

CITY OF WARRENSVILLE HEIGHTS, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

ISSUED BY THE DEPARTMENT OF FINANCE

RUBIN K. MOULTRIE, CPA,

FINANCE DIRECTOR



**Auditor of State
Betty Montgomery**

City Council
City of Warrensville Heights
4301 Warrensville Center Road
Warrensville Heights, Ohio 44128

We have reviewed the *Independent Auditor's Report* of the City of Warrensville 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 Warrensville 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

July 7, 2005

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City of Warrensville Heights, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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Marcia L. Fudge
Mayor

City of Warrensville Heights

4301 Warrensville Center Road
Warrensville Heights, Ohio 44128
(216) 587-6500

Rubin K. Moultrie, C.P.A.
Director of Finance

June 21, 2005

Citizens of Warrensville Heights and
Honorable Members of City Council
Warrensville Heights, Ohio 44128

We are pleased to present the Comprehensive Annual Financial Report of the City of Warrensville Heights for the year ended December 31, 2004. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

1. The introductory section includes a table of contents, this transmittal letter, the City's organizational chart, and a list of elected and appointed City officials.
2. The financial section begins with the independent accountants' report, and includes Management's Discussion and Analysis, the Basic Financial Statements and 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.
3. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Warrensville Heights (the primary government) and its potential component units.

The Warrensville Heights City School District, Warrensville Heights Regional Branch of the Cuyahoga County Public Library and Northeast Ohio Regional Sewer Council of Governments have not been included in the accompanying financial statements because none have boards appointed by the City and none are fiscally dependent on the City.

The City and Form of Government

The City of Warrensville Heights, Ohio, is located in the southeast portion of Cuyahoga County, eight miles from downtown Cleveland. The City was incorporated as a village in 1927, and became a city in 1960. The City has 15,109 residents, according to the most recent data from the United States Census Bureau.

The City is in the Cleveland Primary Metropolitan Statistical Area, comprised of the six counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. The City is also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area which is the 11th most populous of twenty in the country.

The City is served by diversified transportation facilities, including two State and U.S. highways and interstate highways I-271 and I-480. It is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at Cleveland Hopkins International Airport and Burke Lakefront Airport located in nearby Cleveland, and Cuyahoga County Airport located in nearby Richmond Heights. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority. Banking and financial services are provided to the City area by local offices of commercial banks and loan associations, all of which have their principal offices elsewhere.

One daily, one weekly and one monthly newspaper serve the City. The City is within the broadcast area of multiple television and radio stations. Multi-channel cable TV service, including educational, governmental and public access channels, is provided by Adelphia Inc.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Baldwin-Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Notre Dame College, Meyers College, The University of Akron, Ursuline College, Cleveland Institute of Art and the Cleveland Institute of Music. Nearby hospitals serving the City include the Cleveland Clinic, Marymount Hospital, Meridia South Pointe and University Hospital.

The City operates under and is governed by its Charter which voters first adopted in 1958 and which has been amended from time to time. The last amendment was made in 2002. The City is also subject to certain general laws applicable to all Ohio cities. Under the Ohio Constitution, the City may exercise all local self-government and police powers to the extent that none are in conflict with applicable general laws. The Charter also establishes certain administrative departments. The Charter provides for a mayor-council form of government.

Legislative authority is vested in a seven-member Council. Formerly, the seven members of Council were elected at large, every two years, and served staggered terms so that no more than four members of Council would be elected at any biennial election. At the municipal election in November, 2002, the electors of the City voted to amend the Charter of the City to require the election of members of Council by specified wards for terms of four years. Thus, at the municipal election in November, 2003, the voters of the City elected seven members of Council by wards, each to serve for a term of four years. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The President is elected by a majority of the Council for a one-year term. The Charter establishes certain administrative departments. The Council may establish divisions of those departments and additional departments.

The City's chief executive and administrative officer is the Mayor who is elected by the voters specifically to that office for a four-year term. The Mayor presides at all meetings of Council.

The Mayor appoints all of the directors of the City departments, including the Directors of Law, Finance, Service, Economic Development, Community Liaison, Personnel, Civic Center, the City Engineer and the Building Commissioner. The Mayor also appoints the Chiefs of Police and Fire and Police and Fire personnel after competitive civil service examinations. Additionally, the Mayor also appoints members to a

number of boards and commissions, and in accordance with civil service requirements, may remove all appointed officials and employees, except Council officers and employees. The Mayor may veto any legislation passed by Council, but Council may override a veto by a two-third vote of all members of the Council.

The Mayor also serves as the City's Safety Director.

The City provides basic services to its residents including police and fire protection, planning, zoning, street maintenance and repair, refuse collection, and general administrative services. The City of Cleveland provides water and sewer services to the City's residents.

Economic Condition and Outlook

The City is an inner ring suburb of the City of Cleveland. Primarily a residential community of beautifully maintained neighborhoods, it also has a thriving and engaging business community. The City is home to one of the most technologically advanced hospitals in Northeast Ohio; South Pointe, which is an affiliate of the renowned Cleveland Clinic, provides quality health care to Warrensville Heights residents as well as to our neighboring communities. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Sherwin-Williams Automotive Finishes Corporation's Research and Development facility and training center; Heinen's Incorporated, a retail food chain, headquarters and warehouse facility; Henkel Loctite Corporation manufactures and markets a broad range of high-performance adhesives, sealants and coatings; Marcus Thomas, a leading advertising firm, has its headquarters in our friendly City.

The City has a number of fully developed residential neighborhoods and has three new additional housing developments in progress. The homeowners carefully maintain their homes, which increases property value and enhances the appearance of the City's neighborhoods. To encourage individual upkeep, the City continues to administer Cuyahoga County's exterior maintenance federally funded program. This program assists homeowners who may not be able to afford the cost of keeping their homes at minimum standards governing the maintenance of dwelling structures. This program allows the City to work to create neighborhoods that are enjoyable to inhabit. Equal emphasis is also given to enforcement of the maintenance standards on the population of rental housing in the City. The Building department selects areas in the City to inspect with a goal to inspect the entire City every three years. During the past year, 343 permits were issued and residents have improved their homes by alterations and additions valued at \$1,020,801. In addition, 317 commercial permits for additions or improvements valued at \$39,085,602 were issued, totaling 660 permits valued at \$40,106,103 during 2004.

Construction has commenced on the Newport Square Apartment project, a 72 unit cluster style gated community for senior citizens. The City is committed to creating affordable housing for seniors. Occupancy is expected early fall 2005.

The year 2004 brought the groundbreaking for the City of Warrensville Heights' first Planned Unit Development (PUD). Stone's Throw will offer thirty-eight cluster homes when completed. Construction has commenced on six of these homes. This PUD is a mix use area that consists of an office park and a residential cluster home development that is marketed to individuals looking for a community with maintenance free living such as professionals and empty nesters. The office park development portion of the PUD will commence in fall 2005. The City issued notes in anticipation of the levy and collection of special assessment, to pay the cost of constructing the infrastructure at this development site. The planned sales prices are between \$170,000 and \$260,000.

Construction on the housing development known as The Chateaux of Emery Woods, an upscale development of 50 single and 20 cluster homes, commenced fall 2004. Construction has started on eleven single family homes. This development sits on 30 wooded acres of land that borders the City of Orange. The subdivision is designed by the renowned Cleveland architectural firm, City Architecture, and is modeled in a French European motif. The development will have amenities such as a community clubhouse that can be used by

the members of The Chateaux of Emery Woods Home Owners Association. The City issued notes in anticipation of the levy and collection of special assessments, to pay the cost of constructing the infrastructure at this development site. The price of these homes ranges from \$195,000 to \$450,000.

To continue to meet the growing healthcare needs of the community, South Pointe Hospital in association with JTMK Inc. has begun construction on a 50,000 square foot medical office building next to the hospital facility for its doctors. The doctors no longer will have extended traveling distance to service patients. This project reflects the hospital's strong commitment to the City.

Winegardner & Hammond, Inc. a full service hotel management company will open a 300-room, full service Marriott Hotel and conference center in early fall 2005. The hotel will be located in Chagrin Highland on Harvard Road just west of Interstate 271. The eight story hotel will feature a restaurant, meeting space with executive boardroom, comprehensive audio visual services, guest rooms designed for business travelers and a ballroom that accommodates 700 for receptions. The value of this project is approximately \$25 million.

The corner of Miles and Richmond Road area saw the opening of a Dunkin Donuts/Baskin Robbins Ice Cream store in 2004. Dunkin Donuts features a wide assortment of doughnuts, coffee, juice and pastries. Baskin Robbins will feature 31 flavors of Ice Cream and other fine desserts. There will be dining inside and outside the store to accommodate any size family.

In 2004, JES Development commenced construction of an 80,000 square foot office building in the Highland Business Park. The building will be home to an architectural firm, a health and workers' compensation managed care organization and an engineering firm. It is anticipated that this building will eventually house approximately 700 employees. The value of this project is approximately \$10 million and is scheduled for opening spring 2005.

Cuyahoga Community College commenced construction of an 110,000 square "Corporate College" in spring 2004. The college will offer professional courses, certification programs and customized training that prepare a highly skilled workforce for the business and industry needs of Northeastern Ohio. The college is scheduled for opening summer 2005.

Major Initiatives

For the Year In 2004, the City of Warrensville Heights continued its commitment to provide quality services and facilities to the City's residents and business community. Emphasis continued to be placed on the maintenance and improvement of the City's infrastructure, specifically the streets. The commercial district saw the reconstruction of Cranwood Parkway. This project was completed with the assistance of an Ohio Public Works Commission Issue two grant. The City's street improvement projects add to the quality of life of our residents and business community who travel them.

The City's Building department sponsored its second annual Home Beautification program. Through this program, the City of Warrensville Heights recognizes residents, businesses and local organizations that have enhanced the visual appeal of the community's landscape. Judging criteria include general effect and value to the community as well as overall appearance and enjoyment the project brings to citizens and visitors.

The City of Warrensville Heights has joined seven other communities in the installation of a Regional Outdoor Warning Siren System. This program is designed to alert the public of hazardous situations that may be life threatening. These alerts may include such events as tornadoes, chemical spills or other severe weather conditions. The City has installed four sirens in strategic locations to maximize its coverage area.

For the past three years, the City has been a recipient of grants from the Federal Emergency Management Agency (FEMA). The grants allow the City to better train and equip firefighters for the rapidly changing firefighting life safety demands confronting our communities. The grants have been used for turnout clothing, fire hose, and hose testing equipment.

The Police Department completed its second Senior Police Academy. This ten week course is a crime prevention informational program designed to educate senior citizens on how to avoid becoming a victim of crime. Also, the participants are given an inside look at the operation of the Police Department.

The D.A.R.E. (Drug Abuse Resistance Education) Program reaches students in the elementary school. These classes are conducted by a Warrensville Heights police officer trained by the D.A.R.E. organization. During the summer months, the D.A.R.E. officer conducts a basketball league for residents.

The Civic and Senior Center continues to be a popular place for senior citizens and residents. A variety of activities plays an integral part in the Center's daily operations. Some of the activities include art and computer classes, line dancing, exercise classes, ceramics, speakers, and bus trips. Health screening for blood pressure, cholesterol, blood sugar, and flu shots were also conducted at the Center. Tax preparation is available during the months of February, March and April.

The curbside recycling program continued to be successful due to the cooperation of the residents. Included in the "Blue Bag" recycling program are newspapers, magazines and catalogs, mixed papers, metal, glass and plastic containers. The recycled material is taken to Waste Management and separated and processed at their site. The City provides rubbish collection at no cost to its residential community.

For the Future The Administration is committed to working with the business community and residents to assure that the City of Warrensville Heights provides a high quality of life.

Redevelopment of the Zayres's and Helig Meyers properties continues to be a primary focus. The City submitted a winning application for Clean Ohio Revitalization Funds and received a grant in the amount of \$1,637,000. With these funds the City will remediate the environmental hazards located at the sites, after which the building will be demolished and the site prepared for redevelopment. The redevelopment project has been designated as the "Town Center Project" since it is in the center of the City. Remediation of the site will begin summer 2005.

Internal Accounting and Budgetary Controls

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

Budgetary Controls Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. With the assistance of the Finance Director, the Mayor is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, of the City for the next succeeding year by the first Council meeting in July. The legislative body is required to adopt the budget by July 15 and to submit it to the County Budget Commission by July 20 of each year. Based on the tax budget, the Finance Director submits to Council an appropriation ordinance for the next succeeding year.

Within ninety days of the beginning of the year covered by such ordinance, Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper. The City maintains budgetary control on a non-GAAP basis at the department level for the general fund and at the fund level for all others.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are first reviewed by the department head and then forwarded electronically to the finance department for preparation of a purchase order and certification. Requisitions for the expenditure of monies exceeding a certain dollar amount are submitted to the Mayor for approval. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of a department's appropriations at any time during the year.

The basis of accounting and the various funds utilized by the City of Warrensville Heights are fully described in Note 2 of the basic financial statements. Additional information on the City's budgetary accounting can also be found in Note 2.

Financial Condition The City has prepared its financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates 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 many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Non major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting. The City has no proprietary funds.

Statements 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 Management Discussion and Analysis of the City. The discussion immediately follows the independent accountants' report in the financial section of this report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

Cash Management

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains a conservative cash management program. Major considerations are the safety of investment, liquidity, yield and cash flows necessary to pay City liabilities. As City funds become available, they are invested immediately in short-term certificates of deposit or other securities authorized by State statute. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution, State statute and City Charter.

Interest earnings for 2004 totaled \$37,376 for governmental funds. This represents a decrease of \$23,459 from 2003 due to lower cash balances and economic conditions. All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2004, the City contracted with Arch Insurance Company and Travelers Property Casualty Insurance Company for insurance coverage.

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

Other Information

Independent Audit Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2004 by Ciuni & Panichi, Inc., a Certified Public Accountants and Business Consulting Firm. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.


Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate Achievement for Excellence in Financial Reporting to the City of Warrensville Heights for its comprehensive annual financial report for the year ended December 31, 2003.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report which satisfies all program standards. Such a report must also conform to generally accepted accounting principles and satisfy all applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

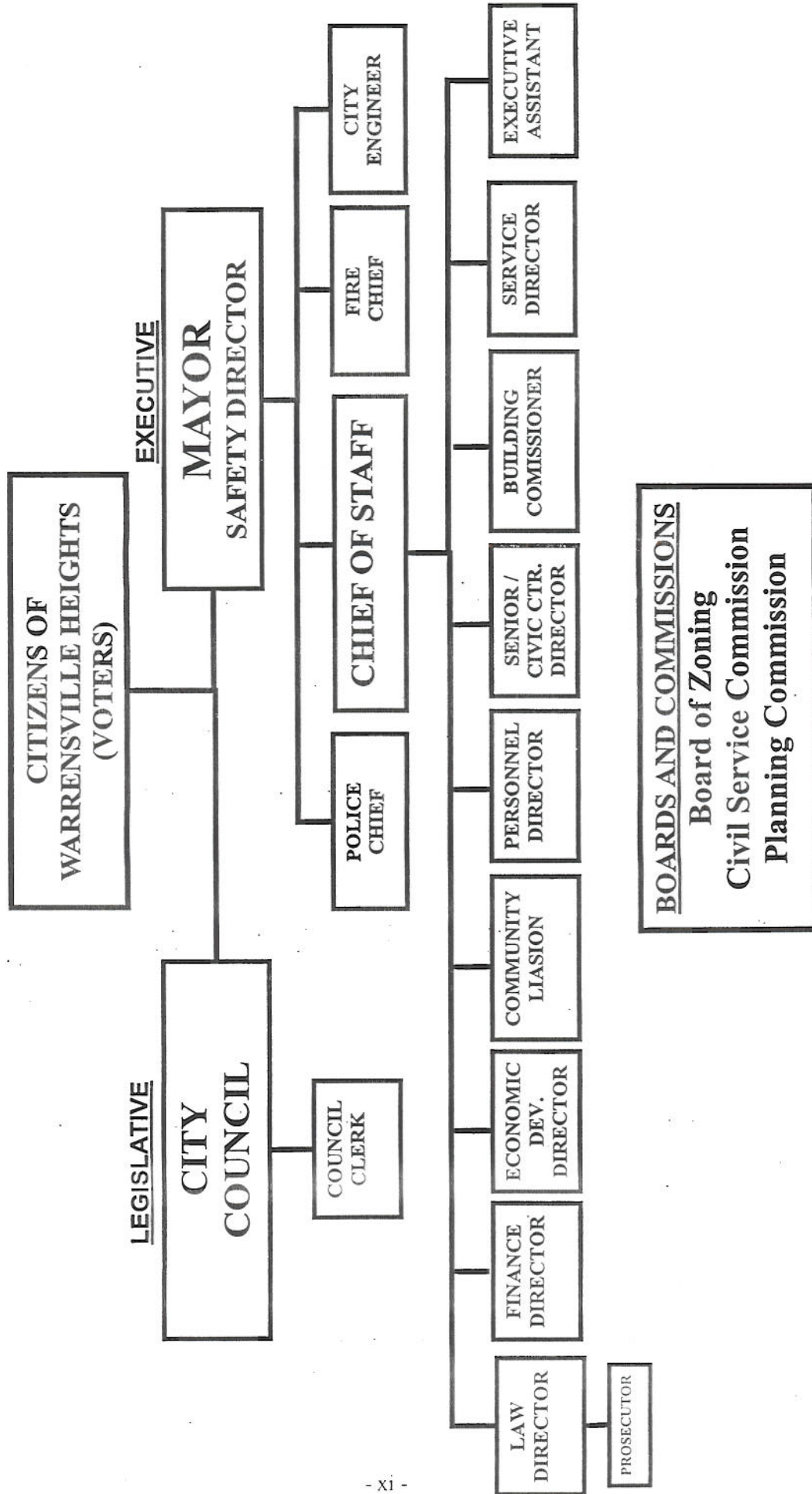
Acknowledgments This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Sincere gratitude goes to Council and to Mayor Marcia L. Fudge for their enthusiastic support and their granting of funds for this project. Appreciation is also expressed to all City Hall Department Heads for their cooperation and assistance. Special acknowledgment is extended to Local Government Services of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Respectfully submitted,



Rubin K. Moultrie CPA
Finance Director

CITY OF WARRENSVILLE HEIGHTS ORGANIZATIONAL CHART



The Boards and Commissions are appointed by the Mayor

CITY OF WARRENSVILLE HEIGHTS
ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR MARCIA L. FUDGE

CITY COUNCIL

Kimberly Hodge-Edwards, President, Ward 7

Dorise Thompson, Ward 1

Deborah A. Hill, Ward 2

Elona C. White, Ward 3

Ruby Nelson, Ward 4

Clinton Hall, Ward 5

Pauline Goode, Ward 6

APPOINTED OFFICIALS

Barbara L. Walker, Chief of Staff

Edward C. Coaxum Jr., Director of Law

Rubin K. Moultrie, Director of Finance

A. C. Williams, Director of Service

Frank Bova, Chief of Police

Stanley Martin, Chief of Fire

Carolyn Patrick, Personnel Director

Farris Williams, Economic Development Director

Bradley Sellers, Community Liaison Director

Melvin Lester, Building Commissioner

Brenda Wade, Director Civic and Senior Center

Lee Courtney, City Engineer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Warrensville Heights,
Ohio

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

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



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

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Independent Auditors' Report

Members of the City Council
Warrensville Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warrensville Heights 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 Warrensville Heights' 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, each major fund, and the aggregate remaining fund information of the City of Warrensville Heights, as of December 31, 2004, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2004, the City implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers."

