



**CITY OF HIGHLAND HEIGHTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2003



**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, 2003, and have issued our report thereon dated June 17, 2004, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 17, 2004.

This report is intended for the information and use of 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

June 17, 2004

**CITY OF
HIGHLAND
HEIGHTS
OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

CITY OF HIGHLAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

**ISSUED BY: ANTHONY IANIRO
 FINANCE DIRECTOR**

**CITY OF HIGHLAND HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

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CITY OF HIGHLAND HEIGHTS

5827 HIGHLAND ROAD • HIGHLAND HEIGHTS, OHIO 44143 • 440/461-2440
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June 17, 2004

Honorable Mayor Scott E. Coleman
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) for the year ended December 31, 2003. 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 City as a whole as well as the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

1. The Introductory Section includes a table of contents, this transmittal letter, the City's organizational chart, a list of principal officials, and a copy of the GFOA Certificate of Achievement.
2. The Financial Section includes the Independent Accountants' Report on the financial statements and schedules. This report includes: management's discussion and analysis, the basic financial statements, including explanatory notes that support a more detailed overview of the City's financial position, result of operation, and the combined and individual fund financial statements and schedules.
3. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis to provide users a summarized history of information.

THE REPORTING ENTITY

A reporting entity includes the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City includes all funds, departments, and activities that are part of the legal entity. A legally separate organization may be a component unit of the primary government if **1)** the primary government is financially accountable for the organization; **2)** the nature and significance of the relationship between the primary government and the organization are such that the exclusion would

cause the reporting entity's basic financial statements to be misleading or incomplete; or 3) the organization is closely related to or financially integrated with the primary government. 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 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 two organizations which are defined as jointly governed organizations. The jointly governed organizations are the Eastern Suburban Regional Council of Governments, Northeast Ohio Public Energy Council, and Mayfield Union Cemetery, as presented in Note 21 to the basic financial statements. The City is also associated with an organization defined as risk sharing pool (Note 17) and a joint venture (Note 20).

Generally Accepted Accounting Principals (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent accountants.

ECONOMIC CONDITION AND OUTLOOK

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

The residential growth of the City continues at a vigorous rate. During 2003, 55 new house construction permits were issued for a total estimated valuation of \$16,200,000. Additionally, there were 15 condominium units constructed with an estimated value of \$3,515,000, and 58 permits issued for non-residential construction with an estimated value of \$1,386,000. Table S16 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 3 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 10 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 48 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 12 of its minimum 3 acre parcels are available for immediate development.

Approximately 6 property owners have been attempting to consolidate 22 primarily vacant acres into a fourth industrial park. This land was rezoned from residential to industrial in March 1996. Three owner-occupied residences and 2 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 StoneWater Golf Course, and directly west across Bishop Road by the Cuyahoga County Regional Airport.

Philips Medical Systems, Inc., a maker of medical technology products, employs approximately 800 people in Highland Heights with a payroll of almost \$72 million. Major remodeling of this Highland Heights facility has taken place since 1993. The most recent addition to this facility was the construction of a 2 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 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. At the close of 2003, Stanley has 100 employees, generating a payroll of \$6.4 million.

Progressive Casualty Insurance Company, the third largest auto insurer in the county, has invested over \$24,000,000 in real property improvements in its various Highland Heights buildings since 1996. Progressive currently employs approximately 1,440 employees in Highland Heights. Their payroll is \$92 million.

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. NCS has 61 employees in the City with a payroll of \$3,000,000. The company recently completed a \$1,500,000 addition to the original 18,000 square foot building.

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 now has 21 employees with a \$1.1 million payroll.

As of December 31, 2003, the City has 6 active Enterprise Zone agreements with the following companies: Philips Medical Systems (2), Heiland Electronics, Norman Noble, Radio Parts Company, 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. As of December 31, 2003, these companies have created 391 new jobs in the City.

During the period 1995 through 2002, the City approved 14 Community Reinvestment Area agreements with Philips Medical Systems, Inc. (2), Nation Credit Services (2), Progressive Insurance (4), Alloy Bellows, CCP Industries, Norman Noble, Stanley Assembly Technologies, Eighth Day Sound and Heiland Electronics. The total real property investment made by these companies and subject to tax abatements is \$62,373,295.

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 of \$90,000 was paid to the School District in 2003.

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 with the potential of 1,100 units, and an average price of \$350,000 per unit. The developer of the residential community project also is the owner of Aberdeen Business Park, which is located on 48 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 frontages 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 2003 the Club employed 79 full time and seasonal individuals with a payroll of \$830,000.

MAJOR INITIATIVES

The City continued to maintain its strong financial reserves during 2003. The City's general fund unencumbered cash reserves at year end was \$3,164,020. This represents 39.50 percent of general fund expenditures.

The City continued its annual street repair, resurfacing, and maintenance programs at no extra cost to the residents. The total spent in 2003 was \$185,092, plus engineering and inspection for the resurfacing of portions of Williamsburg Drive and Lander Drive. The new asphalt is expected to last 8 to 12 years and should prove to be an attractive and economical means of prolonging the life of the existing concrete pavements. In April the City received bids for the reconstruction of approximately 1200 feet of pavement on Bishop Road at the City's northern gateway, adjacent to the Cuyahoga County Airport. The project, a joint cooperative undertaking between the City and Cuyahoga County, was completed in August. Cuyahoga County contributed 80 percent of the \$282,454 in construction costs with the City paying the remaining 20 percent. The City also expended an additional \$82,960 for street maintenance and repairs in 2003. Additionally, the City continued its crack sealing program during 2003 with approximately 14 lane miles of roadway being sealed. The Hot Patch Repair Program used more than 65 tons of hot asphalt mix on patching and repairs throughout the City. Both of these aforementioned programs are administered and performed in-house by the Service Department.

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. 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 more 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 parks ingress and

gress. The balance in the Parkland Acquisition Fund as of December 31, 2003 was \$113,503. Furthermore, in 2001, the City contracted the construction of a 768 square foot storage facility to house park maintenance equipment and also 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. In September of 2002, the City awarded a contract to furnish and install new ball diamond lighting on several fields at the Highland Heights Community Park. The project, begun in late September of 2002, was eventually completed in the fall of 2003. The \$258,000 project included the complete removal and replacement of the ball diamond lighting systems, new underground wiring, and new distribution controls, as well as pre-aimed and shielded lighting fixtures, all of which were designed to improve the on-field lighting levels to allow for safe night game play.

Two street tree planting programs were conducted in 2003 which involved the planting of trees in newly developed areas of the City. In the spring, 52 Acer Rubrum Red Sunset 2" caliper maple trees were planted on streets in the newer developed areas and in the fall, 46 trees, mostly Acer Rubrum, were planted in newly readied areas. Additionally, 60 trees were planted on Kenbridge Drive in the fall of 2003. The 2" caliper trees were all Acer Rubrum Red Sunset Maples.

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 on August 20, 2003 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 7 city streets for reconstruction over the next 5 years. The streets are Lander (extension), Strumbly Drive, Roy Road, Esther Road, Renee Road and Miner Road. The cost to reconstruct these streets in 2004 was estimated (without inflationary factors) at \$2,884,740, not including Miner Road. The Miner Road estimate is \$6,739,000 of which the City would share 20 percent plus engineering and inspection costs.

In addition, the Master Plan and Capital Improvement Plan Committee reviewed major equipment and renovation initiatives for the Police, Service and Fire Departments, as well as the Municipal Court. A total renovation and upgrading of the Police and Fire Dispatch Center in excess of \$250,000 was completed in 2003. This included a new emergency generator system, mobile data server, and computer terminals for police cruisers and fire emergency vehicles. This equipment was in conjunction with the project's new console, base stations, recording equipment, alarm board, and surveillance system. The completion of the Dispatch Center renovation advanced the departments efficiencies with the newest digital technology. The Fire Department achieved its goals in the following areas: replacement of a 1989 rescue squad, the purchase of a new 12-lead defibrillator and thermal imaging camera, miscellaneous repairs to the brickwork on the station, and an added emergency drive. Each of these additions improves the efficiency and overall operations of the Fire Department.

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 (OEPA). As a result, in March 2003, after more than two years of research, planning and discussion with the City's Drainage Committee, Council of the Whole, The Euclid Creek Watershed Council, and numerous other public agencies including the Northeast Ohio Area-wide Coordinating Agency and the Soil and Water Conservation District, the City filed their SWMP with the OEPA and a permit was issued. 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. The plan outlines measurable goals designed to regulate and improve storm water quality through the implementation of six specific best management practices. The plan, which is required to be fully implemented within a five year period, is to be updated with the OEPA on an annual basis.

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 3 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 7 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 4 grants from the Ohio Public Works Commission (OPWC) for 40 percent of the projects, and 0 percent loans for 20 years for the remaining costs. The OPWC loans against these projects total \$3,432,908. The outstanding loan balance at December 31, 2003 is \$2,904,031.

FINANCIAL INFORMATION

Internal Controls

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

Budgetary Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. With the assistance of the Finance Director, the Mayor is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, of the City for the next succeeding fiscal year by the first Council meeting in July. The 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 and full 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 Basic Financial Statements located in the Financial Section of this report.

CASH MANAGEMENT

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains a conservative cash management system. The protection of investment principal is of prime importance. In addition to protecting investment, the City has taken into consideration 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 Council approved depository banks, or federal agencies for the capital improvement fund, or other securities authorized by state statutes. \$35,129 of interest revenue is recorded in the general fund, \$10,940 in debt service funds, and \$70,897 in the capital improvement capital project fund in accordance with City ordinances and Council intentions.

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 effective manner possible. For the year ended December 31, 2003, the City paid premiums to NORMA of \$69,072.

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, 2003 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, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

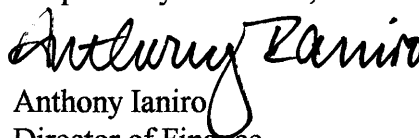
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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 thirteen 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 the Mayor and members of Council for their continuous support and commitment toward the preparation of this Comprehensive Annual Financial Report. Appreciation is also extended to those other City departments that assisted in preparing supporting documentation. Also we would like to thank our 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 this report.

Respectfully submitted,


Anthony Ianiro
Director of Finance

**CITY OF HIGHLAND HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

ELECTED OFFICIALS

Mayor

Francine G. Hogg *

Council

Scott Coleman - President

Patricia L. Divoky

Michael B. Granito

John Nawarskas

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

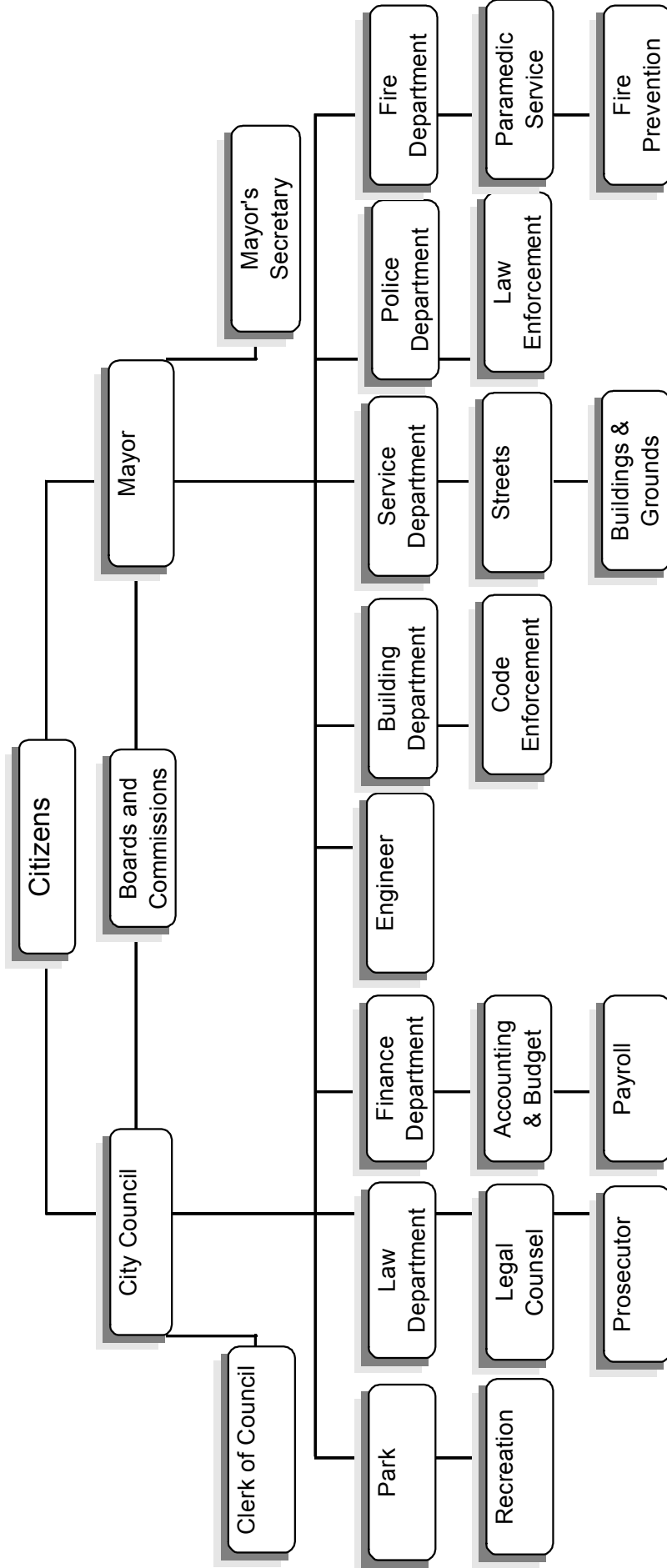
Clerk of Council

Jean A. Buchak

* Effective January 1, 2004, Francine G. Hogg was replaced by Scott Coleman as the City's Mayor

** In January 2004, Mary Kovalchik was replaced by Anthony Ianiro as the City's Finance Director.

THE CITY OF HIGHLAND HEIGHTS ORGANIZATIONAL CHART



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, 2002

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Highland Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Highland Heights, Cuyahoga County, Ohio, as of December 31, 2003, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, statistical tables, and supplemental information are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section, statistical tables, and supplemental information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

June 17, 2004

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

The discussion and analysis of the City of Highland Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

The City adopted the reporting standards of GASB Statement No. 34 for the reporting period ended December 31, 2003. Because this is the first year the City is reporting governmental activities on an accrual basis of accounting in accordance with GASB Statement No. 34, comparisons are not possible. However, in next year's discussion this section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences.

FINANCIAL INFORMATION

Key financial highlights for 2003 are as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$46,196,452. Of this amount, \$1,812,774 may be used to meet the City's ongoing obligations to citizens and creditors.
- The net assets increased by \$1,285,548 from the prior year.
- The unreserved fund balance for the general fund was \$3,754,576, or 49 percent of the total general fund expenditures.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: **1)** government-wide statements; **2)** fund financial statements; and **3)** notes to the financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the City's finances on a full accrual basis of accounting, which is similar to a private-sector business. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, transportation, basic utilities, community environment, leisure time activities, and public health services. There are no business-type activities reported for the City.

Fund Financial Statements

The fund financial statements are used to report additional and detailed information about the City. These statements focus on major funds of the City. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation in the financial statements.

Fiduciary Funds - Used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE CITY AS A WHOLE

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets slightly increased from a year ago - increasing from \$44,910,904 to \$46,196,452 or 2.86 percent from the prior year. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental type activities.

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

Table 1 - Net Assets

	Governmental Activities	
	12/31/2003	12/31/2002
Assets		
Current and Other Assets	\$ 21,546,543	\$ 23,108,829
Capital Assets	48,118,909	45,927,530
Total Assets	\$ 69,665,452	\$ 69,036,359
Liabilities		
Long-Term Liabilities	\$ 19,546,141	\$ 20,375,755
Other Liabilities	3,922,859	3,749,700
Total Liabilities	23,469,000	24,125,455
Net Assets		
Invested in Capital Assets Net of Debt	29,654,382	26,474,107
Restricted	14,729,296	16,416,124
Unrestricted	1,812,774	2,020,673
Total Net Assets	\$ 46,196,452	\$ 44,910,904

Table 2 - Change in Net Assets

	Governmental Activities 2003
Revenues	
Program Revenues:	
Charges for Services	\$ 950,455
Operating Grants and Contributions	256,960
Capital Grants and Contributions	649,632
General Revenues:	
Property Taxes	1,332,580
Income Taxes	6,732,219
Other Taxes	23,437
Grants and Entitlements	493,042
Other	36,795
Total Revenues	10,475,120
Program Expenses	
Security of Persons and Property	\$ 4,989,788
Leisure Time Activities	616,029
Community Environment	324,969
Basic Utility Services	367,243
Transportation	30,294
General Government	2,023,131
Interest and Fiscal Charges	838,118
Total Program Expenses	9,189,572
Increase (Decrease) in Net Assets	\$ 1,285,548

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

Total revenues decreased in 2003. This is primarily due to a decrease in collections in permits, fees and licenses, investment earnings, intergovernmental revenues, and grants and entitlements. The City's largest revenue source is income tax. The City's income tax rate is 1.50 percent on gross income and has not changed since 1981 when the tax was increased by .50 percent by a vote of the residents. Residents of the City who work in another community and pay the withholding tax for that community receive a 100 percent tax credit on their City tax for Highland Heights. The City's collection agency is the Regional Income Tax Agency located in Brecksville, Ohio. During 2003 the income tax received was \$6,732,219. There was a net increase of \$.3 million compared to the prior year's collections mainly attributable to employer withholding. The second largest revenue source is property taxes. The full voted tax rate for 2003 was 87.40 mills. A mill is \$1.00 for every \$1,000 of assessed valuation. The annual property tax is calculated using the taxable value (market value multiplied by 35 percent) of the property multiplied by the property effective tax rate levied by Cuyahoga County, the City of Highland Heights, the Mayfield City School District, and the Cuyahoga County Library System. During 2003, the property tax collected was approximately \$1.3 million. There was a moderate increase compared to prior year's collection due to a countywide reappraisal.

Expenses remained relatively stable compared to prior year. Expenses are categorized by programs. The largest program, Security of Persons and Property, which includes police, fire, police and fire communications, and public safety, represented 54 percent of the governmental expenses. The Police Department is made up of 1 chief, 29 full-time sworn officers, 4 full-time dispatchers, and 3 secretaries. The Fire Department is comprised of 1 chief and 28 full-time fire fighters/paramedics. Training plays a crucial role in keeping up with the rapidly changing laws, practices, and technology. Training among our employees is performed in-house, attending seminars/conferences, continuing education classes, practice drills, and watching training videos. The second largest program is General Government, \$2,023,131 and 22.02 percent. General Government is composed of the Mayor's Office, City Council, Finance, Law, and General Administration. The City has an annual road program, which entails major and minor resurfacing of the various streets in the City. For the major resurfacing projects, the City has actively pursued obtaining grants and financial assistance from the Ohio Public Works Commission and the Ohio Water Development Authority. In addition, the City has borrowed on the open market by way of general obligation bonds.

THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

As of the end of the current fiscal period, the City's governmental funds reported combined ending fund balances of \$5,971,187. Of this amount, \$5,581,907 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of prior periods(s), to pay debt service, and for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,754,576, while the total general fund balance was \$3,898,346. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved general fund balance represents 48.6 percent of total general fund expenditures, while total general fund balance represents 50.4 percent of the same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

The most significant budgeted fund is the general fund. Over the course of the year, the City Council revised the City's general fund budget once to prevent budget overruns.

For the general fund, final budgeted basis revenue was \$7,590,886. This was a minor increase from the original budgeted revenue of \$7,495,560.

The original appropriation of \$8,503,097 was increased to \$8,709,562. Even with these adjustments, the actual charges to appropriations (expenditures) were \$699,839 below the final budgeted amounts for the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the City had \$48,118,909 invested in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, park facilities, swimming pool, roads, and water and sewer lines. (See Table 3 below). This amount represents a net increase (including additions and deductions) of \$2,191,374, or 4.77 percent over prior year.

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

Table 3 - Capital Assets at Year-End (Net of Depreciation)

	<u>2003</u>	<u>2002</u>
Land	\$ 2,612,412	\$ 2,446,752
Construction-in-Progress	684,007	150,704
Buildings	3,859,767	3,966,836
Machinery and Equipment	658,495	603,481
Furniture and Equipment	5,160	3,534
Vehicles	416,754	190,988
Roads	11,795,949	11,358,289
Water Mains	7,425,549	7,304,822
Sanitary Sewers	9,353,177	9,538,470
Storm Sewers	10,990,822	10,038,830
Culverts	113,261	116,937
Bridges	203,556	207,887
Total	<u>\$ 48,118,909</u>	<u>\$ 45,927,530</u>

The City purchased equipment for the various departments approximating \$546,118. The City purchased four pursuit vehicles and three video camera systems for the Police Department; one general vehicle, one rescue squad, and one defibrillator for the Fire Department; one general purpose vehicle, computers, and other office equipment for various departments.

Debt

The City had \$20,064,527 in outstanding debt at current and prior year ends as shown in Table 4.

Table 4 - Outstanding Debt at Year-End

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
General Obligation Bonds	\$ 9,686,885	\$ 10,153,020
Special Assessment bonds	5,768,115	6,101,980
Notes	1,600,000	1,600,000
OPWC Loans	2,904,031	3,075,676
Capital Lease	105,496	122,747
Total	<u>\$ 20,064,527</u>	<u>\$ 21,053,423</u>

The City paid \$466,135 on principal for general obligation bonds, \$505,510 on principal for special assessment bonds and OPWC loans, and \$1,600,000 on short term notes. The majority of projects funded through long-term debt deal directly with infrastructure improvements. All OPWC loans are a 0 percent interest rate. New general obligation notes were issued for improvements to the Aberdeen Business Park in the amount of \$1,600,000.

**CITY OF HIGHLAND HEIGHTS, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited)**

The City's general obligation bond rating continues to carry an AA3 rating, assigned by national rating agencies to the City's debt since 2001. The State limits the amount of general obligation debt that cities can issue to 5.50 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is well below the state-imposed limit.

