



**CITY OF HIGHLAND HEIGHTS  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



CITY OF HIGHLAND HEIGHTS  
CUYAHOGA COUNTY

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

City of Highland Heights  
Cuyahoga County  
5827 Highland Road  
Highland Heights, Ohio 44143

We have audited the financial statements of the City of Highland Heights, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated May 28, 2002, in which we noted the City adopted Governmental Accounting Statement Nos. 33 and 36. 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 May 28, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 28, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 28, 2002

CITY OF  
HIGHLAND  
HEIGHTS  
OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001



# INTRODUCTORY SECTION

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# CITY OF HIGHLAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 2001

ISSUED BY: MARY A. KOVALCHIK  
FINANCE DIRECTOR

CITY OF HIGHLAND HEIGHTS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2001

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# CITY OF HIGHLAND HEIGHTS

5827 HIGHLAND ROAD • HIGHLAND HEIGHTS, OHIO 44143 • 440/461-2440

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May 28, 2002

Honorable Mayor Francine G. Hogg  
Members of City Council and  
the Citizens of the City of Highland Heights, Ohio

The Finance Department of the City of Highland Heights (the "City") has prepared this Comprehensive Annual Financial Report (CAFR) which includes all funds and financial transactions for the year ended December 31, 2001 as well as selected historical data. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

1. The Introductory Section includes this transmittal letter, the City's organizational chart, a list of principal officials, and a copy of the GFOA Certificate of Achievement.
2. The Financial Section includes the general purpose financial statements, including explanatory notes that support a more detailed overview of the City's financial position and result of operation and the combining and individual fund and account group financial statements and schedules, as well as the Independent Accountants' Report on the general purpose financial statements and schedules.
3. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Highland Heights is primarily a residential community with several industrial parks.

The residential growth of the City is continuing at a strong rate. During 2001, 48 new house construction permits were issued at a total estimated valuation of \$17,637,000. Table S15 shows the number of new houses started during the past ten years. There were three construction permits issued for non-residential construction during 2001, with a total estimated value of \$3,090,000. Table S15 shows that in 2001 18 condominium units were constructed with a total value of \$2,280,000. Table S15 shows the number of non-residential construction units started over the past ten years.

The industrial base of the City continues to maintain its strength in three different industrial park areas with the potential of a fourth. In the southeast corner of the City, Alpha Drive, which is located near the interchange of Wilson Mills Road and Interstate 271, includes the following corporations: Progressive Insurance, CCP Industries, and Jet, Inc. This area expanded nine years ago to accommodate expansion of the new industry. The second industrial park, Avion Park, is located in the northwest corner of the City near the interchange of Bishop Road and Interstate 90. The third industrial park is the Aberdeen Business Park, which consists of forty-seven acres and is in the process of being developed on the east side of Bishop Road across from Avion Park. The infrastructure for the Aberdeen Business Park is completed and three of the proposed twelve sub-lots are available for immediate development.

Approximately six property owners have been attempting to consolidate twenty-two primarily vacant acres into a fourth industrial park. This land was rezoned from residential to industrial in March 1996. Three owner-occupied residences and two rental homes are presently on this property. The property is located on Bishop Road directly north of the U.P.S. main distribution facility. To the north it is bound by the Airport Greens Golf Course, to the east by the Aberdeen Golf Course, and directly west across Bishop Road from the Cuyahoga County Regional Airport.

Marconi Medical Systems, Inc., a maker of medical technology products, employs approximately 1,500 people in Highland Heights. Marconi has completed a major remodeling of its Highland Heights facility since 1993. The most recent addition to this facility is the construction of a two-story 157,000 square foot marketing and services building at a cost of \$18,000,000. In July of 2001 Marconi Medical Systems was sold to Royal Philips Electronics of the Netherlands. Highland Heights expects Philips to continue full operations in the City and to make additional real property investments in the Highland Heights facilities.

Progressive Casualty Insurance Company, the fourth largest auto insurer in the country, has invested over \$22,800,000 in real property improvements in its various Highland Heights buildings since 1996. Progressive employs approximately 1,350 employees in Highland Heights.

Nationwide Credit Services (Cowan Diversified Development), the largest lien protection company in the United States, built a new \$1,100,000 office building and relocated its corporate headquarters to Highland Heights in 1996. As a result of that project, NCS brought 35 employees to the City with a payroll of \$2,000,000. The company is currently in the process of constructing an 18,000 to 27,000 square foot addition to their original 18,000 square foot building. NCS has committed to add \$750,000 in new payroll within 3 years after the project is complete.

Eighth Day Sound Systems, one of the largest sound reinforcement companies in the United States, completed construction of a new 28,000 square foot building on Avion. This company relocated 17 employees with approximately \$835,000 in payroll to Highland Heights and is anticipating adding approximately \$286,000 in new payroll.

As of December 31, 2001, the City has eight active Enterprise Zone agreements with the following companies: Philips Medical Systems, Heiland Electronics, Cyberex, Norman Noble, Radio Parts Company, Masco Machine, and Eighth Day Sound Systems. The Tax Incentive Review Council found all of these companies to be in compliance with their respective Enterprise Zone agreements except Cyberex, which experienced a significant decline in its business during 2001. As of December 31, 2001, these companies have created 1,031 new jobs in the City.

Over the period 1995 through 2001, the City approved 14 Community Reinvestment Area agreements with Nook Industries, Philips Medical Systems, Inc., formerly Marconi Medical Systems, Shelburne Realty, Cowan Diversified Development, Progressive Insurance, CCP Industries, Heiland Electronics, and Eighth Day Sound Systems. All of these agreements are either in the Avion or Alpha CRA areas. The total real property investment made by these companies and subject to tax exemption is \$61,144,495.

The City is required to share revenue with the Mayfield City School District when the annual payroll from new jobs exceeds \$1,000,000 for any company receiving tax abatement under the City's Enterprise Zone Program or Community Reinvestment Area Program. A total amount of \$90,000 was paid to the School District in 2001.

In December 1994 construction started on a \$277,000,000 golf course-residential community called Aberdeen Development. This project is being built on approximately 400 acres of undeveloped land located in the northwest section of the City. When completed, it will have approximately 880 units out of a potential total of 1,100 units, at an average price of \$350,000. The developer of the project also is the owner of Aberdeen Business Park, which is located on forty-seven acres adjacent to the project on Bishop Road. Additionally, in 2001 a new housing development called Maypine Farms Estates began the first phase of development. It is anticipated that there will be 53 single-family units in this development. These parcels will have a minimum area of 33,000 square feet with minimum frontage of 125 feet. The City is currently estimating home prices in the development to be in the \$800,000 to \$1,000,000 + range.

The City entered into a Tax Increment Financing agreement with Aberdeen Limited Liability Company in 1994 for the construction of the StoneWater Golf Club. StoneWater, a championship 18-hole golf course, was constructed for approximately \$7,000,000 within the Aberdeen Development. The StoneWater Clubhouse was near completion at the end of 2001. The TIF Agreement has no job creation requirement, however for 2001 the Club employed 47 full time and seasonal individuals.

## **MAJOR INITIATIVES**

The City of Highland Heights continued to maintain its strong financial reserves during 2001. The City's general fund unencumbered cash reserves at year end were \$3,019,000. This represents 33.2 percent of general fund expenditures.

The City continued its annual street repair, resurface, and maintenance programs at no extra cost to the residents. The total spent in 2001 was \$225,322. Additionally, the City reconstructed three of its roadways: Davidson, Travis, and Williamsburg, at a total cost of \$827,855. As part of the street maintenance program the City purchased an Elgin GeoVac Street Sweeper Basin Cleaner at a cost of \$132,242 in an effort to maintain existing roadway drainage systems. Combined with this effort the City expended funds in excess of \$51,500 for the construction of an onsite dewatering pad necessary for the water evacuation of the catch basin debris prior to releasing the debris to landfill sites.

In 2001 several vehicles for the Police Department (4), the Service Department (1), and Administration (1) were purchased by the City at a total cost of \$101,274.

A steady plan for park improvements continued in 2001. After the purchase of 5.5 acres for \$68,750 in 1992, the current park site totaled 52 acres. The City purchased an additional 12.5 acres in 1995 for \$301,000. Approximately 10 more acres was purchased in 1999 for approximately \$276,000. In 2001, the City acquired an additional acre of land for municipal park land purposes for \$135,000. The land is adjacent to the City owned park and is essential to the future improvement and safety modifications to both the park's ingress and egress. The balance in the ParkLand Acquisition Fund as of December 31, 2001 was \$13,039. Furthermore, the City contracted the construction of a 768 square foot storage facility to house park maintenance equipment and remodel the existing building into an ADA compliant restroom. Together these two improvements on the park land cost \$138,604.

The City administration continues to develop and implement their Street Tree Planting Program in various parts of the City.

The City approved a Master Plan in April 1996. This plan plots the City's direction and includes demographics, a land use inventory, infrastructure and zoning analysis, assesses commercial and industrial development, and projects the future of the City's capital improvement plans and the financing for those plans. This plan took over one and one half years to complete and was prepared by the Cuyahoga County Planning Commission with the help of all City officials and community volunteers. The Master Plan and Capital Improvement Plan Committee met in September 2001 for the purpose of performing the annual review of the Master Plan. The Committee updated the list of streets, which need to be reconstructed or resurfaced. They identified and prioritized seven City streets for reconstruction over the next five years. The streets are Lander (extension), Strumbly Drive, Roy Road, Esther Road, Renee Road, Ransome Road, and Woodside Road. The cost to reconstruct these streets in 2000 was estimated (without inflationary factors) at \$3,783,450.

In addition, the Master Plan and Capital Improvement Plan Committee reviewed major equipment and renovation initiatives for the Police, Service, and Fire departments, as well as the Municipal Complex. A complete roof reconstruction and gutter replacement project began in 2001 and is targeted for completion in the late spring of 2002. The project encompasses the entire municipal complex which houses the Police, Fire, Service, and Administrative departments and is determined to cost \$396,410. Improvements to the municipal complex in focus, landscaping and stamped concrete improvements were made in 2001 for a total cost over \$55,000. Nearing the end of the year, the Police Department began a total renovation and upgrading of the Police and Fire Dispatch Center with a total cost in excess of \$200,000. Completion of the Dispatch Center renovation is projected in the late summer of 2002.

In 2000, the City completed a major sanitary/storm sewer flooding remediation project which started in 1996. Additionally, in 1996 the City began a three phased project to install sanitary sewers throughout the City. This project encompassed the Highland Road sanitary sewer, the Bishop/Miner sanitary sewer, as well as Ransome, Woodside, Lander, Esther, Renee, Roy, and Strumbly Drives. The last seven sanitary sewer lines in the City that were previously serviced by on-site septic systems were started in 2000 and completed in 2001. Additionally, the Millridge Water Main was replaced by the City. The City received four grants from the Ohio Public Works Commission (OPWC) for 40 percent of the projects and 0 percent loans for twenty years for the remaining costs. The OPWC loans against these projects total \$3,432,908.

## **FINANCIAL INFORMATION**

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

### **Budgetary Controls**

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. With the assistance of the Finance Director, the Mayor is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, of the City for the next succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. The Finance Director submits to Council an appropriation ordinance, based on the tax budget, for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper, within ninety days of the beginning of the fiscal year covered by such ordinance.

The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, contractual services, supplies and materials, capital outlay, debt service, and operating transfers.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Mayor for approval and submitted to the Finance Office for the preparation of a purchase order and certification. The purchase order is reviewed for certification of the availability of funds, and the estimated expenditure is encumbered against the available appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of a department's appropriations at any time during the year.

During the year, the accounting records are maintained on a cash basis for all fund types. To prepare this report, adjusting entries are prepared for the various funds to convert the cash basis records to modified accrual for all governmental and fiduciary fund types. The modified accrual basis of accounting requires that revenues be recognized when both measurable and available. Expenditures are recorded as liabilities when incurred, except for principal and interest on general and special assessment long term debt, which are recognized when due. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the General Purpose Financial Statements located in the Financial Section of this report.

## General Government Functions

The following schedule represents a summary of all governmental funds (including expendable trust funds) revenues for the fiscal year ended December 31, 2001 and the amounts and percentages of increases and decreases in relation to prior year revenues.

	2000 Amount <u>as Restated</u>	2001 Amount	Percent of Total	Increase (Decrease)	Percent of Change
<b><u>Revenues</u></b>					
Taxes	\$ 7,860,974	\$ 7,475,176	68.00%	\$ (385,798)	(4.91)%
Intergovernmental Revenue	1,816,462	1,055,989	10.00%	(760,473)	(41.87)%
Special Assessments	625,182	1,077,360	10.00%	452,178	72.33 %
Charges for Services	327,437	302,200	3.00%	(25,237)	(7.71)%
Fines, Licenses and Permits	432,950	540,114	5.00%	107,164	24.75 %
Interest	661,766	192,423	2.00%	(469,343)	(70.92)%
Miscellaneous	238,292	271,574	2.00%	33,282	13.97 %
<b>Total Revenues</b>	<u>\$ 11,963,063</u>	<u>\$ 10,914,836</u>	<u>100.00%</u>	<u>\$(1,048,227)</u>	

The following schedule presents a summary of general governmental (including expendable trust funds) expenditures for the fiscal year ended December 31, 2001 and the percentages of increases and decreases in relation to prior year amounts.

	2000 Amount <u>as Restated</u>	2001 Amount	Percent of Total	Increase (Decrease)	Percent of Change
<b><u>Expenditures</u></b>					
Security of Persons and Property	\$ 3,754,647	\$ 4,228,354	33.00%	\$ 473,707	12.62 %
Public Health	13,510	0	0.00%	(13,510)	(100.00)%
Leisure Time Activities	587,632	615,521	5.00%	27,889	4.75 %
Community Development	225,863	254,237	2.00%	28,374	12.56 %
Public Works	954,544	1,117,708	9.00%	163,164	17.09 %
Transportation	526,122	453,417	3.00%	(72,705)	(13.82)%
General Government	1,101,501	1,753,386	14.00%	651,885	59.18 %
Capital Outlay	2,918,878	2,548,761	20.00%	(370,117)	(12.68)%
Debt Service:					
Principal Retirement	497,262	843,325	7.00%	346,063	69.59 %
Interest and Fiscal Charges	957,512	835,811	7.00%	(121,701)	(12.71)%
<b>Total Expenditures</b>	<u>\$ 11,537,471</u>	<u>\$ 12,650,520</u>	<u>100.00%</u>	<u>\$ 1,113,049</u>	

## **Comments to Significant Changes**

### **Revenue**

1. Intergovernmental revenue - due to implementation of GASB 33, prior year fund balances were restated for non-exchange transactions involving financial or capital resources. In addition, during 2001 intergovernmental revenue decreased primarily due to a decline in grants revenue.
2. Special assessments increased over the prior year due to the addition of new assessments certified to the County Auditor.
3. Fines, Licenses, and Permits increased over the prior year due mainly to revenues strengthened by a state grant awarded for enforcement of hazardous traffic violations.
4. Interest revenue declined in direct relationship to the prior years maturing short term investments that renewed during a span of eleven interest rate cuts and a decline in investment spending.

### **Expenditures**

1. Security of Persons and Property increased as a result of personnel transitions and additions. In 2001, three additional firefighters/paramedics were added to the Fire Department and a communications specialist position was added in the Police Department.
2. Public Works expenditures increased mainly because of increases to all basic utility services as well as the utilities associated with the addition of new miles of infrastructure in the City.
3. General Government expenditures increased as a consequence of rising professional and consulting fees, revenue sharing, as well as all other costs associated with the expansion of both commercial and residential developments.
4. A decline in Capital Outlay was due to the completion and the percentage of partially completed projects from the 2000 Strategic Capital Improvement Plan.
5. Debt Service principal payments increased due to an influx of new debt as well as rising principal payment portions on aging existing debts. Adversely, interest payments on remaining debt portions declined.

## **General Fund Balance**

General Fund revenues and other sources decreased by \$172,683, which represented a decrease of 2.21 percent from the prior year.

## **Special Revenue Funds**

The special revenue funds are used to account for certain revenue sources, which are restricted by law or other formal action to expenditures for specific purposes. All special revenue funds are subject to an annual budget. The special revenue funds include the Street Construction Maintenance and Repair Fund, Parks and Recreation Fund, Street Lighting Fund, FEMA Assistance Fund, Law Enforcement Trust Fund, Grants Fund, Drug Law Enforcement Fund, Enforcement and Education Fund, U.S. Department of Justice Fund, Juvenile Diversion Fund, Police Pension Fund, and Fire Pension Fund.

## **Capital Projects Funds**

The capital projects funds account for all major capital improvement projects of the City. The capital project funds include the Capital Improvement Fund, Alpha Drive Fund, Issue No. 2 Projects Fund, and Park and Recreation Improvement Fund. The capital improvement fund receives revenue from the interest earnings on its investments, inheritance tax, and state and local government entities.

## **Debt Service Funds**

The City's debt is administered through the debt service funds which consist of the General Obligation Bond Retirement fund and the Special Assessments Bond Retirement fund. The City has an Aa3 Bond rating from Moody's Investors Service.

Under the Charter, the City can levy up to 12.0 mills for debt service. For 2000, no mills were levied for general obligation of debt service. The money is levied into the general fund and transferred as needed during the year. Also, in 2001, \$659,926 of City income and admission tax revenues were used for debt service.

## **Cash Management**

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains a conservative cash management program. Major considerations are cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in sweep accounts maintained at the City approved depository banks, or federal agencies for the capital improvement fund or other securities authorized by state statutes. \$40,686 of interest revenue is recorded in the general fund and \$151,737 in the capital improvement fund in accordance with City ordinances and Council intentions.

## **The Reporting Entity**

The City is segmented into many different departments. Among these are a police department, fire department, service department, building department, parks and recreation system, administration and finance department, all of which are controlled by the City council through the budgetary process and the Mayor through administrative and managerial requirements. All of these departments are included in the primary government.

As described in Note 1 of the Notes to the General Purpose Financial Statements, there are requirements to include certain entities that are within the City in the financial statements as “component units.” See Note 1 for the definition of component unit.

The Mayfield City School District has been excluded from the financial statements due to the fact that we are not financially accountable for this entity, nor do we have an ongoing financial interest or responsibility to the District.

