



**CITY OF HIGHLAND HEIGHTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

CITY OF HIGHLAND HEIGHTS
CUYAHOGA COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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, 2002, and have issued our report thereon dated April 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated April 23, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated April 23, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 23, 2003

CITY OF
HIGHLAND
HEIGHTS
OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

CITY OF HIGHLAND HEIGHTS, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2002

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CITY OF HIGHLAND HEIGHTS

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

Direct Line: 440/442-7404

Fax: 440/461-9062

DEPARTMENT OF FINANCE

Mary A. Kovalchik
Finance Director

April 23, 2003

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, 2002, 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, a list of principal officials, the City's organizational chart, and a copy of the GFOA Certificate of Achievement.
2. The Financial Section includes the Independent Accountants' Report, the general purpose financial statements, and notes that support a more detailed overview of the City's financial position and results of operations, and the combining and individual fund and account group financial statements and schedules that provide detailed information relative to the general purpose financial statements.
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 2002, 39 new house construction permits were issued at a total estimated valuation of \$11,919,000. Additionally, there were 24 condominium units constructed with an estimated value of \$6,193,000, and 1 permit issued for non-residential construction with an estimated value of \$100,000. Table S15 shows the number of new residential and condominiums started during the past ten years, as well as the number of non-residential construction units.

The industrial base of the City continues to maintain its strength in three different industrial park regions 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 ten years ago to accommodate expansion of both new and existing 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 70-acre park has a diversified tenant list that includes Heiland Electronics, Things Remembered, and Eighth Day Sound Systems, Inc. The City's third industrial park is the Aberdeen Business Park, which consists of forty-eight acres on the east side of Bishop Road across from Avion Park. The infrastructure for the Aberdeen Business Park was completed in 2002 and all twelve of its minimum three-acre parcels 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.

In July of 2001, Marconi Medical Systems, Inc., was sold to Royal Philips Electronics of the Netherlands. Philips Medical Systems, Inc., a maker of medical technology products, employs approximately 1,060 people in the City. Major remodeling of this Highland Heights facility has taken place since 1993. The most recent addition to this facility was the construction of a two-story 157,000 square foot marketing and services building at a cost of \$18,000,000. The City anticipates a continued rapport with Phillips, as well as sustained operations in the City, including additional real property investments.

During the month of July 2002, Stanley-Assembly Technologies, a division of Stanley Works, relocated to the City. The company, which manufactures and markets electric and pneumatic assembly tools, was already located within the region and was looking to downsize its operations. The City recognized the importance of retaining these jobs and provided a creative initiative to keep Stanley within the region. As a result, Stanley finished the year with 92 retained jobs and \$4,500,000 in payroll.

Progressive Casualty Insurance Company, the third largest auto insurer in the country, has invested over \$24,000,000 in real property improvements in its various buildings located in the City since 1996. Progressive currently employs approximately 1,420 employees in the City.

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 the City in 1996. As a result of that project, NCS brought 35 employees to the City with a payroll of \$2,000,000. The company recently completed a \$1,500,000 addition to the original 18,000 square foot building. NCS has committed to add \$750,000 in new payroll within 3 years from the completion date.

Eighth Day Sound Systems, Inc., one of the largest sound reinforcement companies in the United States, completed construction of a new 28,000 square foot building in Avion Park in 2001. This company relocated 18 employees with approximately \$835,000 in payroll to the City. The company has since added 4 new employees with an additional \$115,000 in payroll.

As of December 31, 2002, the City has six active Enterprise Zone agreements with the following companies: Philips Medical Systems, Heilind Electronics, Norman Noble, Radio Parts Company, Masco Machine, and Eighth Day Sound Systems, Inc. The Tax Incentive Review Council found all of these companies to be in compliance with their respective Enterprise Zone agreements except Masco Machine, which ceased operations during 2002. As of December 31, 2002, these companies have created 532 new jobs in the City.

During 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 Casualty Insurance Company, CCP Industries, Heilind Electronics, and Eighth Day Sound Systems, Inc.. 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 \$61,968,247.

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 the Community Reinvestment Area Program, the City is required to share revenue with the Mayfield City School District. A total estimated amount of \$90,000 was paid to the School District in 2002.

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, the development 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 residential community project also is the owner of Aberdeen Business Park, which is located on forty-eight acres adjacent to the project on Bishop Road. 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 completed in 2002. The TIF Agreement has no job creation requirement; however, for 2002 the Club employed 83 full time and seasonal individuals.

MAJOR INITIATIVES

The City continued to maintain its strong financial reserves during 2002. The City's general fund cash balance at year end was \$3,342,041.

The City continued its annual street repair, resurfacing, and maintenance programs at no extra cost to the residents. The total spent in 2002 was \$242,335 for the resurfacing of Blakely, Gloucester, and Blair Drives. An agreement between the City and the County Commissioners was entered into in the fall of 2002 for the reconstruction of the northerly quadrant of Bishop Road. The project's

cost estimate was \$436,912, with the City agreeing to pay 20 percent, plus all inspection and engineering costs. Construction is to begin in the spring of 2003. The City also expended an additional \$55,480 for street maintenance and repairs in 2002. As part of the street maintenance program, the City took delivery of an Elgin GeoVac Street Sweeper Basin Cleaner at a cost of \$132,242. The equipment is used in an effort to maintain existing roadway drainage systems. Combined with this effort, in 2001 the City expended \$51,500 for the construction of an onsite dewatering pad necessary for the water evacuation of the catch basin debris. The site development surrounding the dewatering pad continued into 2002 with over \$22,000 appropriated for engineering, inspections, and cadtech studies.

In 2002 a total of five (5) vehicles, three (3) police cruisers, one (1) administrative vehicle, and one (1) 5-ton dump truck with plow and spreader were purchased by the City at a total cost of \$142,177. Vehicle replacement schedules are presented to and reviewed annually by the Master Plan and Capital Improvement Plan Committees.

A Master Plan for the Highland Heights Community Park was prepared in 2002, with a complete feasibility study on potential funding sources. The scope of the Master Plan was to present a program of improvements that would provide a safer and improved community environment for the residents of the City. Primary to the Park Improvement Plan were essential land acquisitions made by the City over the past decade. 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. In 1999, 10 additional acres were purchased 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 crucial 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, 2002 was \$13,039. Furthermore, in 2001, the City contracted for the construction of a 768 square foot storage facility to house park maintenance equipment and remodeled the existing building into an ADA compliant restroom at a total cost of \$138,604. In 2002, the City engaged in a park field lighting project that will serve as part of the overall Park Safety and Improvement Plan. The field lighting project began in the winter of 2002 at a cost in excess of \$275,000. Funding for the project was made possible by the vigilant attention given to the Capital Improvement Fund, which had a year ending unencumbered balance of greater than \$1.4 million dollars.

Two street tree planting programs were conducted in 2002 which involved the planting of 105 trees in various parts of the City. The City planted 53 Acer Rubrum Red Sunset 2" caliper maples trees on streets in the more recently developed areas of the City, and a project to plant 52 trees on Alpha Drive, Lander Drive, and Williamsburg Drive was started in the fall of 2002. These 2" caliper trees are a split mix of Acer Rubrum Red Sunset Maple trees and October Glory Red Maple trees.

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 2002 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, and Miner Road. The cost to reconstruct these streets in 2002 was estimated (without inflationary factors) at \$2,828,940, which does not include the cost to reconstruct Miner Road. The estimate to reconstruct Miner Road is \$6,543,000, of which the City would share 20 percent, plus engineering and inspection costs.

In addition, the Master Plan and Capital Improvement Plan Committees 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 was completed in the late fall of 2002. The project encompassed the entire municipal complex, which houses the Police, Fire, Service, and Administrative departments, and cost \$383,785. With improvements to the municipal complex in focus, landscaping and stamped concrete improvements totaling over \$55,000 were made in 2001. A total renovation and upgrading of the Police and Fire Dispatch Center was completed in 2002, with costs totaling in excess of \$55,000. The renovations to the Dispatch Center included the console, base station, recording equipment and surrounding structure, and advanced the departments' efficiencies with the newest digital technology.

The City is located in the Euclid Creek Watershed and is an active participant of the Euclid Creek Watershed Council. As such, the City has resolved to accept a Storm Water Management Program (SWMP) and to submit the program to the Ohio Environmental Protection Agency. The City is 5.14 square miles and includes a stream tributary to the Euclid Creek's main branch. As part of the SWMP and in conjunction with Ohio EPA requirements, the City must initiate public awareness and education, as well as monitor the stream tributary for changes or improvements to water quality. In 2003, the City will fund the additional activities necessary to implement its SWMP through dollars from the general fund.

The majority of the City is served by sanitary sewers that will be maintained while new developments will tie into those existing sewers. 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, other expenditures, 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, 2002 and the amounts and percentages of increases and decreases in relation to prior year revenues.

	<u>2001</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>of Change</u>
Revenues					
Local Taxes-Income Tax	\$ 6,267,429	\$ 6,437,954	57.57%	\$ 170,525	2.72 %
Local Taxes-Property Tax	1,174,565	1,213,107	10.85%	38,542	3.28 %
Other Taxes	33,182	0	0.00%	(33,182)	(100.00)%
Intergovernmental	1,055,989	931,741	8.33%	(124,248)	(11.77)%
Special Assessments	1,077,360	1,225,322	10.96%	147,962	13.73 %
Charges for Services	302,200	374,105	3.35%	71,905	23.79 %
Fines, Licenses and Permits	540,114	499,224	4.46%	(40,890)	(7.57)%
Interest	192,423	186,651	1.67%	(5,772)	(3.00)%
Miscellaneous Income	271,574	313,967	2.81%	42,393	15.81 %
Total Revenues	<u>\$10,914,836</u>	<u>\$ 11,182,071</u>	<u>100.00%</u>	<u>\$ 267,235</u>	

The following schedule presents a summary of general governmental (including expendable trust funds) expenditures for the fiscal year ended December 31, 2002 and the percentages of increases and decreases in relation to prior year amounts.

	<u>2001</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>of Change</u>
Expenditures					
Public Safety	\$ 4,228,354	\$ 4,857,971	38.84%	\$ 629,617	14.89 %
Parks and Recreation	615,521	633,796	5.07%	18,275	2.97 %
Community Environment	254,237	260,270	2.08%	6,033	2.37 %
Public Works	1,117,708	847,356	6.78%	(270,352)	(24.19)%
Streets and Roads	453,417	592,248	4.74%	138,831	30.62 %
General Government	1,753,386	1,698,463	13.58%	(54,923)	(3.13)%
Capital Outlay	2,548,761	1,648,988	13.19%	(899,773)	(35.30)%
Debt Service:					
Principal Retirement	843,325	1,059,158	8.47%	215,833	25.59 %
Interest and Fiscal Charges	835,811	906,622	7.25%	70,811	8.47 %
Total Expenditures	<u>\$12,650,520</u>	<u>\$ 12,504,872</u>	<u>100.00%</u>	<u>\$ (145,648)</u>	

Comments to Significant Changes

Revenue

1. Local tax collections improved over the prior year with increases to both property and income taxes.
2. During 2002, intergovernmental revenue decreased primarily due to Senate Bill 108, which increased both the credit against estate taxes and the threshold for filing a return from \$200,000 (2001) to \$338,000 (2002). The City experienced a 366 percent decrease in revenue in 2002 due to these changes.
3. Special assessments increased over the prior year due to the addition of new assessments certified to the County Auditor for sidewalks and street lighting.
4. Charges for Services were positively impacted by inspections and rentals in the general fund, as well as various park and recreation activities in the special revenue fund.
5. Fines, Licenses, and Permits decreased over the prior year due mainly to a decline in building permits and licenses issued for the year 2002.
6. Interest revenue declined in direct relationship to a span of interest rate cuts that were at four-decade lows and an increase in maturing short term investments that renewed during the year.

Expenditures

1. Security of Persons and Property increased with additional funding from grant sources, an overall 4 percent increase in wages, with increases to pension contributions, workers' compensation, and health insurance premiums.
2. Basic Utilities/Public Works expenditures declined in 2002 mainly because of a sharp decline in contracted and professional services, as well as declines to all basic utility services.
3. Transportation experienced a high percentage of change in 2002 based on a pattern of increased road improvements and services as a direct result of new development throughout the City.
4. Capital Outlay declined significantly as the City completed many of the major structural and technological improvements to the municipal complex. Also, other major projects like the Business Park were significantly completed in prior years and finalized in 2002.
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.

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 projects funds include the Capital Improvement Fund, Aberdeen Business Park, 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 City's Charter, the City can levy up to 12.0 mills for debt service. For 2002, 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 2002, \$595,796 of City income tax revenue was 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. \$60,236 of interest revenue is recorded in the general fund and \$122,615 in the capital improvement capital projects fund in accordance with City ordinances and Council intentions.

