and held by the City for charges related to columbarium burial site.

Painesville Safety Town Fund

To account for the receipt of monies received from registration fees and contributions and disbursed exclusively for the safety activities for children of the community. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Law Enforcement Trust Fund

To account for monies received by the police division from the sale of drug related contraband.

(Continued)

FIDUCIARY FUND TYPES

NONEXPENDABLE TRUST FUNDS

Non-Expendable Trust Funds are accounted for in essentially the same manner as proprietary (enterprise) funds. Asset or principal maintenance is usually the reason for these trust funds.

Evergreen Cemetery Trust Fund

To account for the principal, acquired from contributions and endowments, for the City's Evergreen Cemetery.

Riverside Cemetery Trust Fund

To account for the principal, acquired from contributions and endowments, for the City's Riverside Cemetery.

Special Endowment Trust Fund

To account for the principal, acquired from contributions and endowments, from non-residents, for the City's two cemeteries.

AGENCY FUNDS

Agency Funds are purely custodial in nature. Results of operations are not measured. These funds report only assets and liabilities.

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

To account for the receipt from the City's municipal court and disbursement to the City and County Law Library of fines and forfeitures for State Highway Patrol cases in accordance with provisions of the Ohio Revised Code.

Electric License Fund

To account for funds from the fifteen percent (15%) fees as required by Ohio Revised Code

Land Bank Fund

To account for the receipt of monies from the sale of property under the Land Bank Program and the disbursement to the County for back taxes.

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
DECEMBER 31, 2002

	Expendable Trust Funds				
	Deposit Trust	Plan Review Trust	Zoning Application Trust	Cemetery Trust Operations	Special Endowment Operations
<i>Assets:</i>					
Cash and Cash Equivalents	\$112,311	\$16,883	\$3,662	\$6,145	\$2,629
Receivables (net of allowances for doubtful accounts):					
Interest	0	0	0	833	342
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	0	0	0	0	0
Total Assets	\$112,311	\$16,883	\$3,662	\$6,978	\$2,971
<i>Liabilities and Fund Equity:</i>					
<i>Liabilities:</i>					
Due to Others	0	0	0	0	0
Total Liabilities	0	0	0	0	0
<i>Fund Equity:</i>					
Reserved for Endowments	0	0	0	0	0
Unreserved	112,311	16,883	3,662	6,978	2,971
Total Fund Equity	112,311	16,883	3,662	6,978	2,971
Total Liabilities and Fund Equity	\$112,311	\$16,883	\$3,662	\$6,978	\$2,971

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
DECEMBER 31, 2002

Nonexpendable Trust Funds				
Columbarium Trust	Law Enforcement Trust	Evergreen Cemetery Trust	Riverside Cemetery Trust	Special Endowment Trust
\$87	\$5,981	\$0	\$0	\$0
0	0	0	0	0
0	0	374,150	299,669	279,396
<u>\$87</u>	<u>\$5,981</u>	<u>\$374,150</u>	<u>\$299,669</u>	<u>\$279,396</u>
0	0	0	0	0
0	0	0	0	0
0	0	374,150	299,669	279,396
87	5,981	0	0	0
<u>87</u>	<u>5,981</u>	<u>374,150</u>	<u>299,669</u>	<u>279,396</u>
<u>\$87</u>	<u>\$5,981</u>	<u>\$374,150</u>	<u>\$299,669</u>	<u>\$279,396</u>

(Continued)

THE CITY OF PAINESVILLE, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
DECEMBER 31, 2002

	Agency Funds				
	Municipal Court	State Patrol Transfer	Electric License	Land Bank	Totals
<u>Assets:</u>					
Cash and Cash Equivalents	\$41,586	\$6,642	\$7,836	\$19,943	\$223,705
Receivables (net of allowances for doubtful accounts):					
Interest	0	0	0	0	1,175
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	0	953,215
Total Assets	\$41,586	\$6,642	\$7,836	\$19,943	\$1,178,095
<u>Liabilities and Fund Equity:</u>					
<i>Liabilities:</i>					
Due to Others	41,586	6,642	7,836	19,943	76,007
Total Liabilities	41,586	6,642	7,836	19,943	76,007
<i>Fund Equity:</i>					
Reserved for Endowments	0	0	0	0	953,215
Unreserved	0	0	0	0	148,873
Total Fund Equity	0	0	0	0	1,102,088
Total Liabilities and Fund Equity	\$41,586	\$6,642	\$7,836	\$19,943	\$1,178,095

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THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Deposit Trust	Plan Review Trust	Zoning Application Trust	Cemetery Trust Operations
<u>Revenues</u>				
Charges for Services	\$38,097	\$250	\$499	\$0
Investment Earnings	0	0	0	12,487
Total Revenues	38,097	250	499	12,487
<u>Expenditures</u>				
Public Safety	0	0	0	0
Public Health and Welfare	0	0	0	2,632
Other Expenditures	837	0	0	0
Total Expenditures	837	0	0	2,632
Excess (Deficiency) of Revenues over Expenditures	37,260	250	499	9,855
<u>Other Financing Sources (Uses)</u>				
Operating Transfers Out	0	0	0	(9,500)
Total Other Financing Sources (Uses)	0	0	0	(9,500)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	37,260	250	499	355
Fund Balance at Beginning of Year	75,051	16,633	3,163	6,623
Fund Balance at End of Year	\$112,311	\$16,883	\$3,662	\$6,978