## **Risk Management**

The City is a member of the Northern Ohio Risk Management Agency (NORMA). Various risk control techniques have been implemented to minimize potential losses. The goal of NORMA is to minimize loss potential in all areas of the City's operations, while delivering services in the most cost efficient manner possible. For the year ended December 31, 2001, the City paid premiums to NORMA of \$32,669.

## **OTHER INFORMATION**

### **Independent Audit**

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

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Heights for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Highland Heights has received a Certificate of Achievement for the last eleven years. We believe our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

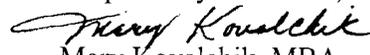
## **Acknowledgments**

Appreciation and gratitude go to Mayor Francine G. Hogg for her enthusiastic support for preparing a Comprehensive Annual Financial report. In addition, appreciation is also extended to members of Council for their support and commitment to responsible fiscal reporting. Also, we would like to thank the employees in the Department of Finance and the employees of the accounting firm of James G. Zupka, CPA, Inc. for their assistance in the preparation of the Comprehensive Annual Financial Report.

## **Postscript**

The employees of the City of Highland Heights are proud of the community in which we work and live. We pledge our continued dedication to providing the highest possible level of service to the citizens of the City, and we commit ourselves to enhancing the quality of life which our residents have come to expect and enjoy.

Respectfully submitted,



Mary Kovalchik, MBA

Director of Finance (as of 3/1/01)

**CITY OF HIGHLAND HEIGHTS, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**ELECTED OFFICIALS**

**Mayor**

Francine G. Hogg

**Council**

Patricia L. Divoky

Michael B. Granito

John Nawarskas

Scott Coleman – President

Edwin V. Hargate

Virginia Swanson

Gary Fatica

**APPOINTED OFFICIALS**

**Director of Law**

Tim Paluf

**Prosecutor**

Daniel W. Taylor

**Director of Finance**

Mary Kovalchik

**Police Chief**

James J. Cook

**Fire Chief**

Edward S. Bencin

**Service Director**

Thomas Evans

**Building Commissioner**

Thomas F. Jamieson

**City Engineer**

Stephen J. Hovancsek

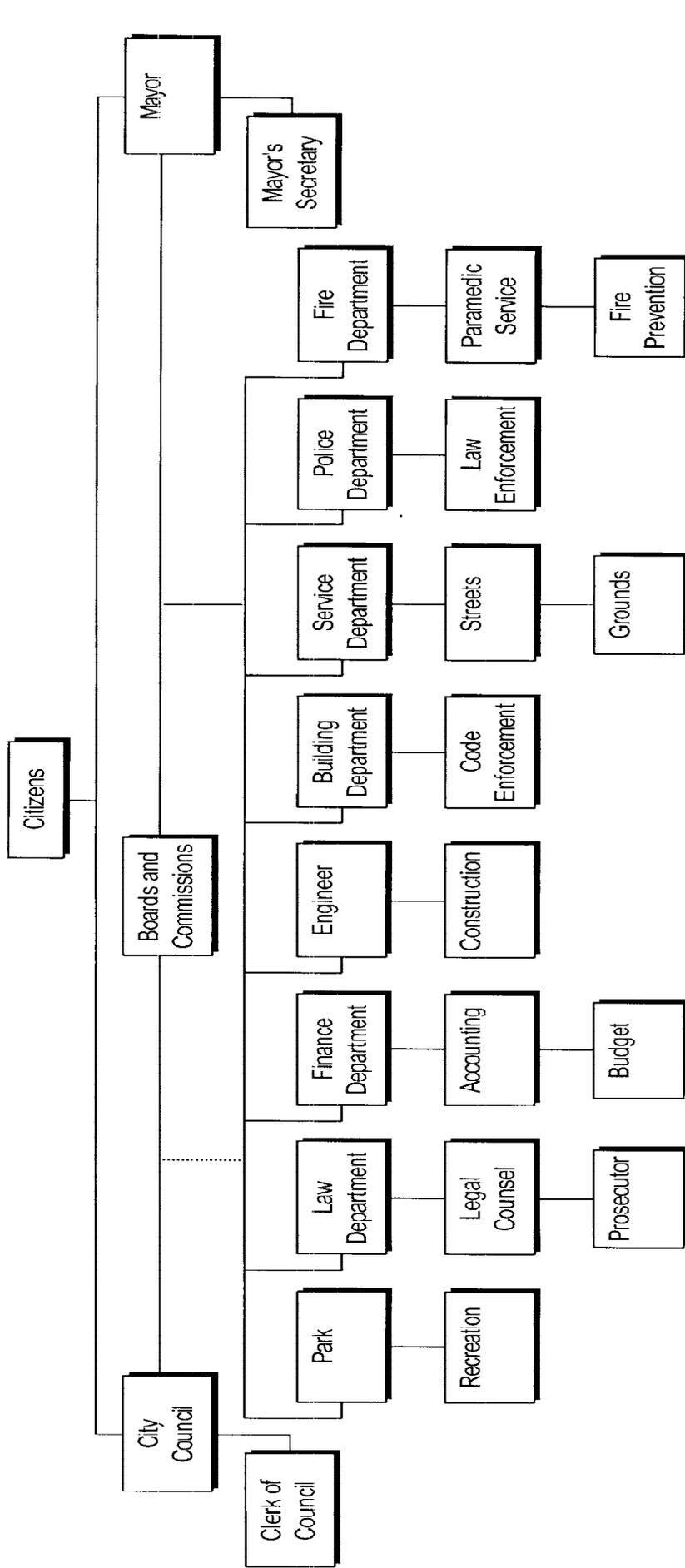
**Clerk of Council**

Jean A. Buchak

# CITY OF HIGHLAND HEIGHTS, OHIO

## ORGANIZATIONAL CHART

DECEMBER 31, 2001



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Highland Heights,  
Ohio

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

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



*Timothy A. Brewer*  
President

*Jeffrey L. Esser*  
Executive Director

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# FINANCIAL SECTION

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building  
615 Superior Avenue, NW.  
Twelfth Floor  
Cleveland, Ohio 44113-1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

City of Highland Heights  
Cuyahoga County  
5827 Highland Road  
Highland Heights, Ohio 44143

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

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

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

As described in Note 3, during the year ended December 31, 2001, the City adopted Governmental Accounting Standards Board Statement, Nos. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information 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 data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

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

**Jim Petro**  
Auditor of State

May 28, 2002

**CITY OF HIGHLAND HEIGHTS, OHIO  
GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 3,244,046	\$ 776,228	\$ 1,757,496	\$ 3,276,536
Receivables (Net of Allowance for Uncollectibles):				
Taxes	1,878,078	481,687	128,605	0
Accounts	19,155	150	0	0
Intergovernmental	192,023	128,697	0	13,619
Special Assessments	1,056,901	2,350,867	8,715,775	0
Accrued Interest	0	0	0	0
Interfund Receivable	114,800	0	0	0
Prepaid Items	67,334	0	0	0
Inventory of Supplies	20,052	36,542	0	0
Fixed Assets:				
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
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
Amount to be Provided for Retirement of Special Assessments	0	0	0	0
<b>Total Assets</b>	<u>\$ 6,592,389</u>	<u>\$ 3,774,171</u>	<u>\$10,601,876</u>	<u>\$ 3,290,155</u>

Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	2001	As Restated 2000
\$ 580,010	\$ 0	\$ 0	\$ 9,634,316	\$ 8,261,275
0	0	0	2,488,370	2,345,348
0	0	0	19,305	62,714
0	0	0	334,339	115,102
0	0	0	12,123,543	12,913,842
0	0	0	0	169,302
0	0	0	114,800	0
0	0	0	67,334	6,830
0	0	0	56,594	23,560
0	11,686,223	0	11,686,223	11,115,085
0	0	1,862,974	1,862,974	2,083,560
0	0	13,242,172	13,242,172	9,480,547
0	0	6,425,844	6,425,844	5,905,000
<u>\$ 580,010</u>	<u>\$11,686,223</u>	<u>\$21,530,990</u>	<u>\$58,055,814</u>	<u>\$52,482,165</u>

Continued

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities</b>				
Accounts Payable	\$ 94,815	\$ 5,610	\$ 9,294	\$ 18,040
Contracts Payable	0	0	0	0
Refundable Deposits	0	0	0	0
Accrued Wages and Benefits	25,391	0	0	0
Compensated Absences Payable	80,874	0	0	0
Pension Obligation Payable	66,549	0	0	0
Interfund Payable	0	6,605	0	108,195
Due to Other Governments	45,731	3,349	0	0
Deferred Revenue	2,041,814	2,908,763	8,729,608	3,404
OPWC Loan Payable	0	0	0	0
Bond Anticipation Notes Payable	0	0	0	1,600,000
Accrued Interest Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<u>2,355,174</u>	<u>2,924,327</u>	<u>8,738,902</u>	<u>1,729,639</u>
<b>Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Fund Balances:				
Reserve for Encumbrances	188,970	62,256	0	1,143,300
Reserve for Contingent Liabilities	228,122	0	0	0
Reserve for Inventory	20,052	36,542	0	0
Reserve for Prepays	67,334	0	0	0
Reserve for Debt Service	0	0	1,862,974	0
Unreserved - Undesignated	3,732,737	751,046	0	417,216
<b>Total Equity and Other Credits</b>	<u>4,237,215</u>	<u>849,844</u>	<u>1,862,974</u>	<u>1,560,516</u>
<b>Total Liabilities, Equity, and Other Credits</b>	<u>\$ 6,592,389</u>	<u>\$ 3,774,171</u>	<u>\$10,601,876</u>	<u>\$ 3,290,155</u>

Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	2001	As Restated 2000
\$ 1,266	\$ 0	\$ 0	\$ 129,025	\$ 456,994
0	0	0	0	511,639
476,696	0	0	476,696	436,901
0	0	0	25,391	15,728
0	0	825,046	905,920	845,438
0	0	193,364	259,913	373,319
0	0	0	114,800	0
0	0	0	49,080	25,602
0	0	0	13,683,589	14,222,272
0	0	3,247,321	3,247,321	2,738,913
0	0	0	1,600,000	2,430,000
0	0	0	0	92,340
0	0	150,259	150,259	0
0	0	6,425,844	6,425,844	5,905,000
0	0	10,689,156	10,689,156	7,810,000
<u>477,962</u>	<u>0</u>	<u>21,530,990</u>	<u>37,756,994</u>	<u>35,864,146</u>
0	11,686,223	0	11,686,223	11,115,085
0	0	0	1,394,526	128,885
0	0	0	228,122	228,122
0	0	0	56,594	23,560
0	0	0	67,334	6,830
0	0	0	1,862,974	2,083,560
102,048	0	0	5,003,047	3,031,977
<u>102,048</u>	<u>11,686,223</u>	<u>0</u>	<u>20,298,820</u>	<u>16,618,019</u>
<u>\$ 580,010</u>	<u>\$11,686,223</u>	<u>\$21,530,990</u>	<u>\$58,055,814</u>	<u>\$52,482,165</u>

**CITY OF HIGHLAND HEIGHTS, 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, 2001**

	Governmental Fund Type				Fiduciary Fund Type Expensible Trust	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		2001	Restated 2000
<b>Revenues</b>							
Local Taxes Income Taxes	\$ 5,640,685	\$ 0	\$ 410,273	\$ 216,471	\$ 0	\$ 6,267,429	\$ 7,860,974
Local Taxes - Property Taxes	685,671	447,780	41,114	0	0	1,174,565	0
Other Taxes	0	0	33,182	0	0	33,182	0
Intergovernmental	334,677	423,271	4,569	293,472	0	1,055,989	1,816,462
Special Assessments	81,866	211,471	784,023	0	0	1,077,360	625,182
Charges for Services	68,678	178,822	0	36,400	18,300	302,200	327,437
Fines, Licenses, and Permits	537,803	2,311	0	0	0	540,114	432,950
Interest	40,686	0	0	151,737	0	192,423	661,766
Miscellaneous Income	233,716	150	23,245	14,463	0	271,574	238,292
<b>Total Revenues</b>	<u>7,623,782</u>	<u>1,263,805</u>	<u>1,296,406</u>	<u>712,543</u>	<u>18,300</u>	<u>10,914,836</u>	<u>11,963,063</u>
<b>Expenditures</b>							
Current:							
Public Safety	3,822,413	405,941	0	0	0	4,228,354	3,754,647
Public Health	0	0	0	0	0	0	13,510
Parks and Recreation	174,541	440,980	0	0	0	615,521	587,632
Community Environment	254,237	0	0	0	0	254,237	225,863
Public Works	1,117,708	0	0	0	0	1,117,708	954,544
Streets and Roads	2,059	451,358	0	0	0	453,417	526,122
General Government	1,596,882	0	156,504	0	0	1,753,386	1,101,501
Capital Outlay	90,924	0	0	2,304,142	153,695	2,548,761	2,918,878
Debt Service:							
Principal Retirement	0	0	843,325	0	0	843,325	497,262
Interest and Fiscal Charges	0	0	711,680	124,131	0	835,811	957,512
<b>Total Expenditures</b>	<u>7,058,764</u>	<u>1,298,279</u>	<u>1,711,509</u>	<u>2,428,273</u>	<u>153,695</u>	<u>12,650,520</u>	<u>11,537,471</u>
Excess of Revenues Over (Under) Expenditures	<u>565,018</u>	<u>(34,474)</u>	<u>(415,103)</u>	<u>(1,715,730)</u>	<u>(135,395)</u>	<u>(1,735,684)</u>	<u>425,592</u>
<b>Other Financing Sources (Uses)</b>							
OPWC Loan Proceeds	0	0	0	686,733	0	686,733	154,227
Proceeds from Sale of Bond	0	0	83,473	3,981,527	0	4,065,000	0
Proceeds from Sale of Fixed Assets	76	0	0	0	0	76	200
Operating Transfers In	0	420,220	50,000	50,000	50,000	570,220	1,130,933
Operating Transfers Out	(470,220)	(50,000)	0	(50,000)	0	(570,220)	(1,130,933)
<b>Total Other Financing Sources (Uses)</b>	<u>(470,144)</u>	<u>370,220</u>	<u>133,473</u>	<u>4,668,260</u>	<u>50,000</u>	<u>4,751,809</u>	<u>154,427</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	94,874	335,746	(281,630)	2,952,530	(85,395)	3,016,125	580,019
Fund Balance at Beginning of Year, As Restated	4,075,022	487,879	2,144,604	(1,392,014)	187,443	5,502,934	4,951,609
Increase (Decrease) in Reserve for Inventory	6,815	26,219	0	0	0	33,034	(796)
Increase (Decrease) in Reserve for Prepaids	60,504	0	0	0	0	60,504	(27,898)
<b>Fund Balance - End of Year</b>	<u>\$ 4,237,215</u>	<u>\$ 849,844</u>	<u>\$ 1,862,974</u>	<u>\$ 1,560,516</u>	<u>\$ 102,048</u>	<u>\$ 8,612,597</u>	<u>\$ 5,502,934</u>

See accompanying notes to the general purpose financial statements.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS(Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Income Taxes	\$ 5,677,200	\$ 5,458,468	\$ (218,732)
Property Taxes	666,432	685,672	19,240
Other Taxes	0	0	0
Intergovernmental	310,968	330,253	19,285
Special Assessments	40,000	95,073	55,073
Charges for Services	65,050	60,981	(4,069)
Fines, Licenses, and Permits	395,300	536,113	140,813
Interest Income	133,650	149,039	15,389
Miscellaneous	168,000	232,393	64,393
<b>Total Revenues</b>	<u>7,456,600</u>	<u>7,547,992</u>	<u>91,392</u>
<b>Expenditures</b>			
Current:			
General Government	1,727,334	1,625,511	101,823
Public Safety	3,965,638	3,759,574	206,064
Parks and Recreation	184,708	177,149	7,559
Community Environment	275,978	256,436	19,542
Public Works	1,185,767	1,129,591	56,176
Streets and Roads	0	0	0
Capital Outlay	178,014	161,065	16,949
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<u>7,517,439</u>	<u>7,109,326</u>	<u>408,113</u>
Excess of Revenues Over (Under) Expenditures	<u>(60,839)</u>	<u>438,666</u>	<u>499,505</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from OPWC Loan	0	0	0
Sale of Assets	500	76	(424)
Advances In	0	1,612,113	1,612,113
Advances Out	(1,726,913)	(1,726,913)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(470,220)	(470,220)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(2,196,633)</u>	<u>(584,944)</u>	<u>1,611,689</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,257,472)</u>	<u>(146,278)</u>	<u>2,111,194</u>
Cash Fund Balance at Beginning of Year	3,159,117	3,159,117	0
Outstanding Encumbrances	231,207	231,207	0
<b>Fund Cash Balance at End of Year</b>	<u><u>\$ 1,132,852</u></u>	<u><u>\$ 3,244,046</u></u>	<u><u>\$ 2,111,194</u></u>

(Continued)

See accompanying notes to the general purpose financial statements.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

	SPECIAL REVENUE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Income Taxes	\$ 0	\$ 0	\$ 0
Property Taxes	444,288	447,780	3,492
Other Taxes	0	0	0
Intergovernmental	461,721	431,936	(29,785)
Special Assessments	213,490	211,471	(2,019)
Charges for Services	192,750	178,822	(13,928)
Fines, Licenses, and Permits	2,200	2,311	111
Interest Income	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>1,314,449</u>	<u>1,272,320</u>	<u>(42,129)</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	0
Public Safety	634,258	545,691	88,567
Parks and Recreation	494,207	456,217	37,990
Community Environment	0	0	0
Public Works	0	0	0
Streets and Roads	647,984	533,871	114,113
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<u>1,776,449</u>	<u>1,535,779</u>	<u>240,670</u>
Excess of Revenues Over (Under) Expenditures	<u>(462,000)</u>	<u>(263,459)</u>	<u>198,541</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from OPWC Loan	0	0	0
Sale of Assets	0	0	0
Advances In	6,605	6,605	0
Advances Out	0	0	0
Operating Transfers In	425,620	420,220	(5,400)
Operating Transfers Out	(50,000)	(50,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>382,225</u>	<u>376,825</u>	<u>(5,400)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(79,775)</u>	<u>113,366</u>	<u>193,141</u>
Cash Fund Balance at Beginning of Year	595,381	595,381	0
Outstanding Encumbrances	67,481	67,481	0
<b>Fund Cash Balance at End of Year</b>	<u><u>\$ 583,087</u></u>	<u><u>\$ 776,228</u></u>	<u><u>\$ 193,141</u></u>

(Continued)

See accompanying notes to the general purpose financial statements.