Other obligations include police pension liability, accrued vacation and sick leave, OPWC loan, and capital leases. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Anthony L. Ianiro, Finance Director, at 5827 Highland Road, Highland Heights, Ohio 44143.

CITY OF HIGHLAND HEIGHTS, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,687,844
Materials and Supplies Inventory	52,270
Accrued Interest Receivable	35,022
Accounts Receivable	22,018
Intergovernmental Receivable	379,218
Prepaid Items	102,646
Investments	1,008,611
Taxes Receivable	3,082,819
Special Assessments Receivable	11,176,095
Nondepreciable Capital Assets	3,296,419
Depreciable Capital Assets, Net	<u>44,822,490</u>
Total Assets	<u>69,665,452</u>
 <u>Liabilities</u>	
Accounts Payable	179,142
Accrued Wages	222,137
Contracts Payable	66,630
Intergovernmental Payable	180,507
Pension Payable	185,579
Matured Compensated Absences Payable	83,621
Accrued Interest Payable	90,781
Deferred Revenue	1,314,462
Notes Payable	1,600,000
Long-Term Liabilities:	
Due Within One Year	1,355,763
Due In More Than One Year	<u>18,190,378</u>
Total Liabilities	<u>23,469,000</u>
 <u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	29,654,382
Restricted for:	
Debt Service	12,367,763
Other Purposes	2,361,533
Unrestricted	<u>1,812,774</u>
Total Net Assets	<u>\$46,196,452</u>

See accompanying notes to the basic financial statements.

CITY OF HIGHLAND HEIGHTS, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

		Program Revenues			Net (Expense)
		Charges	Operating	Capital	Revenue
Expenses	for Services	Contributions	Grants and	Grants and	and Changes
			Contributions	Contributions	in Net Assets
					Governmental
					Activities
Governmental Activities:					
Security of Persons and Property	\$4,989,788	\$ 283,749	\$ 6,813	\$ 49,192	\$ (4,650,034)
Leisure Time Activities	616,029	236,488	0	152,724	(226,817)
Community Environment	324,969	227,292	0	0	(97,677)
Basic Utility Services	367,243	1,097	0	0	(366,146)
Transportation	30,294	73,138	250,147	447,716	740,707
General Government	2,023,131	128,691	0	0	(1,894,440)
Interest and Fiscal Charges	838,118	0	0	0	(838,118)
Total Governmental Activities	9,189,572	950,455	256,960	649,632	(7,332,525)
 General Revenues:					
Property Taxes Levied for:					
General Purposes					755,197
Special Revenue					500,812
Debt Service					76,571
Municipal Income Taxes Levied for:					
General Purposes					6,058,997
Debt Service					673,222
Other Taxes					23,437
Grants and Entitlements not					
Restricted to Special Programs					493,042
Loss on Sale of Capital Asset					(80,171)
Investment Earnings					116,966
Total General Revenues					8,618,073
Change in Net Assets					1,285,548
Net Assets, Beginning of Year, as Restated (see Note 3)					44,910,904
Net Assets End of Year					\$ 46,196,452

See accompanying notes to the basic financial statements.

CITY OF HIGHLAND HEIGHTS, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	General	Special Assessment Bond Retirement	Aberdeen Business Park	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 2,158,279	\$ 785,939	\$ 153,633	\$ 2,589,993	\$ 5,687,844
Investments	1,008,611	0	0	0	1,008,611
Receivables:					
Taxes	2,290,174	0	0	792,645	3,082,819
Accounts	22,018	0	0	0	22,018
Accrued Interest	11,674	0	0	23,348	35,022
Special Assessments	1,650	10,982,545	0	191,900	11,176,095
Intergovernmental	158,306	0	0	220,912	379,218
Due from Funds	7,000	0	0	0	7,000
Inventory	17,138	0	0	35,132	52,270
Prepaid Items	102,510	0	0	136	102,646
Total Assets	<u>\$ 5,777,360</u>	<u>\$11,768,484</u>	<u>\$ 153,633</u>	<u>\$ 3,854,066</u>	<u>\$ 21,553,543</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	143,925	0	0	35,217	179,142
Contracts Payable	0	0	0	66,630	66,630
Accrued Wages and Benefits	222,014	0	0	123	222,137
Matured Compensated Absences Payable	83,621	0	0	0	83,621
Due to Other Funds	0	0	0	7,000	7,000
Due to Governments	172,036	0	0	8,471	180,507
Pension Payable	48,989	0	0	70	49,059
Deferred Revenue	1,208,429	10,982,545	0	1,003,286	13,194,260
Notes Payable	0	0	1,600,000	0	1,600,000
Total Liabilities	<u>1,879,014</u>	<u>10,982,545</u>	<u>1,600,000</u>	<u>1,120,797</u>	<u>15,582,356</u>
Fund Balances					
Reserved for Inventory	17,138	0	0	35,132	52,270
Reserved for Prepaid Items	102,510	0	0	136	102,646
Reserved for Encumbrances	24,122	0	53,695	156,547	234,364
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	3,754,576	0	0	0	3,754,576
Special Revenue Funds	0	0	0	1,056,425	1,056,425
Debt Service Funds	0	785,939	0	644,661	1,430,600
Capital Projects Funds	0	0	(1,500,062)	840,368	(659,694)
Total Fund Balances (Deficits)	<u>3,898,346</u>	<u>785,939</u>	<u>(1,446,367)</u>	<u>2,733,269</u>	<u>5,971,187</u>
Total Liabilities and Fund Balances	<u>\$ 5,777,360</u>	<u>\$11,768,484</u>	<u>\$ 153,633</u>	<u>\$ 3,854,066</u>	<u>\$ 21,553,543</u>

See accompanying notes to the basic financial statements.

**CITY OF HIGHLAND HEIGHTS, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2003**

Total Governmental Funds Balances \$ 5,971,187

*Amounts reported for governmental activities in the
statement of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 48,118,909

Other long-term assets are not available to pay for current-period
expenditures and therefore are deferred in the funds:

Property Taxes	\$ 64,156	
Grants and Entitlements	254,316	
Income Tax	385,231	
Special Assessments	<u>11,176,095</u>	
Total		11,879,798

Pension Payable includes contractually required pension
contributions not expected to be paid with expendable available
financial resources and therefore not reported in the funds. (136,520)

Long-term liabilities, including bonds payable and accrued interest
payable, are not due and payable in the current period and therefore
are not reported in the funds:

General Obligation Bonds	(9,686,885)	
Special Assessment Bonds	(5,768,115)	
OPWC Loan	(2,904,031)	
Capital Leases	(105,496)	
Compensated Absences	(1,081,614)	
Accrued Interest Payable	<u>(90,781)</u>	
Total		<u>(19,636,922)</u>

Net Assets of Governmental Activities \$46,196,452

CITY OF HIGHLAND HEIGHTS, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Special Assessment Bond Retirement	Aberdeen Business Park	Other Governmental Funds	Total Governmental Funds
Revenues					
Municipal Income Taxes	\$ 5,757,718	\$ 0	\$ 0	\$ 639,747	\$ 6,397,465
Property Taxes	754,095	0	0	571,298	1,325,393
Intergovernmental Revenue	320,721	0	0	763,773	1,084,494
Special Assessments	53,555	776,055	0	249,151	1,078,761
Charges for Services	80,428	0	0	257,442	337,870
Fines, Licenses, and Permits	484,595	0	0	154,440	639,035
Interest Income	35,129	0	0	81,837	116,966
Miscellaneous	137,704	0	0	8,075	145,779
Total Revenues	<u>7,623,945</u>	<u>776,055</u>	<u>0</u>	<u>2,725,763</u>	<u>11,125,763</u>
Expenditures					
Security of Persons and Property	4,349,126	0	0	634,141	4,983,267
Leisure Time Activities	169,712	0	0	576,950	746,662
Community Environment	268,345	0	0	34,795	303,140
Basic Utilities Services	924,300	0	0	0	924,300
Transportation	13,061	0	0	472,301	485,362
General Governments	1,977,055	11,738	0	12,668	2,001,461
Capital Outlay	29,949	0	55,222	1,076,577	1,161,748
Debt Service:					
Principal Retirement	741	498,248	0	502,124	1,001,113
Interest and Fiscal Charges	159	329,704	32,000	480,924	842,787
Total Expenditures	<u>7,732,448</u>	<u>839,690</u>	<u>87,222</u>	<u>3,790,480</u>	<u>12,449,840</u>
Excess of Revenues Over (Under) Expenditures	<u>(108,503)</u>	<u>(63,635)</u>	<u>(87,222)</u>	<u>(1,064,717)</u>	<u>(1,324,077)</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	3,830	0	0	0	3,830
Capitalization of Lease	12,217	0	0	0	12,217
Transfers In	0	0	32,000	419,526	451,526
Transfers Out	(275,000)	0	0	(176,526)	(451,526)
Total Other Financing Sources (Uses)	<u>(258,953)</u>	<u>0</u>	<u>32,000</u>	<u>243,000</u>	<u>16,047</u>
Net Change in Fund Balances	<u>(367,456)</u>	<u>(63,635)</u>	<u>(55,222)</u>	<u>(821,717)</u>	<u>(1,308,030)</u>
Fund Balances (Deficit) - Beginning of Year,					
Restated (See Note 3)	4,273,672	849,574	(1,391,145)	3,552,310	7,284,411
Increase (Decrease) in Reserve for Inventory	<u>(7,870)</u>	<u>0</u>	<u>0</u>	<u>2,676</u>	<u>(5,194)</u>
Fund Balances (Deficits) - End of Year	<u>\$ 3,898,346</u>	<u>\$ 785,939</u>	<u>\$(1,446,367)</u>	<u>\$ 2,733,269</u>	<u>\$ 5,971,187</u>

See accompanying notes to the basic financial statements.

CITY OF HIGHLAND HEIGHTS, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balances - Total Governmental Funds \$(1,308,030)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,275,381
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(84,001)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent Property Tax	\$ 7,184
Grants and Entitlements	(11,518)
Income Tax	334,754
Special Assessments	<u>(824,726)</u>
Total	(494,306)
Repayment of bond, OPWC payments, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,001,113
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due.	4,669
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.	(12,217)
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable, which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated Absences	(159,282)
Pension Obligation	67,415
Change in Inventory	<u>(5,194)</u>
Total	<u>(97,061)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,285,548</u>

CITY OF HIGHLAND HEIGHTS, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
Income Taxes	\$ 5,712,202	\$ 5,712,202	\$ 5,715,856	\$ 3,654
Property Taxes	724,606	724,606	754,095	29,489
Intergovernmental	323,887	323,572	321,598	(1,974)
Special Assessments	16,481	102,304	53,555	(48,749)
Charges for Services	90,750	90,750	78,957	(11,793)
Fines, Licenses, and Permits	451,800	401,800	483,495	81,695
Interest Income	50,000	35,708	29,588	(6,120)
Miscellaneous	<u>113,417</u>	<u>187,527</u>	<u>138,840</u>	<u>(48,687)</u>
Total Revenues	<u>7,483,143</u>	<u>7,578,469</u>	<u>7,575,984</u>	<u>(2,485)</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property	4,559,861	4,629,746	4,276,972	352,774
Leisure Time Activities	200,576	203,126	171,886	31,240
Community Environment	289,039	290,607	269,734	20,873
Basic Utility	976,711	996,965	928,701	68,264
General Government	2,138,300	2,193,936	1,998,150	195,786
Capital Outlay	62,710	59,510	36,108	23,402
Debt Service:				
Principal Retirement	741	741	741	0
Interest and Fiscal Charges	<u>159</u>	<u>159</u>	<u>159</u>	<u>0</u>
Total Expenditures	<u>8,228,097</u>	<u>8,374,790</u>	<u>7,682,451</u>	<u>692,339</u>
Excess of Revenues Over (Under) Expenditures	<u>(744,954)</u>	<u>(796,321)</u>	<u>(106,467)</u>	<u>689,854</u>
<u>Other Financing Sources (Uses)</u>				
Sale of Fixed Assets	200	200	3,830	3,630
Capitalized Lease	12,217	12,217	12,217	0
Operating Transfers Out	(275,000)	(275,000)	(275,000)	0
Advances In	192,514	192,514	192,514	0
Advances Out	<u>0</u>	<u>(59,772)</u>	<u>(52,272)</u>	<u>7,500</u>
Total Other Financing Sources (Uses)	<u>(70,069)</u>	<u>(129,841)</u>	<u>(118,711)</u>	<u>11,130</u>
Net Change in Fund Balance	(815,023)	(926,162)	(225,178)	700,984
Fund Balance at Beginning of Year	3,342,041	3,342,041	3,342,041	0
Outstanding Encumbrances	<u>47,157</u>	<u>47,157</u>	<u>47,157</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,574,175</u>	<u>\$ 2,463,036</u>	<u>\$ 3,164,020</u>	<u>\$ 700,984</u>

See accompanying notes to the basic financial statements.

CITY OF HIGHLAND HEIGHTS, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2003

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 467,719</u>
<u>Liabilities</u>	
Accounts Payable	\$ 6,311
Deposits Held and Due to Others	<u>461,408</u>
Total Liabilities	<u>\$ 467,719</u>

See accompanying notes to the basic financial statements.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1: REPORTING ENTITY

The City of Highland Heights, Ohio (the City) was incorporated as a Village in 1920 after it separated from 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.

A legally separate organization is a component unit of the primary government if **1)** the primary government is financially accountable for the organization; **2)** the nature and significance of the relationship between the primary government and the organization are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete; or **3)** the organization is closely related to or financially integrated with the primary government. 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 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 Eastern Suburban Regional Council of Governments, the Northeast Ohio Public Energy Council, and the Mayfield Union Cemetery as presented in Note 21 to the basic financial statements. The City is also associated with an organization defined as risk sharing pool (Note 17) and a joint venture (Note 20).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The more significant of the City's accounting policies are described below.

A. **Basis of Presentation**

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

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

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

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

Governmental Funds

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

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 Assessment Bond Retirement Fund – The special assessment bond retirement 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.

Aberdeen Business Park Capital Project Fund - The Aberdeen Business Park capital project fund accounts for the acquisition or construction of its capital items in assistance with the Aberdeen Business Park.

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

Fiduciary Funds

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Fiduciary Funds (Continued)

funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for deposits held for contractors and developers.

C. **Measurement Focus**

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Government fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. **Basis of Accounting**

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

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

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 year in which the exchange on which the tax is imposed takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes, for which there is an enforceable legal claim as of December 31, 2003 but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

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

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

E. **Pooled 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, 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. 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, 2003. 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 2003 amounted to \$35,129.

During fiscal year 2003, investments were limited to STAROhio, repurchase agreements, and U.S. Government Securities.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. Materials and Supplies Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first in, first out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when purchased.

Inventory consists of expendable supplies held for consumption.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

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

For 2003, infrastructure capital assets were calculated without the City's traffic lights. The infrastructure assets will be completed in 2004 with inclusion of this item to capital assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,500. The City's infrastructure consists of roads, water mains, storm sewers, culverts, and bridges. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is not capitalized.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. **Capital Assets** (Continued)

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

Description	Governmental Activities Estimated Lives
Building and Improvement	20 - 40 years
Machinery and Equipment	5 - 20 years
Furniture and Fixtures	15 years
Vehicles	4 - 8 years
Infrastructure	50 years

I. **Interfund Balances**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "due to/from other funds". These amounts are eliminated in the governmental activities column of the statement of net assets.

J. **Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. **Compensated Absences** (Continued)

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds which the employees who have accumulated the leave are paid.

K. **Accrued Liabilities and Long-Term Obligations**

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

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

L. **Fund Balance Reserves**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, inventories, and prepaids.

M. **Net Assets**

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

M. **Net Assets** (Continued)

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

N. **Interfund Activity**

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

O. **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2003.

P. **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.

Q. **Budgetary Data**

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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Q. **Budgetary Data** (Continued)

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 2003, 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 include materials and supplies and purchased services, capital outlay, transfers, along with individual accounts for bond and note principal retirement, and interest and fiscal charges

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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Q. **Budgetary Data** (Continued)

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.

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY**

A. **Changes in Accounting Principles**

For 2003, the City has implemented GASB Statement No. 34, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements present governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002 caused by the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the MD&A, the classification of program revenues, and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosures. GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization, or program structure that the government uses for its legally adopted budget when significant budgetary

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

A. Changes in Accounting Principles (Continued)

perspective differences result in the City not being able to present budgetary comparisons for the general and each major special revenue fund. The implementation of GASB Statement No. 41 did not affect the presentation of budgetary statements of the City.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The City restated the fund liability of compensated absences that matured during fiscal year 2002.

B. Change in Accounting Policy

During 2003, the City restated the long-term compensated absences liability due to change from termination to vesting method.

C. Restatement of Fund Balance

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

	<u>General</u>	Special Assessment Debt Service	Aberdeen Business Park	<u>Nonmajor</u>	<u>Total</u>
Fund Balances (Deficit) -					
December 31, 2002	\$ 4,280,596	\$ 849,574	\$ (1,391,145)	\$ 3,444,292	\$ 7,183,317
Matured Compensated Absences Payable	(6,924)	0	0	0	(6,924)
Change in Fund Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>108,018</u>	<u>108,018</u>
Adjusted Fund Balances (Deficit) -					
December 31, 2002	<u>\$ 4,273,672</u>	<u>\$ 849,574</u>	<u>\$ (1,391,145)</u>	<u>\$ 3,552,310</u>	<u>7,284,411</u>

GASB 34 Adjustments

Capital Assets, Net of Accumulated Depreciation	45,927,530
Long-Term Deferred Assets	12,374,103
Accrued Interest Payable	(95,450)
Long-Term Pension Obligation Payable	(203,935)
Long-Term Liabilities	<u>(20,375,755)</u>
Governmental Activities Net Assets, December 31, 2002	<u>\$ 44,910,904</u>

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 4: **ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

Fund balance at December 31, 2003 included the following individual fund deficits:

Aberdeen Business Park Capital Project Fund	\$1,446,367
Park and Recreation Improvement Capital Project Fund	<u>6,714</u>
	<u>\$1,453,081</u>

The deficit in the Aberdeen Business Park capital project fund resulted from the recognition of short-term bond anticipation notes as fund liability as opposed to revenue. The fund deficit will be reversed when the bond is issued.

The deficit in the Park and Recreation Improvement fund resulted from accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

Appropriations Exceeding Estimated Resources

The following funds had appropriations exceeding estimated resources contrary to the Ohio Revised Code Section 5705.39.

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Original Budget:			
<u>Special Revenue</u>			
Juvenile Diversion	\$ 10,782	\$ 12,000	\$ (1,218)
Final Budget:			
<u>Capital Projects</u>			
Parks and Recreation Improvements	\$ 51,481	\$ 58,195	\$ (6,714)

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 5: BUDGETARY BASIS OF ACCOUNTING

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

- 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 (budget basis) rather than as a reservation of fund balance (GAAP basis).
- d. Advances-in and Advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- e. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	General \$(367,456)
Increase (Decrease) Due to:	
Revenue Accruals	(47,961)
Expenditure Accruals	97,154
Advances In	192,514
Advances Out	(52,272)
Net Impact of Encumbrances	(47,157)
Budgetary Basis	\$(225,178)

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 6: 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 five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including 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 provide that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 6: **CASH AND CASH EQUIVALENTS** (Continued)

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

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

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

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

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

A. Deposits

At year-end, the carrying amount of the City's deposits was \$2,908,177, and the bank balance was \$2,934,357. Of the bank balance:

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 6: **CASH AND CASH EQUIVALENTS** (Continued)

A. **Deposits** (Continued)

1. \$320,417 was covered by Federal depository insurance.
2. \$2,613,940 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.

B. **Investments**

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

STAROhio, the State Treasurer's investment pool and the Victory Federal Money Market are unclassified investments since they are 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)		Non-Categorized	\$ 2,760,413	\$ 2,760,413
Repurchase Agreement	\$ 0	\$ 155,000	155,000	155,000
Federal National Mortgage Association Notes	503,333	0	503,333	503,333
Federal Home Loan Bank Notes	505,278	0	505,278	505,278
Victory Federal Money Market	<u>0</u>	<u>Non-Categorized</u>	<u>331,973</u>	<u>331,973</u>
Total Investments	<u>\$ 1,008,611</u>	<u>\$ 155,000</u>	<u>\$ 4,255,997</u>	<u>\$ 4,255,997</u>

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 6: **CASH AND CASH EQUIVALENTS** (Continued)

B. **Investments** (Continued)

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:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$ 6,155,563	\$ 1,008,611
Part of Pool:		
STAROhio	(2,760,413)	2,760,413
Repurchase agreements	(155,000)	155,000
Victory Federal Money Market	(331,973)	331,973
GASB Statement No. 3	\$ 2,908,177	\$ 4,255,997

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 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based.

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

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

NOTE 7: **RECEIVABLES**

Receivables at December 31, 2003, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billing for rental and permits, etc.). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 7: **RECEIVABLES** (Continued)

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003 on the assessed value as of January 1, 2003, the lien date. Assessed values are established by the State law at 35 percent of appraised market values. 2003 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes which became a lien at December 31, 2002 are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002 on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2003 was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property - 2003 Tax Valuation	\$ 297,332,820
Public Utility Tangible Property - 2003 Tax Valuation	3,601,050
Tangible Personal Property - 2003 Tax Valuation	<u>38,810,647</u>
Total	<u>\$ 339,744,517</u>

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

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 7: **RECEIVABLES** (Continued)

A. **Property Taxes** (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Highland Heights. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general, police pension, fire pension, parks and recreation, and general obligation bond retirement funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. **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. The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly, net of collection fees of 3 percent.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 7: **RECEIVABLES** (Continued)

C. 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.

Special assessments are payable by the timetable 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.