The Reporting Entity

The City is segmented into many different departments. Among these are the 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 the City is not financially accountable for this entity, nor does the City have an ongoing financial interest or responsibility to the School 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, 2002, the City paid premiums to NORMA of \$56,513.

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, 2002 by the Auditor of the 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, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, 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 twelve 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.

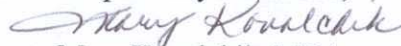
Acknowledgments

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

**CITY OF HIGHLAND HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

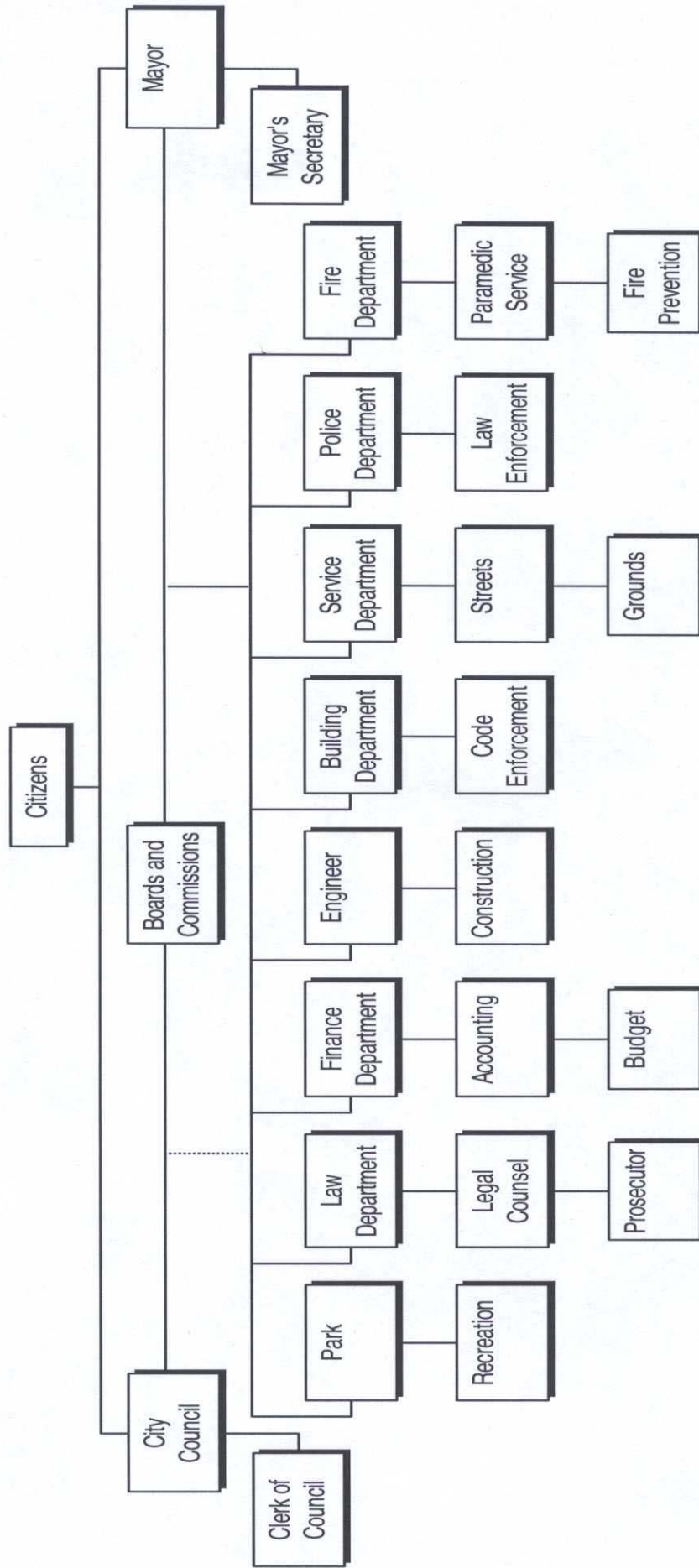
Clerk of Council

Jean A. Buchak

CITY OF HIGHLAND HEIGHTS, OHIO

ORGANIZATIONAL CHART

DECEMBER 31, 2002



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, 2001

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



President

Executive Director



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2002, 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2003 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.

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. In our opinion, it is fairly stated 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 23, 2003

**CITY OF HIGHLAND HEIGHTS, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

The general purpose financial statements of the City include the 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, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,735,321	\$ 1,031,279	\$ 1,513,057	\$ 1,959,443
Investment	1,610,889	0	0	0
Receivables (Net of Allowance for Uncollectibles):				
Taxes	1,949,430	505,855	132,293	0
Accounts	15,079	0	185	0
Intergovernmental	165,440	216,575	0	24,929
Special Assessments	0	242,221	11,758,600	0
Accrued Interest	4,933	0	0	10,015
Interfund Receivable	147,242	0	0	0
Prepaid Items	67,803	0	0	0
Inventory of Supplies	25,008	32,456	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
Total Assets	\$ 5,721,145	\$ 2,028,386	\$13,404,135	\$ 1,994,387

Fiduciary Fund Types	Account Groups		Totals	
	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only) 2002
\$ 467,851	\$ 0	\$ 0	\$ 6,706,951	\$ 9,634,316
0	0	0	1,610,889	0
0	0	0	2,587,578	2,488,370
0	0	0	15,264	19,305
0	0	0	406,944	334,339
0	0	0	12,000,821	12,123,543
0	0	0	14,948	0
0	0	0	147,242	114,800
0	0	0	67,803	67,334
0	0	0	57,464	56,594
0	12,293,779	0	12,293,779	11,257,477
0	0	1,640,488	1,640,488	1,862,974
0	0	18,744,684	18,744,684	19,668,016
<u>\$ 467,851</u>	<u>\$12,293,779</u>	<u>\$20,385,172</u>	<u>\$56,294,855</u>	<u>\$57,627,068</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities				
Accounts Payable	\$ 80,332	\$ 19,349	\$ 0	\$ 41
Contracts Payable	0	47,562	0	43,585
Refundable Deposits	0	0	0	0
Accrued Wages and Benefits	200,143	0	0	0
Compensated Absences Payable	62,961	0	0	0
Pension Obligation Payable	97,357	0	0	0
Interfund Payable	0	89,047	0	58,195
Due to Other Governments	84,388	0	0	0
Deferred Revenue	915,368	896,529	11,763,647	6,232
OPWC Loan Payable	0	0	0	0
Bond Anticipation Notes Payable	0	0	0	1,600,000
Capital Lease Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>1,440,549</u>	<u>1,052,487</u>	<u>11,763,647</u>	<u>1,708,053</u>
Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Fund Balances:				
Reserve for Encumbrances	66,393	6,033	0	335,141
Reserve for Contingent Liabilities	228,122	0	0	0
Reserve for Inventory	25,008	32,456	0	0
Reserve for Prepaids	67,803	0	0	0
Reserve for Debt Service	0	0	1,640,488	0
Unreserved - Undesignated	3,893,270	937,410	0	(48,807)
Total Equity and Other Credits	<u>4,280,596</u>	<u>975,899</u>	<u>1,640,488</u>	<u>286,334</u>
Total Liabilities, Equity, and Other Credits	<u>\$ 5,721,145</u>	<u>\$ 2,028,386</u>	<u>\$ 13,404,135</u>	<u>\$ 1,994,387</u>

Fiduciary Fund Types	Account Groups		Totals	
	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
Trust and Agency			2002	2001
\$ 1,144	\$ 0	\$ 0	\$ 100,866	\$ 129,025
0	0	0	91,147	0
358,689	0	0	358,689	476,696
0	0	0	200,143	25,391
0	0	727,814	790,775	905,920
0	0	203,935	301,292	259,913
0	0	0	147,242	114,800
0	0	0	84,388	49,080
0	0	0	13,581,776	13,683,589
0	0	3,075,676	3,075,676	3,247,321
0	0	0	1,600,000	1,600,000
0	0	122,747	122,747	150,259
0	0	6,101,980	6,101,980	6,425,844
0	0	10,153,020	10,153,020	10,689,156
<u>359,833</u>	<u>0</u>	<u>20,385,172</u>	<u>36,709,741</u>	<u>37,756,994</u>
0	12,293,779	0	12,293,779	11,257,477
0	0	0	407,567	1,394,526
0	0	0	228,122	228,122
0	0	0	57,464	56,594
0	0	0	67,803	67,334
0	0	0	1,640,488	1,862,974
108,018	0	0	4,889,891	5,003,047
<u>108,018</u>	<u>12,293,779</u>	<u>0</u>	<u>19,585,114</u>	<u>19,870,074</u>
<u>\$ 467,851</u>	<u>\$12,293,779</u>	<u>\$20,385,172</u>	<u>\$56,294,855</u>	<u>\$57,627,068</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, 2002

	Governmental Fund Type				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		2002	2001
Revenues							
Local Taxes Income Taxes	\$ 5,794,158	\$ 0	\$ 595,796	\$ 48,000	\$ 0	\$ 6,437,954	\$ 6,267,429
Local Taxes - Property Taxes	701,544	470,260	41,303	0	0	1,213,107	1,174,565
Other Taxes	0	0	0	0	0	0	33,182
Intergovernmental	335,233	492,847	0	103,661	0	931,741	1,055,989
Special Assessments	41,583	219,005	964,734	0	0	1,225,322	1,077,360
Charges for Services	111,300	182,869	29,136	33,700	17,100	374,105	302,200
Fines, Licenses, and Permits	494,089	5,135	0	0	0	499,224	540,114
Interest	60,236	0	3,800	122,615	0	186,651	192,423
Miscellaneous Income	142,206	166,676	5,085	0	0	313,967	271,574
Total Revenues	7,680,349	1,536,792	1,639,854	307,976	17,100	11,182,071	10,914,836
Expenditures							
Current:							
Public Safety	4,225,122	632,849	0	0	0	4,857,971	4,228,354
Parks and Recreation	187,921	445,875	0	0	0	633,796	615,521
Community Environment	260,270	0	0	0	0	260,270	254,237
Public Works	847,356	0	0	0	0	847,356	1,117,708
Streets and Roads	11,116	581,132	0	0	0	592,248	453,417
General Government	1,670,427	0	28,036	0	0	1,698,463	1,753,386
Capital Outlay	103,700	0	0	1,534,158	11,130	1,648,988	2,548,761
Debt Service:							
Principal Retirement	0	27,512	1,031,646	0	0	1,059,158	843,325
Interest and Fiscal Charges	0	5,964	852,658	48,000	0	906,622	835,811
Total Expenditures	7,305,912	1,693,332	1,912,340	1,582,158	11,130	12,504,872	12,650,520
Excess of Revenues Over (Under) Expenditures	374,437	(156,540)	(272,486)	(1,274,182)	5,970	(1,322,801)	(1,735,684)
Other Financing Sources (Uses)							
OPWC Loan Proceeds	0	0	0	0	0	0	686,733
Proceeds from Sale of Bond	0	0	0	0	0	0	4,065,000
Proceeds from Sale of Fixed Assets	200	0	0	0	0	200	76
Operating Transfers In	0	336,681	50,000	50,000	0	436,681	570,220
Operating Transfers Out	(336,681)	(50,000)	0	(50,000)	0	(436,681)	(570,220)
Total Other Financing Sources (Uses)	(336,481)	286,681	50,000	0	0	200	4,751,809
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	37,956	130,141	(222,486)	(1,274,182)	5,970	(1,322,601)	3,016,125
Fund Balance at Beginning of Year	4,237,215	849,844	1,862,974	1,560,516	102,048	8,612,597	5,502,934
Increase (Decrease) in Reserve for Inventory	4,956	(4,086)	0	0	0	870	33,034
Increase (Decrease) for Prepaids	469	0	0	0	0	469	60,504
Fund Balance - End of Year	\$ 4,280,596	\$ 975,899	\$ 1,640,488	\$ 286,334	\$ 108,018	\$ 7,291,335	\$ 8,612,597

