

# cafr

# 2004

## COMPREHENSIVE ANNUAL FINANCIAL REPORT CLEVELAND HEIGHTS, OHIO



*for the fiscal year ended  
December 31, 2004*





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Cleveland Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

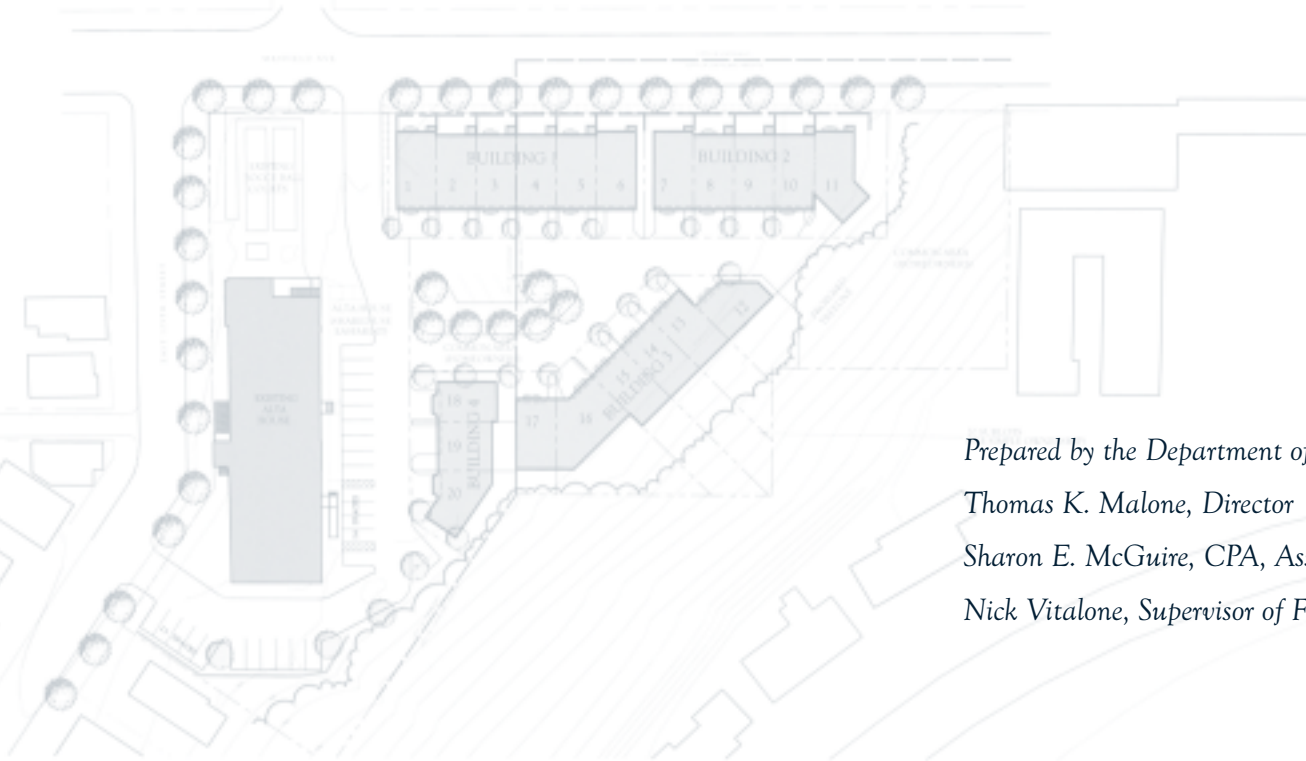
August 16, 2005

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# 2004

## COMPREHENSIVE ANNUAL FINANCIAL REPORT CLEVELAND HEIGHTS, OHIO



*Prepared by the Department of Finance*

*Thomas K. Malone, Director*

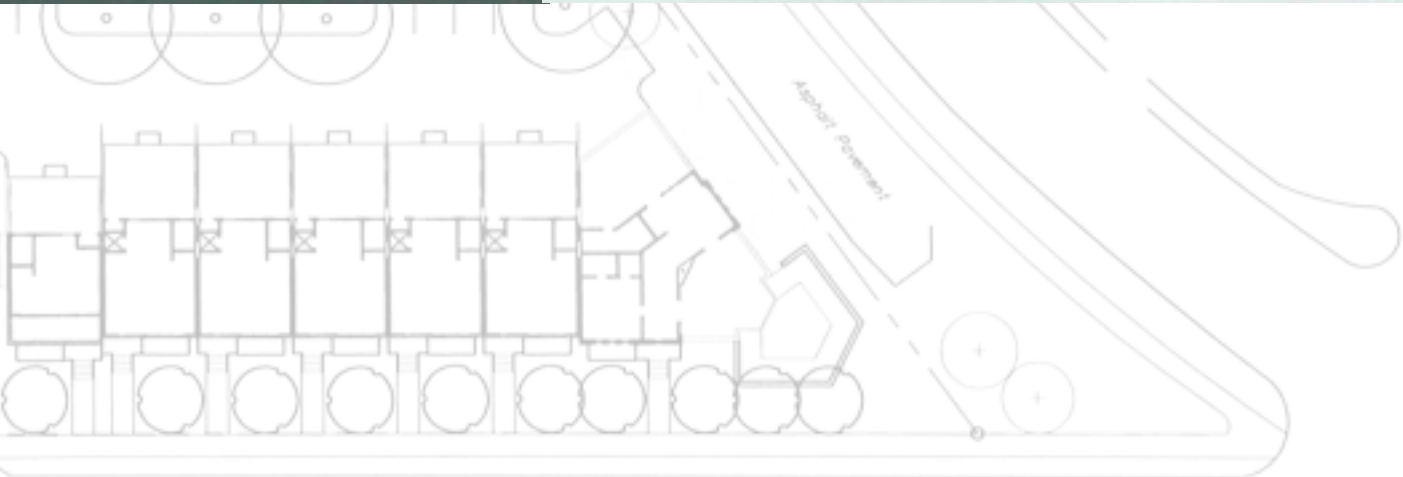
*Sharon E. McGuire, CPA, Assistant Director*

*Nick Vitalone, Supervisor of Fiscal Control*



*for the fiscal year ended  
December 31, 2004*

# INTRODUCTORY SECTION



*Cedar Road 70'*

# City of Cleveland Heights, Ohio

## Comprehensive Annual Financial Report For The Year Ended December 31, 2004

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# City of Cleveland Heights, Ohio

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June 6, 2005

Dear Members of Council and Residents of the  
City of Cleveland Heights:

The purpose of this letter is to acquaint you with the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. The City, and more specifically the Department of Finance, assumes responsibility for the accuracy, completeness, fairness of presentation, and all disclosures contained within this report and believe the data included is accurate in all material respects. Further, it is our intention to present it in a manner that fairly sets forth the financial position of the City and results of operations as measured by its various activities.

The CAFR consists of three sections. The Introductory Section contains the table of contents, this letter of transmittal, a list of principal City officials, and organizational charts of the City and the Department of Finance; the Financial Section presents the opinion letter of the City's independent auditor, Management's Discussion and Analysis, the Basic Financial Statements, Notes that provide an overview of the City's financial position and operating results, the combining statements for Nonmajor Funds and other schedules that provide detailed information relative to the Basic Financial Statements, and the Statistical Section details selected financial, economic, and demographic information about the City for the past ten years.

#### CITY ORGANIZATION

The City of Cleveland Heights, located in northeastern Ohio immediately east of Cleveland, is a residential community, which covers 8.11 square miles. The City's population from the 2000 Federal Census was 50,769. The City, incorporated under Ohio law in February 1921, operates under its own charter, which was adopted in August 1921. The Charter provides that the City operate under the council/manager form of government. The City Manager, appointed by the seven members elected Council, is the chief administrative officer of the City.

The City Manager, under authority granted by the City Charter, has the power to appoint and to remove all administrative officers and employees. His appointment of the Directors of Law, Finance, and Planning requires the approval of a majority of the members of Council. A Vice City Manager and two Assistants to the City Manager work with the City Manager in handling the administrative operations of the City, including the areas of Personnel, Budget and Capital Projects.

City Council holds its regular council meetings on the first and third Mondays of each month. The Charter provides procedures for special or emergency meetings, if the need arises. The City Manager and his administrative staff together with the various Department Directors attend all regular council meetings. City Council generally meets in committee or as a committee of the whole on those Mondays when there is no regularly scheduled meeting.

## ECONOMIC CONDITIONS

The City continued to benefit due to its proximity to the major cultural, educational, and medical facilities in northeastern Ohio. These facilities include the University Circle area comprised of Case Western Reserve University and its associated University Hospitals, Severance Hall for the Performing Arts which also serves as resident base to the internationally-acclaimed Cleveland Symphony Orchestra, and the Cleveland Clinic, a world-renowned medical research and treatment facility. In addition, the City is strategically located to facilitate efficient and quick access to the revitalized downtown Cleveland business district, sports facilities for the Cleveland Indians major league baseball team, the Cleveland Cavaliers professional basketball team, the Cleveland Browns professional football team, the Great Lakes Science Center, and the National Rock and Roll Hall of Fame. As a result, the City's unemployment rate in April 2005 was 4.3% as compared to the county rate of 5.8%, a State of Ohio rate of 6.1%, and a national rate of 5.2%.

The assessed value of commercial property in the city has increased 50% since 1995. The assessed value of residential property has increased 42% in the same period. This is a key indicator of this City's economic health and stability where the primary "industry" is its housing. All indications are that the City will continue to be a highly desirable place in which to live, further contributing to an appreciation in property values, which outpaces the rate of inflation.

2004 income tax collections remained strong and accounted for over 53% of all General Fund receipts.

## MAJOR INITIATIVES

Through a variety of municipal services and programs, together with public/private partnerships and citizen cooperation, there have been continued efforts to maintain and improve the exceptional environmental, economic, and social quality of life to which the residents of the City of Cleveland Heights have become accustomed.

Cain Park, the municipally-owned outdoor theatrical complex, is home to both the Alma Theater and the Dina Rees Evans Amphitheater. Orchestral, dance, and theatrical performances produced during 2004 included: "Grease", "Tick, Tick....Boom!", Verb Ballet, Koresh Dance Troupe, "Meshugeneh Mambo", The Library Fun Machine, Kidzart, Jewel, George Bensen, Southside Johnny, Bruce Hornsby, Peking Acrobats, and the Neville Brothers. The Cain Park Arts Festival with 2004 attendance of 75,000 is recognized as one of the ten best such events in the United States.

By the end of 2004, there were over 250 new housing units completed or under construction throughout the city. This is in strong contrast to the lack of new housing during the late 1980's through the 1990's.

New residential projects started during 2004 included Fairmount Courts by Palmeri Builders which is a six unit townhome project with individual units being offered for prices in excess of \$500,000. Paran Management began construction of Kenilworth Mews comprised of seventeen cluster homes which include fifteen with first floor master bedrooms. The prices of these units start at \$450,000. Boulevard Townhomes by City Vision Development Corp. began Phase II which is an additional seven units. Three of the units have already been sold. The sales prices are in the range of \$249,000 to \$315,000. The City is participating in this project by offering 50% tax abatement for ten years.

In addition to new construction, two adaptive re-use projects were begun in 2004. David Jezek is developing Severance Place which will transform the former five-story Kaiser Permanente office building on Severance Circle into thirty-nine condominiums priced in the range of \$150,000 to \$225,000. The plan includes

construction of fourteen new townhomes along the perimeter of the property. The City is participating in this project by offering 50% tax abatement for ten years.

The Brownstones at Derbyshire by Simon Development is the innovative re-use of the former First English Lutheran Church on Euclid Heights Boulevard. The result is five condominiums in this church property. These five units are already sold out. There will be additional new construction of twelve townhomes and three efficiency suites which have resulted in seven sales already. These units vary in price from \$175,000 to \$450,000.

Ongoing projects included Cedarmount, Courtyards at Severance, and Villa Carabelli. Of these Cedarmount and Villa Carabelli are nearly complete with sixteen of seventeen and nineteen of twenty units sold respectively. The Courtyards at Severance has multiple phases underway. Thirty-one of the planned seventy-one townhomes have been sold. The average sales price in the Courtyards at Severance is \$255,000. The City is participating in this project by offering 50% tax abatement for ten years.

Commercial development continued in 2004. Severance Town Center welcomed Burger King and IHOP to free standing stores in 2004. Bally's Total Fitness opened in the shopping center.

In addition to the continued development of Severance Town Center, the City has been involved in promoting commercial districts and their surrounding residential neighborhoods. To this end two new Special Improvement Districts (SID's) were established in the Cedar Fairmount and Cedar Lee areas. These are in addition to the existing SID in the Coventry area. SID's become involved in business promotion, special events, retention and expansion of existing businesses and attraction of new entities.

#### PLANNED DEVELOPMENT PROJECTS FOR 2005

The Domain on Lee is considered to be the ideal plan for urban living. It is a five-story mixed-use building developed by the Coral Company. The first floor offers 17,000 square feet of retail space. The second and third floors will have traditional flats. The fourth and fifth floors have a combination of one and two-story units with roof top decks overlooking the City. In all there will be thirty-two units with an average price of \$300,000. The City will participate in the project by offering 80% tax abatement for eleven years. Construction is expected to start in the summer of 2005.

Adjacent to the Domain on Lee will be a new 399-space parking deck resulting in a net gain of two hundred additional parking spaces in the City. The Domain on Lee will have parking for all thirty-two of its units in this parking deck. The projected cost of the deck is five to six million dollars. Planning and review by City departments is still ongoing with construction expected to start in the fall of 2005.

Rysar Properties recently acquired the former Jewish Community Center consisting of nine acres, some of which faces Mayfield Road. This site was formerly home to the Glen Allen estate and is now being redeveloped into a new subdivision named Bluestone. The plans call for seventy-one flats with indoor parking. Thirty-nine cluster homes, most with first floor master bedrooms, are also included. Over half of the land area will remain as green space. Some cluster units will have the added feature of a walk out basement with a view of the adjacent woods. Prices will range from \$200,000 to \$400,000. The City will participate in the project by offering 50% tax abatement for ten years. Construction is expected to start in the summer of 2005.

Kaiser Permanente has begun construction of a 49,000 square foot two-story addition to the medial office and lab facility it completed in 1999 on Severance Circle. The project is estimated at thirteen million dollars. The addition would house an emergency room, a critical decision unit, and an ambulatory/surgical center. The expanded services would create fifty-nine new full-time positions. The proposed plans have been

submitted and are being reviewed. Kaiser Permanente is working closely with the nearby residential neighborhood to address concerns about sirens related to the proposed emergency room function. The project will receive 30% tax abatement for ten years.

Several major roadway projects were begun in the City in 2005. The Euclid Heights Boulevard rehabilitation has an estimated cost of \$2.9 million. Besides a new road surface, curb repairs, and traffic signal upgrades, the project includes new sewer and water lines for select areas of greatest need. Meadowbrook Boulevard rehabilitation will provide similar upgrades at a cost of \$3.7 million.

The Fairmount Boulevard and the Warrensville Center Road rehabilitation projects are advancing through the engineering phases with bid dates expected to be late 2005. The projects are estimated to cost \$6.5 million and \$3.9 million respectively. The City, Cuyahoga County, and the Transportation Improvement Program (TIP) through the State of Ohio will jointly participate in these projects.

### CITY UTILITIES

The City purchases water in bulk from the City of Cleveland through master meters and then distributes the water to City residents through the City's water mains. The City owns and maintains its water mains and also bills all water users for their consumption of water. While the City collects sewage through its own sewage system, the Northeastern Ohio Regional Sewer District handles the treatment of sewage. The City's Automatic Water Meter Reading System (AMR) utilizes water meters which are read by radio signals rather than by conventional meter reader personnel, allowing staff to read the entire City in less than three working days. For convenience and safety, the meters are read in the middle of the night. The monthly water bills are sent with the billing information, a return envelope, and a message section that serves as an informative reminder of City events. As a matter of convenience, customers can now pay their water and sewer bills by credit card or ACH debit from their checking account. In addition, the City altered its relationship with the Northeast Ohio Regional Sewer District from master meter to that of a direct billing agent. This change resulted in residents receiving a direct statement each quarter from the Sewer District. A major benefit of this change is that residents are able to participate in the summer sprinkling program, which results in savings because of increased water usage in the summer.

The Cleveland Electric Illuminating Company and the Dominion East Ohio Gas Company, both independent, publicly-owned utilities provide City residents with electricity and natural gas. The City had placed issues of government aggregation of electricity supplies and natural gas supplies on the ballots in 2000 and 2001, respectively. Both issues were approved by the voters. The City proceeded with the aggregation plans and has now offered its residents city-wide aggregation plans with special rates for the supply of electricity and natural gas. The City contracted with First Energy Solutions as its aggregation supplier of electricity and with WPS Energy Services as its aggregation supplier of natural gas. Both programs have been popular with the residents.

### COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant (CDBG) Program is administered by the Planning and Development Department. In 2004, the City received \$2.072 million in CDBG dollars which were allocated to an array of projects including housing preservation, commercial district improvements, youth programs, senior services, and fair housing.

### CITY SERVICES

The City provides the following services for its citizens: Police and Fire Protection, Emergency Medical Services, Refuse, Recyclable and Yard Waste Collection, Street Maintenance, Recreation Programs,

Municipal Court, Public Health, Community Development, Public Improvements, Water and Sewer Services, and General Administrative Services.

In addition to the basic services just described, the City continues to offer superior recreational facilities for its residents. The City operates a total of six municipal parks, which include two swimming pools and the usual sports, playground, and picnic facilities. In addition, the expansion of the Recreation Pavilion into a full-service Community Center was completed in 2001. The Olympic-size ice rink was opened in September, 2001 providing the City with two ice rinks. The Senior Activity Center opened in December, 2001. The Field House and Fitness Center opened in January, 2002. The Field House has two high school-size side-by-side courts with wooden floors, bleachers, scoreboards, glass backboards and the flexibility to accommodate both basketball and volleyball as well as other programs. It also includes a four-lane elevated track with a rubberized surface and length of 180 yards. The Fitness Center features Nautilus exercise machines, aerobic, elliptical, and step machines along with a variety of bikes. There is also a cardio theater system and an aerobics room. The Community Center also contains child care facilities and meeting and general recreation rooms.

The curbside recycling program continued to be successful due to the cooperation of the residents. Included in the recycling collection are newspapers, magazines and catalogs, mixed paper (including cereal and dry good boxes), corrugated cardboard, metal, glass and #1 and #2 plastic containers. In addition, the City diverted most of its yard waste from the landfill to composting facilities. Cleveland Heights promotes the use of products made from recycled material whenever possible.

In keeping with its primarily residential character, the City operates an urban forestry department which is funded mainly through an annual special assessment on all properties. With the addition of new equipment and manpower, the department was able to concentrate on removing and replanting Cleveland Heights' aging urban forest. During 2004, the Forestry Department planted 366 trees (size 2.5" – 3" caliper) and removed 465 hazardous trees and trimmed 505 hazardous trees. The trimming and removal of hazardous trees resulted in 158 loads of wood chips and 48 loads of logs which are then offered to residents. The City received its 26th Tree City USA Award, sponsored by the National Arbor Day Foundation in cooperation with the U.S. Forest Service, the U.S. Conference of Mayors, the National Association of State Foresters, and the National League of Cities.

The annual street resurfacing program involves removal of the asphalt street surface to its base, making base repairs, replacing curbs, catch basin and manhole castings as needed, setting all castings flush to the new street level and placing a new asphalt surface which is crowned and graded for proper drainage. The primary sources of funding for this program are motor vehicle license fees and gasoline excise tax, which generate about \$1.26 million per year. An additional \$70,000 of CDBG funds were used on streets in low/moderate income districts. The annual street surface treatment program extends the life of the road's surface by application of crack fillers, chip sealing, and single pass asphalt recycling, a method of reclaiming the top inch of loose asphalt.

## FINANCIAL CONDITION

The City of Cleveland Heights has prepared these financial statements in accordance with GASB Statement 34, "*Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*". GASB 34 created new basic financial statements for reporting on the City's financial activities as follows:

### Government-Wide Financial Statements

These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses.

### Fund Financial Statements

These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

### Statement of Budgetary Comparisons

These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this reporting model, management is responsible for preparing a discussion and analysis of the City's finances for 2004. This discussion follows the Independent Auditors' Report.

The City maintains its legal level of budgetary control at the fund level. However, management control is exercised at the department level (Public Safety, Public Health, Culture and Recreation, Community Development, Sanitation, Transportation, and General Government). The City Manager is authorized to transfer amounts between objects of expenditure within and between departments so long as the total appropriation for each fund does not exceed that of the Council approved appropriation. The City's fully automated financial system maintains this budgetary control through its purchase order/encumbrance feature. The purchase order, required before making any purchase, creates the encumbrance against the current budget. No purchase order will be generated unless there is sufficient unobligated budget to accept the encumbrance without a budget overrun.

### INTERNAL ACCOUNTING AND REPORTING CONTROL

As part of its continuing commitment to excellence in financial reporting, the City utilizes a fully integrated, financial accounting, budgeting and reporting system. Because the system is integrated, the financial and budgetary information maintained by the system is immediately available to the City's management. The timeliness and accuracy of the information provided by the City's accounting, budgeting and reporting system provides each member of the City's management with a solid, informed financial basis for daily decision-making, performance evaluation and planning.

The City has built internal accounting controls into its financial accounting, budgeting and reporting system to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss resulting from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The internal accounting controls built into the City's system were developed within the framework of the concept of reasonable assurance. This concept recognizes that the cost of control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. Regular reviews of internal control occur within this policy framework. We believe that the City's internal accounting controls adequately safeguard the City's assets and provide reasonable assurance of proper recording and reporting of financial transactions.



## CASH MANAGEMENT

The City's investment policy is to ensure safety of principal while maintaining adequate liquidity with competitive yields on its portfolio. The cash resources of all funds are combined and invested to the extent available in treasury bills, treasury notes, and other authorized instruments. Interest earned is first distributed on a pro-rata basis to restricted funds with the remainder distributed to the General Fund.

## RISK MANAGEMENT

As a means of providing superior coverage and at a cost lower than conventional insurance, the City developed and implemented its own self-funded insurance plan which covers all areas of risk including general liability, property, vehicle coverage, law enforcement professional and public official coverage. This plan utilizes the services of a third-party administrator, with the City maintaining a self-insured retention overlaid with conventional excess coverage.

In addition, the City maintains two health insurance plans for its employees. One plan is an HMO; the other is a self-funded program which is reinsured through a commercial insurance company and administered through a third-party administrator. Cost containment and enhanced control over health benefit levels have resulted from the City's health plan initiatives.

The City applied for and was accepted into the State of Ohio Workers Compensation Retrospective Rating Plan. Under the terms of this plan, the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the employer's injured workers' claims are incurred, the employer must reimburse the State fund for those costs, subject to the plan's individual claim cost limitation and the employer's premium limitation. The City's retrospective rating plan provides for a \$250,000 catastrophic limit per claim and an unlimited claim limit.

## INDEPENDENT AUDIT

The financial records, books of accounts, and transactions of the City of Cleveland Heights, Ohio, for the year ended December 31, 2004, have been audited by the firm of Ciuni & Panichi, Inc., Certified Public Accountants. The auditor's unqualified opinion has been included in this report.

In addition, the City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1997 in accordance with U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Based upon prior experience, management believes that no material weakness in internal controls exist or questioned costs, if any, will have an adverse material effect on the financial condition of the City.

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement For Excellence In Financial Reporting to the City of Cleveland Heights, Ohio, for its comprehensive annual financial report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. The City of Cleveland Heights, Ohio, has received a Certificate of Achievement for the last twenty (20) consecutive years (fiscal years ended December 31, 1984, through December 31, 2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

#### ACKNOWLEDGMENTS

Successful preparation of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors, but especially to those employees in the Departments of Finance, Planning, and Public Relations who have spent their time and energy on various parts of the project. Finally, City Staff wants to extend its appreciation to the Mayor and City Council for their support and commitment to responsible fiscal reporting.

POSTSCRIPT

All of the programs and offerings noted in this letter of transmittal are aimed at supporting the City's mission:

“Cleveland Heights is a mature residential community with a racially and culturally diverse population. We recognize this diversity as a primary strength and seek to retain our current population mix which contributes to a wholesome integrated community. In order to accomplish these objectives, we commit ourselves not only to traditional mandated services but to the following actions:

To maintain our housing stock at optimum value.

To maintain a high quality of life through recreational and cultural opportunities.

To maintain and support our commercial districts to ensure access to goods and services.

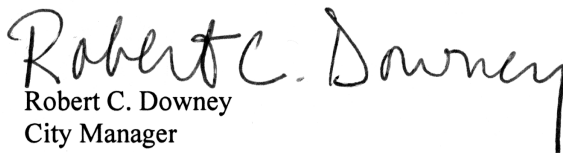
To actively engage in an on-going dialogue with neighborhood groups and residents so that changing needs of our community shape our services.


To remain competitive in relation to other surrounding communities in attracting new residents through developing new housing, controlling taxes and enhancing the quality of our community life through new and existing programs.

To assure a high return to our residents on every tax dollar.”

As employees of the City of Cleveland Heights, we are proud of the community in which we work and live. We pledge our continued dedication to providing the highest possible level of service to the citizens of the City, and we commit ourselves to helping enhance the quality of life which our residents, our greatest asset, enjoy.