Special assessments expected to be collected in more than one year amount to \$10,182,545 in the special assessment bond retirement fund. At December 31, 2003, the amount of delinquent special assessments was \$68,630.

D. 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 7: **RECEIVABLES** (Continued)

E. **Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities</u>	
Estate Tax	\$ 29,703
Gasoline Tax	82,817
Local Government	111,967
Homestead and Rollback	77,153
Grants	5,265
Utility Property Tax Loss Reimbursement	2,947
Auto Registration	63,593
Permissive Tax	4,559
Cigarette Tax	1,214
Total Governmental Activities	\$ 379,218

NOTE 8: **INTERFUND TRANSFERS AND BALANCES**

<u>Transfer To</u>	<u>Transfer From</u>		
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Aberdeen Business Park	\$ 0	\$ 32,000	\$ 32,000
Nonmajor Governmental Funds	275,000	144,526	419,526
Total	\$ 275,000	\$ 176,526	\$ 451,526

The general fund transfers to the nonmajor governmental funds were made to provide additional resources for current operations, and the transfer of \$32,000 from the general bond retirement debt service fund to the Aberdeen Business Park fund was made for the payment of interest on bond anticipation notes.

As of December 31, 2003, interfund balances were as follows:

	<u>Receivable Interfund</u>	<u>Payable Interfund</u>
Major Funds		
General Fund	\$ 7,000	\$ 0
Nonmajor Funds	0	7,000
Totals	\$ 7,000	\$ 7,000

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 8: INTERFUND TRANSFERS AND BALANCES (Continued)

Interfund balances at December 31, 2003 resulted from a general fund advance of \$7,000 to the Parks and Recreation Improvement fund to cover the fund deficits. This advance will be returned to the general fund when resources are available.

NOTE 9: CAPITAL ASSETS

A summary of changes in capital assets during 2003 follows:

	Restated Balance <u>12/31/02</u>	Additions	Disposals	Balance <u>12/31/03</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land and Land Improvements	\$ 2,446,752	\$ 165,660	\$ 0	\$ 2,612,412
Construction in Progress	<u>150,704</u>	<u>533,303</u>	<u>0</u>	<u>684,007</u>
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$ 2,597,456</u>	<u>\$ 698,963</u>	<u>\$ 0</u>	<u>\$ 3,296,419</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	6,500,020	79,179	(6,781)	6,572,418
Machinery and Equipment	2,062,174	239,286	(436,874)	1,864,586
Furniture and Fixtures	29,457	2,000	0	31,457
Vehicles	943,965	304,832	0	1,248,797
Infrastructure				
Roads	17,043,610	794,421	0	17,838,031
Water Mains	10,659,176	340,725	0	10,999,901
Sanitary Sewers	12,440,328	64,810	0	12,505,138
Storm Sewers	14,165,713	1,260,517	0	15,426,230
Culverts	183,825	0	0	183,825
Bridges	216,549	0	0	216,549
Totals at Historical Cost	<u>64,244,817</u>	<u>3,085,770</u>	<u>(443,655)</u>	<u>66,886,932</u>
Less Accumulated Depreciation:				
Buildings	(2,533,184)	(184,764)	5,297	(2,712,651)
Machinery and Equipment	(1,458,693)	(101,754)	354,356	(1,206,091)
Furniture and Equipment	(25,923)	(374)	0	(26,297)
Vehicles	(752,977)	(79,066)	0	(832,043)
Infrastructures				
Roads	(5,685,321)	(356,761)	0	(6,042,082)
Water Mains	(3,354,354)	(219,998)	0	(3,574,352)
Sanitary Sewers	(2,901,858)	(250,103)	0	(3,151,961)
Storm Sewers	(4,126,883)	(308,525)	0	(4,435,408)
Culverts	(66,888)	(3,676)	0	(70,564)
Bridges	(8,662)	(4,331)	0	(12,993)
Total Accumulated Depreciation	<u>(20,914,743)</u>	<u>(1,509,352)</u>	<u>359,653</u>	<u>(22,064,442)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>43,330,074</u>	<u>1,576,418</u>	<u>(84,002)</u>	<u>44,822,490</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,927,530</u>	<u>\$ 2,275,381</u>	<u>\$ (84,002)</u>	<u>\$ 48,118,909</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 72,780
Security of Persons and Property	157,285
Basic Utilities	833,424
Community Environment	5,978
Leisure Time Activities	59,871
Transportation	380,014
Total Depreciation Expense	<u>\$ 1,509,352</u>

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 10: **COMPENSATED ABSENCES**

Sick leave for City employees is accrued at the rate of 4.6 hours for every 80 hours worked. Employees who retire or terminate service after 20 years may convert 50 percent of accumulated sick leave days into a lump sum payment, within certain limitations. A maximum of 960 hours of sick leave may be accumulated by each employee, with the exception of firemen, which can accumulate 1,345 hours.

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy does not permit vacation leave to be carried forward unless authorized by the Mayor or department head. City employees are paid for earned unused vacation leave at the time of termination of employment.

NOTE 11: **PENSION PLAN**

A. **Ohio Public Employees Retirement System**

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 11: **PENSION PLAN** (Continued)

A. Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2003, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The City's contribution rate for pension benefits for 2003 was 8.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$174,550, \$167,098, and \$153,029 respectively; 96.31 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$678 made by the City and \$674 made by the plan members.

B. 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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$164,152 and \$164,655 for the year ended December 31, 2003, \$154,403 and \$157,609 for the year ended December 31, 2002, and \$147,761 and \$156,282 for the year ended December 31, 2001. The full amount has been contributed for 2002 and 2001. 72.69 percent for police and 74.45 percent for firefighters has been contributed for 2003 with the remainder being reported as a liability.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 12: POST-EMPLOYMENT BENEFITS

A. 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 with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2002, 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 premiums 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 annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$102,473. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 12: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care plan. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

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.

B. **Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 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 Ohio Police and Fire Pension Fund’s Board of Trustees to provide health care coverage and states that health care costs paid from the funds of the OP&F 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 rate 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 2003. 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. Beginning in 2001, all retirees and survivors have monthly health care contributions.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 12: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

The City's annual contributions for 2003 that were used to fund postemployment benefits were \$108,270 for police and \$78,484 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002 (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002 was 13,527 for police and 10,396 for firefighters.

NOTE 13: **CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, 2003, the City had the following significant contractual commitments:

Project	Contractor	Amount Remaining on Contract
2002 Park Lighting	R. J. Martin	\$ 47,587
Bishop Road Improvement	Chaney Cement Co.	<u>57,218</u>
		<u>\$ 104,805</u>

NOTE 14: **NOTES PAYABLE**

Note activity for the year ended December 31, 2003 consisted of the following:

	Balance 12/31/02	Issued	Retired	Balance 12/31/03
<u>Capital Projects Funds</u>				
3% Bond Anticipation Notes, issued 2002 (Aberdeen Business Park)				
(Renew 2002 issue)\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ (1,600,000)	\$ 1,600,000
Total	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ (1,600,000)</u>	<u>\$ 1,600,000</u>

All the notes are backed by the full faith and credit of the City. In governmental fund financial statements the note liability is reflected in the fund which received the proceeds.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are also limitations on the number of times notes can be renewed. All notes outstanding at year end are bond anticipation notes. The notes will be refinanced until the City determines it to be advantageous to issue bonds.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 15: LONG-TERM OBLIGATIONS

Changes in the debt of the City for the year ended December 31, 2003 are as follows:

	Balance 12/31/02	Additions	Retirements	Balance 12/31/03	Amounts Due in One Year
General Obligation Bonds					
1992 \$1,440,000 Various Purpose improvement bonds, 4.0-6.2%	\$ 735,000	\$ 0	\$ (60,000)	\$ 675,000	\$ 65,000
1997 \$6,495,000 Various Purpose Improvement Bonds, 3.75-5.25%	5,335,000	0	(250,000)	5,085,000	255,000
1999 \$177,920 Various Purpose Improvement Bonds, 5.2-6.5%	163,020	0	(6,135)	156,885	6,135
2001 \$4,065,000 Various Purpose Improvement Bonds, 3.0-4.8%	3,920,000	0	(150,000)	3,770,000	150,000
Total General Obligation Bonds	<u>10,153,020</u>	<u>0</u>	<u>(466,135)</u>	<u>9,686,885</u>	<u>476,135</u>
Special Assessment (a)					
1999 \$837,080 Alpha Improvement Assessment 5.2-6.5%	766,980	0	(28,865)	738,115	28,865
1999 \$1,280,000 Refunding of Special Assessment (Whiteford and Alpha), 5.2-6.5%	930,000	0	(135,000)	795,000	140,000
1999 \$4,460,000 Street Improvement (Aberdeen Blvd.) Bonds, 4.1-5.7%	4,180,000	0	(150,000)	4,030,000	155,000
1990 \$380,000 Street Improvement (Bishop Rd.) Bonds, 7.357%	225,000	0	(20,000)	205,000	25,000
Total Special Assessment Bonds	<u>6,101,980</u>	<u>0</u>	<u>(333,865)</u>	<u>5,768,115</u>	<u>348,865</u>
Ohio Public Works Commission					
1997 \$1,640,626 Highland Road Sanitary Sewer, 0%	1,435,549	0	(82,032)	1,353,517	82,032
1998 \$960,310 Miner and Bishop Roads Sanitary Sewer, 0%	864,279	0	(48,015)	816,264	48,015
1998 \$145,238 Millridge Water Main Replacement, 0%	123,452	0	(7,262)	116,190	7,262
1999 \$686,733 Sanitary Sewers Selected Locations, 0%	652,396	0	(34,336)	618,060	34,336
Total Ohio Public Works Commission	<u>3,075,676</u>	<u>0</u>	<u>(171,645)</u>	<u>2,904,031</u>	<u>171,645</u>
Capital Lease					
2001 Vacuum Street Sweeper and Leaf Collector	122,747	0	(28,727)	94,020	29,996
2002 Canon Copier	0	12,217	(741)	11,476	2,282
Total Capital Lease	<u>122,747</u>	<u>12,217</u>	<u>(29,468)</u>	<u>105,496</u>	<u>32,278</u>
Compensated Absences as Restated	<u>922,332</u>	<u>242,903</u>	<u>(83,621)</u>	<u>1,081,614</u>	<u>326,840</u>
Total Governmental Long-Term Obligations	<u>\$ 20,375,755</u>	<u>\$ 255,120</u>	<u>\$ (1,084,734)</u>	<u>\$19,546,141</u>	<u>\$ 1,355,763</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 is to be paid from general City revenues and is included under the "General Obligation Bonds" caption.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 15: **LONG-TERM OBLIGATIONS** (Continued)

The 1992 bonds were issued to improve the municipal sewerage system by constructing storm sewers and culverts. The 1997 bonds were a consolidated issue for the construction and improvement of streets, sewer systems, water mains and storm water retention facilities, and the acquisition of a pumper truck. The 1999 issue was for the City's portion of the improvement of Alpha Street. The 2001 series were issued for the improvement of streets, acquiring and installing communications equipment for the Dispatch Center, and installing a roof on the City's municipal complex.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and unvoted general property taxes levied on all taxable property located within the City. Tax monies will be received in, and the debt will be retired from, the General Obligation Bond retirement fund.

Special assessments bonds are payable from the proceeds of assessments against the specific property owners who primarily benefitted from the project. Special assessment monies will be received in, and the debt will be retired from, the Special Assessment bond retirement fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

The Ohio Public Works Commission (OPWC) loans will be paid by revenues transferred from the general fund. See Note 16 for further details on capital leases. Compensated absences will be paid from the respective fund from which the employee's salary is paid.

Legal Debt Margin

Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 2003 had the capacity to issue \$25,030,950 of additional general obligation debt.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2003 from the general resources of the City are as follows:

Year	General Obligation Bonds		Special Assessments		OPWC Loan	Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2004	\$ 476,135	\$ 457,307	\$ 348,865	\$ 312,132	\$ 171,645	\$ 32,278	\$ 3,898	\$1,028,923	\$ 773,337
2005	502,012	437,264	372,988	293,871	171,645	33,696	2,480	1,080,341	733,615
2006	522,012	415,666	382,988	274,207	171,645	35,176	1,000	1,111,821	690,873
2007	547,888	392,601	412,112	253,864	171,645	2,573	127	1,134,218	646,592
2008	527,888	368,182	442,112	231,716	171,645	1,773	76	1,143,418	599,974
2009-2013	2,971,451	1,449,399	1,373,548	893,657	858,227	0	0	5,203,226	2,343,056
2014-2018	2,959,499	709,020	1,689,525	498,630	858,227	0	0	5,507,251	1,207,650
2019-2023	1,090,000	154,441	745,977	62,042	329,352	0	0	2,165,329	216,483
2024-2028	90,000	4,725	0	0	0	0	0	90,000	4,725
Totals	<u>\$ 9,686,885</u>	<u>\$ 4,388,605</u>	<u>\$ 5,768,115</u>	<u>\$2,820,119</u>	<u>\$2,904,031</u>	<u>\$ 105,496</u>	<u>\$ 7,581</u>	<u>\$18,464,527</u>	<u>\$ 7,216,305</u>

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 16: CAPITAL LEASES

The City entered into an agreement with Lake Business Products, Inc. in June 2003 to lease one Canon digital copier in the amount of \$12,217. 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 inception date as capital assets and long-term debt. The City entered into an agreement with Bank One Leasing Corporation in December 2001 to lease one vacuum street sweeper in the amount of \$150,259.

The cost and accumulated depreciation of the assets acquired through capital leases are as follows:

<u>Governmental Activities</u>	<u>Street Sweeper</u>	<u>Canon Copier</u>	<u>Total</u>
Asset:			
Equipment	\$ 150,259	\$ 12,217	\$ 162,476
Less: Accumulated Depreciation	<u>(5,009)</u>	<u>(407)</u>	<u>(5,416)</u>
Net Value	<u>\$ 145,250</u>	<u>\$ 11,810</u>	<u>\$ 157,060</u>

The future minimum lease obligation and the net present value of these capital leases as of December 31, 2003 are as follows:

Future Minimum Lease Obligation	\$ 100,427	\$ 12,650	\$ 113,077
Less: Interest	<u>(6,407)</u>	<u>(1,174)</u>	<u>(7,581)</u>
Net Present Value	<u>\$ 94,020</u>	<u>\$ 11,476</u>	<u>\$ 105,496</u>

NOTE 17: 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 vehicle, 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 17: **NORTHERN OHIO RISK MANAGEMENT ASSOCIATION** (Continued)

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 \$97,500 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.

In 2003, the City of Highland Heights paid \$69,072 in premiums from the general fund, which represents 5.65 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 18: **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 Workers' 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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 18: **RISK MANAGEMENT** (Continued)

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 \$361.33 for single coverage and \$890.84 for family coverage. The monthly premium for dental benefits is \$29.07 for single coverage and \$87.48 for family coverage.

NOTE 19: **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 20: **JOINT VENTURE**

Tri-City Consortium on 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 2003, the City contributed \$61,965, 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.

NOTE 21: **JOINTLY GOVERNED ORGANIZATION**

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.

CITY OF HIGHLAND HEIGHTS, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(CONTINUED)

NOTE 21: **JOINTLY GOVERNED ORGANIZATION** (Continued)

Eastern Suburban Regional Council of Governments (Continued)

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 2003, the City contributed \$12,500, which represents 16.7 percent of the total contributions.

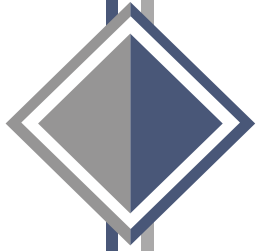
Northeast Ohio Public Energy Council

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 ensuring 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 did not contribute to NOPEC in 2003. Financial information can be obtained by contacting NOPEC at 1615 Clarke Avenue, Cleveland, Ohio 44109.

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 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 STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

Combining Statements - Nonmajor Funds

The combining statements of the City's nonmajor funds are used to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

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

This fund is used to account 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.

Grants Fund

This fund is used to account for miscellaneous or small grants received from state or local entities for various purposes.

Street Lighting

This fund is used to account for special assessments levied to pay the costs of street lighting in certain areas of the City.

FEMA Fire Assistance

This fund is used to account 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

This fund is used to account 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.

Drug Law Enforcement Trust

This fund is used to account 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

This fund is used to account 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.

U.S. Department of Justice Fund

This fund is used to account for monies received from the Federal and State government to be used to establish or expand community policing programs.

Juvenile Diversion Fund

This fund is used to account for grant and fine monies to be used for the Community Juvenile Diversion Program.

Police Pension Fund

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

(Continued)

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

Combining Statements - Nonmajor Funds
(Continued)

Fire Pension Fund

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

Street Tree

This fund is used to account for monies collected from certain property owners primarily for the furnishing and planting of trees within the City.

Park Land Acquisition

This fund is used to account for monies collected from developers to assist in the purchase of additional park land for the City.

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**Nonmajor Debt Service Funds**

**General Obligation Bond Retirement Fund**

This fund is used to account for monies accumulated for the payment of all general long-term debt principal and interest which is not self supporting.

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Nonmajor Capital Projects Funds

Capital Improvement Fund

This fund is used to account 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 capital assets.

Alpha Drive Fund

This fund is used to account for the construction of the extension of Alpha Drive (a street) and sewers for which special assessments were levied (industrial park area).

Issue II Project Fund

This fund is used to account for state grants and local matching funds to be used for sewerage system improvements within the City.

Park and Recreation Improvement Fund

This fund is used to account for fees paid to the City by developers for the purpose of improving park and recreation areas in the City.

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**CITY OF HIGHLAND HEIGHTS, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

|                                             | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Project<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------------|
| <b><u>Assets</u></b>                        |                                         |                                      |                                         |                                            |
| Equity in Pooled Cash and Cash Equivalents  | \$ 1,098,593                            | \$ 512,764                           | \$ 978,636                              | \$ 2,589,993                               |
| Receivables:                                |                                         |                                      |                                         |                                            |
| Taxes                                       | 552,915                                 | 239,730                              | 0                                       | 792,645                                    |
| Accrued Interest                            | 0                                       | 0                                    | 23,348                                  | 23,348                                     |
| Special Assessments                         | 191,900                                 | 0                                    | 0                                       | 191,900                                    |
| Intergovernmental                           | 187,541                                 | 3,668                                | 29,703                                  | 220,912                                    |
| Inventory                                   | 35,132                                  | 0                                    | 0                                       | 35,132                                     |
| Prepaid Items                               | 136                                     | 0                                    | 0                                       | 136                                        |
| <b>Total Assets</b>                         | <b><u>\$ 2,066,217</u></b>              | <b><u>\$ 756,162</u></b>             | <b><u>\$ 1,031,687</u></b>              | <b><u>\$ 3,854,066</u></b>                 |
| <b><u>Liabilities and Fund Balances</u></b> |                                         |                                      |                                         |                                            |
| <b><u>Liabilities</u></b>                   |                                         |                                      |                                         |                                            |
| Accounts Payable                            | \$ 31,071                               | \$ 0                                 | \$ 4,146                                | \$ 35,217                                  |
| Contracts Payable                           | 35,935                                  | 0                                    | 30,695                                  | 66,630                                     |
| Accrued Wages and Benefits                  | 123                                     | 0                                    | 0                                       | 123                                        |
| Due to Other Funds                          | 0                                       | 0                                    | 7,000                                   | 7,000                                      |
| Due to Governments                          | 8,471                                   | 0                                    | 0                                       | 8,471                                      |
| Pension Payable                             | 70                                      | 0                                    | 0                                       | 70                                         |
| Deferred Revenue                            | 884,359                                 | 111,501                              | 7,426                                   | 1,003,286                                  |
| <b>Total Liabilities</b>                    | <b><u>960,029</u></b>                   | <b><u>111,501</u></b>                | <b><u>49,267</u></b>                    | <b><u>1,120,797</u></b>                    |
| <b><u>Fund Balances</u></b>                 |                                         |                                      |                                         |                                            |
| Reserved for Inventory                      | 35,132                                  | 0                                    | 0                                       | 35,132                                     |
| Reserved for Prepaid Items                  | 136                                     | 0                                    | 0                                       | 136                                        |
| Reserved for Encumbrances                   | 14,495                                  | 0                                    | 142,052                                 | 156,547                                    |
| Unreserved, Undesignated, Reported in:      |                                         |                                      |                                         |                                            |
| Special Revenue Funds                       | 1,056,425                               | 0                                    | 0                                       | 1,056,425                                  |
| Debt Service Funds                          | 0                                       | 644,661                              | 0                                       | 644,661                                    |
| Capital Projects Funds                      | 0                                       | 0                                    | 840,368                                 | 840,368                                    |
| <b>Total Fund Balances (Deficits)</b>       | <b><u>1,106,188</u></b>                 | <b><u>644,661</u></b>                | <b><u>982,420</u></b>                   | <b><u>2,733,269</u></b>                    |
| <b>Total Liabilities and Fund Balances</b>  | <b><u>\$ 2,066,217</u></b>              | <b><u>\$ 756,162</u></b>             | <b><u>\$ 1,031,687</u></b>              | <b><u>\$ 3,854,066</u></b>                 |