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2005 on our consideration of the City of Warrensville Heights'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 the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 21, 2005

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The discussion and analysis of the City of Warrensville Heights's financial performance provides an overall review of the City's financial activities for the 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 information presented here in conjunction with the additional information contained in the transmittal letter, as well as the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City of Warrensville Heights exceed its liabilities at December 31, 2004 by \$2,720,833.
- Total assets increased \$1,315,187 in 2004 which represents an increase of 6.2 percent from 2003. The increase was due primarily to an increase of \$2,079,495 in capital assets which was offset by a decrease in cash and cash equivalents of \$477,173.
- Total liabilities increased \$397,855 in 2004 which represents an increase of 2.0 percent from 2003. The reason for the increase is due mainly to the City issuing new bond anticipation notes in 2004.
- In total, net assets of the City increased \$917,332 during 2004. This represents an increase of 50.9 percent from 2003. The reason for this increase is due mainly to an increase in the collections of income tax, property taxes and homestead and rollback from 2003.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City of Warrensville Heights basic financial statements. These statements are organized so that readers can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasing detailed look at specific financial conditions.

The statement of Net Assets and Statement of Activities provide information about the activities of the whole City. They provide both an aggregate view of the City's finances in addition to a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

The City of Warrensville Heights as a Whole

Statement of Net Assets and the Statement of Activities

The statement of Net Assets presents information, excluding fiduciary funds, on all the City of Warrensville Heights's assets and liabilities, with the difference between the two reported as net assets. This change is important because it serves as a useful indicator of whether the City's financial position is improving or deteriorating. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base, change in the tax law, and the condition of capital assets should also be considered.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

In the Statement of Net Assets and the Statement of Activities, all of the City's activities are reported as Governmental Activities, which include all of the City's services including police, fire, administration and all other departments. The City of Warrensville Heights does not operate any business type activities and has no component units. Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting similar to the accounting methods used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets
- Program Revenues and Expenses
- Net Assets Beginning of Year and Year End

Reporting the City of Warrensville Heights's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial reports provide detailed information about the City's major funds. The City of Warrensville Heights has established many funds that account for the multitude of services, facilities and infrastructure provided to our residents.

Governmental Funds

The 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 available resources, as well as on balances of resources available at the end of the year. All City activities are reported in the governmental funds focusing on how money flows into and out of those funds and the balances left at year end available for spending in future periods. Our funds are reported using an accounting method called modified accrual accounting which measure cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the basic services it provides. Both the governmental fund 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.

Government-wide Financial Analysis – City of Warrensville Heights as a Whole

As noted earlier, the Statement of Net Assets looks at the City as a whole and can be used as an indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Table 1
Net Assets

	Governmental Activities	
	2004	2003
Assets		
Current and Other Assets	\$9,834,970	\$10,599,278
Capital Assets, Net	12,755,271	10,675,776
Total Assets	22,590,241	21,275,054
Liabilities		
Current Liabilities	9,873,214	8,686,384
Long-Term Liabilities		
Due Within One Year	1,698,324	1,700,477
Due in More Than One Year	8,297,870	9,084,692
Total Liabilities	19,869,408	19,471,553
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,633,188	3,349,635
Restricted for:		
Capital Projects	2,229,153	52,718
Debt Service	704,593	885,749
Streets	223,231	202,700
Police	151,774	200,209
Fire	159,505	68,363
Other Purposes	67,074	84,299
Unrestricted	(2,447,685)	(3,040,172)
Total Net Assets	\$2,720,833	\$1,803,501

Total assets increased by \$1,315,187 from 2003 to 2004. Of that increase, the most significant change was in capital assets, which increased by \$2,079,495. The primary factor for this increase was the work performed on the Snavely and Emery Woods projects, which together added \$1,581,963 to construction in progress. The increase in capital assets was offset by decreases to cash and cash equivalents, property taxes receivable and special assessments receivable in the amount of \$477,173, \$183,842 and \$150,739 respectively.

Total liabilities increased by \$397,855 in 2004. The majority of the increase resulted from the City issuing \$1,910,000 in new notes benefiting the capital projects funds. The increase in notes payable was offset by decreases to long-term obligations payable, contracts payable and accounts payable in the amount of \$779,336, \$769,654 and \$157,694 respectively.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

During 2004, net assets of the City's governmental activities increased by \$917,332. The increase in collection of income tax, property taxes and homestead and rollback from 2003 was a main factor for this increase.

Unrestricted net assets had a deficit balance of \$2,447,685 at December 31, 2004 which is an increase over last year's deficit balance of \$3,040,172. The reason the City has a negative unrestricted net assets amount is that in the past, bonded debt was issued for operation and maintenance purposes and was not capitalized. The decrease in the negative unrestricted net assets balance is due to the City paying down on the outstanding bonded debt that was not capitalized.

Table 2 shows the change in net assets for the year ended December 31, 2004.

Table 2
Change in Net Assets

	Governmental Activities 2004	Governmental Activities 2003
Revenues		
Program Revenues		
Charges for Services	\$1,161,299	\$846,937
Operating Grants and Contributions	1,053,637	967,325
Capital Grants and Contributions	1,081,657	475,087
Total Program Revenues	<u>3,296,593</u>	<u>2,289,349</u>
General Revenues		
Property Taxes	2,234,637	2,152,172
Income Taxes	10,527,562	9,860,864
Grants and Entitlements	1,117,195	899,091
Investment Earnings	37,376	60,835
Miscellaneous	251,036	301,129
Total General Revenues	<u>14,167,806</u>	<u>13,274,091</u>
<i>Total Revenues</i>	<u>17,464,399</u>	<u>15,563,440</u>
Program Expenses		
General Government	2,799,313	2,721,824
Security of Persons and Property:		
Police	4,890,454	4,653,737
Fire	3,219,919	3,003,340
Public Health Services	47,829	40,420
Leisure Time Activities	361,980	323,941
Community Development	1,066,080	960,744
Transportation	2,384,519	2,293,956
Basic Utility Services	1,355,302	1,301,587
Interest and Fiscal Charges	421,671	378,320
Total Program Expenses	<u>16,547,067</u>	<u>15,677,869</u>
Increase (Decrease) in Net Assets	917,332	(114,429)
Net Assets Beginning of Year	<u>1,803,501</u>	<u>1,917,930</u>
Net Assets End of Year	<u>\$2,720,833</u>	<u>\$1,803,501</u>

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. Under the accrual basis of accounting, the City's income tax accounted for \$10,527,562 or 60.3 percent of total revenues. The City has an income tax rate of 2.0 percent. Residents of the City who work and pay taxes in another community receive a fifty percent credit of their City tax for Warrensville Heights. In recent history, the City has experienced consistent growth in income tax collections. The electorates of the City voted to change the income tax rate from 1.75 percent to 2.0 percent in 2001, which took effect in January 2002.

The City has enjoyed consistent growth in its income tax collection despite the downturn in the national economy. The new office developments and expansion at the Hospital and Sherwin-Williams Research Center have continued to increase the City's tax base. The catalyst behind its historical growth has been the policy of the City's economic development programs. The City has taken an aggressive approach in meeting some of the needs of its corporate citizens.

The City remains committed to collecting all taxes due to it and in 2004 worked in conjunction with the Central Collection Agency and the City Prosecutor to identify and assess individuals and businesses that were delinquent in filing their income tax returns. The City has two part-time employees' working exclusively with delinquent income taxpayers.

The City saw significant increases in its charges for services and capital grants and contributions program revenues. The increase in the charges for services program revenue was due to the City collecting a large amount of building permits for major construction projects within the City including the new Senior Center and the new Marriott hotel. The increase in the capital grants and contributions program revenue was due to the City receiving a Clean Ohio grant for the purchase of land and new Issue II grant money.

Public safety, including the police and fire departments, accounted for program expenses of \$8,110,373, which is 49.0 percent of total City expenses for the 2004. The transportation expenses, primarily the Service department, accounted for \$2,384,519, or 14.4 percent of total expenses.

The police and fire departments continue to upgrade its information technology capability and add to its equipment to better serve our community and at the same time provide extra safety for our officers and firefighters.

The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,826,651 and expenditures of \$26,473,661. The most significant fund is our General Fund with an unreserved fund balance at year end of \$915,727. Although the general fund had a positive fund balance at year end of \$918,005, the combined fund balance for all of the City's funds was a negative \$2,548,408. This deficit is the result of expenditures exceeding revenues by 6,168,435 on a modified accrual basis.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The City's other major funds include the general obligation bond retirement fund, the street improvement, Snavelly Project and the Emery Woods Project capital projects funds. The general obligation bond retirement fund is used to pay down on the City's outstanding general obligation and special assessment bonds, and also accounts for property tax and special assessment revenue, which helps to make it a major fund. The street improvement fund received note proceeds and grant monies which were used to help pay the cost of constructing and improving streets and curbs within the City. The Snavelly Project and Emery Woods Project capital projects funds received significant amounts of note proceeds to help pay for the cost of new streets, water and sewer lines and curbs for the Snavelly and Emery Woods development projects. These new developments will consist mostly of new houses and office buildings located within the City.

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 is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at a Finance Committee meeting, which is open to the public, the budget is adopted by City Council at a regularly held council meeting at the department level in the general fund and at the fund level for all other funds. The Finance Director has been authorized to allocate appropriations within the object level within each fund.

The General Fund supports many of our major activities including the police department, fire department, and most legislative and executive activities. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Both the original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2004, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed. The final budgeted revenue amount exceeded the original budget by \$1,386,431. The majority of this was due to the receipt of increased income and property tax collections. The final budgeted expenditure amount exceeded the original budget by \$1,362,005. The majority of this difference was due to a change in the budget for pension obligations and health insurance premiums. The change for these two items resulted in an increase of \$831,000 to the original budget. Additionally, due to an unusually harsh winter, the City was required to increase the Service department's budget approximately \$263,000 to pay for employee overtime and sodium chloride.

Capital Assets and Debt Administration

Capital Assets

At the end of 2004, the City of Warrensville Heights had \$12,755,271 invested in land, construction in progress, buildings, improvements, machinery and equipment, vehicles, furniture and fixtures and infrastructure. Table 3 shows 2004 balances of capital assets as compared to 2003.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

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

	Governmental Activities	
	2004	2003
Land	\$1,952,110	\$1,952,110
Construction in Progress	1,581,963	0
Buildings	2,603,062	2,601,462
Land Improvements	79,505	90,213
Machinery and Equipment	580,390	584,261
Vehicles	1,376,914	1,461,273
Furniture and Fixtures	40,743	700
Infrastructure		
Roads	3,179,565	2,563,206
Sanitary Sewers	505,092	528,584
Waterlines	464,167	483,097
Storm Sewers	391,760	410,870
Total Capital Assets	\$12,755,271	\$10,675,776

Capital assets increased by \$2,079,495 in 2004. The reason for this increase was due largely in part to the infrastructure improvement at the Snavely Plan Unit Development, the Emery Woods housing development and the Cranwood road project. The City issued notes to pay for the infrastructure improvement costs at these projects.

The City Engineer maintains a comprehensive listing of all the roads, sewer and waterlines and bridges and culverts within the City of Warrensville Heights. Each spring, this inventory is updated with current conditions and recommendations made for repair or replacement. The City has taken an aggressive approach in pursuing funding to assist in the financing of infrastructure projects.

For 2004, infrastructure capital assets were calculated without inclusion of the traffic light inventory. These will be added in 2005 to complete the infrastructure capital assets. For more information about the City's capital assets, see Note 10 to the basic financial statements.

Long-Term Obligations

At December 31, 2004, the City of Warrensville Heights had \$9,996,194 in outstanding long-term obligations, of which \$4,564,624 was in general obligation bonds and \$2,295,000 in various purpose notes. Table 4 summarizes the long-term obligations outstanding.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2004	2003
General Obligation Bonds	\$4,564,624	\$5,098,571
Special Assessment Bonds	548,931	683,553
Notes Payable	2,295,000	6,475,000
Compensated Absences	1,704,189	1,767,308
Capital Leases	883,450	940,737
Total	\$9,996,194	\$14,965,169

The general obligation bonds were issued in 1999 for the following purposes; improving Sunset Drive, Banbury Circle, Ascot Lane and certain other streets by paving and resurfacing them, renovating, remodeling and furnishing City Hall, acquiring a recycling packer for the Service department, refurbishing the culverts on Mill Creek, Longbrook Road and South Miles Road, and reconstructing the roof at City Hall, Fire Station number 2, and the Service Garage.

The Special Assessment Bonds were issued in 1986, 1988 and 1990 for neighborhood street improvement projects. Principal and interest for these bonds are paid from the collection of special assessments by the County Auditor.

The City of Warrensville Heights' overall legal debt margin was \$14,610,955 with an unvoted debt margin of \$1,514,570 on December 31, 2004. For more information about the City's long-term obligations, see Note 13 to the basic financial statements.

During 2004, the City issued a \$6,090,000 various purpose improvement bond anticipation note at 2.1 percent which will mature on July 14, 2005. Proceeds from this note will be used to help pay construction costs for street improvements, the Emery Woods Project, the Snavely Project, an upgrade to the information technology and siren warning systems.

Current Financial Related Activities

Despite the continued downturn of the national and local economy, 2004 was one in which the City fared well. The Administration provided strong fiscal management, holding general operating expenses in check while maintaining City services at a high level. The Administration continues toward its goal of keeping all residents and other interested parties fully informed as to the financial status of the City of Warrensville Heights.

Contacting the City of Warrensville Heights's Financial Management

This financial report is designed to provide our citizen's, 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. If you have questions about this report or need additional financial information, contact the Finance Director Rubin K. Moultrie, CPA, at the City of Warrensville Heights, 4301 Warrensville Center Road, Warrensville heights, Ohio 44128, (216) 587-1104, or e-mail to rmoultrie@cityofwarrensville.com.

Basic Financial Statements

City of Warrensville Heights, Ohio

Statement of Net Assets

December 31, 2004

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$3,276,964
Materials and Supplies Inventory	56,364
Accounts Receivable	138,846
Intergovernmental Receivable	936,516
Prepaid Items	74,840
Income Taxes Receivable	2,185,925
Property Taxes Receivable	2,497,259
Special Assessments Receivable	577,856
Unamortized Bond Issuance Costs	90,400
Nondepreciable Capital Assets	3,534,073
Depreciable Capital Assets, net	9,221,198
<i>Total Assets</i>	<u>22,590,241</u>
Liabilities	
Accounts Payable	184,047
Accrued Wages	209,217
Contracts Payable	152,434
Intergovernmental Payable	860,606
Accrued Interest Payable	132,290
Deferred Revenue	2,244,620
Notes Payable	6,090,000
Long-Term Liabilities:	
Due Within One Year	1,698,324
Due In More Than One Year	8,297,870
<i>Total Liabilities</i>	<u>19,869,408</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,633,188
Restricted for:	
Capital Projects	2,229,153
Debt Service	704,593
Streets	223,231
Police	151,774
Fire	159,505
Other Purposes	67,074
Unrestricted (Deficit)	(2,447,685)
<i>Total Net Assets</i>	<u><u>\$2,720,833</u></u>

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	General Obligation Bond Retirement	Street Improvement	Snavelly Project	Emery Woods Project
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$382,721	\$149,615	\$1,015,189	\$305,075	\$593,199
Materials and Supplies Inventory	56,364	0	0	0	0
Accounts Receivable	138,846	0	0	0	0
Interfund Receivable	63,930	0	0	0	0
Intergovernmental Receivable	531,861	28,753	0	0	0
Prepaid Items	74,840	0	0	0	0
Income Taxes Receivable	2,185,925	0	0	0	0
Property Taxes Receivable	1,098,890	616,178	0	0	0
Special Assessments Receivable	0	577,856	0	0	0
<i>Total Assets</i>	<u>\$4,533,377</u>	<u>\$1,372,402</u>	<u>\$1,015,189</u>	<u>\$305,075</u>	<u>\$593,199</u>
Liabilities					
Accounts Payable	\$84,786	\$0	\$3,064	\$0	\$0
Accrued Wages	209,062	0	0	0	0
Contracts Payable	16,267	0	0	0	136,167
Intergovernmental Payable	851,111	0	0	0	0
Accrued Interest Payable	0	0	24,911	12,525	15,712
Interfund Payable	0	0	0	0	0
Deferred Revenue	2,454,146	1,222,787	0	0	0
Notes Payable	0	0	2,532,000	1,273,000	1,597,000
<i>Total Liabilities</i>	<u>3,615,372</u>	<u>1,222,787</u>	<u>2,559,975</u>	<u>1,285,525</u>	<u>1,748,879</u>
Fund Balances					
Reserved for Encumbrances	2,278	0	0	0	0
Unreserved					
Undesignated, Reported in:					
General Fund	915,727	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Funds	0	149,615	0	0	0
Capital Projects Funds (Deficit)	0	0	(1,544,786)	(980,450)	(1,155,680)
<i>Total Fund Balances (Deficit)</i>	<u>918,005</u>	<u>149,615</u>	<u>(1,544,786)</u>	<u>(980,450)</u>	<u>(1,155,680)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,533,377</u>	<u>\$1,372,402</u>	<u>\$1,015,189</u>	<u>\$305,075</u>	<u>\$593,199</u>