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 630,800	\$ 606,497	\$ (24,303)	\$ 0	\$ 0	\$ 0
87,500	41,114	(46,386)	0	0	0
28,000	35,287	7,287	0	0	0
0	4,569	4,569	1,387,238	378,945	(1,008,293)
806,035	784,023	(22,012)	0	0	0
0	0	0	50,000	36,400	(13,600)
0	0	0	0	0	0
0	0	0	271,350	302,594	31,244
23,245	23,245	0	14,000	14,463	463
<u>1,575,580</u>	<u>1,494,735</u>	<u>(80,845)</u>	<u>1,722,588</u>	<u>732,402</u>	<u>(990,186)</u>
158,207	153,457	4,750	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	6,456,209	4,304,011	2,152,198
5,703,515	5,703,325	190	1,500,000	1,500,000	0
951,011	928,151	22,860	0	0	0
<u>6,812,733</u>	<u>6,784,933</u>	<u>27,800</u>	<u>7,956,209</u>	<u>5,804,011</u>	<u>2,152,198</u>
<u>(5,237,153)</u>	<u>(5,290,198)</u>	<u>(53,045)</u>	<u>(6,233,621)</u>	<u>(5,071,609)</u>	<u>1,162,012</u>
2,430,000	2,430,000	0	3,100,000	3,100,000	0
2,430,000	2,513,473	83,473	1,550,000	1,551,527	1,527
0	0	0	686,733	686,733	0
0	0	0	0	0	0
0	0	0	1,720,308	1,720,308	0
0	0	0	(1,612,113)	(1,612,113)	0
50,000	50,000	0	50,000	50,000	0
0	0	0	(50,000)	(50,000)	0
<u>4,910,000</u>	<u>4,993,473</u>	<u>83,473</u>	<u>5,444,928</u>	<u>5,446,455</u>	<u>1,527</u>
(327,153)	(296,725)	30,428	(788,693)	374,846	1,163,539
2,047,974	2,047,974	0	1,740,350	1,740,350	0
6,247	6,247	0	1,161,340	1,161,340	0
<u>\$ 1,727,068</u>	<u>\$ 1,757,496</u>	<u>\$ 30,428</u>	<u>\$ 2,112,997</u>	<u>\$ 3,276,536</u>	<u>\$ 1,163,539</u>

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

	EXPENDABLE TRUST FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Income Taxes	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Other Taxes	0	0	0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Charges for Services	20,000	18,300	(1,700)
Fines, Licenses, and Permits	0	0	0
Interest Income	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>20,000</u>	<u>18,300</u>	<u>(1,700)</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	0
Public Safety	0	0	0
Parks and Recreation	0	0	0
Community Environment	0	0	0
Public Works	0	0	0
Streets and Roads	0	0	0
Capital Outlay	156,091	153,695	2,396
Debt Service:			
Principle Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<u>156,091</u>	<u>153,695</u>	<u>2,396</u>
Excess of Revenues Over (Under) Expenditures	<u>(136,091)</u>	<u>(135,395)</u>	<u>696</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from OPWC Loan	0	0	0
Sale of Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	50,000	50,000	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(86,091)</u>	<u>(85,395)</u>	<u>696</u>
Cash Fund Balance at Beginning of Year	187,443	187,443	0
Outstanding Encumbrances	0	0	0
<b>Fund Cash Balance at End of Year</b>	<u><u>\$ 101,352</u></u>	<u><u>\$ 102,048</u></u>	<u><u>\$ 696</u></u>

(Continued)

See accompanying notes to the general purpose financial statements.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

	TOTALS (MEMORANDUM ONLY)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Income Taxes	\$ 6,308,000	\$ 6,064,965	\$ (243,035)
Property Taxes	1,198,220	1,174,566	(23,654)
Other Taxes	28,000	35,287	7,287
Intergovernmental	2,159,927	1,145,703	(1,014,224)
Special Assessments	1,059,525	1,090,567	31,042
Charges for Services	327,800	294,503	(33,297)
Fines, Licenses, and Permits	397,500	538,424	140,924
Interest Income	405,000	451,633	46,633
Miscellaneous	205,245	270,101	64,856
<b>Total Revenues</b>	<u>12,089,217</u>	<u>11,065,749</u>	<u>(1,023,468)</u>
<b>Expenditures</b>			
Current:			
General Government	1,885,541	1,778,968	106,573
Public Safety	4,599,896	4,305,265	294,631
Parks and Recreation	678,915	633,366	45,549
Community Environment	275,978	256,436	19,542
Public Works	1,185,767	1,129,591	56,176
Streets and Roads	647,984	533,871	114,113
Capital Outlay	6,790,314	4,618,771	2,171,543
Debt Service:			
Principle Retirement	7,203,515	7,203,325	190
Interest and Fiscal Charges	951,011	928,151	22,860
<b>Total Expenditures</b>	<u>24,218,921</u>	<u>21,387,744</u>	<u>2,831,177</u>
Excess of Revenues Over (Under) Expenditures	<u>(12,129,704)</u>	<u>(10,321,995)</u>	<u>1,807,709</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Notes	5,530,000	5,530,000	0
Proceeds from Sale of Bonds	3,980,000	4,065,000	85,000
Proceeds from OPWC Loan	686,733	686,733	0
Sale of Assets	500	76	(424)
Advances In	1,726,913	3,339,026	1,612,113
Advances Out	(3,339,026)	(3,339,026)	0
Operating Transfers In	575,620	570,220	(5,400)
Operating Transfers Out	(570,220)	(570,220)	0
<b>Total Other Financing Sources (Uses)</b>	<u>8,590,520</u>	<u>10,281,809</u>	<u>1,691,289</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,539,184)</u>	<u>(40,186)</u>	<u>3,498,998</u>
Cash Fund Balance at Beginning of Year	7,730,265	7,730,265	0
Outstanding Encumbrances	1,466,275	1,466,275	0
<b>Fund Cash Balance at End of Year</b>	<u><u>\$ 5,657,356</u></u>	<u><u>\$ 9,156,354</u></u>	<u><u>\$ 3,498,998</u></u>

See accompanying notes to the general purpose financial statements.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Highland Heights (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**The Reporting Entity**

The City of Highland Heights, Ohio was incorporated as a Village in 1920 after it separated from the Mayfield Township. In October 1966, the electors of Highland Heights approved a Charter that established home rule under a Council-Mayor form of government. In 1969, Highland Heights became a City upon attaining a population of 5,000.

The City, in order to provide the necessary services to its citizens, is segmented into many different departments. Among these are the police, fire fighting, street maintenance, planning and zoning, emergency medical technicians, parks and recreation system, public improvements department and general administrative staff to provide support to these service groups. The operation and control of these activities is provided by the city council through the budgetary process and by the mayor through administrative and managerial requirements and procedures. All are responsible to the citizens of Highland Heights and are included as part of the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The Mayfield City School District is located fully or partially within the City's boundaries, but is excluded from the City's financial statements based on the above criteria. The City has no component units.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**The Reporting Entity** (Continued)

The City is associated with two organizations which are defined as jointly governed organizations. The jointly governed organizations are the Northeast Ohio Public Energy Council and the Eastern Suburban Regional Council of Governments as presented in Note 16 to the general purpose financial statements. The City is also associated with an organization defined as risk sharing pool (Note 11) and a joint venture (Note 15).

**Basis of Presentation**

The accounting policies of the City conform to generally accepted accounting principles applicable to governments as prescribed by the Government Accounting Standards Board (GASB). The following is a summary of the more significant policies.

**Fund Accounting**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The accounts of the City are organized on the basis of funds or 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, as appropriate. The various funds are summarized by type in the combined financial statements. The following fund types and account groups are used by the City.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the City's governmental fund types:

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

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Governmental Funds** (Continued)

*Special Revenue Funds* - To account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or Federal and State statutes or grant provisions.

*Debt Service Funds* - To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

*Capital Project Funds* - To account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

**Fiduciary Funds**

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The following are the City's fiduciary funds:

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

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

**Account Groups**

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

*General Fixed Assets Account Group* - The General Fixed Assets Account Group is used to account for all fixed assets of the City.

*General Long-Term Obligations Account Group* - The General Long-Term Obligations Account Group is used to account for all long-term obligations of the City. This includes the long-term obligations for certain City employee benefits.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus and Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures 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 fiduciary fund types. Under this modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “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 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.

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, 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, is recorded as revenue when received in cash because it is generally not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2001, but which are not intended to finance 2001 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Budgets and Budgetary Accounting**

An annual budget is prepared for all funds of the City, excluding Agency Funds. The City's budgetary process, which is governed by State law, is described below:

*Tax Budget* - The City must submit a budget of estimated cash receipts and disbursements for all funds to the County Budget Commission, by July 20 of each year for the following calendar year.

*Estimated Resources* - The County Budget Commission certifies its actions to the City by September 1 and issues a "Certificate of Estimated Resources" limiting the maximum amount the City may appropriate from a given fund during the year.

On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. The City must prepare its appropriations so that the total appropriations from each fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources.

*Appropriations* - A temporary appropriation ordinance may be passed to control expenditures for the period January 1 through March 31. Before April 1, an annual appropriation ordinance must be passed for the period January 1 to December 31. The appropriation ordinance, which controls expenditures at the major object level, may be amended or supplemented by Council during the year as required. The major object level is further defined by grouping level. The administration may move budgeted amounts within each object grouping level. During 2001, there were few significant amendments to the appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

*Budgeted Level of Expenditure* - Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by department and major object levels, which include salaries and fringe benefits, materials and supplies, purchased services, other expenditures, capital outlay, and transfers, along with individual accounts for bond and note principal retirement, and interest and fiscal charges.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Budgets and Budgetary Accounting** (Continued)

*Encumbrances* - Encumbrances outstanding at year end represent the estimated amount of expenditures that will ultimately result if unperformed contracts in process (for example, purchase orders and contracted services) are completed. Encumbrances outstanding at year end are reported as reservations of fund balances for subsequent year expenditures in the governmental funds.

*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 succeeding fiscal year and need not be reappropriated.

*Budget Basis of Accounting* - The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Funds, is presented on the budget basis to provide a meaningful comparison of actual results with the budget. The budget basis, as provided by law, is based on accounting for certain transactions on the basis of cash receipts and disbursements. The major differences between the budget basis and the GAAP basis are:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the related liabilities are incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures for all funds (budget basis) as opposed to a reservation of fund balance (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) as opposed to balance sheet transactions (GAAP basis).

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Accounting** (Continued)

A reconciliation of the results of operations for the year from the GAAP basis to the budget basis is shown below:

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals
GAAP Basis	\$ 94,874	\$335,746	\$ (281,630)	\$2,952,530	\$(85,395)	\$3,016,125
Increase (Decrease) Due to:						
Revenue Accruals	(75,790)	8,515	198,329	19,859	0	150,913
Expenditure Accruals	180,645	(170,019)	(207,177)	(714,398)	0	(910,949)
Proceeds from Sale of Notes	0	0	2,430,000	3,100,000	0	5,530,000
Proceeds from Sale of Bonds	0	0	2,430,000	(2,430,000)	0	0
Principal Retirement	0	0	(4,860,000)	(1,500,000)	0	(6,360,000)
Advances-In	1,612,113	6,605	0	1,720,308	0	3,339,026
Advances-Out	(1,726,913)	0	0	(1,612,113)	0	(3,339,026)
Net Impact of Encumbrances on Budget Basis Expenditures	(231,207)	(67,481)	(6,247)	(1,161,340)	0	(1,466,275)
Budgetary Basis	<u>\$ (146,278)</u>	<u>\$ 113,366</u>	<u>\$ (296,725)</u>	<u>\$ 374,846</u>	<u>\$(85,395)</u>	<u>\$ (40,186)</u>

**Cash and Cash Equivalents**

All short term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

Cash balances of all City funds are pooled and invested. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as Cash and Cash Equivalents on the combined balance sheet. Cash equivalents consist of STAROhio and repurchase agreements. Nonparticipating investment contracts and investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001. The allocation of interest earnings from investments to the City's funds is governed by the City Charter.

During fiscal year 2001, investments were limited to STAROhio, repurchase agreements, and U.S. Government Securities.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Inventory of Supplies**

Inventory items are considered expenditures when purchased (purchases method). Inventory is valued at cost, using the first-in first-out (FIFO) method. Inventory generally consists of fuel and miscellaneous supplies. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

**Prepaid Items**

Prepaid items primarily consist of prepaid insurance and are recognized as expenditures over the term of the related insurance policies.

**Property, Plant, and Equipment**

The City’s fixed assets are recorded in the General Fixed Assets Account Group. Infrastructure such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized. All fixed assets are recorded at historical cost except that donated assets are recorded at their estimated fair market value at the date donated. Depreciation expense on general fixed assets is not provided.

**Reservation of Fund Equity**

Reservations of fund balances are established to identify the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures, including amounts legally segregated for future use. Fund balances are reserved for encumbrances and inventory, prepaid, contingent liabilities, and debt service.

**Grants and Other Intergovernmental Revenue**

Federal and/or State grants made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Local government allocations from the State and County are recorded as receivables and revenue when measurable and available.

**Compensated Absences**

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees’ right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will probably be paid as termination benefits.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Compensated Absences** (Continued)

For governmental funds, the current portion of compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group and will be paid when due in the fund from which the employee was paid.

**Accrued Liabilities and Long-Term Obligations**

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

**Note Issuance Costs**

In governmental fund types, note issuance costs are recognized in the current period.

**Estimates**

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

**Interfund Transaction**

During the course of normal operations, the City has interfund transactions which include operating transfers and residual equity transfers.

1. Quasi-external transactions are accounted for as revenues and expenditures. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
2. Nonrecurring and nonroutine transfers of equity between funds or the transfer of residual balances of discontinued funds or projects to the debt service funds are classified as residual equity transfers.
3. All other interfund transfers are recorded as operating transfers.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

NOTE 2: **LEGAL COMPLIANCE AND ACCOUNTABILITY**

A. **Accountability**

**Capital Projects Funds**

There is a deficit fund balance in the Aberdeen Business Park Capital Project Fund of \$1,170,350. Bond anticipation note proceeds used to finance the construction of miscellaneous projects are not recognized as "other financing sources", but rather as a fund liability. The deficit within this fund will be eliminated when the resources are provided for the retirement of these notes.

The Park and Recreation Improvement Capital Project Fund has a deficit fund balance of \$12,102. Advance-In from Other Fund is not recognized as "other financing sources", but rather as a fund liability.

B. **Compliance**

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B)(D):

	<u>Appropriations</u>	Expenditures Plus <u>Encumbrances</u>	<u>Excess</u>
<b>General Fund</b>			
General Government - Other	\$ 6,034	\$ 6,957	\$ (923)
Engineer - Other	18,695	22,766	(4,071)
<b>Special Revenue Fund</b>			
Police Pension			
Salary	241,170	241,658	(488)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 2: **LEGAL COMPLIANCE AND ACCOUNTABILITY** (Continued)

**C. Change in Accounting Principle**

For December 31, 2001, the City has adopted GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. GASB Statement 36 modified the provisions of GASB Statement 33 for certain specific nonexchange revenues.

GASB Statement 33 and GASB Statement 36 were required for the current year. These statements clarified the timing requirements for recognizing assets, liabilities, revenues, and expenditures/expenses associated with nonexchange transactions. As a result of implementation of these statements, a restatement of prior year fund balances is necessary as described below.

Due to the implementation of GASB Statement 33, prior year fund balances were restated for the following funds:

**General Fund**

Fund Balance as of December 31, 2000	\$ 3,856,124
Property Tax Revenue	(317,287)
Intergovernmental Revenue	536,185
Restated Balance, December 31, 2000	4,075,022

**Special Revenue Fund**

**Street Construction, Maintenance and Repair Fund**

Fund Balance as of December 31, 2000	187,097
Intergovernmental Revenue	15,832
Restated Balance, December 31, 2000	202,929

**Parks and Recreation**

Fund Balance as of December 31, 2000	173,039
Property Tax Revenue	(132,203)
Restated Balance, December 31, 2000	40,836

**D.A.R.E.**

Fund Balance as of December 31, 2000	18,731
Grants Revenue	5,938
Restated Balance, December 31, 2000	24,669

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

NOTE 2: **LEGAL COMPLIANCE AND ACCOUNTABILITY** (Continued)

C. **Change in Accounting Principle** (Continued)

**U.S. Department of Justice**

Fund Balance as of December 31, 2000	28,151
Grants Revenue	12,999
	41,150
Restated Balance, December 31, 2000	

**Juvenile Diversion**

Fund Balance as of December 31, 2000	\$ 5,363
Grants Division	850
	6,213
Restated Balance, December 31, 2000	

**Police Pension**

Fund Balance as of December 31, 2000	1,994
Property Tax Revenue	(39,661)
	(37,667)
Restated Balance, December 31, 2000	

**Fire Pension**

Fund Balance as of December 31, 2000	11,583
Property Tax Revenue	(39,661)
	(28,078)
Restated Balance, December 31, 2000	

**Debt Service Fund**

<b>General Bond Retirement Fund</b>	
Fund Balance as of December 31, 2000	1,293,123
Income Tax Revenue	58,728
Other Tax	2,316
	1,354,167
Restated Balance, December 31, 2000	

D. **Prior Period Adjustment**

The prior year fund balance of Capital Improvement Capital Project Fund was also restated due to an overstatement of intergovernmental receivable from OPWC which should be a loan.

**Capital Project Fund**

<b>Capital Improvement Fund</b>	
Fund Balance as of December 31, 2000	(947,761)
Prior Period Adjustment	(509,723)
	\$(1,457,484)
Restated Balance, December 31, 2000	

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 3: **CASH AND CASH EQUIVALENTS**

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

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

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

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

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

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 3: **CASH AND CASH EQUIVALENTS** (Continued)

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

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

1. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons.
2. Obligations of the City.