**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                                | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Project<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------------|
| <b>Revenues</b>                                |                                         |                                      |                                         |                                            |
| Municipal Income Taxes                         | \$ 0                                    | \$ 639,747                           | \$ 0                                    | \$ 639,747                                 |
| Property Taxes                                 | 497,936                                 | 73,362                               | 0                                       | 571,298                                    |
| Intergovernmental Revenue                      | 425,370                                 | 7,336                                | 331,067                                 | 763,773                                    |
| Special Assessments                            | 249,151                                 | 0                                    | 0                                       | 249,151                                    |
| Charges for Services                           | 197,266                                 | 22,076                               | 38,100                                  | 257,442                                    |
| Fines, Licenses, and Permits                   | 154,440                                 | 0                                    | 0                                       | 154,440                                    |
| Interest Income                                | 0                                       | 10,940                               | 70,897                                  | 81,837                                     |
| Miscellaneous                                  | 8,075                                   | 0                                    | 0                                       | 8,075                                      |
| <b>Total Revenues</b>                          | <u>1,532,238</u>                        | <u>753,461</u>                       | <u>440,064</u>                          | <u>2,725,763</u>                           |
| <b>Expenditures</b>                            |                                         |                                      |                                         |                                            |
| Security of Persons and Property               | 634,141                                 | 0                                    | 0                                       | 634,141                                    |
| Leisure Time Activities                        | 576,950                                 | 0                                    | 0                                       | 576,950                                    |
| Community Environment                          | 20,775                                  | 0                                    | 14,020                                  | 34,795                                     |
| Transportation                                 | 472,301                                 | 0                                    | 0                                       | 472,301                                    |
| General Governments                            | 0                                       | 12,668                               | 0                                       | 12,668                                     |
| Capital Outlay                                 | 0                                       | 0                                    | 1,076,577                               | 1,076,577                                  |
| Debt Service:                                  |                                         |                                      |                                         |                                            |
| Principal Retirement                           | 28,727                                  | 473,397                              | 0                                       | 502,124                                    |
| Interest and Fiscal Charges                    | 4,749                                   | 476,175                              | 0                                       | 480,924                                    |
| <b>Total Expenditures</b>                      | <u>1,737,643</u>                        | <u>962,240</u>                       | <u>1,090,597</u>                        | <u>3,790,480</u>                           |
| Excess of Revenues Over (Under) Expenditures   | <u>(205,405)</u>                        | <u>(208,779)</u>                     | <u>(650,533)</u>                        | <u>(1,064,717)</u>                         |
| <b>Other Financing Sources (Uses)</b>          |                                         |                                      |                                         |                                            |
| Transfers In                                   | 275,000                                 | 94,526                               | 50,000                                  | 419,526                                    |
| Transfers Out                                  | (50,000)                                | (32,000)                             | (94,526)                                | (176,526)                                  |
| <b>Total Other Financing Sources (Uses)</b>    | <u>225,000</u>                          | <u>62,526</u>                        | <u>(44,526)</u>                         | <u>243,000</u>                             |
| Net Change in Fund Balances                    | 19,595                                  | (146,253)                            | (695,059)                               | (821,717)                                  |
| Fund Balances (Deficits) - Beginning of Year - |                                         |                                      |                                         |                                            |
| Restated (See Note 3)                          | 1,083,917                               | 790,914                              | 1,677,479                               | 3,552,310                                  |
| Increase (Decrease) in Reserve for Inventory   | 2,676                                   | 0                                    | 0                                       | 2,676                                      |
| <b>Fund Balances (Deficits) - End of Year</b>  | <u>\$1,106,188</u>                      | <u>\$ 644,661</u>                    | <u>\$ 982,420</u>                       | <u>\$ 2,733,269</u>                        |

**CITY OF HIGHLAND HEIGHTS, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2003**

|                                                | Street<br>Construction<br>Maintenance and<br>Repair | Parks and<br>Recreation  | Grants               | Street<br>Lighting       | FEMA<br>Fire<br>Assistance | Law<br>Enforcement<br>Trust | Drug Law<br>Enforcement<br>Trust |
|------------------------------------------------|-----------------------------------------------------|--------------------------|----------------------|--------------------------|----------------------------|-----------------------------|----------------------------------|
| <b>Assets</b>                                  |                                                     |                          |                      |                          |                            |                             |                                  |
| Equity in Pooled Cash and<br>Cash Equivalents  | \$ 315,045                                          | \$ 46,277                | \$ 389               | \$ 355,293               | \$ 0                       | \$ 8,985                    | \$ 18,173                        |
| Receivables:                                   |                                                     |                          |                      |                          |                            |                             |                                  |
| Taxes                                          | 0                                                   | 345,571                  | 0                    | 0                        | 0                          | 0                           | 0                                |
| Special Assessments                            | 0                                                   | 0                        | 0                    | 191,900                  | 0                          | 0                           | 0                                |
| Intergovernmental                              | 150,969                                             | 19,567                   | 0                    | 0                        | 5,265                      | 0                           | 0                                |
| Inventory                                      | 34,382                                              | 750                      | 0                    | 0                        | 0                          | 0                           | 0                                |
| Prepaid Items                                  | 0                                                   | 136                      | 0                    | 0                        | 0                          | 0                           | 0                                |
| <b>Total Assets</b>                            | <b><u>\$ 500,396</u></b>                            | <b><u>\$ 412,301</u></b> | <b><u>\$ 389</u></b> | <b><u>\$ 547,193</u></b> | <b><u>\$ 5,265</u></b>     | <b><u>\$ 8,985</u></b>      | <b><u>\$ 18,173</u></b>          |
| <b>Liabilities and Fund Balances</b>           |                                                     |                          |                      |                          |                            |                             |                                  |
| <b>Liabilities</b>                             |                                                     |                          |                      |                          |                            |                             |                                  |
| Accounts Payable                               | \$ 8,720                                            | \$ 5,236                 | \$ 253               | \$ 16,862                | \$ 0                       | \$ 0                        | \$ 0                             |
| Contracts Payable                              | 35,935                                              | 0                        | 0                    | 0                        | 0                          | 0                           | 0                                |
| Accrued Wages and Benefits                     | 0                                                   | 0                        | 0                    | 0                        | 0                          | 0                           | 0                                |
| Due to Other Governments                       | 0                                                   | 8,471                    | 0                    | 0                        | 0                          | 0                           | 0                                |
| Pension Payable                                | 0                                                   | 46                       | 0                    | 0                        | 0                          | 0                           | 0                                |
| Deferred Revenue                               | <u>108,237</u>                                      | <u>365,138</u>           | <u>0</u>             | <u>191,900</u>           | <u>0</u>                   | <u>0</u>                    | <u>0</u>                         |
| <b>Total Liabilities</b>                       | <b><u>152,892</u></b>                               | <b><u>378,891</u></b>    | <b><u>253</u></b>    | <b><u>208,762</u></b>    | <b><u>0</u></b>            | <b><u>0</u></b>             | <b><u>0</u></b>                  |
| <b>Fund Balances</b>                           |                                                     |                          |                      |                          |                            |                             |                                  |
| Reserve for Encumbrances                       | 14,495                                              | 0                        | 0                    | 0                        | 0                          | 0                           | 0                                |
| Reserve for Prepaids                           | 0                                                   | 136                      | 0                    | 0                        | 0                          | 0                           | 0                                |
| Reserved for Inventory                         | 34,382                                              | 750                      | 0                    | 0                        | 0                          | 0                           | 0                                |
| Unreserved, Undesignated                       | <u>298,627</u>                                      | <u>32,524</u>            | <u>136</u>           | <u>338,431</u>           | <u>5,265</u>               | <u>8,985</u>                | <u>18,173</u>                    |
| <b>Total Fund Balances</b>                     | <b><u>347,504</u></b>                               | <b><u>33,410</u></b>     | <b><u>136</u></b>    | <b><u>338,431</u></b>    | <b><u>5,265</u></b>        | <b><u>8,985</u></b>         | <b><u>18,173</u></b>             |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b><u>\$ 500,396</u></b>                            | <b><u>\$ 412,301</u></b> | <b><u>\$ 389</u></b> | <b><u>\$ 547,193</u></b> | <b><u>\$ 5,265</u></b>     | <b><u>\$ 8,985</u></b>      | <b><u>\$ 18,173</u></b>          |

| <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>Street Tree</u> | <u>Park Land Acquisition</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|----------------------------------|-----------------------------------|--------------------------------|-----------------------|---------------------|--------------------|------------------------------|---------------------------------------------|
| \$ 6,405                         | \$ 57,032                         | \$ 6,830                       | \$ 31,799             | \$ 45,158           | \$ 93,704          | \$ 113,503                   | \$ 1,098,593                                |
| 0                                | 0                                 | 0                              | 103,672               | 103,672             | 0                  | 0                            | 552,915                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 191,900                                     |
| 0                                | 0                                 | 0                              | 5,870                 | 5,870               | 0                  | 0                            | 187,541                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 35,132                                      |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>0</u>              | <u>0</u>            | <u>0</u>           | <u>0</u>                     | <u>136</u>                                  |
| <u>6,405</u>                     | <u>57,032</u>                     | <u>6,830</u>                   | <u>141,341</u>        | <u>154,700</u>      | <u>93,704</u>      | <u>113,503</u>               | <u>2,066,217</u>                            |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 31,071                                      |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 35,935                                      |
| 0                                | 0                                 | 123                            | 0                     | 0                   | 0                  | 0                            | 123                                         |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 8,471                                       |
| 0                                | 0                                 | 24                             | 0                     | 0                   | 0                  | 0                            | 70                                          |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>109,542</u>        | <u>109,542</u>      | <u>0</u>           | <u>0</u>                     | <u>884,359</u>                              |
| <u>0</u>                         | <u>0</u>                          | <u>147</u>                     | <u>109,542</u>        | <u>109,542</u>      | <u>0</u>           | <u>0</u>                     | <u>960,029</u>                              |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 14,495                                      |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 136                                         |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 35,132                                      |
| <u>6,405</u>                     | <u>57,032</u>                     | <u>6,683</u>                   | <u>31,799</u>         | <u>45,158</u>       | <u>93,704</u>      | <u>113,503</u>               | <u>1,056,425</u>                            |
| <u>6,405</u>                     | <u>57,032</u>                     | <u>6,683</u>                   | <u>31,799</u>         | <u>45,158</u>       | <u>93,704</u>      | <u>113,503</u>               | <u>1,106,188</u>                            |
| <u>\$ 6,405</u>                  | <u>\$ 57,032</u>                  | <u>\$ 6,830</u>                | <u>\$ 141,341</u>     | <u>\$ 154,700</u>   | <u>\$ 93,704</u>   | <u>\$ 113,503</u>            | <u>\$ 2,066,217</u>                         |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                                 | Street<br>Construction<br>Maintenance<br>and Repair | Parks and<br>Recreation | Grants        | Street<br>Lighting | FEMA<br>Fire<br>Assistance | Law<br>Enforcement<br>Trust | Drug Law<br>Enforcement<br>Trust |
|-------------------------------------------------|-----------------------------------------------------|-------------------------|---------------|--------------------|----------------------------|-----------------------------|----------------------------------|
| <b>Revenues</b>                                 |                                                     |                         |               |                    |                            |                             |                                  |
| Property Tax                                    | \$ 0                                                | \$ 311,210              | \$ 0          | \$ 0               | \$ 0                       | \$ 0                        | \$ 0                             |
| Intergovernmental Revenue                       | 299,327                                             | 38,713                  | 6,244         | 0                  | 12,840                     | 0                           | 5,000                            |
| Special Assessments                             | 0                                                   | 0                       | 0             | 229,651            | 0                          | 0                           | 0                                |
| Charges for Services                            | 0                                                   | 197,266                 | 0             | 0                  | 0                          | 0                           | 0                                |
| Fines, Licenses, and Permits                    | 0                                                   | 0                       | 0             | 0                  | 0                          | 0                           | 0                                |
| Miscellaneous                                   | 8,075                                               | 0                       | 0             | 0                  | 0                          | 0                           | 0                                |
| <b>Total Revenues</b>                           | <u>307,402</u>                                      | <u>547,189</u>          | <u>6,244</u>  | <u>229,651</u>     | <u>12,840</u>              | <u>0</u>                    | <u>5,000</u>                     |
| <b>Expenditures</b>                             |                                                     |                         |               |                    |                            |                             |                                  |
| Current:                                        |                                                     |                         |               |                    |                            |                             |                                  |
| Security of Persons and Property                | 0                                                   | 0                       | 6,108         | 0                  | 62,250                     | 3,184                       | 12,285                           |
| Leisure Time Activities                         | 0                                                   | 524,689                 | 0             | 0                  | 0                          | 0                           | 0                                |
| Community Environment                           | 0                                                   | 0                       | 0             | 0                  | 0                          | 0                           | 0                                |
| Transportation                                  | 268,813                                             | 0                       | 0             | 203,488            | 0                          | 0                           | 0                                |
| Debt Service:                                   |                                                     |                         |               |                    |                            |                             |                                  |
| Principal Retirement                            | 28,727                                              | 0                       | 0             | 0                  | 0                          | 0                           | 0                                |
| Interest and Fiscal Charges                     | 4,749                                               | 0                       | 0             | 0                  | 0                          | 0                           | 0                                |
| <b>Total Expenditures</b>                       | <u>302,289</u>                                      | <u>524,689</u>          | <u>6,108</u>  | <u>203,488</u>     | <u>62,250</u>              | <u>3,184</u>                | <u>12,285</u>                    |
| Excess of Revenues Over<br>(Under) Expenditures | <u>5,113</u>                                        | <u>22,500</u>           | <u>136</u>    | <u>26,163</u>      | <u>(49,410)</u>            | <u>(3,184)</u>              | <u>(7,285)</u>                   |
| <b>Other Financing Sources (Uses)</b>           |                                                     |                         |               |                    |                            |                             |                                  |
| Operating Transfers In                          | 0                                                   | 0                       | 0             | 0                  | 0                          | 0                           | 0                                |
| Operating Transfers Out                         | 0                                                   | (50,000)                | 0             | 0                  | 0                          | 0                           | 0                                |
| <b>Total Other Financing<br/>Sources (Uses)</b> | <u>0</u>                                            | <u>(50,000)</u>         | <u>0</u>      | <u>0</u>           | <u>0</u>                   | <u>0</u>                    | <u>0</u>                         |
| Net Change in Fund Balances                     | 5,113                                               | (27,500)                | 136           | 26,163             | (49,410)                   | (3,184)                     | (7,285)                          |
| Fund Balance - Beginning of Year,               |                                                     |                         |               |                    |                            |                             |                                  |
| Restated (see Note 3)                           | 340,465                                             | 60,160                  | 0             | 312,268            | 54,675                     | 12,169                      | 25,458                           |
| Increase (Decrease) in<br>Reserve for Inventory | 1,926                                               | 750                     | 0             | 0                  | 0                          | 0                           | 0                                |
| <b>Fund Balance at End of Year</b>              | <u>\$ 347,504</u>                                   | <u>\$ 33,410</u>        | <u>\$ 136</u> | <u>\$ 338,431</u>  | <u>\$ 5,265</u>            | <u>\$ 8,985</u>             | <u>\$ 18,173</u>                 |

(Continued)

| <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>Street Tree</u> | <u>Park Land Acquisition</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|----------------------------------|-----------------------------------|--------------------------------|-----------------------|---------------------|--------------------|------------------------------|---------------------------------------------|
| \$ 0                             | \$ 0                              | \$ 0                           | \$ 93,363             | \$ 93,363           | \$ 0               | \$ 0                         | \$ 497,936                                  |
| 0                                | 34,018                            | 6,000                          | 11,614                | 11,614              | 0                  | 0                            | 425,370                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 19,500             | 0                            | 249,151                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 197,266                                     |
| 765                              | 0                                 | 950                            | 0                     | 0                   | 0                  | 152,725                      | 154,440                                     |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>0</u>              | <u>0</u>            | <u>0</u>           | <u>0</u>                     | <u>8,075</u>                                |
| <u>765</u>                       | <u>34,018</u>                     | <u>6,950</u>                   | <u>104,977</u>        | <u>104,977</u>      | <u>19,500</u>      | <u>152,725</u>               | <u>1,532,238</u>                            |
| 0                                | 27,979                            | 7,049                          | 267,485               | 247,801             | 0                  | 0                            | 634,141                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 52,261                       | 576,950                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 20,775             | 0                            | 20,775                                      |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 472,301                                     |
| 0                                | 0                                 | 0                              | 0                     | 0                   | 0                  | 0                            | 28,727                                      |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>0</u>              | <u>0</u>            | <u>0</u>           | <u>0</u>                     | <u>4,749</u>                                |
| <u>0</u>                         | <u>27,979</u>                     | <u>7,049</u>                   | <u>267,485</u>        | <u>247,801</u>      | <u>20,775</u>      | <u>52,261</u>                | <u>1,737,643</u>                            |
| <u>765</u>                       | <u>6,039</u>                      | <u>(99)</u>                    | <u>(162,508)</u>      | <u>(142,824)</u>    | <u>(1,275)</u>     | <u>100,464</u>               | <u>(205,405)</u>                            |
| 0                                | 0                                 | 0                              | 150,000               | 125,000             | 0                  | 0                            | 275,000                                     |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>0</u>              | <u>0</u>            | <u>0</u>           | <u>0</u>                     | <u>(50,000)</u>                             |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>150,000</u>        | <u>125,000</u>      | <u>0</u>           | <u>0</u>                     | <u>225,000</u>                              |
| 765                              | 6,039                             | (99)                           | (12,508)              | (17,824)            | (1,275)            | 100,464                      | 19,595                                      |
| 5,640                            | 50,993                            | 6,782                          | 44,307                | 62,982              | 94,979             | 13,039                       | 1,083,917                                   |
| <u>0</u>                         | <u>0</u>                          | <u>0</u>                       | <u>0</u>              | <u>0</u>            | <u>0</u>           | <u>0</u>                     | <u>2,676</u>                                |
| <u>\$ 6,405</u>                  | <u>\$ 57,032</u>                  | <u>\$ 6,683</u>                | <u>\$ 31,799</u>      | <u>\$ 45,158</u>    | <u>\$ 93,704</u>   | <u>\$ 113,503</u>            | <u>\$ 1,106,188</u>                         |

**CITY OF HIGHLAND HEIGHTS, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2003**

|                                          | Capital<br>Improvement     | Alpha Drive        | Issue II<br>Projects | Parks and<br>Recreation<br>Improvement | Total<br>Nonmajor<br>Capital Project<br>Funds |
|------------------------------------------|----------------------------|--------------------|----------------------|----------------------------------------|-----------------------------------------------|
| <b>Assets</b>                            |                            |                    |                      |                                        |                                               |
| Cash and Cash Equivalents                | \$ 978,350                 | \$ 0               | \$ 0                 | \$ 286                                 | \$ 978,636                                    |
| Receivables:                             |                            |                    |                      |                                        |                                               |
| Accrued Interest                         | 23,348                     | 0                  | 0                    | 0                                      | 23,348                                        |
| Intergovernmental                        | <u>29,703</u>              | <u>0</u>           | <u>0</u>             | <u>0</u>                               | <u>29,703</u>                                 |
| <b>Total Assets</b>                      | <b><u>\$ 1,031,401</u></b> | <b><u>\$ 0</u></b> | <b><u>\$ 0</u></b>   | <b><u>\$ 286</u></b>                   | <b><u>\$ 1,031,687</u></b>                    |
| <b>Liabilities</b>                       |                            |                    |                      |                                        |                                               |
| Accounts Payable                         | \$ 4,146                   | \$ 0               | \$ 0                 | \$ 0                                   | \$ 4,146                                      |
| Contracts Payable                        | 30,695                     | 0                  | 0                    | 0                                      | 30,695                                        |
| Due to Other Funds                       | 0                          | 0                  | 0                    | 7,000                                  | 7,000                                         |
| Deferred Revenue                         | <u>7,426</u>               | <u>0</u>           | <u>0</u>             | <u>0</u>                               | <u>7,426</u>                                  |
| <b>Total Liabilities</b>                 | <b><u>42,267</u></b>       | <b><u>0</u></b>    | <b><u>0</u></b>      | <b><u>7,000</u></b>                    | <b><u>49,267</u></b>                          |
| <b>Fund Equity</b>                       |                            |                    |                      |                                        |                                               |
| Fund Balances:                           |                            |                    |                      |                                        |                                               |
| Reserved for Encumbrances                | 142,052                    | 0                  | 0                    | 0                                      | 142,052                                       |
| Unreserved, Undesignated                 | <u>847,082</u>             | <u>0</u>           | <u>0</u>             | <u>(6,714)</u>                         | <u>840,368</u>                                |
| <b>Total Fund Equity</b>                 | <b><u>989,134</u></b>      | <b><u>0</u></b>    | <b><u>0</u></b>      | <b><u>(6,714)</u></b>                  | <b><u>982,420</u></b>                         |
| <b>Total Liabilities and Fund Equity</b> | <b><u>\$ 1,031,401</u></b> | <b><u>\$ 0</u></b> | <b><u>\$ 0</u></b>   | <b><u>\$ 286</u></b>                   | <b><u>\$ 1,031,687</u></b>                    |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Capital<br/>Improvement</u> | <u>Alpha Drive</u> | <u>Issue II<br/>Projects</u> | <u>Parks and<br/>Recreation<br/>Improvement</u> | <u>Total<br/>Nonmajor<br/>Capital Project<br/>Funds</u> |
|----------------------------------------------|--------------------------------|--------------------|------------------------------|-------------------------------------------------|---------------------------------------------------------|
| <b>Revenues</b>                              |                                |                    |                              |                                                 |                                                         |
| Intergovernmental Revenue                    | \$ 331,067                     | \$ 0               | \$ 0                         | \$ 0                                            | \$ 331,067                                              |
| Charges for Services                         | 0                              | 0                  | 0                            | 38,100                                          | 38,100                                                  |
| Interest Income                              | <u>70,897</u>                  | <u>0</u>           | <u>0</u>                     | <u>0</u>                                        | <u>70,897</u>                                           |
| <b>Total Revenue</b>                         | <u>401,964</u>                 | <u>0</u>           | <u>0</u>                     | <u>38,100</u>                                   | <u>440,064</u>                                          |
| <b>Expenditures</b>                          |                                |                    |                              |                                                 |                                                         |
| Current:                                     |                                |                    |                              |                                                 |                                                         |
| Community Environment                        | 14,020                         | 0                  | 0                            | 0                                               | 14,020                                                  |
| Capital Outlay                               | <u>1,076,577</u>               | <u>0</u>           | <u>0</u>                     | <u>0</u>                                        | <u>1,076,577</u>                                        |
| <b>Total Expenditures</b>                    | <u>1,090,597</u>               | <u>0</u>           | <u>0</u>                     | <u>0</u>                                        | <u>1,090,597</u>                                        |
| Excess of Revenues Over (Under) Expenditures | <u>(688,633)</u>               | <u>0</u>           | <u>0</u>                     | <u>38,100</u>                                   | <u>(650,533)</u>                                        |
| <b>Other Financing Sources (Uses)</b>        |                                |                    |                              |                                                 |                                                         |
| Transfers In                                 | 50,000                         | 0                  | 0                            | 0                                               | 50,000                                                  |
| Transfers Out                                | <u>(50,000)</u>                | <u>(29,068)</u>    | <u>(15,458)</u>              | <u>0</u>                                        | <u>(94,526)</u>                                         |
| <b>Total Other Financing Sources (Uses)</b>  | <u>0</u>                       | <u>(29,068)</u>    | <u>(15,458)</u>              | <u>0</u>                                        | <u>(44,526)</u>                                         |
| Net Change in Fund Balance                   | (688,633)                      | (29,068)           | (15,458)                     | 38,100                                          | (695,059)                                               |
| Fund Balances (Deficit) - Beginning of Year  | <u>1,677,767</u>               | <u>29,068</u>      | <u>15,458</u>                | <u>(44,814)</u>                                 | <u>1,677,479</u>                                        |
| <b>Fund Balances (Deficit) - End of Year</b> | <u>\$ 989,134</u>              | <u>\$ 0</u>        | <u>\$ 0</u>                  | <u>\$ (6,714)</u>                               | <u>\$ 982,420</u>                                       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENTS - AGENCY FUNDS**

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Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**Performance Bond Fund**

This fund is used to account 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 Deposits Fund**

This fund is used to account 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.