Respectfully submitted,

  
Robert C. Downey  
City Manager

  
Thomas K. Malone  
Director of Finance

# City of Cleveland Heights, Ohio

## Listing of Principal City Officials

December 31, 2004

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### ELECTED OFFICIALS

Mayor.....	Edward J. Kelley
Vice Mayor .....	Kenneth R. Montlack
Councilmember.....	Bonita W. Caplan
Councilmember.....	Nancy J. Dietrich
Councilmember.....	Phyllis L. Evans
Councilmember.....	Jimmie Hicks, Jr.
Councilmember.....	Dennis R. Wilcox
Municipal Judge.....	A. Deane Buchanon

### APPOINTED OFFICIALS

City Manager .....	Robert C. Downey
Vice City Manager.....	Kathleen A. Ruane
Assistant to the City Manager.....	Eddie L. Carter
Assistant to the City Manager.....	Carl Czaga
Director of Community Services .....	Susanna Niermann O'Neil
Director of Finance .....	Thomas K. Malone
Assistant Director of Finance.....	Sharon E. McGuire
Director of Law.....	John H. Gibbon
First Assistant Director of Law .....	Laure A. Wagner
Assistant Director of Law .....	William R. Hanna
Assistant Director of Law .....	R. Todd Hunt
Assistant Director of Law .....	L. James Juliano, Jr.
Assistant Director of Law .....	Aviva Rich
Assistant Director of Law .....	Kim Segebarth
Director of Planning.....	Richard E. Wong
Assistant Director of Planning .....	Kimberly Steigerwald
Director of Public Safety .....	Robert C. Downey
Director of Public Works .....	Unfilled
Chief of Fire.....	Kevin C. Mohr
Chief of Police .....	Martin G. Lentz

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland Heights,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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*Nancy L. Ziehl*

President

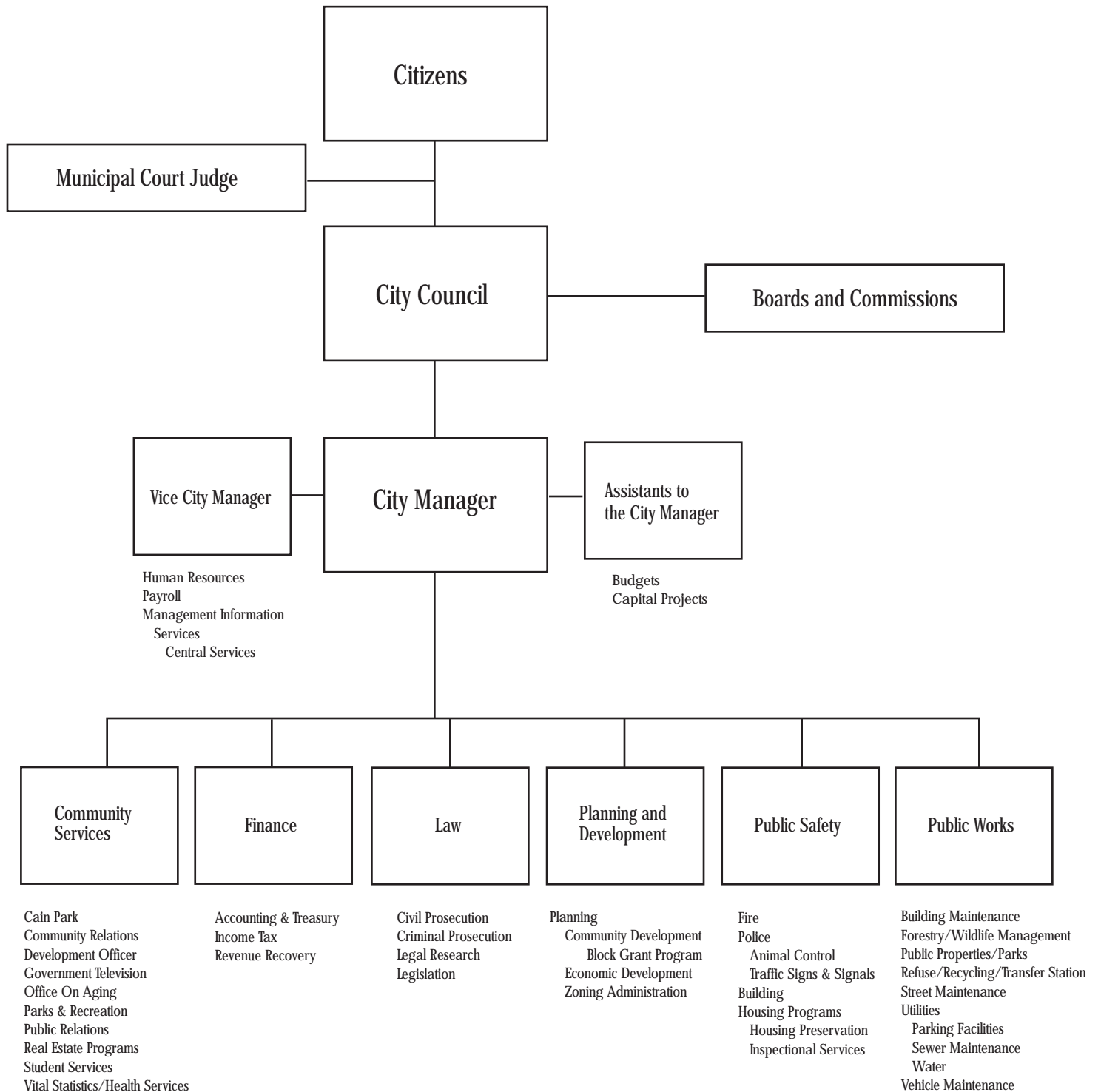
*Jeffrey R. Emer*

Executive Director



# CLEVELAND HEIGHTS

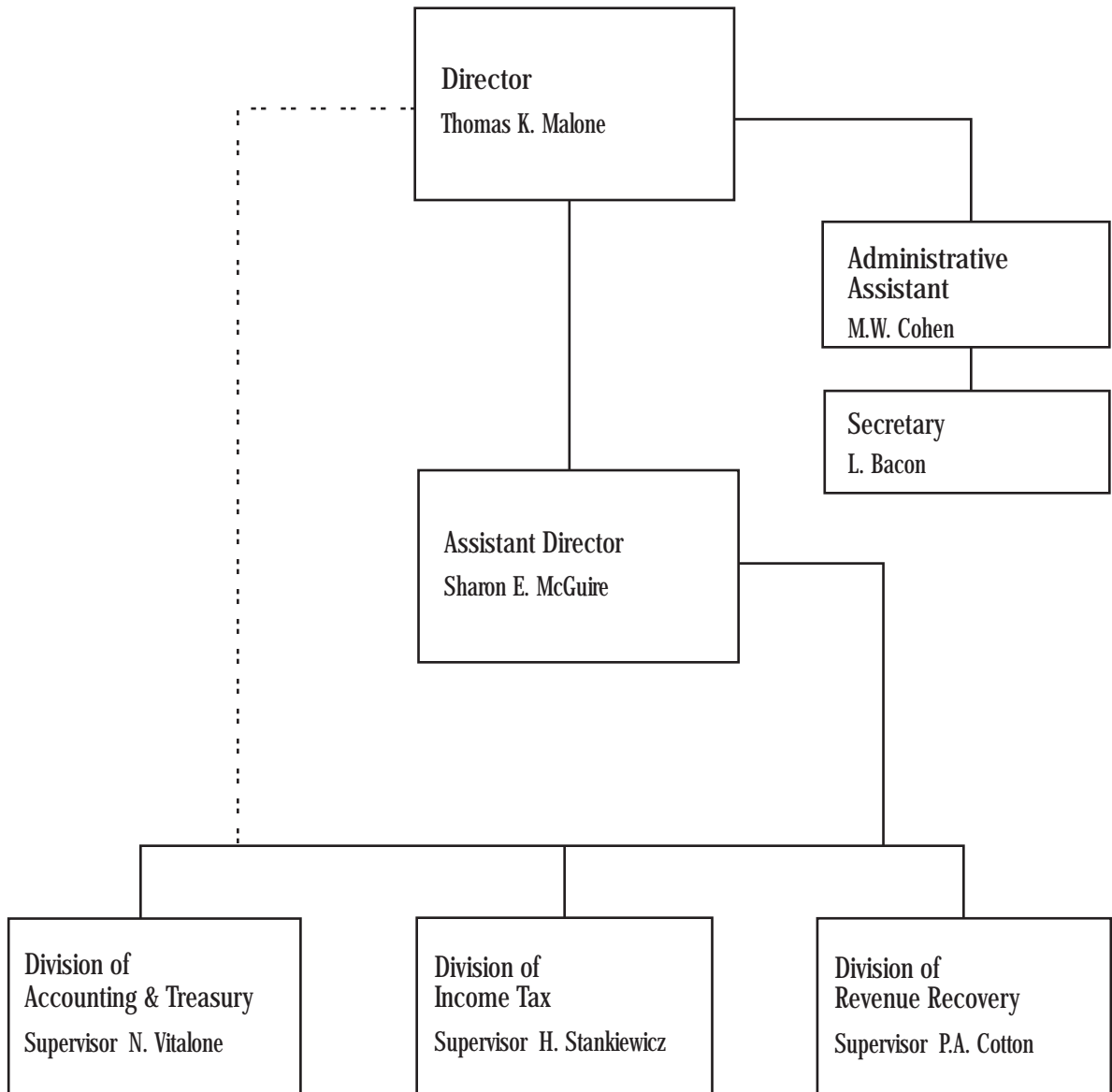
City Organization as of December 31, 2004





# CLEVELAND HEIGHTS

Department of Finance Organization as of December 31, 2004



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# FINANCIAL SECTION



CLEVELAND HEIGHTS *The City for a Lifetime*



## Independent Auditors' Report

Members of the City Council  
Cleveland Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland Heights, Ohio as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Cleveland Heights, Ohio's management. Our responsibility is to express an opinion 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 the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland Heights, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2005 on our consideration of the City of Cleveland Heights, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Members of the City Council  
City of Cleveland Heights, Ohio

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cleveland Heights, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
June 6, 2005

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal year Ended December 31, 2004*  
*Unaudited*

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The discussion and analysis of the City of Cleveland Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. 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.

### **Financial Highlights**

Key financial highlights for 2004 are as follows:

- The total assets of the City of Cleveland Heights exceeded its total liabilities at the close of the most recent fiscal year by \$90,881,621.
- Total net assets increased by \$1,994,069 from 2003 levels. The biggest change was an increase in the net capital assets due to the rehabilitation of Severance Ring Road.
- Total liabilities decreased by \$2,420,497 from 2003. However, there was an increase of \$2,101,125 in the long-term obligations of the City.
- In total, net assets in governmental activities increased by \$2,768,769 during 2004. This represents an 5.1 percent increase from 2003.

### **Using this Annual Financial Report**

The discussion and analysis are intended to serve as an introduction to the City of Cleveland Heights' basic financial statements. The City of Cleveland Heights' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide financial statements – Reporting the City of Cleveland Heights as a Whole**

#### *Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets presents information on all the City of Cleveland Heights' assets and liabilities, with the difference between the two reported as net assets. Over time, an increase or decrease in net assets may serve as a useful indicator of whether the financial position of the City of Cleveland Heights is improving or deteriorating. However, in evaluating the overall position of the City, nonfinancial factors such as the City's tax base, change in property and income tax laws, and the condition of the capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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In the Statement of Net Assets and the Statement of Activities, we identify two kinds of activities in the City:

- Governmental activities: Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, and state and federal grants finance most of these activities.
- Business-type activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, off-street parking, and ambulance services are reported here.

**Fund Financial Statements - Reporting the City of Cleveland Heights' Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City of Cleveland Heights, 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 of Cleveland Heights can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can 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. Both the Governmental Funds Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

The City of Cleveland Heights maintains 37 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund and Debt Service Fund both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Cleveland Heights adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal year Ended December 31, 2004*  
*Unaudited*

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**Proprietary Funds**

The City of Cleveland Heights maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utilities operations and off-street parking operations and ambulance services activity. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance of health-related employee benefits. Because this purpose predominately benefits governmental rather than business functions, it has been included within governmental activities in the government-wide financial statements. The City maintains a second internal service fund for its workers' compensation retrospective rating.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utilities services, off-street parking, and ambulance services as they are considered major funds. The internal service fund is for self-insurance for health benefits.

The basic proprietary fund financial statements can be found starting on page 25 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Cleveland Heights has only agency funds to report within the Fiduciary Fund category. Agency funds are reported on a full-accrual basis and only present a statement of assets and liabilities.

**Notes to the Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page 31 of this report.

**Other information**

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the Notes to the Financial Statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual detailed budgetary comparisons for all nonmajor funds. This information can be found starting on page 60 of this report.

**Government-wide Financial Analysis - City of Cleveland Heights as a Whole**

As noted earlier, the Statement of Net Assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning and End of Year

The Statement of Net Assets looks at the City as a whole. The following Table 1 provides a summary of the City's net assets for 2004 as compared to 2003.

Table 1  
City of Cleveland Heights' Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 39,362,971	\$ 39,230,526	\$ 6,811,669	\$ 7,882,862	\$ 46,174,640	\$ 47,113,388
Capital assets, net	<u>65,910,427</u>	<u>66,141,377</u>	<u>30,295,140</u>	<u>29,551,870</u>	<u>96,205,567</u>	<u>95,693,247</u>
Total assets	<u>105,273,398</u>	<u>105,371,903</u>	<u>37,106,809</u>	<u>37,434,732</u>	<u>142,380,207</u>	<u>142,806,635</u>
Current and other liabilities	18,122,342	23,152,944	2,653,046	2,144,066	20,775,388	25,297,010
Long-term liabilities:						
Due within one year	4,190,597	4,988,029	62,203	62,203	4,252,800	5,050,232
Due in more than one year	<u>25,592,913</u>	<u>22,632,153</u>	<u>877,485</u>	<u>939,688</u>	<u>26,470,398</u>	<u>23,571,841</u>
Total liabilities	<u>47,905,852</u>	<u>50,773,126</u>	<u>3,592,734</u>	<u>3,145,957</u>	<u>51,498,586</u>	<u>53,919,083</u>
Invested in capital assets, net of related debt	44,538,645	45,405,726	28,494,702	28,549,980	73,033,347	73,955,706
Restricted for:						
Other purposes	4,022,232	4,156,178	-	-	4,022,232	4,156,178
Debt service	3,204,502	5,846,721	-	-	3,204,502	5,846,721
Unrestricted	<u>5,602,167</u>	<u>(809,848)</u>	<u>5,019,373</u>	<u>5,738,795</u>	<u>10,632,638</u>	<u>3,138,773</u>
Total net assets	<u>\$ 57,367,546</u>	<u>\$ 54,598,777</u>	<u>\$ 33,514,075</u>	<u>\$ 34,288,775</u>	<u>\$ 90,881,621</u>	<u>\$ 88,887,552</u>



**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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Total assets exceeded total liabilities for all of Cleveland Heights' funds by \$90,881,621. The net assets have increased by \$1,994,069 from 2003. Over time this can be a useful indicator of a government's financial position.

The major category of the City's net assets (80.4%) is investment in capital assets such as land, buildings, infrastructure, machinery, and equipment. The amounts reflected in Table 1 are less any related outstanding debt used to acquire those assets. These assets are essential to provide services to the citizens therefore they are not available for future spending. Although the investment in capital assets is reported net of the related debt, note that the funds to repay the debt must come from sources other than the capital assets themselves.

The City's total assets decreased \$426,428 from 2003 to 2004 while the total liabilities decreased \$2,420,497 in that period. Among the most significant changes to assets was a decrease in Equity in City Cash and Cash Equivalents of \$2,682,960, including restricted cash, during the 2004 fiscal year.

The City has made concerted efforts to maximize the return on investments of its cash and cash equivalents and to use these funds to provide liquidity for planned future capital purchases. Due to the decline of interest rates in the past few years, the investments have shifted from mostly government notes and bills to include a greater mix of federal government agency issues. However, even though the State code allows for investments with maturities of five years or less, the City has infrequently invested in an instrument with a maturity of more than two years. The City maintained a weighted average maturity of 434 days for its portfolio as of December 31, 2004.

Another tool used by the City to reduce its long-term liability is to convert accumulated sick leave to a bonus payment for employees who have a balance in excess of 800 hours of sick time remaining in their account at the end of each year. This bonus is calculated for eligible employees based on the hours accumulated and the hours of sick leave used in the current year. Only employees who have used forty-eight or less hours of sick leave per year are eligible for this conversion to bonus option. Employees who have used forty-eight hours of sick leave during the year are eligible to convert up to eight hours of sick leave to the cash bonus. If the employee has used no sick hours the conversion to bonus could be up to fifty-six hours. This allows the City to buy back accumulated sick hours at the current hourly rate as opposed to paying for it at a higher rate in the future or at the time of retirement of the employee. Every hour that is converted to bonus will reduce the employee's accumulated sick leave hours one for one. The employees benefit by having funds available to them currently with the opportunity to invest them.

The City of Cleveland Heights participates in the Ohio Bureau of Workers' Compensation retrospective rating program. Third party administration of claims is provided by CompManagement Incorporated. Various departments within the City have established safety committees to meet the Bureau guidelines and provide the employees with safety equipment to enable them to perform their tasks efficiently and also, as much as possible, to help keep the City premises an injury-free work place. A random drug testing policy for employees with CDL licenses also affords an added measure toward achieving this goal.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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The City's Service Department developed programs and applied for funding which resulted in additional savings during the year. The City of Cleveland Heights is dedicated to the recycling effort. During 2004 approximately 42 percent of all material collected was recycled. Grant funding from the State of Ohio Department of Natural Resources (\$55,570) helped to offset many of the costs related to recycling. This is in addition to the savings of the cost of landfill fees for these materials. In 2003 the City received the Ohio Bicentennial Legacy Tree Planting Grant through the Ohio Environmental Protection Agency (\$15,000). During the spring of 2004, one hundred nine maple trees were planted along Monticello Boulevard. These replaced many missing or declining trees. The total cost of the project was \$31,740. Also in 2003, the City received a grant from the Cleveland Clean Air Century Campaign in conjunction with the American Lung Association (\$35,000) to purchase and install five diesel engines in older vehicles. This work was completed in 2004.

The net assets of our business-type activities decreased by 2.3 percent in 2004. The City generally can only use these net assets to finance the continuing operations of the water and sewer, off-street parking, and ambulance services departments. In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for services	\$ 11,466,960	\$ 8,769,251	\$ 11,042,968	\$ 11,220,301	\$ 22,509,928	\$ 19,989,552
Operating grants and contributions	2,722,219	1,877,803	98,295	105,420	2,820,514	1,983,223
Capital grants and contributions	212,217	815,829	-	153,510	212,217	969,339
Total program revenues	<u>14,401,396</u>	<u>11,462,883</u>	<u>11,141,263</u>	<u>11,479,231</u>	<u>25,542,659</u>	<u>22,942,114</u>
General revenues:						
Property taxes	11,825,979	10,416,688	-	-	11,825,979	10,416,688
Municipal income taxes	21,883,632	20,418,119	-	-	21,883,632	20,418,119
Grants and entitlements	6,473,704	7,506,950	-	-	6,473,704	7,506,950
Interest earnings	196,901	313,444	33,633	68,751	230,534	382,195
Miscellaneous income	1,032,937	1,454,929	833	34,670	1,033,770	1,489,599
Total general revenues	<u>41,413,153</u>	<u>40,110,130</u>	<u>34,466</u>	<u>103,421</u>	<u>41,447,619</u>	<u>40,213,551</u>
Total revenues	<u>55,814,549</u>	<u>51,573,013</u>	<u>11,175,729</u>	<u>11,582,652</u>	<u>66,990,278</u>	<u>63,155,665</u>
Program Expenses:						
General government	13,527,660	13,697,585	-	-	13,527,660	13,697,585
Public safety	18,367,866	17,437,887	-	-	18,367,866	17,437,887
Public health	454,038	460,421	-	-	454,038	460,421
Culture and recreation	3,774,060	3,809,578	-	-	3,774,060	3,809,578
Community development	7,739,951	7,880,051	-	-	7,739,951	7,880,051
Sanitation	3,009,859	2,976,524	-	-	3,009,859	2,976,524
Transportation	4,917,119	2,056,951	-	-	4,917,119	2,056,951
Interest and fiscal charges	1,260,115	1,371,232	-	-	1,260,115	1,371,232
Utilities	-	-	10,101,056	10,945,652	10,101,056	10,945,652
Off-street parking	-	-	845,685	871,360	845,685	871,360
Ambulance services	-	-	998,800	707,532	998,800	707,532
Total program expenses	<u>53,050,668</u>	<u>49,690,229</u>	<u>11,945,541</u>	<u>12,524,544</u>	<u>64,996,209</u>	<u>62,214,773</u>
Excess before transfers	2,763,881	1,882,784	(769,812)	(941,892)	1,994,069	940,892
Transfers	4,888	4,261	(4,888)	(4,261)	-	-
Increase in net assets	<u>\$ 2,768,769</u>	<u>\$ 1,887,045</u>	<u>\$ (774,700)</u>	<u>\$ (946,153)</u>	<u>\$ 1,994,069</u>	<u>\$ 940,892</u>

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal year Ended December 31, 2004*  
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**Governmental Activities**

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate is two percent on gross income and has not changed since 1979. The tax was originally instituted in 1966. Residents of the City who work in another community and pay the withholding tax for that community receive a fifty percent tax credit on their City tax up to a maximum of one-half percent. During 2004 the revenues generated from this tax amounted to \$20.5 million. This was an increase of \$1 million from 2003. The increase in this revenue stream seemed to be opposite the nationwide trend due to the general state of the economy. The City had experienced an increase in income tax revenue of \$900,000 from 2002 to 2003. In 2003 the City implemented a non-filer letter and the subpoena program to ensure compliance with the local tax laws. In 2004 these efforts resulted in increases in filings and payments. These programs continue to identify and increase our contact with non-filers and new residents. Property tax revenues in 2004 of \$13 million constituted an increase of 16 percent over the \$11.1 million of revenues in 2003. The average home price in the City in 2004 was \$163,644 which represents a continued increase. As expected, investment earnings continued to drop as the Federal Reserve maintained its momentum on rate cuts.

Public safety and transportation are the major activities of the City accounting for 34.5 percent of the governmental expenses. Currently, there are 108 full-time sworn officers in the police department operating from one police station. The City of Cleveland Heights was recently ranked number fifteen amongst the top sixty-five communities of the greater Cleveland area with regards to its safety in an annual study conducted by *Cleveland Magazine*.

The fire department consists of seventy-eight full-time fire fighters and officers of which fifty-six are fully trained paramedics. Again, training plays a crucial role in the day-to-day operation of the fire department. Techniques such as practice drills, continuing education classes, and watching training videos help keep the men updated to perform their jobs most efficiently. The department handled 5,175 calls for assistance of which approximately 4,034 were for EMS and the rest for fire and fire-related incidents. This constituted a decrease of 4.7 percent from 2003.

The City has an annual road program which entails major and minor resurfacing of the 303 roadway lanes miles in Cleveland Heights on a rotating basis year by year. The resurfacing program is subject to competitive bid. The bid award in 2004 was \$1,448,000. Of this amount \$99,042 was funded through Community Development Block Grant. The City also has a crack sealing and concrete repairs program which accounted for approximately \$137,500 in governmental expenses in 2004 for the upkeep and maintenance of the roadways within the City limits. A major project during 2003 and 2004 was the rehabilitation of Severance Ring Road. The financing for this project was provided in the following manner. One million dollars was provided specifically for the project by the former owners of the Severance Town Center, a retail shopping center. This money was paid to the City of Cleveland Heights in 2002 at the time of the sale of the shopping center. The additional \$3.5 million was received as a result of a note offering in March, 2003. The notes were converted to bonds in 2004 in the amount of \$3.2 million. These bonds will be paid over the next twenty-five years by special assessments to all property owners with frontage on Severance Ring Road.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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**Business-Type Activities**

The Business-Type activities of the City, which include the City's utilities operations, and off-street parking operations and ambulance services, decreased the City's net assets by \$774,700.

Program expense exceeded program revenue in the amount of \$804,278 for the operations for 2004. In addition there were general revenues of \$29,578 from grants, interest earnings, and transfers from governmental funds.

**The City's Funds**

*Governmental Funds*

Information about the City's major funds starts on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$52.9 million and expenditures of \$54.2 million. The net change in fund balance for the year was most significant in the General Fund showing a decrease in fund balance of \$1.3 million. Overall some areas of the revenue base continue to experience reductions such as interest earnings and state funding for local government and estate taxes. Some of these reductions could not be anticipated prior to 2003 since they were the result of new state legislation. Concerted efforts have been made in 2003 and 2004 to control spending within the new reduced streams of revenues which can now be anticipated and budgeted accordingly. However, new challenges will result from further proposed reductions of State support in 2005 and 2006.

*General Fund Budgeting Highlights*

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget for the following fiscal year is legally required to be presented to City Council by the City Manager in June of each year. Council is provided with a detailed budget by expenditure class for all departments, and, after a discussion at a regularly held Council meeting, which is open to the public, the budget is adopted at an expenditure class level by City Council. The approved budget is then submitted to the Cuyahoga County Budget Commission. Within a budgeted expenditure class the appropriations can be transferred between line items with the approval of the Assistant to the City Manager for Budget or the City Manager and the respective department head. Council must approve any revisions in the budget that alter the expenditure class totals or the total appropriations for any department or fund. The final budget for the current year must be reviewed and approved during December. The City Manager recommends necessary changes to the budget and provides information as requested by Council. During fiscal year 2004, the City amended its General Fund budget for revenues by an increase of \$132,722, for expenditures by an increase of \$1,287,859, and for other financing uses by an increase of \$288,490 at the end of the fiscal year. The Finance Director provides monthly reports to City Council depicting monthly and year-to-date activity for revenues and expenditures in a comparative format to the approved budget and certificate of estimated resources.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
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For the General Fund, budget basis revenue was \$4,040,034 below the original budget estimates of \$42.6 million. The City follows the conservative practice of estimating low in the tax, intergovernmental revenue and interest revenue areas however, several types of funding received from the State of Ohio were further reduced during 2004 with little warning during the budget planning process that occurred in 2003. Interest earned on investments continued to decline during 2004. The original appropriations of \$37.6 million was not sufficient to meet the expenditures for the year, which ended up at \$37.8 million or \$.2 million less than anticipated.

The City's ending unobligated budgetary fund balance was \$3,035,568 less than the final budgeted amount. \$113,308 was reserved for encumbrances and payables at the end of 2004. No amount had been budgeted for these obligations.

*Business-Type Funds*

The City's major Enterprise Funds consist of the Utilities Fund, the Off-Street Parking Fund, and the Ambulance Services Fund. The basic financial statements for the major funds are included in this report.

The Business-Type funds decreased the City's net total assets by \$774,700. Program expense exceeded program revenue in the amount of \$804,278. This was attributable mainly to the Utilities Fund and the water program in particular.

For the second year the water system has experienced a high number of water main breaks – fifty in 2003 and forty-eight in 2004 compared to the twenty-five year average of thirty-four breaks per year. The unaccounted water which was purchased by the City but unbilled during the year has risen slowly but continuously over the last six years.

On January 16, 2001, the City Manager acting as the Director of Public Service notified City Council of the five-year water rate increase from the City of Cleveland. In response the rates for Cleveland Heights residents were increased and set for the five-year period ending in December, 2005. The City charged \$38.91 per thousand cubic feet. During 2003 the water department reinstated the shut off of water service in order to collect delinquent accounts. This was found to be successful and the practice has been increased in 2004 in an attempt to reduce outstanding delinquent balances.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
For the Fiscal year Ended December 31, 2004  
Unaudited

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2004, the City of Cleveland Heights had \$96.2 million invested in capital assets (net of depreciation) which was an increase of \$.5 million from 2003. This investment in capital assets includes land, buildings, improvements, construction in progress, machinery, and equipment as well as infrastructure including roads, sidewalks, bridges, water lines, sanitary sewers, curbs and gutters.

Table 3 shows fiscal year 2004 balances of capital assets (net of depreciation) as compared to 2003:

Table 3  
Capital Assets at December 31  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 4,041,424	\$ 4,041,424	\$ 1,699,694	\$ 1,699,694	\$ 5,741,118	\$ 5,741,118
Construction in progress	331,897	6,220,970	143,695	234,757	475,592	6,455,727
Land improvements	473,761	483,697	185,672	186,658	659,433	670,355
Buildings and improvements	35,825,900	36,384,359	3,637,936	3,765,503	39,463,836	40,149,862
Machinery and equipment	5,309,916	5,662,574	3,022,331	3,290,986	8,332,247	8,953,560
Infrastructure:						
Streets and sidewalks	19,927,529	13,348,353	-	-	19,927,529	13,348,353
Water lines	-	-	13,597,752	13,098,321	13,597,752	13,098,321
Sanitary sewer lines	-	-	4,681,597	4,603,805	4,681,597	4,603,805
Storm sewer lines	-	-	2,481,302	1,770,352	2,481,302	1,770,352
Off-street parking lots	-	-	845,161	901,794	845,161	901,794
<b>Total capital assets</b>	<b>\$ <u>65,910,427</u></b>	<b>\$ <u>66,141,377</u></b>	<b>\$ <u>30,295,140</u></b>	<b>\$ <u>29,551,870</u></b>	<b>\$ <u>96,205,567</u></b>	<b>\$ <u>95,693,247</u></b>

Overall there was only a slight increase in capital assets from 2003. However, several construction projects that had been started in prior years were completed in 2004. The Coventry Road rehabilitation project and the Severance Ring Road projects were among the construction completed in 2004. In addition, the 2003 and 2004 street resurfacing projects were both completed in 2004. The streets projects accounted for more than \$6,500,000. The increase in street projects was offset by a corresponding decrease in construction in progress. The City will continue to carry out an aggressive policy in maintaining its assets in excellent condition. Along with the street improvement projects, the City will continue to issue short-term notes to facilitate the purchase of motorized equipment on an annual basis. Vehicles, such as fire trucks, ambulances, rubbish trucks, etc., are planned for well in advance by the respective department heads and a scheduled maintenance and replacement time table is followed to provide peak performance for the maximum time frame. Police cars are replaced on an annual basis with approximately thirteen new cruisers placed in service each year. The older vehicles are either traded in to the dealers or sold to the highest bidder at the City's annual vehicle auction.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
For the Fiscal year Ended December 31, 2004  
Unaudited

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With regards to the infrastructure, the City's public works department maintains a comprehensive listing of all the streets, bridges, culverts and water and sewer lines in the City. The public works department performs in-house maintenance and repairs as a supplement to the road projects that are bid out annually. The City maintains annual street resurfacing and surface treatment programs. As part of the City's annual road maintenance program, the capital projects manager evaluates the condition of each street after the winter and prepares a list of streets to be either resurfaced or crack-sealed, and, in the case of concrete roads, either replaced or repaired. After approval from Council, the projects are competitively bid in early spring to get the best possible pricing from contractors. This program is paid for out of the current operating funds of the City. In the case of a major resurfacing project on one of the main arteries in the City of Cleveland Heights, the City has effectively pursued external funding sources to provide as much as forty to fifty percent of the project. Grants and loan assistance programs are from sources such as Cuyahoga County, State Issue II funds, and Federal highway funds. These awards reduce the total amount that must be borrowed to provide the matching funds in some cases. Capital assets for business-type activities increased by \$743,270. The Edgehill Road, Upper Riparian Dugway project and the Severance Ring Road storm sewer projects accounted for most of the \$743,270 increase in business-type capital assets.