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

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

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

NOTE 3: **CASH AND CASH EQUIVALENTS** (Continued)

**Deposits**

At year-end, the carrying amount of the City's deposits was \$3,094,466, and the bank balance was \$3,230,838. Of the bank balance:

1. \$244,498 was covered by federal depository insurance.
2. \$2,986,340 was considered uninsured and uncollateralized even though securities for collateral were held by the pledging financial institutions' trust department in the financial institution's name and all State statutory requirements for the deposit of money had been followed. Non-compliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

**Investments**

GASB Statement No. 3 entitled "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements" requires the City investments to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

STAROhio, the State Treasurer's Investment Pool, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Carrying Amount	Fair Value
State Treasury Asset Reserve Fund (STAROhio) (Non-Categorized)	\$ 5,295,850	\$ 5,295,850
Repurchase agreements (Category 3)	1,244,000	1,244,000
Total Investments	\$ 6,539,850	\$ 6,539,850

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

NOTE 3: **CASH AND CASH EQUIVALENTS** (Continued)

**Investments** (Continued)

	Cash and Cash Equivalents/	
	<u>Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 9,634,316	\$ 0
Repurchase agreements	(1,244,000)	1,244,000
STAROhio	(5,295,850)	5,295,850
GASB Statement No. 3	<u>\$ 3,094,466</u>	<u>\$ 6,539,850</u>

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based.

These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require that security for public deposits and investment be maintained in the name of the City.

The City will continue to monitor compliance with applicable statutes in the future pertaining to public deposits and investments.

NOTE 4: **TAX REVENUES**

**Municipal Income Taxes**

An income tax of 1.5% is levied on substantially all income earned within the City. In addition, residents of the City are required to pay City income taxes on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities up to 100% of the City's current tax rate. The allocation of income tax revenue to the City's various funds is determined by City Ordinance.

Employers within the City are required to withhold income tax on employee compensation and remit this tax to the City's collection agency at least quarterly. Major employers are required to remit withholdings to the City's collection agency at least monthly. Corporations and self employed individual taxpayers are required to pay estimated taxes quarterly and file a declaration annually with the City's collection agency

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 4: **TAX REVENUES** (Continued)

**Property Taxes**

Real property taxes and public utility tangible property taxes are levied each January 1 on assessed values listed as of the prior January 1, the lien date. Assessed values are established by the County Auditor at 35% of appraised market values. The County Auditor reappraises all real property every six years with a triennial update. Real property taxes received by the City during 2001 were based upon property values which were last updated in 2000. Public utility tangible property taxes are based upon property values reported on tax returns filed annually with the State of Ohio by the utility companies.

The full tax rate applied to real and public utility tangible property for the tax year 2000 (collected in 2001) was \$4.00 per \$1,000 of assessed valuation. Real property owners' tax bills are adjusted by rate reduction factors and homestead and rollback reductions, when applicable. The taxes are payable annually or semiannually in the year subsequent to the year for which they are levied. The amount of the homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, along with related historical costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the tax year 2001 was \$4.00 per \$1,000 of assessed valuation. Tangible personal property taxes are payable annually or semiannually in the year for which they are levied.

The assessed values of real and tangible personal property upon which 2001 property tax receipts were based were as follows:

Real property – 2000 tax valuation	\$ 275,634,900
Public utility tangible property – 2000 tax valuation	4,368,080
Tangible personal property – 2000 tax valuation	37,230,755
Total valuation	<span style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 317,233,735</span>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. Taxes are payable to the County in two equal installments in January and July and, if not paid, become delinquent after December 31. The County Auditor periodically remits to the City its portion of the taxes payable in the first and second halves of the year, respectively.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 4: **TAX REVENUES** (Continued)

**Other Local Taxes**

With certain exceptions, a tax of three percent is levied by the City on individuals, companies and organizations which collect an admission charge and reported in the Bond Retirement Fund. Additionally, the City receives estate taxes which are used for the purpose of making long-term capital improvements and the improvements of infrastructure including the City Hall Complex and Municipal Park. All estate taxes are reported in the Capital Project Capital Improvement Fund.

NOTE 5: **SPECIAL ASSESSMENTS**

Special assessments include annually assessed service assessments and assessments for debt obligations. Service type special assessments are levied against all property owners which benefit from the provided service while special assessments for debt obligations are levied against specific property owners who primarily benefited from the project.

Special assessments are payable by the time table and in the manner stipulated in the assessing ordinance and are a lien from the date of the passage of the ordinance.

The City's service assessments include street lighting, sidewalk repair, sewer maintenance, and sewer rehabilitation which are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year. Since all assessment collections are remitted to the City outside of the available period, the entire amount has been deferred on the combined balance sheet.

NOTE 6: **GENERAL FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	Balance <u>12/31/00</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/01</u>
Land and Land Improvements	\$ 2,216,060	\$ 230,692	\$ 0	\$ 2,446,752
Buildings	6,409,953	0	0	6,409,953
Vehicles, Equipment and Furnishings	2,489,072	425,546	(85,100)	2,829,518
Total	<u>\$11,115,085</u>	<u>\$ 656,238</u>	<u>\$ (85,100)</u>	<u>\$11,686,223</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

**NOTE 7: BONDS, NOTES AND OTHER LONG-TERM OBLIGATIONS**

Changes in the debt of the City for the year ended December 31, 2001 are as follows:

	<u>Balance</u> <u>12/31/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/01</u>
<b><u>General Obligation Bonds</u></b>				
4% to 6.2% \$1,440,000 various purpose improvement bonds, series 1992	\$ 995,000	\$ 0	\$ (125,000)	\$ 870,000
3.75% to 5.25% \$6,495,000 various purpose improvement bonds, series 1998	5,820,000	0	(235,000)	5,585,000
5.2% to 6.5% \$177,920 various purpose improvement bonds, series 1999	174,415	0	(5,259)	169,156
3% to 4.8% various purpose improvement bonds, series 2001	0	4,065,000	0	4,065,000
<b>Total General Obligation Bonds</b>	<u>\$ 6,989,415</u>	<u>\$ 4,065,000</u>	<u>\$ (365,259)</u>	<u>\$10,689,156</u>
<b><u>Long-Term Obligations:</u></b>				
<b><u>Special Assessment Bonds (a)</u></b>				
5.2% to 6.5% \$837,080 Alpha Improvement Assessment	\$ 820,585	\$ 0	\$ (24,741)	\$ 795,844
5.2% to 6.5% \$1,280,000 various purpose improvement bonds, issued 1999	1,180,000	0	(120,000)	1,060,000
4.1% to 5.70% \$4,460,000 various purpose improvement bonds, issued 1999	4,460,000	0	(135,000)	4,325,000
7.357% \$380,000 street improvement bonds, issued 1190	265,000	0	(20,000)	245,000
<b>Total Special Assessment Bonds</b>	<u>\$ 6,725,585</u>	<u>\$ 0</u>	<u>\$ (299,741)</u>	<u>\$ 6,425,844</u>
<b><u>Ohio Public Works Commission</u></b>				
Highland Road, sanitary sewer, 0% Miner and Bishop Roads,	\$ 1,640,627	\$ 0	\$ (123,047)	\$ 1,517,580
sanitary sewer, 0%	960,310	0	(48,016)	912,294
Millridge water main replacement, 0%	137,976	0	(7,262)	130,714
Sanitary Sewers Selected Locations, 1999, 0%	0	686,733	0	686,733
<b>Total Ohio Public Works Commission</b>	<u>\$ 2,738,913</u>	<u>\$ 686,733</u>	<u>\$ (178,325)</u>	<u>\$ 3,247,321</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

NOTE 7: **BONDS, NOTES AND OTHER LONG-TERM OBLIGATIONS** (Continued)

	<u>Balance</u> <u>12/31/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/01</u>
<b><u>Capital Lease</u></b>				
Vacuum Street Sweeper and Leaf Collector	\$ 0	\$ 150,259	\$ 0	\$ 150,259
<b><u>Compensated Absences</u></b>				
Payable Long-Term Portion - Note 1	\$ 807,342	\$ 17,704	\$ 0	\$ 825,046
<b><u>Pension Obligation Payable</u></b>				
Long-Term Portion	207,852	0	(14,488)	193,364
<b>Total All Long-Term Obligations</b>	<u>\$17,469,107</u>	<u>\$ 4,919,696</u>	<u>\$(857,813)</u>	<u>\$21,530,990</u>
<b><u>Short Term Obligation:</u></b>				
<b><u>Bond Anticipation Notes</u></b>				
4.75% Bond Anticipation Notes, issued 2000	\$ 2,430,000	\$ 0	\$(2,430,000)	\$ 0
4% Bond Anticipation Notes, issued 2001(renew 2002 issue)	0	2,430,000	(2,430,000)	0
3.5% Bond Anticipation Notes, issued 2001 (various purpose, roof, street, dispatch)	0	1,500,000	(1,500,000)	0
3.0% Bond Anticipation Notes, issued 2001 (Aberdeen Business Park)	0	1,600,000	0	1,600,000
<b>Total Bond Anticipation Notes</b>	<u>\$ 2,430,000</u>	<u>\$ 5,530,000</u>	<u>\$(6,360,000)</u>	<u>\$ 1,600,000</u>

(a) Includes only the portion of the bonds expected to be paid from special assessments. The remaining portion (City's share) of the bonds are to be paid from general City revenues and are included under the "General Obligation Bonds" caption.

In 1999, the City defeased a special assessment bond issue by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's General Long-Term Debt Account Group. As of December 31, 2001, the amount of defeased debt outstanding amounted to \$1,145,000.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

**NOTE 7: BONDS, NOTES AND OTHER LONG-TERM OBLIGATIONS (Continued)**

General obligation bonds are the direct obligation of the City and will be paid from the debt service fund using property tax revenues. The bond anticipation notes are a liability of the fund and will be paid from the issuance of long-term bonds. Special assessment bonds will be paid from special assessment proceeds levied against benefitted property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The Ohio Public Works Commission (OPWC) Loans will be paid by revenues transferred from the general fund. The police pension liability will be paid from levied taxes in the Police Pension special revenue fund.

The City has entered into an agreement with Bank One Leasing Corporation on December 18, 2001 to lease one vacuum street sweeper and one leaf collector in an amount of \$150,259. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the incipient date in the general fixed assets account group and the general long-term debt account group, respectively.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2000 from the general resources of the City are as follows:

Year	General Obligation Bonds		Special Assessment Bonds		OPWC Loans		Lease		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$ 536,135	\$ 506,039	\$ 323,865	\$ 346,621	\$ 171,645	\$ 0	\$ 27,511	\$ 5,965	\$ 1,059,156	\$ 858,625
2003	466,135	476,173	333,865	329,704	171,645	0	28,727	4,749	1,000,372	810,626
2004	476,135	457,307	348,865	312,132	171,645	0	29,996	3,480	1,026,641	772,919
2005	502,012	437,263	372,988	293,871	171,645	0	31,321	2,156	1,077,966	733,290
2006	522,012	415,668	382,988	274,207	171,645	0	32,704	772	1,109,349	690,647
2007-										
2011	2,827,070	1,715,928	1,662,930	1,064,661	858,227	0	0	0	5,348,227	2,780,589
2012-										
2016	3,124,340	1,017,837	1,525,660	668,089	858,227	0	0	0	5,508,227	1,685,926
2017-										
2021	1,980,317	317,302	1,474,683	207,159	672,642	0	0	0	4,127,642	524,461
2022-										
2026	255,000	27,300	0	0	0	0	0	0	255,000	27,300
	<u>\$10,689,156</u>	<u>\$5,370,817</u>	<u>\$6,425,844</u>	<u>\$3,496,444</u>	<u>\$3,247,321</u>	<u>\$ 0</u>	<u>\$ 150,259</u>	<u>\$17,122</u>	<u>\$20,512,580</u>	<u>\$ 8,884,383</u>

**Legal Debt Margin**

Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 2001 had the capacity to issue \$22,883,360 of additional general obligation debt.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 8: **DEFINED BENEFIT PENSION PLANS**

**Public Employees Retirement System**

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000 due to the temporary employer rate rollback for state and local governments in 2000. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$181,829, \$112,401, and \$159,156, respectively. The full amount has been contributed for 2000 and 1999. 75 percent has been contributed for 2001 with the remainder being reported as a liability in the general long-term obligations account group.

**Ohio Police and Fire Pension Fund**

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$177,618 and \$165,743 for the year ended December 31, 2001, \$143,241 and \$140,532 for the year ended December 31, 2000, and \$136,919 and \$132,955 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 72.43 percent and 71.81 percent, respectively, have been contributed for 2001 with the remainder being reported as a liability in the general long-term obligations account group.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 9: **POST-EMPLOYMENT BENEFITS**

**Public Employees Retirement System**

The Public Employees Retirement System (PERS) of Ohio provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll, 4.3 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion that was used to fund health care.

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

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

The number of active contributing participants was 411,076. The City's annual contributions for 2001 which were used to fund postemployment benefits were \$76,962. The actual contribution and the actuarially required contribution amounts are the same. PERS' net assets available for payment of benefits at December 31, 2000 (the latest information available) were \$11,735,900,000. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364,600,000 and \$2,628,700,000, respectively.

For 2001, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS' actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 9: **POST-EMPLOYMENT BENEFITS** (Continued)

**Ohio Police and Fire Pension Fund**

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

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

The City’s actual contributions for 2001 that were used to fund postemployment benefits were \$94,316 for police and \$72,130 for fire. OP&F’s total health care expenses for the year ended December 31, 2000 (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000 was 12,853 for police and 10,037 for firefighters.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

**NOTE 10: INTERFUND TRANSACTIONS**

The following represents all interfund activity for the year ended December 31, 2001.

	Operating <u>Transfers-In</u>	Operating <u>Transfer-Out</u>
General Fund	\$ 0	\$ 470,220
Special Revenue Funds:		
Street Construction, Maintenance and Repair	126,850	0
Police Pension	147,570	0
Fire Pension	142,100	0
Parks and Recreation	0	50,000
FEMA Fire Assistance	3,700	0
Capital Projects Funds:		
Capital Improvement	50,000	50,000
Debt Service Funds:		
General Bond Retirement	50,000	0
Expendable Trust:		
Park Land Aquisition	50,000	0
Total	<u>\$ 570,220</u>	<u>\$ 570,220</u>

**NOTE 11: NORTHERN OHIO RISK MANAGEMENT ASSOCIATION**

The Northern Ohio Risk Management Association is a shared risk pool comprised of the cities of Bedford Heights, Chagrin Falls, Highland Heights, Mayfield Heights, Richmond Heights, South Euclid, Eastlake, Solon, Maple Heights and Hudson for the purpose of enabling its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the mayor from each of the participating members. Each entity must remain a member for at least three years from its initial entry date. After the initial three years, each City may extend its term by an additional three years.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$147,500 per occurrence, will come from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 11: **NORTHERN OHIO RISK MANAGEMENT ASSOCIATION** (Continued)

In 2001, the City of Highland Heights paid \$62,603 in premiums from the general fund, which represents 6.0 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

NOTE 12: **RISK MANAGEMENT**

NORMA provides a pool of self-insurance for liability and property damage, vehicles, boiler and machinery, theft, bonding of city employees, and public officials' errors and omissions. The City's share of NORMA's claims and expenses are accounted among general fund departments and other funds in proportion to the protection provided for the assets in those general fund departments and other funds. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement.

Settled claims have not exceeded commercial coverage in any of the past three years. Also, there have been no significant reductions in the limits of liability.

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

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

The City provides medical, dental, and prescription benefits for all full-time employees. All payments are made from the general fund based on amounts needed to pay prior and current year claims. Costs are based on actuarial estimations, demographics and the City's claim history.

The medical and prescription benefits are provided through Medical Mutual of Ohio and dental benefits are provided through FORTIS. Payments are made from the general fund on a monthly basis. The expenses are allocated by the number of employees in each department multiplied by the fixed premium rate for each employee. The monthly premium for medical and prescription benefits is \$235.79 for single coverage and \$593.74 for family coverage. The monthly premium for dental benefits is \$29.56 for single coverage and \$88.96 for family coverage.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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**NOTE 13: CONTINGENT LIABILITIES**

The City is a defendant in a number of lawsuits. City management, after consultation with the City's Director of Law, is of the opinion that the ultimate disposition of such lawsuits will not result in a material adverse effect on the City's financial position.

**NOTE 14: CONSTRUCTION COMMITMENTS**

As of December 31, 2001, the City had the following significant contractual commitments:

<u>Project</u>	<u>Contractor</u>	<u>Amount Remaining on Contractor</u>
Aberdeen Business Park	Fabrizi Trucking	\$ 226,913
Street Recontruction Program	C.A. Agresta	94,446
		<u>\$ 321,359</u>
		=====

**NOTE 15: JOINT VENTURE**

**Tri-City Consortium of Aging Council of Governments**

The Tri-City Consortium on Aging (Consortium) is a joint venture among the cities of Highland Heights, Lyndhurst and South Euclid, formed for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Consortium revenues consist of contributions from the member cities and federal grants. The governing board of the Consortium is a Council of Governments composed of the Mayors of Highland Heights, Lyndhurst and South Euclid with the advice of a nine-member commission. Continued existence of the Consortium is dependent on the City, however, the City has no explicit and measurable equity interest in the Consortium. The Consortium is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2001, the City contributed \$51,265 which represents 16.2% of total revenue. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(CONTINUED)**

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NOTE 16: **JOINTLY GOVERNED ORGANIZATIONS**

**Eastern Suburban Regional Council of Governments**

The Eastern Suburban Regional Council of Governments (ESCOG) was formed in 1972 to foster cooperation between member municipalities through sharing of facilities for mutual benefit. The governing body of ESCOG is a council comprised of one representative from each of the six participating municipalities. The Council operates in accordance with a written agreement establishing ESCOG pursuant to Ohio Revised Code Chapter 167.

The Council established one subsidiary organization, the Suburban Police Anti-Crime Network (SPAN) which provides for the mutual interchange and sharing of police personnel and police equipment to be utilized by all participating members.

The Council adopts a budget for ESCOG annually. Each member municipality's degree of control is limited to its representation on the Council. In 2001, the City contributed \$7,000 which represents 16.7% percent of the total contributions.