**White Road Development Escrow - Gas Well**

This fund is used to account for monies from developers to be held in an escrow account until the development is completed.

**White Road Development Escrow - Dirt Storage**

This fund is used to account for monies from developers to be held in an escrow account until the development is completed.

**Unclaimed Funds**

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

**Security Deposit**

This fund is used to account for funds held on deposit for Community Center rentals.

**Political Sign Deposit**

This fund is used to account for funds held on deposit for the temporary sign display relative to political endorsements.

**OBBS Fees**

This fund is used to account for the funds held on deposit relative to a monthly assessment of 3 percent of total fees for approval of plans and specifications from the State Board of Building Standards.



**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2003**

|                                               | <u>Performance<br/>Bond</u> | <u>Inspection<br/>Deposits</u> | <u>White Rd.<br/>Develop.<br/>Escrow-<br/>Gas Well</u> | <u>White Rd.<br/>Develop.<br/>Escrow-<br/>Dirt Storage</u> | <u>Unclaimed<br/>Funds</u> | <u>Security<br/>Deposit</u> | <u>Political<br/>Sign<br/>Deposits</u> | <u>OBBS<br/>Fees</u> | <u>Total</u>      |
|-----------------------------------------------|-----------------------------|--------------------------------|--------------------------------------------------------|------------------------------------------------------------|----------------------------|-----------------------------|----------------------------------------|----------------------|-------------------|
| <b><u>Assets</u></b>                          |                             |                                |                                                        |                                                            |                            |                             |                                        |                      |                   |
| Equity in Pooled Cash and<br>Cash Equivalents | \$398,620                   | \$ 18,837                      | \$ 25,024                                              | \$ 20,019                                                  | \$ 1,319                   | \$ 3,900                    | \$ 0                                   | \$ 0                 | \$ 467,719        |
| <b>Total Assets</b>                           | <u>\$398,620</u>            | <u>\$ 18,837</u>               | <u>\$ 25,024</u>                                       | <u>\$ 20,019</u>                                           | <u>\$ 1,319</u>            | <u>\$ 3,900</u>             | <u>\$ 0</u>                            | <u>\$ 0</u>          | <u>\$ 467,719</u> |
| <b><u>Liabilities</u></b>                     |                             |                                |                                                        |                                                            |                            |                             |                                        |                      |                   |
| Accounts Payable                              | \$ 175                      | \$ 5,611                       | \$ 0                                                   | \$ 0                                                       | \$ 0                       | \$ 525                      | \$ 0                                   | \$ 0                 | \$ 6,311          |
| Deposits Held and Due<br>to Others            | <u>398,445</u>              | <u>13,226</u>                  | <u>25,024</u>                                          | <u>20,019</u>                                              | <u>1,319</u>               | <u>3,375</u>                | <u>0</u>                               | <u>0</u>             | <u>461,408</u>    |
| <b>Total Liabilities</b>                      | <u>\$ 398,620</u>           | <u>\$ 18,837</u>               | <u>\$ 25,024</u>                                       | <u>\$ 20,019</u>                                           | <u>\$ 1,319</u>            | <u>\$ 3,900</u>             | <u>\$ 0</u>                            | <u>\$ 0</u>          | <u>\$ 467,719</u> |

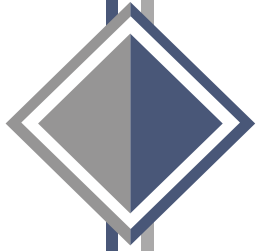
**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF CHANGE IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                                            | Balance<br>12/31/2002 | Additions         | Deletions         | Balance<br>12/31/2003 |
|------------------------------------------------------------|-----------------------|-------------------|-------------------|-----------------------|
| <b><u>Performance Bond</u></b>                             |                       |                   |                   |                       |
| <u>Assets</u>                                              |                       |                   |                   |                       |
| Cash and Cash Equivalents                                  | \$ 335,373            | \$ 185,050        | \$ 121,803        | \$ 398,620            |
| Total Assets                                               | <u>\$ 335,373</u>     | <u>\$ 185,050</u> | <u>\$ 121,803</u> | <u>\$ 398,620</u>     |
| <u>Liabilities</u>                                         |                       |                   |                   |                       |
| Accounts Payable                                           | \$ 25                 | \$ 175            | \$ 25             | \$ 175                |
| Deposits Held and Due to Others                            | 335,348               | 63,272            | 175               | 398,445               |
| Total Liabilities                                          | <u>\$ 335,373</u>     | <u>\$ 63,447</u>  | <u>\$ 200</u>     | <u>\$ 398,620</u>     |
| <b><u>Inspection Deposits</u></b>                          |                       |                   |                   |                       |
| <u>Assets</u>                                              |                       |                   |                   |                       |
| Cash and Cash Equivalents                                  | \$ 17,828             | \$ 58,122         | \$ 57,113         | \$ 18,837             |
| Total Assets                                               | <u>\$ 17,828</u>      | <u>\$ 58,122</u>  | <u>\$ 57,113</u>  | <u>\$ 18,837</u>      |
| <u>Liabilities</u>                                         |                       |                   |                   |                       |
| Accounts Payable                                           | \$ 82                 | \$ 5,611          | \$ 82             | \$ 5,611              |
| Deposits Held and Due to Others                            | 17,746                | 1,091             | 5,611             | 13,226                |
| Total Liabilities                                          | <u>\$ 17,828</u>      | <u>\$ 6,702</u>   | <u>\$ 5,693</u>   | <u>\$ 18,837</u>      |
| <b><u>White Road Development Escrow - Gas Well</u></b>     |                       |                   |                   |                       |
| <u>Assets</u>                                              |                       |                   |                   |                       |
| Cash and Cash Equivalents                                  | \$ 0                  | \$ 25,024         | \$ 0              | \$ 25,024             |
| Total Assets                                               | <u>\$ 0</u>           | <u>\$ 25,024</u>  | <u>\$ 0</u>       | <u>\$ 25,024</u>      |
| <u>Liabilities</u>                                         |                       |                   |                   |                       |
| Deposits Held and Due to Others                            | \$ 0                  | \$ 25,024         | \$ 0              | \$ 25,024             |
| Total Liabilities                                          | <u>\$ 0</u>           | <u>\$ 25,024</u>  | <u>\$ 0</u>       | <u>\$ 25,024</u>      |
| <b><u>White Road Development Escrow - Dirt Storage</u></b> |                       |                   |                   |                       |
| <u>Assets</u>                                              |                       |                   |                   |                       |
| Cash and Cash Equivalents                                  | \$ 0                  | \$ 20,019         | \$ 0              | \$ 20,019             |
| Total Assets                                               | <u>\$ 0</u>           | <u>\$ 20,019</u>  | <u>\$ 0</u>       | <u>\$ 20,019</u>      |
| <u>Liabilities</u>                                         |                       |                   |                   |                       |
| Deposits Held and Due to Others                            | \$ 0                  | \$ 20,019         | \$ 0              | \$ 20,019             |
| Total Liabilities                                          | <u>\$ 0</u>           | <u>\$ 20,019</u>  | <u>\$ 0</u>       | <u>\$ 20,019</u>      |
| <b><u>Unclaimed Funds</u></b>                              |                       |                   |                   |                       |
| <u>Assets</u>                                              |                       |                   |                   |                       |
| Cash and Cash Equivalents                                  | \$ 1,095              | \$ 452            | \$ 228            | \$ 1,319              |
| Total Assets                                               | <u>\$ 1,095</u>       | <u>\$ 452</u>     | <u>\$ 228</u>     | <u>\$ 1,319</u>       |
| <u>Liabilities</u>                                         |                       |                   |                   |                       |
| Deposits Held and Due to Others                            | \$ 1,095              | \$ 224            | \$ 0              | \$ 1,319              |
| Total Liabilities                                          | <u>\$ 1,095</u>       | <u>\$ 224</u>     | <u>\$ 0</u>       | <u>\$ 1,319</u>       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                        | Balance<br>12/31/2002 | Additions         | Deletions         | Balance<br>12/31/2003 |
|----------------------------------------|-----------------------|-------------------|-------------------|-----------------------|
| <b><u>Security Deposit</u></b>         |                       |                   |                   |                       |
| <b><u>Assets</u></b>                   |                       |                   |                   |                       |
| Cash and Cash Equivalents              | \$ 4,975              | \$ 7,650          | \$ 8,725          | \$ 3,900              |
| Total Assets                           | <u>\$ 4,975</u>       | <u>\$ 7,650</u>   | <u>\$ 8,725</u>   | <u>\$ 3,900</u>       |
| <b><u>Liabilities</u></b>              |                       |                   |                   |                       |
| Accounts Payable                       | \$ 975                | \$ 525            | \$ 975            | \$ 525                |
| Deposits Held and Due to Others        | 4,000                 | (100)             | 525               | 3,375                 |
| Total Liabilities                      | <u>\$ 4,975</u>       | <u>\$ 425</u>     | <u>\$ 1,500</u>   | <u>\$ 3,900</u>       |
| <b><u>Political Sign Deposits</u></b>  |                       |                   |                   |                       |
| <b><u>Assets</u></b>                   |                       |                   |                   |                       |
| Cash and Cash Equivalents              | \$ 500                | \$ 1,500          | \$ 2,000          | \$ 0                  |
| Total Assets                           | <u>\$ 500</u>         | <u>\$ 1,500</u>   | <u>\$ 2,000</u>   | <u>\$ 0</u>           |
| <b><u>Liabilities</u></b>              |                       |                   |                   |                       |
| Deposits Held and Due to Others        | \$ 500                | \$ (500)          | \$ 0              | \$ 0                  |
| Total Liabilities                      | <u>\$ 500</u>         | <u>\$ (500)</u>   | <u>\$ 0</u>       | <u>\$ 0</u>           |
| <b><u>OBBS Fees</u></b>                |                       |                   |                   |                       |
| <b><u>Assets</u></b>                   |                       |                   |                   |                       |
| Cash and Cash Equivalents              | \$ 62                 | \$ 0              | \$ 62             | \$ 0                  |
| Total Assets                           | <u>\$ 62</u>          | <u>\$ 0</u>       | <u>\$ 62</u>      | <u>\$ 0</u>           |
| <b><u>Liabilities</u></b>              |                       |                   |                   |                       |
| Accounts Payable                       | \$ 62                 | \$ 0              | \$ 62             | \$ 0                  |
| Total Liabilities                      | <u>\$ 62</u>          | <u>\$ 0</u>       | <u>\$ 62</u>      | <u>\$ 0</u>           |
| <b><u>Total - All Agency Funds</u></b> |                       |                   |                   |                       |
| <b><u>Assets</u></b>                   |                       |                   |                   |                       |
| Cash and Cash Equivalents              | \$ 359,833            | \$ 297,817        | \$ 189,931        | \$ 467,719            |
| Total Assets                           | <u>\$ 359,833</u>     | <u>\$ 297,817</u> | <u>\$ 189,931</u> | <u>\$ 467,719</u>     |
| <b><u>Liabilities</u></b>              |                       |                   |                   |                       |
| Accounts Payable                       | \$ 1,144              | \$ 6,311          | \$ 1,144          | \$ 6,311              |
| Deposits Held and Due to Others        | 358,689               | 109,030           | 6,311             | 461,408               |
| Total Liabilities                      | <u>\$ 359,833</u>     | <u>\$ 115,341</u> | <u>\$ 7,455</u>   | <u>\$ 467,719</u>     |

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**INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL**

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                              | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with                          |
|------------------------------|-------------------------|------------------|------------------|----------------------------------------|
|                              | <u>Original</u>         | <u>Final</u>     |                  | Final Budget<br>Positive<br>(Negative) |
| <b><u>Revenues</u></b>       |                         |                  |                  |                                        |
| Income Tax                   | \$ 5,712,202            | \$ 5,712,202     | \$ 5,715,856     | \$ 3,654                               |
| Property Tax                 | 724,606                 | 724,606          | 754,095          | 29,489                                 |
| Intergovernmental            | 323,887                 | 323,572          | 321,598          | (1,974)                                |
| Special Assessments          | 16,481                  | 102,304          | 53,555           | (48,749)                               |
| Charges for Services         | 90,750                  | 90,750           | 78,957           | (11,793)                               |
| Fines, Licenses, and Permits | 451,800                 | 401,800          | 483,495          | 81,695                                 |
| Interest                     | 50,000                  | 35,708           | 29,588           | (6,120)                                |
| Miscellaneous                | 113,417                 | 187,527          | 138,840          | (48,687)                               |
| <b>Total Revenues</b>        | <u>7,483,143</u>        | <u>7,578,469</u> | <u>7,575,984</u> | <u>(2,485)</u>                         |
| <b><u>Expenditures</u></b>   |                         |                  |                  |                                        |
| Current                      |                         |                  |                  |                                        |
| General Government           |                         |                  |                  |                                        |
| City Hall                    |                         |                  |                  |                                        |
| Salaries and Fringe Benefits | 47,773                  | 47,921           | 44,672           | 3,249                                  |
| Purchased Services           | 970,501                 | 1,008,572        | 950,585          | 57,987                                 |
| Materials and Supplies       | 14,023                  | 15,358           | 13,108           | 2,250                                  |
| Capital Outlay               | 317,239                 | 301,936          | 249,728          | 52,208                                 |
| Other                        | 5,700                   | 14,638           | 11,150           | 3,488                                  |
| Total City Hall              | <u>1,355,236</u>        | <u>1,388,425</u> | <u>1,269,243</u> | <u>119,182</u>                         |
| Mayor                        |                         |                  |                  |                                        |
| Salaries and Fringe Benefits | 81,364                  | 83,405           | 79,310           | 4,095                                  |
| Purchased Services           | 2,050                   | 2,050            | 1,586            | 464                                    |
| Materials and Supplies       | 100                     | 100              | 0                | 100                                    |
| Total Mayor                  | <u>83,514</u>           | <u>85,555</u>    | <u>80,896</u>    | <u>4,659</u>                           |
| Finance                      |                         |                  |                  |                                        |
| Salaries and Fringe Benefits | 260,803                 | 261,240          | 254,767          | 6,473                                  |
| Purchased Services           | 47,155                  | 47,155           | 25,971           | 21,184                                 |
| Materials and Supplies       | 4,750                   | 4,750            | 4,688            | 62                                     |
| Capital Outlay               | 7,395                   | 7,395            | 5,906            | 1,489                                  |
| Total Finance                | <u>320,103</u>          | <u>320,540</u>   | <u>291,332</u>   | <u>29,208</u>                          |
| Law                          |                         |                  |                  |                                        |
| Salaries and Fringe Benefits | 50,460                  | 53,573           | 53,348           | 225                                    |
| Purchased Services           | 107,700                 | 113,700          | 91,966           | 21,734                                 |
| Supplies                     | 50                      | 50               | 0                | 50                                     |
| Total Law                    | <u>158,210</u>          | <u>167,323</u>   | <u>145,314</u>   | <u>22,009</u>                          |

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                        | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------------|-------------------------|------------------|------------------|-------------------------------------------------------------------|
|                                        | <u>Original</u>         | <u>Final</u>     |                  |                                                                   |
| Engineer                               |                         |                  |                  |                                                                   |
| Salaries and Fringe Benefits           | 11,345                  | 11,345           | 11,233           | 112                                                               |
| Purchased Services                     | 25,000                  | 25,000           | 12,565           | 12,435                                                            |
| Other                                  | 17,320                  | 21,070           | 20,071           | 999                                                               |
| Total Engineer                         | <u>53,665</u>           | <u>57,415</u>    | <u>43,869</u>    | <u>13,546</u>                                                     |
| City Council                           |                         |                  |                  |                                                                   |
| Salaries and Fringe Benefits           | 94,449                  | 98,921           | 98,365           | 556                                                               |
| Purchased Services                     | 1,120                   | 2,305            | 1,886            | 419                                                               |
| Materials and Supplies                 | 2,885                   | 570              | 453              | 117                                                               |
| Capital Outlay                         | 0                       | 2,385            | 2,302            | 83                                                                |
| Total City Council                     | <u>98,454</u>           | <u>104,181</u>   | <u>103,006</u>   | <u>1,175</u>                                                      |
| Civil Service                          |                         |                  |                  |                                                                   |
| Salaries and Fringe Benefits           | 12,553                  | 12,615           | 12,385           | 230                                                               |
| Purchased Services                     | 10,705                  | 11,870           | 11,610           | 260                                                               |
| Supplies                               | 1,000                   | 1,000            | 94               | 906                                                               |
| Other                                  | 25                      | 177              | 177              | 0                                                                 |
| Total Civil Service                    | <u>24,283</u>           | <u>25,662</u>    | <u>24,266</u>    | <u>1,396</u>                                                      |
| Board of Ethics                        |                         |                  |                  |                                                                   |
| Other                                  | 300                     | 300              | 0                | 300                                                               |
| Total Board of Ethics                  | <u>300</u>              | <u>300</u>       | <u>0</u>         | <u>300</u>                                                        |
| Economic Development                   |                         |                  |                  |                                                                   |
| Salaries and Fringe Benefits           | 43,535                  | 43,535           | 39,314           | 4,221                                                             |
| Materials                              | 1,000                   | 1,000            | 910              | 90                                                                |
| Total Economic Development             | <u>44,535</u>           | <u>44,535</u>    | <u>40,224</u>    | <u>4,311</u>                                                      |
| Total General Government               | <u>2,138,300</u>        | <u>2,193,936</u> | <u>1,998,150</u> | <u>195,786</u>                                                    |
| Security of Persons and Property       |                         |                  |                  |                                                                   |
| Police                                 |                         |                  |                  |                                                                   |
| Salaries and Fringe Benefits           | 2,379,090               | 2,379,092        | 2,234,152        | 144,940                                                           |
| Purchased Services                     | 161,796                 | 166,404          | 137,582          | 28,822                                                            |
| Materials and Supplies                 | 70,734                  | 78,203           | 62,784           | 15,419                                                            |
| Capital Outlay                         | 185,262                 | 185,384          | 164,718          | 20,666                                                            |
| Other                                  | 5,000                   | 5,000            | 2,210            | 2,790                                                             |
| Total Police                           | <u>2,801,882</u>        | <u>2,814,083</u> | <u>2,601,446</u> | <u>212,637</u>                                                    |
| Fire:                                  |                         |                  |                  |                                                                   |
| Salaries and Fringe Benefits           | 1,527,863               | 1,577,138        | 1,467,396        | 109,742                                                           |
| Purchased Services                     | 87,580                  | 88,820           | 79,794           | 9,026                                                             |
| Materials and Supplies                 | 31,102                  | 38,271           | 30,136           | 8,135                                                             |
| Capital Outlay                         | 111,434                 | 111,434          | 98,200           | 13,234                                                            |
| Total Fire                             | <u>1,757,979</u>        | <u>1,815,663</u> | <u>1,675,526</u> | <u>140,137</u>                                                    |
| Total Security of Persons and Property | <u>4,559,861</u>        | <u>4,629,746</u> | <u>4,276,972</u> | <u>352,774</u>                                                    |

(Continued)