*Debt*

At December 31, 2004, the City of Cleveland Heights had \$30,723,198 in total outstanding debt, of which \$22,385,000 was in general obligation bonds. There is a increase of 7.3% in total outstanding debt from 2003. General obligation bonds increased 3.3% from 2003. Table 4 summarizes the debt outstanding.

Table 4  
Outstanding Debt at Year End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 22,385,000	\$ 21,680,000	\$ -	\$ -	\$ 22,385,000	\$ 21,680,000
OWPC loans	-	-	939,688	1,001,891	939,688	1,001,891
Economic development bonds	1,475,000	1,660,000	-	-	1,475,000	1,660,000
Capital leases	321,781	510,650	-	-	321,781	510,650
Compensated absences	<u>5,601,729</u>	<u>3,769,532</u>	<u>-</u>	<u>-</u>	<u>5,601,729</u>	<u>3,769,532</u>
Total	<u>\$ 29,783,510</u>	<u>\$ 27,620,182</u>	<u>\$ 939,688</u>	<u>\$ 1,001,891</u>	<u>\$ 30,723,198</u>	<u>\$ 28,622,073</u>



**City of Cleveland Heights, Ohio**  
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*Unaudited*

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At December 31, 2004, the City's overall legal debt margin was \$68,896,273 with an unvoted debt margin of \$34,789,554. The City had an outstanding balance of \$939,688 on interest-free loans obtained from the Ohio Public Works Commission in 2000 for Cedar Road waterline rehabilitation and sanitary sewer improvement and in 2001 for Taylor Road rehabilitation. These loans allowed the City to spread the payments for \$1,244,064 of improvements over twenty years with no interest costs. Other obligations include accrued vacation pay and sick leave and capital leases. The City converted approximately \$3.2 million in notes to special assessment bonds during 2004. These will be special assessment bonds for the purpose of rehabilitation of Severance Ring Road. The twenty-five year bonds will be paid by special assessments billed to and collected from all property owners on the Severance Ring Road by the Cuyahoga County Auditor. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

More detailed information and relevant disclosures of capital asset activity and changes in long-term obligations are available in the Notes to Basic Financial Statements.

**Current Related Financial Activities**

The City of Cleveland Heights has felt the effects of the same economic downturn that stalled the economy of the State of Ohio and the nation as a whole. The City is currently budgeting for 2006 using an even more conservative approach than in the past. The State of Ohio intends to continue reducing financial support to cities. The State budget currently under consideration would call for further significant reductions in Local Government Funds to cities throughout the State. Revenues are being scrutinized for opportunities to create new revenue sources or to maximize the revenue from existing sources. Expenditures are being closely monitored at the department level as well as the City Manager level. City Council reviews the budget and financial status of the City on a regular basis.

In August, 2004, the City Council approved an ordinance providing for the submission to the electorate of an amendment to the City Charter to enact a new section of Article IX, "Finances". The new section would allow an annual levy of a tax not to exceed seven-tenths (.7) of one mill. The purpose would be acquisition, construction, reconstruction, rehabilitation, renovation, improvement, equipping and maintenance of land, facilities, buildings and structures, belonging to or operated by the City and used for parks, playgrounds, play fields, rights of way, swimming pools, indoor recreation and community centers, municipal amphitheaters and cultural facilities and the included equipment. The purpose would also include debt charges on general obligation bonds and bond anticipation notes issued to pay the cost of the improvements and/or maintenance previously listed.

At the general election in November, 2004, this Charter amendment was approved by an affirmative vote of 66%. The City estimates revenues will be approximately \$600,000 in 2005. All of these funds are to be used for the purposes listed above. To date, no major projects have been identified and approved.

The City of Cleveland Heights, Ohio, has committed itself to financial excellence and has a history of doing just that. Management has been committed to provide the residents of the City of Cleveland Heights with full disclosure of the financial position of the City. To that end the City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1984, the year of our first Comprehensive Annual Financial Report.

**City of Cleveland Heights, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal year Ended December 31, 2004*  
*Unaudited*

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**Contacting the City of Cleveland Heights' Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives, spends, or invests. If you have questions about this report or need financial information, contact the Finance Director, Thomas K. Malone, at the City of Cleveland Heights, 40 Severance Circle, Cleveland Heights, Ohio 44118, telephone 216-291-3900, or e-mail [tmalone@clvhts.com](mailto:tmalone@clvhts.com).

# City of Cleveland Heights, Ohio

## Statement of Net Assets

**December 31, 2004**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in city treasury cash	\$ 12,216,070	\$ 2,942,935	\$ 15,159,005
Restricted assets: cash	-	812,743	812,743
Accounts receivable	302,790	2,872,928	3,175,718
Special assessment receivable	4,008,853	-	4,008,853
Interest receivable	50,726	10,598	61,324
Loans receivable	1,853,902	-	1,853,902
Intergovernmental receivable	58,590	-	58,590
Inventory of supplies	143,659	172,465	316,124
Taxes receivable	20,728,381	-	20,728,381
Nondepreciable capital assets	4,373,321	1,843,389	6,216,710
Depreciable capital assets, net	<u>61,537,106</u>	<u>28,451,751</u>	<u>89,988,857</u>
<b>Total assets</b>	<u><b>105,273,398</b></u>	<u><b>37,106,809</b></u>	<u><b>142,380,207</b></u>
<b>Liabilities:</b>			
Vouchers and accounts payable	814,661	846,963	1,661,624
Accrued wages and benefits	3,172,441	126,176	3,298,617
Contracts payable	139,807	-	139,807
Deferred revenue	11,086,785	-	11,086,785
Refundable deposits	6,142	812,743	818,885
Notes payable	2,638,250	860,750	3,499,000
Accrued interest payable	109,661	6,414	116,075
Claims payable	154,595	-	154,595
Long-term liabilities:			
Due within one year	4,190,597	62,203	4,252,800
Due in more than one year	<u>25,592,913</u>	<u>877,485</u>	<u>26,470,398</u>
<b>Total liabilities</b>	<u><b>47,905,852</b></u>	<u><b>3,592,734</b></u>	<u><b>51,498,586</b></u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	44,538,645	28,494,702	73,033,347
Restricted for:			
Other purposes	4,022,232	-	4,022,232
Debt service	3,204,502	-	3,204,502
Unrestricted	<u>5,602,167</u>	<u>5,019,373</u>	<u>10,632,638</u>
<b>Total net assets</b>	<u><b>\$ 57,367,546</b></u>	<u><b>\$ 33,514,075</b></u>	<u><b>\$ 90,881,621</b></u>

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Activities

**For the Year Ended December 31, 2004**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government	\$ 13,527,660	\$ 3,461,016	\$ 99,605	\$ -
Public safety	18,367,866	822,387	42,057	-
Public health	454,038	5,540	30,521	-
Culture and recreation	3,774,060	1,893,288	5,000	-
Community development	7,739,951	2,566,510	2,491,578	-
Sanitation	3,009,859	477,887	53,458	-
Transportation	4,917,119	2,240,332	-	212,217
Interest and fiscal charges	<u>1,260,115</u>	-	-	-
Total governmental activities	<u>53,050,668</u>	<u>11,466,960</u>	<u>2,722,219</u>	<u>212,217</u>
<b>Business-type activities:</b>				
Utilities	10,101,056	9,649,779	94,170	-
Off-street parking	845,685	776,248	-	-
Ambulance services	<u>998,800</u>	<u>616,941</u>	<u>4,125</u>	-
Total business-type activities	<u>11,945,541</u>	<u>11,042,968</u>	<u>98,295</u>	-
Total	\$ <u>64,996,209</u>	\$ <u>22,509,928</u>	\$ <u>2,820,514</u>	\$ <u>212,217</u>

**General revenues:**

Property taxes levied for:

General purposes

Debt service

Police and fire pension

Municipal income taxes for general purposes

Grants and entitlements not restricted to specific programs

Interest earnings

Reimbursements received

Other revenue

Loss on sale of assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of the financial statements.

Primary Government		
Governmental Activities	Business - Type Activities	Total
\$ (9,967,039)	\$ -	\$ (9,967,039)
(17,503,422)	-	(17,503,422)
(417,977)	-	(417,977)
(1,875,772)	-	(1,875,772)
(2,681,863)	-	(2,681,863)
(2,478,514)	-	(2,478,514)
(2,464,570)	-	(2,464,570)
<u>(1,260,115)</u>	<u>-</u>	<u>(1,260,115)</u>
<u>(38,649,272)</u>	<u>-</u>	<u>(38,649,272)</u>
-	(357,107)	(357,107)
-	(69,437)	(69,437)
<u>-</u>	<u>(377,734)</u>	<u>(377,734)</u>
<u>-</u>	<u>(804,278)</u>	<u>(804,278)</u>
<u>(38,649,272)</u>	<u>(804,278)</u>	<u>(39,453,550)</u>
10,954,701	-	10,954,701
389,310	-	389,310
481,968	-	481,968
21,883,632	-	21,883,632
6,473,704	-	6,473,704
196,901	33,633	230,534
952,220	2,000	954,220
147,969	1,000	148,969
(67,252)	(2,167)	(69,419)
<u>4,888</u>	<u>(4,888)</u>	<u>-</u>
<u>41,418,041</u>	<u>29,578</u>	<u>41,447,619</u>
2,768,769	(774,700)	1,994,069
<u>54,598,777</u>	<u>34,288,775</u>	<u>88,887,552</u>
\$ <u><u>57,367,546</u></u>	\$ <u><u>33,514,075</u></u>	\$ <u><u>90,881,621</u></u>

# City of Cleveland Heights, Ohio

## Balance Sheet Governmental Funds

**December 31, 2004**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in city treasury cash	\$ 2,928,476	\$ 3,230,577	\$ 4,842,385	\$ 11,001,438
Receivables (net of allowance for uncollectibles):				
Taxes	14,625,452	4,122,576	1,980,353	20,728,381
Accounts	268,095	-	34,695	302,790
Special assessments	-	-	4,008,853	4,008,853
Accrued interest	39,602	-	6,120	45,722
Loans	-	-	1,853,902	1,853,902
Intergovernmental	-	-	58,590	58,590
Interfund	-	-	45,972	45,972
Inventory of supplies	<u>143,659</u>	<u>-</u>	<u>-</u>	<u>143,659</u>
<b>Total assets</b>	<b>\$ <u>18,005,284</u></b>	<b>\$ <u>7,353,153</u></b>	<b>\$ <u>12,830,870</u></b>	<b>\$ <u>38,189,307</u></b>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Vouchers and accounts payable	\$ 610,376	\$ -	\$ 204,285	\$ 814,661
Accrued wages and benefits	1,507,795	-	632,761	2,140,556
Contracts payable	-	-	139,807	139,807
Interfund payable	19,897	26,075	144,338	190,310
Deferred revenue	11,869,199	4,122,576	5,717,675	21,709,450
Refundable deposits	-	-	6,142	6,142
Notes payable	-	-	2,638,250	2,638,250
Accrued interest payable	-	-	19,661	19,661
Claims payable	<u>154,595</u>	<u>-</u>	<u>-</u>	<u>154,595</u>
<b>Total liabilities</b>	<b><u>14,161,862</u></b>	<b><u>4,148,651</u></b>	<b><u>9,502,919</u></b>	<b><u>27,813,432</u></b>
<b>Fund balances:</b>				
Reserved for encumbrances	77,972	-	1,111,749	1,189,721
Reserved for loans receivable	-	-	1,853,902	1,853,902
Reserved for inventory of supplies	143,659	-	-	143,659
Unreserved (deficit), undesignated, reported in:				
General fund	3,621,791	-	-	3,621,791
Special revenue funds	-	-	1,767,319	1,767,319
Debt service fund	-	3,204,502	-	3,204,502
Capital projects funds	<u>-</u>	<u>-</u>	<u>(1,405,019)</u>	<u>(1,405,019)</u>
<b>Total fund balances</b>	<b><u>3,843,422</u></b>	<b><u>3,204,502</u></b>	<b><u>3,327,951</u></b>	<b><u>10,375,875</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>18,005,284</u></b>	<b>\$ <u>7,353,153</u></b>	<b>\$ <u>12,830,870</u></b>	<b>\$ <u>38,189,307</u></b>

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

**December 31, 2004**

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Total governmental funds balances \$ 10,375,875

*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. 65,910,427

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

Property and other taxes	\$ 1,216,942
Municipal income taxes	3,953,723
Special assessments	4,008,853
Intergovernmental	<u>1,443,147</u>

Total 10,622,665

An internal service fund is used by management to charge the  
costs of certain activities, such as insurance to individual funds.  
The assets and liabilities of the Internal Service Fund are  
included in the governmental activities in the Statement of Net  
Assets. 332,089

Long-term liabilities are not due and payable in the current  
period and are therefore not reported in the funds.

Interest payable	(90,000)
General obligation bonds	(22,385,000)
Economic development bonds	(1,475,000)
Capital lease payable	(321,781)
Compensated absences	<u>(5,601,729)</u>

Total (29,873,510)

*Net assets of governmental activities* \$ 57,367,546

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

**For the Year Ended December 31, 2004**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and other local taxes	\$ 5,901,130	\$ 389,310	\$ 6,085,568	\$ 12,376,008
Municipal income taxes	20,276,910	-	-	20,276,910
Intergovernmental	4,941,326	-	5,198,435	10,139,761
Charges for services	2,132,430	-	585,511	2,717,941
Fees, licenses, and permits	1,099,064	-	844	1,099,908
Interest earnings	138,756	366	40,435	179,557
Special assessments	1,225	-	1,236,352	1,237,577
Fines and forfeitures	2,266,524	-	545,638	2,812,162
Reimbursements received	1,002,220	-	-	1,002,220
Other revenues	<u>268,837</u>	<u>36,823</u>	<u>844,379</u>	<u>1,150,039</u>
Total revenues	<u>38,028,422</u>	<u>426,499</u>	<u>14,537,162</u>	<u>52,992,083</u>
Expenditures:				
Current:				
Public safety	13,509,188	-	3,493,216	17,002,404
Public health	439,495	-	1,541	441,036
Culture and recreation	2,477,167	-	975,692	3,452,859
Community development	2,460,816	-	4,844,651	7,305,467
Sanitation	2,641,071	-	158,031	2,799,102
Transportation	3,307,888	-	2,929,883	6,237,771
General government	12,609,999	137,519	219,341	12,966,859
Capital outlay	-	-	37,735	37,735
Debt service:				
Principal	-	2,495,000	185,000	2,680,000
Interest and fiscal charges	<u>-</u>	<u>1,105,819</u>	<u>159,296</u>	<u>1,265,115</u>
Total expenditures	<u>37,445,624</u>	<u>3,738,338</u>	<u>13,004,386</u>	<u>54,188,348</u>
Excess of revenues over (under) expenditures	<u>582,798</u>	<u>(3,311,839)</u>	<u>1,532,776</u>	<u>(1,196,265)</u>
Other financing sources (uses):				
Proceeds from sale of debt	-	3,200,000	-	3,200,000
Proceeds from sale of assets	96,844	-	-	96,844
Transfers - in	-	39,620	2,504,496	2,544,116
Transfers - out	<u>(2,008,044)</u>	<u>-</u>	<u>(531,184)</u>	<u>(2,539,228)</u>
Total other financing sources (uses)	<u>(1,911,200)</u>	<u>3,239,620</u>	<u>1,973,312</u>	<u>3,301,732</u>
Net change in fund balances	(1,328,402)	(72,219)	3,506,088	2,105,467
Fund balance (deficit) at beginning of year, restated	<u>5,171,824</u>	<u>3,276,721</u>	<u>(178,137)</u>	<u>8,270,408</u>
Fund balance at end of year	<u>\$ 3,843,422</u>	<u>\$ 3,204,502</u>	<u>\$ 3,327,951</u>	<u>\$ 10,375,875</u>

The accompanying notes are an integral part of the financial statements.



# City of Cleveland 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, 2004

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Net change in fund balances - total governmental funds \$ 2,105,467

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlay 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 depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 3,188,616	
Depreciation	<u>(3,255,500)</u>	
Total		(66,884)

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets. (164,066)

In the Statement of Activities, the deferred revenue and the capital assets are reported for an installment sale, whereas, in the Governmental Funds, the proceeds from the installment sale increase financial resources. Thus, the change in Net Assets differ from the change in Fund Balance by the reduction of the installment receivable. 100,000

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property and other taxes	(115,008)	
Municipal income taxes	1,606,722	
Special assessments	2,721,893	
Intergovernmental	<u>(949,326)</u>	
Total		3,264,281

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 2,868,869

Debt proceeds, reported through intergovernmental revenue, provide current financial resources to governmental funds, but has no effect on net assets. (3,200,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(1,832,197)	
Accrued interest on debt	<u>5,000</u>	
Total		(1,827,197)

An internal service fund is used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service Fund is reported with Governmental Activities. (311,701)

*Change in net assets of governmental activities* \$ 2,768,769

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – General Fund

**For The Year Ended December 31, 2004**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property taxes	\$ 5,536,000	\$ 5,773,120	\$ 5,901,130	\$ 128,010
Municipal income taxes	20,305,000	21,020,000	20,545,524	(474,476)
Other local taxes	236,000	235,000	203,808	(31,192)
State levied shared taxes	4,452,953	3,838,086	3,988,411	150,325
Intergovernmental grants and contracts	909,000	820,000	801,086	(18,914)
Charges for services	2,320,000	2,224,384	2,188,293	(36,091)
Fees, licenses, and permits	1,650,000	1,150,256	1,099,064	(51,192)
Interest earnings	400,000	200,000	228,890	28,890
Special assessments	-	-	1,225	1,225
Fines and forfeitures	2,500,000	2,412,797	2,374,077	(38,720)
Reimbursements received	870,000	914,400	1,002,220	87,820
Other revenues	<u>3,463,646</u>	<u>4,187,278</u>	<u>268,837</u>	<u>(3,918,441)</u>
Total revenues	<u>42,642,599</u>	<u>42,775,321</u>	<u>38,602,565</u>	<u>(4,172,756)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	13,810,325	14,248,906	13,781,102	467,804
Public health	474,430	453,610	445,368	8,242
Culture and recreation	2,681,505	2,574,816	2,499,577	75,239
Community development	2,400,007	2,535,995	2,482,826	53,169
Sanitation	2,544,220	2,684,258	2,626,280	57,978
Transportation	3,244,741	3,301,870	3,228,584	73,286
General government	<u>12,467,217</u>	<u>13,110,849</u>	<u>12,779,617</u>	<u>331,232</u>
Total expenditures	<u>37,622,445</u>	<u>38,910,304</u>	<u>37,843,354</u>	<u>1,066,950</u>
Excess of revenues over (under) expenditures	<u>5,020,154</u>	<u>3,865,017</u>	<u>759,211</u>	<u>(3,105,806)</u>
<b>Other financing sources (uses)</b>				
Transfers - out	(1,837,610)	(2,126,100)	(2,008,044)	118,056
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>96,844</u>	<u>96,844</u>
Total other financing sources (uses)	<u>(1,837,610)</u>	<u>(2,126,100)</u>	<u>(1,911,200)</u>	<u>214,900</u>
Net change in fund balance	3,182,544	1,738,917	(1,151,989)	(2,890,906)
Cash fund balance at beginning of year	4,180,195	4,180,195	4,180,195	-
<b>Current year charges against prior year</b>				
<b>Cash fund balance:</b>				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(144,662)</u>	<u>(144,662)</u>
Cash fund balance at end of year				
Unreserved	7,362,739	5,919,112	2,883,544	(3,035,568)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>113,308</u>	<u>113,308</u>
Total cash fund balance at end of year	<u>\$ 7,362,739</u>	<u>\$ 5,919,112</u>	<u>\$ 2,996,852</u>	<u>\$ (2,922,260)</u>

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Fund Net Assets Proprietary Funds

**For the Year Ended December 31, 2004**

	Business-Type Activities				Governmental
	Utilities	Off-Street Parking	Ambulance Services	Total	Internal Service Funds
Assets:					
Current assets:					
Equity in city treasury cash	\$ 1,849,219	\$ 712,784	\$ 380,932	\$ 2,942,935	\$ 1,214,632
Restricted assets:					
Deposits	812,743	-	-	812,743	-
Receivables (net of allowance for uncollectibles):					
Accounts	2,717,758	-	155,170	2,872,928	-
Accrued interest	7,977	2,621	-	10,598	5,004
Interfund	-	-	-	-	144,338
Inventory of supplies	<u>104,712</u>	<u>67,753</u>	<u>-</u>	<u>172,465</u>	<u>-</u>
Total current assets	<u>5,492,409</u>	<u>783,158</u>	<u>536,102</u>	<u>6,811,669</u>	<u>1,363,974</u>
Noncurrent assets:					
Nondepreciable capital assets	110,097	1,733,292	-	1,843,389	-
Depreciable capital assets, net	<u>22,724,954</u>	<u>3,969,955</u>	<u>1,756,842</u>	<u>28,451,751</u>	<u>-</u>
Total noncurrent assets	<u>22,835,051</u>	<u>5,703,247</u>	<u>1,756,842</u>	<u>30,295,140</u>	<u>-</u>
Total assets	<u>28,327,460</u>	<u>6,486,405</u>	<u>2,292,944</u>	<u>37,106,809</u>	<u>1,363,974</u>
Liabilities:					
Current liabilities:					
Vouchers and accounts payable	677,566	146,302	23,095	846,963	-
Accrued wages and benefits	120,950	5,226	-	126,176	1,031,885
Notes payable	860,750	-	-	860,750	-
Accrued interest payable	6,414	-	-	6,414	-
Due within one year	<u>62,203</u>	<u>-</u>	<u>-</u>	<u>62,203</u>	<u>-</u>
Total current liabilities	<u>1,727,883</u>	<u>151,528</u>	<u>23,095</u>	<u>1,902,506</u>	<u>1,031,885</u>
Current liabilities (payable from restricted assets):					
Restricted deposits	812,743	-	-	812,743	-
Long-term liabilities:					
Issue II loans payable	<u>877,485</u>	<u>-</u>	<u>-</u>	<u>877,485</u>	<u>-</u>
Total liabilities	<u>3,418,111</u>	<u>151,528</u>	<u>23,095</u>	<u>3,592,734</u>	<u>1,031,885</u>
Net assets:					
Invested in capital assets, net of related debt	21,034,613	5,703,247	1,756,842	28,494,702	-
Unrestricted	<u>3,874,736</u>	<u>631,630</u>	<u>513,007</u>	<u>5,019,373</u>	<u>332,089</u>
Total net assets	\$ <u>24,909,349</u>	\$ <u>6,334,877</u>	\$ <u>2,269,849</u>	\$ <u>33,514,075</u>	\$ <u>332,089</u>

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

**For the Year Ended December 31, 2004**

	Business-Type Activities			Total	Governmental
	Utilities	Off-Street Parking	Ambulance Services		Activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 9,152,761	\$ 776,248	\$ 616,941	\$ 10,545,950	\$ -
Other income	207	-	2,793	3,000	-
Total operating revenues	<u>9,152,968</u>	<u>776,248</u>	<u>619,734</u>	<u>10,548,950</u>	<u>-</u>
Operating expenses:					
Personal services	1,288,318	54,484	442,770	1,785,572	-
Fringe benefits	501,849	23,976	162	525,987	329,045
Contractual services	7,456,454	193,806	287,073	7,937,333	-
Materials and supplies	213,693	65,793	24,152	303,638	-
Utilities	-	80,397	-	80,397	-
Other expenses	11,806	249,068	30,506	291,380	-
Depreciation	<u>622,522</u>	<u>178,161</u>	<u>214,137</u>	<u>1,014,820</u>	<u>-</u>
Total operating expenses	<u>10,094,642</u>	<u>845,685</u>	<u>998,800</u>	<u>11,939,127</u>	<u>329,045</u>
Operating loss	<u>(941,674)</u>	<u>(69,437)</u>	<u>(379,066)</u>	<u>(1,390,177)</u>	<u>(329,045)</u>
Non-operating revenues (expenses):					
Interest income	25,619	8,014	-	33,633	17,344
Intergovernmental grants and contracts	94,170	-	4,125	98,295	-
Special assessments	497,018	-	-	497,018	-
Interest and fiscal charges	(6,414)	-	-	(6,414)	-
Loss on sale of assets	<u>-</u>	<u>-</u>	<u>(2,167)</u>	<u>(2,167)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>610,393</u>	<u>8,014</u>	<u>1,958</u>	<u>620,365</u>	<u>17,344</u>
Net loss before transfers	(331,281)	(61,423)	(377,108)	(769,812)	(311,701)
Operating transfers – out	<u>-</u>	<u>-</u>	<u>(4,888)</u>	<u>(4,888)</u>	<u>-</u>
Change in net assets	(331,281)	(61,423)	(381,996)	(774,700)	(311,701)
Net assets at beginning of year	<u>25,240,630</u>	<u>6,396,300</u>	<u>2,651,845</u>	<u>34,288,775</u>	<u>643,790</u>
Net assets at end of year	\$ <u>24,909,349</u>	\$ <u>6,334,877</u>	\$ <u>2,269,849</u>	\$ <u>33,514,075</u>	\$ <u>332,089</u>

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Cash Flows Proprietary Funds

**For the Year Ended December 31, 2004**

	Business-Type Activities			Total	Governmental
	Utilities	Off-Street Parking	Ambulance Services		Activities - Internal Service Funds
Operating activities:					
Cash received from customers	\$ 9,433,263	\$ 776,248	\$ 569,067	\$ 10,778,578	\$ -
Cash payments to suppliers	(7,794,569)	(310,038)	(291,778)	(8,396,385)	-
Cash payments to employees	(2,038,676)	(95,627)	(442,932)	(2,577,235)	(455,156)
Cash payments for other expenses	(11,806)	(262,265)	(30,506)	(304,577)	-
Other operating receipts	207	-	2,793	3,000	5,600
Net cash provided by (used for) operating activities:	<u>(411,581)</u>	<u>108,318</u>	<u>(193,356)</u>	<u>(496,619)</u>	<u>(449,556)</u>
Noncapital financing activities:					
Transfers-out	-	-	(4,888)	(4,888)	(144,338)
Advances to other funds	-	-	-	-	60,548
Net cash used for noncapital financing activities:	<u>-</u>	<u>-</u>	<u>(4,888)</u>	<u>(4,888)</u>	<u>(83,790)</u>
Capital and related financing activities:					
Acquisition and construction of capital assets	(1,661,751)	(22,500)	(76,005)	(1,760,256)	-
Debt proceeds	860,750	-	-	860,750	-
Principal paid on debt	(62,203)	-	-	(62,203)	-
Intergovernmental	94,170	-	4,125	98,295	-
Special assessments	497,018	-	-	497,018	-
Net cash used for capital and related financing activities	<u>(272,016)</u>	<u>(22,500)</u>	<u>(71,880)</u>	<u>(366,396)</u>	<u>-</u>
Investing activities:					
Interest received	<u>26,452</u>	<u>7,421</u>	<u>-</u>	<u>33,873</u>	<u>18,209</u>
Net increase (decrease) Cash and cash equivalents	(657,145)	93,239	(270,124)	(834,030)	(515,137)
Cash and cash equivalents at beginning of year	<u>3,319,107</u>	<u>619,545</u>	<u>651,056</u>	<u>4,589,708</u>	<u>1,729,769</u>
Cash and cash equivalents at end of year	\$ <u>2,661,962</u>	\$ <u>712,784</u>	\$ <u>380,932</u>	\$ <u>3,755,678</u>	\$ <u>1,214,632</u>

Continued

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Cash Flows Proprietary Funds (Continued)

**For the Year Ended December 31, 2004**

	Business-Type Activities			Total	Governmental
	Utilities	Off-Street Parking	Ambulance Services		Activities- Internal Service Funds
Reconciliation of operating loss to net cash from operating activities:					
Operating loss	\$ (941,674)	\$ (69,437)	\$ (379,066)	\$ (1,390,177)	\$ (329,045)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	622,522	178,161	214,137	1,014,820	-
Change in operating assets and liabilities:					
Receivables	280,502	-	(47,874)	232,628	-
Inventory	(3,215)	7,509	-	4,294	-
Refundable deposits	(31,836)	-	-	(31,836)	-
Vouchers and accounts payable	(89,371)	9,252	19,447	(60,672)	-
Accrued wages and benefits payable	(248,509)	(17,167)	-	(265,676)	(120,511)
Total adjustments	530,093	177,755	185,710	893,558	(120,511)
Net cash provided by (used for) operating activities	\$ (411,581)	\$ 108,318	\$ (193,356)	\$ (496,619)	\$ (449,556)

The accompanying notes are an integral part of the financial statements.