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, 2002

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Income Taxes	\$ 5,679,994	\$ 5,679,994	\$ 0
Property Taxes	701,544	701,544	0
Intergovernmental	335,083	335,083	0
Special Assessments	41,583	41,583	0
Charges for Services	116,790	116,790	0
Fines, Licenses, and Permits	492,488	492,488	0
Interest Income	51,134	51,134	0
Miscellaneous	142,393	142,393	0
Total Revenues	7,561,009	7,561,009	0
Expenditures			
Current:			
General Government	1,879,327	1,760,085	119,242
Public Safety	4,467,731	4,078,383	389,348
Parks and Recreation	192,682	178,058	14,624
Community Environment	270,079	246,839	23,240
Public Works	924,847	822,921	101,926
Streets and Roads	0	0	0
Capital Outlay	112,915	107,563	5,352
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	7,847,581	7,193,849	653,732
Excess of Revenues Over (Under) Expenditures	(286,572)	367,160	653,732
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	0	0	0
Sale of Assets	200	200	0
Advances In	56,605	56,605	0
Advances Out	(89,047)	(89,047)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(336,681)	(336,681)	0
Total Other Financing Sources (Uses)	(368,923)	(368,923)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(655,495)	(1,763)	653,732
Cash Fund Balance at Beginning of Year	3,244,046	3,244,046	0
Outstanding Encumbrances	99,758	99,758	0
Fund Cash Balance at End of Year	\$ 2,688,309	\$ 3,342,041	\$ 653,732

(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, 2002

	<u>SPECIAL REVENUE FUND</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Income Taxes	\$ 0	\$ 0	\$ 0
Property Taxes	470,260	470,260	0
Intergovernmental	477,213	477,213	0
Special Assessments	219,005	219,005	0
Charges for Services	183,019	183,019	0
Fines, Licenses, and Permits	5,135	5,135	0
Interest Income	0	0	0
Miscellaneous	166,676	166,676	0
Total Revenues	<u>1,521,308</u>	<u>1,521,308</u>	<u>0</u>
Expenditures			
Current:			
General Government	0	0	0
Public Safety	711,910	637,567	74,343
Parks and Recreation	509,190	452,845	56,345
Community Environment	0	0	0
Public Works	0	0	0
Streets and Roads	675,339	565,363	109,976
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	27,512	27,512	0
Interest and Fiscal Charges	5,964	5,964	0
Total Expenditures	<u>1,929,915</u>	<u>1,689,251</u>	<u>240,664</u>
Excess of Revenues Over (Under) Expenditures	<u>(408,607)</u>	<u>(167,943)</u>	<u>240,664</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	0	0	0
Sale of Assets	0	0	0
Advances In	89,047	89,047	0
Advances Out	(6,605)	(6,605)	0
Operating Transfers In	336,681	336,681	0
Operating Transfers Out	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<u>369,123</u>	<u>369,123</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(39,484)</u>	<u>201,180</u>	<u>240,664</u>
Cash Fund Balance at Beginning of Year	776,228	776,228	0
Outstanding Encumbrances	53,871	53,871	0
Fund Cash Balance at End of Year	<u><u>\$ 790,615</u></u>	<u><u>\$ 1,031,279</u></u>	<u><u>\$ 240,664</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)
\$ 583,111	\$ 583,111	\$ 0	\$ 48,000	\$ 48,000	\$ 0
41,303	41,303	0	0	0	0
0	0	0	95,179	95,179	0
964,734	964,734	0	0	0	0
29,162	29,162	0	33,700	33,700	0
0	0	0	0	0	0
3,800	3,800	0	104,136	104,136	0
5,085	5,085	0	0	0	0
<u>1,627,195</u>	<u>1,627,195</u>	<u>0</u>	<u>281,015</u>	<u>281,015</u>	<u>0</u>
84,693	37,330	47,363	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	2,173,765	1,887,339	286,426
1,075,775	1,031,646	44,129	1,600,000	1,600,000	0
857,571	852,658	4,913	48,000	48,000	0
<u>2,018,039</u>	<u>1,921,634</u>	<u>96,405</u>	<u>3,821,765</u>	<u>3,535,339</u>	<u>286,426</u>
<u>(390,844)</u>	<u>(294,439)</u>	<u>96,405</u>	<u>(3,540,750)</u>	<u>(3,254,324)</u>	<u>286,426</u>
0	0	0	1,600,000	1,600,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(50,000)	(50,000)	0
50,000	50,000	0	50,000	50,000	0
0	0	0	(50,000)	(50,000)	0
<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>0</u>
(340,844)	(244,439)	96,405	(1,990,750)	(1,704,324)	286,426
1,757,496	1,757,496	0	3,276,536	3,276,536	0
0	0	0	378,767	378,767	0
<u>\$ 1,416,652</u>	<u>\$ 1,513,057</u>	<u>\$ 96,405</u>	<u>\$ 1,664,553</u>	<u>\$ 1,950,979</u>	<u>\$ 286,426</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, 2002

	<u>EXPENDABLE TRUST FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Income Taxes	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Charges for Services	17,100	17,100	0
Fines, Licenses, and Permits	0	0	0
Interest Income	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>17,100</u>	<u>17,100</u>	<u>0</u>
<u>Expenditures</u>			
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	20,000	11,130	8,870
Debt Service:			
Principle Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>20,000</u>	<u>11,130</u>	<u>8,870</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,900)</u>	<u>5,970</u>	<u>8,870</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Notes	0	0	0
Sale of Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,900)</u>	<u>5,970</u>	<u>8,870</u>
Cash Fund Balance at Beginning of Year	102,048	102,048	0
Outstanding Encumbrances	0	0	0
Fund Cash Balance at End of Year	<u>\$ 99,148</u>	<u>\$ 108,018</u>	<u>\$ 8,870</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, 2002

	<u>TOTALS (MEMORANDUM ONLY)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Income Taxes	\$ 6,311,105	\$ 6,311,105	\$ 0
Property Taxes	1,213,107	1,213,107	0
Intergovernmental	907,475	907,475	0
Special Assessments	1,225,322	1,225,322	0
Charges for Services	379,771	379,771	0
Fines, Licenses, and Permits	497,623	497,623	0
Interest Income	159,070	159,070	0
Miscellaneous	314,154	314,154	0
Total Revenues	<u>11,007,627</u>	<u>11,007,627</u>	<u>0</u>
Expenditures			
Current:			
General Government	1,964,020	1,797,415	166,605
Public Safety	5,179,641	4,715,950	463,691
Parks and Recreation	701,872	630,903	70,969
Community Environment	270,079	246,839	23,240
Public Works	924,847	822,921	101,926
Streets and Roads	675,339	565,363	109,976
Capital Outlay	2,306,680	2,006,032	300,648
Debt Service:			
Principle Retirement	2,703,287	2,659,158	44,129
Interest and Fiscal Charges	911,535	906,622	4,913
Total Expenditures	<u>15,637,300</u>	<u>14,351,203</u>	<u>1,286,097</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,629,673)</u>	<u>(3,343,576)</u>	<u>1,286,097</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	1,600,000	1,600,000	0
Sale of Assets	200	200	0
Advances In	145,652	145,652	0
Advances Out	(145,652)	(145,652)	0
Operating Transfers In	436,681	436,681	0
Operating Transfers Out	(436,681)	(436,681)	0
Total Other Financing Sources (Uses)	<u>1,600,200</u>	<u>1,600,200</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,029,473)	(1,743,376)	1,286,097
Cash Fund Balance at Beginning of Year	9,156,354	9,156,354	0
Outstanding Encumbrances	532,396	532,396	0
Fund Cash Balance at End of Year	<u><u>\$ 6,659,277</u></u>	<u><u>\$ 7,945,374</u></u>	<u><u>\$ 1,286,097</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, 2002

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.

The City is associated with three organizations which are defined as jointly governed organizations. The jointly governed organizations are the Northeast Ohio Public Energy Council, the Eastern Suburban Regional Council of Governments, and the Mayfield Union Cemetery as presented in Note 16 to the general purpose financial statements. The

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

The Reporting Entity (Continued)

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.

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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Governmental Funds (Continued)

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.

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Measurement Focus and Basis of Accounting (Continued)

Revenue resulting from exchange transactions, of which the City receives essentially equal value, is recorded on the accrual basis when the exchange takes place. 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. On an accrual basis, 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, 2002, but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Budgets and Budgetary Accounting

An annual budget is prepared for all funds of the City. 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 2002, 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, other expenditures (which includes materials and supplies and purchased services), capital outlay, 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, 2002
(CONTINUED)

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).

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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	\$ 37,956	\$130,141	\$ (222,486)	\$(1,274,182)	\$ 5,970	\$(1,322,601)
Increase (Decrease) Due to:						
Revenue Accruals	(119,340)	(15,484)	(12,659)	(26,961)	0	(174,444)
Expenditure Accruals	211,821	57,952	(9,294)	25,586	0	286,065
Proceeds from Sale of Notes	0	0	0	1,600,000	0	1,600,000
Principal Retirement	0	0	0	(1,600,000)	0	(1,600,000)
Advances-In	56,605	89,047	0	0	0	145,652
Advances-Out	(89,047)	(6,605)	0	(50,000)	0	(145,652)
Net Impact of Encumbrances on Budget Basis Expenditures	(99,758)	(53,871)	0	(378,767)	0	(532,396)
Budgetary Basis	<u>\$ (1,763)</u>	<u>\$ 201,180</u>	<u>\$ (244,439)</u>	<u>\$(1,704,324)</u>	<u>\$ 5,970</u>	<u>\$(1,743,376)</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. Except for nonparticipating investment contracts, 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, 2002. The allocation of interest earnings from investments to the City's funds is governed by the City Charter. Interest revenue credited to the general fund during 2002 amounted to \$60,236, which includes \$11,943 assigned from other funds.

During fiscal year 2002, 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, 2002
(CONTINUED)

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. The City capitalizes all fixed assets over \$1,500.

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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

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. 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

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.

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**

At December 31, 2002, the following funds had a deficit fund balance:

	<u>Deficit Fund Balance</u>
Capital Projects Funds:	
Aberdeen Business Park	\$ 1,391,145
Park and Recreation Improvements	44,814
Total Capital Projects	\$ 1,435,959

The deficits were caused by the application of generally accepted accounting principles to these funds. Under the modified accrual method of accounting, note proceeds and advance-in from other funds are not recognized as "Other Financing Sources", but rather fund liabilities. The deficits in these funds will be eliminated when the resources are provided for the retirement of the notes.

B. **Change in Accounting Policy**

The prior year fund balance of General Fixed Assets Account Group was decreased due to the change in the City's capitalization policy. In 2002, the City's fixed assets threshold, to capitalize fixed assets, was increased from \$500 to \$1,500.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

B. **Change in Accounting Policy** (Continued)

General Fixed Assets Account Group

Investment in General Fixed Assets as of December 31, 2001	\$ 11,686,223
Prior Period Adjustment	(428,746)
Restated Balance, December 31, 2001	\$ 11,257,477

C. **Accounting Change**

During 2002, the City revised the fund types in which it records special assessment receivables, to record the receivables in the fund type which will receive the special assessment proceeds.

	General Fund	Street Lighting Fund	Special Assessment Bond Retirement Fund
Special Assessments Receivable as of December 31, 2001	\$ 1,056,901	\$ 2,350,867	\$ 8,715,775
Prior Period Adjustment	(1,045,930)	(2,152,580)	3,198,510
Reclassified Balance, December 31, 2001	\$ 10,971	\$ 198,287	\$ 11,914,285
Deferred Revenue as of December 31, 2001	\$ 2,041,814	\$ 2,908,763	\$ 8,729,608
Prior Period Adjustments	(1,045,930)	(2,152,580)	3,198,510
Reclassified Balance, December 31, 2001	\$ 995,884	\$ 756,183	\$ 11,928,118

There was no change to prior year fund equity.

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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

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 passbook 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;
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 Treasury Asset Reserve Fund (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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

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.

Deposits

At year-end, the carrying amount of the City's deposits was \$2,589,836, and the bank balance was \$2,880,061. Of the bank balance:

1. \$352,481 was covered by federal depository insurance.
2. \$2,527,580 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Investments (Continued)

STAROhio, the State Treasury Asset Reserve Fund, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
State Treasury Asset Reserve Fund (STAROhio)				
(Non-Categorized)	\$ 0	\$ 0	\$ 3,720,348	\$ 3,720,348
Repurchase agreements	0	686,000	686,000	686,000
Federal National Mortgage Association Notes	810,889	0	810,889	810,889
Victory Federal Money Market	0	0	510,767	510,767
Total Investments	<u>\$ 810,889</u>	<u>\$ 686,000</u>	<u>\$ 5,728,004</u>	<u>\$ 5,728,004</u>

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$6,706,951	\$1,610,889
Repurchase agreements	(686,000)	686,000
STAROhio	(3,720,348)	3,720,348
Victory Federal Money Market	(510,767)	510,767
Certificate of Deposit (Greater than 3 Months)	800,000	(800,000)
GASB Statement No. 3	<u>\$2,589,836</u>	<u>\$5,728,004</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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Investments (Continued)

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 percent 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 percent 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.