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                       | <u>Budgeted Amounts</u> |                | <u>Actual</u>  | Variance with                          |
|---------------------------------------|-------------------------|----------------|----------------|----------------------------------------|
|                                       | <u>Original</u>         | <u>Final</u>   |                | Final Budget<br>Positive<br>(Negative) |
| Leisure Time Activities               |                         |                |                |                                        |
| Commission on Aging                   |                         |                |                |                                        |
| Salaries and Fringe Benefits          | 6,459                   | 6,459          | 6,423          | 36                                     |
| Purchased Services                    | 62,285                  | 62,265         | 61,965         | 300                                    |
| Materials and Supplies                | <u>500</u>              | <u>500</u>     | <u>247</u>     | <u>253</u>                             |
| Total Commission on Aging             | <u>69,224</u>           | <u>69,224</u>  | <u>68,635</u>  | <u>589</u>                             |
| <br>                                  |                         |                |                |                                        |
| Park and Recreation Commission        |                         |                |                |                                        |
| Salaries and Fringe Benefits          | <u>6,804</u>            | <u>8,074</u>   | <u>7,938</u>   | <u>136</u>                             |
| Total Parks and Recreation Commission | <u>6,804</u>            | <u>8,074</u>   | <u>7,938</u>   | <u>136</u>                             |
| <br>                                  |                         |                |                |                                        |
| Community Center                      |                         |                |                |                                        |
| Salaries and Fringe Benefits          | 70,533                  | 70,533         | 62,325         | 8,208                                  |
| Purchased Services                    | 21,550                  | 22,550         | 17,002         | 5,548                                  |
| Materials and Supplies                | 4,025                   | 4,305          | 3,922          | 383                                    |
| Capital Outlay                        | <u>13,440</u>           | <u>13,440</u>  | <u>12,064</u>  | <u>1,376</u>                           |
| Total Community Center                | <u>109,548</u>          | <u>110,828</u> | <u>95,313</u>  | <u>15,515</u>                          |
| <br>                                  |                         |                |                |                                        |
| Community Service                     |                         |                |                |                                        |
| Salaries and Fringe Benefits          | <u>15,000</u>           | <u>15,000</u>  | <u>0</u>       | <u>15,000</u>                          |
| Total Community Service               | <u>15,000</u>           | <u>15,000</u>  | <u>0</u>       | <u>15,000</u>                          |
| Total Leisure Time Activities         | <u>200,576</u>          | <u>203,126</u> | <u>171,886</u> | <u>31,240</u>                          |
| <br>                                  |                         |                |                |                                        |
| Community Environment                 |                         |                |                |                                        |
| Building:                             |                         |                |                |                                        |
| Salaries and Fringe Benefits          | 238,174                 | 239,222        | 232,568        | 6,654                                  |
| Purchased Services                    | 10,250                  | 10,357         | 4,498          | 5,859                                  |
| Materials and Supplies                | 3,704                   | 4,117          | 3,192          | 925                                    |
| Capital Outlay                        | 8,863                   | 8,863          | 6,632          | 2,231                                  |
| Other                                 | <u>1,000</u>            | <u>1,000</u>   | <u>0</u>       | <u>1,000</u>                           |
| Total Building                        | <u>261,991</u>          | <u>263,559</u> | <u>246,890</u> | <u>16,669</u>                          |
| <br>                                  |                         |                |                |                                        |
| Architecture                          |                         |                |                |                                        |
| Salaries and Fringe Benefits          | <u>4,308</u>            | <u>4,308</u>   | <u>3,235</u>   | <u>1,073</u>                           |
| Total Architecture                    | <u>4,308</u>            | <u>4,308</u>   | <u>3,235</u>   | <u>1,073</u>                           |
| <br>                                  |                         |                |                |                                        |
| Planning and Zoning                   |                         |                |                |                                        |
| Salaries and Fringe Benefits          | 22,640                  | 22,640         | 19,609         | 3,031                                  |
| Materials and Supplies                | <u>100</u>              | <u>100</u>     | <u>0</u>       | <u>100</u>                             |
| Total Planning and Zoning             | <u>22,740</u>           | <u>22,740</u>  | <u>19,609</u>  | <u>3,131</u>                           |
| Total Community Environment           | <u>289,039</u>          | <u>290,607</u> | <u>269,734</u> | <u>20,873</u>                          |

(Continued)



**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                                 | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|-------------------------------------------------|-------------------------|---------------------|---------------------|-------------------------------------------------------------------|
|                                                 | <u>Original</u>         | <u>Final</u>        |                     |                                                                   |
| Basic Utilities                                 |                         |                     |                     |                                                                   |
| Service                                         |                         |                     |                     |                                                                   |
| Salaries and Fringe Benefits                    | 859,095                 | 883,370             | 838,852             | 44,518                                                            |
| Purchased Services                              | 38,350                  | 34,352              | 25,822              | 8,530                                                             |
| Materials and Supplies                          | 39,628                  | 39,828              | 28,215              | 11,613                                                            |
| Capital Outlay                                  | <u>39,638</u>           | <u>39,415</u>       | <u>35,812</u>       | <u>3,603</u>                                                      |
| Total Service                                   | <u>976,711</u>          | <u>996,965</u>      | <u>928,701</u>      | <u>68,264</u>                                                     |
| Total Basic Utilities                           | <u>976,711</u>          | <u>996,965</u>      | <u>928,701</u>      | <u>68,264</u>                                                     |
| Capital Outlay                                  |                         |                     |                     |                                                                   |
| Capital Outlay                                  | <u>62,710</u>           | <u>59,510</u>       | <u>36,108</u>       | <u>23,402</u>                                                     |
| Total Capital Outlay                            | <u>62,710</u>           | <u>59,510</u>       | <u>36,108</u>       | <u>23,402</u>                                                     |
| Debt Service                                    |                         |                     |                     |                                                                   |
| Principal Retirement                            | 741                     | 741                 | 741                 | 0                                                                 |
| Interest and Fiscal Charges                     | <u>159</u>              | <u>159</u>          | <u>159</u>          | <u>0</u>                                                          |
| Total Debt Service                              | <u>900</u>              | <u>900</u>          | <u>900</u>          | <u>0</u>                                                          |
| <b>Total Expenditures</b>                       | <u>8,228,097</u>        | <u>8,374,790</u>    | <u>7,682,451</u>    | <u>692,339</u>                                                    |
| Excess of Revenues Over<br>(Under) Expenditures | <u>(744,954)</u>        | <u>(796,321)</u>    | <u>(106,467)</u>    | <u>(689,854)</u>                                                  |
| <b>Other Financing Sources (Uses)</b>           |                         |                     |                     |                                                                   |
| Sale of Assets                                  | 200                     | 200                 | 3,830               | 3,630                                                             |
| Advances In                                     | 192,514                 | 192,514             | 192,514             | 0                                                                 |
| Advances Out                                    | 0                       | (59,772)            | (52,272)            | 7,500                                                             |
| Operating Transfers Out                         | (275,000)               | (275,000)           | (275,000)           | 0                                                                 |
| Capitalization of Leases                        | <u>12,217</u>           | <u>12,217</u>       | <u>12,217</u>       | <u>0</u>                                                          |
| <b>Total Other Financing Sources (Uses)</b>     | <u>(70,069)</u>         | <u>(129,841)</u>    | <u>(118,711)</u>    | <u>11,130</u>                                                     |
| Net Change in Fund Balance                      | (815,023)               | (926,162)           | (225,178)           | 700,984                                                           |
| Fund Balance at Beginning of Year               | 3,342,041               | 3,342,041           | 3,342,041           | 0                                                                 |
| Outstanding Encumbrances                        | <u>47,157</u>           | <u>47,157</u>       | <u>47,157</u>       | <u>0</u>                                                          |
| <b>Fund Balance at End of Year</b>              | <u>\$ 2,574,175</u>     | <u>\$ 2,463,036</u> | <u>\$ 3,164,020</u> | <u>\$ 700,984</u>                                                 |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance with          |
|----------------------------------------------|-------------------------|-------------------|-------------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>      |                   | Final Budget           |
|                                              |                         |                   |                   | Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                         |                   |                   |                        |
| Intergovernmental                            | \$ 262,000              | \$ 274,837        | \$ 292,821        | \$ 17,984              |
| Miscellaneous                                | <u>20,000</u>           | <u>20,000</u>     | <u>8,075</u>      | <u>(11,925)</u>        |
| <b>Total Revenues</b>                        | <u>282,000</u>          | <u>294,837</u>    | <u>300,896</u>    | <u>6,059</u>           |
| <b><u>Expenditures</u></b>                   |                         |                   |                   |                        |
| Current:                                     |                         |                   |                   |                        |
| Transportation                               |                         |                   |                   |                        |
| Salaries and Fringe Benefits                 | 0                       | 15,000            | 11,932            | 3,068                  |
| Purchased Services                           | 56,858                  | 44,858            | 30,661            | 14,197                 |
| Materials and Supplies                       | 143,657                 | 190,234           | 172,597           | 17,637                 |
| Capital Outlay                               | <u>134,630</u>          | <u>107,630</u>    | <u>101,598</u>    | <u>6,032</u>           |
| Total Transportation                         | <u>335,145</u>          | <u>357,722</u>    | <u>316,788</u>    | <u>40,934</u>          |
| Debt Service                                 |                         |                   |                   |                        |
| Principal Retirement                         | 28,727                  | 28,727            | 28,727            | 0                      |
| Interest and Fiscal Charges                  | <u>4,749</u>            | <u>4,749</u>      | <u>4,749</u>      | <u>0</u>               |
| Total Debt Service                           | <u>33,476</u>           | <u>33,476</u>     | <u>33,476</u>     | <u>0</u>               |
| <b>Total Expenditures</b>                    | <u>368,621</u>          | <u>391,198</u>    | <u>350,264</u>    | <u>40,934</u>          |
| Excess of Revenues Over (Under) Expenditures | (86,621)                | (96,361)          | (49,368)          | 46,993                 |
| Fund Balance at Beginning of Year            | 322,134                 | 322,134           | 322,134           | 0                      |
| Outstanding Encumbrances                     | <u>42,279</u>           | <u>42,279</u>     | <u>42,279</u>     | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 277,792</u>       | <u>\$ 268,052</u> | <u>\$ 315,045</u> | <u>\$ 46,993</u>       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**PARK AND RECREATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | Variance with          |
|----------------------------------------------|-------------------------|-----------------|------------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                  | Final Budget           |
|                                              |                         |                 |                  | Positive<br>(Negative) |
| <b>Revenues</b>                              |                         |                 |                  |                        |
| Property Tax                                 | \$ 301,918              | \$ 309,998      | \$ 311,210       | \$ 1,212               |
| Intergovernmental                            | 40,029                  | 40,029          | 39,133           | (896)                  |
| Charges for Services                         | <u>184,800</u>          | <u>197,473</u>  | <u>197,266</u>   | <u>(207)</u>           |
| <b>Total Revenues</b>                        | <u>526,747</u>          | <u>547,500</u>  | <u>547,609</u>   | <u>109</u>             |
| <b>Expenditures</b>                          |                         |                 |                  |                        |
| Current:                                     |                         |                 |                  |                        |
| Leisure Time Activities                      |                         |                 |                  |                        |
| Salaries and Fringe Benefits                 | 276,828                 | 291,418         | 285,730          | 5,688                  |
| Purchased Services                           | 87,888                  | 101,032         | 86,035           | 14,997                 |
| Materials and Supplies                       | 90,073                  | 86,033          | 71,310           | 14,723                 |
| Capital Outlay                               | 61,888                  | 62,637          | 56,582           | 6,055                  |
| Other                                        | <u>10,950</u>           | <u>14,039</u>   | <u>12,716</u>    | <u>1,323</u>           |
| Total Leisure Time Activities                | <u>527,627</u>          | <u>555,159</u>  | <u>512,373</u>   | <u>42,786</u>          |
| <b>Total Expenditures</b>                    | <u>527,627</u>          | <u>555,159</u>  | <u>512,373</u>   | <u>42,786</u>          |
| Excess of Revenues Over (Under) Expenditures | <u>(880)</u>            | <u>(7,659)</u>  | <u>35,236</u>    | <u>42,895</u>          |
| <b>Other Financing Sources (Uses)</b>        |                         |                 |                  |                        |
| Transfers Out                                | <u>(50,000)</u>         | <u>(50,000)</u> | <u>(50,000)</u>  | <u>0</u>               |
| <b>Total Financing Sources (Uses)</b>        | <u>(50,000)</u>         | <u>(50,000)</u> | <u>(50,000)</u>  | <u>0</u>               |
| Net Change in Fund Balance                   | (50,880)                | (57,659)        | (14,764)         | 42,895                 |
| Fund Balance at Beginning of Year            | <u>61,041</u>           | <u>61,041</u>   | <u>61,041</u>    | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 10,161</u>        | <u>\$ 3,382</u> | <u>\$ 46,277</u> | <u>\$ 42,895</u>       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GRANTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|----------------|----------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>   |                |                                                         |
| <b><u>Revenues</u></b>                       |                         |                |                |                                                         |
| Intergovernmental                            | \$ 8,933                | \$ 11,582      | \$ 11,581      | \$ (1)                                                  |
| <b>Total Revenues</b>                        | <u>8,933</u>            | <u>11,582</u>  | <u>11,581</u>  | <u>(1)</u>                                              |
| <b><u>Expenditures</u></b>                   |                         |                |                |                                                         |
| Current:                                     |                         |                |                |                                                         |
| Security of Persons and Property             |                         |                |                |                                                         |
| Materials and Supplies                       | 0                       | 6,244          | 6,108          | 136                                                     |
| Capital Outlay                               | <u>1,798</u>            | <u>0</u>       | <u>0</u>       | <u>0</u>                                                |
| Total Security of Persons and Property       | <u>1,798</u>            | <u>6,244</u>   | <u>6,108</u>   | <u>136</u>                                              |
| <b>Total Expenditures</b>                    | <u>1,798</u>            | <u>6,244</u>   | <u>6,108</u>   | <u>136</u>                                              |
| Excess of Revenues Over (Under) Expenditures | <u>7,135</u>            | <u>5,338</u>   | <u>5,473</u>   | <u>135</u>                                              |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                |                |                                                         |
| Advances Out                                 | <u>(7,135)</u>          | <u>(7,135)</u> | <u>(7,135)</u> | <u>0</u>                                                |
| <b>Total Financing Sources (Uses)</b>        | <u>(7,135)</u>          | <u>(7,135)</u> | <u>(7,135)</u> | <u>0</u>                                                |
| Net Change in Fund Balance                   | 0                       | (1,797)        | (1,662)        | 135                                                     |
| Fund Balance at Beginning of Year            | 1,798                   | 1,798          | 1,798          | 0                                                       |
| Outstanding Encumbrances                     | <u>253</u>              | <u>253</u>     | <u>253</u>     | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 2,051</u>         | <u>\$ 254</u>  | <u>\$ 389</u>  | <u>\$ 135</u>                                           |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**STREET LIGHTING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|-------------------|-------------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>      |                   |                                                         |
| <b><u>Revenues</u></b>                       |                         |                   |                   |                                                         |
| Special Assessments                          | \$ 336,220              | \$ 228,276        | \$ 229,651        | \$ 1,375                                                |
| <b>Total Revenues</b>                        | <u>336,220</u>          | <u>228,276</u>    | <u>229,651</u>    | <u>1,375</u>                                            |
| <b><u>Expenditures</u></b>                   |                         |                   |                   |                                                         |
| Current:                                     |                         |                   |                   |                                                         |
| Transportation                               |                         |                   |                   |                                                         |
| Capital Outlay                               | <u>220,000</u>          | <u>220,000</u>    | <u>201,885</u>    | <u>18,115</u>                                           |
| Total Transportation                         | <u>220,000</u>          | <u>220,000</u>    | <u>201,885</u>    | <u>18,115</u>                                           |
| <b>Total Expenditures</b>                    | <u>220,000</u>          | <u>220,000</u>    | <u>201,885</u>    | <u>18,115</u>                                           |
| Excess of Revenues Over (Under) Expenditures | 116,220                 | 8,276             | 27,766            | 19,490                                                  |
| Fund Balance at Beginning of Year            | <u>327,527</u>          | <u>327,527</u>    | <u>327,527</u>    | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 443,747</u>       | <u>\$ 335,803</u> | <u>\$ 355,293</u> | <u>\$ 19,490</u>                                        |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FEMA FIRE ASSISTANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | Variance with          |
|----------------------------------------------|-------------------------|-----------------|-----------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                 | Final Budget           |
|                                              |                         |                 |                 | Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                         |                 |                 |                        |
| Intergovernmental                            | \$ 56,025               | \$ 13,575       | \$ 7,575        | \$ (6,000)             |
| <b>Total Revenues</b>                        | <u>56,025</u>           | <u>13,575</u>   | <u>7,575</u>    | <u>(6,000)</u>         |
| <b><u>Expenditures</u></b>                   |                         |                 |                 |                        |
| Current:                                     |                         |                 |                 |                        |
| Security of Persons and Property             |                         |                 |                 |                        |
| Capital Outlay                               | <u>62,250</u>           | <u>62,250</u>   | <u>62,250</u>   | <u>0</u>               |
| Total Security of Persons and Property       | <u>62,250</u>           | <u>62,250</u>   | <u>62,250</u>   | <u>0</u>               |
| <b>Total Expenditures</b>                    | <u>62,250</u>           | <u>62,250</u>   | <u>62,250</u>   | <u>0</u>               |
| Excess of Revenues Over (Under) Expenditures | <u>(6,225)</u>          | <u>(48,675)</u> | <u>(54,675)</u> | <u>(6,000)</u>         |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                 |                 |                        |
| Transfers Out                                | 0                       | (6,000)         | 0               | 6,000                  |
| Advances Out                                 | <u>(56,025)</u>         | <u>(56,025)</u> | <u>(56,025)</u> | <u>0</u>               |
| <b>Total Financing Sources (Uses)</b>        | <u>(56,025)</u>         | <u>(62,025)</u> | <u>(56,025)</u> | <u>6,000</u>           |
| Net Change in Fund Balance                   | (62,250)                | (110,700)       | (110,700)       | 0                      |
| Fund Balance at Beginning of Year            | <u>110,700</u>          | <u>110,700</u>  | <u>110,700</u>  | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 48,450</u>        | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>            |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**LAW ENFORCEMENT TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | Variance with          |
|----------------------------------------------|-------------------------|-----------------|-----------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                 | Final Budget           |
|                                              |                         |                 |                 | Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                         |                 |                 |                        |
| Fines, Licenses, and Permits                 | \$ 1,000                | \$ 1,000        | \$ 0            | \$ (1,000)             |
| <b>Total Revenues</b>                        | <u>1,000</u>            | <u>1,000</u>    | <u>0</u>        | <u>(1,000)</u>         |
| <b><u>Expenditures</u></b>                   |                         |                 |                 |                        |
| Current:                                     |                         |                 |                 |                        |
| Security of Persons and Property             |                         |                 |                 |                        |
| Capital Outlay                               | <u>9,000</u>            | <u>9,000</u>    | <u>3,184</u>    | <u>5,816</u>           |
| Total Security of Persons and Property       | <u>9,000</u>            | <u>9,000</u>    | <u>3,184</u>    | <u>5,816</u>           |
| <b>Total Expenditures</b>                    | <u>9,000</u>            | <u>9,000</u>    | <u>3,184</u>    | <u>5,816</u>           |
| Excess of Revenues Over (Under) Expenditures | (8,000)                 | (8,000)         | (3,184)         | 4,816                  |
| Fund Balance at Beginning of Year            | <u>12,169</u>           | <u>12,169</u>   | <u>12,169</u>   | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 4,169</u>         | <u>\$ 4,169</u> | <u>\$ 8,985</u> | <u>\$ 4,816</u>        |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**DRUG LAW ENFORCEMENT TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | Variance with          |
|----------------------------------------------|-------------------------|-----------------|------------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                  | Final Budget           |
|                                              |                         |                 |                  | Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                         |                 |                  |                        |
| Intergovernmental                            | \$ 5,978                | \$ 5,000        | \$ 5,000         | \$ 0                   |
| <b>Total Revenues</b>                        | <u>5,978</u>            | <u>5,000</u>    | <u>5,000</u>     | <u>0</u>               |
| <b><u>Expenditures</u></b>                   |                         |                 |                  |                        |
| Current:                                     |                         |                 |                  |                        |
| Security of Persons and Property             |                         |                 |                  |                        |
| Salaries and Fringe Benefits                 | 6,000                   | 11,500          | 9,285            | 2,215                  |
| Capital Outlay                               | <u>4,000</u>            | <u>4,000</u>    | <u>3,000</u>     | <u>1,000</u>           |
| Total Security of Persons and Property       | <u>10,000</u>           | <u>15,500</u>   | <u>12,285</u>    | <u>3,215</u>           |
| <b>Total Expenditures</b>                    | <u>10,000</u>           | <u>15,500</u>   | <u>12,285</u>    | <u>3,215</u>           |
| Excess of Revenues Over (Under) Expenditures | <u>(4,022)</u>          | <u>(10,500)</u> | <u>(7,285)</u>   | <u>3,215</u>           |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                 |                  |                        |
| Transfers Out                                | <u>(19,000)</u>         | <u>(13,500)</u> | <u>0</u>         | <u>13,500</u>          |
| <b>Total Other Financing Sources (Uses)</b>  | <u>(19,000)</u>         | <u>(13,500)</u> | <u>0</u>         | <u>13,500</u>          |
| Net Change in Fund Balance                   | (23,022)                | (24,000)        | (7,285)          | 16,715                 |
| Fund Balance at Beginning of Year            | <u>25,458</u>           | <u>25,458</u>   | <u>25,458</u>    | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 2,436</u>         | <u>\$ 1,458</u> | <u>\$ 18,173</u> | <u>\$ 16,715</u>       |