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	(\$2,548,408)
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$831,165	\$3,276,964	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,755,271
0	56,364		
0	138,846		
0	63,930	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
375,902	936,516	Property Taxes	252,639
0	74,840	Income Tax	993,175
0	2,185,925	Intergovernmental	600,300
782,191	2,497,259	Charges for Services	68,168
0	577,856	Special Assessments	577,856
<u>\$1,989,258</u>	<u>\$9,808,500</u>	 Total	 2,492,138
\$96,197	\$184,047	In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	90,400
155	209,217		
0	152,434	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(72,374)
9,495	860,606		
6,768	59,916	Long-term liabilities, including bonds, notes and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:	
63,930	63,930	General Obligation Bonds	(4,564,624)
1,059,825	4,736,758	Special Assessment Bonds	(548,931)
688,000	6,090,000	Notes Payable	(2,295,000)
<u>1,924,370</u>	<u>12,356,908</u>	Compensated Absences	(1,704,189)
		Capital Leases	(883,450)
19,412	21,690	Total	(9,996,194)
0	915,727	 <i>Net Assets of Governmental Activities</i>	 <u>\$2,720,833</u>
242,907	242,907		
0	149,615		
<u>(197,431)</u>	<u>(3,878,347)</u>		
64,888	(2,548,408)		
<u>\$1,989,258</u>	<u>\$9,808,500</u>		

City of Warrensville Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	General Obligation Bond Retirement	Street Improvement	Snavelly Project
Revenues				
Property and Other Taxes	\$1,177,299	\$537,808	\$0	\$0
Income Taxes	10,388,957	0	0	0
Special Assessments	0	150,739	0	0
Intergovernmental	1,102,792	154,985	123,358	0
Interest	37,030	0	0	0
Fees, Licenses and Permits	527,986	0	0	0
Fines and Forfeitures	313,302	0	0	0
Charges for Services	340,389	0	0	0
Other	249,719	0	0	0
<i>Total Revenues</i>	<u>14,137,474</u>	<u>843,532</u>	<u>123,358</u>	<u>0</u>
Expenditures				
Current:				
General Government	2,380,740	0	0	0
Security of Persons and Property:				
Police	4,622,180	0	0	0
Fire	3,219,200	0	0	0
Public Health Services	46,838	0	0	0
Leisure Time Activities	327,586	0	0	0
Community Development	587,649	0	0	0
Transportation	1,413,397	0	0	0
Basic Utility Services	1,346,571	0	0	0
Capital Outlay	0	0	503,315	573,192
Debt Service:				
Principal Retirement	228,810	7,155,000	0	0
Interest and Fiscal Charges	51,943	315,317	24,911	12,525
<i>Total Expenditures</i>	<u>14,224,914</u>	<u>7,470,317</u>	<u>528,226</u>	<u>585,717</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(87,440)</u>	<u>(6,626,785)</u>	<u>(404,868)</u>	<u>(585,717)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	12,052	0	0	0
Inception of Capital Lease	171,523	0	0	0
Bond Anticipation Notes Issued	0	0	0	0
Transfers In	0	6,560,237	0	0
Transfers Out	(145,665)	0	(2,419,000)	(1,158,000)
<i>Total Other Financing Sources (Uses)</i>	<u>37,910</u>	<u>6,560,237</u>	<u>(2,419,000)</u>	<u>(1,158,000)</u>
<i>Net Change in Fund Balances</i>	(49,530)	(66,548)	(2,823,868)	(1,743,717)
<i>Fund Balances Beginning of Year</i>	<u>967,535</u>	<u>216,163</u>	<u>1,279,082</u>	<u>763,267</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$918,005</u>	<u>\$149,615</u>	<u>(\$1,544,786)</u>	<u>(\$980,450)</u>

See accompanying notes to the basic financial statements

City of Warrensville 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*

Emery Woods Project	Other Governmental Funds	Total Governmental Funds
\$0	\$685,453	\$2,400,560
0	0	10,388,957
0	0	150,739
0	2,023,655	3,404,790
0	346	37,376
0	2,550	530,536
0	0	313,302
0	8,966	349,355
0	1,317	251,036
<u>0</u>	<u>2,722,287</u>	<u>17,826,651</u>
0	123,246	2,503,986
0	392,425	5,014,605
0	342,845	3,562,045
0	0	46,838
0	3,234	330,820
0	471,132	1,058,781
0	460,876	1,874,273
0	0	1,346,571
1,139,968	708,281	2,924,756
0	0	7,383,810
15,712	6,768	427,176
<u>1,155,680</u>	<u>2,508,807</u>	<u>26,473,661</u>
<u>(1,155,680)</u>	<u>213,480</u>	<u>(8,647,010)</u>
0	0	12,052
0	0	171,523
0	2,295,000	2,295,000
0	60,428	6,620,665
0	(2,898,000)	(6,620,665)
<u>0</u>	<u>(542,572)</u>	<u>2,478,575</u>
<u>(1,155,680)</u>	<u>(329,092)</u>	<u>(6,168,435)</u>
<u>0</u>	<u>393,980</u>	<u>3,620,027</u>
<u>(\$1,155,680)</u>	<u>\$64,888</u>	<u>(\$2,548,408)</u>

Net Change in Fund Balances - Total Governmental Funds (\$6,168,435)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	2,707,548
Depreciation	<u>(618,090)</u>

Total 2,089,458

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(9,963)

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

Property Taxes	(165,923)
Income Tax	138,605
Intergovernmental	(152,301)
Charges for Services	(31,894)
Special Assessments	<u>(150,739)</u>

Total (362,252)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

7,383,810

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.

Accrued Interest on Bonds	28,236
Amortization of Issuance Costs	(11,300)
Amortization of Accounting Loss	<u>(11,431)</u>

Total 5,505

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

Compensated Absences	63,119
Pension Obligation	<u>382,613</u>

Total 445,732

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

Bond Anticipation Notes Issued	(2,295,000)
Capital Leases Payable	<u>(171,523)</u>

Total (2,466,523)

Change in Net Assets of Governmental Activities \$917,332

City of Warrensville Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$1,095,237	\$1,211,552	\$1,177,299	(\$34,253)
Income Taxes	9,653,479	10,678,678	10,376,776	(301,902)
Intergovernmental	963,263	1,065,561	1,035,436	(30,125)
Interest	34,449	38,107	37,030	(1,077)
Fees, Licenses and Permits	492,190	544,461	529,068	(15,393)
Fines and Forfeitures	277,743	307,239	298,553	(8,686)
Charges for Services	315,108	348,573	338,718	(9,855)
Other	232,977	256,706	249,719	(6,987)
<i>Total Revenues</i>	<u>13,064,446</u>	<u>14,450,877</u>	<u>14,042,599</u>	<u>(408,278)</u>
Expenditures				
Current:				
General Government	2,174,012	2,571,138	2,409,291	161,847
Security of Persons and Property:				
Police	4,594,806	4,743,989	4,485,192	258,797
Fire	2,737,270	3,224,290	2,974,856	249,434
Public Health Services	46,000	46,838	46,838	0
Leisure Time Activities	318,810	337,758	323,977	13,781
Community Development	558,968	604,397	583,815	20,582
Transportation	1,396,535	1,574,397	1,453,936	120,461
Basic Utility Services	1,272,306	1,357,905	1,357,650	255
<i>Total Expenditures</i>	<u>13,098,707</u>	<u>14,460,712</u>	<u>13,635,555</u>	<u>825,157</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(34,261)</u>	<u>(9,835)</u>	<u>407,044</u>	<u>416,879</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	12,052	12,052	12,052	0
Advances In	2,000	2,000	2,000	0
Advances Out	0	(4,600)	(4,600)	0
Transfers Out	(145,665)	(145,665)	(145,665)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(131,613)</u>	<u>(136,213)</u>	<u>(136,213)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(165,874)</u>	<u>(146,048)</u>	<u>270,831</u>	<u>416,879</u>
<i>Fund Deficit Beginning of Year</i>	<u>(29,396)</u>	<u>(29,396)</u>	<u>(29,396)</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>127,025</u>	<u>127,025</u>	<u>127,025</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$68,245)</u></u>	<u><u>(\$48,419)</u></u>	<u><u>\$368,460</u></u>	<u><u>\$416,879</u></u>

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$132,406</u>
Liabilities	
Deposits Held and Due to Others	<u>\$132,406</u>

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 1 – Description of the City and Reporting Entity

The City of Warrensville Heights (the “City”) is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted May 6, 1958. Legislative authority is vested in a seven-member Council. Council members are elected for a four year term. The Mayor is the chief executive and administrative officer who is also elected for a four year term.

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 Warrensville Heights this includes the agencies and departments that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance 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.

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.

The City is associated with one jointly governed organization and one insurance purchasing pool. These organizations are the First Suburbs Consortium of Northeast Ohio Council of Governments and the Ohio Association of Public Treasurers Group Rating Program. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Warrensville Heights have been prepared in conformity with generally accepted accounting principles (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 principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

A. Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and 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 which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

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 either governmental or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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 Warrensville Heights and/or the general laws of Ohio.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

General Obligation Bond Retirement Fund - The General Obligation Bond Retirement Fund accounts for property tax collections and special assessments revenue which are used to pay the voted general obligation refunding bonds and special assessment bonds principal, interest and related costs.

Street Improvement Fund – The Street Improvement Fund accounts for grant monies and note proceeds used for the improvement of streets and curbs within the City.

Snavelly Project Fund - The Snavelly Project Fund accounts for note proceeds used to pay for the costs of constructing a new development in the City which will consist of new office buildings and houses.

Emery Woods Project Fund - The Emery Woods Project Fund accounts for note proceeds used to pay for the costs of constructing a new development in the City which will consist of new houses.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, 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 has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds are for holding deposits from contractors, collecting sewer fees as a custodian for the City of Bedford, for collecting Senior Civic Center rental fees, for payroll clearing and for holding deposits from the exterior maintenance program.

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. 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.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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 and the statement for the fiduciary funds are prepared using 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 Nonexchange 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. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as “equity in pooled cash and cash equivalents”.

During the year, the City’s investments were limited to repurchase agreements, reported at cost, and STAROhio.

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

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund and the bureau of justice grant and local law enforcement block grant special revenue funds. Interest revenue credited to the general fund during 2004 amounted to \$37,030, which includes \$32,873 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. 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 at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back-trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. 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.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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	50 years
Land Improvements	30 years
Machinery and Equipment	5-15 years
Furniture and Fixtures	7 years
Vehicles	5-15 years
Infrastructure	75 years

The City's infrastructure consists of roads, sewers and waterlines and includes infrastructure acquired prior to December 31, 1980.

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from transactions between funds for services provided or goods received and from short-term interfund loans are classified as "interfund receivables/payables." 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.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences 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 capital leases are recognized as a liability on the governmental fund financial statements when due.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

L. Fund Balance Reserves

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$3,535,330 of restricted net assets, of which \$3,085,144 is restricted by enabling legislation. Net assets restricted for other purposes include street lighting, community and economic development.

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

N. Interfund Activity

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

O. Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the refunding general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight line method of amortization is not materially different from the effective-interest method.

P. Deferred Loss on Refunding

The difference between the reacquisition price and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the new debt and is presented net of the refunding general obligation bonds payable on the statement of net assets.

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.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 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.

S. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department level in the general fund and at the fund level for all other funds. The Finance Director has been authorized to allocate appropriations within the object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 - Change in Accounting Principles and Restatement of Prior Year Net Assets

A. Change in Accounting Principles

For 2004, the City has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers."

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

GASB Statement No. 46 clarifies how enabling legislation should be defined for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The implementation of GASB Statement No. 39, GASB Statement No. 46 and GASB Technical Bulletin No. 2004-2 did not affect the presentation of the financial statements of the City.

B. Restatement of Prior Year Net Assets

During 2004, it was determined that special assessments receivable were overstated on the government wide financial statements by \$359,877. This restatement had the following effect on net assets as they were previously reported.

Net Assets December 31, 2003	\$2,163,378
Special Assessments Receivable	(359,877)
Adjusted Net Assets December 31, 2003	\$1,803,501

Note 4 – Compliance and Accountability

A. Accountability

The following funds had deficit fund balances as of December 31, 2004:

Major Funds:	
Street Improvement	\$1,544,786
Snavelly Project	980,450
Emery Woods Project	1,155,680
Nonmajor Funds:	
Community Development Block Grant	9,345
Community Navigator Service Award Grant	3,700
Juvenile Accountability Grant	4,694
COPS Grant	20,258
Pilot Paint Program	25,027
Information Technology System	599,449
Siren Warning System	54,582

The special revenue funds' deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

The capital projects funds' deficits are the result of the issuance of anticipation notes which are used to finance the projects until bonds are issued. Once the notes are retired or the bonds are issued, the deficits will be eliminated.

B. Compliance

Contrary to Ohio Revised Code Section 5705.10, the City had negative cash balances in the Community Development Block Grant, COPS Grant and the Pilot Paint Program special revenue funds in the amount of \$9,345, \$20,258 and \$25,027 respectively, indicating that revenues from other sources were used to pay obligations of these funds.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The following funds had original appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Resources Plus Carryover Balances	Original Appropriations	Excess
General Fund	\$13,176,127	\$13,244,372	\$68,245
<i>Special Revenue Funds:</i>			
Street Construction, Maintenance and Repair	437,451	447,294	9,843
Police Salary and Equipment	138,593	145,580	6,987
Fire Salary and Equipment	135,307	140,000	4,693
Building Levy	143,451	199,355	55,904
Fire Department Child Safety Grant	1,308	1,486	178
EMS Computer Grant	13,788	16,300	2,512
Sidewalk Replacement	150,000	189,000	39,000

The following funds had final appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Resources Plus Carryover Balances	Final Appropriations	Excess
General Fund	\$14,562,558	\$14,610,977	\$48,419
<i>Special Revenue Funds:</i>			
Street Construction, Maintenance and Repair	429,451	459,885	30,434
Police Salary and Equipment	141,593	145,580	3,987
Building Levy	170,451	174,355	3,904

The following funds had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

	Expenditures Plus Encumbrances	Appropriations	Excess
<i>Special Revenue Funds:</i>			
Bureau of Justice Grant	\$9,141	\$6,000	\$3,141
DARE Grant	54,195	26,442	27,753
Community Development Block Grant	34,952	0	34,952
COPS Grant	45,094	41,146	3,948

Although these violations were not corrected by year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 5 - Budgetary Basis of Accounting

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

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 (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but is reported on the operating statements prepared using GAAP.
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund are as follows:

Net Change in Fund Balance	
GAAP Basis	(\$49,530)
Net Adjustment for Revenue Accruals	(259,406)
Beginning Unrecorded Cash	3,675
Ending Unrecorded Cash	(33,125)
Advances In	2,000
Advances Out	(4,600)
Net Adjustment for Expenditures Accruals	647,583
Encumbrances	(35,766)
Budget Basis	\$270,831

Note 6 - Deposits and Investments

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

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

City of Warrensville Heights, Ohio
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For the Year Ended December 31, 2004

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end, the carrying amount of the City's deposits was \$1,331,767 and the bank balance was \$1,334,726. Of the bank balance:

1. \$339,229 was covered by federal depository insurance.
2. \$995,497 was uncollateralized and uninsured. Although the securities were held by the pledging financial institution's trust department or agent in the financial institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$2,074,179	\$2,074,179	\$2,074,179
STAROhio		3,424	3,424
Total Investments	\$2,074,179	\$2,077,603	\$2,077,603

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with maturities of three months or less at the time of their purchase by the City.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$3,409,370	\$0
Investments:		
Repurchase Agreements	(2,074,179)	2,074,179
STAROhio	(3,424)	3,424
<i>GASB Statement No. 3</i>	\$1,331,767	\$2,077,603

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 7 - Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$485,197 in the general obligation bond retirement fund. At December 31, 2004 the amount of delinquent special assessments was \$28,925.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2004, was \$13.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$213,869,370
Public Utility Property	12,828,990
Tangible Personal Property	<u>35,229,342</u>
Total Assessed Values	<u><u>\$261,927,702</u></u>

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

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Warrensville Heights. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the police salary and equipment, fire salary and equipment, street lighting, building levy, fire pension and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a two percent income tax on substantially all income earned within the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Central Collection Agency (CCA) at least quarterly. Corporations and other individual taxpayers are also required to pay estimated tax quarterly and file a return annually. Residents of the City who work and pay taxes in another community receive a fifty percent credit of their City tax for Warrensville Heights. Taxes collected by CCA in one month are remitted to the City on the tenth of the following month. Income tax revenue is credited entirely to the general fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government and Local Government	
Revenue Assistance	\$465,617
Homestead and Rollback	100,214
Highway Distribution Tax	92,663
FEMA Grant	79,295
Gasoline and Excise Tax	62,886
Auto Registration Tax	42,227
Pilot Paint Program Grant	25,027
COPS Grant	20,688
Franchise Fees	15,715
Permissive Motor Vehicle License Tax	14,007
Estate Tax	11,238
The Cleveland Foundation Grant	5,000
Bureau of Justice Grant	1,939
Total	\$936,516

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 8 - Interfund Balances

Interfund balances at December 31, 2004, consist of the following interfund receivables and payables:

	Interfund Receivable
Interfund Payable	General
<i>Nonmajor Governmental Funds:</i>	
Street Lighting	\$1,000
Community Development Block Grant	9,345
Community Navigator Service Award Grant	3,700
Juvenile Accountability Grant	4,600
COPS Grant	20,258
Pilot Paint Program	25,027
Total	\$63,930

The loan to the Street Lighting fund was made to support programs and projects in this fund. The loans to the Community Development Block Grant, the COPS Grant and the Pilot Paint Program special revenue funds were made to cover deficit cash balances in these funds at year end. The loans to the Community Navigator Service Award Grant and the Juvenile Accountability Grant special revenue funds were made to cover projected year end cash deficits in these funds.

Note 9 - Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

	Transfers From				
	General	Street Improvement	Snavely Project	Nonmajor Governmental Funds	
Transfers To					
General Obligation					
Bond Retirement	\$85,237	\$2,419,000	\$1,158,000	\$2,898,000	\$6,560,237
Nonmajor Governmental Funds	60,428	0	0	0	60,428
Total	\$145,665	\$2,419,000	\$1,158,000	\$2,898,000	\$6,620,665

The transfers from the general fund to the nonmajor governmental funds were made to cover the City's matching fund requirement for the grants.