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Special Endowment Operations	Columbarium Trust	Painesville Safety Town	Law Enforcement Trust	Totals
\$0	\$0	\$0	\$1,622	\$40,468
<u>5,120</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>17,609</u>
<u>5,120</u>	<u>2</u>	<u>0</u>	<u>1,622</u>	<u>58,077</u>
0	0	49	1,972	2,021
0	0	0	0	2,632
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>837</u>
<u>0</u>	<u>0</u>	<u>49</u>	<u>1,972</u>	<u>5,490</u>
5,120	2	(49)	(350)	52,587
<u>(8,700)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,200)</u>
<u>(8,700)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,200)</u>
(3,580)	2	(49)	(350)	34,387
<u>6,551</u>	<u>85</u>	<u>49</u>	<u>6,331</u>	<u>114,486</u>
<u>\$2,971</u>	<u>\$87</u>	<u>\$0</u>	<u>\$5,981</u>	<u>\$148,873</u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Evergreen Cemetery Trust	Riverside Cemetery Trust	Special Endowment Trust	Totals
<u>Operating Revenues</u>				
Contributions	\$3,480	\$15,320	\$7,680	\$26,480
Total Operating Revenues	<u>3,480</u>	<u>15,320</u>	<u>7,680</u>	<u>26,480</u>
<u>Operating Expenses</u>				
Total Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Income	3,480	15,320	7,680	26,480
<u>Nonoperating Revenues (Expenses)</u>				
Other Nonoperating Expenses	<u>(400)</u>	<u>(389)</u>	<u>0</u>	<u>(789)</u>
Total Nonoperating Revenues (Expenses)	<u>(400)</u>	<u>(389)</u>	<u>0</u>	<u>(789)</u>
Net Income (Loss)	3,080	14,931	7,680	25,691
Fund Balance at Beginning of Year	<u>371,070</u>	<u>284,738</u>	<u>271,716</u>	<u>927,524</u>
Fund Balance at End of Year	<u><u>\$374,150</u></u>	<u><u>\$299,669</u></u>	<u><u>\$279,396</u></u>	<u><u>\$953,215</u></u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Evergreen Cemetery Trust	Riverside Cemetery Trust	Special Endowment Trust	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Contributions	\$3,480	\$15,320	\$7,680	\$26,480
Cash Payments for Goods and Services	(400)	(389)	0	(789)
Net Cash Provided by Operating Activities	<u>3,080</u>	<u>14,931</u>	<u>7,680</u>	<u>25,691</u>
Net Increase in Cash and Cash Equivalents	3,080	14,931	7,680	25,691
Cash and Cash Equivalents at Beginning of Year	<u>371,070</u>	<u>284,738</u>	<u>271,716</u>	<u>927,524</u>
Cash and Cash Equivalents at End of Year	<u><u>\$374,150</u></u>	<u><u>\$299,669</u></u>	<u><u>\$279,396</u></u>	<u><u>\$953,215</u></u>

THE CITY OF PAINESVILLE, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$41,597	\$2,427,353	(\$2,427,364)	\$41,586
Total Assets	<u>\$41,597</u>	<u>\$2,427,353</u>	<u>(\$2,427,364)</u>	<u>\$41,586</u>
Liabilities:				
Due to Others	\$41,597	\$2,427,353	(\$2,427,364)	\$41,586
Total Liabilities	<u>\$41,597</u>	<u>\$2,427,353</u>	<u>(\$2,427,364)</u>	<u>\$41,586</u>
<u>State Patrol Transfer</u>				
Assets:				
Cash and Cash Equivalents	\$6,642	\$94,573	(\$94,573)	\$6,642
Total Assets	<u>\$6,642</u>	<u>\$94,573</u>	<u>(\$94,573)</u>	<u>\$6,642</u>
Liabilities:				
Due to Others	\$6,642	\$94,573	(\$94,573)	\$6,642
Total Liabilities	<u>\$6,642</u>	<u>\$94,573</u>	<u>(\$94,573)</u>	<u>\$6,642</u>
<u>Electric License</u>				
Assets:				
Cash and Cash Equivalents	\$7,006	\$6,800	(\$5,970)	\$7,836
Total Assets	<u>\$7,006</u>	<u>\$6,800</u>	<u>(\$5,970)</u>	<u>\$7,836</u>
Liabilities:				
Due to Others	\$7,006	\$6,800	(\$5,970)	\$7,836
Total Liabilities	<u>\$7,006</u>	<u>\$6,800</u>	<u>(\$5,970)</u>	<u>\$7,836</u>
<u>Land Bank</u>				
Assets:				
Cash and Cash Equivalents	\$19,903	\$60	(\$20)	\$19,943
Total Assets	<u>\$19,903</u>	<u>\$60</u>	<u>(\$20)</u>	<u>\$19,943</u>
Liabilities:				
Due to Others	\$19,903	\$60	(\$20)	\$19,943
Total Liabilities	<u>\$19,903</u>	<u>\$60</u>	<u>(\$20)</u>	<u>\$19,943</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$75,148	\$2,528,786	(\$2,527,927)	\$76,007
Total Assets	<u>\$75,148</u>	<u>\$2,528,786</u>	<u>(\$2,527,927)</u>	<u>\$76,007</u>
Liabilities:				
Due to Others	\$75,148	\$2,528,786	(\$2,527,927)	\$76,007
Total Liabilities	<u>\$75,148</u>	<u>\$2,528,786</u>	<u>(\$2,527,927)</u>	<u>\$76,007</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF PAINESVILLE, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002