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 percent 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 2002 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 2001 (collected in 2002) 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Property Taxes (Continued)

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 2002 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 2002 property tax receipts were based were as follows:

Real property – 2001 tax valuation	\$ 284,858,420
Public utility tangible property – 2001 tax valuation	3,749,830
Tangible personal property – 2001 tax valuation	39,418,099
Total valuation	\$ 328,026,349

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.

Other Local Taxes

With certain exceptions, a tax of 3 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 benefitted from the project.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

NOTE 5: **SPECIAL ASSESSMENTS** (Continued)

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 12/31/01			Balance 12/31/02
	<u>As Restated</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/02</u>
Land and Land Improvements	\$ 2,446,752	\$ 0	\$ 0	\$ 2,446,752
Buildings	6,054,693	442,206	0	6,496,899
Vehicles, Equipment and Furnishings	2,756,032	510,795	(67,403)	3,199,424
Construction in Progress	0	150,704	0	150,704
Total	<u>\$11,257,477</u>	<u>\$ 1,103,705</u>	<u>\$ (67,403)</u>	<u>\$12,293,779</u>

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Changes in the debt of the City for the year ended December 31, 2002 are as follows:

	<u>Balance</u> <u>12/31/01</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/02</u>
<u>General Obligation Bonds</u>				
4% to 6.2% \$1,440,000 various purpose improvement bonds, series 1992	\$ 870,000	\$ 0	\$ (135,000)	\$ 735,000
3.75% to 5.25% \$6,495,000 various purpose improvement bonds, series 1998	5,585,000	0	(250,000)	5,335,000
5.2% to 6.5% \$177,920 various purpose improvement bonds, series 1999	169,156	0	(6,136)	163,020
3% to 4.8% various purpose improvement bonds, series 2002	4,065,000	0	(145,000)	3,920,000
Total General Obligation Bonds	<u>\$10,689,156</u>	<u>\$ 0</u>	<u>\$ (536,136)</u>	<u>\$10,153,020</u>
<u>Long-Term Obligations:</u>				
<u>Special Assessment Bonds (a)</u>				
5.2% to 6.5% \$837,080 Alpha Improvement Assessment	\$ 795,844	\$ 0	\$ (28,864)	\$ 766,980
5.2% to 6.5% \$1,280,000 various purpose improvement bonds, issued 1999	1,060,000	0	(130,000)	930,000
4.1% to 5.70% \$4,460,000 various purpose improvement bonds, issued 1999	4,325,000	0	(145,000)	4,180,000
7.357% \$380,000 street improvement bonds, issued 1990	245,000	0	(20,000)	225,000
Total Special Assessment Bonds	<u>\$ 6,425,844</u>	<u>\$ 0</u>	<u>\$ (323,864)</u>	<u>\$ 6,101,980</u>
<u>Ohio Public Works Commission</u>				
Highland Road, sanitary sewer, 0% Miner and Bishop Roads,	\$ 1,517,580	\$ 0	\$ (82,031)	\$ 1,435,549
sanitary sewer, 0%	912,294	0	(48,015)	864,279
Millridge water main replacement, 0%	130,714	0	(7,262)	123,452
Sanitary Sewers Selected Locations, 1999, 0%	686,733	0	(34,337)	652,396
Total Ohio Public Works Commission	<u>\$ 3,247,321</u>	<u>\$ 0</u>	<u>\$ (171,645)</u>	<u>\$ 3,075,676</u>

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

	<u>Balance</u> <u>12/31/01</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/02</u>
<u>Capital Lease</u>				
Vacuum Street Sweeper and Leaf Collector	\$ 150,259	\$ 0	\$ (27,512)	\$ 122,747
<u>Compensated Absences</u>				
Payable Long-Term Portion - Note 1	\$ 825,046	\$ 0	\$ (97,232)	\$ 727,814
<u>Pension Obligation Payable</u>				
Long-Term Portion	193,364	10,571	0	203,935
Total All Long-Term Obligations	<u>\$21,530,990</u>	<u>\$ 10,571</u>	<u>\$(1,156,389)</u>	<u>\$20,385,172</u>
<u>Short Term Obligation:</u>				
<u>Bond Anticipation Notes</u>				
3.0% Bond Anticipation Notes, issued 2002 (Aberdeen Business Park) (Renew 2001 issue)	\$ 1,600,000	\$ 1,600,000	\$(1,600,000)	\$ 1,600,000
Total Bond Anticipation Notes	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$(1,600,000)</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, 2002, the amount of defeased debt outstanding amounted to \$1,015,000.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(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 entered into an agreement with Bank One Leasing Corporation on December 18, 2001 to lease one vacuum street sweeper and one leaf collector in the 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, 2002 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
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	32,703	772	1,109,348	690,647
2007	547,888	392,601	412,112	253,864	171,645	0	0	0	1,131,645	646,465
2008-										
2012	2,918,823	1,585,859	1,526,177	975,381	858,227	0	0	0	5,303,227	2,561,240
2013-										
2017	3,172,845	864,658	1,607,155	585,892	858,227	0	0	0	5,638,227	1,450,550
2018-										
2022	1,372,170	221,338	1,117,830	124,771	500,997	0	0	0	2,990,997	346,109
2023-										
2027	175,000	13,912	0	0	0	0	0	0	175,000	13,912
	<u>\$10,153,020</u>	<u>\$4,864,779</u>	<u>\$6,101,980</u>	<u>\$3,149,822</u>	<u>\$3,075,676</u>	<u>\$ 0</u>	<u>\$ 122,747</u>	<u>\$11,157</u>	<u>\$19,453,423</u>	<u>\$ 8,025,758</u>

Legal Debt Margin

Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 2002 had the capacity to issue \$23,480,661 of additional general obligation debt.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

NOTE 8: **DEFINED BENEFIT PENSION PLANS**

Ohio Public Employees Retirement System

All City full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple-employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City was 13.55 percent of covered payroll in 2002 and 2001. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$264,816, \$242,519 and \$112,401, respectively. The full amount has been contributed for 2001 and 2000. 74 percent has been contributed for 2002 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-employer defined benefit pension plan. 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 are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to 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 19.5 percent for police and 24 percent for firefighters. The City's contributions to the OP&F for police and firefighters were \$256,243 and \$232,776 for the year ended December 31, 2002, \$245,220 and \$230,816 for the year ended December 31, 2001, and \$143,241 and \$140,532 for the year ended December 31, 2000. The full amount has been contributed for 2001 and 2000. 72.89 percent and 71.28 percent, respectively, have been contributed for 2002 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, 2002
(CONTINUED)

NOTE 9: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) 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 OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2002 employer contribution rate was 13.55 percent of covered payroll, 5 percent was the portion that was used to fund health care for 2002.

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase 4 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 402,041. The City's annual contributions for 2002 which were used to fund postemployment benefits were \$97,718. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2001 (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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

Ohio Public Employees Retirement System (Continued)

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 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 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001, the percent used to fund health care was 7.5 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 2002 that were used to fund postemployment benefits were \$101,840 for police and \$75,167 for fire. OP&F's total health care expenses for the year ended December 31, 2001 (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001 was 13,174 for police and 10,239 for firefighters.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

NOTE 10: INTERFUND TRANSACTIONS

The following represents all interfund activity for the year ended December 31, 2002.

	<u>Operating Transfers-In</u>	<u>Operating Transfer-Out</u>
General Fund	\$ 0	\$ 336,681
Special Revenue Funds:		
Parks and Recreation	0	50,000
Police Pension	168,053	0
Fire Pension	148,873	0
U.S. Department of Justice	9,830	0
FEMA Fire Assistance	9,925	0
Capital Projects Funds:		
Capital Improvement	50,000	50,000
Debt Service Funds:		
General Bond Retirement	50,000	0
Total	<u>\$ 436,681</u>	<u>\$ 436,681</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, Highland Heights, Mayfield Heights, Richmond Heights, South Euclid, Eastlake, Solon, Maple Heights, and the Villages of Chagrin Falls 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, 2002
(CONTINUED)

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

In 2002, the City of Highland Heights paid \$56,513 in premiums from the general fund, which represents 3.0 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 \$293.59 for single coverage and \$833.00 for family coverage. The monthly premium for dental benefits is \$28.15 for single coverage and \$84.72 for family coverage.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

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, 2002, 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	\$ 62,660
Muni Complex Roofing	Lakeland Management	18,060
Parkland Safety - Field Lighting	R.J. Martin	107,366
		<u>\$ 188,086</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 2002, the City contributed \$59,296 which represents 17.2 percent 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, 2002
(CONTINUED)

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 2002, the City contributed \$12,000, 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 over 100 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 2002. Financial information can be obtained by contacting Dan DiLiberto, Board Chairman, 35150 Lakeshore Boulevard, Eastlake, Ohio, 44095.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

NOTE 16: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

Mayfield Union Cemetery

The Mayfield Union Cemetery is a jointly governed organization among three local communities (the Village of Mayfield, the City of Highland Heights, and the City of Mayfield Heights). The jointly governed organization was formed based on the boundaries in relation to the cemetery. Each of the communities contributes a nominal fee for the maintenance of the cemetery. The Village of Mayfield assumes the daily accounting and reporting of the cemetery finances. The Cemetery Board consists of three Board members, with one council member is appointed from each of the three communities. Financial information can be obtained by contacting the Director of Finance at the Village of Mayfield, 6621 Wilson Mills Road, Mayfield Village, Ohio 44143.

COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES

CITY OF HIGHLAND HEIGHTS, OHIO

SUPPLEMENTAL DATA
GENERAL FUND

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 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 BASIS) -
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Income Tax	\$5,679,994	\$5,679,994	\$ 0
Property Tax	701,544	701,544	0
Intergovernmental	335,083	335,083	0
Special Assessments	41,583	41,583	0
Charges for Services	116,790	116,790	0
Fines, Licenses and Permits	492,488	492,488	0
Interest	51,134	51,134	0
Miscellaneous	142,393	142,393	0
Total Revenues	7,561,009	7,561,009	0
Expenditures			
Current			
General Government			
City Hall			
Salaries and Fringe Benefits	44,878	41,178	3,700
Purchased Services	952,482	906,589	45,893
Materials and Supplies	13,725	12,677	1,048
Capital Outlay	106,704	100,152	6,552
Other	5,873	3,495	2,378
Total City Hall	1,123,662	1,064,091	59,571
Mayor			
Salaries and Fringe Benefits	79,072	76,700	2,372
Purchased Services	1,500	1,305	195
Materials and Supplies	100	0	100
Total Mayor	80,672	78,005	2,667
Finance			
Salaries and Fringe Benefits	250,846	234,766	16,080
Purchased Services	48,606	39,449	9,157
Materials and Supplies	5,188	5,569	(381)
Capital Outlay	5,200	3,976	1,224
Total Finance	309,840	283,760	26,080

(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, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Law			
Salaries and Fringe Benefits	37,052	34,241	2,811
Purchased Services	102,700	98,000	4,700
Supplies	50	0	50
Total Law	139,802	132,241	7,561
Engineer			
Salaries and Fringe Benefits	8,508	8,279	229
Purchased Services	29,143	17,553	11,590
Other	21,999	21,938	61
Total Engineer	59,650	47,770	11,880
City Council			
Salaries and Fringe Benefits	96,139	93,308	2,831
Purchased Services	1,000	478	522
Materials and Supplies	644	453	191
Total City Council	97,783	94,239	3,544
Civil Service			
Salaries and Fringe Benefits	11,097	10,858	239
Purchased Services	9,000	7,605	1,395
Supplies	1,005	1,000	5
Other	25	25	0
Total Civil Service	21,127	19,488	1,639
Board of Ethics			
Other	300	0	300
Total Board of Ethics	300	0	300
Economic Development:			
Salaries and Fringe Benefits	42,691	36,863	5,828
Materials	3,800	3,628	172
Total Economic Development	46,491	40,491	6,000
Total General Government	1,879,327	1,760,085	119,242

(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, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Public Safety			
Police			
Salaries and Fringe Benefits	2,303,620	2,136,070	167,550
Purchased Services	184,712	165,196	19,516
Materials and Supplies	72,551	60,760	11,791
Capital Outlay	183,438	171,884	11,554
Other	5,000	940	4,060
Total Police	2,749,321	2,534,850	214,471
Fire:			
Salaries and Fringe Benefits	1,557,342	1,405,158	152,184
Purchased Services	65,345	54,585	10,760
Materials and Supplies	30,851	24,718	6,133
Capital Outlay	64,872	59,072	5,800
Total Fire	1,718,410	1,543,533	174,877
Total Public Safety	4,467,731	4,078,383	389,348
Parks and Recreation			
Commission on Aging			
Salaries and Fringe Benefits	6,371	6,176	195
Purchased Services	60,300	59,296	1,004
Materials and Supplies	500	333	167
Total Commission on Aging	67,171	65,805	1,366
Park and Recreation Commission			
Salaries and Fringe Benefits	6,704	6,071	633
Total Parks and Recreation Commission	6,704	6,071	633
Community Center:			
Salaries and Fringe Benefits	68,166	65,565	2,601
Purchased Services	20,612	17,244	3,368
Materials and Supplies	3,500	2,192	1,308
Capital Outlay	6,004	4,446	1,558
Other	5,525	1,750	3,775
Total Community Center	103,807	91,197	12,610