**Northeast Ohio Public Energy Council**

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

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

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COMBINING, INDIVIDUAL FUND,  
AND ACCOUNT GROUP  
STATEMENTS AND SCHEDULES

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**CITY OF HIGHLAND HEIGHTS, OHIO**

**SUPPLEMENTAL DATA**  
**GENERAL FUND**

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

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) -**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Income Tax	\$5,677,200	\$5,458,468	\$ (218,732)
Property Tax	666,432	685,672	19,240
Intergovernmental	310,968	330,253	19,285
Special Assessments	40,000	95,073	55,073
Charges for Services	65,050	60,981	(4,069)
Fines, Licenses and Permits	395,300	536,113	140,813
Interest	133,650	149,039	15,389
Miscellaneous	168,000	232,393	64,393
<b>Total Revenues</b>	<b>7,456,600</b>	<b>7,547,992</b>	<b>91,392</b>
<b>Expenditures</b>			
Current			
General Government			
City Hall			
Salaries and Fringe Benefits	61,604	57,740	3,864
Purchased Services	635,846	598,349	37,497
Materials and Supplies	14,835	13,341	1,494
Capital Outlay	293,708	281,069	12,639
Other	6,034	6,957	(923)
<b>Total City Hall</b>	<b>1,012,027</b>	<b>957,456</b>	<b>54,571</b>
Mayor			
Salaries and Fringe Benefits	77,381	75,948	1,433
Purchased Services	1,741	1,362	379
Materials and Supplies	125	0	125
<b>Total Mayor</b>	<b>79,247</b>	<b>77,310</b>	<b>1,937</b>
Finance			
Salaries and Fringe Benefits	231,533	218,464	13,069
Purchased Services	38,745	36,356	2,389
Materials and Supplies	5,550	4,991	559
Capital Outlay	3,429	2,940	489
<b>Total Finance</b>	<b>279,257</b>	<b>262,751</b>	<b>16,506</b>

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Law			
Salaries and Fringe Benefits	38,569	33,564	5,005
Purchased Services	138,016	121,898	16,118
Supplies	50	40	10
Total Law	176,635	155,502	21,133
Engineer			
Salaries and Fringe Benefits	8,406	8,298	108
Purchased Services	20,077	18,843	1,234
Other	18,695	22,766	(4,071)
Total Engineer	47,178	49,907	(2,729)
City Council			
Salaries and Fringe Benefits	73,374	69,764	3,610
Purchased Services	1,026	1,325	(299)
Materials and Supplies	350	294	56
Total City Council	74,750	71,383	3,367
Civil Service			
Salaries and Fringe Benefits	11,094	11,035	59
Purchased Services	10,000	7,987	2,013
Supplies	1,441	1,373	68
Total Civil Service	22,535	20,395	2,140
Board of Ethics			
Other	300	0	300
Total Board of Ethics	300	0	300
Economic Development:			
Salaries and Fringe Benefits	35,405	30,807	4,598
Other	0	0	0
Total Economic Development	35,405	30,807	4,598
Total General Government	1,727,334	1,625,511	101,823

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Public Safety			
Police			
Salaries and Fringe Benefits	2,092,967	1,986,569	106,398
Purchased Services	173,766	161,256	12,510
Materials and Supplies	79,704	63,754	15,950
Capital Outlay	151,815	136,255	15,560
Other	5,000	4,292	708
Total Police	2,503,252	2,352,126	151,126
Fire:			
Salaries and Fringe Benefits	1,331,919	1,302,749	29,170
Purchased Services	59,710	55,001	4,709
Materials and Supplies	24,414	20,340	4,074
Capital Outlay	46,343	29,358	16,985
Total Fire	1,462,386	1,407,448	54,938
Total Public Safety	3,965,638	3,759,574	206,064
Parks and Recreation			
Commission on Aging			
Salaries and Fringe Benefits	4,261	4,137	124
Purchased Services	51,565	51,494	71
Materials and Supplies	500	366	134
Total Commission on Aging	56,326	55,997	329
Park and Recreation Commission			
Salaries and Fringe Benefits	4,351	4,348	3
Total Parks and Recreation Commission	4,351	4,348	3
Community Center:			
Salaries and Fringe Benefits	64,150	63,562	588
Purchased Services	18,703	16,315	2,388
Materials and Supplies	4,910	3,100	1,810
Capital Outlay	4,859	2,679	2,180
Other	3,000	2,775	225
Total Community Center	95,622	88,431	7,191

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Community Service			
Salaries and Fringe Benefits	9,087	9,087	0
Purchased Services	19,322	19,286	36
Total Community Service	28,409	28,373	36
Total Parks and Recreation	184,708	177,149	7,559
Community Environment			
Building:			
Salaries and Fringe Benefits	215,140	202,463	12,677
Purchased Services	11,977	11,424	553
Materials and Supplies	3,914	3,166	748
Capital Outlay	25,000	21,786	3,214
Other	1,100	1,100	0
Total Building	257,131	239,939	17,192
Architecture			
Salaries and Fringe Benefits	3,961	3,535	426
Total Architecture	3,961	3,535	426
Planning and Zoning			
Salaries and Fringe Benefits	14,786	12,962	1,824
Materials and Supplies	100	0	100
Total Planning and Zoning	14,886	12,962	1,924
Total Community Environment	275,978	256,436	19,542
Public Works			
Service			
Salaries and Fringe Benefits	571,410	549,023	22,387
Purchased Services	409,300	398,208	11,092
Materials and Supplies	48,123	38,741	9,382
Capital Outlay	156,934	143,619	13,315
Total Service	1,185,767	1,129,591	56,176
Total Public Works	1,185,767	1,129,591	56,176

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Capital Outlay			
Capital Improvement	178,014	161,065	16,949
Total Capital Outlay	178,014	161,065	16,949
<b>Total Expenditures</b>	<b>7,517,439</b>	<b>7,109,326</b>	<b>408,113</b>
Excess of Revenues Over (Under) Expenditures	(60,839)	438,666	499,505
<b><u>Other Financing Sources (Uses)</u></b>			
Sale of Assets	500	76	(424)
Advances In	0	1,612,113	1,612,113
Advances Out	(1,726,913)	(1,726,913)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(470,220)	(470,220)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,196,633)</b>	<b>(584,944)</b>	<b>1,611,689</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,257,472)	(146,278)	2,111,194
Cash Fund Balance at Beginning of Year	3,159,117	3,159,117	0
Outstanding Encumbrances	231,207	231,207	0
<b>Cash Fund Balance at End of Year</b>	<b>\$1,132,852</b>	<b>\$3,244,046</b>	<b>\$2,111,194</b>

**CITY OF HIGHLAND HEIGHTS, OHIO**

**SPECIAL REVENUE FUNDS  
SUPPLEMENTAL DATA**

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**Street Construction, Maintenance, and Repair Fund**

Required by the Ohio Revised Code to account for that portion of the motor vehicle registration fees and state gasoline tax designated for construction, maintenance and repairs of streets and highways.

**Park and Recreation Fund**

Accounts for fees collected and property taxes levied for the purpose of paying the costs of acquiring, constructing, improving, operating or maintaining the City's recreational facilities and programs.

**Street Lighting**

Accounts for special assessments levied to pay the costs of street lighting in certain areas of the City.

**FEMA Fire Assistance**

Accounts for funds received through the Federal Emergency Management Agency (FEMA) to assist the City in the purchase of firefighter protective gear and safety vehicles to enhance the City's fire protection and resident emergency services.

**Law Enforcement Trust**

Accounts for funds received from the County Prosecutor from the sale of contraband seized during the commission of a crime in the City by law enforcement authorities.

**Grants Fund**

Accounts for miscellaneous or small grants received from state or local entities for various purposes.

**Drug Law Enforcement Trust**

Accounts for forfeited and intergovernmental monies and is used to cover costs of complex investigations, technical training, matching funds to obtain federal grants, to support D.A.R.E. programs, or for other law enforcement purposes, such as capital improvements, to enhance law enforcement capabilities.

**Enforcement and Education**

Accounts for funds received for DUI fines. These funds are to be used for educating and increasing the awareness of the City's police force regarding the DUI crime.

**CITY OF HIGHLAND HEIGHTS, OHIO**

**SPECIAL REVENUE FUNDS  
SUPPLEMENTAL DATA**

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**U.S. Department of Justice Fund**

Accounts for monies received from the Federal and State government to be used to establish or expand community policing programs.

**Juvenile Diversion Fund**

Accounts for grant and fine monies to be used for the Community Juvenile Diversion Program.

**Police Pension Fund**

Accounts for property taxes levied to pay the City's share of its current accrued police pension liabilities due the state-administered pension fund.

**Fire Pension Fund**

Accounts for property taxes levied to pay the City's share of its current and accrued firefighters' pension liabilities due the state-administered pension fund.

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**CITY OF HIGHLAND HEIGHTS, OHIO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 2001**

	Street Construction Maintenance and Repair	Parks and Recreation	Street Lighting	Law Enforcement Trust	Grants
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 254,147	\$ 47,594	\$ 285,235	\$ 9,939	\$ 2,835
Receivables (Net of Allowance Uncollectibles):					
Accounts	0	150	0	0	0
Taxes	0	301,055	0	0	0
Intergovernmental	111,372	0	0	0	3,770
Special Assessments	0	0	2,350,867	0	0
Inventory of Supplies	36,542	0	0	0	0
<b>Total Assets</b>	<b>\$ 402,061</b>	<b>\$ 348,799</b>	<b>\$2,636,102</b>	<b>\$ 9,939</b>	<b>\$ 6,605</b>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 220	\$ 2,470	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0	0
Compensated Absences Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	6,605
Due to Other Governments	0	3,349	0	0	0
Deferred Revenue	76,209	301,055	2,350,867	0	0
<b>Total Liabilities</b>	<b>76,429</b>	<b>306,874</b>	<b>2,350,867</b>	<b>0</b>	<b>6,605</b>
<b><u>Fund Equity</u></b>					
Fund Balances:					
Reserve for Encumbrances	48,324	2,132	0	0	0
Reserve for Inventory	36,542	0	0	0	0
Unreserved, Undesignated	240,766	39,793	285,235	9,939	0
<b>Total Fund Equity</b>	<b>325,632</b>	<b>41,925</b>	<b>285,235</b>	<b>9,939</b>	<b>0</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 402,061</b>	<b>\$ 348,799</b>	<b>\$2,636,102</b>	<b>\$ 9,939</b>	<b>\$ 6,605</b>

(Continued)

<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>	<u>U.S. Department of Justice</u>	<u>Diversion Fund</u>	<u>FEMA Fire Assistance</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
\$ 23,563	\$ 4,442	\$ 45,782	\$ 9,171	\$ 16,948	\$ 30,638	\$ 45,934	\$ 776,228
0	0	0	0	0	0	0	150
0	0	0	0	0	90,316	90,316	481,687
4,846	0	8,709	0	0	0	0	128,697
0	0	0	0	0	0	0	2,350,867
0	0	0	0	0	0	0	36,542
<u>\$ 28,409</u>	<u>\$ 4,442</u>	<u>\$ 54,491</u>	<u>\$ 9,171</u>	<u>\$ 16,948</u>	<u>\$ 120,954</u>	<u>\$ 136,250</u>	<u>\$ 3,774,171</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,920	\$ 0	\$ 0	\$ 5,610
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	6,605
0	0	0	0	0	0	0	3,349
0	0	0	0	0	90,316	90,316	2,908,763
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,920</u>	<u>90,316</u>	<u>90,316</u>	<u>2,924,327</u>
0	0	0	0	11,800	0	0	62,256
0	0	0	0	0	0	0	36,542
28,409	4,442	54,491	9,171	2,228	30,638	45,934	751,046
<u>28,409</u>	<u>4,442</u>	<u>54,491</u>	<u>9,171</u>	<u>14,028</u>	<u>30,638</u>	<u>45,934</u>	<u>849,844</u>
<u>\$ 28,409</u>	<u>\$ 4,442</u>	<u>\$ 54,491</u>	<u>\$ 9,171</u>	<u>\$ 16,948</u>	<u>\$ 120,954</u>	<u>\$ 136,250</u>	<u>\$ 3,774,171</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Street Construction Maintenance and Repair	Park and Recreation	Street Lighting	Law Enforcement Trust	Grants
<b>Revenues</b>					
Property Tax	\$ 0	\$ 279,862	\$ 0	\$ 0	\$ 0
Intergovernmental	270,099	33,236	0	0	3,770
Special Assessments	0	0	211,471	0	0
Charges for Services	0	178,822	0	0	0
Fines, Licenses, and Permits	0	0	0	0	0
Other	0	150	0	0	0
<b>Total Revenues</b>	<u>270,099</u>	<u>492,070</u>	<u>211,471</u>	<u>0</u>	<u>3,770</u>
<b>Expenditures</b>					
Current:					
Public Safety	0	0	0	0	3,770
Parks and Recreation	0	440,980	0	0	0
Streets and Roads	300,465	0	150,893	0	0
Public Works	0	0	0	0	0
<b>Total Expenditures</b>	<u>300,465</u>	<u>440,980</u>	<u>150,893</u>	<u>0</u>	<u>3,770</u>
Excess of Revenues Over (Under) Expenditures	<u>(30,366)</u>	<u>51,090</u>	<u>60,578</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	126,850	0	0	0	0
Operating Transfers Out	0	(50,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>126,850</u>	<u>(50,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	96,484	1,090	60,578	0	0
Fund Balance at Beginning of Year, as Restated	202,929	40,835	224,657	9,939	0
Increase in Reserve for Inventory	26,219	0	0	0	0
<b>Fund Balance at End of Year</b>	<u>\$ 325,632</u>	<u>\$ 41,925</u>	<u>\$ 285,235</u>	<u>\$ 9,939</u>	<u>\$ 0</u>

(Continued)

<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>	<u>U.S. Department of Justice</u>	<u>Juvenile Diversion Fund</u>	<u>FEMA Fire Assistance</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,959	\$ 83,959	\$ 447,780
4,844	0	69,734	8,400	13,248	9,970	9,970	423,271
0	0	0	0	0	0	0	211,471
0	0	0	0	0	0	0	178,822
0	1,211	0	1,100	0	0	0	2,311
0	0	0	0	0	0	0	150
<u>4,844</u>	<u>1,211</u>	<u>69,734</u>	<u>9,500</u>	<u>13,248</u>	<u>93,929</u>	<u>93,929</u>	<u>1,263,805</u>
1,105	0	56,393	6,542	2,920	173,194	162,017	405,941
0	0	0	0	0	0	0	440,980
0	0	0	0	0	0	0	451,358
0	0	0	0	0	0	0	0
<u>1,105</u>	<u>0</u>	<u>56,393</u>	<u>6,542</u>	<u>2,920</u>	<u>173,194</u>	<u>162,017</u>	<u>1,298,279</u>
3,739	1,211	13,341	2,958	10,328	(79,265)	(68,088)	(34,474)
0	0	0	0	3,700	147,570	142,100	420,220
0	0	0	0	0	0	0	(50,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,700</u>	<u>147,570</u>	<u>142,100</u>	<u>370,220</u>
3,739	1,211	13,341	2,958	14,028	68,305	74,012	335,746
24,670	3,231	41,150	6,213	0	(37,667)	(28,078)	487,879
0	0	0	0	0	0	0	26,219
<u>\$ 28,409</u>	<u>\$ 4,442</u>	<u>\$ 54,491</u>	<u>\$ 9,171</u>	<u>\$ 14,028</u>	<u>\$ 30,638</u>	<u>\$ 45,934</u>	<u>\$ 849,844</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**STREET CONSTRUCTION, MAINTENANCE, AND REPAIR SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 276,000	\$ 270,052	\$ (5,948)
<b>Total Revenues</b>	<u>276,000</u>	<u>270,052</u>	<u>(5,948)</u>
<b><u>Expenditures</u></b>			
Current:			
Streets and Roads:			
Salaries and Fringe Benefits	148,413	139,717	8,696
Purchased Services	123,865	101,079	22,786
Materials and Supplies	142,216	112,912	29,304
Capital Outlay	20,000	15,274	4,726
<b>Total Expenditures</b>	<u>434,494</u>	<u>368,982</u>	<u>65,512</u>
Excess of Revenues Over (Under) Expenditures	<u>(158,494)</u>	<u>(98,930)</u>	<u>59,564</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	132,250	126,850	(5,400)
<b>Total Other Financing Sources (Uses)</b>	<u>132,250</u>	<u>126,850</u>	<u>(5,400)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(26,244)	27,920	54,164
Cash Fund Balance at Beginning of Year	177,691	177,691	0
Outstanding Encumbrances	48,536	48,536	0
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 199,983</u></u>	<u><u>\$ 254,147</u></u>	<u><u>\$ 54,164</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**PARKS AND RECREATION REPAIR SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Taxes - Property Tax	\$ 277,680	\$ 279,862	\$ 2,182
Intergovernmental	34,320	33,235	(1,085)
Charges for Services	192,750	178,822	(13,928)
<b>Total Revenues</b>	<u>504,750</u>	<u>491,919</u>	<u>(12,831)</u>
<b><u>Expenditures</u></b>			
Current:			
Parks and Recreation:			
Salaries and Fringe Benefits	257,310	243,408	13,902
Purchased Services	73,773	70,167	3,606
Materials and Supplies	92,331	78,097	14,234
Capital Outlay	62,067	57,320	4,747
Other	8,726	7,225	1,501
<b>Total Expenditures</b>	<u>494,207</u>	<u>456,217</u>	<u>37,990</u>
Excess of Revenues Over (Under) Expenditures	<u>10,543</u>	<u>35,702</u>	<u>25,159</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers Out	(50,000)	(50,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(39,457)	(14,298)	25,159
Cash Fund Balance at Beginning of Year	57,667	57,667	0
Outstanding Encumbrances	4,225	4,225	0
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 22,435</u></u>	<u><u>\$ 47,594</u></u>	<u><u>\$ 25,159</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**STREET LIGHTING SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Special Assessments	\$ 213,490	\$ 211,471	\$ (2,019)
<b>Total Revenues</b>	<u>213,490</u>	<u>211,471</u>	<u>(2,019)</u>
 <b><u>Expenditures</u></b>			
Current:			
Streets and Roads:			
Capital Outlay	213,490	164,889	48,601
<b>Total Expenditures</b>	<u>213,490</u>	<u>164,889</u>	<u>48,601</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>46,582</u>	<u>46,582</u>
Cash Fund Balance at Beginning of Year	<u>238,653</u>	<u>238,653</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 238,653</u></u>	<u><u>\$ 285,235</u></u>	<u><u>\$ 46,582</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FEMA FIRE ASSISTANCE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 37,000	\$ 13,248	\$ (23,752)
<b>Total Revenues</b>	<u>37,000</u>	<u>13,248</u>	<u>(23,752)</u>
 <b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Capital Outlay	37,000	14,720	22,280
<b>Total Expenditures</b>	<u>37,000</u>	<u>14,720</u>	<u>22,280</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(1,472)</u>	<u>(1,472)</u>
 <b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	3,700	3,700	0
<b>Total Financing Sources (Uses)</b>	<u>3,700</u>	<u>3,700</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	3,700	2,228	(1,472)
Cash Fund Balance at Beginning of Year	0	0	0
Outstanding Encumbrances	<u>14,720</u>	<u>14,720</u>	<u>0</u>
 <b>Cash Fund Balance at End of Year</b>	 <u><u>\$ 18,420</u></u>	 <u><u>\$ 16,948</u></u>	 <u><u>\$ (1,472)</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Fines, Licenses, and Permits	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	9,000	0	9,000
<b>Total Expenditures</b>	<u>9,000</u>	<u>0</u>	<u>9,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,000)</u>	<u>0</u>	<u>9,000</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers Out	0	0	0
<b>Total Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(9,000)	0	9,000
Cash Fund Balance at Beginning of Year	<u>9,939</u>	<u>9,939</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 939</u></u>	<u><u>\$ 9,939</u></u>	<u><u>\$ 9,000</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GRANTS FUND SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Materials and Supplies	6,605	3,770	2,835
<b>Total Expenditures</b>	<u>6,605</u>	<u>3,770</u>	<u>2,835</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,605)</u>	<u>(3,770)</u>	<u>2,835</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Advances In	6,605	6,605	0
<b>Total Financing Sources (Uses)</b>	<u>6,605</u>	<u>6,605</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	0	2,835	2,835
Cash Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 2,835</u></u>	<u><u>\$ 2,835</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**DRUG LAW ENFORCEMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 5,200	\$ 5,937	\$ 737
<b>Total Revenues</b>	<u>5,200</u>	<u>5,937</u>	<u>737</u>
<b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	2,600	0	2,600
Capital Outlay	2,600	1,105	1,495
<b>Total Expenditures</b>	<u>5,200</u>	<u>1,105</u>	<u>4,095</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>4,832</u>	<u>4,832</u>
Cash Fund Balance at Beginning of Year	<u>18,731</u>	<u>18,731</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 18,731</u></u>	<u><u>\$ 23,563</u></u>	<u><u>\$ 4,832</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ENFORCEMENT AND EDUCATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Fines, Licenses, and Permits	\$ 1,200	\$ 1,211	\$ 11
<b>Total Revenues</b>	<u>1,200</u>	<u>1,211</u>	<u>11</u>
 <b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Purchased Services	1,000	0	1,000
Capital Outlay	2,000	0	2,000
<b>Total Expenditures</b>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,800)</u>	<u>1,211</u>	<u>3,011</u>
Cash Fund Balance at Beginning of Year	<u>3,231</u>	<u>3,231</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 1,431</u></u>	<u><u>\$ 4,442</u></u>	<u><u>\$ 3,011</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**U.S. DEPARTMENT OF JUSTICE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 78,409	\$ 80,274	\$ 1,865
<b>Total Revenues</b>	<u>78,409</u>	<u>80,274</u>	<u>1,865</u>
 <b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	74,625	48,956	25,669
Capital Outlay	7,459	7,437	22
<b>Total Expenditures</b>	<u>82,084</u>	<u>56,393</u>	<u>25,691</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,675)</u>	<u>23,881</u>	<u>27,556</u>
Cash Fund Balance at Beginning of Year	<u>21,901</u>	<u>21,901</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 18,226</u></u>	<u><u>\$ 45,782</u></u>	<u><u>\$ 27,556</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**JUVENILE DIVERSION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 10,200	\$ 9,250	\$ (950)
Fines, Licenses, and Permits	1,000	1,100	100
<b>Total Revenues</b>	11,200	10,350	(850)
<b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	8,499	6,130	2,369
Supplies	3,000	412	2,588
Capital Outlay	3,000	0	3,000
<b>Total Expenditures</b>	14,499	6,542	7,957
Excess of Revenues Over (Under) Expenditures	(3,299)	3,808	7,107
Cash Fund Balance at Beginning of Year	5,363	5,363	0
<b>Cash Fund Balance at End of Year</b>	\$ 2,064	\$ 9,171	\$ 7,107