General Fixed Assets:

Land	\$1,248,648
Buildings and Improvements	3,421,717
Improvements Other than Buildings	475,668
Machinery and Equipment	5,709,093
Construction in Progress	125,925
	<hr/>
Total General Fixed Assets	<u><u>\$10,981,051</u></u>

Investment in General Fixed Assets from:

General Fund	\$5,008,342
Special Revenue Funds	2,745,668
Capital Projects Funds	1,909,715
Enterprise Funds	1,073,036
Expendable Trust Funds	21,238
Gifts	223,052
	<hr/>
Total Investment in General Fixed Assets	<u><u>\$10,981,051</u></u>

THE CITY OF PAINESVILLE, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2002

Function and Activity	Land	Buildings and Improvements	Improvements Other than Buildings	Machinery and Equipment	Construction in Progress	Total
General Government						
Judicial:						
Municipal Court	\$0	\$1,392,457	\$0	\$131,917	\$0	\$1,524,374
Executive:						
City Manager	50,718	0	0	37,758	0	88,476
Finance	0	6,729	0	426,133	0	432,862
Engineering	0	0	0	81,801	0	81,801
Buildings and Grounds	433,610	1,239,821	0	310,675	62,346	2,046,452
Total General Government	484,328	2,639,007	0	988,284	62,346	4,173,965
Public Safety						
Police	0	6,587	0	701,998	0	708,585
Fire	0	14,936	0	1,541,215	0	1,556,151
Control Center	0	3,375	0	54,498	0	57,873
Total Public Safety	0	24,898	0	2,297,711	0	2,322,609
Highways and Streets						
Public Works	181,057	121,290	112,063	1,724,311	0	2,138,721
Parking	0	205,647	0	203,960	0	409,607
Total Highways and Streets	181,057	326,937	112,063	1,928,271	0	2,548,328
Public Health and Welfare						
Cemeteries	103,172	31,542	58,203	261,179	0	454,096
Culture/Recreation						
Parks - Recreation	296,591	399,333	305,402	193,704	63,579	1,258,609
Community Environment						
Community Development	175,000	0	0	18,852	0	193,852
Code Enforcement	8,500	0	0	21,092	0	29,592
Total Community Environment	183,500	0	0	39,944	0	223,444
Total General Fixed Assets	\$1,248,648	\$3,421,717	\$475,668	\$5,709,093	\$125,925	\$10,981,051

THE CITY OF PAINESVILLE, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

Function and Activity	December 31, 2001	Transfers	Additions	Deletions	December 31, 2002
General Government					
Judicial					
Municipal Court	\$956,847	\$0	\$1,365,052	(\$797,525)	\$1,524,374
Executive					
City Manager	88,476	0	0	0	88,476
Finance	424,634	0	8,228	0	432,862
Engineering	81,801	0	0	0	81,801
Buildings and Grounds	1,676,106	0	370,346	0	2,046,452
Total General Government	<u>3,227,864</u>	<u>0</u>	<u>1,743,626</u>	<u>(797,525)</u>	<u>4,173,965</u>
Public Safety					
Police	549,124	0	159,461	0	708,585
Fire	1,472,370	0	83,781	0	1,556,151
Control Center	57,873	0	0	0	57,873
Total Public Safety	<u>2,079,367</u>	<u>0</u>	<u>243,242</u>	<u>0</u>	<u>2,322,609</u>
Highways and Streets					
Public Works	2,047,699	0	91,022	0	2,138,721
Parking	402,068	0	7,539	0	409,607
Total Highways and Streets	<u>2,449,767</u>	<u>0</u>	<u>98,561</u>	<u>0</u>	<u>2,548,328</u>
Public Health and Welfare					
Cemeteries	411,026	0	43,070	0	454,096
Culture/Recreation					
Parks - Recreation	1,138,956	0	143,306	(23,653)	1,258,609
Community Environment					
Community Development	193,852	0	0	0	193,852
Code Enforcement	21,092	0	8,500	0	29,592
Total Community Environment	<u>214,944</u>	<u>0</u>	<u>8,500</u>	<u>0</u>	<u>223,444</u>
Total General Fixed Assets	<u>\$9,521,924</u>	<u>\$0</u>	<u>\$2,280,305</u>	<u>(\$821,178)</u>	<u>\$10,981,051</u>

STATISTICAL SECTION

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

THE CITY OF PAINESVILLE, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	General Government	Public Safety	Highways and Streets	Public Health and Welfare	Culture and Recreation	Community Environment	Loss On Investments	Capital Outlay	Debt Service	Total
1993	\$1,860,246	\$3,941,248	\$1,410,673	\$490,646	\$424,416	\$243,081	\$339,408	\$444,012	\$112,163	\$9,265,893
1994	1,232,577	4,172,949	1,719,908	457,876	593,817	374,061	58,523	0	124,088	8,733,799
1995	1,748,574	4,309,200	1,544,478	446,951	473,912	246,096	0	0	128,253	8,897,464
1996	1,703,874	4,189,794	2,157,851	490,890	544,366	240,277	0	0	117,868	9,444,920
1997	1,960,806	4,579,914	2,034,240	510,526	609,551	250,780	0	0	127,962	10,073,779
1998	1,950,541	4,672,076	1,695,777	514,971	702,249	279,138	0	0	93,624	9,908,376
1999	1,967,990	5,281,060	4,322,320	554,676	745,573	257,296	0	0	134,669	13,263,584
2000	2,118,972	5,471,391	2,396,435	594,196	841,974	438,083	0	0	151,666	12,012,717
2001	2,321,333	5,919,145	2,360,440	606,275	908,401	390,534	0	0	131,234	12,637,362
2002	2,358,232	6,802,401	2,316,349	690,005	901,394	335,371	0	0	114,756	13,518,508

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds
Beginning in 1994 Capital Outlay is included as part of the function.