(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, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Community Service			
Salaries and Fringe Benefits	1,600	1,585	15
Purchased Services	13,400	13,400	0
Total Community Service	15,000	14,985	15
Total Parks and Recreation	192,682	178,058	14,624
Community Environment			
Building:			
Salaries and Fringe Benefits	225,818	215,434	10,384
Purchased Services	10,300	4,775	5,525
Materials and Supplies	3,700	2,491	1,209
Capital Outlay	7,057	3,835	3,222
Other	1,000	150	850
Total Building	247,875	226,685	21,190
Architecture			
Salaries and Fringe Benefits	4,301	3,122	1,179
Total Architecture	4,301	3,122	1,179
Planning and Zoning			
Salaries and Fringe Benefits	17,803	17,032	771
Materials and Supplies	100	0	100
Total Planning and Zoning	17,903	17,032	871
Total Community Environment	270,079	246,839	23,240
Public Works			
Service			
Salaries and Fringe Benefits	808,598	739,801	68,797
Purchased Services	42,430	33,527	8,903
Materials and Supplies	48,553	31,703	16,850
Capital Outlay	25,266	17,890	7,376
Total Service	924,847	822,921	101,926
Total Public Works	924,847	822,921	101,926

(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, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Capital Outlay			
Capital Improvement	112,915	107,563	5,352
Total Capital Outlay	112,915	107,563	5,352
Total Expenditures	7,847,581	7,193,849	653,732
Excess of Revenues Over (Under) Expenditures	(286,572)	367,160	653,732
<u>Other Financing Sources (Uses)</u>			
Sale of Assets	200	200	0
Advances In	56,605	56,605	0
Advances Out	(89,047)	(89,047)	0
Operating Transfers Out	(336,681)	(336,681)	0
Total Other Financing Sources (Uses)	(368,923)	(368,923)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(655,495)	(1,763)	653,732
Cash Fund Balance at Beginning of Year	3,244,046	3,244,046	0
Outstanding Encumbrances	99,758	99,758	0
Cash Fund Balance at End of Year	\$2,688,309	\$3,342,041	\$ 653,732

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CITY OF HIGHLAND HEIGHTS, OHIO

**SPECIAL REVENUE FUNDS
SUPPLEMENTAL DATA**

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**

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.

**CITY OF HIGHLAND HEIGHTS, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002**

	Street Construction Maintenance and Repair	Parks and Recreation	Grants	Street Lighting	FEMA Fire Assistance
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 322,134	\$ 61,041	\$ 1,798	\$ 327,527	\$ 110,700
Receivables:					
Taxes	0	316,161	0	0	0
Special Assessments	0	0	0	242,221	0
Due from Governments	141,363	20,015	5,337	0	0
Inventory	32,456	0	0	0	0
Total Assets	\$ 495,953	\$ 397,217	\$ 7,135	\$ 569,748	\$ 110,700
<u>Liabilities</u>					
Accounts Payable	\$ 2,789	\$ 1,301	\$ 0	\$ 15,259	\$ 0
Contract Payable	47,562	0	0	0	0
Due to Other Funds	0	0	7,135	0	56,025
Deferred Revenue	105,137	335,756	0	242,221	0
Total Liabilities	155,488	337,057	7,135	257,480	56,025
<u>Fund Equity</u>					
Fund Balances:					
Reserve for Encumbrances	2,059	2,176	1,798	0	0
Reserve for Inventory	32,456	0	0	0	0
Unreserved, Undesignated	305,950	57,984	(1,798)	312,268	54,675
Total Fund Equity	340,465	60,160	0	312,268	54,675
Total Liabilities and Fund Equity	\$ 495,953	\$ 397,217	\$ 7,135	\$ 569,748	\$ 110,700

(Continued)

<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>	<u>U.S. Department of Justice</u>	<u>Juvenile Diversion Fund</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
\$ 12,169	\$ 25,458	\$ 5,640	\$ 50,993	\$ 6,782	\$ 44,181	\$ 62,856	\$ 1,031,279
0	0	0	0	0	94,847	94,847	505,855
0	0	0	0	0	0	0	242,221
0	5,978	0	32,430	0	5,726	5,726	216,575
0	0	0	0	0	0	0	32,456
<u>\$ 12,169</u>	<u>\$ 31,436</u>	<u>\$ 5,640</u>	<u>\$ 83,423</u>	<u>\$ 6,782</u>	<u>\$ 144,754</u>	<u>\$ 163,429</u>	<u>\$ 2,028,386</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,349
0	0	0	0	0	0	0	47,562
0	0	0	25,887	0	0	0	89,047
0	5,978	0	6,543	0	100,447	100,447	896,529
<u>0</u>	<u>5,978</u>	<u>0</u>	<u>32,430</u>	<u>0</u>	<u>100,447</u>	<u>100,447</u>	<u>1,052,487</u>
0	0	0	0	0	0	0	6,033
0	0	0	0	0	0	0	32,456
12,169	25,458	5,640	50,993	6,782	44,307	62,982	937,410
<u>12,169</u>	<u>25,458</u>	<u>5,640</u>	<u>50,993</u>	<u>6,782</u>	<u>44,307</u>	<u>62,982</u>	<u>975,899</u>
<u>\$ 12,169</u>	<u>\$ 31,436</u>	<u>\$ 5,640</u>	<u>\$ 83,423</u>	<u>\$ 6,782</u>	<u>\$ 144,754</u>	<u>\$ 163,429</u>	<u>\$ 2,028,386</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, 2002

	Street Construction Maintenance and Repair	Parks and Recreation	Grants	Street Lighting	FEMA Fire Assistance
Revenues					
Property Tax	\$ 0	\$ 293,912	\$ 0	\$ 0	\$ 0
Intergovernmental	275,663	37,329	8,164	0	101,802
Special Assessments	0	0	0	219,005	0
Charges for Services	0	182,869	0	0	0
Fines, Licenses, and Permits	0	0	0	0	0
Other	165,892	0	0	0	0
Total Revenues	<u>441,555</u>	<u>514,110</u>	<u>8,164</u>	<u>219,005</u>	<u>101,802</u>
Expenditures					
Security of Persons and Property	0	0	8,164	0	71,080
Leisure Time Activities	0	445,875	0	0	0
Transportation	389,160	0	0	191,972	0
Debt Service:					
Principal	27,512	0	0	0	0
Interest	5,964	0	0	0	0
Total Expenditures	<u>422,636</u>	<u>445,875</u>	<u>8,164</u>	<u>191,972</u>	<u>71,080</u>
Excess of Revenues Over (Under) Expenditures	<u>18,919</u>	<u>68,235</u>	<u>0</u>	<u>27,033</u>	<u>30,722</u>
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	9,925
Operating Transfers Out	0	(50,000)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(50,000)</u>	<u>0</u>	<u>0</u>	<u>9,925</u>
Excess of Revenues and Other Finance Sources Over (Under) Expenditures and Other Financing Uses	18,919	18,235	0	27,033	40,647
Fund Balance at Beginning of Year	325,632	41,925	0	285,235	14,028
Increase (Decrease) in Reserve for Inventory	(4,086)	0	0	0	0
Fund Balance at End of Year	<u>\$ 340,465</u>	<u>\$ 60,160</u>	<u>\$ 0</u>	<u>\$ 312,268</u>	<u>\$ 54,675</u>

(Continued)

<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>	<u>U.S. Department of Justice</u>	<u>Juvenile Diversion Fund</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,174	\$ 88,174	\$ 470,260
0	4,901	0	39,590	3,000	11,199	11,199	492,847
0	0	0	0	0	0	0	219,005
0	0	0	0	0	0	0	182,869
2,787	0	1,198	0	1,150	0	0	5,135
0	0	0	0	0	467	317	166,676
<u>2,787</u>	<u>4,901</u>	<u>1,198</u>	<u>39,590</u>	<u>4,150</u>	<u>99,840</u>	<u>99,690</u>	<u>1,536,792</u>
557	7,852	0	52,918	6,539	254,224	231,515	632,849
0	0	0	0	0	0	0	445,875
0	0	0	0	0	0	0	581,132
0	0	0	0	0	0	0	27,512
0	0	0	0	0	0	0	5,964
<u>557</u>	<u>7,852</u>	<u>0</u>	<u>52,918</u>	<u>6,539</u>	<u>254,224</u>	<u>231,515</u>	<u>1,693,332</u>
<u>2,230</u>	<u>(2,951)</u>	<u>1,198</u>	<u>(13,328)</u>	<u>(2,389)</u>	<u>(154,384)</u>	<u>(131,825)</u>	<u>(156,540)</u>
0	0	0	9,830	0	168,053	148,873	336,681
0	0	0	0	0	0	0	(50,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>9,830</u>	<u>0</u>	<u>168,053</u>	<u>148,873</u>	<u>286,681</u>
2,230	(2,951)	1,198	(3,498)	(2,389)	13,669	17,048	130,141
9,939	28,409	4,442	54,491	9,171	30,638	45,934	849,844
0	0	0	0	0	0	0	(4,086)
<u>\$ 12,169</u>	<u>\$ 25,458</u>	<u>\$ 5,640</u>	<u>\$ 50,993</u>	<u>\$ 6,782</u>	<u>\$ 44,307</u>	<u>\$ 62,982</u>	<u>\$ 975,899</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 274,600	\$ 274,600	\$ 0
Miscellaneous	165,892	165,892	0
Total Revenues	<u>440,492</u>	<u>440,492</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Streets and Roads:			
Purchased Services	67,922	56,023	11,899
Materials and Supplies	161,230	107,131	54,099
Capital Outlay	246,187	225,496	20,691
Debt Service:			
Principal	27,512	27,512	0
Interest	5,964	5,964	0
Total Expenditures	<u>508,815</u>	<u>422,126</u>	<u>86,689</u>
Excess of Revenues Over (Under) Expenditures	<u>(68,323)</u>	<u>18,366</u>	<u>86,689</u>
Cash Fund Balance at Beginning of Year	254,147	254,147	0
Outstanding Encumbrances	49,621	49,621	0
Cash Fund Balance at End of Year	<u><u>\$ 235,445</u></u>	<u><u>\$ 322,134</u></u>	<u><u>\$ 86,689</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes - Property Tax	\$ 293,912	\$ 293,912	\$ 0
Intergovernmental	36,909	36,909	0
Charges for Services	183,019	183,019	0
Total Revenues	<u>513,840</u>	<u>513,840</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Parks and Recreation:			
Salaries and Fringe Benefits	276,765	258,541	18,224
Purchased Services	93,336	77,415	15,921
Materials and Supplies	77,034	65,226	11,808
Capital Outlay	51,941	41,686	10,255
Other	10,114	9,977	137
Total Expenditures	<u>509,190</u>	<u>452,845</u>	<u>56,345</u>
Excess of Revenues Over (Under) Expenditures	<u>4,650</u>	<u>60,995</u>	<u>56,345</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers Out	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<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)	(45,350)	10,995	56,345
Cash Fund Balance at Beginning of Year	47,594	47,594	0
Outstanding Encumbrances	2,452	2,452	0
Cash Fund Balance at End of Year	<u><u>\$ 4,696</u></u>	<u><u>\$ 61,041</u></u>	<u><u>\$ 56,345</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Special Assessments	\$ 219,005	\$ 219,005	\$ 0
Total Revenues	<u>219,005</u>	<u>219,005</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Streets and Roads:			
Capital Outlay	200,000	176,713	23,287
Total Expenditures	<u>200,000</u>	<u>176,713</u>	<u>23,287</u>
Excess of Revenues Over (Under) Expenditures	<u>19,005</u>	<u>42,292</u>	<u>23,287</u>
Cash Fund Balance at Beginning of Year	<u>285,235</u>	<u>285,235</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 304,240</u></u>	<u><u>\$ 327,527</u></u>	<u><u>\$ 23,287</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 101,802	\$ 101,802	\$ 0
Total Revenues	<u>101,802</u>	<u>101,802</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Public Safety:			
Capital Outlay	74,000	74,000	0
Total Expenditures	<u>74,000</u>	<u>74,000</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>27,802</u>	<u>27,802</u>	<u>0</u>
 <u>Other Financing Sources (Uses)</u>			
Operating Transfers In	9,925	9,925	0
Advances In	56,025	56,025	0
Total Financing Sources (Uses)	<u>65,950</u>	<u>65,950</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	93,752	93,752	0
Cash Fund Balance at Beginning of Year	<u>16,948</u>	<u>16,948</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 110,700</u></u>	<u><u>\$ 110,700</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)
LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Fines, Licenses, and Permits	\$ 2,787	\$ 2,787	\$ 0
Total Revenues	<u>2,787</u>	<u>2,787</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Public Safety:			
Capital Outlay	9,000	0	9,000
Other	560	557	3
Total Expenditures	<u>9,560</u>	<u>557</u>	<u>9,003</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,773)</u>	<u>2,230</u>	<u>9,003</u>
Cash Fund Balance at Beginning of Year	<u>9,939</u>	<u>9,939</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 3,166</u></u>	<u><u>\$ 12,169</u></u>	<u><u>\$ 9,003</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 6,597	\$ 6,597	\$ 0
Total Revenues	<u>6,597</u>	<u>6,597</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Public Safety:			
Purchase	2,835	2,827	8
Capital Outlay	7,135	7,135	0
Total Expenditures	<u>9,970</u>	<u>9,962</u>	<u>8</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,373)</u>	<u>(3,365)</u>	<u>8</u>
 <u>Other Financing Sources (Uses)</u>			
Advances In	7,135	7,135	0
Advances Out	(6,605)	(6,605)	0
Total Financing Sources (Uses)	<u>530</u>	<u>530</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(2,843)</u>	<u>(2,835)</u>	<u>8</u>
Cash Fund Balance at Beginning of Year	2,835	2,835	0
Outstanding Encumbrances	1,798	1,798	0
Cash Fund Balance at End of Year	<u><u>\$ 1,790</u></u>	<u><u>\$ 1,798</u></u>	<u><u>\$ 8</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 9,747	\$ 9,747	\$ 0
Total Revenues	<u>9,747</u>	<u>9,747</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	5,385	5,385	0
Capital Outlay	2,500	2,467	33
Total Expenditures	<u>7,885</u>	<u>7,852</u>	<u>33</u>
Excess of Revenues Over (Under) Expenditures	<u>1,862</u>	<u>1,895</u>	<u>33</u>
Cash Fund Balance at Beginning of Year	<u>23,563</u>	<u>23,563</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 25,425</u></u>	<u><u>\$ 25,458</u></u>	<u><u>\$ 33</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Fines, Licenses, and Permits	\$ 1,198	\$ 1,198	\$ 0
Total Revenues	<u>1,198</u>	<u>1,198</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Purchased Services	1,000	0	1,000
Capital Outlay	2,000	0	2,000
Total Expenditures	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,802)</u>	<u>1,198</u>	<u>3,000</u>
Cash Fund Balance at Beginning of Year	<u>4,442</u>	<u>4,442</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 2,640</u></u>	<u><u>\$ 5,640</u></u>	<u><u>\$ 3,000</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 22,412	\$ 22,412	\$ 0
Total Revenues	<u>22,412</u>	<u>22,412</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	8,806	1,801	7,005
Capital Outlay	77,402	51,117	26,285
Total Expenditures	<u>86,208</u>	<u>52,918</u>	<u>33,290</u>
Excess of Revenues Over (Under) Expenditures	<u>(63,796)</u>	<u>(30,506)</u>	<u>33,290</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	9,830	9,830	0
Advances In	25,887	25,887	0
Total Other Financing Sources (Uses)	<u>35,717</u>	<u>35,717</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(28,079)</u>	<u>5,211</u>	<u>33,290</u>
Cash Fund Balance at Beginning of Year	<u>45,782</u>	<u>45,782</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 17,703</u></u>	<u><u>\$ 50,993</u></u>	<u><u>\$ 33,290</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 3,000	\$ 3,000	\$ 0
Fines, Licenses, and Permits	1,150	1,150	0
Total Revenues	4,150	4,150	0
 <u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	6,800	6,355	445
Supplies	1,000	184	816
Total Expenditures	7,800	6,539	1,261
Excess of Revenues Over (Under) Expenditures	(3,650)	(2,389)	1,261
Cash Fund Balance at Beginning of Year	9,171	9,171	0
Cash Fund Balance at End of Year	\$ 5,521	\$ 6,782	\$ 1,261