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**POLICE PENSION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Taxes - Property Tax	\$ 83,304	\$ 83,959	\$ 655
Intergovernmental	10,296	9,970	(326)
<b>Total Revenues</b>	<u>93,600</u>	<u>93,929</u>	<u>329</u>
 <b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	241,170	241,658	(488)
<b>Total Expenditures</b>	<u>241,170</u>	<u>241,658</u>	<u>(488)</u>
Excess of Revenues Over (Under) Expenditures	<u>(147,570)</u>	<u>(147,729)</u>	<u>(159)</u>
 <b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	147,570	147,570	0
<b>Total Financing Sources (Uses)</b>	<u>147,570</u>	<u>147,570</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	0	(159)	(159)
Cash Fund Balance at Beginning of Year	<u>30,797</u>	<u>30,797</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 30,797</u></u>	<u><u>\$ 30,638</u></u>	<u><u>\$ (159)</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FIRE PENSION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Taxes - Property Tax	\$ 83,304	\$ 83,959	\$ 655
Intergovernmental	10,296	9,970	(326)
<b>Total Revenues</b>	<u>93,600</u>	<u>93,929</u>	<u>329</u>
<b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	235,700	221,503	14,197
<b>Total Expenditures</b>	<u>235,700</u>	<u>221,503</u>	<u>14,197</u>
Excess of Revenues Over (Under) Expenditures	<u>(142,100)</u>	<u>(127,574)</u>	<u>14,526</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	142,100	142,100	0
<b>Total Financing Sources (Uses)</b>	<u>142,100</u>	<u>142,100</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	0	14,526	14,526
Cash Fund Balance at Beginning of Year	<u>31,408</u>	<u>31,408</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 31,408</u></u>	<u><u>\$ 45,934</u></u>	<u><u>\$ 14,526</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**TOTAL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Taxes - Property Tax	\$ 444,288	\$ 447,780	\$ 3,492
Intergovernmental	461,721	431,936	(29,785)
Special Assessments	213,490	211,471	(2,019)
Fines, Licenses, and Permits	2,200	2,311	111
Charges for Services	192,750	178,822	(13,928)
<b>Total Revenues</b>	<u>1,314,449</u>	<u>1,272,320</u>	<u>(42,129)</u>
<b><u>Expenditures</u></b>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	571,594	518,247	53,347
Purchased Services	1,000	0	1,000
Supplies and Materials	9,605	4,182	5,423
Capital Outlay	52,059	23,262	28,797
Total Public Safety	<u>634,258</u>	<u>545,691</u>	<u>88,567</u>
Parks and Recreation:			
Salaries and Fringe Benefits	257,310	243,408	13,902
Purchased Services	73,773	70,167	3,606
Materials and Supplies	92,331	78,097	14,234
Capital Outlay	62,067	57,320	4,747
Other	8,726	7,225	1,501
Total Parks and Recreation	<u>494,207</u>	<u>456,217</u>	<u>37,990</u>
Streets and Roads			
Salaries and Fringe Benefits	148,413	139,717	8,696
Purchased Services	123,865	101,079	22,786
Materials and Supplies	142,216	112,912	29,304
Capital Outlay	233,490	180,163	53,327
Total Streets and Roads	<u>647,984</u>	<u>533,871</u>	<u>114,113</u>
<b>Total Expenditures</b>	<u>1,776,449</u>	<u>1,535,779</u>	<u>240,670</u>
Excess of Revenues Over (Under) Expenditures	<u>(462,000)</u>	<u>(263,459)</u>	<u>198,541</u>

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**TOTAL SPECIAL REVENUE FUNDS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	425,620	420,220	(5,400)
Operating Transfers Out	(50,000)	(50,000)	0
Advances In	6,605	6,605	0
<b>Total Financing Sources (Uses)</b>	<u>382,225</u>	<u>376,825</u>	<u>(5,400)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(79,775)	113,366	193,141
Cash Fund Balance at Beginning of Year	595,381	595,381	0
Outstanding Encumbrances	67,481	67,481	0
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 583,087</u></u>	<u><u>\$ 776,228</u></u>	<u><u>\$ 193,141</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**

**DEBT SERVICE FUNDS  
SUPPLEMENTAL DATA**

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**General Bond Retirement Fund**

Accounts for monies accumulated for the payment of all general long-term debt principal and interest which is not self supporting.

**Special Assessment Fund**

Accounts for special assessments levied to pay principal and interest on debt issued to finance the benefitted property owners' share of the cost of various projects.

**CITY OF HIGHLAND HEIGHTS, OHIO  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 DECEMBER 31, 2001**

	General Bond <u>Retirement</u>	<u>Assessments</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 1,021,651	\$ 735,845	\$ 1,757,496
Receivables (Net of Allowance for Uncollectibles):			
Taxes	128,605	0	128,605
Special Assessments	0	8,715,775	8,715,775
Due from Other Funds	0	0	0
<b>Total Assets</b>	<u>\$ 1,150,256</u>	<u>\$ 9,451,620</u>	<u>\$10,601,876</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 9,294	\$ 0	\$ 9,294
Deferred Revenue	13,833	8,715,775	8,729,608
<b>Total Liabilities</b>	<u>23,127</u>	<u>8,715,775</u>	<u>8,738,902</u>
<b><u>Fund Equity</u></b>			
Fund Balances:			
Reserve for Debt Service	1,127,129	735,845	1,862,974
<b>Total Fund Equity</b>	<u>1,127,129</u>	<u>735,845</u>	<u>1,862,974</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 1,150,256</u>	<u>\$ 9,451,620</u>	<u>\$10,601,876</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**DECEMBER 31, 2001**

	General Bond <u>Retirement</u>	<u>Assessments</u>	<u>Total</u>
<b><u>Revenues</u></b>			
Income Taxes	\$ 410,273	\$ 0	\$ 410,273
Property Taxes	41,114	0	41,114
Intergovernmental Revenue	0	4,569	4,569
Other Taxes	33,182	0	33,182
Special Assessments	0	784,023	784,023
Miscellaneous	23,245	0	23,245
<b>Total Revenues</b>	<u>507,814</u>	<u>788,592</u>	<u>1,296,406</u>
<b><u>Expenditures</u></b>			
Current:			
General Government	146,145	10,359	156,504
Debt Service:			
Principal Retirement	372,521	470,804	843,325
Interest and Fiscal Charges	349,659	362,021	711,680
<b>Total Expenditures</b>	<u>868,325</u>	<u>843,184</u>	<u>1,711,509</u>
Excess of Revenues Over (Under) Expenditures	<u>(360,511)</u>	<u>(54,592)</u>	<u>(415,103)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from Sale of Bonds	83,473	0	83,473
Operating Transfers In	50,000	0	50,000
<b>Total Other Financing Sources (Uses)</b>	<u>133,473</u>	<u>0</u>	<u>133,473</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(227,038)</u>	<u>(54,592)</u>	<u>(281,630)</u>
Fund Balance at Beginning of Year, as Restated	<u>1,354,167</u>	<u>790,437</u>	<u>2,144,604</u>
<b>Fund Balance at End of Year</b>	<u><u>\$1,127,129</u></u>	<u><u>\$ 735,845</u></u>	<u><u>\$1,862,974</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL BOND RETIREMENT DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Income Tax	\$ 630,800	\$ 606,497	\$ (24,303)
Property Tax	87,500	41,114	(46,386)
Other Taxes	28,000	35,287	7,287
Miscellaneous	23,245	23,245	0
<b>Total Revenues</b>	769,545	706,143	(63,402)
<b><u>Expenditures</u></b>			
Debt Service:			
Purchased Services	143,098	143,098	0
Principal Payment	5,232,525	5,232,521	4
Interest Charges	566,131	566,130	1
<b>Total Expenditures</b>	5,941,754	5,941,749	5
Excess of Revenues Over (Under) Expenditures	(5,172,209)	(5,235,606)	(63,397)
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from Sale of Notes	2,430,000	2,430,000	0
Proceeds from Sale of Bonds	2,430,000	2,513,473	83,473
Transfers In	50,000	50,000	0
<b>Total Financing Sources (Uses)</b>	4,910,000	4,993,473	83,473
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(262,209)	(242,133)	20,076
Cash Fund Balance at Beginning of Year	1,257,537	1,257,537	0
Outstanding Encumbrances	6,247	6,247	0
<b>Cash Fund Balance at End of Year</b>	\$1,001,575	\$1,021,651	\$ 20,076

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**SPECIAL ASSESSMENTS DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Intergovernmental Revenue	\$ 0	\$ 4,569	\$ 4,569
Special Assessments	806,035	784,023	(22,012)
<b>Total Revenues</b>	<u>806,035</u>	<u>788,592</u>	<u>(17,443)</u>
 <b><u>Expenditures</u></b>			
Debt Service:			
Purchased Services	15,109	10,359	4,750
Principal Payment	470,990	470,804	186
Interest Charges	384,880	362,021	22,859
<b>Total Expenditures</b>	<u>870,979</u>	<u>843,184</u>	<u>27,795</u>
Excess of Revenues Over (Under) Expenditures	<u>(64,944)</u>	<u>(54,592)</u>	<u>10,352</u>
Cash Fund Balance at Beginning of Year	<u>790,437</u>	<u>790,437</u>	<u>0</u>
 <b>Cash Fund Balance at End of Year</b>	 <u>\$ 725,493</u>	 <u>\$ 735,845</u>	 <u>\$ 10,352</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**TOTAL DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Income Taxes	\$ 630,800	\$ 606,497	\$ (24,303)
Property Taxes	87,500	41,114	(46,386)
Other Taxes	28,000	35,287	7,287
Special Assessments	806,035	784,023	(22,012)
Miscellaneous	23,245	23,245	0
Intergovernmental Revenue	0	4,569	4,569
<b>Total Revenues</b>	<u>1,575,580</u>	<u>1,494,735</u>	<u>(80,845)</u>
<b><u>Expenditures</u></b>			
Debt Service:			
Purchased Services	158,207	153,457	4,750
Principal Payment	5,703,515	5,703,325	190
Interest Charges	951,011	928,151	22,860
<b>Total Expenditures</b>	<u>6,812,733</u>	<u>6,784,933</u>	<u>27,800</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,237,153)</u>	<u>(5,290,198)</u>	<u>(53,045)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from Sale of Notes	2,430,000	2,430,000	0
Proceeds from Sale of Bonds	2,430,000	2,513,473	83,473
Transfers In	50,000	50,000	0
<b>Total Financing Sources (Uses)</b>	<u>4,910,000</u>	<u>4,993,473</u>	<u>83,473</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(327,153)</u>	<u>(296,725)</u>	<u>30,428</u>
Cash Fund Balance at Beginning of Year	2,047,974	2,047,974	0
Outstanding Encumbrances	6,247	6,247	0
<b>Cash Fund Balance at End of Year</b>	<u><u>\$1,727,068</u></u>	<u><u>\$1,757,496</u></u>	<u><u>\$ 30,428</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**

**CAPITAL PROJECTS FUNDS  
SUPPLEMENTAL DATA**

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**Capital Improvement Fund**

Accounts for interest earnings on the City's general treasury investments, Ohio Public Works grants and loan proceeds, estate tax revenues, and transfers which must be used for the acquisition or major repair of infrastructure or general fixed assets.

**Aberdeen Business Park**

Accounts for financial resources to be used for the acquisition or construction of its capital items in assistance with the Aberdeen Business Park.

**Alpha Drive Fund**

Accounts for the construction of the extension of Alpha Drive (a street) and sewers for which special assessments were levied (industrial park area).

**Issue 2 Project Fund**

Accounts for state grants and local matching funds to be used for sewerage system improvement within the City.

**Park and Recreation Improvement Fund**

Accounts for fees paid to the City by developers for the purpose of improving parks and recreations areas in the City.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2001**

	Capital Improvement	Aberdeen Business Park	Alpha Drive	Issue 2 Projects	Parks and Recreation Improvement	Totals
<b>Assets</b>						
Cash and Cash Equivalents	\$ 2,688,227	\$ 429,650	\$ 29,068	\$ 15,458	\$ 114,133	\$ 3,276,536
Receivables (Net of Allowance for Uncollectibles):						
Taxes	0	0	0	0	0	0
Intergovernmental	13,619	0	0	0	0	13,619
Accrued Interest	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 2,701,846</b>	<b>\$ 429,650</b>	<b>\$ 29,068</b>	<b>\$ 15,458</b>	<b>\$ 114,133</b>	<b>\$ 3,290,155</b>
<b>Liabilities</b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,040	\$ 18,040
Due to Other Funds	0	0	0	0	108,195	108,195
Deferred Revenue	3,404	0	0	0	0	3,404
Bond Anticipation Notes Payable	0	1,600,000	0	0	0	1,600,000
<b>Total Liabilities</b>	<b>3,404</b>	<b>1,600,000</b>	<b>0</b>	<b>0</b>	<b>126,235</b>	<b>1,729,639</b>
<b>Fund Equity</b>						
Fund Balances:						
Reserve for Encumbrances	752,854	315,094	0	0	75,352	1,143,300
Unreserved, Undesignated (Deficit)	1,945,588	(1,485,444)	29,068	15,458	(87,454)	417,216
<b>Total Fund Equity (Deficit)</b>	<b>2,698,442</b>	<b>(1,170,350)</b>	<b>29,068</b>	<b>15,458</b>	<b>(12,102)</b>	<b>1,560,516</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 2,701,846</b>	<b>\$ 429,650</b>	<b>\$ 29,068</b>	<b>\$ 15,458</b>	<b>\$ 114,133</b>	<b>\$ 3,290,155</b>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2001**