THE CITY OF PAINESVILLE, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Taxes	Inter-Governmental Revenue	Charges for Service	License Permit and Inspection Fees	Investment Earnings	Fines and Forfeitures	All Other (2)	Total
1993	\$6,298,803	\$1,266,154	\$220,195	\$99,467	\$30,897	\$486,439	\$135,616	\$8,537,571
1994	6,236,930	2,098,574	266,852	113,937	247,822	484,045	152,307	9,600,467
1995	6,632,131	2,124,305	239,467	210,125	731,112	648,844	184,350	10,770,334
1996	6,562,820	2,008,206	221,904	142,377	782,622	657,265	198,734	10,573,928
1997	6,480,015	2,406,303	226,022	191,120	1,026,908	699,768	364,248	11,394,384
1998	6,921,888	2,670,751	247,654	160,646	989,273	729,995	283,911	12,004,118
1999	7,181,523	3,830,361	248,725	179,690	1,201,096	700,811	177,633	13,519,839
2000	7,371,683	3,903,437	334,241	189,621	1,292,816	702,842	173,171	13,967,811
2001	7,301,526	2,948,823	327,915	163,558	1,219,328	675,402	154,813	12,791,365
2002	8,087,055	2,860,610	301,580	78,377	315,711	829,496	251,342	12,724,171

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds

(2) Includes Special Assessments and Lawsuit Settlement

THE CITY OF PAINESVILLE, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
REAL AND PUBLIC UTILITY PROPERTY ONLY
LAST TEN YEARS

<u>Tax Year</u>	<u>Collection Year</u>	<u>Net Tax Levy (1)</u>	<u>Current Collections (1)</u>	<u>Percent of Current Tax Collections To Net Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Total Outstanding Delinquent Taxes</u>	<u>Percentage of Total Collections To Net Tax Levy</u>
1992	1993	\$403,739	\$370,036	91.65%	\$14,554	\$384,590	\$14,927	95.26%
1993	1994	377,614	370,411	98.09%	8,661	379,072	6,837	100.39%
1994	1995	414,039	401,722	97.03%	9,970	411,692	9,085	99.43%
1995	1996	411,805	400,846	97.34%	11,947	412,793	12,639	100.24%
1996	1997	419,690	405,958	96.73%	13,786	419,744	13,326	100.01%
1997	1998	473,491	456,579	96.43%	12,310	468,889	23,245	99.03%
1998	1999	482,028	460,701	95.58%	11,388	472,089	21,130	97.94%
1999	2000	552,863	531,055	96.06%	17,636	548,691	16,538	99.25%
2000	2001	611,662	589,199	96.33%	23,021	612,220	21,717	100.09%
2001	2002	632,217	598,964	94.74%	18,699	617,663	28,837	97.70%

Source: Lake County Auditor.

(1) Neither net tax levy nor collections include state reimbursements for property tax reductions of Rollback, 2.5% reduction or Homestead exemption.

THE CITY OF PAINESVILLE, OHIO
TANGIBLE PERSONAL PROPERTY TAX COLLECTED
LAST TEN YEARS

<u>Year Paid</u>	<u>Amount</u>
1993	\$81,349
1994	88,953
1995	91,006
1996	100,965
1997	116,768
1998	116,106
1999	120,171
2000	134,291
2001	123,870
2002	118,251

Uncollected as of 12/31/02 - \$16,890

Source: Lake County Auditor.

THE CITY OF PAINESVILLE, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

<u>Tax Year</u>	<u>Collection Year</u>	<u>Real Property (1)</u>	<u>Tangible Personal Property (2)</u>	<u>Total Assessed Valuations</u>
1992	1993	\$107,793,730	\$33,972,655	\$141,766,385
1993	1994	108,526,740	34,473,389	143,000,129
1994	1995	121,733,660	35,509,086	157,242,746
1995	1996	122,215,230	34,492,728	156,707,958
1996	1997	125,862,610	36,964,962	162,827,572
1997	1998	145,024,530	40,245,173	185,269,703
1998	1999	146,893,740	38,593,190	185,486,930
1999	2000	149,272,580	40,701,794	189,974,374
2000	2001	170,066,980	42,553,627	212,620,607
2001	2002	185,158,360	43,194,366	228,352,726

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

- (1) Includes public utility real property.
- (2) Includes public utility personal property.

Source: Lake County Auditor.