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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes - Property Tax	\$ 88,174	\$ 88,174	\$ 0
Intergovernmental	11,073	11,073	0
Miscellaneous	467	467	0
Total Revenues	<u>99,714</u>	<u>99,714</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	266,334	254,224	12,110
Total Expenditures	<u>266,334</u>	<u>254,224</u>	<u>12,110</u>
Excess of Revenues Over (Under) Expenditures	<u>(166,620)</u>	<u>(154,510)</u>	<u>12,110</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	168,053	168,053	0
Total Financing Sources (Uses)	<u>168,053</u>	<u>168,053</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	1,433	13,543	12,110
Cash Fund Balance at Beginning of Year	<u>30,638</u>	<u>30,638</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 32,071</u></u>	<u><u>\$ 44,181</u></u>	<u><u>\$ 12,110</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes - Property Tax	\$ 88,174	\$ 88,174	\$ 0
Intergovernmental	11,073	11,073	0
Miscellaneous	317	317	0
Total Revenues	<u>99,564</u>	<u>99,564</u>	<u>0</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	247,153	231,515	15,638
Total Expenditures	<u>247,153</u>	<u>231,515</u>	<u>15,638</u>
Excess of Revenues Over (Under) Expenditures	<u>(147,589)</u>	<u>(131,951)</u>	<u>15,638</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	148,873	148,873	0
Total Financing Sources (Uses)	<u>148,873</u>	<u>148,873</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	1,284	16,922	15,638
Cash Fund Balance at Beginning of Year	<u>45,934</u>	<u>45,934</u>	<u>0</u>
Cash Fund Balance at End of Year	<u>\$ 47,218</u>	<u>\$ 62,856</u>	<u>\$ 15,638</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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes - Property Tax	\$ 470,260	\$ 470,260	\$ 0
Intergovernmental	477,213	477,213	0
Special Assessments	219,005	219,005	0
Fines, Licenses, and Permits	5,135	5,135	0
Charges for Services	183,019	183,019	0
Miscellaneous	166,676	166,676	0
Total Revenues	1,521,308	1,521,308	0
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	534,478	499,280	35,198
Purchased Services	3,835	2,827	1,008
Supplies and Materials	1,000	184	816
Capital Outlay	172,037	134,719	37,318
Other	560	557	3
Total Public Safety	711,910	637,567	74,343
Parks and Recreation:			
Salaries and Fringe Benefits	276,765	258,541	18,224
Purchased Services	93,336	77,415	15,921
Materials and Supplies	77,034	65,226	11,808
Capital Outlay	51,941	41,686	10,255
Other	10,114	9,977	137
Total Parks and Recreation	509,190	452,845	56,345
Streets and Roads			
Purchased Services	67,922	56,023	11,899
Materials and Supplies	161,230	107,131	54,099
Capital Outlay	446,187	402,209	43,978
Debt Service:			
Principal Retirement	27,512	27,512	0
Interest and Fiscal Charges	5,964	5,964	0
Total Streets and Roads	708,815	598,839	109,976
Total Expenditures	1,929,915	1,689,251	240,664
Excess of Revenues Over (Under) Expenditures	(408,607)	(167,943)	240,664

(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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	336,681	336,681	0
Operating Transfers Out	(50,000)	(50,000)	0
Advances In	89,047	89,047	0
Advances Out	(6,605)	(6,605)	0
Total Financing Sources (Uses)	<u>369,123</u>	<u>369,123</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(39,484)	201,180	240,664
Cash Fund Balance at Beginning of Year	776,228	776,228	0
Outstanding Encumbrances	53,871	53,871	0
Cash Fund Balance at End of Year	<u><u>\$ 790,615</u></u>	<u><u>\$1,031,279</u></u>	<u><u>\$ 240,664</u></u>

CITY OF HIGHLAND HEIGHTS, OHIO

**DEBT SERVICE FUNDS
SUPPLEMENTAL DATA**

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, 2002**

	General Bond <u>Retirement</u>	Special Assessments Bond <u>Retirement</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 663,483	\$ 849,574	\$ 1,513,057
Receivables (Net of Allowance for Uncollectibles):			
Taxes	132,293	0	132,293
Accounts	185	0	185
Special Assessments	0	11,758,600	11,758,600
Total Assets	<u>\$ 795,961</u>	<u>\$12,608,174</u>	<u>\$13,404,135</u>
<u>Liabilities</u>			
Deferred Revenue	\$ 5,047	\$11,758,600	\$11,763,647
Total Liabilities	<u>5,047</u>	<u>11,758,600</u>	<u>11,763,647</u>
<u>Fund Equity</u>			
Fund Balances:			
Reserve for Debt Service	790,914	849,574	1,640,488
Total Fund Equity	<u>790,914</u>	<u>849,574</u>	<u>1,640,488</u>
Total Liabilities and Fund Equity	<u>\$ 795,961</u>	<u>\$12,608,174</u>	<u>\$13,404,135</u>

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

	General Bond Retirement	Special Assessments Bond Retirement	Total
<u>Revenues</u>			
Income Taxes	\$ 595,796	\$ 0	\$ 595,796
Property Taxes	41,303	0	41,303
Special Assessments	0	964,734	964,734
Charges for Services	29,136	0	29,136
Interest Income	3,800	0	3,800
Miscellaneous	5,085	0	5,085
Total Revenues	<u>675,120</u>	<u>964,734</u>	<u>1,639,854</u>
<u>Expenditures</u>			
Current:			
General Government	11,900	16,136	28,036
Debt Service:			
Principal Retirement	543,398	488,248	1,031,646
Interest and Fiscal Charges	506,037	346,621	852,658
Total Expenditures	<u>1,061,335</u>	<u>851,005</u>	<u>1,912,340</u>
Excess of Revenues Over (Under) Expenditures	<u>(386,215)</u>	<u>113,729</u>	<u>(272,486)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	50,000	0	50,000
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(336,215)</u>	<u>113,729</u>	<u>(222,486)</u>
Fund Balance at Beginning of Year	<u>1,127,129</u>	<u>735,845</u>	<u>1,862,974</u>
Fund Balance at End of Year	<u><u>\$ 790,914</u></u>	<u><u>\$ 849,574</u></u>	<u><u>\$ 1,640,488</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Income Tax	\$ 583,111	\$ 583,111	\$ 0
Property Tax	41,303	41,303	0
Charges for Services	29,162	29,162	0
Interest Income	3,800	3,800	0
Miscellaneous	5,085	5,085	0
Total Revenues	662,461	662,461	0
 <u>Expenditures</u>			
Debt Service:			
Purchased Services	65,248	21,194	44,054
Principal Payment	543,405	543,398	7
Interest Charges	510,950	506,037	4,913
Total Expenditures	1,119,603	1,070,629	48,974
Excess of Revenues Over (Under) Expenditures	(457,142)	(408,168)	48,974
 <u>Other Financing Sources (Uses)</u>			
Transfers In	50,000	50,000	0
Total Financing Sources (Uses)	50,000	50,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(407,142)	(358,168)	48,974
Cash Fund Balance at Beginning of Year	1,021,651	1,021,651	0
Cash Fund Balance at End of Year	\$ 614,509	\$ 663,483	\$ 48,974

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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Special Assessments	\$ 964,734	\$ 964,734	\$ 0
Total Revenues	<u>964,734</u>	<u>964,734</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Purchased Services	19,445	16,136	3,309
Principal Payment	532,370	488,248	44,122
Interest Charges	346,621	346,621	0
Total Expenditures	<u>898,436</u>	<u>851,005</u>	<u>47,431</u>
Excess of Revenues Over (Under) Expenditures	<u>66,298</u>	<u>113,729</u>	<u>47,431</u>
Cash Fund Balance at Beginning of Year	<u>735,845</u>	<u>735,845</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 802,143</u></u>	<u><u>\$ 849,574</u></u>	<u><u>\$ 47,431</u></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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Income Taxes	\$ 583,111	\$ 583,111	\$ 0
Property Taxes	41,303	41,303	0
Charges for Services	29,162	29,162	0
Special Assessments	964,734	964,734	0
Miscellaneous	5,085	5,085	0
Interest Income	3,800	3,800	0
Total Revenues	<u>1,627,195</u>	<u>1,627,195</u>	<u>0</u>
<u>Expenditures</u>			
Debt Service:			
Purchased Services	84,693	37,330	47,363
Principal Payment	1,075,775	1,031,646	44,129
Interest Charges	857,571	852,658	4,913
Total Expenditures	<u>2,018,039</u>	<u>1,921,634</u>	<u>96,405</u>
Excess of Revenues Over (Under) Expenditures	<u>(390,844)</u>	<u>(294,439)</u>	<u>96,405</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	50,000	50,000	0
Total Financing Sources (Uses)	<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)	<u>(340,844)</u>	<u>(244,439)</u>	<u>96,405</u>
Cash Fund Balance at Beginning of Year	<u>1,757,496</u>	<u>1,757,496</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$1,416,652</u></u>	<u><u>\$1,513,057</u></u>	<u><u>\$ 96,405</u></u>