**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ENFORCEMENT AND EDUCATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | Variance with          |
|----------------------------------------------|-------------------------|-----------------|-----------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                 | Final Budget           |
|                                              |                         |                 |                 | Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                         |                 |                 |                        |
| Fines, Licenses, and Permits                 | \$ 1,000                | \$ 750          | \$ 765          | \$ 15                  |
| <b>Total Revenues</b>                        | <u>1,000</u>            | <u>750</u>      | <u>765</u>      | <u>15</u>              |
| <b><u>Expenditures</u></b>                   |                         |                 |                 |                        |
| Current:                                     |                         |                 |                 |                        |
| Security of Persons and Property             |                         |                 |                 |                        |
| Purchased Services                           | 1,000                   | 1,000           | 0               | 1,000                  |
| Capital Outlay                               | <u>2,000</u>            | <u>2,000</u>    | <u>0</u>        | <u>2,000</u>           |
| Total Security of Persons and Property       | <u>3,000</u>            | <u>3,000</u>    | <u>0</u>        | <u>3,000</u>           |
| <b>Total Expenditures</b>                    | <u>3,000</u>            | <u>3,000</u>    | <u>0</u>        | <u>3,000</u>           |
| Excess of Revenues Over (Under) Expenditures | (2,000)                 | (2,250)         | 765             | 3,015                  |
| Fund Balance at Beginning of Year            | <u>5,640</u>            | <u>5,640</u>    | <u>5,640</u>    | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 3,640</u>         | <u>\$ 3,390</u> | <u>\$ 6,405</u> | <u>\$ 3,015</u>        |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**U.S. DEPARTMENT OF JUSTICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|-----------------|------------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                  |                                                         |
| <b><u>Revenues</u></b>                       |                         |                 |                  |                                                         |
| Intergovernmental                            | \$ 57,825               | \$ 57,955       | \$ 59,905        | \$ 1,950                                                |
| <b>Total Revenues</b>                        | <u>57,825</u>           | <u>57,955</u>   | <u>59,905</u>    | <u>1,950</u>                                            |
| <b><u>Expenditures</u></b>                   |                         |                 |                  |                                                         |
| Current:                                     |                         |                 |                  |                                                         |
| Security of Persons and Property             |                         |                 |                  |                                                         |
| Salaries and Fringe Benefits                 | 8,806                   | 8,806           | 7,372            | 1,434                                                   |
| Capital Outlay                               | <u>28,635</u>           | <u>28,765</u>   | <u>20,607</u>    | <u>8,158</u>                                            |
| Total Security of Persons and Property       | <u>37,441</u>           | <u>37,571</u>   | <u>27,979</u>    | <u>9,592</u>                                            |
| <b>Total Expenditures</b>                    | <u>37,441</u>           | <u>37,571</u>   | <u>27,979</u>    | <u>9,592</u>                                            |
| Excess of Revenues Over (Under) Expenditures | <u>20,384</u>           | <u>20,384</u>   | <u>31,926</u>    | <u>11,542</u>                                           |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                 |                  |                                                         |
| Transfers Out                                | (45,490)                | (45,490)        | 0                | 45,490                                                  |
| Advances Out                                 | <u>(25,887)</u>         | <u>(25,887)</u> | <u>(25,887)</u>  | <u>0</u>                                                |
| <b>Total Other Financing Sources (Uses)</b>  | <u>(71,377)</u>         | <u>(71,377)</u> | <u>(25,887)</u>  | <u>45,490</u>                                           |
| Net Change in Fund Balance                   | (50,993)                | (50,993)        | 6,039            | 57,032                                                  |
| Fund Balance at Beginning of Year            | <u>50,993</u>           | <u>50,993</u>   | <u>50,993</u>    | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 0</u>             | <u>\$ 0</u>     | <u>\$ 57,032</u> | <u>\$ 57,032</u>                                        |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**JUVENILE DIVERSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u>  |                        | <u>Actual</u>          | Variance with                          |
|----------------------------------------------|--------------------------|------------------------|------------------------|----------------------------------------|
|                                              | <u>Original</u>          | <u>Final</u>           |                        | Final Budget<br>Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                          |                        |                        |                                        |
| Intergovernmental                            | \$ 3,000                 | \$ 6,000               | \$ 6,000               | \$ 0                                   |
| Fines, Licenses, and Permits                 | <u>1,000</u>             | <u>500</u>             | <u>950</u>             | <u>450</u>                             |
| <b>Total Revenues</b>                        | <u>4,000</u>             | <u>6,500</u>           | <u>6,950</u>           | <u>450</u>                             |
| <b><u>Expenditures</u></b>                   |                          |                        |                        |                                        |
| Current:                                     |                          |                        |                        |                                        |
| Security of Persons and Property             |                          |                        |                        |                                        |
| Salaries and Fringe Benefits                 | 7,000                    | 7,145                  | 4,065                  | 3,080                                  |
| Materials and Supplies                       | 1,000                    | 1,000                  | 29                     | 971                                    |
| Capital Outlay                               | <u>4,000</u>             | <u>4,000</u>           | <u>2,808</u>           | <u>1,192</u>                           |
| Total Security of Persons and Property       | <u>12,000</u>            | <u>12,145</u>          | <u>6,902</u>           | <u>5,243</u>                           |
| <b>Total Expenditures</b>                    | <u>12,000</u>            | <u>12,145</u>          | <u>6,902</u>           | <u>5,243</u>                           |
| Excess of Revenues Over (Under) Expenditures | (8,000)                  | (5,645)                | 48                     | 5,693                                  |
| Fund Balance at Beginning of Year            | <u>6,782</u>             | <u>6,782</u>           | <u>6,782</u>           | <u>0</u>                               |
| <b>Fund Balance at End of Year</b>           | <u><u>\$ (1,218)</u></u> | <u><u>\$ 1,137</u></u> | <u><u>\$ 6,830</u></u> | <u><u>\$ 5,693</u></u>                 |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**POLICE PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with                          |
|----------------------------------------------|-------------------------|------------------|------------------|----------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>     |                  | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                              |                         |                  |                  |                                        |
| Property Tax                                 | \$ 90,574               | \$ 90,574        | \$ 93,363        | \$ 2,789                               |
| Intergovernmental                            | <u>11,452</u>           | <u>11,452</u>    | <u>11,740</u>    | <u>288</u>                             |
| <b>Total Revenues</b>                        | <u>102,026</u>          | <u>102,026</u>   | <u>105,103</u>   | <u>3,077</u>                           |
| <b>Expenditures</b>                          |                         |                  |                  |                                        |
| Current:                                     |                         |                  |                  |                                        |
| Security of Persons and Property             |                         |                  |                  |                                        |
| Salaries and Fringe Benefits                 | 278,900                 | 278,900          | 267,435          | 11,465                                 |
| Other                                        | <u>0</u>                | <u>51</u>        | <u>50</u>        | <u>1</u>                               |
| Total Security of Persons and Property       | <u>278,900</u>          | <u>278,951</u>   | <u>267,485</u>   | <u>11,466</u>                          |
| <b>Total Expenditures</b>                    | <u>278,900</u>          | <u>278,951</u>   | <u>267,485</u>   | <u>11,466</u>                          |
| Excess of Revenues Over (Under) Expenditures | <u>(176,874)</u>        | <u>(176,925)</u> | <u>(162,382)</u> | <u>14,543</u>                          |
| <b>Other Financing Sources (Uses)</b>        |                         |                  |                  |                                        |
| Transfers In                                 | <u>176,751</u>          | <u>150,000</u>   | <u>150,000</u>   | <u>0</u>                               |
| <b>Total Other Financing Sources (Uses)</b>  | <u>176,751</u>          | <u>150,000</u>   | <u>150,000</u>   | <u>0</u>                               |
| Net Change in Fund Balance                   | (123)                   | (26,925)         | (12,382)         | 14,543                                 |
| Fund Balance at Beginning of Year            | <u>44,181</u>           | <u>44,181</u>    | <u>44,181</u>    | <u>0</u>                               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 44,058</u>        | <u>\$ 17,256</u> | <u>\$ 31,799</u> | <u>\$ 14,543</u>                       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FIRE PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with                          |
|----------------------------------------------|-------------------------|------------------|------------------|----------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>     |                  | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                              |                         |                  |                  |                                        |
| Property Taxes                               | \$ 90,574               | \$ 90,574        | \$ 93,363        | \$ 2,789                               |
| Intergovernmental                            | <u>11,452</u>           | <u>11,452</u>    | <u>11,740</u>    | <u>288</u>                             |
| <b>Total Revenues</b>                        | <u>102,026</u>          | <u>102,026</u>   | <u>105,103</u>   | <u>3,077</u>                           |
| <b>Expenditures</b>                          |                         |                  |                  |                                        |
| Current:                                     |                         |                  |                  |                                        |
| Security of Persons and Property             |                         |                  |                  |                                        |
| Salaries and Fringe Benefits                 | 263,985                 | 263,985          | 247,771          | 16,214                                 |
| Other                                        | <u>0</u>                | <u>30</u>        | <u>30</u>        | <u>0</u>                               |
| Total Security of Persons and Property       | <u>263,985</u>          | <u>264,015</u>   | <u>247,801</u>   | <u>16,214</u>                          |
| <b>Total Expenditures</b>                    | <u>263,985</u>          | <u>264,015</u>   | <u>247,801</u>   | <u>16,214</u>                          |
| Excess of Revenues Over (Under) Expenditures | <u>(161,959)</u>        | <u>(161,989)</u> | <u>(142,698)</u> | <u>19,291</u>                          |
| <b>Other Financing Sources (Uses)</b>        |                         |                  |                  |                                        |
| Transfers Out                                | <u>161,850</u>          | <u>125,000</u>   | <u>125,000</u>   | <u>0</u>                               |
| <b>Total Financing Sources (Uses)</b>        | <u>161,850</u>          | <u>125,000</u>   | <u>125,000</u>   | <u>0</u>                               |
| Net Change in Fund Balance                   | (109)                   | (36,989)         | (17,698)         | 19,291                                 |
| Fund Balance at Beginning of Year            | <u>62,856</u>           | <u>62,856</u>    | <u>62,856</u>    | <u>0</u>                               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 62,747</u>        | <u>\$ 25,867</u> | <u>\$ 45,158</u> | <u>\$ 19,291</u>                       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**STREET TREE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|------------------|------------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>     |                  |                                                         |
| <b><u>Revenues</u></b>                       |                         |                  |                  |                                                         |
| Special Assessments                          | \$ 18,000               | \$ 18,000        | \$ 19,500        | \$ 1,500                                                |
| <b>Total Revenues</b>                        | <u>18,000</u>           | <u>18,000</u>    | <u>19,500</u>    | <u>1,500</u>                                            |
| <b><u>Expenditures</u></b>                   |                         |                  |                  |                                                         |
| Current:                                     |                         |                  |                  |                                                         |
| Community Environment                        |                         |                  |                  |                                                         |
| Capital Outlay                               | <u>25,000</u>           | <u>25,000</u>    | <u>20,775</u>    | <u>4,225</u>                                            |
| Total Community Environment                  | <u>25,000</u>           | <u>25,000</u>    | <u>20,775</u>    | <u>4,225</u>                                            |
| <b>Total Expenditures</b>                    | <u>25,000</u>           | <u>25,000</u>    | <u>20,775</u>    | <u>4,225</u>                                            |
| Excess of Revenues Over (Under) Expenditures | (7,000)                 | (7,000)          | (1,275)          | 5,725                                                   |
| Fund Balance at Beginning of Year            | <u>94,979</u>           | <u>94,979</u>    | <u>94,979</u>    | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 87,979</u>        | <u>\$ 87,979</u> | <u>\$ 93,704</u> | <u>\$ 5,725</u>                                         |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**PARK LAND ACQUISITION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|-------------------|-------------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>      |                   |                                                         |
| <b><u>Revenues</u></b>                       |                         |                   |                   |                                                         |
| Fines, Licenses, and Permits                 | \$ 151,280              | \$ 151,280        | \$ 152,725        | \$ 1,445                                                |
| <b>Total Revenues</b>                        | <u>151,280</u>          | <u>151,280</u>    | <u>152,725</u>    | <u>1,445</u>                                            |
| <b><u>Expenditures</u></b>                   |                         |                   |                   |                                                         |
| Current:                                     |                         |                   |                   |                                                         |
| Leisure Time Activities                      |                         |                   |                   |                                                         |
| Capital Outlay                               | <u>50,000</u>           | <u>52,272</u>     | <u>52,261</u>     | <u>11</u>                                               |
| Total Leisure Time Activities                | <u>50,000</u>           | <u>52,272</u>     | <u>52,261</u>     | <u>11</u>                                               |
| <b>Total Expenditures</b>                    | <u>50,000</u>           | <u>52,272</u>     | <u>52,261</u>     | <u>11</u>                                               |
| Excess of Revenues Over (Under) Expenditures | <u>101,280</u>          | <u>99,008</u>     | <u>100,464</u>    | <u>1,456</u>                                            |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                   |                   |                                                         |
| Advances In                                  | 0                       | 52,272            | 52,272            | 0                                                       |
| Advances Out                                 | <u>0</u>                | <u>(52,272)</u>   | <u>(52,272)</u>   | <u>0</u>                                                |
| <b>Total Other Financing Sources (Uses)</b>  | <u>0</u>                | <u>0</u>          | <u>0</u>          | <u>0</u>                                                |
| Net Change in Fund Balance                   | 101,280                 | 99,008            | 100,464           | 1,456                                                   |
| Fund Balance at Beginning of Year            | <u>13,039</u>           | <u>13,039</u>     | <u>13,039</u>     | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 114,319</u>       | <u>\$ 112,047</u> | <u>\$ 113,503</u> | <u>\$ 1,456</u>                                         |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL OBLIGATION BOND RETIREMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance with     |
|----------------------------------------------|-------------------------|-------------------|-------------------|-------------------|
|                                              | <u>Original</u>         | <u>Final</u>      |                   | Final Budget      |
|                                              |                         |                   |                   | Positive          |
|                                              |                         |                   |                   | (Negative)        |
| <b><u>Revenues</u></b>                       |                         |                   |                   |                   |
| Income Tax                                   | \$ 634,689              | \$ 590,164        | \$ 635,096        | \$ 44,932         |
| Property Tax                                 | 46,000                  | 38,664            | 73,362            | 34,698            |
| Intergovernmental                            | 0                       | 7,336             | 7,336             | 0                 |
| Charges for Services                         | 28,000                  | 28,000            | 22,261            | (5,739)           |
| Interest Income                              | <u>0</u>                | <u>0</u>          | <u>10,940</u>     | <u>10,940</u>     |
| <b>Total Revenues</b>                        | <u>708,689</u>          | <u>664,164</u>    | <u>748,995</u>    | <u>84,831</u>     |
| <b><u>Expenditures</u></b>                   |                         |                   |                   |                   |
| Current:                                     |                         |                   |                   |                   |
| General Governments:                         |                         |                   |                   |                   |
| Purchased Services                           | 59,000                  | 62,668            | 12,668            | 50,000            |
| Debt Service:                                |                         |                   |                   |                   |
| Principal Payment                            | 473,398                 | 473,398           | 473,397           | 1                 |
| Interest and Fiscal Charges                  | <u>476,175</u>          | <u>476,175</u>    | <u>476,175</u>    | <u>0</u>          |
| <b>Total Expenditures</b>                    | <u>1,008,573</u>        | <u>1,012,241</u>  | <u>962,240</u>    | <u>50,001</u>     |
| Excess of Revenues Over (Under) Expenditures | <u>(299,884)</u>        | <u>(348,077)</u>  | <u>(213,245)</u>  | <u>134,832</u>    |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                   |                   |                   |
| Transfers In                                 | 50,000                  | 94,526            | 94,526            | 0                 |
| Transfers Out                                | <u>(32,000)</u>         | <u>(32,000)</u>   | <u>(32,000)</u>   | <u>0</u>          |
| <b>Total Financing Sources (Uses)</b>        | <u>18,000</u>           | <u>62,526</u>     | <u>62,526</u>     | <u>0</u>          |
| Net Change in Fund Balance                   | (281,884)               | (285,551)         | (150,719)         | 134,832           |
| Fund Balance at Beginning of Year            | <u>663,483</u>          | <u>663,483</u>    | <u>663,483</u>    | <u>0</u>          |
| <b>Fund Balance at End of Year</b>           | <u>\$ 381,599</u>       | <u>\$ 377,932</u> | <u>\$ 512,764</u> | <u>\$ 134,832</u> |



**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**SPECIAL ASSESSMENTS BOND RETIREMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance with     |
|----------------------------------------------|-------------------------|-------------------|-------------------|-------------------|
|                                              | <u>Original</u>         | <u>Final</u>      |                   | Final Budget      |
|                                              |                         |                   |                   | Positive          |
|                                              |                         |                   |                   | (Negative)        |
| <b><u>Revenues</u></b>                       |                         |                   |                   |                   |
| Special Assessments                          | \$ 682,549              | \$ 682,549        | \$ 776,055        | \$ 93,506         |
| <b>Total Revenues</b>                        | <u>682,549</u>          | <u>682,549</u>    | <u>776,055</u>    | <u>93,506</u>     |
| <b><u>Expenditures</u></b>                   |                         |                   |                   |                   |
| Current:                                     |                         |                   |                   |                   |
| General Governments:                         |                         |                   |                   |                   |
| Purchased Services                           | 10,500                  | 14,747            | 11,738            | 3,009             |
| Debt Service:                                |                         |                   |                   |                   |
| Principal Retirement                         | 581,248                 | 581,248           | 498,248           | 83,000            |
| Interest and Fiscal Charges                  | <u>329,704</u>          | <u>329,704</u>    | <u>329,704</u>    | <u>0</u>          |
| <b>Total Expenditures</b>                    | <u>921,452</u>          | <u>925,699</u>    | <u>839,690</u>    | <u>86,009</u>     |
| Excess of Revenues Over (Under) Expenditures | (238,903)               | (243,150)         | (63,635)          | 179,515           |
| Fund Balance at Beginning of Year            | <u>849,574</u>          | <u>849,574</u>    | <u>849,574</u>    | <u>0</u>          |
| <b>Fund Balance at End of Year</b>           | <u>\$ 610,671</u>       | <u>\$ 606,424</u> | <u>\$ 785,939</u> | <u>\$ 179,515</u> |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                    | <u>Actual</u>     | Variance with          |
|----------------------------------------------|-------------------------|--------------------|-------------------|------------------------|
|                                              | <u>Original</u>         | <u>Final</u>       |                   | Final Budget           |
|                                              |                         |                    |                   | Positive<br>(Negative) |
| <b><u>Revenues</u></b>                       |                         |                    |                   |                        |
| Intergovernmental                            | \$ 436,000              | \$ 326,000         | \$ 327,487        | \$ 1,487               |
| Interest                                     | <u>101,515</u>          | <u>61,000</u>      | <u>60,287</u>     | <u>(713)</u>           |
| <b>Total Revenues</b>                        | <u>537,515</u>          | <u>387,000</u>     | <u>387,774</u>    | <u>774</u>             |
| <b><u>Expenditures</u></b>                   |                         |                    |                   |                        |
| Capital Outlay:                              |                         |                    |                   |                        |
| Capital Outlay                               | 1,245,669               | 1,392,044          | 1,276,275         | 115,769                |
| Other                                        | <u>190,375</u>          | <u>0</u>           | <u>0</u>          | <u>0</u>               |
| Total Capital Outlay                         | <u>1,436,044</u>        | <u>1,392,044</u>   | <u>1,276,275</u>  | <u>115,769</u>         |
| <b>Total Expenditures</b>                    | <u>1,436,044</u>        | <u>1,392,044</u>   | <u>1,276,275</u>  | <u>115,769</u>         |
| Excess of Revenues Over (Under) Expenditures | <u>(898,529)</u>        | <u>(1,005,044)</u> | <u>(888,501)</u>  | <u>116,543</u>         |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                    |                   |                        |
| Transfers In                                 | 50,000                  | 50,000             | 50,000            | 0                      |
| Transfers Out                                | <u>(50,000)</u>         | <u>(50,000)</u>    | <u>(50,000)</u>   | <u>0</u>               |
| <b>Total Other Financing Sources (Uses)</b>  | <u>0</u>                | <u>0</u>           | <u>0</u>          | <u>0</u>               |
| Net Change in Fund Balance                   | <u>(898,529)</u>        | <u>(1,005,044)</u> | <u>(888,501)</u>  | <u>116,543</u>         |
| Fund Balance at Beginning of Year            | 1,684,217               | 1,684,217          | 1,684,217         | 0                      |
| Outstanding Encumbrances                     | <u>176,893</u>          | <u>176,893</u>     | <u>176,893</u>    | <u>0</u>               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 962,581</u>       | <u>\$ 856,066</u>  | <u>\$ 972,609</u> | <u>\$ 116,543</u>      |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**ABERDEEN BUSINESS PARK FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | Variance with                          |
|----------------------------------------------|-------------------------|--------------------|--------------------|----------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>       |                    | Final Budget<br>Positive<br>(Negative) |
| <b>Total Revenues</b>                        | \$ 0                    | \$ 0               | \$ 0               | \$ 0                                   |
| <b><u>Expenditures</u></b>                   |                         |                    |                    |                                        |
| Capital Outlay:                              |                         |                    |                    |                                        |
| Purchased Services                           | 199,223                 | 199,223            | 108,917            | 90,306                                 |
| Debt Service:                                |                         |                    |                    |                                        |
| Principal Retirement                         | 1,600,000               | 1,600,000          | 1,600,000          | 0                                      |
| Interest and Fiscal Charges                  | <u>32,000</u>           | <u>32,000</u>      | <u>32,000</u>      | <u>0</u>                               |
| <b>Total Expenditures</b>                    | <u>1,831,223</u>        | <u>1,831,223</u>   | <u>1,740,917</u>   | <u>90,306</u>                          |
| Excess of Revenues Over (Under) Expenditures | <u>(1,831,223)</u>      | <u>(1,831,223)</u> | <u>(1,740,917)</u> | <u>90,306</u>                          |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                    |                    |                                        |
| Proceeds from Sale of Notes                  | 1,600,000               | 1,600,000          | 1,600,000          | 0                                      |
| Transfers In                                 | <u>32,000</u>           | <u>32,000</u>      | <u>32,000</u>      | <u>0</u>                               |
| <b>Total Other Financing Sources (Uses)</b>  | <u>1,632,000</u>        | <u>1,632,000</u>   | <u>1,632,000</u>   | <u>0</u>                               |
| Net Change in Fund Balance                   | (199,223)               | (199,223)          | (108,917)          | 90,306                                 |
| Fund Balance at Beginning of Year            | 208,855                 | 208,855            | 208,855            | 0                                      |
| Outstanding Encumbrances                     | <u>53,695</u>           | <u>53,695</u>      | <u>53,695</u>      | <u>0</u>                               |
| <b>Fund Balance at End of Year</b>           | <u>\$ 63,327</u>        | <u>\$ 63,327</u>   | <u>\$ 153,633</u>  | <u>\$ 90,306</u>                       |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**ALPHA DRIVE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |              | <u>Actual</u> | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|--------------|---------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u> |               |                                                         |
| <b>Total Revenues</b>                        | \$ 0                    | \$ 0         | \$ 0          | \$ 0                                                    |
| <b>Total Expenditures</b>                    | 0                       | 0            | 0             | 0                                                       |
| Excess of Revenues Over (Under) Expenditures | 0                       | 0            | 0             | 0                                                       |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |              |               |                                                         |
| Transfers Out                                | 0                       | (29,068)     | (29,068)      | 0                                                       |
| <b>Total Other Financing Sources (Uses)</b>  | 0                       | (29,068)     | (29,068)      | 0                                                       |
| Net Change in Fund Balance                   | 0                       | (29,068)     | (29,068)      | 0                                                       |
| Fund Balance at Beginning of Year            | 29,068                  | 29,068       | 29,068        | 0                                                       |
| <b>Fund Balance at End of Year</b>           | <u>\$ 29,068</u>        | <u>\$ 0</u>  | <u>\$ 0</u>   | <u>\$ 0</u>                                             |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**ISSUE II FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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|                                              | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|-----------------|-----------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>    |                 |                                                         |
| <b>Total Revenues</b>                        | \$ 0                    | \$ 0            | \$ 0            | \$ 0                                                    |
| <b>Total Expenditures</b>                    | <u>0</u>                | <u>0</u>        | <u>0</u>        | <u>0</u>                                                |
| Excess of Revenues Over (Under) Expenditures | <u>0</u>                | <u>0</u>        | <u>0</u>        | <u>0</u>                                                |
| <b><u>Other Financing Sources (Uses)</u></b> |                         |                 |                 |                                                         |
| Transfers Out                                | <u>0</u>                | <u>(15,458)</u> | <u>(15,458)</u> | <u>0</u>                                                |
| <b>Total Other Financing Sources (Uses)</b>  | <u>0</u>                | <u>(15,458)</u> | <u>(15,458)</u> | <u>0</u>                                                |
| Net Change in Fund Balance                   | 0                       | (15,458)        | (15,458)        | 0                                                       |
| Fund Balance at Beginning of Year            | <u>15,458</u>           | <u>15,458</u>   | <u>15,458</u>   | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 15,458</u>        | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>                                             |