For real property the estimated true values for the last ten years are computed as follows:

<u>Tax Year</u>	<u>Collection Year</u>	<u>Estimated True Values</u>
1992	1993	\$307,982,086
1993	1994	310,076,400
1994	1995	347,810,457
1995	1996	349,186,371
1996	1997	359,607,457
1997	1998	414,355,800
1998	1999	419,696,400
1999	2000	426,493,086
2000	2001	485,905,657
2001	2002	529,023,886

THE CITY OF PAINESVILLE, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

<u>Collection Year</u>	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Fire Levv</u>	<u>Total City</u>	<u>County</u>	<u>School</u>	<u>Auburn Vocational</u>	<u>Lake County Financing District</u>	<u>Library</u>	<u>Total</u>
1993	2.10	0.30	0.30	0.30	0.70	3.70	13.90	65.98	1.50	4.90	0.60	90.58
1994	2.10	0.30	0.30	0.30	0.70	3.70	13.90	76.27	1.50	4.90	1.00	101.27
1995	2.10	0.30	0.30	0.30	0.70	3.70	14.00	75.04	1.50	4.90	1.00	100.14
1996	2.10	0.30	0.30	0.30	0.70	3.70	14.00	73.34	1.50	4.90	1.00	98.44
1997	2.10	0.30	0.30	0.30	0.70	3.70	14.00	73.09	1.50	4.90	1.00	98.19
1998	2.10	0.30	0.30	0.30	0.70	3.70	14.10	72.08	1.50	4.90	1.00	97.28
1999	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.18	1.50	4.90	1.00	103.98
2000	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.18	1.50	4.90	1.00	103.98
2001	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.15	1.50	4.90	1.00	103.95
2002	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.08	1.50	4.90	2.00	104.88

Sources: County Auditor, Lake County, Ohio.
County Treasurer, Lake County, Ohio.

THE CITY OF PAINESVILLE, OHIO
PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2002

<u>Taxpayer</u>	<u>Property Taxable Valuation</u>	<u>Percentage of Total Real Property Taxable Valuation</u>
1. Avery Adhesive Products	\$5,481,340	2.96%
2. Ohio Bell Telephone	3,599,020	1.94%
3. Liberty Self Stor II	2,101,700	1.14%
4. Consolidated Investment Corporation	2,059,870	1.11%
5. Bank One of Northeast Ohio	1,963,520	1.06%
6. Brentwood Phase 2	1,546,610	0.84%
7. Obron Atlantic Corporation	1,413,520	0.76%
8. Coe Manufacturing Company	1,397,800	0.75%
9. SAS Rubber Company	1,279,820	0.69%
10. Shamrock Business Center	1,105,770	0.60%
Sub-Total	<u>21,948,970</u>	<u>11.85%</u>
All Others	<u>163,209,390</u>	<u>88.15%</u>
Total	<u><u>\$185,158,360</u></u>	<u><u>100.00%</u></u>

Based on valuation of property taxes collected in 2002.

Source: Lake County Auditor.

THE CITY OF PAINESVILLE, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Current Delinquent</u>
1993	\$157,226	\$61,004	\$103,751
1994	166,604	47,793	91,627
1995	92,736	54,843	18,130
1996	96,792	70,280	8,076
1997	98,723	67,506	3,569
1998	92,860	61,649	12,729
1999	92,127	74,576	5,505
2000	93,832	53,923	47,131
2001	78,502	47,330	9,454
2002	88,679	53,258	6,884

Source: Lake County Auditor.

THE CITY OF PAINESVILLE, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1993	15,599 (a)	\$141,766,385	\$126,000	\$75,607	\$50,393	0.04%	\$3
1994	15,599 (a)	143,000,129	90,000	80,745	9,255	0.01%	0.59
1995	15,599 (a)	157,242,746	60,000	100,793	0	0.00%	0.00
1996	15,599 (a)	156,707,958	30,000	77,486	0	0.00%	0.00
1997	15,599 (a)	162,827,572	0	16,072	0	0.00%	0.00
1998	15,599 (a)	185,269,703	0	73,321	0	0.00%	0.00
1999	15,599 (a)	185,486,930	0	16,407	0	0.00%	0.00
2000	17,503 (b)	189,974,374	0	1,019	0	0.00%	0.00
2001	17,503 (b)	212,620,607	0	4,681	0	0.00%	0.00
2002	17,503 (b)	228,352,726	0	11,883	0	0.00%	0.00

- (1) (a) 1990 Population - U.S. Bureau of the Census.
(b) 2000 Population - U.S. Bureau of the Census.

(2) Lake County Auditor's Office. Values listed are for year of collections.

(3) General Obligation Bonded Debt supported by property taxes. Does not include General Obligation Debt payable from Enterprise Fund revenues or Special Assessments.

THE CITY OF PAINESVILLE, OHIO
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

<u>Year</u>	<u>Total Bonded Debt Service (1)</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Bonded Debt Service to Total General Governmental Expenditures</u>
1993	\$45,518	\$9,265,893	0.49%
1994	43,403	8,733,799	0.50%
1995	35,288	8,897,464	0.40%
1996	33,525	9,444,920	0.35%
1997	31,798	10,073,779	0.32%
1998	0	9,908,376	0.00%
1999	0	13,263,584	0.00%
2000	0	12,012,717	0.00%
2001	0	12,637,362	0.00%
2002	0	13,518,508	0.00%

(1) Principal and Interest on General Obligation Bonded Debt.
Does not include General Obligation Debt payable from
enterprise funds or special assessments.