# City of Cleveland Heights, Ohio

## Statement of Fiduciary Net Assets Fiduciary Funds

**December 31, 2004**

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	Private Purpose <u>Trust</u>		<u>Agency</u>
	James A. Nelson <u>Trust</u>		
Assets:			
Equity in city treasury cash	\$ <u>21,157</u>	\$	<u>769,338</u>
Total assets	<u>21,157</u>	\$	<u>769,338</u>
Liabilities:			
Due to others	-	\$	130,186
Due to other governments	-		111,973
Restricted deposits	<u>-</u>		<u>527,179</u>
Total liabilities	<u>-</u>	\$	<u>769,338</u>
Net assets:			
Held in trust	\$ <u>21,157</u>		

The accompanying notes are an integral part of the financial statements.

**City of Cleveland Heights, Ohio**

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds**

**For the Year Ended December 31, 2004**

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	<u>Private Purpose Trust</u> <u>James A. Nelson Trust</u>
Additions:	
Interest	\$ 252
Deductions:	<u>(3,500)</u>
Change in net assets	(3,248)
Net assets beginning of year	<u>24,405</u>
Net assets end of year	\$ <u><u>21,157</u></u>

The accompanying notes are an integral part of the financial statements.



# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements

**December 31, 2004**

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### **Note 1: Description of the City and Reporting Entity**

The City of Cleveland Heights is a home rule municipal corporation operating under its own charter since August 9, 1921. The charter provides that the City operate under the council/manager form of government. The city manager, appointed by the seven-member elected Council, is the chief administrative officer of the City.

#### **Reporting Entity**

A reporting entity is comprised of 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 consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Cleveland Heights this includes Public Safety, Street Maintenance, Refuse Collection, Recreation Programs, Municipal Court, Public Health, Community Development, Public Improvements, Water and Sewer Services, and General Administrative Services. The City's departments include a public safety department, a public service department, a street maintenance department, a water and sewer department, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

The Cleveland Heights Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board, and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources. The City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

### **Note 2: Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its governmental and business-type activities and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### 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 activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type 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 and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or 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 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 function or business activity 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 and enterprise 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. The internal service fund is presented in a single column on the proprietary fund statements. Fiduciary funds are reported by type.

#### 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. The City's funds are classified as governmental, proprietary or fiduciary.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### B. Fund Accounting (continued)

##### *Governmental Funds*

Governmental funds are those through which most governmental functions typically 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 purposes 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 accounts for all financial resources except those required 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 Cleveland Heights and/or the general laws of Ohio.

##### *Debt Service Fund*

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

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

##### *Proprietary Funds*

##### *Enterprise Funds*

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

##### *Utilities*

To account for the monies received from water and sewer billings and the cost of furnishing water and sewer services.

##### *Off-Street Parking*

To account for the monies received from metered and permit charges for parking in municipal lots and the cost of maintaining such lots.

##### *Ambulance Services*

To account for the monies received from pre-hospital life support services.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### B. Fund Accounting (continued)

##### *Internal Service Funds*

Internal service funds account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The City's internal service fund reports on the workers' compensation claims.

##### *Fiduciary*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment 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 maintains a private purpose trust fund – James A. Nelson Trust Fund. The City's agency funds are purely custodial in nature (assets equal liabilities) and thus, do not involve measurement of results of operations. The City's primary agency funds accounts include the municipal court and construction deposits.

#### C. Measurement Focus

##### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets, except Fiduciary Funds. The Statements of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total 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 are generally included on the balance sheet. The Statements 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. Governmental 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.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Changes in Fund Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provide information about how the City finances and meets the cash flow needs of its proprietary activities.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### *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 as well as fiduciary funds are prepared using the accrual basis of accounting; proprietary 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 in the presentation of expenses versus expenditures.

#### **Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and 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. Available period for the City is sixty days after 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 period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the 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 specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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), fines and forfeitures, licenses and permits, interest, grants 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, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and 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 Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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**Note 2: Summary of Significant Accounting Policies (continued)**

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

**Expenditures/Expenses**

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. Budgetary Process**

**Tax Budget**

By July 15, the City Manager submits an annual operating budget for all funds for the following fiscal year to City Council for consideration and passage. While the City adopts a budget for all funds, the City is legally required to report on such budgets only for its governmental fund type funds. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**Estimated Resources**

The County Budget Commission certifies its actions relative to the annual budget to the City by September 1. As part of this certification, the City receives an Official Certificate of Estimated Resources which states projected revenues by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, the City must revise its budget so that the total estimated expenditures from any fund during the ensuing fiscal year will not exceed the amount as stated on the Amended Official Certificate of Resources. The revised budget then serves as the basis for the annual appropriation ordinance.

**Appropriations**

An appropriation ordinance (the appropriated budget) to control the level of expenditures must be legally enacted on or about January 1. The ordinance may be temporary in nature in that its effectiveness applies from the date on which it is enacted to the date on which a permanent appropriation ordinance must be passed. Ohio law requires the permanent appropriation ordinance to be passed no later than April 1 of the fiscal year for which it applies. Amendments to the 2004 appropriation ordinance were approved by City Council as provided by the City Charter. Amendments to the 2004 appropriation ordinance by fund type were immaterial in nature.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### *E. Budgetary Process (continued)*

##### **Appropriations (continued)**

The City maintains its legal level of budgetary control at the fund level. However, management control is exercised at the department level (Police, Fire, Law, etc.) within each function (Public Safety, Public Health, Culture and Recreation, Community Development, Sanitation, Transportation, and General Government). The City Manager is authorized to transfer budgeted amounts within each fund (between departments), so long as the total amount appropriated by Council for each individual fund is not exceeded.

##### **Lapsing of Appropriations**

Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

##### **Encumbrances**

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the Non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance for subsequent-year expenditures for the governmental funds.

#### *F. Cash and Cash Equivalents*

To improve cash management, cash received by the City is pooled. Monies for all funds, except the investment trust fund, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in city treasury cash" on the balance sheet.

Investments are reported at fair value, which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

During the year, the City invested in STAR Ohio, an investment pool managed by the State Treasurer's Office. STAR Ohio which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2004.

The cash resources of all funds are combined and invested to the extent available in the State of Ohio's Investment Pool, treasury notes, and other authorized instruments. Interest earned is first distributed on a pro rata basis to all restricted funds with the remainder being distributed to the General Fund.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### *F. Cash and Cash Equivalents (continued)*

For the purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

#### *G. Inventory*

Inventories are presented at cost using the first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies.

#### *H. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which it was consumed. At December 31, 2004, the amount of the prepaid items was not material.

#### *I. Capital Assets*

General capital assets are capital assets which are associated with and generally arise from governmental activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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 five thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines. 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 also capitalized.



# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 2: Summary of Significant Accounting Policies (continued)

#### I. 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	30 to 50 years
Improvements	10 to 50 years
Equipment and Machinery	3 to 20 years
Infrastructure	15 to 100 years

#### J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as intergovernmental receivable/payable. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the Statement of Net Assets.

#### K. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for 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. The City records a liability for accumulated unused vacation time when earned for all employees.

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 fiscal year end taking into consideration any limits specified in the City's termination policy.

#### L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***L. Accrued Liabilities and Long-Term Obligations (continued)***

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 regardless of whether they will be liquidated with current resources. 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 and long-term loans are recognized as a liability on the fund financial statements when due.

#### ***M. 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 and expenditure. Fund balances are reserved for encumbrances, loans receivable and inventory. A portion of the fund balance of the General Fund has been designated for the payment of accrued compensated absences.

#### ***N. 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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### ***O. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. For the City, these revenues are charges for water and sewer services, off-street parking, and ambulance services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

#### ***P. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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**Note 2: Summary of Significant Accounting Policies (continued)**

**P. Interfund Activity (continued)**

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Q. 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 2004.

**R. Estimates**

The preparation of the 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.

**Note 3: Restatement of Prior Year Fund Balances**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance, December 31, 2003	\$ 3,476,713	\$ 3,276,721	\$ (273,200)	\$ 6,480,234
Adjustments:	<u>1,695,111</u>	<u>-</u>	<u>95,063</u>	<u>1,790,174</u>
Fund balance, December 31, 2003, restated	\$ <u>5,171,824</u>	\$ <u>3,276,721</u>	\$ <u>(178,137)</u>	\$ <u>8,270,408</u>

It was determined that a fund should be reclassified as part of the General Fund instead of being shown as a special revenue fund. Also, a restatement was necessary for the understatement of loans receivable in the prior year. These corrections also affected the Governmental Activities beginning net assets, restating the balance from \$52,808,603 to \$54,598,777.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 4: Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund equity on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts and disbursements.

The Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance – Budget and Actual presented on the budgetary basis for the General Fund is presented on the budgetary basis to provide a relevant comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when susceptible to accrual (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to reservation of fund balance (GAAP).

The adjustments necessary to convert results of operations and fund balances at the end of the year on the GAAP basis to the budget basis are as follows:

<u>Net Change in Fund Balance</u>	
GAAP basis (as reported)	\$ <u>General</u> (1,328,402)
Increase (decrease) due to:	
Revenue accruals	574,143
Expenditure accruals	(429,084)
Encumbrances:	
Current year charges against prior years cash fund balance reserved for encumbrances	144,662
Encumbered at December 31, 2003, but recorded as the equivalent of cash expenditures for budgetary purposes	<u>(113,308)</u>
Non-GAAP budget basis	\$ <u><u>(1,151,989)</u></u>

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### **Note 5: Deposits and Investments**

The City's Charter specifies that investments of the City will adhere to State statutes. Under these statutes, the Finance Director is responsible for selecting depositories and investing funds. The City, by statute, is to limit deposits and investments of City funds to insured demand deposit accounts, certificates of deposit, United States treasury bills, or obligations of other United States governmental agencies for which the principal and interest is guaranteed by the United States government, and repurchase agreements.

Protection of City cash and investments is provided by the various federal deposit insurance corporations as well as qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110% of public funds deposited. At least quarterly the City determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Deposits – At year-end, the carrying amount of the City's deposits were \$1,676,091 and the bank balance was \$3,689,213. Of the bank balance, \$304,812 was covered by federal depository insurance and \$3,384,401 was covered by collateral held by third party trustees in collateral pools in the name of the respective depository institutions securing all public funds on deposit.

Investments – The City's ordinances authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, bonds and notes of the State of Ohio, bonds and notes of any municipal corporation, including city, county, township or other political subdivisions of Ohio, certificates of deposit and the STAR Ohio.

The City of Cleveland Heights has invested funds in the STAR Ohio during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2004. The amounts invested with STAR Ohio are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or 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 or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

### Note 5: Deposits and Investments (continued)

	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 13,382,841	\$ 13,382,841	\$ 13,382,841
Centennial Tax Exempt Fund	-	43,185*	43,185
State Treasury Asset Reserve of Ohio (STAR Ohio)	-	<u>1,660,126*</u>	<u>1,660,126</u>
Total Investments	\$ <u>13,382,841</u>	\$ <u>15,086,152</u>	\$ <u>15,086,152</u>

\* Non-Categorized

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Investments:		
GASB Statement No. 9	\$ 16,762,243	\$ -
U.S. Government Securities	(13,382,841)	13,382,841
STAR Ohio	(1,660,126)	1,660,126
Centennial Tax Exempt Fund	<u>(43,185)</u>	<u>43,185</u>
GASB Statement No. 3	\$ <u>1,676,091</u>	\$ <u>15,086,152</u>

### Note 6: Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, accounts, special assessments arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

#### A. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
State grant	\$ 22,640
Federal grant	2,298
City of University Heights	27,924
City of Shaker Heights	<u>5,728</u>
Total	\$ <u>58,590</u>

#### B. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible (used in business) personal property located in the City. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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**Note 6: Receivables (continued)**

**B. Property Taxes (continued)**

Real property is assessed at 35% of true (market) value. The County Auditor is required to reappraise all real estate once every six years. Equalization adjustments are then made in the third year following reappraisal. The true value of personal property is based on composite annual allowances and is assessed at 25%, except electric utility distribution and transmission equipment which is assessed at 88% of true value, the personal property of rural electric companies which is assessed at 50% of true value, and the personal property of railroads which is assessed at 25% of true value. Effective in tax year 1995, all interexchange telephone personal property is assessed at 25%. Local exchange telephone personal property added to the tax roles during tax year 1995 and thereafter is assessed at 25% of true value; existing personal property is assessed at 88%. All other tangible personal property used in a business is assessed at 25% of true value.

The assessed valuation upon which the 2004 property tax receipts [fourteen mills (\$.014) on each dollar of tax valuation] were based are as follows:

	<u>Assessed Value</u>
Real property (other than public utility)	\$ 840,995,810
Public utility real and personal tangible property	31,031,530
Tangible personal property (other than public utility)	<u>19,034,202</u>
Total Assessed Valuation	\$ <u>891,061,542</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, State statute permits earlier or later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City.

**C. Income Taxes**

The City levies a municipal income tax of 2% on all salaries, wages, commissions and other compensation, and the net profits earned within the City as well as incomes of residents earned outside the City. In the latter case, the City allows a credit of 50% of the tax paid to another municipality to a maximum of one-half of one percent of income earned outside the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly (if the annual estimated tax is greater than ten dollars) and file a declaration annually.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 7: Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balances <u>12/31/2003</u>	Additions	Deletions	Balances <u>12/31/2004</u>
<b>Governmental Activities</b>				
Nondepreciable capital assets:				
Land	\$ 4,041,424	\$ -	\$ -	\$ 4,041,424
Construction in progress	<u>6,220,970</u>	<u>2,360,609</u>	<u>(8,249,682)</u>	<u>331,897</u>
Total nondepreciable capital assets	<u>10,262,394</u>	<u>2,360,609</u>	<u>(8,249,682)</u>	<u>4,373,321</u>
Depreciable capital assets:				
Land improvements	540,163	27,014	-	567,177
Building and improvements	50,011,512	710,635	-	50,722,147
Machinery and equipment	15,171,704	741,875	(841,910)	15,071,669
Infrastructure:				
Streets and sidewalks	<u>17,921,474</u>	<u>7,598,165</u>	<u>(377,281)</u>	<u>25,142,358</u>
Total depreciable capital assets	<u>83,644,853</u>	<u>9,077,689</u>	<u>(1,219,191)</u>	<u>91,503,351</u>
Less accumulated depreciation:				
Land improvements	(56,466)	(36,950)	-	(93,416)
Buildings and improvements	(13,627,153)	(1,269,094)	-	(14,896,247)
Machinery and equipment	(9,509,130)	(1,055,815)	803,192	(9,761,753)
Infrastructure:				
Streets and sidewalks	<u>(4,573,121)</u>	<u>(893,641)</u>	<u>251,933</u>	<u>(5,214,829)</u>
Total accumulated depreciation	<u>(27,765,870)</u>	<u>(3,255,500)</u>	<u>1,055,125</u>	<u>(29,966,245)</u>
Depreciable capital assets, net	<u>55,878,983</u>	<u>5,822,189</u>	<u>(164,066)</u>	<u>61,537,106</u>
Total governmental activities capital assets, net	\$ <u>66,141,377</u>	\$ <u>8,182,798</u>	\$ <u>(8,413,748)</u>	\$ <u>65,910,427</u>



# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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**Note 7: Capital Assets (continued)**

	<u>Balances</u> <u>12/31/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2004</u>
<b>Business-Type Activities</b>				
Nondepreciable capital assets:				
Land	\$ 1,699,694	\$ -	\$ -	\$ 1,699,694
Construction-in-progress	<u>234,757</u>	<u>145,220</u>	<u>(236,282)</u>	<u>143,695</u>
Total nondepreciable capital assets	<u>1,934,451</u>	<u>145,220</u>	<u>(236,282)</u>	<u>1,843,389</u>
Depreciable capital assets:				
Land improvements	188,714	-	-	188,714
Buildings and improvements	5,130,087	24,636	-	5,154,723
Machinery and equipment	6,525,511	169,248	(44,231)	6,650,528
Infrastructure:				
Waterlines	14,749,998	713,736	-	15,463,734
Sanitary sewer lines	5,253,418	181,243	-	5,434,661
Storm sewer lines	1,978,317	762,455	-	2,740,772
Off-street parking lots	<u>2,101,252</u>	<u>-</u>	<u>-</u>	<u>2,101,252</u>
Total depreciable capital assets	<u>35,927,297</u>	<u>1,851,318</u>	<u>(44,231)</u>	<u>37,734,384</u>
Less accumulated depreciation:				
Land improvements	(2,056)	(986)	-	(3,042)
Buildings and improvements	(1,364,584)	(152,203)	-	(1,516,787)
Machinery and equipment	(3,234,525)	(435,736)	42,064	(3,628,197)
Infrastructure:				
Waterlines	(1,651,677)	(214,305)	-	(1,865,982)
Sanitary sewer lines	(649,613)	(103,451)	-	(753,064)
Storm sewer lines	(207,965)	(51,505)	-	(259,470)
Off-street parking lots	<u>(1,199,458)</u>	<u>(56,633)</u>	<u>-</u>	<u>(1,256,091)</u>
Total accumulated depreciation	<u>(8,309,878)</u>	<u>(1,014,819)</u>	<u>42,064</u>	<u>(9,282,633)</u>
Total depreciable capital assets, net	<u>27,617,419</u>	<u>836,499</u>	<u>(2,167)</u>	<u>28,451,751</u>
Total business-type activities capital assets, net	<u>\$ 29,551,870</u>	<u>\$ 981,719</u>	<u>\$ (238,449)</u>	<u>\$ 30,295,140</u>

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

### December 31, 2004

#### Note 7: Capital Assets (continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 417,250
Public safety	385,749
Public health	11,784
Culture and recreation	585,836
Community development	450,087
Sanitation	262,886
Transportation	<u>1,141,908</u>
Total	<u>\$ 3,255,500</u>

#### Note 8: Long-Term Obligations

Long-term obligations of the City at December 31, 2004, are as follows:

Year	Description	Interest Rate	Original Issue Amount	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<b>Governmental activities:</b>								
General obligation bonds voted issues:								
1992	Recreational facilities improvements – Refunding due 2004	3.000-5.800%	\$ 10,435,000	\$ 1,140,000	\$ -	\$ (1,140,000)	\$ -	\$ -
1997	Recreational facilities improvements due 2017	3.850-6.375%	15,000,000	<u>12,045,000</u>	<u>-</u>	<u>(595,000)</u>	<u>11,450,000</u>	<u>625,000</u>
	Total voted issues			<u>13,185,000</u>	<u>-</u>	<u>(1,735,000)</u>	<u>11,450,000</u>	<u>625,000</u>
Unvoted issues:								
1986	City Hall construction due 2009	6.250%	6,000,000	1,650,000	-	(275,000)	1,375,000	275,000
1999	Pension Fund due 2013	3.050-4.500%	2,000,000	1,455,000	-	(120,000)	1,335,000	125,000
2001	Refund off-street parking facilities due 2012	3.300-4.400%	2,385,000	1,865,000	-	(175,000)	1,690,000	185,000
2001	Recreation facilities improvements due 2017	3.300-4.900%	4,000,000	3,525,000	-	(190,000)	3,335,000	200,000
2004	Ring Road improvement	2.500-5.000%	3,200,000	<u>-</u>	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>	<u>40,000</u>
	Total unvoted issues			<u>8,495,000</u>	<u>3,200,000</u>	<u>(760,000)</u>	<u>10,935,000</u>	<u>825,000</u>
	Total general obligation bonds			<u>21,680,000</u>	<u>3,200,000</u>	<u>(2,495,000)</u>	<u>22,385,000</u>	<u>1,450,000</u>

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

### Note 8: Long-Term Obligations (continued)

Year	Description	Interest Rate	Original Issue Amount	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
	Economic development revenue bonds 2001 Zagara TIF project due 2011	2.900-4.100%	1,995,000	1,660,000	-	(185,000)	1,475,000	190,000
	Accrued compensated absences			3,769,532	3,518,005	(1,685,808)	5,601,729	2,393,794
	Capital lease commitments			510,650	-	(188,869)	321,781	156,803
	Total governmental activities long-term liabilities			\$ 27,620,182	\$ 6,718,005	\$ (4,554,677)	\$ 29,783,510	\$ 4,190,597
	<b>Business-type activities:</b>							
	OPWC Loans			\$ 1,001,891	\$ -	\$ (62,203)	\$ 939,688	\$ 62,203

In 1999, the City defeased the unfunded pension liability by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old liability.

In 2001, the City refunded Off-Street Parking Facilities bonds which were originally issued in 1992 at rates of 3.00%-6.20% and were due in 2012. The refunding bonds were issued in 2001 at rates of 3.30%-4.40% and are due in 2012. The refunding resulted in an economic gain to the City of \$106,940.

A description of all the City's advance refunded, defeased bonds with remaining outstanding amounts follows:

Description of Defeased Bonds	Interest Rate	Date Issued	Date Defeased	Redemption Or Call Date	Original Amount	Amount Retired or not Subject to Refunding	Amount Refunded	Defeased Amount Redeemed	Amount Outstanding at December 31, 2003
Unfunded Pension Liability	4.25%	11/15/1973	01/11/1999	12/31/2034	\$ 3,588,449	\$ 1,608,749	\$ 1,979,700	\$ 644,700	\$ 1,335,000
Off-Street Parking Facility	3.00-6.20%	10/01/1992	04/05/2001	12/01/2012	3,000,000	615,000	2,385,000	695,000	1,690,000
									\$ 3,025,000

As of December 31, 2004, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$67.4 million. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004, are:

Year	Governmental Activities				Business-Type Activities		Totals		
	General Obligation Bonds		Economic Development Revenue Bonds		OPWC Loan		Principal	Interest	Totals
	Principal	Interest	Principal	Interest	Principal	Interest			
2005	\$ 1,450,000	\$ 1,150,473	\$ 190,000	\$ 55,200	\$ 62,203	\$ -	\$ 1,702,203	\$ 1,205,673	\$ 2,907,876
2006	1,535,000	1,037,963	195,000	49,025	62,203	-	1,792,203	1,086,988	2,879,191
2007	1,605,000	955,825	200,000	42,395	62,203	-	1,867,203	998,220	2,865,423
2008	1,675,000	869,595	210,000	35,195	62,203	-	1,947,203	904,790	2,851,993
2009	1,735,000	790,478	680,000	55,485	62,203	-	2,477,203	845,963	3,323,166
2010-2014	7,670,000	2,792,650	-	-	311,016	-	7,981,016	2,792,650	10,773,666
2015-2019	4,835,000	974,308	-	-	311,016	-	5,146,016	974,308	6,120,324
2020-2024	650,000	392,768	-	-	6,641	-	656,641	392,768	1,049,409
2025-2029	1,230,000	227,950	-	-	-	-	1,230,000	227,950	1,457,950
Total	\$ 22,385,000	\$ 9,192,010	\$ 1,475,000	\$ 237,300	\$ 939,688	\$ -	\$ 24,799,688	\$ 9,429,310	\$ 34,228,998

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

### December 31, 2004

#### Note 9: Notes Payable

Notes payable at December 31, 2004, consist of the bond anticipatory note issues listed below. Each of the motorized equipment and real estate acquisition notes is dated August 18, 2004, and due on August 18, 2005, at an interest rate of 2.0%. A summary of all short-term debt activity for the year ended December 31, 2004, follows:

Year	Description	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004
2000	Real Estate Acquisition Note	2.00%	\$ 408,000	\$ 158,000	\$ (408,000)	\$ 158,000
2001	Motorized Equipment Note	1.20%	414,000	-	(414,000)	-
2002	Motorized Equipment Note	2.00%	650,000	185,000	(650,000)	185,000
2003	Motorized Equipment Note	2.00%	610,000	470,000	(610,000)	470,000
2003	Recreation Facilities	2.00%	257,000	147,000	(257,000)	147,000
2003	Recreation Facilities	2.00%	278,000	278,000	(278,000)	278,000
2003	Ring Road Improvement	2.00%	3,510,000	-	(3,510,000)	-
2004	Motorized Equipment Note	2.00%	-	556,000	-	556,000
2004	Euclid Heights Blvd.	2.00%	-	550,000	-	550,000
2004	Meadowbrook Blvd.	2.00%	-	1,155,000	-	1,155,000
Totals			\$ 6,127,000	\$ 3,499,000	\$ (6,127,000)	\$ 3,499,000

#### Note 10: Lease Commitments

##### A. Capital Leases

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the capital assets and the long-term debt liabilities in the governmental activities, respectively. Capitalized assets acquired under capital leases totaled \$858,687 as of December 31, 2004. The following is a schedule by years of the future minimum lease payments for capital leases together, with the present value of the net minimum lease payments as of December 31, 2004:

Year Ending December 31	Amounts
2005	\$ 163,632
2006	149,814
2007	17,973
Minimum lease payments for all capital leases	331,419
Less: amount representing interest	(9,638)
Present value of net minimum lease payments	\$ 321,781

##### B. Operating Leases

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's account groups.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

### December 31, 2004

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#### Note 10: Lease Commitments (continued)

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2004:

Year Ending December 31	<u>Amounts</u>
2005	\$ 34,382
2006	31,893
2007	<u>4,133</u>
Total minimum payments required	\$ <u>70,408</u>

#### Note 11: Compensated Absences

Each bargaining unit and the management staff earn vacation at different rates and based upon length of service. No more than the amount of vacation accrued in the previous twelve-month period can be carried forward into the next calendar year without written consent of the City Manager. Without this approval, any excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement an employee (or his estate), who has worked six months or more, is paid for the unused vacation up to a maximum of the two-year accrual or greater amount as approved by the City Manager.

All full-time employees earn sick leave at the rate of 4.6 hours for each 80 hours worked. It is the policy of the City that an employee with at least two but less than five consecutive years of service who terminates employment or whose employment is terminated with the City (for other than disciplinary reasons) is entitled to receive payment for accumulated sick leave according to various formulae to a maximum of between 347 to 565 hours. An employee with five or more consecutive years of service is entitled to payment to a maximum of 750 hours for accumulated sick leave. Compensated absences are charged to the various funds of the City in accordance to where an employee's salary is charged.

#### Note 12: Pension Plans

##### A. *Ohio Public Employees Retirement System*

The City of Cleveland Heights 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% 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.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### **Note 12: Pension Plans (continued)**

#### **A. Ohio Public Employees Retirement System (continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of 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 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The City contributed 13.55 percent of covered payroll, of which 4.0 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City of Cleveland Heights' required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$2,300,536, \$2,370,236, and \$2,244,470, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years. Contributions to the member-directed plan for 2004 were \$2,156 made by the City of Cleveland Heights and \$3,437 made by the plan members.

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

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City of Cleveland Heights' contributions for the years ended December 31, 2004, 2003, and 2002 for police officers and firefighters were \$2,059,426, \$2,059,095, and \$1,904,017, respectively, equal to the required contributions for each year.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### **Note 13: Postemployment Benefits**

#### **A. Ohio Public Employees Retirement System**

OPERS administers three separate pension plans: the traditional plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan – a defined contribution plan; and the combined plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the traditional and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. The 2004 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent 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's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.0 percent. An annual increase of 4.0 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increase, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next eight years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market value. 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.

At December 31, 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for 2004, which were used to fund postemployment benefits, were \$679,125. The actual contribution and the actuarially-required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially-accrued liability and the unfunded actuarially-accrued liability were \$26.9 billion and \$16.4 billion, respectively.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### **Note 13: Postemployment Benefits (continued)**

#### **A. *Ohio Public Employees Retirement System (continued)***

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The HCPP incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retirement Medical Account that can be used to fund future health care expenses.

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

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

The health care coverage provided by the retirement system is considered an OPEB as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The Ohio Revised Code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The total police officers' 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 2004. 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.