The transfers from the general fund, the street improvement fund, the Snavely project fund and the nonmajor governmental funds to the general obligation bond retirement fund were made for the annual debt service payments, which include the retirement of general obligation bonds, special assessment bonds and short and long-term notes.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 10 - Capital Assets

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

Governmental Activities	<u>Balance 12/31/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2004</u>
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,952,110	\$0	\$0	\$1,952,110
Construction in Progress	<u>0</u>	<u>1,581,963</u>	<u>0</u>	<u>1,581,963</u>
Total Capital Assets not being Depreciated	<u>1,952,110</u>	<u>1,581,963</u>	<u>0</u>	<u>3,534,073</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	3,547,090	80,484	0	3,627,574
Land Improvements	363,668	0	0	363,668
Machinery and Equipment	1,271,521	143,425	0	1,414,946
Furniture and Fixtures	38,720	40,249	0	78,969
Vehicles	3,969,739	171,223	(19,000)	4,121,962
Infrastructure:				
Roads	5,193,307	690,204	0	5,883,511
Sanitary Sewers	1,762,649	0	0	1,762,649
Waterlines	1,479,055	0	0	1,479,055
Storm Sewers	<u>1,433,255</u>	<u>0</u>	<u>0</u>	<u>1,433,255</u>
Total Capital Assets being Depreciated	<u>19,059,004</u>	<u>1,125,585</u>	<u>(19,000)</u>	<u>20,165,589</u>
Less Accumulated Depreciation:				
Buildings	(945,628)	(78,884)	0	(1,024,512)
Land Improvements	(273,455)	(10,708)	0	(284,163)
Machinery and Equipment	(687,260)	(147,296)	0	(834,556)
Furniture and Fixtures	(38,020)	(206)	0	(38,226)
Vehicles	(2,508,466)	(245,619)	9,037	(2,745,048)
Infrastructure:				
Roads	(2,630,101)	(73,845)	0	(2,703,946)
Sanitary Sewers	(1,234,065)	(23,492)	0	(1,257,557)
Waterlines	(995,958)	(18,930)	0	(1,014,888)
Storm Sewers	<u>(1,022,385)</u>	<u>(19,110)</u>	<u>0</u>	<u>(1,041,495)</u>
Total Accumulated Depreciation	<u>(10,335,338)</u>	<u>(618,090)*</u>	<u>9,037</u>	<u>(10,944,391)</u>
Total Capital Assets being Depreciated, Net	<u>8,723,666</u>	<u>507,495</u>	<u>(9,963)</u>	<u>9,221,198</u>
Governmental Activities Capital Assets, Net	<u>\$10,675,776</u>	<u>\$2,089,458</u>	<u>(\$9,963)</u>	<u>\$12,755,271</u>

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

* Depreciation expense was charged to governmental activities as follows:

General Government	\$139,718
Security of Persons and Property:	
Police	83,502
Fire	94,486
Public Health Services	991
Leisure Time Activities	35,126
Community Development	15,123
Transportation	162,612
Basic Utility Services	86,532
Total Depreciation Expense	\$618,090

Note 11 – Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2004:

Project	Contractor	Contract Amount Outstanding
Office Park and Residential Development	Snavelly Development Co.	\$145,366
Emery Woods Project	Independence Excavating, Inc.	76,791
Cranwood Parkway	Konstruktion King	22,360
	Total	\$244,517

Note 12 – Short-Term Debt

On July 16, 2003, the City of Warrensville Heights issued a 1.25 percent various purpose improvement bond anticipation note in the amount of \$4,180,000. The note matured on July 15, 2004 and was rolled into the \$6,090,000 various purpose improvement bond anticipation note at 2.1 percent, maturing July 14, 2005. Proceeds from this note went to the following funds:

<i>Major Governmental Funds:</i>	
Street Improvement	\$2,532,000
Snavelly Project	1,273,000
Emery Woods Project	1,597,000
<i>Nonmajor Governmental Funds:</i>	
Information Technology System	623,000
Siren Warning System	65,000
Total	\$6,090,000

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 13 - Long-Term Obligations

Original issue amounts and interest rates of the City's debt issues are as follows.

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<i>General Obligation Bonds:</i>			
2003 Various Purpose			
Improvement Refunding Bonds	1.05% - 3.125%	\$2,131,447	2012
1999 Street Improvement	3.90% - 5.40%	4,155,000	2014
<i>Special Assessment Bonds:</i>			
2003 Various Purpose			
Improvement Refunding Bonds	1.05% - 3.125%	493,553	2012
1986 Street Improvement	6.20% - 7.65%	790,000	2006
1988 Street Improvement	7.625%	1,730,000	2008

A schedule of changes in bonds and other long-term obligations of the City during 2004 follows:

	<u>Amount Outstanding 12/31/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 12/31/2004</u>	<u>Amount Due In One Year</u>
Governmental Activities					
<i>General Obligation Bonds</i>					
2003 Various Purpose					
Improvement Refunding Bonds	\$2,131,447	\$0	\$205,378	\$1,926,069	\$237,341
Unamortized Loss	(102,876)	0	(11,431)	(91,445)	0
Total Refunding Bonds	2,028,571	0	193,947	1,834,624	237,341
1999 Street Improvement	3,070,000	0	340,000	2,730,000	360,000
Total General Obligation Bonds	5,098,571	0	533,947	4,564,624	597,341
<i>Special Assessment Bonds</i>					
2003 Various Purpose					
Improvement Refunding Bonds	493,553	0	79,622	413,931	42,659
1986 Street Improvement	110,000	0	40,000	70,000	35,000
1988 Street Improvement	80,000	0	15,000	65,000	15,000
Total Special Assessment Bonds	683,553	0	134,622	548,931	92,659
<i>Long-Term Notes</i>					
2003 Bond Anticipation Notes	4,180,000	0	4,180,000	0	0
2003 Bond Anticipation Notes	2,295,000	0	2,295,000	0	0
2004 Bond Anticipation Notes	0	2,295,000	0	2,295,000	0
Total Long-Term Notes	6,475,000	2,295,000	6,475,000	2,295,000	0
<i>Other Long-Term Obligations</i>					
Compensated Absences	1,767,308	739,022	802,141	1,704,189	773,492
Capital Leases	940,737	171,523	228,810	883,450	234,832
Total Governmental Activities	\$14,965,169	\$3,205,545	\$8,174,520	\$9,996,194	\$1,698,324

City of Warrensville Heights, Ohio
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For the Year Ended December 31, 2004

The voted General Obligation and Special Assessment Refunding Bonds for Various Purpose Improvements and the Street Improvement general obligation bonds will be paid with property tax revenue and special assessment revenue from the general obligation bond retirement fund. The Special Assessment Street Improvement Bonds will be paid with special assessment revenue from the general obligation bond retirement fund. The Special Assessment bonds issued are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The \$2,295,000 various purpose improvement bond anticipation note issued February 19, 2003 at 1.45 percent and outstanding at December 31, 2003, was rolled over into the \$2,295,000 various purpose improvement bond anticipation note, issued February 10, 2004 at 1.35 percent and maturing February 10, 2005. The note is backed by the full faith of the City of Warrensville Heights.

Compensated absences reported in the “compensated absences payable” account will be paid from the general fund.

As of December 31, 2004, the City's overall legal debt margin was \$14,610,955 and the unvoted legal debt margin was \$1,514,570.

Principal and interest requirements to retire the City’s long-term obligations outstanding at December 31, 2004 are as follows:

	General Obligation Bonds		Special Assessment Bonds		Totals
	Principal	Interest	Principal	Interest	
2005	\$597,341	\$165,683	\$92,659	\$37,242	\$892,925
2006	611,645	147,047	93,355	30,755	882,802
2007	630,948	127,105	64,052	24,133	846,238
2008	660,252	105,298	69,748	19,882	855,180
2009	684,556	81,549	55,444	15,056	836,605
2010-2014	1,471,327	158,502	173,673	20,813	1,824,315
Total	\$4,656,069	\$785,184	\$548,931	\$147,881	\$6,138,065

Note 14 – Capital Leases

During 2004, the City entered into lease agreements for an ambulance and a police vehicle. The City also has existing leases for copiers, vehicles, a street sweeper, a fire truck, police equipment and a postage meter. These lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, “Accounting for Leases,” and have been recorded on the government-wide statements. The machinery and equipment and vehicles have been capitalized in the amount of \$1,761,928, the present value of the minimum lease payments at the inception of the lease.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The assets acquired through capital leases are as follows:

<i>Asset:</i>	<u>Governmental Activities</u>
Machinery and Equipment	\$158,076
Vehicles	1,603,852
Historical Cost	<u>1,761,928</u>
Less: Accumulated Depreciation	<u>(774,991)</u>
Total Book Value as of December 31, 2004	<u><u>\$986,937</u></u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year Ending December 31,	
2005	\$277,408
2006	251,461
2007	141,069
2008	124,253
2009	120,890
2010	<u>88,376</u>
Total Minimum Lease Payments	1,003,457
Less: Amount Representing Interest	<u>(120,007)</u>
Present Value of Minimum Lease	<u><u>\$883,450</u></u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 15 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2004, the City contracted with Arch Insurance Company and Travelers Property Casualty Insurance Company for various types of insurance as follows:

City of Warrensville Heights, Ohio
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For the Year Ended December 31, 2004

Company	Coverage	Amount
Arch Insurance Company	Comprehensive Municipal Liability Coverage:	
	Combined Single Limit (Per Occurrence)/Aggregate	\$1,000,000 / \$3,000,000
	Property Legal Liability (Fire Damage)	50,000
	Premises Medical Payments (Per Person)	10,000
	Employee Benefits Liability (Per Occurrence)/Aggregate	1,000,000 / 3,000,000
	Ohio Stop Gap	1,000,000
	Automobile Liability and Physical Damage Coverage:	
	Combined Bodily Injury and Property Damage	1,000,000
	Public Officials Errors and Omissions:	
	Per Occurrence	1,000,000
	Aggregate	1,000,000
	Police Professional Liability:	
	Per Occurrence	1,000,000
	Aggregate	1,000,000
	Property (Building and Contents) Coverage	14,290,377
Inland Marine Coverage	1,083,910	
Travelers Property Casualty	Boiler and Machinery Coverage	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

B. Worker's Compensation

The City participates in the Ohio Association of Public Treasurers (OAPT) risk reduction group rating program for workers' compensation premiums (Note 20). The OAPT uses a shared savings pool option to equalize the savings on workers' compensation premiums for all members. Participants benefit from reduced premiums, cost effective claims management, legal representation and consulting services. Each entity within the group pays its workers' compensation premium to the State of Ohio based on the rate for the OAPT, and total group savings are calculated and distributed based on each participant's performance as compared to the overall savings of the group. Each entity must then either contribute money to or receive money from the shared savings pool based on performance in order to equalize the savings for all members. Member participation in the OAPT group risk reduction program is open to those public entities that meet the group's selection requirements. Integrated Consulting Services, LTD provides administrative, cost containment and actuarial services for the group members.

Note 16 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of 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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$362,647, \$322,873, and \$502,807 respectively; 69.9 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$4,228 made by the City and \$2,652 made by the plan members.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$276,532 and \$336,526 for the year ended December 31, 2004, \$277,139 and \$298,672 for the year ended December 31, 2003, and \$399,616 and \$463,958 for the year ended December 31, 2002, equal to the required contribution for each year. The full amount has been contributed for 2003 and 2002. 48.4 percent for police and 47.4 percent for firefighters has been contributed for 2004 with the remainder being reported as a liability.

Note 17 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$151,894. 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 actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$182,394 for police and \$160,497 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

Note 18 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. All City employees earn vacation ranging from two to six weeks based upon length of service.

General administration employees not covered by a collective bargaining agreement earn sick leave of 120 hours annually, without limit on the amount they can accumulate. General administration employees may carry forward a maximum of 336 hours of vacation leave unless the employee's department head certifies to the Mayor that the employee has exceeded the maximum vacation hours allowed as a result of the employee's inability to use vacation leave due to staffing requirements. Upon separation from the City, a maximum of 25 percent of accumulated sick leave or no more than 190 hours and 336 hours of vacation leave shall be paid.

Fire department employees earn 168 hours of sick leave annually and may carry forward an unlimited amount. Upon separation from the City, fire department employees will be paid for 37.5 percent of their accumulated sick balance up to 1,080 hours. Additionally, the maximum amount of vacation leave that may be carried forward annually is 120 hours. Upon separation from the City, fire department employees shall be paid at 37.5 percent for any unused vacation balance.

Police officers earn 120 hours of sick leave per year and may carry forward an unlimited amount of sick leave annually. However, only 480 hours of vacation time may be carried forward annually. Police officers separating from employment will be paid for any unused vacation balance with a maximum of 480 hours. Police officers with at least ten years of continuous City service will be paid 30 percent of their accumulated sick leave balance upon separation from the City, with a maximum of 400 hours.

Police dispatchers earn 120 hours of sick leave annually and may carry forward an unlimited amount; the maximum amount of vacation leave that may be carried forward is 336 hours. Upon separation from employment, dispatchers may be paid for all accumulated vacation leave up to 336 hours; however they are only paid for accumulated sick leave at 30 percent of total or a maximum of 232 hours if separation is by retirement and with at least ten years of continuous service with the City.

Note 19 - Jointly Governed Organization

First Suburbs Consortium of Northeast Ohio Council of Governments The City is a member of the First Suburbs Consortium of Northeast Ohio Council of Governments (Council). The Council is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council is currently comprised of 12 communities. The Council was formed to foster cooperation between municipalities in matters of mutual concern, including but not limited to initiation and support of policies and practices which protect, maintain, and redevelop mature communities and other matters which affect health, safety, welfare, education, economic conditions and regional development.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2004, the City of Warrensville Heights contributed \$6,000 to the Council. Financial information can be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

Note 20 – Insurance Purchasing Pool

Ohio Association of Public Treasurers Group Rating Program The City is a participant in the Ohio Association of Public Treasurers (OAPT) Group Rating Program, an insurance purchasing pool. The business and affairs of the OAPT are conducted by a nine member board of trustees consisting of active members as elected by the general membership at the annual conference for staggered three year terms. The Group Rating Program is administered through a committee specifically established for this purpose. The committee reports directly to the board of trustees. Each year, the participants pay an enrollment fee to the Program to cover the costs of administration.

Note 21 - Contingencies

A. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2004.

Note 22 - Subsequent Event

On February 9, 2005 the City refinanced the 2004 general obligation bond anticipation notes for \$1,950,000 at 2.75 percent. The notes will mature February 9, 2006.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund The Street Construction, Maintenance and Repair Fund accounts for ninety-two and one half percent (92.5%) of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

State Highway Fund The State Highway Fund accounts for seven and one half percent (7.5%) of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Police Salary and Equipment Fund The Police Salary and Equipment Fund accounts for property tax revenue levied for the payment of salaries and for the purchase of equipment in the police department.

Fire Salary and Equipment Fund The Fire Salary and Equipment Fund accounts for property tax revenue levied for the payment of salaries and for the purchase of equipment in the fire department.

Street Lighting Fund The Street Lighting Fund accounts for property tax revenue levied to provide street lighting within the City.

Building Levy Fund The Building Levy Fund accounts for property tax revenue levied for the payment of repairs to City owned buildings.

Law Enforcement Trust Fund The Law Enforcement Trust Fund accounts for confiscated monies from criminals that are designated, by State statute, for expenditures that would enhance the police department.

Bureau of Justice Grant Fund The Bureau of Justice Grant Fund accounts for monies to be expended for safety equipment in the police department.

Fire Pension Fund The Fire Pension Fund accounts for the accumulation of property taxes levied for the payment of employer's pension contributions.

Police Pension Fund The Police Pension Fund accounts for the accumulation of property taxes levied for the payment of employer's pension contributions.

DARE Grant Fund The DARE Grant Fund accounts for grant monies received which are used to educate the public regarding drug abuse and drug abuse prevention.

Community Development Block Grant Fund The Community Development Block Grant Fund accounts for revenues received from the federal government and City matching funds and expenditures as prescribed under the Community Development Block Grant Program.

Juvenile Diversion Program Fund The Juvenile Diversion Program Fund accounts for monies received from Cuyahoga County to be used to establish or expand community policing programs.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Community Navigator Service Award Grant Fund The Community Navigator Service Award Grant Fund accounts for monies to provide services in the community to grandparents and other kinship caregivers.

Fire Department Child Safety Grant Fund The Fire Department Child Safety Grant Fund accounts for monies to be used for fire safety programs for children.

EMS Computer Grant Fund The EMS Computer Grant Fund accounts for monies used for the purchase of computers in the fire department.

Local Law Enforcement Block Grant Fund The Local Law Enforcement Block Grant Fund accounts for monies used for the purchase of equipment in the police department.

Sidewalk Replacement Fund The Sidewalk Replacement Fund accounts for monies received from the Cuyahoga County Community Development department for the inspection and improvement of sidewalks within the City.

Juvenile Accountability Grant Fund The Juvenile Accountability Grant Fund accounts for revenues and expenditures for the young leaders program.

Ohio Department of Development Grant Fund The Ohio Department of Development Grant Fund accounts for monies used for road reconstruction.

COPS Grant Fund The Cops Grant Fund accounts for monies from the Federal government to be used for the purchase of equipment, computer software and other costs associated with police mobile computing.

FEMA Grant Fund This grant accounts for monies received from the Federal Emergency Management Agency to be expended on personal protective equipment for use by the fire department.

Cleveland Browns Foundation Fund The Cleveland Browns Foundation Fund accounts for monies to be used for youth crime prevention programs.

CRA Monitoring Fee Fund The CRA Monitoring Fee Fund accounts for monies received from companies that have a Community Reinvestment Agreement with the City. Funds are to be used exclusively for the purpose of complying with section 3735.671(D) of the Revised Code.

The Cleveland Foundation Fund The Cleveland Foundation Fund accounts for monies received from the Cleveland Foundation to be used for a summer and after school family based prevention program within the City.

Pilot Paint Program Fund The Pilot Paint Program Fund accounts for monies received from the Cuyahoga County Community Development department to be used for exterior painting services for City residents.

Economic Development Stimulus Incentive Grant Fund The Economic Development Stimulus Incentive Grant Fund accounts for monies received from building permits issued to developers of the Emery Woods housing project.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds).

Building Repair and Improvement Fund The Building Repair and Improvement Fund accounts for resources to be used for improving and refurbishing City owned buildings.

Information Technology System Fund The Information Technology System Fund accounts for resources to be used for purchasing computer hardware, application software, network telephone systems and other technology system upgrades.

Issue II Fund The Issue II Fund accounts for monies received from the Ohio Public Works Commission to be used for specific projects within the City.

Land Acquisition Fund The Land Acquisition Fund accounts for resources set aside for future economic growth and development.

Siren Warning System Fund The Siren Warning System Fund accounts for monies received from a note issuance to be used for installing sirens throughout the City.