THE CITY OF PAINESVILLE, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002

Total debt (principal amount of all outstanding bonds and notes)	\$17,276,847
Debt exempt from net indebtedness calculation:	
Special assessment bonds and notes	\$260,000
Self-supporting bonds and notes:	
Water system	6,822,000
Sewer system	760,000
Electric system	3,138,097
Mortgage revenue bonds:	
Electric system	2,595,000
Total exempt debt	<u>13,575,097</u>
Net indebtedness (voted and unvoted) subject to 10.5% debt limitation	<u><u>\$3,701,750</u></u>
Assessed valuation of City (2001 for 2002 collection)	<u><u>\$228,352,726</u></u>
Overall debt limitation- 10.5% of assessed valuation (maximum voted and unvoted general obligation debt allowed)	\$23,977,036
Voted and unvoted debt subject to 10.5% debt limitation	\$3,701,750
Less: Amount available in Debt Service Fund	(11,883)
Net voted and unvoted debt subject to 10.5% debt limitation	<u>3,689,867</u>
Legal debt margin within 10.5% limitation	<u><u>\$20,287,169</u></u>
Unvoted debt limitation - 5.5% of assessed valuation	\$12,559,400
Unvoted debt subject to 5.5% debt limitation	\$1,960,000
Less: Amount available in Debt Service Fund	(11,883)
Net unvoted debt subject to 5.5% limitation	<u>1,948,117</u>
Legal debt margin within 5.5% limitation	<u><u>\$10,611,283</u></u>

THE CITY OF PAINESVILLE, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2002

<u>Jurisdiction</u>	<u>Assessed Valuation (1)</u>	<u>Net General Tax Supported Debt (2)</u>	<u>Percent Overlapping</u>	<u>Net Tax Supported Overall Debt</u>
Direct				
City of Painesville	\$228,352,726	\$2,526,117	100.00%	\$2,526,117
Overlapping Subdivisions				
Painesville City Schools	220,587,905	1,000,000	100.00%	1,000,000
Painesville Township Schools	730,281,263	8,175,000	0.69%	56,408
Lake County	5,458,356,425	16,880,000	4.18%	705,584
			Subtotal	<u>1,761,992</u>
			Total	<u><u>\$4,288,109</u></u>

(1) Source: Lake County Auditor.

(2) Source: Lake County Auditor; Painesville City School Treasurer, includes general obligation notes payable, but does not include general obligation debt supported by Enterprise Revenue or Special Assessments.

THE CITY OF PAINESVILLE, OHIO
REVENUE BOND COVERAGE - WATER SYSTEM BONDS (1)
LAST TEN YEARS

<u>Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Annual Debt Service Requirement (4)</u>	<u>Coverage</u>
1993	\$2,998,444	\$3,031,545	(\$33,101)	\$131,788	0.00
1994	2,941,261	2,835,487	105,774	130,375	0.81
1995	3,237,427	2,563,034	674,393	133,625	5.05
1996	3,037,340	2,547,577	489,763	131,200	3.73
1997	3,304,648	3,003,316	301,332	133,438	2.26
1998	3,647,272	2,871,823	775,449	0	0.00
1999	3,581,363	3,348,975	232,388	0	0.00
2000	3,378,045	3,129,235	248,810	0	0.00
2001	3,553,382	2,812,411	740,971	0	0.00
2002	4,376,326	3,393,934	982,392	0	0.00

(1) The Waterworks system 1st Mortgage Revenue Bonds were issued in 1972, in the amount of \$1,600,000.

(2) Gross revenues include operating revenues plus interest income.

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

(4) Annual debt service requirements include principal and interest on revenue bonds only.
It does not include the general obligation bonds reported in the Water Revenue Fund.

THE CITY OF PAINESVILLE, OHIO
REVENUE BOND COVERAGE - ELECTRIC SYSTEM BONDS (1)
LAST TEN YEARS

<u>Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Annual Debt Service Requirement (4)</u>	<u>Coverage</u>
1993	\$13,628,367	\$11,444,142	\$2,184,225	\$711,427	3.07
1994	14,110,342	11,604,607	2,505,735	746,445	3.36
1995	14,630,288	12,118,293	2,511,995	752,245	3.34
1996	14,203,659	11,688,137	2,515,522	744,780	3.38
1997	13,792,894	13,088,809	704,085	749,645	0.94
1998	14,440,100	12,393,936	2,046,164	749,620	2.73
1999	16,247,338	13,047,575	3,199,763	747,533	4.28
2000	15,407,695	13,783,257	1,624,438	753,768	2.16
2001	17,324,667	14,242,983	3,081,684	747,503	4.12
2002	19,609,552	15,402,889	4,206,663	749,415	5.61

(1) The \$4,540,000 balance of the 1st Mortgage Revenue bonds-6th and 7th Series were defeased in December, 1985, by the issuance of \$3,400,000 Special Obligation Electric system Refunding Bonds. The bond proceeds were deposited in an escrow account with the City's trustee, and the principal and interest on these funds will be sufficient to retire both the defeased debt and the Special Obligation debt, thus the Special Obligation Bond debt is not included in the annual debt service requirements above. The City also issued \$7,490,000 Electric system Mortgage Revenue bonds, Series 1985, which debt service requirements are included above. In 1992, the City defeased \$5,090,000 of the 1985 Bonds through the issuance of \$6,000,000 of Electric System Mortgage Revenue Refunding Bonds.

(2) Gross revenues include operating revenues plus interest income.

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

(4) Annual debt service requirements include principal and interest on revenue bonds only. It does not include the general obligation bonds reported in the Electric Revenue Fund.