The number of participants eligible to receive health care benefits as of December 31, 2003, the date of the last actuarial valuation available, was 13,662 for police officers and 10,474 for firefighters. The City's actual contributions for 2004 that were used to fund post employment benefits were \$324,086 for police officers and \$401,703 for firefighters. OP&F's total health care expenses for the year ending December 31, 2003, the date of the last actuarial valuation available, was \$150,853,148, which was net of member contributions of \$17,207,506.



# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 14: Risk Management

The City is exposed to various risks of loss related to property and casualty, general liability, workers' compensation and employee health and dental benefits.

The City has contracted with a commercial insurance company to provide property and liability insurance with the following claim limits and deductibles:

<u>Coverage</u>	Self-Insured Retention (per Occurrence)	<u>Liability Limits</u>	
		Per Occurrence	Annual Aggregate
General liability	\$ 100,000	\$ 11,000,000	\$ 12,000,000
Property	50,000	(1)	Unlimited
Auto	100,000	11,000,000	Unlimited
Law enforcement professional	100,000	11,000,000	11,000,000
Public official	100,000	11,000,000	11,000,000

(1) Estimated actual value

The City accounts for its property and liability insurance premiums as well as its deductibles in the General Fund. The claims liability of \$154,595 reported in the General Fund at December 31, 2004, is based on the requirements that a liability for claims be reported if a liability has been incurred at the date of the financial statements and the amount of the loss is due and payable.

There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

The City maintains two hospitalization plans for its full-time employees and their dependents. Some City employees choose to belong to an HMO, whereby the City makes a premium payment to the HMO and all risk is effectively transferred. Most City employees are enrolled in the City's self-funded program which is reinsured through a commercial insurance company. The City carries a \$85,000 specific stop/loss policy for catastrophic coverage, plus an aggregate policy set at 125% of expected claims. All full-time City employees receive dental benefits through the City's self-funded employee benefits program. Employee health and dental benefits are charged to the various funds of the City in accordance to where an employee's salary is charged. Based on historical estimates, a total of \$256,239 has been accrued at year end in the various funds of the City as a component of accrued wages and benefits.

The City is required to purchase workers' compensation insurance through the State of Ohio. The City applied for and was accepted into the State's Retrospective Rating Plan, whereby the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the City's injured workers' claims are incurred, the City must reimburse the State fund for those costs, subject to the plan's individual claim cost limitation and the City's premium limitation.

The City has established a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to account for and pay workers' compensation claims from accumulated assets of the fund. The City's retrospective rating plan provides for a \$300,000 catastrophic limit per claim and an unlimited claim limit.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

### December 31, 2004

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#### Note 14: Risk Management (continued)

At December 31, 2004, \$1,031,885 has been accrued for workers' compensation claims representing estimates of amounts to be paid for reported claims and incurred but not reported claims based upon the current available information.

The schedule below presents the changes in claims liabilities for the past two fiscal years.

	Property and Casualty		Employee Benefits		Workers' Compensation	
	2004	2003	2004	2003	2004	2003
Beginning of fiscal year liability	\$ 150,370	\$ 82,388	\$ 392,031	\$ 322,880	\$ 1,152,396	\$ 1,465,672
Current year claims and changes in estimates	(100,465)	349,344	3,793,743	3,795,546	337,928	(9,579)
Claim payments	<u>104,690</u>	<u>(281,362)</u>	<u>(3,929,535)</u>	<u>(3,726,395)</u>	<u>(458,439)</u>	<u>(303,697)</u>
Balance at fiscal year end	\$ <u>154,595</u>	\$ <u>150,370</u>	\$ <u>256,239</u>	\$ <u>392,031</u>	\$ <u>1,031,885</u>	\$ <u>1,152,396</u>

#### Note 15: Construction Commitments

At December 31, 2004, uncompleted construction contracts were as follows:

<u>Description</u>	<u>Remaining Construction Committed</u>
Community center	\$ 4,134
Street improvements	374,170
Street resurfacing	114,147
Sewer/waterline improvements/infrastructure	442,940
Building improvements	36,500
Parking lot improvements	<u>7,000</u>
Total	\$ <u>978,891</u>

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### Note 16: Interfund Activity

A. Individual fund interfund receivable and payable balances at December 31, 2004, are as follows:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Total</u>
	<u>Nonmajor Governmental Funds</u>	<u>Governmental Activities Internal Service Funds</u>	
General fund	\$ 19,897	\$ -	\$ 19,897
Debt service fund	26,075	-	26,075
Nonmajor governmental funds	-	144,338	144,338
Total	<u>\$ 45,972</u>	<u>\$ 144,338</u>	<u>\$ 190,310</u>

B. Interfund transfers for the year ending December 31, 2004, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>			<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Ambulance Services</u>	
Nonmajor governmental funds	\$ 2,008,044	\$ 491,564	\$ 4,888	\$ 2,504,496
Debt service fund	-	39,620	-	39,620
Total	<u>\$ 2,008,044</u>	<u>\$ 531,184</u>	<u>\$ 4,888</u>	<u>\$ 2,544,116</u>

### Note 17: Claims and Judgments

The City is currently a defendant in several lawsuits. It is the opinion of legal counsel that none of this litigation will have a material adverse affect on the financial condition of the City.

In addition, there are several unasserted claims, the results of which, if asserted, would not have a material effect on the financial statements at December 31, 2004.

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the Grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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### **Note 18: Accountability and Compliance**

#### A. Accountability

The following funds had a deficit balance at December 31, 2004:

Special Revenue Funds:	
Communications System Operating	\$ 3,283
C.D.B.G. Resource	102,010
Cain Park	2,622
Street Lighting	2,201
Police Pension	222,461
Fire Pension	315,302
Capital Projects Funds:	
Capital Improvements	1,351,107
Economic Development	738

The deficit fund balances in the CDBG Resource, Communications System Operating, Cain Park, Street Lighting, Police Pension and Fire Pension Special Revenue Funds and in the Economic Development Capital Projects Fund are a result of the application of generally accepted accounting principles, namely the accruing of wages and accounts payable at year end. These deficits will be eliminated with intergovernmental revenues in the next accounting period.

The primary revenue source of the Street Lighting Fund is the ongoing collection of a service type special assessment fee which is collected by the County Auditor and remitted to the City semi-annually in June and December of each year. The special assessment fee receivable for street lighting due the City at year end is measurable; however, it does not meet our available criteria, and, therefore, has been offset as deferred revenue at year end. This treatment of the year-end receivable, as well as the recognition of expenditures on the modified accrual basis of accounting, caused the fund deficit.

# City of Cleveland Heights, Ohio

## Notes To Basic Financial Statements (Continued)

**December 31, 2004**

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**Note 18:      Accountability and Compliance (continued)**

The deficit in the Capital Improvements Fund arises from the issuance of short-term bond anticipation notes which are used to finance capital expenses until bonds are issued. Once bonds are issued and the liability is reported in the Statement of Net Assets rather than in the individual fund financial statements, the deficits will be eliminated.

**B. Compliance**

The following funds had original appropriations in excess of original estimated resources plus available balances for 2004, contrary to Ohio Revised Code, Section 5705.39:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
First Suburbs Consortium	\$           -	\$    150,000	\$    150,000
Law Enforcement Trust	8,983	10,000	1,017
CDBG Resource	2,200,000	2,500,000	300,000
CDBG Program Income	450,000	500,000	50,000
Local T.V. Programming	407,608	450,000	42,392
ODNR Recycling Grants	19,800	50,000	30,200
Lead Safe Cuyahoga	-	90,000	90,000
Police Pension	841,337	846,500	5,163
Fire Pension	1,104,337	1,215,500	111,163

**Note 19:      Solid Waste**

In accordance with a notice letter received from the Ohio Environmental Protection Agency, the City of Cleveland Heights executed the final closure financial assurance instrument for the solid waste transfer station by the required September 30, 2003, deadline. The financial test assured that the City could support any amount up to \$200,000 in post-closure costs and that the City met all of the requirements set forth by Ohio Administrative Code Rule 3745-27-17. This location is used for the transfer of solid waste from the City's refuse trucks to a larger loader which is used to transport the waste to a commercial landfill located outside of the City. This transfer station has operated at this location for over fifty years and the City has no plans to close or move this transfer station. For this reason the City does not currently accrue a liability. This treatment is in accordance with generally accepted accounting principles.

# City of Cleveland Heights, Ohio

## Combining Statements and Individual Fund Schedules – Nonmajor Governmental Funds

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### NON-MAJOR SPECIAL REVENUE FUNDS

*STREET CONSTRUCTION, MAINTENANCE AND REPAIR* – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for repair and maintenance of streets within the City.

*FOUNDATION GRANTS* – To account for grants received from various non-profit organizations used for community development and public health purposes.

*FIRST SUBURBS CONSORTIUM* – To account for staffing and other expenses of the Consortium office which is located in Cleveland Heights City Hall. The costs are shared by the twelve communities which make up and support the Consortium and its economic and community development initiatives.

*COMMUNICATION SYSTEM OPERATING* – To account for the operations of the fire department dispatch office serving Cleveland Heights and a neighboring community.

*PUBLIC BUILDING MAINTENANCE* – To account for funds received from lease of City property for placement of communication towers. These funds are to be used for only building maintenance.

*LAW ENFORCEMENT TRUST* – To account for monies received from certain civil penalties permitted by state law and collected by the City and costs of complex investigations and prosecutions and other law enforcement purposes as determined by Council.

*DRUG LAW ENFORCEMENT TRUST* – To account for monies received from confiscated property to be used solely for drug law enforcement purposes.

*COMMUNITY DEVELOPMENT BLOCK GRANT (C.D.B.G.) RESOURCE* – To account for monies received from the federal government under Community Development Block Grant programs for a wide variety of projects such as commercial area rehabilitation, residential rehabilitation, and fair housing activities. The C.D.B.G. Resource Fund accounts for the grant of the current year and unspent grants from prior years.

*C.D.B.G. PROGRAM INCOME* – To account for monies generated by C.D.B.G. programs, such as repayment of rehabilitation loans, resale of rehabilitated homes, and other housing programs where the City receives revenue.

*HOME PROGRAM* – To account for the City's portion of the funds available through the Cuyahoga Housing Consortium which includes Cuyahoga County, and the cities of Euclid, Lakewood, Parma and East Cleveland pursuant to the Home Investment Partnership Program.

*FEMA GRANT* – To account for fire and safety grants received from FEMA in a separate fund as required by FEMA.

*LOCAL TELEVISION (T.V.) PROGRAMMING* – To account for monies received pursuant to the franchise agreement with the local cable T.V. network and used for programming of local events.

*CAIN PARK* – To account for the operation and maintenance of the Cain Park Summer Theater.

## City of Cleveland Heights, Ohio

### Combining Statements and Individual Fund Schedules – Nonmajor Governmental Funds (Continued)

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#### **SPECIAL REVENUE FUNDS (Continued)**

*OHIO DEPARTMENT OF NATURAL RESOURCES (ODNR) RECYCLING GRANTS* – To account for monies received from the Ohio Department of Natural Resources (ODNR) for recycling programs.

*INDIGENT (DUI) DRIVER'S ALCOHOL TREATMENT* – To account for the City's portion of fines collected by the State of Ohio to pay for the cost of an alcohol and other drug addiction treatment program for those unable to pay for such attendance.

*MUNICIPAL COURT CLERK COMPUTERIZATION* – To account for costs charged in all civil and/or criminal traffic convictions to be used by the court for computer-related expenditures.

*DUI ENFORCEMENT AND EDUCATION* – To account for the City's portion of fines collected on all DUI-related offense convictions collected by the court and controlled by the police agency at their discretion for DUI-related law enforcement and education.

*MUNICIPAL COURT SPECIAL PROJECTS* – To account for costs charged in all civil and/or criminal traffic convictions to be used by the court for identified projects.

*LEAD SAFE CUYAHOGA* – To account for receipts and disbursements from grants received from Cuyahoga County for costs related to testing paint for lead content and remediation of the identified areas.

*STREET LIGHTING* – To account for monies received from the levy of special assessments for the purpose of paying the cost of street lighting.

*TREE* – To account for monies received from the levy of special assessments for the purpose of paying the cost of maintaining trees on the public right-of-way.

*POLICE PENSION TRUST* – To account for property taxes levied for the partial payment of the current and accrued liability for police disability and pension due the State pension agency.

*FIRE PENSION TRUST* – To account for property taxes levied for the partial payment of the current and accrued liability for fire disability and pension due the State pension agency.

*SECTION 108 LOAN GUARANTEE* – To account for receipts and disbursements made as an agency for the HUD Section 108 loan program financed by the issuance of U.S. Government Guaranteed Notes.

*OFFICE ON AGING DONATION* – To account for the Martin bequest and other donations and their related expenditures.

*ANIMAL ADOPTION* – To account for donations made to facilitate the adoption of animals by needy individuals.

*YOUTH RECREATION DONATION* – To account for donations made to benefit youth recreation.

## City of Cleveland Heights, Ohio

### Combining Statements and Individual Fund Schedules – Nonmajor Governmental Funds (Continued)

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#### **CAPITAL PROJECTS FUNDS**

*POLICE FACILITY IMPROVEMENT FUND* - To account for administrative fees collected by police department and designated for the maintenance, repair, rehabilitation and improvement of the City's police department buildings and facilities outside of City Hall.

*RECREATION FACILITY IMPROVEMENT FUND* - To account for property taxes levied for the improvement and maintenance of the City's parks, recreation and cultural facilities.

*CAPITAL IMPROVEMENTS* – To account for the annual purchase of capital equipment and certain capital improvements financed by unvoted general obligation bond anticipation notes and General Fund operating transfers.

*ECONOMIC DEVELOPMENT* – To account for transactions relative to the economic development of the City.

*CITY HALL MAINTENANCE AND REPAIR* – To account for the costs of major maintenance and repair of City Hall.

*RECREATION IMPROVEMENTS* – To account for transactions relative to the voted 1.8735-mill Recreation Bond Issue for the purpose of acquiring, constructing, renovating, furnishing and equipping park, cultural and recreational facilities and acquiring any necessary real estate.

*ZAGARA TIF* – To account for transactions relative to the sale of special revenue bonds and disbursement of these bonds for the purpose of fulfilling a Tax Increment Financing (TIF) agreement to promote economic development in the City as allowed by the laws of the State of Ohio.

*RING ROAD CONSTRUCTION* – To account for receipts and disbursements related to reconstruction of Severance Ring Road.



# City of Cleveland Heights, Ohio

## Combining Balance Sheet Nonmajor Governmental Funds

**December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in city treasury cash	\$ 2,542,204	\$ 2,300,181	\$ 4,842,385
Receivables (net of allowance for uncollectibles):			
Taxes	1,325,787	654,566	1,980,353
Accounts receivable	34,695	-	34,695
Special assessments	4,008,853	-	4,008,853
Accrued interest	1,429	4,691	6,120
Loans	1,853,902	-	1,853,902
Intergovernmental	58,590	-	58,590
Interfund	<u>19,897</u>	<u>26,075</u>	<u>45,972</u>
Total assets	\$ <u>9,845,357</u>	\$ <u>2,985,513</u>	\$ <u>12,830,870</u>
<b>Liabilities and fund balances:</b>			
<b>Liabilities:</b>			
Vouchers and accounts payable	\$ 198,547	\$ 5,738	\$ 204,285
Accrued wages and benefits	632,761	-	632,761
Contracts payable	66,052	73,755	139,807
Interfund payable	144,338	-	144,338
Deferred revenue	5,063,109	654,566	5,717,675
Refundable deposits	6,142	-	6,142
Bond anticipation notes payable	-	2,638,250	2,638,250
Accrued interest payable	<u>-</u>	<u>19,661</u>	<u>19,661</u>
Total liabilities	<u>6,110,949</u>	<u>3,391,970</u>	<u>9,502,919</u>
<b>Fund balances:</b>			
Reserved for encumbrances	113,187	998,562	1,111,749
Reserved for loans receivable	1,853,902	-	1,853,902
Unreserved (deficit), undesignated	<u>1,767,319</u>	<u>(1,405,019)</u>	<u>362,300</u>
Total fund balances (deficit)	<u>3,734,408</u>	<u>(406,457)</u>	<u>3,327,951</u>
Total liabilities and fund balances	\$ <u>9,845,357</u>	\$ <u>2,985,513</u>	\$ <u>12,830,870</u>

# City of Cleveland Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

**December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and other local taxes	\$ 916,989	\$ 5,168,579	\$ 6,085,568
Intergovernmental	4,643,058	555,377	5,198,435
Charges for services	564,431	21,080	585,511
Fees, licenses, and permits	844	-	844
Interest earnings	13,799	26,636	40,435
Special assessments	1,236,352	-	1,236,352
Fines and forfeitures	545,638	-	545,638
Other revenues	<u>818,404</u>	<u>25,975</u>	<u>844,379</u>
Total revenues	<u>8,739,515</u>	<u>5,797,647</u>	<u>14,537,162</u>
Expenditures:			
Current:			
Public safety	3,474,474	18,742	3,493,216
Public health	1,541	-	1,541
Culture and recreation	826,330	149,362	975,692
Community development	4,257,605	587,046	4,844,651
Sanitation	-	158,031	158,031
Transportation	2,166,566	763,317	2,929,883
General government	219,291	50	219,341
Capital outlay	-	37,735	37,735
Debt service:			
Bond principal retirement	-	185,000	185,000
Interest and fiscal charges	<u>-</u>	<u>159,296</u>	<u>159,296</u>
Total expenditures	<u>10,945,807</u>	<u>2,058,579</u>	<u>13,004,386</u>
Excess of revenues over (under) expenditures	<u>(2,206,292)</u>	<u>3,739,068</u>	<u>1,532,776</u>
Other financing sources (uses):			
Transfers - in	2,316,511	187,985	2,504,496
Transfers - out	<u>(491,564)</u>	<u>(39,620)</u>	<u>(531,184)</u>
Total other financing sources (uses)	<u>1,824,947</u>	<u>148,365</u>	<u>1,973,312</u>
Net change in fund balances	(381,345)	3,887,433	3,506,088
Fund balances (deficit) beginning of year, restated	<u>4,115,753</u>	<u>(4,293,890)</u>	<u>(178,137)</u>
Fund balances (deficit) end of year	\$ <u>3,734,408</u>	\$ <u>(406,457)</u>	\$ <u>3,327,951</u>

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**City of Cleveland Heights, Ohio**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

**December 31, 2004**

	<u>Street Construction Maintenance, and Repair</u>	<u>Foundation Grants</u>	<u>First Suburbs Consortium</u>	<u>Communi- cations System Operating</u>
<b>Assets:</b>				
Equity in city treasury cash	\$ 95,160	\$ 1,464	\$ 168,895	\$ -
Receivables (net of allowance for uncollectibles):				
Taxes	720,312	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Intergovernmental	-	-	-	33,652
Interfund	-	-	-	19,897
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 815,472</u>	<u>\$ 1,464</u>	<u>\$ 168,895</u>	<u>\$ 53,549</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Vouchers and accounts payable	\$ 29,274	\$ -	\$ 3	\$ 12,291
Accrued wages and benefits	-	-	6,773	24,323
Contracts payable	66,052	-	-	-
Interfund payable	107,260	-	-	-
Deferred revenue	468,936	-	-	20,218
Refundable deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>671,522</u>	<u>-</u>	<u>6,776</u>	<u>56,832</u>
<b>Fund balances:</b>				
Reserved for encumbrances	-	-	-	-
Reserved for loans receivable	-	-	-	-
Unreserved (deficit), undesignated	<u>143,950</u>	<u>1,464</u>	<u>162,119</u>	<u>(3,283)</u>
Total fund balances (deficit)	<u>143,950</u>	<u>1,464</u>	<u>162,119</u>	<u>(3,283)</u>
Total liabilities and fund balances	<u>\$ 815,472</u>	<u>\$ 1,464</u>	<u>\$ 168,895</u>	<u>\$ 53,549</u>

<u>Public Building Maintenance</u>	<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement Trust</u>	<u>C.D.B.G Resource</u>	<u>C.D.B.G. Program Income</u>	<u>HOME Program</u>	<u>FEMA Grant</u>
\$ 26,413	\$ 6,378	\$ 310,343	\$ 682	\$ -	\$ -	\$ 1
-	-	-	-	-	-	-
-	50	-	-	-	-	-
-	-	-	-	-	-	-
-	24	1,130	-	-	-	-
-	-	-	-	1,806,754	47,148	-
-	-	-	-	-	2,298	-
-	-	-	-	-	-	-
<u>\$ 26,413</u>	<u>\$ 6,452</u>	<u>\$ 311,473</u>	<u>\$ 682</u>	<u>\$ 1,806,754</u>	<u>\$ 49,446</u>	<u>\$ 1</u>
\$ 2,250	\$ -	\$ 2,742	\$ 75,858	\$ -	\$ -	\$ -
-	-	360	26,834	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,298	-
-	-	-	-	-	2,298	-
-	-	-	-	-	-	-
<u>2,250</u>	<u>-</u>	<u>3,102</u>	<u>102,692</u>	<u>-</u>	<u>4,596</u>	<u>-</u>
-	-	360	-	-	-	-
-	-	-	-	1,806,754	47,148	-
<u>24,163</u>	<u>6,452</u>	<u>308,011</u>	<u>(102,010)</u>	<u>-</u>	<u>(2,298)</u>	<u>1</u>
<u>24,163</u>	<u>6,452</u>	<u>308,371</u>	<u>(102,010)</u>	<u>1,806,754</u>	<u>44,850</u>	<u>1</u>
<u>\$ 26,413</u>	<u>\$ 6,452</u>	<u>\$ 311,473</u>	<u>\$ 682</u>	<u>\$ 1,806,754</u>	<u>\$ 49,446</u>	<u>\$ 1</u>

(Continued)

# City of Cleveland Heights, Ohio

## Combining Balance Sheet (Continued) Nonmajor Special Revenue Funds

**December 31, 2004**

	<u>Local T.V. Programming</u>	<u>Cain Park</u>	<u>ODNR Recycling Grants</u>	<u>Indigent Driver's Alcohol Treatment</u>
<b>Assets:</b>				
Equity in city treasury cash	\$ 3,168	\$ 1,720	\$ 2,500	\$ 40,681
Receivables (net of allowance for uncollectibles):				
Taxes	42,670	-	-	-
Accounts receivable	-	-	-	75
Special assessments	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Intergovernmental	-	-	22,640	-
Interfund	-	-	-	-
Total assets	<u>\$ 45,838</u>	<u>\$ 1,720</u>	<u>\$ 25,140</u>	<u>\$ 40,756</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Vouchers and accounts payable	\$ 14,197	\$ 2,282	\$ 2,768	\$ -
Accrued wages and benefits	3,509	2,060	-	-
Contracts payable	-	-	-	-
Interfund payable	-	-	4,780	-
Deferred revenue	-	-	-	-
Refundable deposits	-	-	-	-
Total liabilities	<u>17,706</u>	<u>4,342</u>	<u>7,548</u>	<u>-</u>
<b>Fund balances:</b>				
Reserved for encumbrances	1,580	1,720	-	-
Reserved for loans receivable	-	-	-	-
Unreserved (deficit), undesignated	<u>26,552</u>	<u>(4,342)</u>	<u>17,592</u>	<u>40,756</u>
Total fund balances (deficit)	<u>28,132</u>	<u>(2,622)</u>	<u>17,592</u>	<u>40,756</u>
Total liabilities and fund balances	<u>\$ 45,838</u>	<u>\$ 1,720</u>	<u>\$ 25,140</u>	<u>\$ 40,756</u>

<u>Municipal Court Clerk Computerization</u>	<u>DUI Enforcement and Education</u>	<u>Municipal Courts Special Projects</u>	<u>Lead Safe Cuyahoga</u>	<u>Street Lighting</u>	<u>Tree</u>	<u>Police Pension Trust</u>
\$ 966,330	\$ 37,411	\$ 618,148	\$ -	\$ 52,899	\$ 43,820	\$ -
-	-	-	-	-	-	281,402
13,095	214	21,261	-	-	-	-
-	-	-	-	2,149,067	1,859,786	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>979,425</u>	<u>37,625</u>	<u>639,409</u>	<u>-</u>	<u>2,201,966</u>	<u>1,903,606</u>	<u>281,402</u>
\$ 1,532	\$ -	\$ 1	\$ -	\$ 55,101	\$ 248	\$ -
257	-	1,879	-	-	29,003	222,461
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,149,066	1,859,786	281,402
-	-	-	-	-	-	-
<u>1,789</u>	<u>-</u>	<u>1,880</u>	<u>-</u>	<u>2,204,167</u>	<u>1,889,037</u>	<u>503,863</u>
243	-	-	-	-	25,641	-
-	-	-	-	-	-	-
<u>977,393</u>	<u>37,625</u>	<u>637,529</u>	<u>-</u>	<u>(2,201)</u>	<u>(11,072)</u>	<u>(222,461)</u>
<u>977,636</u>	<u>37,625</u>	<u>637,529</u>	<u>-</u>	<u>(2,201)</u>	<u>14,569</u>	<u>(222,461)</u>
<u>979,425</u>	<u>37,625</u>	<u>639,409</u>	<u>-</u>	<u>2,201,966</u>	<u>1,903,606</u>	<u>281,402</u>

(Continued)

# City of Cleveland Heights, Ohio

## Combining Balance Sheet (Continued) Nonmajor Special Revenue Funds

**December 31, 2004**

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	Fire Pension Trust	Section 108	Office on Aging Donation
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Equity in city treasury cash	\$ -	\$ 83,643	\$ 74,798
Receivables (net of allowance for uncollectibles):			
Taxes	281,403	-	-
Accounts receivable	-	-	-
Special assessments	-	-	-
Accrued interest	-	-	275
Loans	-	-	-
Intergovernmental	-	-	-
Interfund	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>281,403</u>	\$ <u>83,643</u>	\$ <u>75,073</u>
Liabilities and fund balances:			
Liabilities:			
Vouchers and accounts payable	\$ -	\$ -	\$ -
Accrued wages and benefits	315,302	-	-
Contracts payable	-	-	-
Interfund payable	-	30,000	-
Deferred revenue	281,403	-	-
Refundable deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>596,705</u>	<u>30,000</u>	<u>-</u>
Fund balances:			
Reserved for encumbrances	-	83,643	-
Reserved for loans receivable	-	-	-
Unreserved (deficit), undesignated	<u>(315,302)</u>	<u>(30,000)</u>	<u>75,073</u>
Total fund balances (deficit)	<u>(315,302)</u>	<u>53,643</u>	<u>75,073</u>
Total liabilities and fund balances	\$ <u>281,403</u>	\$ <u>83,643</u>	\$ <u>75,073</u>



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<u>Animal Adoption</u>	<u>Youth Recreation Donation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 292	\$ 7,458	\$ 2,542,204
-	-	1,325,787
-	-	34,695
-	-	4,008,853
-	-	1,429
-	-	1,853,902
-	-	58,590
-	-	19,897
\$ <u>292</u>	\$ <u>7,458</u>	\$ <u>9,845,357</u>

\$ -	\$ -	\$ 198,547
-	-	632,761
-	-	66,052
-	-	144,338
-	-	5,063,109
-	6,142	6,142
-	6,142	6,110,949

-	-	113,187
-	-	1,853,902
292	1,316	1,767,319
292	1,316	3,734,408
\$ <u>292</u>	\$ <u>7,458</u>	\$ <u>9,845,357</u>

# City of Cleveland Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds

**For Year Ended December 31, 2004**

	Street Construction Maintenance, and Repair	Foundation Grants	First Suburbs Consortium	Communi- cations System Operating
<b>Revenues:</b>				
Property and other local taxes	\$ 178,728	\$ -	\$ -	\$ -
Intergovernmental	1,550,622	-	-	213,428
Charges for services	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Interest earnings	8,383	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Other revenues	<u>600</u>	<u>-</u>	<u>324,433</u>	<u>-</u>
Total revenues	<u>1,738,333</u>	<u>-</u>	<u>324,433</u>	<u>213,428</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	461,178
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	131,701	-
Transportation	2,107,523	-	-	-
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,107,523</u>	<u>-</u>	<u>131,701</u>	<u>461,178</u>
Excess of revenues over (under) expenditures	<u>(369,190)</u>	<u>-</u>	<u>192,732</u>	<u>(247,750)</u>
<b>Other financing sources (uses):</b>				
Transfers - in	-	-	23,000	260,997
Transfers - out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>260,997</u>
Net change in fund balances	(369,190)	-	215,732	13,247
Fund balance (deficit) at beginning of year, restated	<u>513,140</u>	<u>1,464</u>	<u>(53,613)</u>	<u>(16,530)</u>
Fund balance (deficit) at end of year	\$ <u><u>143,950</u></u>	\$ <u><u>1,464</u></u>	\$ <u><u>162,119</u></u>	\$ <u><u>(3,283)</u></u>