City of Warrensville Heights, Ohio

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$316,328	\$514,837	\$831,165
Intergovernmental Receivable	375,902	0	375,902
Property Taxes Receivable	782,191	0	782,191
<i>Total Assets</i>	<u>\$1,474,421</u>	<u>\$514,837</u>	<u>\$1,989,258</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$96,197	\$0	\$96,197
Accrued Wages	155	0	155
Intergovernmental Payable	9,495	0	9,495
Accrued Interest Payable	0	6,768	6,768
Interfund Payable	63,930	0	63,930
Deferred Revenue	1,059,825	0	1,059,825
Notes Payable	0	688,000	688,000
<i>Total Liabilities</i>	<u>1,229,602</u>	<u>694,768</u>	<u>1,924,370</u>
Fund Balances			
Reserved for Encumbrances	1,912	17,500	19,412
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	242,907	0	242,907
Capital Projects Funds (Deficit)	0	(197,431)	(197,431)
<i>Total Fund Balances (Deficit)</i>	<u>244,819</u>	<u>(179,931)</u>	<u>64,888</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,474,421</u>	<u>\$514,837</u>	<u>\$1,989,258</u>

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property and Other Taxes	\$685,453	\$0	\$685,453
Intergovernmental	1,048,458	975,197	2,023,655
Interest	346	0	346
Fees, Licenses and Permits	2,550	0	2,550
Charges for Services	8,966	0	8,966
Other	1,317	0	1,317
<i>Total Revenues</i>	<u>1,747,090</u>	<u>975,197</u>	<u>2,722,287</u>
Expenditures			
Current:			
General Government	123,246	0	123,246
Security of Persons and Property:			
Police	392,425	0	392,425
Fire	342,845	0	342,845
Leisure Time Activities	3,234	0	3,234
Community Development	471,132	0	471,132
Transportation	460,876	0	460,876
Capital Outlay	0	708,281	708,281
Debt Service:			
Interest and Fiscal Charges	0	6,768	6,768
<i>Total Expenditures</i>	<u>1,793,758</u>	<u>715,049</u>	<u>2,508,807</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(46,668)</u>	<u>260,148</u>	<u>213,480</u>
Other Financing Sources (Uses)			
Bond Anticipation Notes Issued	0	2,295,000	2,295,000
Transfers In	60,428	0	60,428
Transfers Out	0	(2,898,000)	(2,898,000)
<i>Total Other Financing Sources (Uses)</i>	<u>60,428</u>	<u>(603,000)</u>	<u>(542,572)</u>
<i>Net Change in Fund Balances</i>	13,760	(342,852)	(329,092)
<i>Fund Balances Beginning of Year</i>	<u>231,059</u>	<u>162,921</u>	<u>393,980</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$244,819</u></u>	<u><u>(\$179,931)</u></u>	<u><u>\$64,888</u></u>

City of Warrensville Heights, Ohio

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2004

	Street Construction, Maintenance and Repair	State Highway	Police Salary and Equipment	Fire Salary and Equipment
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,175	\$10,099	\$9,019	\$5,786
Intergovernmental Receivable	195,899	15,883	4,734	4,734
Property Taxes Receivable	0	0	138,983	138,983
<i>Total Assets</i>	<u>\$198,074</u>	<u>\$25,982</u>	<u>\$152,736</u>	<u>\$149,503</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$825	\$0	\$0	\$0
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	122,849	9,960	143,717	143,717
<i>Total Liabilities</i>	<u>123,674</u>	<u>9,960</u>	<u>143,717</u>	<u>143,717</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	74,400	16,022	9,019	5,786
<i>Total Fund Balances (Deficit)</i>	<u>74,400</u>	<u>16,022</u>	<u>9,019</u>	<u>5,786</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$198,074</u>	<u>\$25,982</u>	<u>\$152,736</u>	<u>\$149,503</u>

<u>Street Lighting</u>	<u>Building Levy</u>	<u>Law Enforcement Trust</u>	<u>Bureau of Justice Grant</u>	<u>Fire Pension</u>	<u>Police Pension</u>
\$39,119	\$13,900	\$59,094	\$2,238	\$4,309	\$4,837
11,630	3,571	0	1,939	3,751	3,751
<u>253,407</u>	<u>90,076</u>	<u>0</u>	<u>0</u>	<u>80,371</u>	<u>80,371</u>
<u>\$304,156</u>	<u>\$107,547</u>	<u>\$59,094</u>	<u>\$4,177</u>	<u>\$88,431</u>	<u>\$88,959</u>
\$29,167	\$4,850	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	4,309	4,837
1,000	0	0	0	0	0
<u>265,037</u>	<u>93,647</u>	<u>0</u>	<u>1,939</u>	<u>84,122</u>	<u>84,122</u>
<u>295,204</u>	<u>98,497</u>	<u>0</u>	<u>1,939</u>	<u>88,431</u>	<u>88,959</u>
0	1,912	0	0	0	0
<u>8,952</u>	<u>7,138</u>	<u>59,094</u>	<u>2,238</u>	<u>0</u>	<u>0</u>
<u>8,952</u>	<u>9,050</u>	<u>59,094</u>	<u>2,238</u>	<u>0</u>	<u>0</u>
<u>\$304,156</u>	<u>\$107,547</u>	<u>\$59,094</u>	<u>\$4,177</u>	<u>\$88,431</u>	<u>\$88,959</u>

(continued)

City of Warrensville Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	DARE Grant	Community Development Block Grant	Juvenile Diversion Program	Community Navigator Service Award Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	\$25,554	\$0	\$22,873	\$0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$25,554</u>	<u>\$0</u>	<u>\$22,873</u>	<u>\$0</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	9,345	0	3,700
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>9,345</u>	<u>0</u>	<u>3,700</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	25,554	(9,345)	22,873	(3,700)
<i>Total Fund Balances (Deficit)</i>	<u>25,554</u>	<u>(9,345)</u>	<u>22,873</u>	<u>(3,700)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$25,554</u>	<u>\$0</u>	<u>\$22,873</u>	<u>\$0</u>

Fire Department Child Safety Grant	EMS Computer Grant	Local Law Enforcement Block Grant	Juvenile Accountability Grant	COPS Grant	FEMA Grant	Cleveland Browns Foundation
\$808	\$3,989	\$4,645	\$410	\$0	\$99,196	\$4,810
0	0	0	0	20,688	79,295	0
0	0	0	0	0	0	0
<u>\$808</u>	<u>\$3,989</u>	<u>\$4,645</u>	<u>\$410</u>	<u>\$20,688</u>	<u>\$178,491</u>	<u>\$4,810</u>
\$0	\$0	\$0	\$0	\$0	\$59,437	\$1,918
0	0	0	155	0	0	0
0	0	0	349	0	0	0
0	0	0	4,600	20,258	0	0
0	0	0	0	20,688	65,000	0
0	0	0	5,104	40,946	124,437	1,918
0	0	0	0	0	0	0
808	3,989	4,645	(4,694)	(20,258)	54,054	2,892
808	3,989	4,645	(4,694)	(20,258)	54,054	2,892
<u>\$808</u>	<u>\$3,989</u>	<u>\$4,645</u>	<u>\$410</u>	<u>\$20,688</u>	<u>\$178,491</u>	<u>\$4,810</u>

(continued)

City of Warrensville Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	CRA Monitoring Fee	The Cleveland Foundation	Pilot Paint Program	Economic Development Stimulus Incentive Grant	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,250	\$167	\$0	\$1,050	\$316,328
Intergovernmental Receivable	0	5,000	25,027	0	375,902
Property Taxes Receivable	0	0	0	0	782,191
<i>Total Assets</i>	<u>\$2,250</u>	<u>\$5,167</u>	<u>\$25,027</u>	<u>\$1,050</u>	<u>\$1,474,421</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$96,197
Accrued Wages	0	0	0	0	155
Intergovernmental Payable	0	0	0	0	9,495
Interfund Payable	0	0	25,027	0	63,930
Deferred Revenue	0	0	25,027	0	1,059,825
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>50,054</u>	<u>0</u>	<u>1,229,602</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	1,912
Unreserved, Undesignated (Deficit)	2,250	5,167	(25,027)	1,050	242,907
<i>Total Fund Balances (Deficit)</i>	<u>2,250</u>	<u>5,167</u>	<u>(25,027)</u>	<u>1,050</u>	<u>244,819</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,250</u>	<u>\$5,167</u>	<u>\$25,027</u>	<u>\$1,050</u>	<u>\$1,474,421</u>

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

	Street Construction, Maintenance and Repair	State Highway	Police Salary and Equipment	Fire Salary and Equipment	Street Lighting
Revenues					
Property and Other Taxes	\$0	\$0	\$122,252	\$122,252	\$221,766
Intergovernmental	441,400	53,841	9,468	9,468	23,260
Interest	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other	0	0	1,317	0	0
<i>Total Revenues</i>	<u>441,400</u>	<u>53,841</u>	<u>133,037</u>	<u>131,720</u>	<u>245,026</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property:					
Police	0	0	123,510	0	0
Fire	0	0	0	126,720	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	0	0	0	238,251
Transportation	407,006	53,870	0	0	0
<i>Total Expenditures</i>	<u>407,006</u>	<u>53,870</u>	<u>123,510</u>	<u>126,720</u>	<u>238,251</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	34,394	(29)	9,527	5,000	6,775
Other Financing Sources					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	34,394	(29)	9,527	5,000	6,775
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>40,006</u>	<u>16,051</u>	<u>(508)</u>	<u>786</u>	<u>2,177</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$74,400</u>	<u>\$16,022</u>	<u>\$9,019</u>	<u>\$5,786</u>	<u>\$8,952</u>

(continued)

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2004

	Building Levy	Law Enforcement Trust	Bureau of Justice Grant	Fire Pension	Police Pension
Revenues					
Property and Other Taxes	\$78,887	\$0	\$0	\$70,148	\$70,148
Intergovernmental	7,141	0	7,040	7,502	7,502
Interest	0	0	317	0	0
Fees, Licenses and Permits	0	0	0	0	0
Charges for Services	0	8,966	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>86,028</u>	<u>8,966</u>	<u>7,357</u>	<u>77,650</u>	<u>77,650</u>
Expenditures					
Current:					
General Government	123,246	0	0	0	0
Security of Persons and Property:					
Police	0	28,406	9,141	0	86,206
Fire	0	0	0	84,453	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>123,246</u>	<u>28,406</u>	<u>9,141</u>	<u>84,453</u>	<u>86,206</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(37,218)	(19,440)	(1,784)	(6,803)	(8,556)
Other Financing Sources					
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(37,218)	(19,440)	(1,784)	(6,803)	(8,556)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>46,268</u>	<u>78,534</u>	<u>4,022</u>	<u>6,803</u>	<u>8,556</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$9,050</u></u>	<u><u>\$59,094</u></u>	<u><u>\$2,238</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

DARE Grant	Community Development Block Grant	Juvenile Diversion Program	Community Navigator Service Award Grant	Fire Department Child Safety Grant	EMS Computer Grant	Local Law Enforcement Block Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0
46,033	50,655	18,572	4,300	0	3,387	0
0	0	0	0	0	0	29
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
46,033	50,655	18,572	4,300	0	3,387	29
0	0	0	0	0	0	0
54,195	0	888	0	0	0	21,777
0	0	0	0	0	186	0
0	0	0	3,234	0	0	0
0	19,055	0	0	0	0	0
0	0	0	0	0	0	0
54,195	19,055	888	3,234	0	186	21,777
(8,162)	31,600	17,684	1,066	0	3,201	(21,748)
17,838	1,261	0	0	0	0	0
9,676	32,861	17,684	1,066	0	3,201	(21,748)
15,878	(42,206)	5,189	(4,766)	808	788	26,393
\$25,554	(\$9,345)	\$22,873	(\$3,700)	\$808	\$3,989	\$4,645

(continued)

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2004

	Sidewalk Replacement	Juvenile Accountability Grant	Ohio Department of Development Grant	COPS Grant	FEMA Grant
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	148,117	4,728	26,249	500	164,295
Interest	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>148,117</u>	<u>4,728</u>	<u>26,249</u>	<u>500</u>	<u>164,295</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property:					
Police	0	11,267	0	45,094	0
Fire	0	0	0	0	131,486
Leisure Time Activities	0	0	0	0	0
Community Development	188,799	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>188,799</u>	<u>11,267</u>	<u>0</u>	<u>45,094</u>	<u>131,486</u>
<i>Excess of Revenues</i>					
<i>Over (Under) Expenditures</i>	(40,682)	(6,539)	26,249	(44,594)	32,809
Other Financing Sources					
Transfers In	40,682	647	0	0	0
<i>Net Change in Fund Balances</i>	0	(5,892)	26,249	(44,594)	32,809
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>0</u>	<u>1,198</u>	<u>(26,249)</u>	<u>24,336</u>	<u>21,245</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$4,694)</u>	<u>\$0</u>	<u>(\$20,258)</u>	<u>\$54,054</u>

Cleveland Browns Foundation	CRA Monitoring Fee	The Cleveland Foundation	Pilot Paint Program	Economic Development Stimulus Incentive Grant	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$685,453
5,000	0	10,000	0	0	1,048,458
0	0	0	0	0	346
0	1,500	0	0	1,050	2,550
0	0	0	0	0	8,966
0	0	0	0	0	1,317
5,000	1,500	10,000	0	1,050	1,747,090
0	0	0	0	0	123,246
7,108	0	4,833	0	0	392,425
0	0	0	0	0	342,845
0	0	0	0	0	3,234
0	0	0	25,027	0	471,132
0	0	0	0	0	460,876
7,108	0	4,833	25,027	0	1,793,758
(2,108)	1,500	5,167	(25,027)	1,050	(46,668)
0	0	0	0	0	60,428
(2,108)	1,500	5,167	(25,027)	1,050	13,760
5,000	750	0	0	0	231,059
<u>\$2,892</u>	<u>\$2,250</u>	<u>\$5,167</u>	<u>(\$25,027)</u>	<u>\$1,050</u>	<u>\$244,819</u>

City of Warrensville Heights, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	Building Repair and Improvement	Information Technology System	Land Acquisition
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,981	\$29,680	\$471,119
Liabilities and Fund Balances			
Liabilities			
Accrued Interest Payable	\$0	\$6,129	\$0
Notes Payable	0	623,000	0
<i>Total Liabilities</i>	0	629,129	0
Fund Balances			
Reserved for Encumbrances	0	17,500	0
Unreserved, Undesignated (Deficit)	2,981	(616,949)	471,119
<i>Total Fund Balances (Deficit)</i>	2,981	(599,449)	471,119
<i>Total Liabilities and Fund Balances</i>	\$2,981	\$29,680	\$471,119

Siren Warning System	Total Nonmajor Capital Projects Funds
<u>\$11,057</u>	<u>\$514,837</u>
\$639	\$6,768
<u>65,000</u>	<u>688,000</u>
<u>65,639</u>	<u>694,768</u>
0	17,500
<u>(54,582)</u>	<u>(197,431)</u>
<u>(54,582)</u>	<u>(179,931)</u>
<u>\$11,057</u>	<u>\$514,837</u>

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

	Building Repair and Improvement	Information Technology System	Issue II
Revenues			
Intergovernmental	\$0	\$0	\$385,556
Expenditures			
Capital Outlay	44,294	117,743	385,556
Debt Service:			
Interest and Fiscal Charges	0	6,129	0
<i>Total Expenditures</i>	44,294	123,872	385,556
<i>Excess of Revenues Over (Under) Expenditures</i>	(44,294)	(123,872)	0
Other Financing Sources (Uses)			
Bond Anticipation Notes Issued	0	695,000	0
Transfers Out	0	(1,298,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	(603,000)	0
<i>Net Change in Fund Balances</i>	(44,294)	(726,872)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	47,275	127,423	0
<i>Fund Balances (Deficit) End of Year</i>	\$2,981	(\$599,449)	\$0

Land Acquisition	Siren Warning System	Total Nonmajor Capital Projects Funds
\$589,641	\$0	\$975,197
106,745	53,943	708,281
0	639	6,768
106,745	54,582	715,049
482,896	(54,582)	260,148
1,600,000	0	2,295,000
(1,600,000)	0	(2,898,000)
0	0	(603,000)
482,896	(54,582)	(342,852)
(11,777)	0	162,921
\$471,119	(\$54,582)	(\$179,931)

Combining Statements - Agency Funds

Agency Funds

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

Developers Deposits Fund The Deposits Fund accounts for deposits from contractors, held by the City, to insure compliance with various City ordinances regarding development within the City.

Bedford Sewers Fund The Bedford Sewers Fund accounts for monies from the City of Cleveland held as custodian for the city of Bedford. Monies are paid by residents of Warrensville Heights who live in a certain section of the City that are serviced by the Bedford Sanitary Sewer system.

Senior Civic Center Rental Fund The Senior Civic Center Rental Fund accounts for monies received as security deposit for rental of the civic and senior center.

Payroll Clearing Fund The Payroll Clearing Fund accounts for payroll deductions collected for other governmental units or entities.

Exterior Maintenance Fund The Exterior Maintenance Fund accounts for deposits from exterior maintenance program participants. Monies are used for the residents' share of improvement cost.