THE CITY OF PAINESVILLE, OHIO
REVENUE BOND COVERAGE - OFF-STREET PARKING FACILITY BONDS (1)
LAST TEN YEARS

<u>Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Annual Debt Service Requirement (4)</u>	<u>Coverage</u>
1993	\$145,137 (5)	\$271,680	(\$126,543)	\$137,050	0.00
1994	147,567 (5)	174,132	(26,565)	131,450	0.00
1995	131,825 (5)	170,700	(38,875)	125,850	0.00
1996	103,188 (5)	237,539	(134,351)	120,250	0.00
1997	76,778 (5)	210,238	(133,460)	114,650	0.00
1998	72,036 (5)	143,925	(71,889)	109,296	0.00
1999	70,676 (5)	164,240	(93,564)	103,450	0.00
2000	81,369 (5)	177,957	(96,588)	101,378	0.00
2001	89,722 (5)	182,889	(93,167)	8,924	0.00
2002	100,535 (5)	177,654	(77,119)	178,032	0.00

(1) The Off-Street Parking Facility 1st Mortgage Revenue bonds were issued in 1973, in the amount of \$1,600,000.

(2) Gross revenues include operating revenues plus interest income.

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

(4) Annual debt service requirements include principal and interest on revenue bonds only.

(5) The 1993 gross revenues do not reflect a \$240,000 transfer from General Fund. The 1994 gross revenues do not reflect a \$180,000 transfer from the General Fund. The 1995 gross revenues do not reflect a \$180,000 transfer from the General Fund. The 1996 gross revenues do not reflect a \$265,000 transfer from the General Fund. The 1997 gross revenues do not reflect a \$240,000 transfer from the General Fund. The 1998 gross revenues do not reflect a \$145,000 transfer from the General Fund. Gross revenues for 1999 do not reflect a \$150,000 transfer from General Fund. Gross revenues for 2000 do not reflect a \$215,000 transfer from the General Fund. Gross revenues for 2001 do not reflect a \$225,000 transfer from the General Fund. Gross revenues for 2002 do not reflect a \$255,000 transfer from the General Fund.

THE CITY OF PAINESVILLE, OHIO
SYNOPSIS OF INSURANCE
DECEMBER 31, 2002

<u>Coverage</u>	<u>Carrier</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Liability Limits Aggregate</u>	<u>Deductible</u>	<u>Annual Premium</u>
Public Employee Dishonesty Forgery	Cincinnati Insurance Company	B-80-390582	09/15/02-09/15/03	\$75,000	\$0	\$2,047
Law Enforcement Professional Liability	Zito/United National	LPL0000743	09/15/02-09/15/03	5,000,000	5000	41,709
Public Officials Liability - Primary	Zito/United National	LP00002137	09/15/02-09/15/03	1,000,000	15000	22,099
Public Officials Liability - Excess	Zito/United National	LP00002137	09/15/02-09/15/03	100,000	5000	
Comprehensive General Liability:	Cincinnati Insurance Company	CPP662772	09/15/02-09/15/03			150,290
Blanket and Property				117,375,846	1000	
Earthquake				Included above	2%	
Watercrafts				Included above	100	
Valued Papers				100,000	0	
Accounts Receivable				250,000	0	
Employed Benefit				100,000	0	
Ohio Employers Intentional Tort Liability	Cincinnati Insurance Company	CPP662772	09/15/02-09/15/03	500,000	0	5,200
Commercial Umbrella Liability	Cincinnati Insurance Company	CCC4448697	09/15/02-09/15/03	10,000,000	0	55,976
Boiler and Machinery:	Cincinnati Insurance Company	CCP0662772	09/15/02-09/15/03			53,912
Electric Plant				30,000,000	50000	
City Hall				1,000,000	5000	
Other Locations				2,000,000	5000	
Automobile Coverage	Cincinnati Insurance Company	CPP0662772	09/15/02-09/15/03	1,000,000	250	Included above
Emergency Service Management Liability	AAIC	VFIS-CL-0001228-6	09/15/02-09/15/03	1,000,000	0	2,841
Commercial General Liability (Fire)	AAIC	VFIS-CL-0001228-6	09/15/02-09/15/03	1,000,000	0	2,408
Commercial Umbrella	AAIC	VFIS-CU-5005986-2	09/15/02-09/15/03	5,000,000	0	<u>2,560</u>
					Total Premium	<u><u>\$339,042</u></u>

Source: City Finance Department

THE CITY OF PAINESVILLE, OHIO
DEMOGRAPHIC STATISTICS
DECEMBER 31, 2002

Year	Income		Housing Units		
	Median Family	Per Capita	Total	Owner Occupied	Percent of Total
1960	\$6,805	\$0	4,965	3,155	63.54%
1970	10,178	3,128	5,498	3,029	55.09%
1980	19,068	6,700	6,509	3,439	52.83%
1990	29,279	11,254	6,424	3,597	55.99%
2000	34,842	15,391	6,525	3,402	52.14%

Sources: U.S. Bureau of the Census

Sources: The City of Painesville Economic Development Department

Population

The population of the City, Lake County, and the Cleveland Primary Metropolitan Statistical Area (PMSA) (which is comprised of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina Counties) for each decade from 1940 to 2000 is as follows:

Year	City	County	PMSA
1940	12,235	50,020	1,319,734
1950	14,432	75,979	1,532,574
1960	16,116	148,700	1,909,483
1970	16,536	197,200	2,063,729
1980	16,391	212,801	1,898,825
1990	15,599	215,499	2,202,069
2000	17,503	227,511	2,250,871

Employment

The following table compares estimated employment statistics for Lake County and the Cleveland-Lorain-Elyria PMSA including comparisons with unemployment rates for the State of Ohio and the United States.