Public Building Maintenance	Law Enforcement Trust	Drug Law Enforcement Trust	C.D.B.G Resource	C.D.B.G. Program Income	HOME Program	FEMA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,310	-	2,491,950	-	68,062	42,057
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	164	4,322	-	-	-	-
-	-	-	-	-	-	-
-	6,601	159,274	-	-	-	-
<u>21,600</u>	<u>1,300</u>	<u>6,730</u>	<u>-</u>	<u>330,730</u>	<u>102,516</u>	<u>-</u>
<u>21,600</u>	<u>16,375</u>	<u>170,326</u>	<u>2,491,950</u>	<u>330,730</u>	<u>170,578</u>	<u>42,057</u>
-	14,479	188,941	-	-	-	49,268
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,727,045	212,852	202,331	-
-	-	-	-	-	-	-
<u>22,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,572</u>	<u>14,479</u>	<u>188,941</u>	<u>2,727,045</u>	<u>212,852</u>	<u>202,331</u>	<u>49,268</u>
<u>(972)</u>	<u>1,896</u>	<u>(18,615)</u>	<u>(235,095)</u>	<u>117,878</u>	<u>(31,753)</u>	<u>(7,211)</u>
-	-	-	266,682	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,682)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>266,682</u>	<u>(266,682)</u>	<u>-</u>	<u>-</u>
(972)	1,896	(18,615)	31,587	(148,804)	(31,753)	(7,211)
<u>25,135</u>	<u>4,556</u>	<u>326,986</u>	<u>(133,597)</u>	<u>1,955,558</u>	<u>76,603</u>	<u>7,212</u>
\$ <u>24,163</u>	\$ <u>6,452</u>	\$ <u>308,371</u>	\$ <u>(102,010)</u>	\$ <u>1,806,754</u>	\$ <u>44,850</u>	\$ <u>1</u>

(Continued)

# City of Cleveland Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued) Nonmajor Special Revenue Funds

**For Year Ended December 31, 2004**

	<u>Local T.V. Programming</u>	<u>Cain Park</u>	<u>ODNR Recycling Grants</u>	<u>Indigent Driver's Alcohol Treatment</u>
<b>Revenues:</b>				
Property and other local taxes	\$ 256,293	\$ -	\$ -	\$ -
Intergovernmental	-	15,111	75,726	887
Charges for services	-	564,431	-	-
Fees, licenses, and permits	-	-	-	-
Interest earnings	-	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	1,412
Other revenues	-	<u>23,139</u>	-	-
Total revenues	<u>256,293</u>	<u>602,681</u>	<u>75,726</u>	<u>2,299</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	826,330	-	-
Community development	179,095	-	54,057	-
Transportation	-	-	-	-
General government	-	-	-	-
Total expenditures	<u>179,095</u>	<u>826,330</u>	<u>54,057</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>77,198</u>	<u>(223,649)</u>	<u>21,669</u>	<u>2,299</u>
<b>Other financing sources (uses):</b>				
Transfers - in	-	224,882	-	-
Transfers - out	<u>(224,882)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(224,882)</u>	<u>224,882</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(147,684)	1,233	21,669	2,299
Fund balance (deficit) at beginning of year, restated	<u>175,816</u>	<u>(3,855)</u>	<u>(4,077)</u>	<u>38,457</u>
Fund balance (deficit) at end of year	\$ <u><u>28,132</u></u>	\$ <u><u>(2,622)</u></u>	\$ <u><u>17,592</u></u>	\$ <u><u>40,756</u></u>

<u>Municipal Court Clerk Computerization</u>	<u>DUI Enforcement and Education</u>	<u>Municipal Courts Special Projects</u>	<u>Lead Safe Cuyahoga</u>	<u>Street Lighting</u>	<u>Tree</u>	<u>Police Pension Trust</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,984
-	-	-	99,605	-	15,000	31,150
-	-	-	-	-	-	-
-	-	-	-	-	844	-
-	-	-	-	-	-	-
-	-	-	-	703,484	532,868	-
142,148	3,319	232,884	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>-</u>
<u>142,148</u>	<u>3,319</u>	<u>232,884</u>	<u>99,605</u>	<u>703,484</u>	<u>548,834</u>	<u>272,134</u>
-	-	-	-	688,209	-	828,758
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	99,605	-	570,806	-
-	-	-	-	-	-	-
<u>131,271</u>	<u>-</u>	<u>63,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>131,271</u>	<u>-</u>	<u>63,072</u>	<u>99,605</u>	<u>688,209</u>	<u>570,806</u>	<u>828,758</u>
<u>10,877</u>	<u>3,319</u>	<u>169,812</u>	<u>-</u>	<u>15,275</u>	<u>(21,972)</u>	<u>(556,624)</u>
-	-	-	-	13,765	12,027	543,308
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,765</u>	<u>12,027</u>	<u>543,308</u>
10,877	3,319	169,812	-	29,040	(9,945)	(13,316)
<u>966,759</u>	<u>34,306</u>	<u>467,717</u>	<u>-</u>	<u>(31,241)</u>	<u>24,514</u>	<u>(209,145)</u>
\$ <u><u>977,636</u></u>	\$ <u><u>37,625</u></u>	\$ <u><u>637,529</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(2,201)</u></u>	\$ <u><u>14,569</u></u>	\$ <u><u>(222,461)</u></u>

(Continued)

# City of Cleveland Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued) Nonmajor Special Revenue Funds

**For the Year Ended December 31, 2004**

	<u>Fire Pension Trust</u>	<u>Section 108</u>	<u>Office on Aging Donation</u>
Revenues:			
Property and other local taxes	\$ 240,984	\$ -	\$ -
Intergovernmental	31,150	-	-
Charges for services	-	-	-
Fees, licenses, and permits	-	-	-
Interest earnings	-	-	930
Special assessments	-	-	-
Fines and forfeitures	-	-	-
Other revenues	-	-	5,114
	<u>272,134</u>	<u>-</u>	<u>6,044</u>
Total revenues			
Expenditures:			
Current:			
Public safety	1,243,641	-	-
Public health	-	-	1,541
Culture and recreation	-	-	-
Community development	-	80,113	-
Transportation	-	59,043	-
General government	-	-	-
	<u>1,243,641</u>	<u>139,156</u>	<u>1,541</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>(971,507)</u>	<u>(139,156)</u>	<u>4,503</u>
Other financing sources (uses):			
Transfers - in	971,850	-	-
Transfers - out	-	-	-
	<u>971,850</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	343	(139,156)	4,503
Fund balance (deficit) at beginning of year, restated	<u>(315,645)</u>	<u>192,799</u>	<u>70,570</u>
Fund balance (deficit) at end of year	\$ <u><u>(315,302)</u></u>	\$ <u><u>53,643</u></u>	\$ <u><u>75,073</u></u>

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<u>Animal Adoption</u>	<u>Youth Recreation Donation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 916,989
-	-	4,643,058
-	-	564,431
-	-	844
-	-	13,799
-	-	1,236,352
-	-	545,638
<u>-</u>	<u>2,120</u>	<u>818,404</u>
<u>-</u>	<u>2,120</u>	<u>8,739,515</u>
-	-	3,474,474
-	-	1,541
-	-	826,330
-	-	4,257,605
-	-	2,166,566
<u>-</u>	<u>2,376</u>	<u>219,291</u>
<u>-</u>	<u>2,376</u>	<u>10,945,807</u>
<u>-</u>	<u>(256)</u>	<u>(2,206,292)</u>
-	-	2,316,511
<u>-</u>	<u>-</u>	<u>(491,564)</u>
<u>-</u>	<u>-</u>	<u>1,824,947</u>
-	(256)	(381,345)
<u>292</u>	<u>1,572</u>	<u>4,115,753</u>
\$ <u><u>292</u></u>	\$ <u><u>1,316</u></u>	\$ <u><u>3,734,408</u></u>

# City of Cleveland Heights, Ohio

## Combining Balance Sheet Nonmajor Capital Projects Funds

**December 31, 2004**

	Police Facility Improvement Fund	Recreation Facility Improvement Fund	Capital Improvements	Economic Development
<b>Assets:</b>				
Equity in city treasury cash	\$ 2,338	\$ -	\$ 1,273,966	\$ -
<b>Receivables:</b>				
Taxes	-	654,566	-	-
Accrued interest	-	-	4,691	-
Interfund	-	-	<u>26,075</u>	-
<b>Total assets</b>	<b>\$ <u>2,338</u></b>	<b>\$ <u>654,566</u></b>	<b>\$ <u>1,304,732</u></b>	<b>\$ <u>-</u></b>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ 738
Contracts payable	-	-	-	-
Deferred revenue	-	654,566	-	-
Bond anticipation notes payable	-	-	2,638,250	-
Accrued interest payable	-	-	<u>17,589</u>	-
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>654,566</u></b>	<b><u>2,655,839</u></b>	<b><u>738</u></b>
<b>Fund balances:</b>				
Reserved for encumbrances	685	-	990,751	-
Unreserved (deficit), undesignated	<u>1,653</u>	<u>-</u>	<u>(2,341,858)</u>	<u>(738)</u>
<b>Total fund balances (deficit)</b>	<b><u>2,338</u></b>	<b><u>-</u></b>	<b><u>(1,351,107)</u></b>	<b><u>(738)</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>2,338</u></b>	<b>\$ <u>654,566</u></b>	<b>\$ <u>1,304,732</u></b>	<b>\$ <u>-</u></b>



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<u>City Hall Maintenance and Repair</u>	<u>Recreation Improvement</u>	<u>Zagara TIF</u>	<u>Ring Road Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 22,038	\$ 75,683	\$ -	\$ 926,156	\$ 2,300,181
-	-	-	-	654,566
-	-	-	-	4,691
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,075</u>
\$ <u>22,038</u>	\$ <u>75,683</u>	\$ <u>-</u>	\$ <u>926,156</u>	\$ <u>2,985,513</u>
\$ -	\$ -	\$ -	\$ 5,000	\$ 5,738
-	-	-	73,755	73,755
-	-	-	-	654,566
-	-	-	-	2,638,250
<u>-</u>	<u>2,072</u>	<u>-</u>	<u>-</u>	<u>19,661</u>
<u>-</u>	<u>2,072</u>	<u>-</u>	<u>78,755</u>	<u>3,391,970</u>
-	4,134	-	2,992	998,562
<u>22,038</u>	<u>69,477</u>	<u>-</u>	<u>844,409</u>	<u>(1,405,019)</u>
<u>22,038</u>	<u>73,611</u>	<u>-</u>	<u>847,401</u>	<u>(406,457)</u>
\$ <u>22,038</u>	\$ <u>75,683</u>	\$ <u>-</u>	\$ <u>926,156</u>	\$ <u>2,985,513</u>

# City of Cleveland Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds

**For the Year Ended December 31, 2004**

	Police Facility Improvement Fund	Recreation Facility Improvement Fund	Capital Improvements	Economic Development
<b>Revenues:</b>				
Property and other local taxes	\$ -	\$ -	\$ 1,132,230	\$ -
Intergovernmental grants	-	-	55,377	500,000
Charges for services	21,080	-	-	-
Interest earnings	-	-	10,516	73
Other revenues	-	-	-	10,225
<b>Total revenues</b>	<b><u>21,080</u></b>	<b><u>-</u></b>	<b><u>1,198,123</u></b>	<b><u>510,298</u></b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	18,742	-	-	-
Culture and recreation	-	-	54,010	-
Community development	-	-	-	587,046
Sanitation	-	-	158,031	-
Transportation	-	-	228,102	-
General government	-	-	50	-
Capital outlay	-	-	37,735	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	38,515	-
<b>Total expenditures</b>	<b><u>18,742</u></b>	<b><u>-</u></b>	<b><u>516,443</u></b>	<b><u>587,046</u></b>
Excess of revenues over (under) expenditures	<u>2,338</u>	<u>-</u>	<u>681,680</u>	<u>(76,748)</u>
<b>Other financing sources (uses):</b>				
Transfers - in	-	-	-	76,009
Transfers - out	-	-	(39,620)	-
<b>Total other financing sources (uses)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(39,620)</u></b>	<b><u>76,009</u></b>
Net change in fund balances	2,338	-	642,060	(739)
Fund balance (deficit) at beginning of year	<u>-</u>	<u>-</u>	<u>(1,993,167)</u>	<u>1</u>
Fund balance (deficit) at end of year	<u>\$ 2,338</u>	<u>\$ -</u>	<u>\$ (1,351,107)</u>	<u>\$ (738)</u>

<u>City Hall Maintenance and Repair</u>	<u>Recreation Improvement</u>	<u>Zagara TIF</u>	<u>Ring Road Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ 281,307	\$ 133,867	\$ 3,621,175	\$ 5,168,579
-	-	-	-	555,377
-	-	-	-	21,080
-	-	-	16,047	26,636
<u>15,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,975</u>
<u>15,750</u>	<u>281,307</u>	<u>133,867</u>	<u>3,637,222</u>	<u>5,797,647</u>
-	-	-	-	18,742
-	92,850	-	2,502	149,362
-	-	-	-	587,046
-	-	-	-	158,031
-	-	-	535,215	763,317
-	-	-	-	50
-	-	-	-	37,735
-	-	185,000	-	185,000
<u>-</u>	<u>4,154</u>	<u>60,843</u>	<u>55,784</u>	<u>159,296</u>
<u>-</u>	<u>97,004</u>	<u>245,843</u>	<u>593,501</u>	<u>2,058,579</u>
<u>15,750</u>	<u>184,303</u>	<u>(111,976)</u>	<u>3,043,721</u>	<u>3,739,068</u>
-	-	111,976	-	187,985
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,620)</u>
<u>-</u>	<u>-</u>	<u>111,976</u>	<u>-</u>	<u>148,365</u>
15,750	184,303	-	3,043,721	3,887,433
<u>6,288</u>	<u>(110,692)</u>	<u>-</u>	<u>(2,196,320)</u>	<u>(4,293,890)</u>
\$ <u><u>22,038</u></u>	\$ <u><u>73,611</u></u>	\$ <u><u>-</u></u>	\$ <u><u>847,401</u></u>	\$ <u><u>(406,457)</u></u>

# City of Cleveland Heights, Ohio

## Combining Statements – Agency Funds

**For The Year Ended December 31, 2004**

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### AGENCY FUNDS

*GENERAL LIABILITY CONTINGENCY* – To account for the accumulation of resources to pay for extraordinary losses which may arise as a result of legal action against the City.

*CLEVELAND HEIGHTS MUNICIPAL COURT AGENCY* – To account for assets received and disbursed by the Cleveland Heights Municipal Court pursuant to the laws of the State.

*CONSTRUCTION DEPOSIT AGENCY* – To account for the receipt of refundable construction deposits required for the issuance of certain building permits.

*SALES TAX AGENCY* – To account for any sales tax collected by the City and due the State Department of Taxation.

*MISCELLANEOUS* – To account for miscellaneous receipts received in an agency capacity by the City.

*N.E.O.R.S.D. (NORTHEAST OHIO REGIONAL SEWER DISTRICT)* – To account for the financial transactions associated with the City acting as a billing agent for the Northeast Ohio Regional Sewer District.

# City of Cleveland Heights, Ohio

## Combining Statement of Changes in Assets and Liabilities – All Agency Funds

### For The Year Ended December 31, 2004

	Balance December 31, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2004</u>
<b>General liability contingency:</b>				
Assets:				
Equity in city treasury cash	\$ <u>69,771</u>	\$ <u>-</u>	\$ <u>66,000</u>	\$ <u>3,771</u>
Total assets	\$ <u>69,771</u>	\$ <u>-</u>	\$ <u>66,000</u>	\$ <u>3,771</u>
Liabilities:				
Restricted deposits	\$ <u>69,771</u>	\$ <u>-</u>	\$ <u>66,000</u>	\$ <u>3,771</u>
Total liabilities	\$ <u>69,771</u>	\$ <u>-</u>	\$ <u>66,000</u>	\$ <u>3,771</u>
<b>Municipal Court:</b>				
Assets:				
Equity in city treasury cash	\$ <u>317,780</u>	\$ <u>3,465,139</u>	\$ <u>3,411,315</u>	\$ <u>371,604</u>
Total assets	\$ <u>317,780</u>	\$ <u>3,465,139</u>	\$ <u>3,411,315</u>	\$ <u>371,604</u>
Liabilities:				
Due to others	\$ <u>168,219</u>	\$ <u>2,244,967</u>	\$ <u>2,283,000</u>	\$ <u>130,186</u>
Restricted deposits	<u>149,561</u>	<u>1,220,172</u>	<u>1,128,315</u>	<u>241,418</u>
Total liabilities	\$ <u>317,780</u>	\$ <u>3,465,139</u>	\$ <u>3,411,315</u>	\$ <u>371,604</u>
<b>Construction deposits:</b>				
Assets:				
Equity in city treasury cash	\$ <u>130,959</u>	\$ <u>755</u>	\$ <u>455</u>	\$ <u>131,259</u>
Total assets	\$ <u>130,959</u>	\$ <u>755</u>	\$ <u>455</u>	\$ <u>131,259</u>
Liabilities:				
Restricted deposits	\$ <u>130,959</u>	\$ <u>755</u>	\$ <u>455</u>	\$ <u>131,259</u>
Total liabilities	\$ <u>130,959</u>	\$ <u>755</u>	\$ <u>455</u>	\$ <u>131,259</u>
<b>Sales tax:</b>				
Assets:				
Equity in city treasury cash	\$ <u>17</u>	\$ <u>4,490</u>	\$ <u>2,211</u>	\$ <u>2,296</u>
Total assets	\$ <u>17</u>	\$ <u>4,490</u>	\$ <u>2,211</u>	\$ <u>2,296</u>
Liabilities:				
Due to other governments	\$ <u>17</u>	<u>4,490</u>	<u>2,211</u>	<u>2,296</u>
Total liabilities	\$ <u>17</u>	\$ <u>4,490</u>	\$ <u>2,211</u>	\$ <u>2,296</u>
<b>Miscellaneous:</b>				
Assets:				
Equity in city treasury cash	\$ <u>139,806</u>	\$ <u>103,753</u>	\$ <u>92,828</u>	\$ <u>150,731</u>
Total assets	\$ <u>139,806</u>	\$ <u>103,753</u>	\$ <u>92,828</u>	\$ <u>150,731</u>
Liabilities:				
Restricted deposits	\$ <u>139,806</u>	\$ <u>103,753</u>	\$ <u>92,828</u>	\$ <u>150,731</u>
Total liabilities	\$ <u>139,806</u>	\$ <u>103,753</u>	\$ <u>92,828</u>	\$ <u>150,731</u>

(continued)

# City of Cleveland Heights, Ohio

## Combining Statement of Changes in Assets and Liabilities – All Agency Funds (continued)

### For The Year Ended December 31, 2004

	Balance December 31, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2004</u>
<b>NEORSD:</b>				
Assets:				
Equity in city treasury cash	\$ <u>86,733</u>	\$ <u>5,349,544</u>	\$ <u>5,326,600</u>	\$ <u>109,677</u>
Total assets	\$ <u><u>86,733</u></u>	\$ <u><u>5,349,544</u></u>	\$ <u><u>5,326,600</u></u>	\$ <u><u>109,677</u></u>
Liabilities:				
Due to other governments	\$ <u>86,733</u>	\$ <u>5,349,544</u>	\$ <u>5,326,600</u>	\$ <u>109,677</u>
Total liabilities	\$ <u><u>86,733</u></u>	\$ <u><u>5,349,544</u></u>	\$ <u><u>5,326,600</u></u>	\$ <u><u>109,677</u></u>
<b>Totals – All Agency Funds:</b>				
Assets:				
Equity in city treasury cash	\$ <u>745,066</u>	\$ <u>8,923,681</u>	\$ <u>8,899,409</u>	\$ <u>769,338</u>
Total assets	\$ <u><u>745,066</u></u>	<u><u>8,923,681</u></u>	<u><u>8,899,409</u></u>	<u><u>769,338</u></u>
Liabilities:				
Due to others	\$ 168,219	\$ 2,244,967	\$ 2,283,000	\$ 130,186
Due to other governments	86,750	5,354,034	5,328,811	111,973
Restricted deposits	<u>490,097</u>	<u>1,324,680</u>	<u>1,287,598</u>	<u>527,179</u>
Total liabilities	\$ <u><u>745,066</u></u>	\$ <u><u>8,923,681</u></u>	\$ <u><u>8,899,409</u></u>	\$ <u><u>769,338</u></u>

**Individual Fund  
Statement of Revenues, Expenditures, Encumbrances and  
Changes in Fund Balance –  
Budget and Actual (Non-GAAP Budget)**

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – General Fund

**For The Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 5,536,000	\$ 5,773,120	\$ 5,901,130	\$ 128,010
Municipal income taxes	20,305,000	21,020,000	20,545,524	(474,476)
Other local taxes	236,000	235,000	203,808	(31,192)
State levied shared taxes	4,452,953	3,838,086	3,988,411	150,325
Intergovernmental grants and contracts	909,000	820,000	801,086	(18,914)
Charges for services	2,320,000	2,224,384	2,188,293	(36,091)
Fees, licenses, and permits	1,650,000	1,150,256	1,099,064	(51,192)
Interest earnings	400,000	200,000	228,890	28,890
Special assessments	-	-	1,225	1,225
Fines and forfeitures	2,500,000	2,412,797	2,374,077	(38,720)
Reimbursements received	870,000	914,400	1,002,220	87,820
Other revenues	<u>3,463,646</u>	<u>4,187,278</u>	<u>268,837</u>	<u>(3,918,441)</u>
<b>Total revenues</b>	<u>42,642,599</u>	<u>42,775,321</u>	<u>38,602,565</u>	<u>(4,172,756)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	13,810,325	14,248,906	13,781,102	467,804
Public health	474,430	453,610	445,368	8,242
Culture and recreation	2,681,505	2,574,816	2,499,577	75,239
Community development	2,400,007	2,535,995	2,482,826	53,169
Sanitation	2,544,220	2,684,258	2,626,280	57,978
Transportation	3,244,741	3,301,870	3,228,584	73,286
General government	<u>12,467,217</u>	<u>13,110,849</u>	<u>12,779,617</u>	<u>331,232</u>
<b>Total expenditures</b>	<u>37,622,445</u>	<u>38,910,304</u>	<u>37,843,354</u>	<u>1,066,950</u>
Excess of revenues over (under) expenditures	<u>5,020,154</u>	<u>3,865,017</u>	<u>759,211</u>	<u>(3,105,806)</u>
<b>Other financing sources (uses):</b>				
Transfers - out	(1,837,610)	(2,126,100)	(2,008,044)	118,056
Sale of fixed assets	<u>-</u>	<u>-</u>	<u>96,844</u>	<u>96,844</u>
<b>Total other financing sources (uses)</b>	<u>(1,837,610)</u>	<u>(2,126,100)</u>	<u>(1,911,200)</u>	<u>214,900</u>
<b>Net change in fund balance</b>	3,182,544	1,738,917	(1,151,989)	(2,890,906)
Cash fund balance at beginning of year	4,180,195	4,180,195	4,180,195	-
<b>Current year charges against prior year</b>				
<b>Cash fund balance:</b>				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(144,662)</u>	<u>(144,662)</u>
<b>Cash fund balance at end of year</b>				
Unreserved	7,362,739	5,919,112	2,883,544	(3,035,568)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>113,308</u>	<u>113,308</u>
<b>Total cash fund balance at end of year</b>	<u>\$ 7,362,739</u>	<u>\$ 5,919,112</u>	<u>\$ 2,996,852</u>	<u>\$ (2,922,260)</u>



## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Debt Service Fund

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 5,176,739	\$ 5,284,350	\$ 5,424,022	\$ 139,672
Interest earnings	-	226	366	140
Other revenues	-	17,079	27,670	10,591
Total revenues	<u>5,176,739</u>	<u>5,301,655</u>	<u>5,452,058</u>	<u>150,403</u>
Expenditures:				
Current:				
General government	295,000	144,967	137,519	7,448
Debt service:				
Bond principal retirement	4,448,706	12,202,000	12,202,000	-
Interest and fiscal charges	<u>456,294</u>	<u>1,251,533</u>	<u>1,251,531</u>	<u>2</u>
Total expenditures	<u>5,200,000</u>	<u>13,598,500</u>	<u>13,591,050</u>	<u>7,450</u>
Excess of revenues over (under) expenditures	(23,261)	(8,296,845)	(8,138,992)	157,853
Other financing sources (uses):				
Proceeds from sale of debt	-	4,954,695	8,027,153	3,072,458
Net change in fund balance	(23,261)	(3,342,150)	(111,839)	3,230,311
Cash fund balance at beginning of year	<u>3,342,416</u>	<u>3,342,416</u>	<u>3,342,416</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u>3,319,155</u>	\$ <u>266</u>	\$ <u>3,230,577</u>	\$ <u>3,230,311</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Street Construction, Maintenance and Repair Fund

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other local taxes	\$ 175,676	\$ 219,595	\$ 191,066	\$ (28,529)
State levied shared taxes	1,219,119	1,523,899	1,325,918	(197,981)
Intergovernmental grants and contracts	195,124	243,904	212,217	(31,687)
Interest earnings	9,529	11,912	10,364	(1,548)
Other revenues	<u>552</u>	<u>690</u>	<u>600</u>	<u>(90)</u>
Total revenues	<u>1,600,000</u>	<u>2,000,000</u>	<u>1,740,165</u>	<u>(259,835)</u>
Expenditures:				
Current:				
Transportation	<u>1,600,000</u>	<u>2,050,000</u>	<u>2,038,799</u>	<u>11,201</u>
Total expenditures	<u>1,600,000</u>	<u>2,050,000</u>	<u>2,038,799</u>	<u>11,201</u>
Excess of revenues over (under) expenditures	-	(50,000)	(298,634)	(248,634)
Other financing sources:				
Other financing sources	<u>-</u>	<u>135,000</u>	<u>107,260</u>	<u>(27,740)</u>
Net change in fund balance	-	85,000	(191,374)	(276,374)
Cash fund balance at beginning of year	391,666	391,666	391,666	-
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(200,292)</u>	<u>(200,292)</u>
Cash fund balance at end of year:				
Unreserved	391,666	476,666	-	(476,666)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>95,160</u>	<u>95,160</u>
Total cash fund balance at end of year	\$ <u>391,666</u>	\$ <u>476,666</u>	\$ <u>95,160</u>	\$ <u>(381,506)</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Foundation Grants

**For The Year Ended December 31, 2004**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts	\$ <u>40,000</u>	\$ <u>40,000</u>	\$ <u>-</u>	\$ <u>(40,000)</u>
Expenditures:				
Current:				
General government	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	40,000	-	(40,000)
Cash fund balance at beginning of year	<u>1,464</u>	<u>1,464</u>	<u>1,464</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>1,464</u></u>	\$ <u><u>41,464</u></u>	\$ <u><u>1,464</u></u>	\$ <u><u>(40,000)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – First Suburbs Consortium

**For The Year Ended December 31, 2004**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other revenues	\$ <u>          -</u>	\$ <u>  180,625</u>	\$ <u>  324,433</u>	\$ <u>  143,808</u>
Expenditures:				
Current:				
Community development	<u>      96,386</u>	<u>     150,000</u>	<u>     124,924</u>	<u>      25,076</u>
Excess of revenues over (under) expenditures	<u>     (96,386)</u>	<u>      30,625</u>	<u>     199,509</u>	<u>     168,884</u>
Other financing sources (uses):				
Transfers - in	-	23,000	23,000	-
Other financing sources	-	66,000	-	(66,000)
Other financing uses	<u>     (53,614)</u>	<u>     (53,614)</u>	<u>     (53,614)</u>	<u>              -</u>
Total other financing sources (uses)	<u>     (53,614)</u>	<u>      35,386</u>	<u>     (30,614)</u>	<u>     (66,000)</u>
Net change in fund balance	(150,000)	66,011	168,895	102,884
Cash fund balance at beginning of year	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Cash fund balance at end of year:				
Unreserved	<u>     (150,000)</u>	<u>      66,011</u>	<u>     168,895</u>	<u>     102,884</u>
Total cash fund balance at end of year	\$ <u>     (150,000)</u>	\$ <u>      66,011</u>	\$ <u>     168,895</u>	\$ <u>     102,884</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Communications System Operating