City of Warrensville Heights, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
<i>Developers Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$65,338	\$169,485	\$165,493	\$69,330
Liabilities				
Deposits Held and Due to Others	\$65,338	\$169,485	\$165,493	\$69,330
<i>Bedford Sewers Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$21,592	\$0	\$21,592	\$0
Liabilities				
Due to Other Governments	\$21,592	\$0	\$21,592	\$0
<i>Senior Civic Center Rental Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,385	\$1,000	\$1,100	\$1,285
Liabilities				
Deposits Held and Due to Others	\$1,385	\$1,000	\$1,100	\$1,285
<i>Payroll Clearing Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$62,133	\$0	\$342	\$61,791
Liabilities				
Deposits Held and Due to Others	\$62,133	\$0	\$342	\$61,791

(continued)

City of Warrensville Heights, Ohio

Combining Statement of Changes in Assets and Liabilities

Agency Funds (continued)

For the Year Ended December 31, 2004

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
<i>Exterior Maintenance Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$8,835	\$8,835	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$8,835	\$8,835	\$0
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$150,448	\$179,320	\$197,362	\$132,406
Liabilities				
Deposits Held and Due to Others	\$128,856	\$179,320	\$175,770	\$132,406
Due to Other Governments	21,592	0	21,592	0
<i>Total Liabilities</i>	\$150,448	\$179,320	\$197,362	\$132,406

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

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$1,095,237	\$1,211,552	\$1,177,299	(\$34,253)
Income Taxes	9,653,479	10,678,678	10,376,776	(301,902)
Intergovernmental	963,263	1,065,561	1,035,436	(30,125)
Interest	34,449	38,107	37,030	(1,077)
Fees, Licenses and Permits	492,190	544,461	529,068	(15,393)
Fines and Forfeitures	277,743	307,239	298,553	(8,686)
Charges for Services	315,108	348,573	338,718	(9,855)
Other	232,977	256,706	249,719	(6,987)
<i>Total Revenues</i>	<u>13,064,446</u>	<u>14,450,877</u>	<u>14,042,599</u>	<u>(408,278)</u>
Expenditures				
Current:				
General Government:				
Council				
Personal Services	150,579	163,983	128,999	34,984
Materials and Supplies	11,843	12,778	9,140	3,638
Contractual Services	4,031	4,390	3,459	931
Total Council	<u>166,453</u>	<u>181,151</u>	<u>141,598</u>	<u>39,553</u>
Mayor				
Personal Services	279,837	294,686	292,968	1,718
Materials and Supplies	10,031	10,582	10,582	0
Contractual Services	20,479	21,547	21,446	101
Total Mayor	<u>310,347</u>	<u>326,815</u>	<u>324,996</u>	<u>1,819</u>
Finance Department				
Personal Services	390,912	397,271	390,045	7,226
Materials and Supplies	12,158	12,776	12,768	8
Contractual Services	12,839	15,673	15,673	0
Capital Outlay	11	12	12	0
Total Finance Department	<u>415,920</u>	<u>425,732</u>	<u>418,498</u>	<u>7,234</u>
Income Tax				
Personal Services	20,290	23,854	19,132	4,722
Materials and Supplies	3,172	3,720	2,944	776
Contractual Services	189,437	222,710	178,623	44,087
Capital Outlay	111	131	105	26
Total Income Tax	<u>213,010</u>	<u>250,415</u>	<u>200,804</u>	<u>49,611</u>
Legal				
Personal Services	184,120	196,705	182,121	14,584
Materials and Supplies	608	653	643	10
Contractual Services	28,718	30,797	30,088	709
Total Legal	<u>\$213,446</u>	<u>\$228,155</u>	<u>\$212,852</u>	<u>\$15,303</u>

(continued)

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human Resources				
Personal Services	\$92,537	\$101,708	\$99,299	\$2,409
Materials and Supplies	1,451	1,592	1,533	59
Contractual Services	3,682	4,048	4,008	40
Total Human Resources	97,670	107,348	104,840	2,508
Boards and Commissions				
Personal Services	9,460	7,343	4,823	2,520
Materials and Supplies	1,339	939	914	25
Contractual Services	6,568	4,604	4,476	128
Total Boards and Commissions	17,367	12,886	10,213	2,673
Engineering				
Personal Services	40,000	55,000	42,406	12,594
Lands and Buildings				
Materials and Supplies	27,228	28,632	27,366	1,266
Contractual Services	215,814	227,062	221,294	5,768
Capital Outlay	2,132	2,246	2,221	25
Total Lands and Buildings	245,174	257,940	250,881	7,059
Other Government				
Personal Services	87,620	94,783	85,246	9,537
Materials and Supplies	30,293	41,212	36,993	4,219
Contractual Services	330,751	583,707	579,858	3,849
Other	5,961	5,994	106	5,888
Total Other Government	454,625	725,696	702,203	23,493
Total General Government	2,174,012	2,571,138	2,409,291	161,847
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,019,043	4,151,166	3,929,985	221,181
Materials and Supplies	129,838	133,808	118,946	14,862
Contractual Services	174,484	180,209	170,269	9,940
Total Police Department	4,323,365	4,465,183	4,219,200	245,983
Traffic Waiver				
Personal Services	43,542	44,724	42,668	2,056
Materials and Supplies	3,565	3,661	3,493	168
Contractual Services	224,334	230,421	219,831	10,590
Total Traffic Waiver	271,441	278,806	265,992	12,814
Total Police	\$4,594,806	\$4,743,989	\$4,485,192	\$258,797

(continued)

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fire:				
Fire Department				
Personal Services	\$2,641,317	\$3,111,357	\$2,869,728	\$241,629
Materials and Supplies	31,984	38,137	36,772	1,365
Contractual Services	62,210	72,722	66,441	6,281
Capital Outlay	1,759	2,074	1,915	159
Total Fire	2,737,270	3,224,290	2,974,856	249,434
Total Security of Persons and Property	7,332,076	7,968,279	7,460,048	508,231
Public Health Services:				
Health and Human Services				
Contractual Services	46,000	46,838	46,838	0
Leisure Time Activities:				
Community Activities				
Materials and Supplies	10,599	12,014	11,333	681
Contractual Services	71,579	80,366	70,359	10,007
Total Community Activities	82,178	92,380	81,692	10,688
Civic Center				
Personal Services	222,162	230,376	227,547	2,829
Materials and Supplies	6,598	6,839	6,675	164
Contractual Services	7,872	8,163	8,063	100
Total Civic Center	236,632	245,378	242,285	3,093
Total Leisure Time Activities	318,810	337,758	323,977	13,781
Community Development:				
Economic Development				
Personal Services	78,414	73,286	70,158	3,128
Materials and Supplies	1,288	1,208	1,108	100
Contractual Services	3,039	2,840	2,719	121
Total Economic Development	82,741	77,334	73,985	3,349
Community Liaison				
Personal Services	70,756	72,958	70,511	2,447
Materials and Supplies	833	857	777	80
Contractual Services	2,098	2,163	2,091	72
Capital Outlay	260	268	259	9
Total Community Liaison	73,947	76,246	73,638	2,608
Building Department				
Personal Services	370,634	415,416	401,999	13,417
Materials and Supplies	14,044	15,687	15,165	522
Contractual Services	17,602	19,714	19,028	686
Total Building Department	402,280	450,817	436,192	14,625
Total Community Development	\$558,968	\$604,397	\$583,815	\$20,582

(continued)

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Transportation:				
Service Department				
Personal Services	\$905,375	\$1,034,606	\$966,471	\$68,135
Materials and Supplies	371,022	402,203	359,001	43,202
Contractual Services	118,635	135,872	126,860	9,012
Capital Outlay	1,503	1,716	1,604	112
Total Transportation	<u>1,396,535</u>	<u>1,574,397</u>	<u>1,453,936</u>	<u>120,461</u>
Basic Utility Services:				
Solid Waste				
Personal Services	1,020,744	1,089,629	1,089,626	3
Contractual Services	251,562	268,276	268,024	252
Total Basic Utility Services	<u>1,272,306</u>	<u>1,357,905</u>	<u>1,357,650</u>	<u>255</u>
<i>Total Expenditures</i>	<u>13,098,707</u>	<u>14,460,712</u>	<u>13,635,555</u>	<u>825,157</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(34,261)</u>	<u>(9,835)</u>	<u>407,044</u>	<u>416,879</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	12,052	12,052	12,052	0
Advances In	2,000	2,000	2,000	0
Advances Out	0	(4,600)	(4,600)	0
Transfers Out	(145,665)	(145,665)	(145,665)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(131,613)</u>	<u>(136,213)</u>	<u>(136,213)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(165,874)	(146,048)	270,831	416,879
<i>Fund Deficit Beginning of Year</i>	(29,396)	(29,396)	(29,396)	0
Prior Year Encumbrances Appropriated	<u>127,025</u>	<u>127,025</u>	<u>127,025</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$68,245)</u>	<u>(\$48,419)</u>	<u>\$368,460</u>	<u>\$416,879</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$539,924	\$539,924	\$537,808	(\$2,116)
Special Assessments	112,521	112,521	150,739	38,218
Intergovernmental	143,479	143,479	154,985	11,506
<i>Total Revenues</i>	795,924	795,924	843,532	47,608
Expenditures				
Debt Service:				
Principal Retirement	4,860,000	7,155,000	7,155,000	0
Interest and Fiscal Charges	278,290	315,317	315,317	0
<i>Total Expenditures</i>	5,138,290	7,470,317	7,470,317	0
<i>Excess of Revenues Under Expenditures</i>	(4,342,366)	(6,674,393)	(6,626,785)	47,608
Other Financing Sources				
Transfers In	6,539,799	6,463,077	6,560,237	97,160
<i>Net Change in Fund Balance</i>	2,197,433	(211,316)	(66,548)	144,768
<i>Fund Balance Beginning of Year</i>	216,163	216,163	216,163	0
<i>Fund Balance End of Year</i>	\$2,413,596	\$4,847	\$149,615	\$144,768

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$276,000	\$276,000	\$123,358	(\$152,642)
Expenditures				
Capital Outlay:				
Contractual Services	865,771	865,771	701,770	164,001
<i>Excess of Revenues Under Expenditures</i>	(589,771)	(589,771)	(578,412)	11,359
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	1,597,696	1,597,696	2,532,000	934,304
Transfers Out	(2,247,797)	(2,419,000)	(2,419,000)	0
<i>Total Other Financing Sources (Uses)</i>	(650,101)	(821,304)	113,000	934,304
<i>Net Change in Fund Balance</i>	(1,239,872)	(1,411,075)	(465,412)	945,663
<i>Fund Balance Beginning of Year</i>	1,480,601	1,480,601	1,480,601	0
<i>Fund Balance End of Year</i>	<u>\$240,729</u>	<u>\$69,526</u>	<u>\$1,015,189</u>	<u>\$945,663</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Snavelly Project Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	769,000	623,542	579,481	44,061
<i>Excess of Revenues Under Expenditures</i>	(769,000)	(623,542)	(579,481)	44,061
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	1,925,530	1,925,530	1,273,000	(652,530)
Transfers Out	0	(1,158,000)	(1,158,000)	0
<i>Total Other Financing Sources (Uses)</i>	1,925,530	767,530	115,000	(652,530)
<i>Net Change in Fund Balance</i>	1,156,530	143,988	(464,481)	(608,469)
<i>Fund Balance Beginning of Year</i>	769,556	769,556	769,556	0
<i>Fund Balance End of Year</i>	<u>\$1,926,086</u>	<u>\$913,544</u>	<u>\$305,075</u>	<u>(\$608,469)</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emery Woods Project Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	1,123,505	1,123,505	1,003,801	119,704
<i>Excess of Revenues Under Expenditures</i>	(1,123,505)	(1,123,505)	(1,003,801)	119,704
Other Financing Sources				
Bond Anticipation Notes Issued	1,656,000	1,656,000	1,597,000	(59,000)
<i>Net Change in Fund Balance</i>	532,495	532,495	593,199	60,704
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$532,495</u>	<u>\$532,495</u>	<u>\$593,199</u>	<u>\$60,704</u>

City of Warrensville Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$408,000	\$400,000	\$419,859	\$19,859
Expenditures				
Current:				
Transportation:				
Street Maintenance				
Personal Services	130,705	139,000	139,000	0
Materials and Supplies	11,700	11,185	9,249	1,936
Contractual Services	26,974	23,892	23,892	0
Total Street Maintenance	169,379	174,077	172,141	1,936
Snow and Ice Removal				
Personal Services	152,649	145,000	145,000	0
Materials and Supplies	30,555	69,421	69,421	0
Contractual Services	14,550	0	0	0
Total Snow and Ice Removal	197,754	214,421	214,421	0
Traffic Control				
Personal Services	24,296	29,000	29,000	0
Materials and Supplies	4,850	5,000	3,239	1,761
Contractual Services	48,398	34,687	28,334	6,353
Capital Outlay	2,617	2,700	0	2,700
Total Traffic Control	80,161	71,387	60,573	10,814
<i>Total Expenditures</i>	447,294	459,885	447,135	12,750
<i>Net Change in Fund Balance</i>	(39,294)	(59,885)	(27,276)	32,609
<i>Fund Deficit Beginning of Year</i>	(10,843)	(10,843)	(10,843)	0
Prior Year Encumbrances Appropriated	40,294	40,294	40,294	0
<i>Fund Balance (Deficit) End of Year</i>	(\$9,843)	(\$30,434)	\$2,175	\$32,609

City of Warrensville Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$48,500	\$42,722	\$52,094	\$9,372
Expenditures				
Current:				
Transportation:				
Street Maintenance				
Personal Services	36,507	49,345	49,345	0
Materials and Supplies	11,493	4,947	4,525	422
<i>Total Expenditures</i>	<u>48,000</u>	<u>54,292</u>	<u>53,870</u>	<u>422</u>
<i>Net Change in Fund Balance</i>	500	(11,570)	(1,776)	9,794
<i>Fund Balance Beginning of Year</i>	<u>11,875</u>	<u>11,875</u>	<u>11,875</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,375</u></u>	<u><u>\$305</u></u>	<u><u>\$10,099</u></u>	<u><u>\$9,794</u></u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Salary and Equipment Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$123,372	\$126,372	\$122,252	(\$4,120)
Intergovernmental	9,787	9,787	9,468	(319)
Other	1,362	1,362	1,317	(45)
<i>Total Revenues</i>	<u>134,521</u>	<u>137,521</u>	<u>133,037</u>	<u>(4,484)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Personal Services	94,000	94,000	91,794	2,206
Materials and Supplies	1,200	1,200	1,200	0
Capital Outlay	50,000	50,000	34,716	15,284
Other	380	380	380	0
<i>Total Expenditures</i>	<u>145,580</u>	<u>145,580</u>	<u>128,090</u>	<u>17,490</u>
<i>Net Change in Fund Balance</i>	(11,059)	(8,059)	4,947	13,006
<i>Fund Deficit Beginning of Year</i>	(508)	(508)	(508)	0
Prior Year Encumbrances Appropriated	4,580	4,580	4,580	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$6,987)</u>	<u>(\$3,987)</u>	<u>\$9,019</u>	<u>\$13,006</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Salary and Equipment Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$124,852	\$129,956	\$122,252	(\$7,704)
Intergovernmental	9,669	10,065	9,468	(597)
<i>Total Revenues</i>	134,521	140,021	131,720	(8,301)
Expenditures				
Current:				
Security of Persons and Property:				
Fire				
Personal Services	140,000	140,720	126,720	14,000
<i>Net Change in Fund Balance</i>	(5,479)	(699)	5,000	5,699
<i>Fund Balance Beginning of Year</i>	786	786	786	0
<i>Fund Balance (Deficit) End of Year</i>	(\$4,693)	\$87	\$5,786	\$5,699

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$223,398	\$223,398	\$221,766	(\$1,632)
Intergovernmental	23,431	23,431	23,260	(171)
<i>Total Revenues</i>	246,829	246,829	245,026	(1,803)
Expenditures				
Current:				
Community Development:				
Street Lighting				
Materials and Supplies	560	560	400	160
Contractual Services	249,440	249,440	226,570	22,870
<i>Total Expenditures</i>	250,000	250,000	226,970	23,030
<i>Net Change in Fund Balance</i>	(3,171)	(3,171)	18,056	21,227
<i>Fund Balance Beginning of Year</i>	21,063	21,063	21,063	0
<i>Fund Balance End of Year</i>	\$17,892	\$17,892	\$39,119	\$21,227

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Levy Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$80,137	\$104,896	\$78,887	(\$26,009)
Intergovernmental	7,254	9,495	7,141	(2,354)
<i>Total Revenues</i>	87,391	114,391	86,028	(28,363)
Expenditures				
Current:				
General Government:				
Building Levy				
Materials and Supplies	61,335	52,529	46,253	6,276
Contractual Services	105,223	90,684	57,555	33,129
Capital Outlay	32,797	31,142	31,142	0
<i>Total Expenditures</i>	199,355	174,355	134,950	39,405
<i>Net Change in Fund Balance</i>	(111,964)	(59,964)	(48,922)	11,042
<i>Fund Balance Beginning of Year</i>	21,705	21,705	21,705	0
Prior Year Encumbrances Appropriated	34,355	34,355	34,355	0
<i>Fund Balance (Deficit) End of Year</i>	(\$55,904)	(\$3,904)	\$7,138	\$11,042

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$70,000	\$18,000	\$8,966	(\$9,034)
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Materials and Supplies	75,303	75,303	23,194	52,109
Capital Outlay	22,697	22,697	7,281	15,416
<i>Total Expenditures</i>	98,000	98,000	30,475	67,525
<i>Net Change in Fund Balance</i>	(28,000)	(80,000)	(21,509)	58,491
<i>Fund Balance Beginning of Year</i>	77,603	77,603	77,603	0
Prior Year Encumbrances Appropriated	3,000	3,000	3,000	0
<i>Fund Balance End of Year</i>	\$52,603	\$603	\$59,094	\$58,491

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bureau of Justice Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$6,000	\$17,682	\$7,040	(\$10,642)
Interest	0	2,318	317	(2,001)
<i>Total Revenues</i>	6,000	20,000	7,357	(12,643)
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Materials and Supplies	6,000	6,000	9,141	(3,141)
<i>Net Change in Fund Balance</i>	0	14,000	(1,784)	(15,784)
<i>Fund Balance Beginning of Year</i>	4,022	4,022	4,022	0
<i>Fund Balance End of Year</i>	<u>\$4,022</u>	<u>\$18,022</u>	<u>\$2,238</u>	<u>(\$15,784)</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$73,500	\$73,500	\$70,148	(\$3,352)
Intergovernmental	4,600	5,600	7,502	1,902
<i>Total Revenues</i>	78,100	79,100	77,650	(1,450)
Expenditures				
Current:				
Security of Persons and Property:				
Fire				
Personal Services	79,000	85,300	80,144	5,156
<i>Net Change in Fund Balance</i>	(900)	(6,200)	(2,494)	3,706
<i>Fund Balance Beginning of Year</i>	6,803	6,803	6,803	0
<i>Fund Balance End of Year</i>	<u>\$5,903</u>	<u>\$603</u>	<u>\$4,309</u>	<u>\$3,706</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$73,500	\$90,429	\$70,148	(\$20,281)
Intergovernmental	4,600	9,671	7,502	(2,169)
<i>Total Revenues</i>	78,100	100,100	77,650	(22,450)
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Personal Services	79,000	108,100	81,369	26,731
<i>Net Change in Fund Balance</i>	(900)	(8,000)	(3,719)	4,281
<i>Fund Balance Beginning of Year</i>	8,556	8,556	8,556	0
<i>Fund Balance End of Year</i>	<u>\$7,656</u>	<u>\$556</u>	<u>\$4,837</u>	<u>\$4,281</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$46,033	\$46,033
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Personal Services	26,000	26,000	53,753	(27,753)
Materials and Supplies	0	442	442	0
<i>Total Expenditures</i>	<u>26,000</u>	<u>26,442</u>	<u>54,195</u>	<u>(27,753)</u>
<i>Excess of Revenues Under Expenditures</i>	(26,000)	(26,442)	(8,162)	18,280
Other Financing Sources				
Transfers In	13,000	17,838	17,838	0
<i>Net Change in Fund Balance</i>	(13,000)	(8,604)	9,676	18,280
<i>Fund Balance Beginning of Year</i>	<u>15,878</u>	<u>15,878</u>	<u>15,878</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,878</u></u>	<u><u>\$7,274</u></u>	<u><u>\$25,554</u></u>	<u><u>\$18,280</u></u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,048	\$60,739	\$50,655	(\$10,084)
Expenditures				
Current:				
Community Development:				
Community Development Block Grant				
Contractual Services	0	0	34,952	(34,952)
<i>Excess of Revenues Over Expenditures</i>	25,048	60,739	15,703	(45,036)
Other Financing Sources				
Transfers In	1,261	1,261	1,261	0
<i>Net Change in Fund Balance</i>	26,309	62,000	16,964	(45,036)
<i>Fund Deficit Beginning of Year</i>	(26,309)	(26,309)	(26,309)	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>\$35,691</u>	<u>(\$9,345)</u>	<u>(\$45,036)</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Juvenile Diversion Program Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$12,000	\$12,000	\$18,572	\$6,572
Charges for Services	3,000	3,000	0	(3,000)
<i>Total Revenues</i>	15,000	15,000	18,572	3,572
Expenditures				
Current:				
Security of Persons and Property:				
Patrol				
Personal Services	12,000	16,000	0	16,000
Materials and Supplies	3,000	3,000	888	2,112
<i>Total Expenditures</i>	15,000	19,000	888	18,112
<i>Net Change in Fund Balance</i>	0	(4,000)	17,684	21,684
<i>Fund Balance Beginning of Year</i>	5,189	5,189	5,189	0
<i>Fund Balance End of Year</i>	\$5,189	\$1,189	\$22,873	\$21,684