Year	Employed		Unemployed		Unemployment Rate			
	County	PMSA	County	PMSA	County	PMSA	Ohio	U.S.
1992	108,500	869,100	8,400	63,100	7.2%	6.8%	7.2%	7.4%
1993	111,600	821,500	8,200	60,100	6.9%	6.9%	6.5%	6.8%
1994	114,300	1,022,800	6,800	62,800	5.6%	5.8%	5.5%	6.1%
1995	117,900	1,021,700	5,300	49,500	4.3%	4.5%	4.8%	5.6%
1996	117,800	1,041,300	5,500	54,000	4.4%	4.7%	4.9%	5.4%
1997	118,100	1,132,800	4,900	50,400	4.0%	4.4%	4.6%	4.9%
1998	121,500	1,091,800	4,500	44,900	3.6%	3.8%	4.3%	4.5%
1999	119,400	1,127,300	5,800	61,500	4.0%	4.2%	4.3%	4.2%
2000	121,800	1,058,402	5,600	58,772	3.5%	5.3%	3.7%	4.0%
2001	119,400	1,049,800	8,000	73,300	5.0%	6.5%	4.5%	5.4%

Sources: Ohio Bureau of Employment Services.

Sources: U.S. Department of Labor, Bureau of Statistics

THE CITY OF PAINESVILLE, OHIO
PROPERTY VALUES AND CONSTRUCTION PERMITS
LAST TEN YEARS

<u>Year</u>	<u>Building Permits Issued (2)</u>		<u>Assessed</u>
	<u>Number of</u>	<u>Property</u>	<u>Value Real and</u>
	<u>Permits</u>	<u>Value</u>	<u>Personal Property (1)</u>
1993	193	\$6,275,553	\$141,766,385
1994	293	9,315,465	143,000,129
1995	374	18,055,918	157,242,746
1996	532	14,595,599	156,707,958
1997	517	6,851,484	162,827,572
1998	412	15,497,310	185,269,703
1999	382	14,617,351	185,486,930
2000	432	11,530,314	189,974,374
2001	507	12,502,762	212,620,607
2002	417	4,364,756	228,352,726

Sources:

- (1) Lake County Auditor. Value listed for year of collection.
- (2) City Code Enforcement Division.

THE CITY OF PAINESVILLE, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2002

The following private and public employers have the ten largest work forces within the City:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>		
		<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
County of Lake	Government	1,063	116	1,179
Lake Hospital System	Medical-Patient Care	517	301	818
Fasson Division/ Avery International Corporation	Manufacturing	611	0	611
Painesville City Schools	Education	361	32	393
The City of Painesville	Government	283	16	299
Core Systems	Manufacturing	222	0	222
Lake Erie College	Education	100	76	176
Ohio Association Enterprises	Commercial	142	0	142
SAS Rubber Division Mohawk Rubber Company	Manufacturing	134	0	134
Coe Manufacturing Company	Manufacturing	114	0	114

Source: City Department of Finance.

THE CITY OF PAINESVILLE, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

Date of Incorporation	1832	Water System:	
Form of Government	Council/Manager	Number of Purification Plants	1
Area (square miles)	6.69	Miles of Water Mains	108.1
Number of Employees (excluding Police and Fire)		Number of Fire Hydrants	1,230
Full-time	225	Number of Service Connections	8,694
Part-time	15	Average Daily Consumption (gallons)	3,589,000
		Maximum Daily Capacity of Plant (gallons)	7,500,000
Facilities and Services:		Sewerage System:	
Miles of Streets	57	Number of Treatment Plants	1
Number of Street Lights	1,402	Miles of Sanitary Sewers	48
		Miles of Storm Sewers	37
Municipal Court:		Number of Service Connections	5,699
Cases Filed:		Average Daily Treatment (gallons)	265,000
Civil	1,983	Design Capacity (gallons)	6,000,000
Criminal	4,025	Maximum Daily Capacity of Treatment (gallons)	15,000
Traffic Tickets Filed	15,605		
		Electric System:	
Police Services:		Number of Generating Plants	1
Number of Stations	1	Number of Interconnections	1
Number of Police Personnel and Officers	49	Plant Generating Capacity in Megawatts	53.5
Number of Patrol Units	17	Miles of Line	175
Law Violations:		Number of Service Connections	10,957
Physical arrests	1,008	Average Daily Generation in Kilowatt Hours	489,044
Traffic Violations	2,562	Peak Load in Kilowatts - 2000	52,300
Parking Violations	2,711		
		Parking Facilities:	
Fire/Emergency Medical Services:		Off-Street Parking Garages	1
Number of Stations	1	Parking Levels	7
Number of Officers and Fire Personnel	26	Parking Spaces	552
Number of Calls Answered	3,040	Average Daily Cars Parked	304
Number of Inspections	664	Off-Street Surface Parking Lots (Leased)	2
		Parking Spaces	167
		On-Street Parking Meters	172
Recreation and Culture:		Education:	
Community Centers	1	Elementary Schools	4
Number of Parks	9	Elementary School Students	1,465
Park Acreage	95.60	Elementary School Instructors	95
Number of Ball Fields:		Middle Schools	1
Lighted	1	Middle School Students	589
Unlighted	10	Middle School Instructors	47
Soccer Fields	1	High Schools	1
Basketball Courts	2	High School Students	691
Tennis Courts	2		



**Auditor of State
Betty Montgomery**

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CITY OF PAINESVILLE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 23, 2003**