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts	\$ 222,849	\$ 446,859	\$ 199,994	\$ (246,865)
Expenditures:				
Current:				
Public safety	446,859	465,859	460,991	4,868
Excess of revenues over (under) expenditures	(224,010)	(19,000)	(260,997)	(241,997)
Other financing sources (uses):				
Transfers - in	224,010	261,000	260,997	(3)
Net change in fund balance	-	242,000	-	(242,000)
Cash fund balance at beginning of year	-	-	-	-
Cash fund balance at end of year:				
Unreserved	-	242,000	-	(242,000)
Total cash fund balance at end of year	\$ -	\$ 242,000	\$ -	\$ (242,000)

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Public Building Maintenance

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other revenues	\$ <u>46,600</u>	\$ <u>46,600</u>	\$ <u>21,600</u>	\$ <u>(25,000)</u>
Expenditures:				
Current:				
General government	<u>46,600</u>	<u>22,574</u>	<u>22,572</u>	<u>2</u>
Net change in fund balance	-	24,026	(972)	(24,998)
Cash fund balance at beginning of year	<u>25,135</u>	<u>25,135</u>	<u>25,135</u>	-
Cash fund balance at end of year:				
Unreserved	25,135	49,161	24,163	(24,998)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>2,250</u>	<u>2,250</u>
Total cash fund balance at end of year	\$ <u><u>25,135</u></u>	\$ <u><u>49,161</u></u>	\$ <u><u>26,413</u></u>	\$ <u><u>(22,748)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Law Enforcement Trust

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest earnings	\$ 60	\$ 201	\$ 201	\$ 0
Intergovernmental grants and contracts	2,457	8,294	8,310	16
Fines and forfeitures	2,099	7,088	7,101	13
Other revenues	<u>384</u>	<u>1,297</u>	<u>1,300</u>	<u>3</u>
Total revenues	<u>5,000</u>	<u>16,880</u>	<u>16,912</u>	<u>32</u>
Expenditures:				
Current:				
Public safety	<u>10,000</u>	<u>20,859</u>	<u>14,479</u>	<u>6,380</u>
Net change in fund balance	(5,000)	(3,979)	2,433	6,412
Cash fund balance at beginning of year	<u>3,983</u>	<u>3,983</u>	<u>3,983</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	<u>(1,017)</u>	<u>4</u>	<u>6,416</u>	<u>6,412</u>
Total cash fund balance at end of year	\$ <u>(1,017)</u>	\$ <u>4</u>	\$ <u>6,416</u>	\$ <u>6,412</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Drug Law Enforcement

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest earnings	\$ 3,000	\$ 6,220	\$ 6,898	\$ 678
Fines and forfeitures	69,750	144,615	159,274	14,659
Other revenues	<u>2,250</u>	<u>4,665</u>	<u>6,730</u>	<u>2,065</u>
Total revenues	<u>75,000</u>	<u>155,500</u>	<u>172,902</u>	<u>17,402</u>
Expenditures:				
Current:				
Public safety	<u>335,000</u>	<u>484,392</u>	<u>193,439</u>	<u>290,953</u>
Net change in fund balance	(260,000)	(328,892)	(20,537)	308,355
Cash fund balance at beginning of year	331,203	331,203	331,203	-
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(1,350)</u>	<u>(1,350)</u>
Cash fund balance at end of year:				
Unreserved	71,203	2,311	309,316	307,005
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>2,852</u>	<u>2,852</u>
Total cash fund balance at end of year	\$ <u><u>71,203</u></u>	\$ <u><u>2,311</u></u>	\$ <u><u>312,168</u></u>	\$ <u><u>309,857</u></u>



## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – CDBG Resource

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts	\$ <u>2,200,000</u>	\$ <u>4,306,000</u>	\$ <u>2,491,950</u>	\$ <u>(1,814,050)</u>
Expenditures:				
Current:				
Community development	<u>2,499,628</u>	<u>4,305,395</u>	<u>2,757,578</u>	<u>1,547,817</u>
Excess of revenues over (under) expenditures	<u>(299,628)</u>	<u>605</u>	<u>(265,628)</u>	<u>(266,233)</u>
Other financing sources (uses):				
Transfers - in	-	-	266,682	266,682
Other financing sources	-	100,000	-	(100,000)
Other financing uses	<u>(372)</u>	<u>(372)</u>	<u>(372)</u>	<u>-</u>
Total other financing sources (uses)	<u>(372)</u>	<u>99,628</u>	<u>266,310</u>	<u>166,682</u>
Net change in fund balance	(300,000)	100,233	682	(99,551)
Cash fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	<u>(300,000)</u>	<u>100,233</u>	<u>682</u>	<u>(99,551)</u>
Total cash fund balance at end of year	\$ <u><u>(300,000)</u></u>	\$ <u><u>100,233</u></u>	\$ <u><u>682</u></u>	\$ <u><u>(99,551)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – CDBG Program Income

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other revenues	\$ <u>450,000</u>	\$ <u>500,000</u>	\$ <u>479,534</u>	\$ <u>(20,466)</u>
Expenditures:				
Current:				
Community development	<u>500,000</u>	<u>312,196</u>	<u>212,852</u>	<u>99,344</u>
Excess of revenues over (under) expenditures	(50,000)	187,804	266,682	78,878
Other financing sources (uses)				
Transfers - out	<u>-</u>	<u>-</u>	<u>(266,682)</u>	<u>(266,682)</u>
Net change in fund balance	(50,000)	187,804	-	(187,804)
Cash fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>(50,000)</u></u>	\$ <u><u>187,804</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(187,804)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – HOME Program

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts \$	137,294	\$ 137,294	\$ 68,062	\$ (69,232)
Other revenues	<u>262,706</u>	<u>262,706</u>	<u>130,233</u>	<u>(132,473)</u>
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>198,295</u>	<u>(201,705)</u>
Expenditures:				
Current:				
Community development	<u>400,000</u>	<u>205,000</u>	<u>202,332</u>	<u>2,668</u>
Excess of revenues over (under) expenditures	-	195,000	(4,037)	(199,037)
Other financing sources (uses):				
Other financing sources	<u>-</u>	<u>2,500</u>	<u>2,299</u>	<u>(201)</u>
Net change in fund balance	-	197,500	(1,738)	(199,238)
Cash fund balance at beginning of year	<u>1,738</u>	<u>1,738</u>	<u>1,738</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>1,738</u></u>	\$ <u><u>199,238</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(199,238)</u></u>

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – FEMA Grants

**For The Year Ended December 31, 2004**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts	\$ <u>-</u>	\$ <u>42,060</u>	\$ <u>42,057</u>	\$ <u>(3)</u>
Expenditures:				
Public safety	<u>-</u>	<u>49,268</u>	<u>49,268</u>	<u>-</u>
Net change in fund balance	-	(7,208)	(7,211)	(3)
Cash fund balance at beginning of year	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>7,212</u></u>	\$ <u><u>4</u></u>	\$ <u><u>1</u></u>	\$ <u><u>(3)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Local T.V. Programming

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other revenues	\$ <u>260,000</u>	\$ <u>307,000</u>	\$ <u>256,578</u>	\$ <u>(50,422)</u>
Expenditures:				
Current:				
Community development	<u>450,000</u>	<u>189,350</u>	<u>174,205</u>	<u>15,145</u>
Excess of revenues over (under) expenditures	(190,000)	117,650	82,373	(35,277)
Other financing sources (uses):				
Transfers - out	<u>-</u>	<u>(226,000)</u>	<u>(224,882)</u>	<u>1,118</u>
Net change in fund balance	(190,000)	(108,350)	(142,509)	(34,159)
Cash fund balance at beginning of year	<u>147,608</u>	<u>147,608</u>	<u>147,608</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(3,711)</u>	<u>(3,711)</u>
Cash fund balance at end of year:				
Unreserved	(42,392)	39,258	1,388	(37,870)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>1,780</u>	<u>1,780</u>
Total cash fund balance at end of year	\$ <u><u>(42,392)</u></u>	\$ <u><u>39,258</u></u>	\$ <u><u>3,168</u></u>	\$ <u><u>(36,090)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Cain Park

**For The Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental grants and contracts	\$ 12,035	\$ 16,853	\$ 15,111	\$ (1,742)
Charges for services	449,536	733,200	564,431	(168,769)
Other revenues	<u>18,429</u>	<u>29,947</u>	<u>23,139</u>	<u>(6,808)</u>
Total revenues	<u>480,000</u>	<u>780,000</u>	<u>602,681</u>	<u>(177,319)</u>
Expenditures:				
Current:				
Culture and recreation	<u>630,000</u>	<u>841,000</u>	<u>827,563</u>	<u>13,437</u>
Excess of revenues over (under) expenditures	(150,000)	(61,000)	(224,882)	(163,882)
Other financing sources (uses):				
Transfers - in	<u>150,000</u>	<u>226,000</u>	<u>224,882</u>	<u>(1,118)</u>
Net change in fund balance	-	165,000	-	(165,000)
Cash fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	-	165,000	-	(165,000)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>1,720</u>	<u>1,720</u>
Total cash fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>165,000</u></u>	\$ <u><u>1,720</u></u>	\$ <u><u>(163,280)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – ODNR Recycling Grants

**For The Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental grants and contracts	\$ -	\$ 62,235	\$ 53,086	\$ (9,149)
Expenditures:				
Current:				
Community development	43,437	55,672	52,348	3,324
Excess of revenues over (under) expenditures	(43,437)	6,563	738	(5,825)
Other financing sources (uses):				
Other funding sources	-	6,000	4,779	(1,221)
Other funding uses	(6,563)	(6,563)	(6,563)	-
Total other financing sources (uses)	(6,563)	(563)	(1,784)	(1,221)
Net change in fund balance	(50,000)	6,000	(1,046)	(7,046)
Cash fund balance at beginning of year	19,800	19,800	19,800	-
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	-	-	(18,754)	(18,754)
Cash fund balance at end of year:				
Unreserved	(30,200)	25,800	-	(25,800)
Reserved for encumbrances	-	-	2,500	2,500
Total cash fund balance at end of year	\$ (30,200)	\$ 25,800	\$ 2,500	\$ (23,300)

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Indigent Driver’s Alcohol Treatment Fund

**For The Year Ended December 31, 2004**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts \$	-	\$ -	\$ 887	\$ 887
Fines and forfeitures	<u>-</u>	<u>-</u>	<u>1,387</u>	<u>1,387</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,274</u>	<u>2,274</u>
Expenditures:				
General government	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(14,000)	-	2,274	2,274
Cash fund balance at beginning of year	<u>38,407</u>	<u>38,407</u>	<u>38,407</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>24,407</u></u>	\$ <u><u>38,407</u></u>	\$ <u><u>40,681</u></u>	\$ <u><u>2,274</u></u>



## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Municipal Court Clerk Computerization

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Fines and forfeitures	\$ <u>60,000</u>	\$ <u>60,000</u>	\$ <u>139,412</u>	\$ <u>79,412</u>
Expenditures:				
Current:				
General government	<u>140,000</u>	<u>140,000</u>	<u>130,445</u>	<u>9,555</u>
Net change in fund balance	(80,000)	(80,000)	8,967	88,967
Cash fund balance at beginning of year	<u>957,146</u>	<u>957,146</u>	<u>957,146</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>(26)</u>
Cash fund balance at end of year:				
Unreserved	877,146	877,146	966,087	88,941
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>243</u>	<u>243</u>
Total cash fund balance at end of year	\$ <u><u>877,146</u></u>	\$ <u><u>877,146</u></u>	\$ <u><u>966,330</u></u>	\$ <u><u>89,184</u></u>

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – DUI Enforcement and Education

**For The Year Ended December 31, 2004**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Fines and forfeitures	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>      3,323</u>	\$ <u>      3,323</u>
Expenditures:				
General government	<u>      10,000</u>	<u>              -</u>	<u>              -</u>	<u>              -</u>
Net change in fund balance	(10,000)	-	3,323	3,323
Cash fund balance at beginning of year	<u>      34,088</u>	<u>      34,088</u>	<u>      34,088</u>	<u>              -</u>
Total cash fund balance at end of year	\$ <u>      24,088</u>	\$ <u>      34,088</u>	\$ <u>      37,411</u>	\$ <u>      3,323</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Municipal Courts Special Projects

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Fines and forfeitures	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>229,110</u>	\$ <u>129,110</u>
Expenditures:				
Current				
General government	<u>82,000</u>	<u>82,000</u>	<u>59,212</u>	<u>22,788</u>
Net change in fund balance	18,000	18,000	169,898	151,898
Cash fund balance at beginning of year	<u>453,379</u>	<u>453,379</u>	<u>453,379</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(5,129)</u>	<u>(5,129)</u>
Cash fund balance at end of year:				
Unreserved	471,379	471,379	618,148	146,769
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>471,379</u></u>	\$ <u><u>471,379</u></u>	\$ <u><u>618,148</u></u>	\$ <u><u>146,769</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Lead Safe Cuyahoga

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts	\$ -	\$ 120,195	\$ 99,605	(20,590)
Expenditures:				
Current:				
Community development	90,000	120,192	99,605	20,587
Net change in fund balance	(90,000)	3	-	(3)
Cash fund balance at beginning of year	-	-	-	-
Cash fund balance at end of year:				
Unreserved	(90,000)	3	-	(3)
Total cash fund balance at end of year	\$ (90,000)	\$ 3	\$ -	\$ (3)

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Street Lighting

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Special assessments	\$ <u>650,000</u>	\$ <u>667,500</u>	\$ <u>703,484</u>	\$ <u>35,984</u>
Expenditures:				
Current:				
Public safety	<u>670,000</u>	<u>690,000</u>	<u>688,252</u>	<u>1,748</u>
Excess of revenues over (under) expenditures	(20,000)	(22,500)	15,232	37,732
Other financing sources (uses):				
Transfers - in	<u>15,000</u>	<u>13,800</u>	<u>13,765</u>	<u>(35)</u>
Net change to fund balance	(5,000)	(8,700)	28,997	37,697
Cash fund balance at beginning of year	<u>23,902</u>	<u>23,902</u>	<u>23,902</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	18,902	15,202	52,899	37,697
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>4,059</u>	<u>4,059</u>
Total cash fund balance at end of year	\$ <u><u>18,902</u></u>	\$ <u><u>15,202</u></u>	\$ <u><u>56,958</u></u>	\$ <u><u>41,756</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Tree

**For The Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental grants and contracts	\$ 13,430	\$ 15,032	\$ 15,000	\$ (32)
Fees, licenses, and permits	756	846	844	(2)
Special assessments	477,105	534,000	532,868	(1,132)
Other revenues	<u>109</u>	<u>122</u>	<u>122</u>	<u>-</u>
Total revenues	<u>491,400</u>	<u>550,000</u>	<u>548,834</u>	<u>(1,166)</u>
Expenditures:				
Current:				
Community development	<u>542,586</u>	<u>607,000</u>	<u>601,353</u>	<u>5,647</u>
Excess of revenues over (under) expenditures	(51,186)	(57,000)	(52,519)	4,481
Other financing sources (uses):				
Transfers - in	<u>13,600</u>	<u>12,200</u>	<u>12,027</u>	<u>(173)</u>
Net change in fund balance	(37,586)	(44,800)	(40,492)	4,308
Cash fund balance at beginning of year	<u>64,923</u>	<u>64,923</u>	<u>64,923</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(6,354)</u>	<u>(6,354)</u>
Cash fund balance at end of year:				
Unreserved	27,337	20,123	18,077	(2,046)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>28,817</u>	<u>28,817</u>
Total cash fund balance at end of year	\$ <u>27,337</u>	\$ <u>20,123</u>	\$ <u>46,894</u>	\$ <u>26,771</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Police Pension Trust

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 229,209	\$ 238,562	\$ 240,984	\$ 2,422
Intergovernmental grants and contracts	29,628	33,572	31,150	(2,422)
Other revenues	<u>-</u>	<u>582,500</u>	<u>-</u>	<u>(582,500)</u>
Total revenues	<u>258,837</u>	<u>854,634</u>	<u>272,134</u>	<u>(582,500)</u>
Expenditures:				
Current:				
Public safety	846,500	817,000	815,442	1,558
Excess of revenues over (under) expenditures	(587,663)	37,634	(543,308)	(580,942)
Other financing sources (uses):				
Transfers - in	<u>582,500</u>	<u>545,000</u>	<u>543,308</u>	<u>(1,692)</u>
Net change in fund balance	(5,163)	582,634	-	(582,634)
Cash fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>(5,163)</u></u>	\$ <u><u>582,634</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(582,634)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Fire Pension Trust

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 229,652	\$ 240,984	\$ 240,984	\$ -
Intergovernmental grants and contracts	29,685	31,150	31,150	-
Other revenues	<u>-</u>	<u>951,500</u>	<u>-</u>	<u>(951,500)</u>
Total revenues	<u>259,337</u>	<u>1,223,634</u>	<u>272,134</u>	<u>(951,500)</u>
Expenditures:				
Current:				
Public safety	<u>1,215,500</u>	<u>1,245,000</u>	<u>1,243,984</u>	<u>1,016</u>
Excess of revenues over (under) expenditures	(956,163)	(21,366)	(971,850)	(950,484)
Other financing sources (uses):				
Transfers - in	<u>845,000</u>	<u>974,000</u>	<u>971,850</u>	<u>(2,150)</u>
Net change in fund balance	(111,163)	952,634	-	(952,634)
Cash fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u>(111,163)</u>	\$ <u>952,634</u>	\$ <u>-</u>	\$ <u>(952,634)</u>



## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Section 108

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental grants and contracts	\$ 65,000	\$ 163,755	\$ -	\$ (163,755)
Expenditures:				
Current:				
Community development	33,075	163,757	163,756	1
Transportation	<u>11,925</u>	<u>59,043</u>	<u>59,043</u>	<u>-</u>
Total expenditures	<u>45,000</u>	<u>222,800</u>	<u>222,799</u>	<u>1</u>
Excess of revenues over (under) expenditures	20,000	(59,045)	(222,799)	(163,754)
Other financing sources (uses):				
Other financing sources	<u>-</u>	<u>32,000</u>	<u>30,000</u>	<u>(2,000)</u>
Net change in fund balance	20,000	(27,045)	(192,799)	(165,754)
Cash fund balance at beginning of year	<u>192,799</u>	<u>192,799</u>	<u>192,799</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	212,799	165,754	-	(165,754)
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>83,643</u>	<u>83,643</u>
Total cash fund balance at end of year	\$ <u>212,799</u>	\$ <u>165,754</u>	\$ <u>83,643</u>	\$ <u>(82,111)</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Office on Aging Donation

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest earnings	\$ 1,363	\$ 1,363	\$ 1,503	\$ 140
Other revenues	<u>4,637</u>	<u>4,637</u>	<u>5,114</u>	<u>477</u>
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>6,617</u>	<u>617</u>
Expenditures:				
Current:				
Public health	<u>7,250</u>	<u>7,250</u>	<u>1,627</u>	<u>5,623</u>
Net change in fund balance	(1,250)	(1,250)	4,990	6,240
Cash fund balance at beginning of year	<u>70,167</u>	<u>70,167</u>	<u>70,167</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	68,917	68,917	75,157	6,240
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>86</u>	<u>86</u>
Total cash fund balance at end of year	\$ <u><u>68,917</u></u>	\$ <u><u>68,917</u></u>	\$ <u><u>75,243</u></u>	\$ <u><u>6,326</u></u>

# City of Cleveland Heights, Ohio

## Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Animal Adoption

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
Current:				
Public safety	\$ <u>250</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Net change in fund balance	(250)	-	-	-
Cash fund balance at beginning of year	<u>292</u>	<u>292</u>	<u>292</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	42	292	292	-
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash fund balance at end of year	\$ <u><u>42</u></u>	\$ <u><u>292</u></u>	\$ <u><u>292</u></u>	\$ <u><u>-</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Youth Recreation Donation

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other revenues	\$ <u>2,500</u>	\$ <u>2,500</u>	\$ <u>2,120</u>	\$ <u>(380)</u>
Expenditures:				
Current:				
General government	<u>3,000</u>	<u>3,000</u>	<u>2,376</u>	<u>624</u>
Net change in fund balance	(500)	(500)	(256)	244
Cash fund balance at beginning of year	<u>7,714</u>	<u>7,714</u>	<u>7,714</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	<u>7,214</u>	<u>7,214</u>	<u>7,458</u>	<u>244</u>
Total cash fund balance at end of year	\$ <u><u>7,214</u></u>	\$ <u><u>7,214</u></u>	\$ <u><u>7,458</u></u>	\$ <u><u>244</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Police Facility Improvement

**For The Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ 20,230	\$ 21,080	\$ 850
Expenditures:				
Public safety	-	20,230	19,427	803
Net change in fund balance	-	-	1,653	1,653
Cash fund balance at beginning of year	-	-	-	-
Cash fund balance at end of year:				
Unreserved	-	-	1,653	1,653
Reserved for encumbrances	-	-	685	685
Total cash fund balance at end of year	\$ -	\$ -	\$ 2,338	\$ 2,338

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Capital Improvements

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest earnings	\$ 9,031	\$ 12,190	\$ 15,181	\$ 2,991
Intergovernmental grants and contracts	<u>32,945</u>	<u>44,466</u>	<u>55,377</u>	<u>10,911</u>
Total revenues	<u>41,976</u>	<u>56,656</u>	<u>70,558</u>	<u>13,902</u>
Expenditures:				
Current:				
Sanitation	179,042	291,174	291,052	122
Transportation	142,516	231,771	231,674	97
General government	31	50	50	-
Capital outlay	<u>553,411</u>	<u>900,005</u>	<u>899,627</u>	<u>378</u>
Total expenditures	<u>875,000</u>	<u>1,423,000</u>	<u>1,422,403</u>	<u>597</u>
Excess of revenues over (under) expenditures	(833,024)	(1,366,344)	(1,351,845)	14,499
Other financing sources (uses):				
Proceeds from sale of debt	<u>833,024</u>	<u>1,124,344</u>	<u>1,400,250</u>	<u>275,906</u>
Net change in fund balance	-	(242,000)	48,405	290,405
Cash fund balance at beginning of year	<u>309,878</u>	<u>309,878</u>	<u>309,878</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>(67,490)</u>	<u>(67,490)</u>
Cash fund balance at end of year:				
Unreserved	309,878	67,878	290,793	222,915
Reserved for encumbrances	<u>-</u>	<u>-</u>	<u>990,751</u>	<u>990,751</u>
Total cash fund balance at end of year	\$ <u><u>309,878</u></u>	\$ <u><u>67,878</u></u>	\$ <u><u>1,281,544</u></u>	\$ <u><u>1,213,666</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Economic Development

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest earnings	\$ 36	\$ 84	\$ 73	\$ (11)
Reimbursements received	5,009	11,764	10,225	(1,539)
Intergovernmental	<u>244,955</u>	<u>575,252</u>	<u>500,000</u>	<u>(75,252)</u>
Total revenues	<u>250,000</u>	<u>587,100</u>	<u>510,298</u>	<u>(76,802)</u>
Expenditures:				
Community development	<u>250,000</u>	<u>586,308</u>	<u>586,308</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	792	(76,010)	(76,802)
Other financing sources (uses):				
Operating transfers - in	<u>-</u>	<u>76,100</u>	<u>76,009</u>	<u>(91)</u>
Net change in fund balance	-	76,892	(1)	(76,893)
Cash fund balance at beginning of year	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Current year charges against prior years				
Cash fund balance:				
Unreserved	<u>1</u>	<u>76,893</u>	<u>-</u>	<u>(76,893)</u>
Total cash fund balance at end of year	\$ <u><u>1</u></u>	\$ <u><u>76,893</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(76,893)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – City Hall Maintenance Department

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other revenues	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>      15,750</u>	\$ <u>      15,750</u>
Expenditures:				
Current:				
General government	<u>      5,900</u>	<u>      5,900</u>	<u>              -</u>	<u>      5,900</u>
Net change in fund balance	(5,900)	(5,900)	15,750	21,650
Cash fund balance at beginning of year	<u>      5,988</u>	<u>      5,988</u>	<u>      5,988</u>	<u>              -</u>
Cash fund balance at end of year:				
Unreserved	<u>          88</u>	<u>          88</u>	<u>      21,738</u>	<u>      21,650</u>
Total cash fund balance at end of year	\$ <u>          88</u>	\$ <u>          88</u>	\$ <u>      21,738</u>	\$ <u>      21,650</u>



## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Recreation Improvements

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
Culture and recreation	-	120,000	119,246	754
Net change in fund balance	-	(120,000)	(119,246)	754
Cash fund balance at beginning of year	<u>247,522</u>	<u>247,522</u>	<u>247,522</u>	-
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	-	-	(56,727)	(56,727)
Cash fund balance at end of year:				
Unreserved	247,522	127,522	71,549	(55,973)
Reserved for encumbrances	-	-	4,134	4,134
Total cash fund balance at end of year	\$ <u>247,522</u>	\$ <u>127,522</u>	\$ <u>75,683</u>	\$ <u>(51,839)</u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Zagara TIF

**For The Year Ended December 31, 2004**

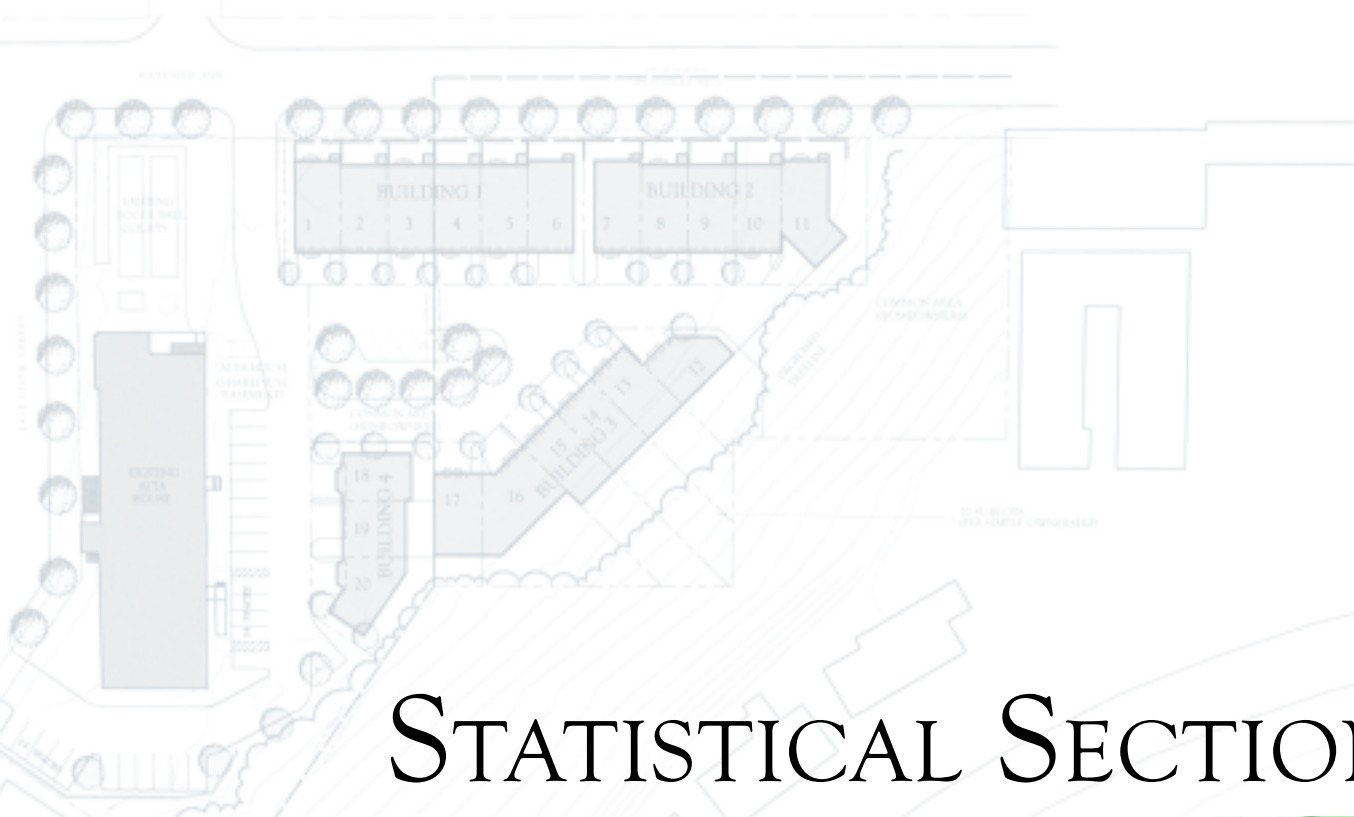
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ <u>140,000</u>	\$ <u>250,000</u>	\$ <u>133,867</u>	\$ <u>(116,133)</u>
Expenditures:				
Debt service:				
Principal retirement	82,776	185,000	185,000	-
Interest and fiscal charges	<u>27,224</u>	<u>60,845</u>	<u>60,843</u>	<u>2</u>
Total expenditures	<u>110,000</u>	<u>245,845</u>	<u>245,843</u>	<u>2</u>
Excess of revenues over (under) expenditures	30,000	4,155	(111,976)	(116,131)
Other financing sources (uses):				
Transfers - in	<u>110,000</u>	<u>112,000</u>	<u>111,976</u>	<u>(24)</u>
Net change in fund balance	140,000	116,155	-	(116,155)
Cash fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balance at end of year:				
Unreserved	<u>140,000</u>	<u>116,155</u>	<u>-</u>	<u>(116,155)</u>
Total cash fund balance at end of year	\$ <u><u>140,000</u></u>	\$ <u><u>116,155</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(116,155)</u></u>