City of Warrensville Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Navigator Service Award Grant Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$5,500	\$5,500	\$5,040	(\$460)
Expenditures				
Current:				
Leisure Time Activities:				
Community Navigator Service Grant				
Personal Services	3,500	3,500	3,043	457
<i>Excess of Revenues Over Expenditures</i>	2,000	2,000	1,997	(3)
Other Financing Uses				
Advances Out	(2,000)	(2,000)	(2,000)	0
<i>Net Change in Fund Balance</i>	0	0	(3)	(3)
<i>Fund Balance Beginning of Year</i>	3	3	3	0
<i>Fund Balance End of Year</i>	<u>\$3</u>	<u>\$3</u>	<u>\$0</u>	<u>(\$3)</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Department Child Safety Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$500	\$300	\$0	(\$300)
Expenditures				
Current:				
Security of Persons and Property:				
Fire				
Materials and Supplies	1,486	1,090	0	1,090
<i>Net Change in Fund Balance</i>	(986)	(790)	0	790
<i>Fund Balance Beginning of Year</i>	527	527	527	0
Prior Year Encumbrances Appropriated	281	281	281	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$178)</u>	<u>\$18</u>	<u>\$808</u>	<u>\$790</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
EMS Computer Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$13,000	\$13,500	\$3,387	(\$10,113)
Expenditures				
Current:				
Security of Persons and Property:				
Fire				
Personal Services	15,617	12,185	0	12,185
Materials and Supplies	683	500	186	314
<i>Total Expenditures</i>	16,300	12,685	186	12,499
<i>Net Change in Fund Balance</i>	(3,300)	815	3,201	2,386
<i>Fund Deficit Beginning of Year</i>	(2,012)	(2,012)	(2,012)	0
Prior Year Encumbrances Appropriated	2,800	2,800	2,800	0
<i>Fund Balance (Deficit) End of Year</i>	(\$2,512)	\$1,603	\$3,989	\$2,386

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Law Enforcement Block Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$18,000	\$6,000	\$0	(\$6,000)
Interest	0	0	29	29
<i>Total Revenues</i>	18,000	6,000	29	(5,971)
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Materials and Supplies	37,000	31,778	21,777	10,001
<i>Net Change in Fund Balance</i>	(19,000)	(25,778)	(21,748)	4,030
<i>Fund Balance Beginning of Year</i>	26,393	26,393	26,393	0
<i>Fund Balance End of Year</i>	<u>\$7,393</u>	<u>\$615</u>	<u>\$4,645</u>	<u>\$4,030</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Replacement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$150,000	\$148,318	\$148,117	(\$201)
Expenditures				
Current:				
Community Development:				
Sidewalk Replacement				
Contractual Services	189,000	189,000	188,799	201
<i>Excess of Revenues Under Expenditures</i>	(39,000)	(40,682)	(40,682)	0
Other Financing Sources				
Transfers In	0	40,682	40,682	0
<i>Net Change in Fund Balance</i>	(39,000)	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$39,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Juvenile Accountability Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$4,753	\$7,253	\$5,439	(\$1,814)
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Personal Services	5,000	11,000	10,798	202
Materials and Supplies	0	2,534	768	1,766
<i>Total Expenditures</i>	5,000	13,534	11,566	1,968
<i>Excess of Revenues Under Expenditures</i>	(247)	(6,281)	(6,127)	154
Other Financing Sources				
Advances In	4,600	4,600	4,600	0
Transfers In	647	647	647	0
<i>Total Other Financing Sources</i>	5,247	5,247	5,247	0
<i>Net Change in Fund Balance</i>	5,000	(1,034)	(880)	154
<i>Fund Balance Beginning of Year</i>	1,290	1,290	1,290	0
<i>Fund Balance End of Year</i>	\$6,290	\$256	\$410	\$154

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Department of Development Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$45,000	\$27,000	\$26,249	(\$751)
Expenditures				
Current:				
Community Development:				
Ohio Department of Development Grant				
Contractual Services	45,000	26,249	26,249	0
<i>Net Change in Fund Balance</i>	0	751	0	(751)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$751</u>	<u>\$0</u>	<u>(\$751)</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$60,000	\$17,500	\$500	(\$17,000)
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Materials and Supplies	0	500	70	430
Capital Outlay	60,000	40,646	45,024	(4,378)
<i>Total Expenditures</i>	60,000	41,146	45,094	(3,948)
<i>Net Change in Fund Balance</i>	0	(23,646)	(44,594)	(20,948)
<i>Fund Balance Beginning of Year</i>	24,336	24,336	24,336	0
<i>Fund Balance (Deficit) End of Year</i>	\$24,336	\$690	(\$20,258)	(\$20,948)

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$40,220	\$150,000	\$150,000	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Fire				
Materials and Supplies	19,042	37,164	30,000	7,164
Capital Outlay	33,641	126,299	113,949	12,350
<i>Total Expenditures</i>	52,683	163,463	143,949	19,514
<i>Net Change in Fund Balance</i>	(12,463)	(13,463)	6,051	19,514
<i>Fund Balance Beginning of Year</i>	21,245	21,245	21,245	0
Prior Year Encumbrances Appropriated	12,463	12,463	12,463	0
<i>Fund Balance End of Year</i>	\$21,245	\$20,245	\$39,759	\$19,514

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cleveland Browns Foundation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Personal Services	3,620	7,240	3,620	3,620
Materials and Supplies	1,380	2,760	1,570	1,190
<i>Total Expenditures</i>	5,000	10,000	5,190	4,810
<i>Net Change in Fund Balance</i>	0	(5,000)	(190)	4,810
<i>Fund Balance Beginning of Year</i>	5,000	5,000	5,000	0
<i>Fund Balance End of Year</i>	\$5,000	\$0	\$4,810	\$4,810

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CRA Monitoring Fee Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$1,500	\$1,500	\$1,500	\$0
Expenditures				
Current:				
General Government:				
CRA Monitoring Fee:				
Personal Services	750	750	0	750
<i>Net Change in Fund Balance</i>	750	750	1,500	750
<i>Fund Balance Beginning of Year</i>	750	750	750	0
<i>Fund Balance End of Year</i>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$2,250</u>	<u>\$750</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
The Cleveland Foundation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police				
Personal Services	3,800	3,800	3,720	80
Materials and Supplies	1,200	1,200	1,113	87
<i>Total Expenditures</i>	5,000	5,000	4,833	167
<i>Net Change in Fund Balance</i>	0	0	167	167
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$167	\$167

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Pilot Paint Program Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,027	\$25,027	\$0	(\$25,027)
Expenditures				
Current:				
Community Development:				
Pilot Paint Program				
Contractual Services	25,027	25,027	25,027	0
<i>Net Change in Fund Balance</i>	0	0	(25,027)	(25,027)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>(\$25,027)</u>	<u>(\$25,027)</u>

City of Warrensville Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Stimulus Incentive Grant Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$1,000	\$1,000	\$1,050	\$50
Expenditures				
Current:				
Community Development:				
EDSI Grant Program				
Contractual Services	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	0	0	1,050	1,050
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,050</u>	<u>\$1,050</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Repair and Improvement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$100	\$100	\$0	(\$100)
Expenditures				
Capital Outlay:				
Contractual Services	39,176	39,176	37,917	1,259
Capital Outlay	8,100	8,070	6,377	1,693
<i>Total Expenditures</i>	47,276	47,246	44,294	2,952
<i>Net Change in Fund Balance</i>	(47,176)	(47,146)	(44,294)	2,852
<i>Fund Balance Beginning of Year</i>	47,275	47,275	47,275	0
<i>Fund Balance End of Year</i>	\$99	\$129	\$2,981	\$2,852

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Information Technology System Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Materials and Supplies	25,365	9,300	342	8,958
Contractual Services	179,015	231,498	231,088	410
Capital Outlay	117,259	128,322	18,003	110,319
Other	0	20,000	8,000	12,000
<i>Total Expenditures</i>	321,639	389,120	257,433	131,687
<i>Excess of Revenues Under Expenditures</i>	(321,639)	(389,120)	(257,433)	131,687
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	1,561,000	1,561,000	1,318,000	(243,000)
Transfers Out	0	(1,298,000)	(1,298,000)	0
<i>Total Other Financing Sources (Uses)</i>	1,561,000	263,000	20,000	(243,000)
<i>Net Change in Fund Balance</i>	1,239,361	(126,120)	(237,433)	(111,313)
<i>Fund Balance Beginning of Year</i>	122,974	122,974	122,974	0
Prior Year Encumbrances Appropriated	126,639	126,639	126,639	0
<i>Fund Balance End of Year</i>	<u>\$1,488,974</u>	<u>\$123,493</u>	<u>\$12,180</u>	<u>(\$111,313)</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$386,000	\$386,000	\$385,556	(\$444)
Expenditures				
Capital Outlay:				
Contractual Services	386,000	386,000	385,556	444
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Acquisition Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$636,000	\$636,000	\$589,641	(\$46,359)
Expenditures				
Capital Outlay:				
Materials and Supplies	36,000	36,000	804	35,196
Contractual Services	91,351	106,000	105,816	184
Capital Outlay	1,108,649	1,190,216	590,402	599,814
<i>Total Expenditures</i>	1,236,000	1,332,216	697,022	635,194
<i>Excess of Revenues Under Expenditures</i>	(600,000)	(696,216)	(107,381)	588,835
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	1,720,000	1,720,000	1,600,000	(120,000)
Transfers Out	0	(1,600,000)	(1,600,000)	0
<i>Total Other Financing Sources (Uses)</i>	1,720,000	120,000	0	(120,000)
<i>Net Change in Fund Balance</i>	1,120,000	(576,216)	(107,381)	468,835
<i>Fund Balance Beginning of Year</i>	578,500	578,500	578,500	0
<i>Fund Balance End of Year</i>	<u>\$1,698,500</u>	<u>\$2,284</u>	<u>\$471,119</u>	<u>\$468,835</u>

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Siren Warning System Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	65,000	65,000	53,943	11,057
<i>Excess of Revenues Under Expenditures</i>	(65,000)	(65,000)	(53,943)	11,057
Other Financing Sources				
Bond Anticipation Notes Issued	65,000	65,000	65,000	0
<i>Net Change in Fund Balance</i>	0	0	11,057	11,057
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$11,057</u>	<u>\$11,057</u>

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City of Warrensville Heights, Ohio
Governmental Activities
Revenues by Source and Expenses by Program
Last Two Years

	2004	2003
Program Revenues		
Charges for Services	\$1,161,299	\$846,937
Operating Grants and Contributions	1,053,637	967,325
Capital Grants and Contributions	1,081,657	475,087
General Revenues		
Property and Other Taxes	2,234,637	2,152,172
Income Taxes	10,527,562	9,860,864
Grants and Entitlements not Restricted to Specific Programs	1,117,195	899,091
Investment Earnings	37,376	60,835
Other	251,036	301,129
<i>Total</i>	<u>\$17,464,399</u>	<u>\$15,563,440</u>
Expenses		
General Government	\$2,799,313	\$2,721,824
Security of Persons and Property:		
Police	4,890,454	4,653,737
Fire	3,219,919	3,003,340
Public Health Services	47,829	40,420
Leisure Time Activities	361,980	323,941
Community Development	1,066,080	960,744
Transportation	2,384,519	2,293,956
Basic Utility Services	1,355,302	1,301,587
Interest and Fiscal Charges	421,671	378,320
<i>Total</i>	<u>\$16,547,067</u>	<u>\$15,677,869</u>

Source: City Financial Records

City of Warrensville Heights, Ohio

General Fund Revenues by Source

and Expenditures by Function

Last Ten Years

	2004	2003	2002	2001
Revenues				
Property and Other Taxes	\$1,177,299	\$952,473	\$1,094,761	\$1,007,746
Income Taxes	10,388,957	9,997,534	8,513,212	8,761,300
Intergovernmental	1,102,792	970,911	1,057,408	1,421,909
Interest	37,030	41,231	29,080	117,874
Fees, Licenses and Permits	527,986	161,633	704,382	360,992
Fines and Forfeitures	313,302	319,506	0	0
Charges for Services	340,389	327,610	348,075	297,684
Other	249,719	301,129	373,022	435,145
Total	\$14,137,474	\$13,072,027	\$12,119,940	\$12,402,650
Expenditures				
Current				
General Government	\$2,380,740	\$2,566,682	\$2,190,392	\$3,567,560
Security of Persons and Property: (1)			7,153,698	6,206,449
Police	4,622,180	4,139,001	n/a	n/a
Fire	3,219,200	2,542,885	n/a	n/a
Public Health Services	46,838	39,132	44,572	46,448
Leisure Time Activities	327,586	277,760	355,284	131,235
Community Development	587,649	451,817	503,977	793,769
Transportation	1,413,397	1,466,848	2,725,972	1,236,255
Basic Utility Services	1,346,571	1,397,495	71,193	100,261
Capital Outlay	0	0	26,945	0
Debt Service	280,753	297,901	0	0
Total	\$14,224,914	\$13,179,521	\$13,072,033	\$12,081,977

Source: City financial records

(1) 2003 was the first year a subcategory was identified for security of persons and property.

2000	1999	1998	1997	1996	1995
\$958,084	\$1,170,753	\$1,200,479	\$1,149,547	\$1,108,032	\$1,099,063
8,417,674	7,825,593	8,262,995	8,052,879	7,520,478	6,698,236
1,525,396	1,575,045	893,905	846,585	776,353	760,668
115,602	82,824	78,471	79,192	69,809	74,200
282,576	309,540	77,508	46,646	43,971	45,417
0	0	331,297	187,009	264,292	175,381
150,567	132,326	14,187	19,501	45,925	14,786
146,830	101,200	475,565	177,507	870,086	248,174
<u>\$11,596,729</u>	<u>\$11,197,281</u>	<u>\$11,334,407</u>	<u>\$10,558,866</u>	<u>\$10,698,946</u>	<u>\$9,115,925</u>
\$3,171,393	\$3,116,977	\$2,004,286	\$1,766,276	\$1,880,259	\$2,364,430
5,616,406	6,132,210	4,619,491	5,289,604	5,119,566	4,618,156
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
21,650	23,230	22,655	20,311	39,768	1,125
252,675	230,122	207,042	299,935	286,331	286,212
605,174	531,688	64,480	60,642	61,552	62,071
1,001,471	795,318	2,242,597	2,300,574	2,437,709	1,652,641
88,540	179,628	70,891	21,821	608,334	190,524
0	0	0	0	0	0
0	277,923	0	4,127	0	0
<u>\$10,757,309</u>	<u>\$11,287,096</u>	<u>\$9,231,442</u>	<u>\$9,763,290</u>	<u>\$10,433,519</u>	<u>\$9,175,159</u>

City of Warrensville Heights, Ohio
Property Tax Levies and Collections - Real and Public Utility Taxes
Last Ten Years

Year	Current Tax Levy (1)	Delinquent Tax Levy (2)	Total Tax Levy	Current Tax Collections	Percentage of Collections to Current Tax Levy
2004	\$1,923,301	\$258,626	\$2,181,927	\$1,750,881	98.53%
2003	1,836,463	276,793	2,113,256	1,683,703	99.74
2002	1,792,383	250,939	2,043,322	1,640,147	99.16
2001	1,697,931	246,125	1,944,056	1,555,185	98.55
2000	1,593,582	268,469	1,862,051	1,488,411	101.79
1999	1,579,516	255,895	1,835,411	1,465,919	97.52
1998	1,583,225	266,860	1,850,085	1,470,503	98.92
1997	1,536,270	315,810	1,852,080	1,421,391	95.43
1996	1,578,393	327,792	1,906,185	1,455,845	96.46
1995	1,661,406	277,758	1,939,164	1,493,019	93.92

Source: Cuyahoga County Auditor

- (1) State Reimbursement of Rollback and Homestead Exemptions are included.
- (2) Amounts listed include penalties and interest.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$144,076	\$1,894,957	86.85%	\$252,639	11.58%
147,942	1,831,645	86.67	272,042	12.87
137,149	1,777,296	86.98	255,877	12.52
118,162	1,673,347	86.08	258,664	13.31
133,635	1,622,046	87.11	230,670	12.39
74,438	1,540,357	83.92	271,370	14.79
95,561	1,566,064	84.65	244,205	13.20
44,603	1,465,994	79.15	254,335	13.73
66,702	1,522,547	79.87	331,770	17.40
67,422	1,560,441	80.47	260,069	13.41

City of Warrensville Heights, Ohio
Property Tax Levies and Collections - Tangible Personal Property Taxes
Last Ten Years

<u>Year</u>	<u>Current Tax Levy</u>	<u>Delinquent Tax Levy</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percentage of Current Collections to Current Tax Levy</u>
2004	\$468,625	\$91,379	\$560,004	\$458,215	97.78%
2003	483,996	73,573	557,569	473,730	97.88
2002	545,700	91,929	637,629	526,588	96.50
2001	570,654	71,821	642,475	537,628	94.21
2000	523,034	86,852	609,886	504,104	96.38
1999	541,932	63,017	604,949	526,863	97.22
1998	537,274	47,756	585,030	517,099	96.24
1997	549,131	51,272	600,403	534,271	97.29
1996	560,143	69,067	629,210	555,340	99.14
1995	532,866	107,098	639,964	521,175	97.81

Source: Cuyahoga County Auditor

(1) \$10,000 personal property exemption is included.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$6,706	\$464,921	83.02%	\$93,347	16.67%
9,738	483,468	86.71	77,257	13.86
16,071	542,659	85.11	92,688	14.54
13,531	551,159	85.79	88,884	13.83
32,877	536,981	88.05	81,469	13.36
22,548	549,411	90.82	47,015	7.77
101	517,200	88.41	60,504	10.34
16,585	550,856	91.75	50,991	8.49
26,311	581,651	92.44	49,196	7.82
5,556	526,731	82.31	100,340	15.86

City of Warrensville Heights, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$213,869,370	\$611,055,343	\$12,828,990	\$14,578,398
2003	210,580,170	601,657,629	13,379,180	15,203,614
2002	195,400,720	558,287,771	11,690,000	13,284,091
2001	190,912,760	545,465,029	13,150,000	14,943,182
2000	164,676,100	470,503,143	12,230,000	13,897,727
1999	163,911,060	468,317,314	9,250,000	10,511,364
1998	163,421,610	466,918,886	9,320,000	10,590,909
1997	154,031,100	440,088,857	8,570,000	9,738,636
1996	154,331,460	440,947,029	7,090,000	8,056,818
1995	154,374,290	441,069,400	9,030,000	10,261,364

Source: Cuyahoga County Auditor

- (1) This amount is calculated based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at various rates from twenty-five
 to eighty-eight percent of actual value.