	Capital Improvement	Aberdeen Business Park	Alpha Drive	Issue 2 Projects	Parks and Recreation Improvement	Totals
<b>Revenues</b>						
Taxes	\$ 216,471	\$ 0	\$ 0	\$ 0	\$ 0	\$ 216,471
Intergovernmental	293,472	0	0	0	0	293,472
Charges for Services	0	0	0	0	36,400	36,400
Interest	151,737	0	0	0	0	151,737
Miscellaneous	14,463	0	0	0	0	14,463
<b>Total Revenues</b>	<b>676,143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,400</b>	<b>712,543</b>
<b>Expenditures</b>						
Capital Outlay	1,064,346	1,170,350	0	0	69,446	2,304,142
Debt Service:						
Interest and Fiscal Charges	124,131	0	0	0	0	124,131
<b>Total Expenditures</b>	<b>1,188,477</b>	<b>1,170,350</b>	<b>0</b>	<b>0</b>	<b>69,446</b>	<b>2,428,273</b>
Excess of Revenues Over (Under) Expenditures	(512,334)	(1,170,350)	0	0	(33,046)	(1,715,730)
<b>Other Financing Sources (Uses)</b>						
Proceeds of Sale of Bonds	3,981,527	0	0	0	0	3,981,527
OPWC Loan Proceeds	686,733	0	0	0	0	686,733
Operating Transfers In	50,000	0	0	0	0	50,000
Operating Transfers Out	(50,000)	0	0	0	0	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>4,668,260</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,668,260</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	4,155,926	(1,170,350)	0	0	(33,046)	2,952,530
Fund Balance (Deficit) at Beginning of Year, as Restated	(1,457,484)	0	29,068	15,458	20,944	(1,392,014)
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 2,698,442</b>	<b>\$(1,170,350)</b>	<b>\$ 29,068</b>	<b>\$ 15,458</b>	<b>\$ (12,102)</b>	<b>\$ 1,560,516</b>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Intergovernmental	\$1,387,238	\$ 378,945	\$(1,008,293)
Interest	271,350	302,594	31,244
Miscellaneous	14,000	14,463	463
<b>Total Revenues</b>	<u>1,672,588</u>	<u>696,002</u>	<u>(976,586)</u>
<b><u>Expenditures</u></b>			
Capital Outlay:			
General Government:			
Capital Outlay	4,698,014	2,673,769	2,024,245
Debt Service:			
Principal Retirement	1,500,000	1,500,000	0
<b>Total Expenditures</b>	<u>6,198,014</u>	<u>4,173,769</u>	<u>2,024,245</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,525,426)</u>	<u>(3,477,767)</u>	<u>1,047,659</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds of Sale of Notes	1,500,000	1,500,000	0
Proceeds of Sale of Bonds	1,550,000	1,551,527	1,527
OPWC Loan Proceeds	686,733	686,733	0
Operating Transfers In	50,000	50,000	0
Operating Transfers Out	(50,000)	(50,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>3,736,733</u>	<u>3,738,260</u>	<u>1,527</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Finance Sources (Uses)	(788,693)	260,493	1,049,186
Cash Fund Balance at Beginning of Year	1,674,880	1,674,880	0
Outstanding Encumbrances	752,854	752,854	0
<b>Cash Fund Balance at End of Year</b>	<u>\$1,639,041</u>	<u>\$2,688,227</u>	<u>\$ 1,049,186</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**ABERDEEN BUSINESS PARK CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>			
Capital Outlay:			
General Government:			
Capital Outlay	1,600,000	1,485,444	114,556
<b>Total Expenditures</b>	1,600,000	1,485,444	114,556
Excess of Revenues Over (Under) Expenditures	(1,600,000)	(1,485,444)	114,556
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds of Sale of Notes	1,600,000	1,600,000	0
Advances In	1,612,113	1,612,113	0
Advances Out	(1,612,113)	(1,612,113)	0
<b>Total Other Financing Sources (Uses)</b>	1,600,000	1,600,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Finance Sources (Uses)	0	114,556	114,556
Cash Fund Balance at Beginning of Year	0	0	0
Outstanding Encumbrances	315,094	315,094	0
<b>Cash Fund Balance at End of Year</b>	\$ 315,094	\$ 429,650	\$ 114,556

**CITY OF HIGHLAND HEIGHTS, OHIO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
 BUDGET AND ACTUAL - (NON-GAAP BASIS)  
 ALPHA DRIVE CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Fund Balance at Beginning of Year	\$ 29,068	\$ 29,068	\$ 0
<b>Cash Fund Balance at End of Year</b>	<u>\$ 29,068</u>	<u>\$ 29,068</u>	<u>\$ 0</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**ISSUE 2 PROJECTS CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Fund Balance at Beginning of Year	\$ 15,458	\$ 15,458	\$ 0
<b>Cash Fund Balance at End of Year</b>	<u>\$ 15,458</u>	<u>\$ 15,458</u>	<u>\$ 0</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**PARKS AND RECREATION IMPROVEMENTS CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Charges for Services	\$ 50,000	\$ 36,400	\$ (13,600)
<b>Total Revenues</b>	<u>50,000</u>	<u>36,400</u>	<u>(13,600)</u>
 <b><u>Expenditures</u></b>			
Capital Outlay			
General Government			
Capital Outlay	158,195	144,798	13,397
<b>Total Expenditures</b>	<u>158,195</u>	<u>144,798</u>	<u>13,397</u>
Excess of Revenues Over (Under) Expenditures	<u>(108,195)</u>	<u>(108,398)</u>	<u>(203)</u>
 <b><u>Other Financing Sources (Uses)</u></b>			
Advances In	108,195	108,195	0
<b>Total Other Financing Sources (Uses)</b>	<u>108,195</u>	<u>108,195</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	0	(203)	(203)
Cash Fund Balance at Beginning of Year	20,944	20,944	0
Outstanding Encumbrances	93,392	93,392	0
 <b>Cash Fund Balance at End of Year</b>	 <u>\$ 114,336</u>	 <u>\$ 114,133</u>	 <u>\$ (203)</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**TOTAL CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Intergovernmental	\$1,387,238	\$ 378,945	\$(1,008,293)
Charges for Services	50,000	36,400	(13,600)
Interest	271,350	302,594	31,244
Miscellaneous	14,000	14,463	463
<b>Total Revenues</b>	<u>1,722,588</u>	<u>732,402</u>	<u>(990,186)</u>
<b><u>Expenditures</u></b>			
Capital Outlay:			
General Government:			
Capital Outlay	6,456,209	4,304,011	2,152,198
Debt Service:			
Principal Retirement	1,500,000	1,500,000	0
<b>Total Expenditures</b>	<u>7,956,209</u>	<u>5,804,011</u>	<u>2,152,198</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,233,621)</u>	<u>(5,071,609)</u>	<u>1,162,012</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds of Sale of Notes	3,100,000	3,100,000	0
Proceeds of Sale of Bonds	1,550,000	1,551,527	1,527
OPWC Loan Proceeds	686,733	686,733	0
Operating Transfers In	50,000	50,000	0
Operating Transfers Out	(50,000)	(50,000)	0
Advances In	1,720,308	1,720,308	0
Advances Out	(1,612,113)	(1,612,113)	0
<b>Total Other Financing Sources (Uses)</b>	<u>5,444,928</u>	<u>5,446,455</u>	<u>1,527</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(788,693)</u>	<u>374,846</u>	<u>1,163,539</u>
Cash Fund Balance at Beginning of Year	1,740,350	1,740,350	0
Outstanding Encumbrances	1,161,340	1,161,340	0
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 2,112,997</u></u>	<u><u>\$3,276,536</u></u>	<u><u>\$ 1,163,539</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**

**TRUST AND AGENCY FUNDS  
SUPPLEMENTAL DATA**

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**Trust Funds**

**Street Tree Fund**

Accounts for monies collected from certain property owners primarily for the furnishing and planting of trees within the City.

**Park Land Acquisition Fund**

Accounts for monies collected from developers to assist in the purchase of additional park land for the City.

**Agency Funds**

**Performance Bond Fund**

Accounts for monies received from contractors, developers, or individuals which are held as deposits to insure performance under the city's building and construction codes.

**Inspection Deposit Fund**

Accounts for monies received from contractors, developers, or individuals that are used to pay for inspections needed to ascertain that all work is done in conformity with City laws and regulations.

**Unclaimed Fund**

To account for unclaimed checks not yet available to be placed in the general fund as required by the Ohio Revised Code.

**Security Deposit**

To account for funds held on deposit for Community Center rentals.

**CITY OF HIGHLAND HEIGHTS, OHIO  
 COMBINING BALANCE SHEET  
 EXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Expendable Trust Funds</u>		Total	
	Street Tree	Park Land Acquisition	Agency Funds	Total
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 89,009	\$ 13,039	\$ 477,962	\$ 580,010
<b>Total Assets</b>	\$ 89,009	\$ 13,039	\$ 477,962	\$ 580,010
 <b><u>Liabilities</u></b>				
Accounts Payable	\$ 0	\$ 0	\$ 1,266	\$ 1,266
Refundable Deposits	0	0	476,696	476,696
<b>Total Liabilities</b>	0	0	477,962	477,962
 <b><u>Fund Equity</u></b>				
Fund Balances:				
Unreserved, Undesignated	89,009	13,039	0	102,048
<b>Total Fund Equity</b>	89,009	13,039	0	102,048
 <b>Total Liabilities and Fund Equity</b>	\$ 89,009	\$ 13,039	\$ 477,962	\$ 580,010

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Expendable Trust Funds</u>		
	<u>Street Tree</u>	<u>Park Land Acquisition</u>	<u>Total</u>
<b><u>Revenues</u></b>			
Charges for Services	\$ 18,300	\$ 0	\$ 18,300
<b>Total Revenues</b>	<u>18,300</u>	<u>0</u>	<u>18,300</u>
<b><u>Expenditures</u></b>			
Capital Outlay	17,605	136,091	153,696
<b>Total Expenditures</b>	<u>17,605</u>	<u>136,091</u>	<u>153,696</u>
Excess of Revenues Over (Under) Expenditures	<u>695</u>	<u>(136,091)</u>	<u>(135,396)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	0	50,000	50,000
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>50,000</u>	<u>50,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	695	(86,091)	(85,396)
Fund Balance at Beginning of Year	<u>88,314</u>	<u>99,130</u>	<u>187,444</u>
<b>Fund Balance at End of Year</b>	<u>\$ 89,009</u>	<u>\$ 13,039</u>	<u>\$ 102,048</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**STREET TREE EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Charges for Services	\$ 20,000	\$ 18,300	\$ (1,700)
<b>Total Revenues</b>	<u>20,000</u>	<u>18,300</u>	<u>(1,700)</u>
 <b><u>Expenditures</u></b>			
Current:			
Streets and Roads			
Capital Outlay	20,000	17,604	2,396
<b>Total Expenditures</b>	<u>20,000</u>	<u>17,604</u>	<u>2,396</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>696</u>	<u>696</u>
Cash Fund Balance at Beginning of Year	<u>88,313</u>	<u>88,313</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 88,313</u></u>	<u><u>\$ 89,009</u></u>	<u><u>\$ 696</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**PARK LAND ACQUISITION EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>			
Current:			
Parks and Recreation:			
Capital Outlay	\$ 136,091	\$ 136,091	\$ 0
<b>Total Expenditures</b>	<u>136,091</u>	<u>136,091</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(136,091)</u>	<u>(136,091)</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(86,091)</u>	<u>(86,091)</u>	<u>0</u>
Cash Fund Balance at Beginning of Year	<u>99,130</u>	<u>99,130</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 13,039</u></u>	<u><u>\$ 13,039</u></u>	<u><u>\$ 0</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**TOTAL EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Charges for Services	\$ 20,000	\$ 18,300	\$ (1,700)
<b>Total Revenues</b>	<u>20,000</u>	<u>18,300</u>	<u>(1,700)</u>
<b><u>Expenditures</u></b>			
Current:			
Streets and Roads			
Capital Outlay	20,000	17,604	2,396
Parks and Recreation			
Capital Outlay	136,091	136,091	0
<b>Total Expenditures</b>	<u>156,091</u>	<u>153,695</u>	<u>2,396</u>
Excess of Revenues Over (Under) Expenditures	<u>(136,091)</u>	<u>(135,395)</u>	<u>696</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In	50,000	50,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(86,091)	(85,395)	696
Cash Fund Balance at Beginning of Year	<u>187,443</u>	<u>187,443</u>	<u>0</u>
<b>Cash Fund Balance at End of Year</b>	<u><u>\$ 101,352</u></u>	<u><u>\$ 102,048</u></u>	<u><u>\$ 696</u></u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Balance January 1, 2001	Additions	Reductions	December 31, 2001
<b><u>Performance Bond</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 425,157	\$ 197,237	\$ 164,889	\$ 457,505
<b>Total Assets</b>	<b>\$ 425,157</b>	<b>\$ 197,237</b>	<b>\$ 164,889</b>	<b>\$ 457,505</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 375	\$ 0	\$ 375	\$ 0
Refundable Deposits	424,782	197,612	164,889	457,505
<b>Total Liabilities</b>	<b>\$ 425,157</b>	<b>\$ 197,612</b>	<b>\$ 165,264</b>	<b>\$ 457,505</b>
<b><u>Inspection Deposit</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 15,946	\$ 52,704	\$ 52,927	\$ 15,723
<b>Total Assets</b>	<b>\$ 15,946</b>	<b>\$ 52,704</b>	<b>\$ 52,927</b>	<b>\$ 15,723</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 3,827	\$ 1,116	\$ 3,827	\$ 1,116
Refundable Deposits	12,119	56,531	54,043	14,607
<b>Total Liabilities</b>	<b>\$ 15,946</b>	<b>\$ 57,647</b>	<b>\$ 57,870</b>	<b>\$ 15,723</b>
<b><u>Unclaimed Funds</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 0	\$ 4,578	\$ 1,394	\$ 3,184
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 4,578</b>	<b>\$ 1,394</b>	<b>\$ 3,184</b>
<b><u>Liabilities</u></b>				
Refundable Deposits	\$ 0	\$ 4,578	\$ 1,394	\$ 3,184
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 4,578</b>	<b>\$ 1,394</b>	<b>\$ 3,184</b>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Balance January 1, 2001	Additions	Reductions	December 31, 2001
<b><u>Security Deposit</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 0	\$ 5,250	\$ 3,700	\$ 1,550
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 5,250</b>	<b>\$ 3,700</b>	<b>\$ 1,550</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 0	\$ 150	\$ 0	\$ 150
Refundable Deposits	0	5,250	3,850	1,400
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 5,400</b>	<b>\$ 3,850</b>	<b>\$ 1,550</b>
 <b><u>Total Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 441,103	\$ 259,769	\$ 222,910	\$ 477,962
<b>Total Assets</b>	<b>\$ 441,103</b>	<b>\$ 259,769</b>	<b>\$ 222,910</b>	<b>\$ 477,962</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 4,202	\$ 1,266	\$ 4,202	\$ 1,266
Refundable Deposits	436,901	263,971	224,176	476,696
<b>Total Liabilities</b>	<b>\$ 441,103</b>	<b>\$ 265,237</b>	<b>\$ 228,378</b>	<b>\$ 477,962</b>

**CITY OF HIGHLAND HEIGHTS, OHIO  
GENERAL FIXED ASSET ACCOUNT GROUP  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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This account group presents the general fixed assets of the City utilized in its general operations. General fixed assets include land and land improvements, buildings, vehicles, equipment, and furnishings.

**CITY OF HIGHLAND HEIGHTS, OHIO  
SCHEDULE OF GENERAL FIXED ASSETS  
BY SOURCE  
DECEMBER 31, 2001**

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**General Fixed Assets**

Land and Land Improvements	\$ 2,446,752
Buildings	6,409,953
Vehicles, Equipment, and Furnishings	2,829,518
	<hr/>
<b>Total General Fixed Assets</b>	<b>\$ 11,686,223</b>
	<hr/> <hr/>

**Investment in General Fixed Assets**

General Fund	\$ 4,401,798
Special Revenue Fund	263,870
Capital Projects Fund	6,511,820
Expendable Trust Funds	508,735
	<hr/>
<b>Total Investment in General Fixed Assets</b>	<b>\$ 11,686,223</b>
	<hr/> <hr/>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2001**

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	<u>Land and Land Improvement</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General Government	\$ 509,246	\$ 2,986,002	\$ 815,820	\$ 4,311,068
Public Safety	431,828	2,543,040	1,350,190	4,325,058
Public Works	228,811	654,624	582,630	1,466,065
Parks and Recreation	1,192,468	226,287	37,366	1,456,121
Community Environment	0	0	42,461	42,461
Streets and Roads	0	0	1,051	1,051
Capital Outlay	84,399	0	0	84,399
<b>Total General Fixed Assets</b>	<u>\$ 2,446,752</u>	<u>\$ 6,409,953</u>	<u>\$ 2,829,518</u>	<u>\$11,686,223</u>

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2001**

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	Balance January 1, 2001	Additions	Disposals	Balance December 31, 2001
General Government	\$ 4,303,073	\$ 52,235	\$ 44,240	\$ 4,311,068
Public Safety	4,211,012	138,821	24,775	4,325,058
Public Works	1,181,730	286,944	2,609	1,466,065
Parks and Recreation	1,310,397	159,200	13,476	1,456,121
Community Environment	23,423	19,038	0	42,461
Streets and Roads	1,051	0	0	1,051
Capital Outlay	84,399	0	0	84,399
<b>Total General Fixed Assets</b>	<b>\$11,115,085</b>	<b>\$ 656,238</b>	<b>\$ 85,100</b>	<b>\$11,686,223</b>

# STATISTICAL SECTION

**CITY OF HIGHLAND HEIGHTS, OHIO  
GENERAL GOVERNMENT EXPENDITURES  
BY FUNCTION (1)  
LAST TEN FISCAL YEARS**

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<u>Year</u>	<u>Public Safety</u>	<u>Public Health</u>	<u>Park and Recreation</u>	<u>Community Environment</u>
1992 (3)	\$ 2,467,331	\$ 6,937	\$ 413,257	\$ 170,838
1993 (3)	2,814,380	13,873	473,230	198,379
1994 (3)	2,913,632	13,873	412,575	202,852
1995 (3)	3,129,612	15,248	510,598	231,907
1996	2,954,638	15,248	604,963	193,033
1997	3,330,431	16,122	426,766	220,042
1998	3,424,600	16,122	552,788	228,459
1999	3,809,003	0	592,328	233,224
2000	3,754,647	13,510	587,632	225,863
2001	4,228,354	0	615,521	254,237

- (1) Includes all governmental fund types and expendable trust fund type expenditures.
- (2) Represents all interest paid on bonds and notes in addition to payments made to reduce the principal or the actual amount borrowed. Does not include the gross effect of note rollovers.
- (3) No breakdown between police and fire services for these four years was performed for reporting purposes.