## City of Cleveland Heights, Ohio

### Statement of Revenues, Expenditures, Encumbrances, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budget) – Ring Road Construction

**For The Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest earnings	\$ -	\$ -	\$ 16,047	\$ 16,047
Expenditures:				
Current:				
Transportation	700,000	573,000	571,939	1,061
Net change in fund balance	(700,000)	(573,000)	(555,892)	17,108
Cash fund balance at beginning of year	1,477,440	1,477,440	1,477,440	-
Current year charges against prior years				
Cash fund balance:				
Reserved for encumbrances	-	-	(72,139)	(72,139)
Cash fund balance at end of year:				
Unreserved	777,440	904,440	849,409	(55,031)
Reserved for encumbrances	-	-	76,747	76,747
Total cash fund balance at end of year	\$ 777,440	\$ 904,440	\$ 926,156	\$ 21,716



# STATISTICAL SECTION



# **City of Cleveland Heights, Ohio**

## **Statistical Tables**

**December 31, 2004**

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### **STATISTICAL TABLES**

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

# City of Cleveland Heights, Ohio

## Governmental Activities Revenues by Source and Expenses by Function

**Last Two Years**

**Table 1**

	<u>2004</u>	<u>2003</u>
Program revenues:		
Charges for services	\$ 11,466,960	\$ 8,769,251
Operating grants and contributions	2,722,219	1,877,803
Capital grants and contributions	212,217	815,829
General revenues:		
Property taxes	11,825,979	10,416,688
Municipal taxes	21,883,632	20,418,119
Grants and entitlements not restricted to specific programs	6,473,704	7,506,950
Interest earnings	196,901	313,444
Gain (loss) on sale of assets	(67,252)	29,509
Reimbursement received	952,220	891,824
Other revenue	147,969	369,107
Transfers	4,888	4,261
Total	<u>\$ 55,819,437</u>	<u>\$ 51,412,785</u>
Expenses:		
General government	\$ 13,527,660	\$ 13,763,275
Public safety	18,367,866	17,671,151
Public health	454,038	460,421
Culture and recreation	3,774,060	3,812,176
Community development	7,739,951	7,912,186
Sanitation	3,009,859	2,976,704
Transportation	4,917,119	2,064,177
Interest and fiscal charges	1,260,115	1,371,232
Total	<u>\$ 53,050,668</u>	<u>\$ 50,031,322</u>

Source: City of Cleveland Heights, Finance Department

# City of Cleveland Heights, Ohio

## General Fund Revenues By Source

**Last Ten Fiscal Years**

**Table 2**

<u>Year</u>	<u>Taxes (a)</u>	<u>Intergovernmental Revenues</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Interest Revenue</u>	<u>Fines and Forfeitures</u>	<u>Other Revenues</u>	<u>Total</u>
1995	\$ 23,884,536	\$ 603,220	\$ 1,367,070	\$ 743,416	\$ 876,412	\$ 1,370,099	\$ 480,789	\$ 29,325,542
1996	23,996,891	719,248	1,391,770	783,425	1,103,000	2,071,687	399,757	30,465,778
1997	26,098,341	658,498	1,419,925	911,559	1,189,767	1,902,163	395,667	32,575,920
1998	27,630,331	714,016	1,406,238	842,090	1,267,841	2,013,851	528,916	34,403,283
1999	29,429,027	614,922	1,318,896	978,009	1,219,641	1,987,761	597,969	36,146,225
2000	30,678,243	657,585	1,186,295	941,980	1,415,494	2,082,131	680,213	37,641,941
2001	31,186,431	755,909	1,317,992	860,712	1,328,792	1,976,035	616,862	38,042,733
2002	29,432,002	715,305	1,972,398	886,025	594,990	1,894,685	1,064,008	36,559,413
2003	24,984,415 (b)	4,788,147 (b)	2,222,607	1,036,419	227,294	2,254,992	1,119,531	36,633,405
2004	26,178,040 (b)	4,941,326 (b)	2,132,430	1,099,064	138,756	2,266,524	1,272,282	38,028,422

(a) Includes Property, Income, State-Levied and Shared, and Other Local Taxes.

(b) State-Levied and Shared Taxes have been included in intergovernmental revenues.

SOURCE: City of Cleveland Heights, Finance Department

# City of Cleveland Heights, Ohio

## General Fund Expenditures by Function

**Last Ten Fiscal Years**

**Table 3**

<u>Year</u>	<u>Public Safety</u>	<u>Public Health</u>	<u>Culture and Recreation</u>	<u>Community Development</u>	<u>Sanitation</u>	<u>Transportation</u>	<u>General Government</u>	<u>Total</u>
1995	\$ 9,822,017	\$ 280,958	\$ 1,232,996	\$ 1,939,734	\$ 2,383,654	\$ 2,281,047	\$ 8,653,584	\$ 26,593,990
1996	10,979,749	310,003	1,339,726	2,075,300	2,474,798	2,243,557	8,173,437	27,596,570
1997	11,260,137	319,063	1,430,290	2,152,006	2,549,230	2,213,505	9,748,274	29,672,505
1998	11,470,408	321,010	1,416,539	2,200,943	2,577,468	2,114,355	9,367,305	29,468,028
1999	11,861,707	359,111	1,432,760	2,361,960	2,756,424	2,457,930	10,752,575	31,982,467
2000	12,692,494	381,495	1,569,774	2,725,883	2,863,542	2,737,375	11,191,191	34,161,754
2001	13,130,206	446,732	1,965,501	2,604,284	2,921,629	2,792,305	11,878,068	35,738,725
2002	13,073,176	421,092	2,933,284	2,770,185	2,506,851	3,114,675	12,607,065	37,426,328
2003	14,165,637	442,175	2,636,460	2,618,329	2,664,011	2,937,122	12,875,737	38,339,471
2004	13,509,188	439,495	2,477,167	2,460,816	2,641,071	3,307,888	12,609,999	37,445,624

SOURCE: City of Cleveland Heights, Finance Department



# City of Cleveland Heights, Ohio

## Assessed and Estimated Actual Value of Taxable Property

### Last Ten Fiscal Years

**Table 4**

Tax Year/ Collection Year	Real Property		Personal Property Assessed Value	Public Utilities Assessed Value	Total Assessed Value
	Assessed Value	Estimated Actual Value (a)			
1995/1996	\$ 587,116,490	\$ 1,677,475,686	\$ 17,916,634	\$ 26,488,890	\$ 631,522,014
1996/1997	586,912,820	1,676,893,771	19,364,921	25,795,560	632,073,301
1997/1998	625,688,610	1,787,681,743	20,006,001	24,891,160	670,585,771
1998/1999	625,224,870	1,786,356,771	17,799,923	25,053,540	668,078,333
1999/2000	635,943,320	1,816,980,914	17,814,173	23,144,800	676,902,293
2000/2001	726,866,140	2,076,760,400	29,093,694	27,071,690	783,031,524
2001/2002	729,924,820	2,085,499,486	20,182,093	17,405,910	767,512,823
2002/2003	732,499,420	2,092,855,486	21,123,332	28,711,240	782,333,992
2003/2004	840,995,810	2,402,845,171	19,034,202	31,031,530	891,061,542
2004/2005	842,164,720	2,406,184,914	18,345,751	27,401,630	887,912,101

(a) Estimated Actual Value based on assessment level of 35% from tax year 1976 and later.

SOURCE: Cuyahoga County Auditor

## City of Cleveland Heights, Ohio

### Property Tax Rates – All Direct and Overlapping Governments (Per \$1,000 Of Assessed Valuation)

**Last Ten Fiscal Years**

**Table 5**

Tax Year/ Collection Year	City of Cleveland Heights				Cleveland Heights School District (a)	Cuyahoga County	Total
	General Fund	Pension Trust Funds	Debt Service Funds	Total			
1995/1996	\$ 7.40	\$ .60	\$ 5.00	\$ 13.00	\$ 106.10	\$ 16.60	\$ 135.70
1996/1997	7.40	.60	5.00	13.00	115.00	16.60	144.60
1997/1998	7.40	.60	6.80	14.80	115.00	16.60	146.40
1998/1999	7.40	.60	6.80	14.80	115.00	15.30	145.10
1999/2000	7.40	.60	6.80	14.80	115.00	15.30	145.10
2000/2001	7.40	.60	6.10	14.10	120.40	22.10	156.60
2001/2002	7.40	.60	6.00	14.00	121.10	22.10	157.20
2002/2003	7.02	.60	6.48	14.10	121.10	22.10	157.30
2003/2004	6.92	.60	6.48	14.00	121.10	23.90	159.00
2004/2005	6.02	.60	6.48	13.10	129.60	24.20	166.90

(a) Includes Metroparks and Library Millage

SOURCE: Cuyahoga County Auditor

# City of Cleveland Heights, Ohio

## Property Tax Levies and Collections – Real and Public Utility

### Last Ten Fiscal Years

**Table 6**

<u>Tax Year/ Collection Year</u>	<u>Current Levy</u>	<u>Current Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Collection Including Deficiencies</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Accumulated Delinquency</u>
1994/1995	\$ 8,270,934	\$ 7,998,778	96.7%	\$ 8,158,566	98.8%	\$ 454,893
1995/1996	7,973,014	7,771,157	97.5	8,042,842	100.9	441,489
1996/1997	7,962,696	7,634,915	95.9	7,846,977	98.5	526,354
1997/1998	9,616,713	9,178,450	95.4	9,475,890	98.5	678,710
1998/1999	9,635,501	9,172,322	95.1	9,711,046	100.7	716,147
1999/2000	9,743,195	9,252,309	94.9	9,767,024	100.2	699,950
2000/2001	10,625,214	9,943,816	93.6	10,421,735	98.1	934,936
2001/2002	10,446,924	9,671,218	92.6	10,305,299	98.6	1,008,768
2002/2003	10,790,451	10,045,171	93.1	10,662,371	98.8	1,250,800
2003/2004	12,294,389	11,656,435	94.8	12,493,181	98.4	1,133,710

SOURCE: Cuyahoga County Auditor

# City of Cleveland Heights, Ohio

## Special Assessment Collections

### Last Ten Fiscal Years

**Table 7**

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Total Collection Including Delinquencies</u>	<u>Total Collections As Percent of Current Assessments</u>	<u>Cumulative Delinquency</u>
1995	\$ 1,000,014	\$ 1,000,379	100.0%	\$ 86,409
1996	1,050,219	1,049,510	99.9	72,614
1997	1,050,118	1,028,681	97.9	93,902
1998	1,324,209	1,324,415	100.0	338,061
1999	1,417,172	1,531,880	100.0	380,705
2000	1,444,773	1,678,829	100.0	367,476
2001	1,487,745	1,581,917	100.0	514,989
2002	1,681,306	1,880,374	111.8	522,920
2003	2,055,723	1,890,331	92.0	807,785
2004	1,394,910	2,042,725	146.4	485,419

SOURCE: Cuyahoga County Auditor

# City of Cleveland Heights, Ohio

## Computation of Legal Debt Margin

**December 31, 2004**

**Table 8**

Total Assessed Valuation		\$ <u>887,912,101</u>
Overall Debt Limitation – 10-½% of assessed valuation		\$ 93,230,771
Gross Indebtedness	\$ 27,354,000	
Less: Debt outside limitations	<u>                  -</u>	
Debt within 10-½% limitation	27,359,000	
Less: Bond Retirement Fund Balance	<u>3,204,502</u>	
Net debt within 10-½% limitation		<u>24,334,498</u>
Legal debt margin within 10-½% limitation		\$ <u>68,896,273</u>
Unvoted Debt Limitation – 5-½% of assessed valuation		\$ 48,835,166
Gross indebtedness authorized by Council	\$ 15,909,000	
Less: Debt outside limitations	<u>                  -</u>	
Debt within 5-½% limitation	15,909,000	
Less: Bond Retirement Fund Balance	<u>1,863,388</u>	
Net debt within 5-½% limitation		<u>14,045,612</u>
Legal debt margin within 5-½% limitation		\$ <u>34,789,554</u>

SOURCE: City of Cleveland Heights, Finance Department

# City of Cleveland Heights, Ohio

## Computation of Direct and Overlapping Debt

**December 31, 2004**

**Table 9**

	<u>Debt Outstanding</u>		<u>Percentage Applicable To City of Cleveland Heights</u>	<u>Amount Applicable To City of Cleveland Heights</u>
City of Cleveland Heights	\$ 27,359,000	(a)	100.00%	\$ 27,359,000
Cleveland Heights – University Heights School District	14,624,990	(b)	74.71%	10,926,330
Cuyahoga County	251,154,636	(b)	2.89%	7,258,369
Greater Cleveland Regional Transit	<u>147,025,000</u>	(b)	2.89%	<u>4,249,023</u>
Total Overlapping Debt	<u>412,804,626</u>			<u>22,433,722</u>
Total Debt	\$ <u>440,163,626</u>			\$ <u>49,792,722</u>

(a) Net General Obligation Debt Outstanding

(b) Gross General Obligation Debt Outstanding

SOURCE: (a) City of Cleveland Heights, Finance Department

(b) Cuyahoga County Auditor's Office

## City of Cleveland Heights, Ohio

### Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures

**Last Ten Fiscal Years**

**Table 10**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service on General Bonded Debt</u>	<u>General Fund Expenditures</u>	<u>Ratio of Tax Supported Debt Service To General Fund Expenditures</u>
1995	\$ 1,935,000	\$ 1,067,850	\$ 3,002,850	\$ 26,593,990	11.3
1996	1,975,000	959,897	2,934,897	27,596,570	10.6
1997	1,635,000	847,653	2,482,653	29,672,505	8.4
1998	1,730,000	1,671,949	3,401,949	29,468,028	11.5
1999	2,040,000	1,515,039	3,555,039	31,982,467	11.1
2000	2,115,000	1,422,183	3,537,183	34,161,754	10.4
2001	2,185,000	1,362,126	3,547,126	35,738,725	9.9
2002	2,450,000	1,456,857	3,906,857	37,426,328	10.4
2003	2,570,000	1,297,386	3,867,386	38,339,471	10.1
2004	2,680,000	1,169,969	3,849,969	37,445,624	10.3

SOURCE: City of Cleveland Heights, Finance Department

## City of Cleveland Heights, Ohio

### Ratio of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt Per Capita

**Last Ten Fiscal Years**

**Table 11**

<u>Year</u>	<u>Population</u>	<u>Assessed Value (b)</u>	<u>Gross General Bonded Debt</u>	<u>Less Balance In Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	54,052	\$ 631,522,014	\$ 16,850,000	\$ 3,374,719	\$ 13,475,281	2.13%	\$ 249.30
1996	54,540	632,074,301	14,875,000	3,289,091	11,585,909	1.83	212.43
1997	54,540	670,585,771	28,240,000	3,181,982	25,058,018	3.74	459.44
1998	54,540	668,078,333	26,510,000	3,160,459	23,349,541	3.50	428.12
1999	54,540	676,902,293	26,470,000	3,067,926	23,402,074	3.46	429.08
2000	49,958	783,031,524	24,355,000	3,223,776	21,131,224	2.70	422.98
2001	50,769 <sup>(a)</sup>	767,512,823	26,365,000	3,136,351	23,228,649	3.03	457.54
2002	50,769 <sup>(a)</sup>	782,333,992	24,070,000	3,418,626	20,651,374	2.64	406.77
2003	50,769 <sup>(a)</sup>	891,061,542	27,807,000	3,276,721	24,530,279	2.75	483.17
2004	50,769 <sup>(a)</sup>	887,912,101	27,884,000	3,204,502	24,679,498	2.78	486.11

(a) SOURCE: Federal 2001 Census, as revised by the U.S. Department of Commerce, Bureau of the Census.

(b) SOURCE: Cuyahoga County Auditor



# City of Cleveland Heights, Ohio

## Demographic Statistics

**December 31, 2004**

**Table 12**

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	56,438	54,540	50,769
Per capita income (in 1996 dollars)	\$ 20,118	\$ 22,584	\$ 25,804
Number of dwelling units	21,405	21,862	21,828
Persons per household	2.64	2.52	2.38
Median age	31.00	33.70	35.20
Percentage owner-occupied dwelling units	62.6%	62.6%	62.1%
Median family income	\$ 25,397	\$ 43,541	\$ 58,028
Family income distribution:			
\$0 – \$9,999	\$ 1,526	\$ 684	\$ 712
\$10,000 – \$14,999	1,316	451	252
\$15,000 – \$24,999	4,003	1,663	970
over \$25,000	<u>7,153</u>	<u>10,407</u>	<u>10,370</u>
Total families	\$ <u>13,998</u>	\$ <u>13,205</u>	\$ <u>12,304</u>
Education distribution/grade years completed:			
0-8	7.2%	3.6%	1.9%
9-11	9.4%	8.3%	6.5%
12	25.4%	18.1%	15.6%
13-15	18.4%	24.9%	26.0%
16 or more	39.6%	45.1%	50.0%
High school graduates	83.4%	88.1%	91.6%

SOURCE: Federal 2000 Census, U.S. Department of Commerce, Bureau of the Census.

# City of Cleveland Heights, Ohio

## Employment Distribution by Occupation

December 31, 2004

Table 13

	<u>Number Employed</u>	<u>Percentage of Total</u>
<u>Residents' employment distribution by occupation:</u>		
Management, professional, and related occupations	14,225	53.5%
Service occupations	3,180	12.0
Sales and office occupations	6,022	22.6
Farming, fishing, and forestry occupations	11	0.0
Construction, extraction, and maintenance occupations	880	3.3
Productions, transportation, and material moving occupations	<u>2,284</u>	<u>8.6</u>
Total employment	<u><u>26,602</u></u>	<u><u>100.0%</u></u>
<u>Residents' employment distribution by industry:</u>		
Agricultural, forestry, fishing and hunting, and mining	18	0.1%
Construction	683	2.6
Manufacturing	2,601	9.8
Wholesale trade	706	2.6
Retail trade	2,246	8.4
Transportation, warehousing, and utilities	1,063	4.0
Information	982	3.7
Finance, insurance, real estate, and rental and leasing	2,187	8.2
Professional, scientific, management, administrative, and waste management services	3,167	11.9
Educational, health and social services	8,836	33.2
Arts, entertainment, recreation, accommodation and food services	2,046	7.7
Other services (except public administration)	1,057	4.0
Public administration	<u>1,010</u>	<u>3.8</u>
Total employment	<u><u>26,602</u></u>	<u><u>100.0%</u></u>

SOURCE: Federal 2000 Census, U.S. Department of Commerce, Bureau of the Census

# City of Cleveland Heights, Ohio

## Property Value, New Construction and Bank Deposits

### Last Ten Fiscal Years

**Table 14**

Year Calendar/ Collection	Commercial/ Industrial Construction (a)	Residential Construction (a)	Cuyahoga County Bank Deposits (b) (In Thousands)	Total Assessed Value (a)	
				Commercial	Residential
1995/1996	\$ 1,572,754	\$ 638,966	\$ 22,458,573	\$ 88,586,160	\$ 498,530,330
1996/1997	411,930	604,850	27,068,211	88,619,930	498,292,890
1997/1998	1,566,920	643,090	53,941,971	92,988,980	532,699,630
1998/1999	900,680	426,820	58,904,596	92,643,810	532,581,060
1999/2000	8,942,790	681,830	57,816,942	103,265,710	532,677,610
2000/2001	4,332,580	475,420	61,942,764	121,304,650	605,561,490
2001/2002	2,240,210	1,003,440	63,893,769	124,836,080	605,388,740
2002/2003	3,493,310	1,984,410	95,761,917	124,975,940	563,120,040
2003/2004	1,444,180	3,151,530	97,238,973	134,174,420	706,821,340
2004/2005	1,791,630	4,313,920	101,838,959	133,121,050	709,043,670

(a) SOURCE: Cuyahoga County Auditor

(b) SOURCE: Federal Reserve Bank of Cleveland (total demand, time, and savings deposits) for Cuyahoga County, Ohio Banks

# City of Cleveland Heights, Ohio

## Principal Taxpayers

December 31, 2004

Table 15

<u>Taxpayer</u>	<u>Assessed Valuation (a)</u>	<u>Percentage of Total Assessed Valuation</u>
Severance Spe Lease Co. LLC	\$ 14,963,610	1.68%
AT&T Wireless PCS	8,739,610	0.98%
Kaiser Foundation Health	8,407,390	0.95%
Ohio Bell Telephone Company	6,136,560	0.69%
The Cleveland Electric Illuminating Company	5,853,160	0.66%
American Retirement Corporation	4,165,810	0.47%
Kensington Ltd. Partnership	3,098,510	0.35%
Concord Company	2,366,530	0.27%
SAA Incorporated	2,206,020	0.25%
New Par	<u>2,140,210</u>	<u>0.24%</u>
Total	\$ <u>58,077,410</u>	<u>6.54%</u>
Total Assessed Valuation of City	\$ <u>887,912,101</u>	

Property assessed at 35% of Fair Market Value

SOURCE: Cuyahoga County Auditor

# City of Cleveland Heights, Ohio

## Other Statistics

**December 31, 2004**

**Table 16**

Date of incorporation as a village .....	May 1903
Date of incorporation as a city .....	February 1921
City Charter adopted .....	August 1921
Form of government .....	Council/Manager
Area.....	8.11 square miles
Miles of streets.....	132
Number of street lights.....	4,660
Fire protection:	
Number of stations .....	2
Number of firemen and officers .....	78
Police protection:	
Number of stations .....	1
Number of policemen and officers .....	108
Sewers:	
Miles of storm sewers.....	150
Miles of sanitary sewers .....	150
Building:	
2004 Permits issued.....	2,107
2004 Valuation of construction .....	\$30,161,964
Parks and recreation:	
Number of parks .....	6
Number of pools.....	2
Number of ice rinks .....	2
Number of tennis courts .....	18
Number of baseball diamonds .....	9
Number of multi-purpose fields .....	3
Number of basketball courts.....	5

SOURCE: City of Cleveland Heights, Planning Department  
City of Cleveland Heights, Building Department  
City of Cleveland Heights, Parks and Recreation Department  
City of Cleveland Heights, Payroll Department  
City of Cleveland Heights, Water Department  
City of Cleveland Heights, Street Maintenance Department

# **City Of Cleveland Heights, Ohio**

**Single Audit Reports**

**December 31, 2004**

# City Of Cleveland Heights, Ohio

For The Year Ended December 31, 2004

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland Heights, Ohio as of and for the year ended December 31, 2004, which collectively comprise the City of Cleveland Heights, Ohio's basic financial statements and have issued our report thereon dated June 6, 2005. 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.

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 opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated June 6, 2004.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.



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

This report is intended solely for the information and use of the City Council, Finance Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cuni & Parichi, Inc.*

Cleveland, Ohio  
June 6, 2005

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

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

Compliance

We have audited the compliance of the City of Cleveland Heights, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Cleveland Heights, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Cleveland Heights, Ohio's management. Our responsibility is to express an opinion on the City of Cleveland Heights, Ohio's compliance based on our audit.

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

In our opinion, the City of Cleveland Heights complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

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

### Internal Control over Compliance

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

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

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cleveland Heights, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 6, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Cleveland Heights, Ohio's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, Finance Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 6, 2005

# City of Cleveland Heights, Ohio

## Schedule of Expenditures of Federal Awards

**For The Year Ended December 31, 2004**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	N/A	\$ 2,970,430
Section 108 Loan Program	14.248	N/A	<u>109,156</u>
Subtotal Direct Program			<u>3,079,586</u>
Pass-Through Program From:			
Cuyahoga County Housing Consortium:			
HOME Investment Partnership Program	14.239	N/A	<u>202,332</u>
Pass-Through Program From			
Cuyahoga County Department of Development			
Lead Safe Cuyahoga Program	14.900	N/A	<u>99,605</u>
Total U.S. Department of Housing and Urban Development			<u>3,381,523</u>
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
State Department of Aging and the Western Reserve Area Agency on Aging:			
Title III-B of the Older Americans Act	93.044	N/A	<u>31,269</u>
Total U.S. Department of Health and Human Services			<u>31,269</u>
Department of Homeland Security:			
Assistance to Firefighters Grant Program	97.042	N/A	<u>49,268</u>
Total Department of Homeland Security			<u>49,268</u>
U.S. Environmental Protection Agency:			
Pass-Through Program From:			
American Lung Association of Ohio:			
Cleveland Air Toxics Pilot Project	66.034	N/A	<u>17,193</u>
Total U.S. Environmental Protection Agency			<u>17,193</u>
Federal Highway Administration:			
Passed Through Ohio Department of Transportation:			
Highway Planning and Construction Grant	20.205	N/A	<u>79,459</u>
Total Federal Highway Administration			<u>79,459</u>
U.S. Department of Justice:			
Bulletproof Vest Program	16.607	N/A	<u>8,310</u>
Total U.S. Department of Justice			<u>8,310</u>
Total Expenditures of Federal Awards			\$ <u>3,567,022</u>

The accompanying notes are an integral part of this schedule

# City of Cleveland Heights, Ohio

## Notes to the Schedule of Expenditures of Federal Awards

### For The Year Ended December 31, 2004

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#### **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Cleveland Heights, Ohio and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2: Subrecipients**

Of the federal expenditures presented in the schedule, the City of Cleveland Heights provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant Entitlement Grants	14.218	\$ 473,130

#### **Note 3: Loans Outstanding**

In 2003 the City received a \$899,000 loan from HUD under Section 108 of Title I of the Housing and Community Development Act, as amended, of which \$109,156 was expended. The funds will be repaid to the City once the project is completed. The amount loaned out by the City has not been reflected in this schedule of expenditures of federal awards. The outstanding loan balance as of December 31, 2004 was \$810,000.

# City of Cleveland Heights, Ohio

## Schedule of Findings OMB Circular A-133 Section .505

December 31, 2004

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### 1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant CFDA No. 14.218 Section 108 Loan Program CFDA No. 14.248
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B:>All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

### 2. Findings Related To the Financial Statements Required To Be Reported In Accordance With GAGAS

None.

### 3. Findings for Federal Awards

None.

**City of Cleveland Heights, Ohio**

**Schedule of Prior Audit Findings  
OMB Circular A-133 Section .315(B)**

**December 31, 2004**

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None.

**City of Cleveland Heights, Ohio**  
**40 Severance Circle**  
**Cleveland Heights, Ohio 44118**  
**(216) 291-4444**

**Response to Findings Associated With Audit Conducted  
In Accordance With *Government Auditing Standards*  
For The Year Ended December 31, 2004**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
Not Applicable			





**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF CLEVELAND 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  
AUGUST 30, 2005**