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - (NON-GAAP BASIS)**  
**PARK AND RECREATION IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|                                              | <u>Budgeted Amounts</u> |                   | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|-------------------|-----------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>      |                 |                                                         |
| <b>Revenues</b>                              |                         |                   |                 |                                                         |
| Charges for Services                         | \$ 50,000               | \$ 38,100         | \$ 38,100       | \$ 0                                                    |
| <b>Total Revenues</b>                        | <u>50,000</u>           | <u>38,100</u>     | <u>38,100</u>   | <u>0</u>                                                |
| <b>Total Expenditures</b>                    |                         |                   |                 |                                                         |
| Excess of Revenues Over (Under) Expenditures | <u>0</u>                | <u>0</u>          | <u>0</u>        | <u>0</u>                                                |
| <b>Other Financing Sources (Uses)</b>        |                         |                   |                 |                                                         |
| Advances Out                                 | (58,195)                | (58,195)          | (51,195)        | 7,000                                                   |
| <b>Total Other Financing Sources (Uses)</b>  | <u>(58,195)</u>         | <u>(58,195)</u>   | <u>(51,195)</u> | <u>7,000</u>                                            |
| Net Change in Fund Balance                   | (8,195)                 | (20,095)          | (13,095)        | 7,000                                                   |
| Fund Balance at Beginning of Year            | <u>13,381</u>           | <u>13,381</u>     | <u>13,381</u>   | <u>0</u>                                                |
| <b>Fund Balance at End of Year</b>           | <u>\$ 5,186</u>         | <u>\$ (6,714)</u> | <u>\$ 286</u>   | <u>\$ 7,000</u>                                         |

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

|                              | <u>2003</u>         | <u>2002</u>         | <u>2001</u>         | <u>2000</u>         |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| All Taxes                    | \$ 7,722,858        | \$ 7,651,061        | \$ 7,475,176        | \$ 7,829,500        |
| Intergovernmental            | 1,084,494           | 931,741             | 1,055,989           | 2,253,623           |
| Special Assessments          | 1,078,761           | 1,225,322           | 1,077,360           | 625,182             |
| Charges for Services         | 337,870             | 374,105             | 302,200             | 327,437             |
| Fines, Licenses, and Permits | 639,035             | 499,224             | 540,114             | 432,950             |
| Interest Income              | 116,966             | 186,651             | 192,423             | 661,766             |
| Miscellaneous                | <u>145,779</u>      | <u>313,967</u>      | <u>271,574</u>      | <u>238,292</u>      |
| Totals                       | <u>\$11,125,763</u> | <u>\$11,182,071</u> | <u>\$10,914,836</u> | <u>\$12,368,750</u> |

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

Source: City of Highland Heights Finance Department



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| <u>1999</u>          | <u>1998</u>          | <u>1997</u>         | <u>1996</u>         | <u>1995</u>         | <u>1994</u>         |
|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 8,041,341         | \$ 7,262,243         | \$ 5,624,018        | \$ 5,270,733        | \$ 5,032,531        | \$ 5,357,762        |
| 2,752,003            | 1,988,292            | 422,148             | 521,130             | 390,163             | 475,908             |
| 730,490              | 462,570              | 474,926             | 467,053             | 440,080             | 418,285             |
| 405,465              | 422,649              | 240,213             | 200,999             | 194,900             | 220,382             |
| 487,460              | 353,380              | 425,947             | 355,707             | 609,871             | 421,482             |
| 532,277              | 403,740              | 249,131             | 163,149             | 381,782             | 147,318             |
| <u>1,431,955</u>     | <u>720,874</u>       | <u>577,759</u>      | <u>941,433</u>      | <u>958,752</u>      | <u>473,220</u>      |
| <u>\$ 14,380,991</u> | <u>\$ 11,613,748</u> | <u>\$ 8,014,142</u> | <u>\$ 7,920,204</u> | <u>\$ 8,008,079</u> | <u>\$ 7,514,357</u> |

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

|                                  | <u>2003</u>         | <u>2002</u>         | <u>2001</u>         | <u>2000</u>         |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Current:                         |                     |                     |                     |                     |
| General Government               | \$ 2,001,461        | \$ 1,698,463        | \$ 1,753,386        | \$ 1,101,501        |
| Security of Persons and Property | 4,983,267           | 4,857,971           | 4,228,354           | 3,754,647           |
| Public Health and Welfare        | 0                   | 0                   | 0                   | 13,510              |
| Transportation                   | 485,362             | 592,248             | 453,417             | 526,122             |
| Community Environment            | 303,140             | 260,270             | 254,237             | 225,863             |
| Basic Utility Services           | 924,300             | 847,356             | 1,117,708           | 954,544             |
| Leisure Time Activities          | 746,662             | 633,796             | 615,521             | 587,632             |
| Capital Outlay                   | 1,161,748           | 1,648,988           | 2,548,761           | 2,918,878           |
| Debt Service                     | <u>1,843,900</u>    | <u>1,965,780</u>    | <u>1,679,136</u>    | <u>1,454,774</u>    |
| Total                            | <u>\$12,449,840</u> | <u>\$12,504,872</u> | <u>\$12,650,520</u> | <u>\$11,537,471</u> |

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

Source: City of Highland Heights Finance Department

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| <u>1999</u>          | <u>1998</u>          | <u>1997</u>          | <u>1996</u>         | <u>1995</u>          | <u>1994</u>         |
|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| \$ 1,394,770         | \$ 1,043,427         | \$ 984,006           | \$ 963,574          | \$ 1,325,660         | \$ 1,300,484        |
| 3,809,003            | 3,424,600            | 3,330,431            | 2,954,638           | 3,129,612            | 2,913,632           |
| 0                    | 16,122               | 16,122               | 15,248              | 15,248               | 13,873              |
| 509,788              | 446,002              | 589,109              | 436,030             | 706,078              | 388,108             |
| 233,224              | 228,459              | 220,042              | 193,033             | 231,907              | 202,852             |
| 1,078,337            | 877,728              | 871,851              | 839,635             | 806,265              | 770,158             |
| 592,328              | 552,788              | 426,766              | 604,963             | 510,598              | 412,575             |
| 5,963,387            | 6,322,076            | 2,004,821            | 445,909             | 7,023,830            | 1,120,861           |
| <u>2,851,882</u>     | <u>7,659,233</u>     | <u>2,523,066</u>     | <u>901,962</u>      | <u>851,121</u>       | <u>688,974</u>      |
| <u>\$ 16,432,719</u> | <u>\$ 20,570,435</u> | <u>\$ 10,966,214</u> | <u>\$ 7,354,992</u> | <u>\$ 14,600,319</u> | <u>\$ 7,811,517</u> |

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

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| <u>Collection Year</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections(1)</u> | <u>Percent Levy Collected</u> | <u>Accumulated Outstanding Delinquent Taxes</u> | <u>Percent of Accumulated Delinquent Taxes to Total Tax Levy</u> |
|------------------------|-----------------------|-----------------------------------|-------------------------------|-------------------------------------------------|------------------------------------------------------------------|
| 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%                                                             |
| 2003                   | 1,424,856             | 1,395,089                         | 97.9%                         | 64,155                                          | 4.5%                                                             |

(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 AND ESTIMATED TRUE VALUES OF 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 |                                                   |
| 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%                                            |
| 2003            | 297,332,820    | 849,522,343     | 3,601,050                        | 4,092,102       | 38,810,647                 | 161,711,029     | 339,744,517    | 1,015,325,474   | 33.46%                                            |

(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**

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| <u>Tax<br/>Year</u> | <u>Collection<br/>Year</u> | <u>City</u> | (1)<br><u>County and<br/>Special Taxing<br/>Districts</u> | <u>Mayfield<br/>School<br/>District</u> | <u>Total</u> |
|---------------------|----------------------------|-------------|-----------------------------------------------------------|-----------------------------------------|--------------|
| 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        |
| 2003                | 2004                       | 4.00        | 19.40                                                     | 66.10                                   | 89.50        |

(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/<br/>Collection<br/>Year</u> | <u>5.0 Mill<br/>Limit<br/>for General<br/>Fund</u> | <u>12.0 Mill<br/>Limit<br/>for Debt<br/>Service</u> | <u>1.0 Mill<br/>Limit for<br/>Recreation<br/>Purpose</u> | <u>0.3 Mill<br/>Limit<br/>for Police<br/>Pension</u> | <u>0.3 Mill<br/>Limit<br/>for Fire<br/>Pension</u> | <u>Total<br/>City<br/>Millage</u> |
|------------------------------------------|----------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|-----------------------------------|
| 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                                               | 0.00                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |
| 1998/1999                                | 2.40                                               | 0.00                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |
| 1999/2000                                | 2.40                                               | 0.00                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |
| 2000/2001                                | 2.40                                               | 0.00                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |
| 2001/2002                                | 2.40                                               | 0.00                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |
| 2002/2003                                | 2.40                                               | 0.00                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |
| 2003/2004                                | 2.20                                               | 0.20                                                | 1.00                                                     | 0.30                                                 | 0.30                                               | 4.00                              |

Source: Cuyahoga County Auditor

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

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| <u>Collection<br/>Year</u> | <u>Amount<br/>Billed</u> | <u>(1)<br/>Amount<br/>Collected</u> | <u>Percent<br/>Collected</u> |
|----------------------------|--------------------------|-------------------------------------|------------------------------|
| 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%                        |
| 2003                       | 949,359                  | 991,405                             | 104.4%                       |

(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, 2003**

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|                                                        |                    |                      |
|--------------------------------------------------------|--------------------|----------------------|
| Tax Assessed Valuation                                 |                    | \$ 339,744,517       |
| Overall Debt Limitation - 10 ½ % of Assessed Valuation |                    | <u>35,673,174</u>    |
| Gross Indebtedness (2)                                 | \$ 17,055,000      |                      |
| Less: Debt Outside Limitation                          | <u>(5,768,115)</u> |                      |
| Debt within 10 ½ % Limitation                          | 11,286,885         |                      |
| Less: Amount Available in Debt Service Fund (1)        | <u>(644,661)</u>   |                      |
| Net Debt Within 10 ½ % Limitation                      |                    | <u>(10,642,224)</u>  |
| Legal Debt Margin Within 10 ½ % Limitation             |                    | <u>\$ 25,030,950</u> |
| Unvoted Debt Limitation - 5 ½ % of Assessed Valuation  |                    | \$ 18,685,948        |
| Gross Indebtedness Authorized by Council (2)           | \$ 17,055,000      |                      |
| Less: Debt Outside Limitations                         | <u>(5,768,115)</u> |                      |
| Debt Within 5 ½ % Limitation                           | 11,286,885         |                      |
| Less: Amount Available in Debt Service Fund (1)        | <u>(644,661)</u>   |                      |
| Net Debt Within 10 ½ % Limitation                      |                    | <u>(10,642,224)</u>  |
| Legal Debt Margin Within 5 ½ % Limitation              |                    | <u>\$ 8,043,724</u>  |

(1) Excludes balance in Special Assessment Debt Service 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, 2003**

| <u>Jurisdiction</u>                             | <u>Debt<br/>Outstanding</u> | <u>Amount<br/>Applicable<br/>to City of<br/>Highland<br/>Heights</u> | <u>Amount<br/>Applicable<br/>to City of<br/>Highland<br/>Heights</u> |
|-------------------------------------------------|-----------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>Direct</b>                                   |                             |                                                                      |                                                                      |
| City of Highland Heights (1)                    | <u>\$ 17,055,000</u>        | 100.00%                                                              | <u>\$ 17,055,000</u>                                                 |
| <b>Total Direct</b>                             | <u>17,055,000</u>           |                                                                      | <u>17,055,000</u>                                                    |
| <b>Overlapping</b>                              |                             |                                                                      |                                                                      |
| Mayfield City School District                   | 8,385,000                   | 28.31%                                                               | 2,373,794                                                            |
| Cuyahoga County                                 | 183,239,636                 | 1.21%                                                                | 2,217,200                                                            |
| Greater Cleveland Regional<br>Transit Authority | <u>130,795,000</u>          | 1.21%                                                                | <u>1,582,620</u>                                                     |
| <b>Total Overlapping</b>                        | <u>322,419,636</u>          |                                                                      | <u>6,173,614</u>                                                     |
| <b>Total Direct and Overlapping Debt</b>        | <u>\$ 339,474,636</u>       |                                                                      | <u>\$ 23,228,614</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> |
|-------------|-------------------|-----------------------|-------------------|--------------------------------|--------------------------------|--------------------------------------------------------|----------------------------------------|----------------------------------------------------|---------------------------------------------------|
| 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                                             |
| 2003        | 8,082             | 339,744,517           | 15,455,000        | 5,768,115                      | 9,686,885                      | 644,661                                                | 9,042,224                              | 2.7%                                               | 1,119                                             |

(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, 2003**

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| <u>Year</u> | <u>(1) General<br/>Obligation<br/>Principal</u> | <u>General<br/>Obligation<br/>Interest</u> | <u>(2) General<br/>Obligation<br/>Debt<br/>Service</u> | <u>Total General<br/>Operating<br/>Expenditures</u> | <u>Ratio of<br/>General Obligation<br/>Debt Service<br/>to General<br/>Operating<br/>Expenditures</u> |
|-------------|-------------------------------------------------|--------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| 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                                          | 8.33%                                                                                                 |
| 2003        | 466,135                                         | 476,175                                    | 942,310                                                | 12,449,840                                          | 7.57%                                                                                                 |

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

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

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

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| <u>Year</u> | <u>(1)<br/>Population</u> | <u>(2)<br/>Mayfield<br/>School<br/>District<br/>Enrollment</u> | <u>(3)<br/>Percentage of<br/>Cuyahoga<br/>County<br/>Unemployment<br/>Rate</u> |
|-------------|---------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------|
| 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%                                                                          |
| 2003        | 8,082                     | 3,746                                                          | 5.70%                                                                          |

(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**

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| <u>Year</u> | (1)<br><u>Residential<br/>Construction<br/>Value</u> | (1)<br><u>Residential<br/>Construction<br/>Units</u> | (1)<br><u>Commercial<br/>Construction<br/>Value</u> | (1)<br><u>Commercial<br/>Construction<br/>Units</u> | (4)<br><u>Condominium<br/>Construction<br/>Value</u> | (4)<br><u>Condominium<br/>Construction<br/>Units</u> | (2) and (3)<br><u>Total Assessed<br/>Property Values</u> |
|-------------|------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|
| 1994        | 17,203,000                                           | 70                                                   | 2,000,000                                           | 1                                                   | 0                                                    | 0                                                    | 229,812,299                                              |
| 1995        | 7,776,300                                            | 27                                                   | 1,105,000                                           | 3                                                   | 0                                                    | 0                                                    | 245,991,894                                              |
| 1996        | 6,997,650                                            | 19                                                   | 1,500,000                                           | 1                                                   | 0                                                    | 0                                                    | 249,534,405                                              |
| 1997        | 12,151,900                                           | 38                                                   | 1,035,000                                           | 2                                                   | 0                                                    | 0                                                    | 248,758,532                                              |
| 1998        | 13,210,000                                           | 43                                                   | 0                                                   | 0                                                   | 0                                                    | 0                                                    | 270,934,292                                              |
| 1999        | 16,141,000                                           | 63                                                   | 1,430,000                                           | 2                                                   | 3,374,000                                            | 33                                                   | 283,693,866                                              |
| 2000        | 17,616,650                                           | 62                                                   | 2,979,000                                           | 2                                                   | 2,764,000                                            | 33                                                   | 283,266,475                                              |
| 2001        | 17,637,000                                           | 48                                                   | 3,090,000                                           | 3                                                   | 2,280,000                                            | 18                                                   | 317,233,735                                              |
| 2002        | 11,919,000                                           | 39                                                   | 100,000                                             | 1                                                   | 6,193,000                                            | 24                                                   | 328,026,349                                              |
| 2003        | 1,620,000                                            | 55                                                   | 1,386,000                                           | 0                                                   | 3,515,000                                            | 15                                                   | 367,191,258                                              |

(1) City of Highland Heights Building Department

(2) Cuyahoga County Auditor's Office

(3) Represents the values assessed for taxation which range from 35% to 88% of estimated true value

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

**CITY OF HIGHLAND HEIGHTS, OHIO  
TOP TEN PRINCIPAL TAXPAYERS - REAL PROPERTY  
DECEMBER 31, 2003**

| <u>Taxpayer</u>                                      | <u>Assessed<br/>Valuation</u> | <u>Percentage<br/>of Total<br/>Assessed<br/>Valuation</u> |
|------------------------------------------------------|-------------------------------|-----------------------------------------------------------|
| 1. Derf Limited                                      | \$ 6,786,340                  | 2.28%                                                     |
| 2. Alpha W. Enterprises, Ltd./Developers Diversified | 5,669,970                     | 1.91%                                                     |
| 3. Progressive Casualty Insurance Company            | 5,017,060                     | 1.69%                                                     |
| 4. Philips, Inc.                                     | 4,621,230                     | 1.55%                                                     |
| 5. Alpha W. Enterprises, Ltd./Developers Diversified | 4,144,180                     | 1.39%                                                     |
| 6. Crawford Fitting Company                          | 3,346,340                     | 1.13%                                                     |
| 7. Cleveland Company                                 | 2,680,240                     | 0.90%                                                     |
| 8. Aberdeen Ltd. Liability                           | 1,868,470                     | 0.63%                                                     |
| 9. Cleveland Electric Illuminating Company           | 1,783,990                     | 0.60%                                                     |
| 10. Alpha Investment Company                         | <u>1,598,630</u>              | <u>0.54%</u>                                              |
|                                                      | <u>\$ 37,516,450</u>          | <u>12.62%</u>                                             |
| Total Assessed Valuation                             | <u>\$ 297,332,820</u>         |                                                           |

Source: Cuyahoga County Real Property Tax Final Valuation 2002  
Cuyahoga County Real Property Top 15 Corporate Taxpayers Report 2001

**CITY OF HIGHLAND HEIGHTS, OHIO**  
**TOP TEN PRINCIPAL TAXPAYERS - PERSONAL PROPERTY**  
**DECEMBER 31, 2003**

---

| <u>Taxpayer</u>                   | <u>Assessed<br/>Valuation</u> | <u>Percentage<br/>of Total<br/>Assessed<br/>Valuation</u> |
|-----------------------------------|-------------------------------|-----------------------------------------------------------|
| 1. Philips Medical Systems        | \$ 10,998,350                 | 25.93%                                                    |
| 2. Inertial Airlines Services     | 1,475,990                     | 3.48%                                                     |
| 3. Home Depot, Inc.               | 1,457,010                     | 3.44%                                                     |
| 4. Falon Company                  | 1,379,720                     | 3.25%                                                     |
| 5. Whitey Co., LLC                | 1,229,650                     | 2.90%                                                     |
| 6. Norman Noble, Inc.             | 1,099,810                     | 2.59%                                                     |
| 7. American Consolidated          | 884,800                       | 2.09%                                                     |
| 8. Swagelok Company               | 782,980                       | 1.85%                                                     |
| 9. Kohl's Department Stores, Inc. | 624,160                       | 1.47%                                                     |
| 10. Tranzonic Corporation         | <u>576,000</u>                | <u>1.36%</u>                                              |
|                                   | <u>\$ 20,508,470</u>          | <u>48.36%</u>                                             |
| Total Assessed Valuation          | <u>\$ 42,411,697</u>          |                                                           |

Source: Cuyahoga County Personal Property Tangible Tax Final Valuation 2003  
Cuyahoga County Personal Property Top 10 Corporate Taxpayers Report 2003



**CITY OF HIGHLAND HEIGHTS, OHIO  
OTHER STATISTICS  
DECEMBER 31, 2003**

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|                                            |                  |
|--------------------------------------------|------------------|
| 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                                | 671              |
| Nonresidential                             | 58               |
| Recreation:                                |                  |
| Number of Parks                            | 2                |
| Employees:                                 |                  |
| Full-time (Classified)                     | 55               |
| Full-time (Unclassified)                   | 13               |
| Part-time                                  | 189              |

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**Auditor of State  
Betty Montgomery**

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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  
JULY 20, 2004**