CITY OF HIGHLAND HEIGHTS, OHIO

**CAPITAL PROJECTS FUNDS
SUPPLEMENTAL DATA**

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, 2002**

	<u>Capital Improvement</u>	<u>Aberdeen Business Park</u>	<u>Alpha Drive</u>	<u>Issue 2 Projects</u>	<u>Parks and Recreation Improvement</u>	<u>Totals</u>
Assets						
Cash and Cash Equivalents	\$ 1,692,681	\$ 208,855	\$ 29,068	\$ 15,458	\$ 13,381	\$ 1,959,443
Receivables (Net of Allowance for Uncollectibles):						
Accrued Interest	10,015	0	0	0	0	10,015
Due from Governments	24,929	0	0	0	0	24,929
Total Assets	<u>\$ 1,727,625</u>	<u>\$ 208,855</u>	<u>\$ 29,068</u>	<u>\$ 15,458</u>	<u>\$ 13,381</u>	<u>\$ 1,994,387</u>
Liabilities						
Accounts Payable	\$ 41	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41
Contracts Payable	43,585	0	0	0	0	43,585
Due to Other Funds	0	0	0	0	58,195	58,195
Deferred Revenue	6,232	0	0	0	0	6,232
Bond Anticipation Notes Payable	0	1,600,000	0	0	0	1,600,000
Total Liabilities	<u>49,858</u>	<u>1,600,000</u>	<u>0</u>	<u>0</u>	<u>58,195</u>	<u>1,708,053</u>
Fund Equity						
Fund Balances:						
Reserve for Encumbrances	235,918	99,223	0	0	0	335,141
Unreserved, Undesignated (Deficit)	1,441,849	(1,490,368)	29,068	15,458	(44,814)	(48,807)
Total Fund Equity (Deficit)	<u>1,677,767</u>	<u>(1,391,145)</u>	<u>29,068</u>	<u>15,458</u>	<u>(44,814)</u>	<u>286,334</u>
Total Liabilities and Fund Equity	<u>\$ 1,727,625</u>	<u>\$ 208,855</u>	<u>\$ 29,068</u>	<u>\$ 15,458</u>	<u>\$ 13,381</u>	<u>\$ 1,994,387</u>

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

	Capital Improvement	Aberdeen Business Park	Alpha Drive	Issue 2 Projects	Parks and Recreation Improvement	Totals
<u>Revenues</u>						
Taxes	\$ 0	\$ 48,000	\$ 0	\$ 0	\$ 0	\$ 48,000
Intergovernmental	103,661	0	0	0	0	103,661
Charges for Services	0	0	0	0	33,700	33,700
Interest Income	122,615	0	0	0	0	122,615
Total Revenues	<u>226,276</u>	<u>48,000</u>	<u>0</u>	<u>0</u>	<u>33,700</u>	<u>307,976</u>
<u>Expenditures</u>						
Capital Outlay	1,246,951	220,795	0	0	66,412	1,534,158
Debt Service:						
Interest and Fiscal Charges	0	48,000	0	0	0	48,000
Total Expenditures	<u>1,246,951</u>	<u>268,795</u>	<u>0</u>	<u>0</u>	<u>66,412</u>	<u>1,582,158</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,020,675)</u>	<u>(220,795)</u>	<u>0</u>	<u>0</u>	<u>(32,712)</u>	<u>(1,274,182)</u>
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In	50,000	0	0	0	0	50,000
Operating Transfers Out	(50,000)	0	0	0	0	(50,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,020,675)</u>	<u>(220,795)</u>	<u>0</u>	<u>0</u>	<u>(32,712)</u>	<u>(1,274,182)</u>
Fund Balance (Deficit) at Beginning of Year	<u>2,698,442</u>	<u>(1,170,350)</u>	<u>29,068</u>	<u>15,458</u>	<u>(12,102)</u>	<u>1,560,516</u>
Fund Balance (Deficit) at End of Year	<u><u>\$ 1,677,767</u></u>	<u><u>\$ 1,391,145</u></u>	<u><u>\$ 29,068</u></u>	<u><u>\$ 15,458</u></u>	<u><u>\$ (44,814)</u></u>	<u><u>\$ 286,334</u></u>

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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ 95,179	\$ 95,179	\$ 0
Interest	104,136	104,136	0
Total Revenues	<u>199,315</u>	<u>199,315</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government:			
Capital Outlay	1,655,279	1,482,869	172,410
Total Expenditures	<u>1,655,279</u>	<u>1,482,869</u>	<u>172,410</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,455,964)</u>	<u>(1,283,554)</u>	<u>172,410</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	50,000	50,000	0
Operating Transfers Out	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Finance Sources (Uses)	<u>(1,455,964)</u>	<u>(1,283,554)</u>	<u>172,410</u>
Cash Fund Balance at Beginning of Year	2,688,227	2,688,227	0
Outstanding Encumbrances	279,544	279,544	0
Cash Fund Balance at End of Year	<u>\$1,511,807</u>	<u>\$1,684,217</u>	<u>\$ 172,410</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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Income Tax	\$ 48,000	\$ 48,000	\$ 0
Total Revenues	<u>48,000</u>	<u>48,000</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government:			
Capital Outlay	425,094	320,018	105,076
Debt Service:			
Interest	48,000	48,000	0
Total Expenditures	<u>473,094</u>	<u>368,018</u>	<u>105,076</u>
Excess of Revenues Over (Under) Expenditures	<u>(425,094)</u>	<u>(320,018)</u>	<u>105,076</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds of Sale of Notes	1,600,000	1,600,000	0
Retirement of Notes	(1,600,000)	(1,600,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Finance Sources (Uses)	<u>(425,094)</u>	<u>(320,018)</u>	<u>105,076</u>
Cash Fund Balance at Beginning of Year	429,650	429,650	0
Outstanding Encumbrances	99,223	99,223	0
Cash Fund Balance at End of Year	<u>\$ 103,779</u>	<u>\$ 208,855</u>	<u>\$ 105,076</u>

**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, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Cash Fund Balance at Beginning of Year	\$ 29,068	\$ 29,068	\$ 0
Cash Fund Balance at End of Year	<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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Fund Balance at Beginning of Year	\$ 15,458	\$ 15,458	\$ 0
Cash Fund Balance at End of Year	<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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$ 33,700	\$ 33,700	\$ 0
Total Revenues	33,700	33,700	0
 <u>Expenditures</u>			
Capital Outlay			
General Government			
Capital Outlay	93,392	84,452	8,940
Total Expenditures	93,392	84,452	8,940
Excess of Revenues Over (Under) Expenditures	(59,692)	(50,752)	8,940
 <u>Other Financing Sources (Uses)</u>			
Advances Out	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	(50,000)	(50,000)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(109,692)	(100,752)	8,940
Cash Fund Balance at Beginning of Year	114,133	114,133	0
Cash Fund Balance at End of Year	\$ 4,441	\$ 13,381	\$ 8,940

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Income Tax	\$ 48,000	\$ 48,000	\$ 0
Intergovernmental	95,179	95,179	0
Charges for Services	33,700	33,700	0
Interest	104,136	104,136	0
Total Revenues	<u>281,015</u>	<u>281,015</u>	<u>0</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government:			
Capital Outlay	2,173,765	1,887,339	286,426
Debt Service:			
Interest	48,000	48,000	0
Total Expenditures	<u>2,221,765</u>	<u>1,935,339</u>	<u>286,426</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,940,750)</u>	<u>(1,654,324)</u>	<u>286,426</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds of Sale of Notes	1,600,000	1,600,000	0
Retirement of Notes	(1,600,000)	(1,600,000)	0
Operating Transfers In	50,000	50,000	0
Operating Transfers Out	(50,000)	(50,000)	0
Advances Out	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<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)	<u>(1,990,750)</u>	<u>(1,704,324)</u>	<u>286,426</u>
Cash Fund Balance at Beginning of Year	3,276,536	3,276,536	0
Outstanding Encumbrances	378,767	378,767	0
Cash Fund Balance at End of Year	<u><u>\$1,664,553</u></u>	<u><u>\$1,950,979</u></u>	<u><u>\$ 286,426</u></u>

CITY OF HIGHLAND HEIGHTS, OHIO

**TRUST AND AGENCY FUNDS
SUPPLEMENTAL DATA**

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.

Political Sign Deposit

To account for funds held on deposit for the temporary sign display relative to political endorsements.

OBBE 3% Fee Deposit

To account for the funds held on deposit relative to a monthly assessment of 3% of total fees for approval of plans and specifications from the State Board of Building Standards.

Bicycle Helmet Deposits

To account for the funds held on deposit relative to the Rainbow Babies and Children's Hospital bicycle safety program for the Greater Cleveland Safe Kids Coalition.

**CITY OF HIGHLAND HEIGHTS, OHIO
 COMBINING BALANCE SHEET
 FIDUCIARY FUNDS
 AS OF DECEMBER 31, 2002**

	<u>Expendable</u> Street Tree	<u>Trust Funds</u> Park Land Acquisition	Total Agency Funds	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 94,979	\$ 13,039	\$ 359,833	\$ 467,851
Total Assets	<u>\$ 94,979</u>	<u>\$ 13,039</u>	<u>\$ 359,833</u>	<u>\$ 467,851</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 0	\$ 1,144	\$ 1,144
Refundable Deposits	0	0	358,689	358,689
Total Liabilities	<u>0</u>	<u>0</u>	<u>359,833</u>	<u>359,833</u>
<u>Fund Equity</u>				
Fund Balances:				
Unreserved, Undesignated	94,979	13,039	0	108,018
Total Fund Equity	<u>94,979</u>	<u>13,039</u>	<u>0</u>	<u>108,018</u>
Total Liabilities and Fund Equity	<u>\$ 94,979</u>	<u>\$ 13,039</u>	<u>\$ 359,833</u>	<u>\$ 467,851</u>

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

	<u>Expendable Trust Funds</u>		<u>Total</u>
	<u>Street Tree</u>	<u>Park Land Acquisition</u>	
<u>Revenues</u>			
Charges for Services	\$ 17,100	\$ 0	\$ 17,100
Total Revenues	<u>17,100</u>	<u>0</u>	<u>17,100</u>
<u>Expenditures</u>			
Capital Outlay	11,130	0	11,130
Total Expenditures	<u>11,130</u>	<u>0</u>	<u>11,130</u>
Excess of Revenues Over (Under) Expenditures	<u>5,970</u>	<u>0</u>	<u>5,970</u>
Fund Balance at Beginning of Year	<u>89,009</u>	<u>13,039</u>	<u>102,048</u>
Fund Balance at End of Year	<u><u>\$ 94,979</u></u>	<u><u>\$ 13,039</u></u>	<u><u>\$ 108,018</u></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, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 17,100	\$ 17,100	\$ 0
Total Revenues	<u>17,100</u>	<u>17,100</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Streets and Roads			
Capital Outlay	20,000	11,130	8,870
Total Expenditures	<u>20,000</u>	<u>11,130</u>	<u>8,870</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,900)</u>	<u>5,970</u>	<u>8,870</u>
Cash Fund Balance at Beginning of Year	<u>89,009</u>	<u>89,009</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 86,109</u></u>	<u><u>\$ 94,979</u></u>	<u><u>\$ 8,870</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, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Fund Balance at Beginning of Year	\$ 13,039	\$ 13,039	\$ 0
Cash Fund Balance at End of Year	<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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 17,100	\$ 17,100	\$ 0
Total Revenues	<u>17,100</u>	<u>17,100</u>	<u>0</u>
 <u>Expenditures</u>			
Current:			
Streets and Roads			
Capital Outlay	20,000	11,130	8,870
Total Expenditures	<u>20,000</u>	<u>11,130</u>	<u>8,870</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,900)</u>	<u>5,970</u>	<u>8,870</u>
Cash Fund Balance at Beginning of Year	<u>102,048</u>	<u>102,048</u>	<u>0</u>
Cash Fund Balance at End of Year	<u><u>\$ 99,148</u></u>	<u><u>\$ 108,018</u></u>	<u><u>\$ 8,870</u></u>