Source: City of Highland Heights Finance Department

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<u>Public Works</u>	<u>Streets and Roads</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service (2)</u>	<u>Total</u>
\$ 649,953	\$ 258,356	\$ 865,813	\$ 809,894	\$ 712,474	\$ 6,354,853
784,171	279,662	1,206,581	1,314,657	881,632	7,966,565
770,158	388,108	1,300,484	1,120,861	688,974	7,811,517
806,265	706,078	1,325,660	7,023,830	851,121	14,600,319
839,635	436,030	963,574	445,909	901,962	7,354,992
871,851	589,109	984,006	2,004,821	2,523,066	10,966,214
877,728	446,002	1,043,427	6,322,076	7,659,233	20,570,435
1,078,337	509,788	1,394,770	5,963,387	2,851,882	16,432,719
954,544	526,122	1,101,501	2,918,878	1,454,774	11,537,471
1,117,708	453,417	1,753,386	2,548,761	1,679,136	12,650,520

**CITY OF HIGHLAND HEIGHTS, OHIO  
GENERAL GOVERNMENT REVENUES  
BY SOURCE (1)  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Taxes (2)</u>	<u>Inter-governmental</u>	<u>Special (3) Assessments</u>	<u>Charges for Services</u>	<u>Fines, Licenses and Permits</u>	<u>Interest Earnings</u>	<u>Miscellaneous</u>	<u>Totals</u>
1992	\$ 5,269,804	\$ 344,484	\$ 380,844	\$ 175,441	\$ 696,383	\$ 135,219	\$ 76,921	\$ 7,079,096
1993	5,038,553	309,243	400,707	204,064	684,490	208,850	22,674	6,868,581
1994	5,357,762	475,908	418,285	220,382	421,482	147,318	473,220	7,514,357
1995	5,032,531	390,163	440,080	194,900	609,871	381,782	958,752	8,008,079
1996	5,270,733	521,130	467,053	200,999	355,707	163,149	941,433	7,920,204
1997	5,624,018	422,148	474,926	240,213	425,947	249,131	577,759	8,014,142
1998	7,262,243	1,988,292	462,570	422,649	353,380	403,740	720,874	11,613,748
1999	8,041,341	2,752,003	730,490	405,465	487,460	532,277	1,431,955	14,380,991
2000	7,829,500	2,253,623	625,182	327,437	432,950	661,766	238,292	12,368,750
2001	7,475,176	1,055,989	1,077,360	302,200	540,114	192,423	271,574	10,914,836

(1) Includes all governmental fund types and expendable trust fund type expenditures.

(2) Includes municipal income taxes, property taxes, and other taxes.

(3) Include both special assessments collected by the Cuyahoga County Auditor and prepayments collected by the City of Highland Heights Finance Department.

Source: City of Highland Heights Finance Department

**CITY OF HIGHLAND HEIGHTS, OHIO  
PROPERTY TAXES LEVIED AND COLLECTED  
LAST TEN FISCAL YEARS**

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<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections(1)</u>	<u>Percent Levy Collected</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percent of Accumulated Delinquent Taxes to Total Tax Levy</u>
1992	\$ 880,519	\$ 861,310	97.8%	\$ 17,832	2.0%
1993	921,822	900,964	97.7%	26,724	2.9%
1994	920,686	897,368	97.5%	24,622	2.7%
1995	995,078	966,229	97.1%	20,565	2.1%
1996	996,904	946,535	94.9%	26,876	2.7%
1997	1,026,933	982,671	95.7%	28,637	2.8%
1998	1,148,171	1,097,863	95.6%	28,561	2.5%
1999	1,148,004	1,096,202	95.5%	20,989	1.8%
2000	1,151,034	1,107,200	96.2%	45,546	4.0%
2001	1,129,436	1,085,436	96.1%	25,871	2.3%

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

Source: Cuyahoga County Auditor

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)**  
**LAST TEN FISCAL YEARS**

Collection Year	Real Property		Public Utility Tangible Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	
1992	\$ 154,906,490	\$442,589,971	\$ 6,218,580	\$ 7,065,568	\$ 51,444,561	\$197,863,696	\$212,569,631	\$647,519,235	32.83%
1993	162,772,890	465,065,400	5,990,520	6,807,409	50,612,970	202,451,880	219,376,380	674,324,689	32.53%
1994	172,857,490	493,878,543	6,010,340	6,829,932	50,944,469	203,777,876	229,812,299	704,486,351	32.62%
1995	196,112,560	560,321,600	6,109,200	6,942,273	43,770,134	175,080,536	245,991,894	742,344,409	33.14%
1996	203,787,280	582,249,371	5,782,570	6,571,102	39,964,555	159,858,220	249,534,405	748,678,693	33.33%
1997	209,720,300	599,200,857	5,898,500	6,702,841	33,139,732	132,558,928	248,758,532	738,462,626	33.69%
1998	230,067,690	657,336,257	5,605,090	6,369,420	35,261,512	141,046,048	270,934,292	804,751,725	33.67%
1999	234,995,310	671,415,171	5,384,850	6,119,148	43,313,706	173,254,824	283,693,866	850,789,143	33.34%
2000	238,182,700	680,522,000	4,856,290	5,518,511	40,227,485	160,909,940	283,266,475	846,950,451	33.45%
2001	275,634,900	787,528,286	4,368,080	4,963,727	37,230,755	148,923,020	317,233,735	941,415,033	33.70%

(1) The assessed valuation is computed at approximately the following percentage of estimated actual value:

- a) Real Property - 35 %
- b) Public Utility Tangible Property - 88%
- c) Tangible Personal Property in 1991 - 27%
- d) Tangible Personal Property in 1992 - 26%
- e) Tangible Personal Property in 1993-2001 - 25%

Source: Cuyahoga County Auditor

**CITY OF HIGHLAND HEIGHTS, OHIO  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
(per \$1,000 of Assessed Value)  
LAST TEN FISCAL YEARS**

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<u>Tax Year</u>	<u>Collection Year</u>	<u>City</u>	(1) <u>County and Special Taxing Districts</u>	<u>Mayfield School District</u>	<u>Total</u>
1992	1993	4.00	17.80	56.10	77.90
1993	1994	4.00	17.80	56.10	77.90
1994	1995	4.00	18.20	55.90	78.10
1995	1996	4.00	18.00	58.90	80.90
1996	1997	4.00	18.00	58.90	80.90
1997	1998	4.00	18.00	58.90	80.90
1998	1999	4.00	16.70	59.40	80.10
1999	2000	4.00	16.70	59.40	80.10
2000	2001	4.00	17.60	59.30	80.90
2001	2002	4.00	17.60	59.20	80.80

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

Source: Cuyahoga County Auditor

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**PROPERTY TAX RATES COMPARED TO CHARTER LIMITATIONS**  
**(per \$1,000 of Assessed Value)**  
**LAST TEN FISCAL YEARS**

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<u>Tax Year/ Collection Year</u>	<u>5.0 Mill Limit for General Fund</u>	<u>12.0 Mill Limit for Debt Service</u>	<u>1.0 Mill Limit for Recreation Purpose</u>	<u>0.3 Mill Limit for Police Pension</u>	<u>0.3 Mill Limit for Fire Pension</u>	<u>Total City Millage</u>
1992/1993	2.20	0.20	1.00	0.30	0.30	4.00
1993/1994	2.20	0.20	1.00	0.30	0.30	4.00
1994/1995	2.20	0.20	1.00	0.30	0.30	4.00
1995/1996	2.20	0.20	1.00	0.30	0.30	4.00
1996/1997	2.22	0.18	1.00	0.30	0.30	4.00
1997/1998	2.40		1.00	0.30	0.30	4.00
1998/1999	2.40		1.00	0.30	0.30	4.00
1999/2000	2.40		1.00	0.30	0.30	4.00
2000/2001	2.40		1.00	0.30	0.30	4.00
2001/2002	2.40		1.00	0.30	0.30	4.00

Source: Cuyahoga County Auditor

**CITY OF HIGHLAND HEIGHTS, OHIO  
SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN FISCAL YEARS**

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<u>Collection Year</u>	<u>Amount Billed</u>	(1) <u>Amount Collected</u>	<u>Percent Collected</u>
1992	\$ 392,070	\$ 380,844	97.1%
1993	411,769	400,708	97.3%
1994	427,592	418,285	97.8%
1995	466,236	438,297	94.0%
1996	466,236	467,053	100.2%
1997	473,768	474,926	100.2%
1998	462,542	456,350	98.6%
1999	465,264	460,781	99.0%
2000	570,766	566,736	99.3%
2001	994,360	979,461	98.5%

(1) Collections made by County Auditor only.

Source: Cuyahoga County Auditor

**CITY OF HIGHLAND HEIGHTS, OHIO  
 COMPUTATION OF LEGAL DEBT MARGIN  
 STATUTORY DEBT LIMITATIONS  
 DECEMBER 31, 2001**

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Tax Assessed Valuation		\$317,233,735
Overall Debt Limitation - 10 ½ % of Assessed Valuation		33,309,542
Gross Indebtedness (2)	\$18,715,000	
Less: Debt Outside Income - Schedule A	6,425,844	
Debt within 10 ½ % Limitation	12,289,156	
Less: Amount Available in Debt Service Fund (1)	1,862,974	
Net Debt Within 10 ½ % Limitation		10,426,182
Legal Debt Margin Within 10 ½ % Limitation		\$ 22,883,360
Unvoted Debt Limitation - 5 ½ % of Assessed Valuation		\$ 17,447,855
Gross Indebtedness Authorized by Council (2)	\$18,715,000	
Less: Debt Outside Limitations	6,425,844	
Debt Within 5 ½ % Limitation	12,289,156	
Less: Amount Available in Debt Service Fund (1)	1,862,974	
Net Debt Within 10 ½ % Limitation		10,426,182
Legal Debt Margin Within 5 ½ % Limitation		\$ 7,021,673

(1) Excludes balance in Special Assessment Bond Retirement fund  
 (2) Excludes OPWC Loans

Source: City of Highland Heights Finance Department

**CITY OF HIGHLAND HEIGHTS, OHIO  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2001**

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<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Amount Applicable to City of Highland Heights</u>	<u>Amount Applicable to City of Highland Heights</u>
<b><u>Direct</u></b>			
City of Highland Heights (1)	\$ 18,715,000	100.00%	\$18,715,000
<b>Total Direct</b>	<u>18,715,000</u>		<u>18,715,000</u>
<b><u>Overlapping</u></b>			
Mayfield City School District	9,111,199	27.23%	2,480,979
Cuyahoga County	216,544,636	1.14%	2,468,609
Greater Cleveland Regional Transit Authority	123,915,000	1.14%	1,412,631
<b>Total Overlapping</b>	<u>349,570,835</u>		<u>6,362,219</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 368,285,835</u>		<u>\$25,077,219</u>

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

(1) Excludes loans.

Source: Cuyahoga County Auditor.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**RATIO OF NET GENERAL BONDED DEBT TO**  
**ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Debt</u>	<u>Special Assessment Debt</u>	<u>General Obligation Debt</u>	<u>General Obligation Debt Service Money Available</u>	<u>(1) Net General Obligation Debt</u>	<u>(1) Ratio of Net Debt to Assessed Valuation</u>	<u>(1) Net General Obligation Debt per Capita</u>
1992	6,500	\$ 212,569,631	\$ 6,628,000	\$ 2,444,439	\$ 4,183,561	\$ 372,384	\$ 3,811,177	1.8%	586
1993	6,600	219,376,380	4,849,000	2,349,448	2,499,552	335,624	2,163,928	1.0%	328
1994	6,700	229,812,299	11,990,000	2,249,461	9,740,539	330,677	9,409,862	4.1%	1,404
1995	6,750	245,991,894	11,866,000	2,144,477	9,721,523	258,925	9,462,598	3.8%	1,402
1996	7,000	249,534,405	11,527,000	2,024,527	9,502,473	88,645	9,413,828	3.8%	1,345
1997	7,647	248,758,532	9,928,000	1,899,500	8,028,500	89,757	7,938,743	3.2%	1,038
1998	7,800	270,934,292	9,280,000	1,775,000	7,505,000	291,776	7,213,224	2.7%	925
1999	7,800	283,693,866	14,205,000	6,020,000	8,185,000	1,432,195	6,752,805	2.4%	866
2000	8,082	283,266,475	13,715,000	5,905,000	7,810,000	1,293,123	6,516,877	2.3%	806
2001	8,082	317,233,735	17,115,000	6,425,844	10,689,156	1,862,974	8,826,182	2.8%	1,092

(1) Does not include Special Assessment Debt.

Source: Cuyahoga County Auditor

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL OBLIGATION DEBT TO TOTAL GENERAL EXPENDITURES**  
**DECEMBER 31, 2001**

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<u>Year</u>	<u>(1) General Obligation Principal</u>	<u>General Obligation Interest</u>	<u>(2) General Obligation Debt Service</u>	<u>Total General Operating Expenditures</u>	<u>Ratio of General Obligation Debt Service to General Operating Expenditures</u>
1992	\$ 239,013	\$ 98,471	\$ 337,484	\$ 6,421,220	5.26%
1993	244,013	184,046	428,059	7,966,565	5.37%
1994	259,013	149,135	408,148	7,811,517	5.22%
1995	219,013	133,464	352,477	22,300,319	1.58%
1996	219,050	119,643	338,693	15,054,992	2.25%
1997	268,973	105,571	374,544	18,666,214	2.01%
1998	523,500	396,854	920,354	20,577,435	4.47%
1999	335,000	369,823	704,823	16,432,719	4.29%
2000	375,000	426,311	801,311	11,537,471	6.95%
2001	365,259	349,660	714,919	12,650,520	5.65%

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

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

**CITY OF HIGHLAND HEIGHTS, OHIO  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

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<u>Year</u>	<u>(1) Population</u>	<u>(2) Mayfield School District Enrollment</u>	<u>(3) Percentage of Cuyahoga County Unemployment Rate</u>
1992	6,500	3,813	6.60%
1993	6,600	3,903	6.80%
1994	6,700	3,995	5.80%
1995	6,750	4,065	5.00%
1996	7,000	4,057	5.00%
1997	7,647	4,166	4.50%
1998	7,800	4,033	4.50%
1999	7,800	4,047	4.50%
2000	8,082	4,028	4.20%
2001	8,082	4,073	4.60%

(1) City Estimate.

(2) Mayfield Board of Education (Mayfield Heights, Highland Heights, Mayfield Village, and Gates Mills).

(3) Ohio Department of Jobs and Family Services, Division of Labor Force Research and Statistics.

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**PROPERTY VALUE, NEW CONSTRUCTION, AND BANK DEPOSITS**  
**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>(1) Residential Construction Value</u>	<u>(1) Residential Construction Units</u>	<u>(1) Commercial Construction Value</u>	<u>(1) Commercial Construction Units</u>	<u>(5) Condominium Construction Value</u>	<u>(5) Condominium Construction Units</u>	<u>(2) County Bank Deposits (In Thousands)</u>	<u>(3) and (4) Total Assessed Property Values</u>
1992	\$ 24,393,800	120	\$ 0	0	\$ 0	0	\$ 0	\$ 212,569,631
1993	17,542,881	82	3,800,000	2	0	0	21,900,421	219,376,380
1994	17,203,000	70	2,000,000	1	0	0	20,885,453	229,812,299
1995	7,776,300	27	1,105,000	3	0	0	22,694,304	245,991,894
1996	6,997,650	19	1,500,000	1	0	0	27,068,211	249,534,405
1997	12,151,900	38	1,035,000	2	0	0	53,941,971	248,758,532
1998	13,210,000	43	0	0	0	0	58,904,596	270,934,292
1999	16,141,000	63	1,430,000	2	3,374,000	33	57,816,942	283,693,866
2000	17,616,650	62	2,979,000	2	2,764,000	33	61,942,764	283,266,475
2001	17,637,000	48	3,090,000	3	2,280,000	18	63,892,769	317,233,735

(1) City of Highland Heights Building Department

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

(3) Cuyahoga County Auditor's Office

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

(5) The condominium values are being reported for the first time in 1999

**CITY OF HIGHLAND HEIGHTS, OHIO  
PRINCIPAL TAXPAYERS - REAL PROPERTY  
LAST TEN FISCAL YEARS**

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<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1. Derf Limited	\$ 6,741,640	2.45%
2. Developers Diversified Realty Corporation	6,719,480	2.44%
3. Philips, Inc./Marconi Systems, Inc.	6,128,610	2.22%
4. Progressive Casualty Insurance Company	4,760,290	1.73%
5. Crawford Fitting Company	3,111,230	1.13%
6. Cleveland Company	2,680,230	0.97%
7. Cleveland Electric Illuminating Company	2,284,730	0.83%
8. Cole National Corporation	1,598,420	0.58%
9. Alpha Investment Company	1,567,270	0.57%
10. Aberdeen Building Limited	1,553,370	0.56%
	<u>\$ 37,145,270</u>	<u>13.48%</u>
Total Assessed Valuation	\$275,634,900	

Source: Cuyahoga County Real Property Tax Final Valuation 2000  
Cuyahoga County Real Property Top 200 Corporate Taxpayers Report 2000

**CITY OF HIGHLAND HEIGHTS, OHIO  
 PRINCIPAL TAXPAYERS - PERSONAL PROPERTY  
 LAST TEN FISCAL YEARS**

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<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1. Whitey Company	\$ 8,768,120	21.06%
2. Marconi Medical Systems, Inc.	8,444,350	20.30%
3. Falon Company	1,289,560	3.10%
4. Royal Appliance	1,202,220	2.89%
5. Swagelok Company	1,153,770	2.77%
6. Masco Machine Incorporated	944,240	2.27%
7. Tranzonic Companies	773,090	1.86%
8. SG Morris Company	769,460	1.86%
9. American Consolidated	757,640	1.83%
10. Kohl's Department Stores, Inc.	728,930	1.75%
	<u>\$ 24,831,380</u>	<u>59.69%</u>
 Total Assessed Valuation	 <u>\$ 41,598,835</u>	

Source: Cuyahoga County Personal Property Tangible Tax Final Valuation 2000  
 Cuyahoga County Personal Property Top 200 Corporate Taxpayers Report 2000

**CITY OF HIGHLAND HEIGHTS, OHIO  
OTHER STATISTICS  
DECEMBER 31, 2001**

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Date of Incorporation	1920
Form of Government	Mayor/Council
Area	5.2 square miles
Miles of Streets	40.7
Number of Street Lights	879
Fire Protection:	
Number of Stations	1
Number of Full-Time Firemen and Officers	18
Police Protection:	
Number of Stations	1
Number of Full-time Policemen and Officers	21
Sewers:	
Miles of Sanitary Sewers	43.7
Water:	
Miles of Water Mains	41.9
Fire Hydrants	688
Building Permits Issued:	
Residential	716
Nonresidential	123
Recreation:	
Number of Parks	2
Employees:	
Full-time (Classified)	56
Full-time (Unclassified)	12
Part-time	149



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**CITY OF HIGHLAND HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 9, 2002**