Tangible personal is assessed at twenty-five percent of actual value for capital
 assets and twenty-three percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	Ratio
\$35,229,342	\$140,917,368	\$261,927,702	\$766,551,109	34.17%
36,972,668	147,890,672	260,932,018	764,751,914	34.12
55,035,241	220,140,964	262,125,961	791,712,826	33.11
54,383,385	217,533,540	258,446,145	777,941,750	33.22
55,281,342	221,125,368	232,187,442	705,526,238	32.91
55,680,991	222,723,964	228,842,051	701,552,642	32.62
56,324,058	225,296,232	229,065,668	702,806,027	32.59
56,582,657	226,330,628	219,183,757	676,158,122	32.42
57,584,837	230,339,348	219,006,297	679,343,195	32.24
63,996,080	255,984,320	227,400,370	707,315,084	32.15

City of Warrensville Heights, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 Assessed Value)
Last Ten Years

Year	City of Warrensville Heights				Total Levy	Warrensville Heights School District
	General Fund	Special Funds (1)	Debt Service	Capital Projects		
2004	\$6.80	\$3.60	\$2.30	\$0.50	\$13.20	\$80.30
2003	6.80	3.60	2.30	0.50	13.20	80.30
2002	6.80	3.60	2.30	0.50	13.20	79.80
2001	6.80	3.60	2.30	0.50	13.20	79.80
2000	6.80	3.60	2.30	0.50	13.20	80.60
1999	7.20	3.60	1.90	0.50	13.20	74.70
1998	7.20	3.60	1.90	0.50	13.20	74.70
1997	7.20	3.60	1.90	0.50	13.20	74.90
1996	7.20	3.60	1.90	0.50	13.20	75.00
1995	7.20	3.60	1.90	0.50	13.20	65.20

(1) Police and Fire Pension Special Revenue Funds

(2) Metro Parks, Port Authority, County Library, Community College

Source: Cuyahoga County Auditor

<u>Orange School District</u>	<u>Cuyahoga County</u>	<u>Special (2) Taxing Districts</u>	<u>Warrensville Heights Total Tax Levy</u>
\$81.10	\$13.52	\$5.88	\$113.70
81.10	11.72	5.88	111.10
81.10	11.72	5.88	110.60
81.10	11.72	5.88	110.60
71.50	10.82	5.88	110.50
71.50	10.82	5.88	104.60
68.20	12.12	5.88	105.90
68.20	12.12	5.88	106.10
68.20	12.12	5.88	106.20
62.60	12.32	5.88	96.60

City of Warrensville Heights, Ohio
Special Assessments Billed and Collected
Last Ten Years

Year	City Assessments			County Assessments (a)	
	Special Assessments Billings	Special Assessments Collected	Special Assessments Certified	Special Assessments Billings	Debt Service Assessments Collected
2004	\$278,306	\$150,739	\$127,567	\$855,816	\$792,036
2003	232,315	231,652	663	652,951	628,593
2002	232,315	210,968	21,347	585,013	491,567
2001	232,315	216,664	15,651	570,570	484,697
2000	232,315	230,293	2,022	570,570	519,904
1999	232,577	202,528	30,049	543,863	493,890
1998	264,561	250,719	13,842	528,760	486,261
1997	264,561	244,410	20,151	513,391	476,232
1996	264,561	258,804	5,757	516,049	484,250
1995	264,561	258,804	5,757	514,357	503,074

Source: Cuyahoga County Auditor

(a) The County assessments include debt service assessments for the City.

<u>Amount Delinquent</u>	<u>Percentage of Collections to Amount Billed</u>	<u>Total Assessments Collected</u>
\$28,925	92.55%	\$942,775
45,062	96.27	860,245
58,315	84.03	702,535
32,169	84.95	701,361
55,458	91.12	750,197
48,750	90.81	696,418
46,755	91.96	736,980
34,558	92.76	720,642
36,667	93.84	743,054
28,655	97.81	761,878

City of Warrensville Heights, Ohio
*Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

Year	Net General Bonded Debt (1)	Assessed Value	Population (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	\$4,506,454	\$261,927,702	15,109	1.72%	\$298.26
2003	4,985,284	260,932,018	15,109	1.91	329.95
2002	4,846,084	262,125,961	15,109	1.85	320.74
2001	5,347,900	258,446,145	15,109	2.07	353.95
2000	5,679,670	232,187,442	15,109	2.45	375.91
1999	6,065,499	228,842,051	15,745	2.65	385.23
1998	2,372,154	229,065,668	15,745	1.04	150.66
1997	2,857,444	219,183,757	15,745	1.30	181.48
1996	3,455,934	219,006,297	15,745	1.58	219.49
1995	3,977,759	227,400,370	15,745	1.75	252.64

(1) - Net general bonded debt equals the amount of general obligation bonds outstanding minus the debt service fund balance available to pay general obligation debt.

(2) - Source: "Population Estimates and Projections ", published by the U.S. Department of Commerce, Bureau of the Census.

City of Warrensville Heights, Ohio
*Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total General Fund Expenditures
 Last Ten Years*

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Debt Service on General Obligation Bonded Debt</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
2004	\$545,378	\$181,025	\$726,403	\$14,224,914	5.11%
2003	315,000	286,155	601,155	13,179,521	4.56
2002	556,266	331,360	887,626	13,072,033	6.79
2001	456,266	301,471	757,737	12,081,977	6.27
2000	330,569	147,365	477,934	10,757,309	4.44
1999	300,569	168,094	468,663	11,287,096	4.15
1998	485,308	200,900	686,208	9,231,442	7.43
1997	807,361	247,016	1,054,377	9,763,290	10.80
1996	550,221	339,151	889,372	10,433,519	8.52
1995	534,345	328,625	862,970	9,175,159	9.41

Source: City of Warrensville Heights

City of Warrensville Heights, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable To County (2)</u>	<u>Amount Applicable to City of Warrensville Heights</u>
Direct:			
City of Warrensville Heights	\$4,506,454	100.00%	\$4,506,454
Overlapping:			
Warrensville Heights City School District	24,607,364	100.00	24,607,364
Orange Local School District	28,363,219	1.00	283,632
Cuyahoga County	251,154,363	0.86	2,159,928
Regional Transit Authority	<u>147,025,000</u>	0.86	<u>1,264,415</u>
Total Overlapping	<u>451,149,946</u>		<u>28,315,340</u>
Totals	<u><u>\$455,656,400</u></u>		<u><u>\$32,821,794</u></u>

(1) Net debt outstanding equals the amount of general obligation bonds outstanding minus the debt service fund balance available to pay non-special assessment general obligation debt.

(2) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Cuyahoga County Auditor

City of Warrensville Heights, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>
2004	15,109	\$18,611	2,783	6.2%
2003	15,109	18,611	2,876	6.8
2002	15,109	18,611	2,841	6.6
2001	15,109	18,611	3,024	4.6
2000	15,109	18,611	3,099	4.2
1999	15,745	13,301	3,228	4.5
1998	15,745	13,301	2,993	4.5
1997	15,745	13,301	3,155	4.5
1996	15,745	13,301	3,180	5.0
1995	15,745	13,301	3,081	5.0

Sources: (1) " Population Estimates and Projections", published by
the Department of Commerce, Bureau of the Census.

(2) Warrensville Heights City School District

(3) Ohio Bureau of Employment Services,
Division of Labor Force Research and Statistics.

City of Warrensville Heights, Ohio
Property Value, Construction and Bank Deposits (1)
Last Ten Years

Year	Real Property Value			Residential	
	Agricultural/ Residential	Commercial/ Industrial	Total Value	Number of Units	Construction Value (2)
2004	\$299,962,772	\$311,092,571	\$611,055,343	343	\$1,020,801
2003	291,978,672	309,678,957	601,657,629	173	604,452
2002	268,821,771	289,466,000	558,287,771	501	3,550,000
2001	269,124,571	276,340,458	545,465,029	361	1,087,543
2000	229,420,400	241,082,743	470,503,143	412	1,036,723
1999	229,182,800	239,134,514	468,317,314	523	1,105,000
1998	228,009,943	238,908,943	466,918,886	851	1,776,942
1997	207,128,543	232,960,314	440,088,857	751	1,886,365
1996	206,850,114	234,096,915	440,947,029	313	1,232,543
1995	206,786,914	234,282,486	441,069,400	465	2,895,455

Sources: (1) Cuyahoga County Auditor

(2) City of Warrensville Heights Building Department

(3) Federal Reserve Bank of Cleveland, Ohio (shown in thousands of dollars)

Commercial		Domestic Bank
Number of Units	Construction Value (2)	Deposits in County (3)
317	\$39,085,602	\$101,838,959
30	2,424,452	97,238,973
49	36,450,000	95,760,917
22	1,354,406	63,893,769
34	1,233,526	61,942,764
52	1,370,005	57,816,942
25	1,020,350	58,904,596
31	2,020,649	53,941,971
18	2,887,543	27,068,211
36	3,675,546	22,885,453

City of Warrensville Heights, Ohio

Computation of Legal Debt Margin

December 31, 2004

Total assessed valuation		<u>\$261,927,702</u>
Overall debt limitation - 10.5% of assessed valuation		\$27,502,409
Gross indebtedness	13,590,000	
Less debt outside limitation:	<u>548,931</u>	
Debt within 10.5% limitation	13,041,069	
Less amount available in debt service fund	<u>149,615</u>	
Net debt within 10.5% limitation		<u>12,891,454</u>
Overall debt margin within 10.5% limitation		<u>\$14,610,955</u>
Unvoted debt limitation - 5.5% of assessed valuation		\$14,406,024
Gross indebtedness	13,590,000	
Less debt outside limitation:		
Special Assessment Debt	<u>548,931</u>	
Debt within 5.5% limitation	13,041,069	
Less amount available in debt service fund	<u>149,615</u>	
Net debt within 5.5% limitation		<u>12,891,454</u>
Unvoted debt margin within 5.5% limitation		<u>\$1,514,570</u>

Source: City of Warrensville Heights

City of Warrensville Heights, Ohio

Principal Property Taxpayers

December 31, 2004

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Real Estate Assessed Valuation</u>	<u>Tangible Personal Property Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total City Assessed Valuation</u>
Heinen's Inc.	Commercial Warehouse	\$2,570,380	\$2,940,950	\$5,511,330	2.10%
Alltel Ohio	Telephone	5,029,450	0	5,029,450	1.92
Clarkwood Apartment, Ltd.	Apartments	4,882,750	0	4,882,750	1.86
Dalebridge Renaissance	Condominiums	4,561,210	0	4,561,210	1.74
Sherwin-Williams	Automotive Paint	3,054,000	1,380,240	4,434,240	1.69
BJ's Wholesale Club	Wholesale Club	2,784,120	1,259,240	4,043,360	1.54
Cleveland Illuminating Company	Utility	4,011,300	0	4,011,300	1.53
Loctite Corporation	Adhesive Products	0	3,191,130	3,191,130	1.22
Granada Apartments Company	Apartments	2,771,060	0	2,771,060	1.06
Highland Business Park LLC.	Real Estate Management	<u>2,071,580</u>	<u>0</u>	<u>2,071,580</u>	0.79
<i>Total Top Ten Taxpayers</i>		<u>\$31,735,850</u>	<u>\$8,771,560</u>	<u>\$40,507,410</u>	

Source: Cuyahoga County Auditor

City of Warrensville Heights, Ohio

Miscellaneous Statistics

December 31, 2004

<p>Date of Incorporation: 1927</p> <p>Effective Date of Charter: 1958</p> <p>Form of Government: Mayor/Council</p> <p>Area: 4.3 Square Miles</p> <p>Miles of Streets: 51.71 Mile Lanes</p> <p>Number of Street Lights: 1,521</p> <p>Number of Traffic Signs: 3,225</p> <p>Number of Traffic Lights: 21</p> <p>Miles of Sanitary Sewers: 23.75 Miles</p> <p>Miles of Storm Sewers: 21.09 Miles</p> <p>Miles of Water Distribution: 24.33 Miles</p> <p>Fire Protection:</p> <p>Number of Stations 2</p> <p>Number of Firemen and Officers 32</p> <p>Number of Paramedics 24</p> <p>Hours of Training 1,700</p> <p>Number of Alarms 2,098</p> <p>Total Fire Loss \$500,000</p> <p>Police Protection</p> <p>Number of Stations 1</p> <p>Number of Policemen and Officers 37</p> <p>Number of School Guards 7</p> <p>Hours of Training 862</p> <p>Persons Arrested 1,196</p> <p>Traffic Violations 4,449</p> <p>Parking Violations - Arrest 2,307</p> <p>City Employees</p> <p>Number of Full Time Employees 165</p> <p>Number of Part Time Employees 42</p> <p>Number of Seasonal Part Time Employees 15</p> <p>Municipal Water Department: Served by the City of Cleveland</p>	<p>Education: Warrensville Heights City School District</p> <p>Elementary Schools 3</p> <p>Upper Elementary Schools 1</p> <p>Secondary Schools 2</p> <p>Number of Teachers</p> <p>Elementary Instructors 93</p> <p>Secondary Instructors <u>92</u></p> <p>Total Teachers 185</p> <p>Number of Teachers with Master's degree or Above 120</p> <p>2004/05 Student Enrollment</p> <p>Elementary Enrollment 1,452</p> <p>Secondary Enrollment <u>1,331</u></p> <p>Total Enrollment 2,783</p> <p>Teacher/Student Ratio 1 to 15</p> <p>Recreation and Culture:</p> <p>Number of Parks 6</p> <p>Number of Playgrounds 1</p> <p>Number of Swimming Pools 0</p> <p>Number of Tennis Courts 0</p> <p>Number of Community Centers 1</p> <p>Acreage of Parks 9</p> <p>Public Libraries 1</p> <p>Public Transportation: Cuyahoga Regional Transit Authority</p>
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City of Warrensville Heights, Ohio

December 31, 2004

City of Warrensville 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
Warrensville Heights, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warrensville Heights, Ohio (the “City”) as of and for the year ended December 31, 2004, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 21, 2005, wherein we noted the City of Warrensville Heights adopted Government Accounting Standards Board Technical Bulletin No. 2004-2. 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 opinion 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. 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 21, 2005.

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 04-01, 04-02, 04-03 and 04-04. We also noted certain additional matters that we reported to management of the City, in a separate letter dated June 21, 2005.

Members of the City Council
Warrensville Heights, Ohio

This report is intended solely for the information and use of the City Council, City Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cuni & Parichi, Inc.

Cleveland, Ohio
June 21, 2005

City of Warrensville Heights

Schedule of Findings

December 31, 2004

1. Summary of Auditor's Results

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes

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

04-01 Per ORC Section 5705.41(D), no orders or contracts involving the expenditure of money are to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During our review of expenditures, Ciuni & Panichi, Inc. noted several instances where purchase orders were issued after the City received the invoice.

04-02 Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The following funds had original appropriations in excess of estimated resources plus carryover balances in violations of Section 5705.39, Ohio Revised Code:

	Estimated Resources Plus Carryover Balances	Original Appropriations	Excess
General Fund	\$ 13,176,127	\$ 13,244,372	\$ 68,245
<i>Special Revenue Funds:</i>			
Street Construction, Maintenance and Repair	437,451	447,294	9,843
Police Salary and Equipment	138,593	145,580	6,987
Fire Salary and Equipment	135,307	140,000	4,693
Building Levy	143,451	199,355	55,904
Fire Department Child Safety Grant	1,308	1,486	178
EMS Computer Grant	13,788	16,300	2,512
Sidewalk Replacement	150,000	189,000	39,000

City of Warrensville Heights

Schedule of Findings

December 31, 2004

The following funds had final appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Resources Plus Carryover Balances	Original Appropriations	Excess
General Fund	\$ 14,562,558	\$ 14,610,977	\$ 48,419
<i>Special Revenue Funds:</i>			
Street Construction, Maintenance and Repair	429,451	459,885	30,434
Police Salary and Equipment	141,593	145,580	3,987
Building Levy	170,451	174,355	3,904

04-03 Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The following funds had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

	Expenditures Carryover Encumbrances	Appropriations	Excess
<i>Special Revenue Funds:</i>			
Bureau of Justice Grant	\$ 9,141	\$ 6,000	\$ 3,141
DARE Grant	54,195	26,442	27,753
Community Development Block Grant	34,952	-	34,952
COPS Grant	45,094	41,146	3,948

04-04 Ohio Revised Code 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Contrary to Ohio Revised Code Section 5705.10, the City had negative cash balances in the Community Development Block Grant, COPS Grant and the Pilot Paint Program Special Revenue Funds in the amount of \$9,345, \$20,258 and \$25,027, respectively, indicating that revenues from other sources were used to pay obligations of these funds.

3. Other Findings

None.

City of Warrensville Heights

Schedule of Prior Audit Findings

December 31, 2004

Ohio Revised Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. It was noted that 56 percent of the expenditures tested, the purchase orders were dated after the invoice date and the instances noted did not fall within any exceptions to the Code Section.

The City is in noncompliance again in the current year.

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. It was noted that 4 funds had original appropriations greater than the original certificate of Estimated Resources and 1 fund had final appropriations greater than the final Certificate of Estimated Resources.

The City is in noncompliance again in the current year.

City of Warrensville Heights

4301 Warrensville Center Road
Warrensville Heights, Ohio 44128
(216) 587-6508

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

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
04-01	The City will monitor expenditures to ensure that they have been properly encumbered.	December 31, 2005	Rubin K. Moultrie, Director of Finance
04-02	The City will monitor appropriations to ensure that they do not exceed estimated resources.	December 31, 2005	Rubin K. Moultrie, Director of Finance
04-03	The City will monitor expenditures to ensure they do not exceed appropriations.	December 31, 2005	Rubin K. Moultrie, Director of Finance
04-04	The City will monitor fund balances and properly advance funds to cover deficit fund balances, if necessary.	December 31, 2005	Rubin K. Moultrie, Director of Finance



**Auditor of State
Betty Montgomery**

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CITY OF WARRENSVILLE 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 4, 2005**