CITY OF HIGHLAND HEIGHTS, OHIO
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<u>Performance Bond</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 457,505	\$ 145,352	\$ 267,484	\$ 335,373
Total Assets	\$ 457,505	\$ 145,352	\$ 267,484	\$ 335,373
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 25	\$ 0	\$ 25
Refundable Deposits	457,505	145,327	267,484	335,348
Total Liabilities	\$ 457,505	\$ 145,352	\$ 267,484	\$ 335,373
<u>Inspection Deposit</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 15,723	\$ 58,634	\$ 56,529	\$ 17,828
Total Assets	\$ 15,723	\$ 58,634	\$ 56,529	\$ 17,828
<u>Liabilities</u>				
Accounts Payable	\$ 1,116	\$ 82	\$ 1,116	\$ 82
Refundable Deposits	14,607	58,552	55,413	17,746
Total Liabilities	\$ 15,723	\$ 58,634	\$ 56,529	\$ 17,828
<u>Unclaimed Funds</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,184	\$ 882	\$ 2,971	\$ 1,095
Total Assets	\$ 3,184	\$ 882	\$ 2,971	\$ 1,095
<u>Liabilities</u>				
Refundable Deposits	\$ 3,184	\$ 882	\$ 2,971	\$ 1,095
Total Liabilities	\$ 3,184	\$ 882	\$ 2,971	\$ 1,095

(Continued)

CITY OF HIGHLAND HEIGHTS, OHIO
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<u>Security Deposits</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,550	\$ 11,550	\$ 8,125	\$ 4,975
Total Assets	<u>\$ 1,550</u>	<u>\$ 11,550</u>	<u>\$ 8,125</u>	<u>\$ 4,975</u>
<u>Liabilities</u>				
Accounts Payable	\$ 150	\$ 975	\$ 150	\$ 975
Refundable Deposits	1,400	10,575	7,975	4,000
Total Liabilities	<u>\$ 1,550</u>	<u>\$ 11,550</u>	<u>\$ 8,125</u>	<u>\$ 4,975</u>
<u>Political Sign Deposits</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 0	\$ 1,000	\$ 500	\$ 500
Total Assets	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 500</u>	<u>\$ 500</u>
<u>Liabilities</u>				
Refundable Deposits	\$ 0	\$ 1,000	\$ 500	\$ 500
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 500</u>	<u>\$ 500</u>
<u>OBBC 3% Fee Deposit</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 0	\$ 1,533	\$ 1,471	\$ 62
Total Assets	<u>\$ 0</u>	<u>\$ 1,533</u>	<u>\$ 1,471</u>	<u>\$ 62</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 62	\$ 0	\$ 62
Refundable Deposits	0	1,471	1,471	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,533</u>	<u>\$ 1,471</u>	<u>\$ 62</u>

(Continued)

CITY OF HIGHLAND HEIGHTS, OHIO
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<u>Bicycle Helmet Deposits</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 0	\$ 525	\$ 525	\$ 0
Total Assets	\$ 0	\$ 525	\$ 525	\$ 0
<u>Liabilities</u>				
Refundable Deposits	\$ 0	\$ 525	\$ 525	\$ 0
Total Liabilities	\$ 0	\$ 525	\$ 525	\$ 0
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 477,962	\$ 219,476	\$ 337,605	\$ 359,833
Total Assets	\$ 477,962	\$ 219,476	\$ 337,605	\$ 359,833
<u>Liabilities</u>				
Accounts Payable	\$ 1,266	\$ 1,144	\$ 1,266	\$ 1,144
Refundable Deposits	476,696	218,332	336,339	358,689
Total Liabilities	\$ 477,962	\$ 219,476	\$ 337,605	\$ 359,833

**CITY OF HIGHLAND HEIGHTS, OHIO
GENERAL FIXED ASSET ACCOUNT GROUP
FOR THE YEAR ENDED DECEMBER 31, 2002**

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, 2002

General Fixed Assets

Land and Land Improvements	\$ 2,446,752
Buildings	6,496,899
Vehicles, Equipment, and Furnishings	3,199,424
Construction in Progress	150,704
	<hr/>
Total General Fixed Assets	\$ 12,293,779
	<hr/> <hr/>

Investment in General Fixed Assets

General Fund	\$ 7,631,754
Special Revenue Fund	3,384,099
Capital Projects Funds	1,277,926
	<hr/>
Total Investment in General Fixed Assets	\$ 12,293,779
	<hr/> <hr/>

**CITY OF HIGHLAND HEIGHTS, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Land and Land Improvement</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government	\$ 509,246	\$ 2,168,479	\$ 202,035	\$ 0	\$ 2,879,760
Public Safety	431,828	2,344,582	1,409,222	0	4,185,632
Public Works	228,811	614,617	789,934	0	1,633,362
Parks and Recreation	1,276,867	1,369,221	665,064	150,704	3,461,856
Community Environment	0	0	45,706	0	45,706
Streets and Roads	0	0	87,463	0	87,463
Total General Fixed Assets	<u>\$ 2,446,752</u>	<u>\$ 6,496,899</u>	<u>\$ 3,199,424</u>	<u>\$ 150,704</u>	<u>\$12,293,779</u>

CITY OF HIGHLAND HEIGHTS, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

	Balance January 1, 2002 <u>as Restated</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, 2002 <u>2002</u>
General Government	\$ 2,469,890	\$ 409,870	\$ 0	\$ 2,879,760
Public Safety	3,811,523	419,942	45,833	4,185,632
Public Works	1,642,048	4,200	12,886	1,633,362
Parks and Recreation	3,279,626	182,230	0	3,461,856
Community Environment	54,390	0	8,684	45,706
Streets and Roads	0	87,463	0	87,463
Total General Fixed Assets	<u>\$11,257,477</u>	<u>\$ 1,103,705</u>	<u>\$ 67,403</u>	<u>\$12,293,779</u>

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STATISTICAL SECTION

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

<u>Year</u>	<u>Public Safety</u>	<u>Public Health</u>	<u>Park and Recreation</u>	<u>Community Environment</u>
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
2002	4,857,971	0	633,796	260,270

(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

<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>
\$ 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
847,356	592,248	1,698,463	1,648,988	1,965,780	12,504,872

**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>
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
2002	7,651,061	931,741	1,225,322	374,105	499,224	186,651	313,967	11,182,071

(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**

<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>
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%
2002	1,193,222	1,120,576	93.9%	23,776	2.0%

(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	
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%
2002	284,858,420	813,881,200	3,749,830	4,261,170	39,418,099	164,242,079	328,026,349	982,384,449	33.39%

- (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 1992 - 26%
 - d) Tangible Personal Property in 1993-2001 - 25%
 - e) Tangible Personal Property in 2002 - 24%

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**

<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>
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
2002	2003	4.00	17.60	66.10	87.70

(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

<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>
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
2002/2003	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**

<u>Collection Year</u>	<u>Amount Billed</u>	(1) <u>Amount Collected</u>	<u>Percent Collected</u>
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%
2002	986,845	975,177	98.8%

(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, 2002**

Tax Assessed Valuation		\$328,026,349
Overall Debt Limitation - 10 ½ % of Assessed Valuation		34,442,767
Gross Indebtedness (2)	\$ 17,855,000	
Less: Debt Outside Limitation	6,101,980	
Debt within 10 ½ % Limitation	11,753,020	
Less: Amount Available in Debt Service Fund (1)	790,914	
Net Debt Within 10 ½ % Limitation		10,962,106
Legal Debt Margin Within 10 ½ % Limitation		\$ 23,480,661
Unvoted Debt Limitation - 5 ½ % of Assessed Valuation		\$ 18,041,449
Gross Indebtedness Authorized by Council (2)	\$ 17,855,000	
Less: Debt Outside Limitations	6,101,980	
Debt Within 5 ½ % Limitation	11,753,020	
Less: Amount Available in Debt Service Fund (1)	790,914	
Net Debt Within 10 ½ % Limitation		10,962,106
Legal Debt Margin Within 5 ½ % Limitation		\$ 7,079,343

(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, 2002**

<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>
<u>Direct</u>			
City of Highland Heights (1)	\$ 17,855,000	100.00%	\$17,855,000
Total Direct	<u>17,855,000</u>		<u>17,855,000</u>
<u>Overlapping</u>			
Mayfield City School District	8,366,194	28.10%	2,350,901
Cuyahoga County	200,162,636	1.19%	2,381,935
Greater Cleveland Regional Transit Authority	136,310,000	1.19%	1,622,089
Total Overlapping	<u>344,838,830</u>		<u>6,354,925</u>
Total Direct and Overlapping Debt	<u>\$ 362,693,830</u>		<u>\$24,209,925</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>
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
2002	8,082	328,026,349	16,255,000	6,101,980	10,153,020	790,914	9,362,106	2.9%	1,158

(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, 2002

<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>
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%
2002	536,136	506,037	1,042,173	12,504,872	8.39%

(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**

<u>Year</u>	(1) <u>Population</u>	(2) Mayfield School District <u>Enrollment</u>	(3) Percentage of Cuyahoga County Unemployment <u>Rate</u>
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%
2002	8,082	4,088	5.90%

(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, Bureau of Labor Market Information.

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

<u>Year</u>	<u>(1)</u> <u>Residential</u> <u>Construction</u> <u>Value</u>	<u>(1)</u> <u>Residential</u> <u>Construction</u> <u>Units</u>	<u>(1)</u> <u>Commercial</u> <u>Construction</u> <u>Value</u>	<u>(1)</u> <u>Commercial</u> <u>Construction</u> <u>Units</u>	<u>(5)</u> <u>Condominium</u> <u>Construction</u> <u>Value</u>	<u>(5)</u> <u>Condominium</u> <u>Construction</u> <u>Units</u>	<u>(2)</u> <u>County Bank</u> <u>Deposits (In</u> <u>Thousands)</u>	<u>(3) and (4)</u> <u>Total Assessed</u> <u>Property Values</u>
1993	\$ 17,542,881	82	\$ 3,800,000	2	\$ 0	0	\$ 21,900,421	4 219,376,380
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
2002	11,919,000	39	100,000	1	6,193,000	24	95,761,917	328,026,349

(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 35% 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**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1. Philips, Inc./Marconi Systems, Inc.	\$ 6,837,920	2.40%
2. Alpha W. Enterprises, Ltd./Developers Diversified	6,805,930	2.39%
3. Derf Limited	6,741,640	2.37%
4. Progressive Casualty Insurance Company	4,760,290	1.67%
5. Crawford Fitting Company	3,111,230	1.09%
6. Cleveland Company	2,680,230	0.94%
7. Alpha Investment Company	2,481,060	0.87%
8. Cleveland Electric Illuminating Company	1,929,650	0.68%
9. Cole National Corporation	1,465,350	0.51%
10. Ohio Bell Telephone Company	1,309,690	0.46%
	<u>\$ 38,122,990</u>	13.38%
Total Assessed Valuation	\$ 284,858,420	

Source: Cuyahoga County Real Property Tax Final Valuation 2001
Cuyahoga County Real Property Top 200 Corporate Taxpayers Report 2001

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

Taxpayer	Assessed Valuation	Percentage of Total Assessed Valuation
1. Philips, Inc./Marconi Medical Systems, Inc.	\$ 9,564,250	22.16%
2. Whitey Company	9,521,640	22.06%
3. Cyberex LLC	1,983,450	4.59%
4. Home Depot, Inc.	1,728,050	4.00%
5. Swagelok Company	1,291,670	2.99%
6. Falon Company	1,207,950	2.80%
7. Masco Machine, Inc.	1,065,770	2.47%
8. American Consolidated	852,070	1.97%
9. Norman Noble, Inc.	681,390	1.58%
10. Kohl's Department Stores, Inc.	681,140	1.58%
	\$ 28,577,380	66.20%
	\$ 43,167,929	
Total Assessed Valuation		

Source: Cuyahoga County Personal Property Tangible Tax Final Valuation 2001
 Cuyahoga County Personal Property Top 200 Corporate Taxpayers Report 2001

**CITY OF HIGHLAND HEIGHTS, OHIO
OTHER STATISTICS
DECEMBER 31, 2002**

Date of Incorporation	1920
Form of Government	Mayor/Council
Area	5.2 square miles
Miles of Streets	41.1
Number of Street Lights	921
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	22
Sewers:	
Miles of Sanitary Sewers	44
Miles of Storm Sewers	52.6
Water:	
Miles of Water Mains	42.7
Fire Hydrants	706
Building Permits Issued:	
Residential	631
Nonresidential	87
Recreation:	
Number of Parks	2
Employees:	
Full-time (Classified)	54
Full-time (Unclassified)	14
Part-time	168



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

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
JUNE 24, 2003**