



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF HIGHLAND HEIGHTS
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the City Council:

We have audited the financial statements of the City of Highland Heights, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 22, 2000, in which report we noted, the City changed its reporting of budgetary balances. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance, which we have reported to management of the City in a separate letter dated June 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 22, 2000.

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

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

Jim Petro
Auditor of State

June 22, 2000

City Of Highland Heights, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 1999

Issued by the Department of Finance

Frank C. Gambosi, CPA

Director of Finance

City Of Highland Heights, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 1999

Issued by the Department of Finance

Frank C. Gambosi, CPA

Director of Finance

CITY OF HIGHLAND HEIGHTS, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999**

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CITY OF HIGHLAND HEIGHTS, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999**

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INTRODUCTORY SECTION



CITY OF HIGHLAND HEIGHTS

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DEPARTMENT OF FINANCE

Frank C. Gambosi, CPA
Finance Director

June 22, 2000

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

The Finance Department of the City of Highland Heights (the "City") has prepared this Comprehensive Annual Financial Report (CAFR) which includes all funds and financial transactions for the year ended December 31, 1999 as well as selected historical data. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The residential growth of the City is continuing at a strong rate. During 1999, 63 new house construction permits were issued at a total estimated valuation of \$16,141,000. Table 13 on page 102 shows the number of new houses started during the past ten years. There were two construction permits issued for non-residential construction during 1999, with a total estimated value of \$1,430,000. Table 13 shows that in 1999 33 condominium units were constructed with a total value of \$3,374,000. Table 13 shows the number of non-residential construction units started over the past ten years.

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

The industrial base of the City continues to maintain its strength in three different industrial park areas with the potential of a fourth. In the southeast corner of the City, Alpha Drive Industrial Park, which is located near the interchange of Wilson Mills Road and Interstate 271, includes the following corporations: The Tranzonic Companies, Cleveland Cotton Products, and Progressive Insurance. This area expanded seven years ago to accommodate expansion of the new industry. The second industrial park, Avion Park, is located in the northeast corner of the City near the interchange of Bishop Road and Interstate 90. The third industrial park is the Delta Business Park, which consists of forty-three acres and is in the process of being developed on the east side of Bishop Road across from the Alpha Industrial Park.

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

Marconi Systems, Inc., a maker of medical technology products, completed a major remodeling of its world headquarters building located on Miner Road between 1993 and 1996 at a cost of \$9,500,000. In June 1994, the City approved tax abatement for Marconi to construct a new 95,000 square foot manufacturing and distribution center. It is located on eleven acres of land on the west side of Alpha Drive. The construction cost exceeded \$3,000,000, and was completed in December 1996. Construction began in early 1999 of the Channel Building a 165,000 square foot, two-story structure. Construction on the first floor is expected to be completed by Fall of 2000 and second floor construction will be completed by Spring of 2001, with an estimated cost of \$7,500,000. It will be used for the sales and service staff and health care products. Marconi is expected to increase employment by 50 employees at the World Headquarters Building due to this project.

Gateway Megatech Corp., a manufacturer of wiring harnesses and electrical switches, had a 1994 tax abatement approved, which was to double the size of this facility and provide for the employment of 60 new employees. It was anticipated that this second phase (Expansion Project) would have been finished by March 1999. However, during 1999, Gateway transferred ownership of and responsibility for carrying out the real property improvements which were the subject of an Enterprise Zone Agreement (EZA) approved in 1992 to Brosdfurt Limited Partnership. The City consented to the assignment to Brosdfurt by Gateway of its right to claim the real property tax exemption authorized under this agreement. Simultaneously, Heilind Electronics Corp. acquired the assets of Gateway and Brosdfurt and the respective rights and responsibilities under the Agreement. The City believes that the acquisition by Heilind presents opportunities for expansion of employment at the Gateway site. Construction of the Expansion Project anticipated in the 1994 EZA with Gateway had not been started by mid 1999. Consequently, the Council of the City of Highland Heights terminated the 1994 EZA with Gateway. Since the merger on June 30, 1999, Gateway and Heilind have added 154 new jobs and continues to operate as they had before the merger. In connection with the merger of Gateway and Heilind, an Agreement was executed among the City, Heilind and the Mayfield City School District. This Agreement requires Heilind to make a payment for 1998 and each year subsequent to the merger for the duration of the EZA to the City and the School District. The payment represents the shortfall in municipal income tax revenues that resulted from Gateway not achieving the committed payroll level in the EZA. The City is required by this Agreement to pay the School District 15% of the total income tax receipts.

Honorable Mayor Francine G. Hogg
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The City approved tax abatement in June 1996 for Alloy Bellows & Precision Welding, formerly Allow Bellows, a precision welding and fabricator for precision and high purity applications. Construction on 5.5 acres on Miner Road began in July 1996. When completed in the summer of 1998, it was to employ 92 with an anticipated expansion of an additional 122 employees by 1999. At the end of 1999 the Company had created 37 jobs, which was lower than the previous year and substantially below the job creation commitment level in the EZA. The Tax Incentive Council in March 1999 recommended termination of the EZA because of non-compliance with the job creation requirement. City Council has approved an Ordinance to terminate the Alloy Bellows EZA.

The City also has EZA's with Namco Controls, Norman Noble and Radio Parts Company. The Tax Incentive Review Council has found all these companies in compliance with their respective EZA. When taken together, these three companies had created 248 jobs at year-end 1999.

Over the period 1995 through 1997, the City approved 9 Community Reinvestment Area Agreements with Namco Controls, Nook Industries, Marconi Systems, Inc., formerly Picker International, Shelburne Realty, Cowan Diversified Development and Progressive Insurance. All of these agreements were either in the Avion or Alpha CRA areas. The total real property investment made by these companies and subject to tax exemption is \$34,727,978.

The City is required to share revenue with the Mayfield City School District per a revenue sharing agreement when the annual payroll exceeds \$1,000,000 for any company receiving tax abatement under the City's Enterprise Zone Agreements or Community Reinvestment Area Agreements. For the three years: 1999, 1998 and 1997, a total amount of \$200,857 was paid to the School District in 1999 in accordance with this agreement.

In December 1994 construction started on a \$277,000,000 golf course-residential community called Aberdeen Development. This project is being built on approximately 400 acres of undeveloped land located in the northwest section of the city. When completed, it will have approximately 880 units out of a potential total of 1,100 units, at an average price of \$300,000. The developer of the project also is the owner of Delta Business Park, which is located on forty-three acres adjacent to the project on Bishop Road.

The City entered into a Tax Increment Financing Agreement with Aberdeen Limited Liability Company in 1994 for the construction of the StoneWater Golf Club. StoneWater, a championship 18-hole golf course, was constructed for approximately \$6,772,000, within the Aberdeen Development. The TIF Agreement has no job creation requirement, however for 1999 the Club estimated that they employed 5 new individuals and 41 individuals were retained during the summer.

MAJOR INITIATIVES

The City of Highland Heights continued to maintain its strong financial reserves during 1999. The City's general fund unencumbered cash reserves at year-end were \$2,170,505. This represents 30.4% of general fund expenditures.

The City continued its annual street repair program at no extra cost to the residents of the streets repaired. The total spent in 1999 was \$85,157.

Honorable Mayor Francine G. Hogg
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The City purchased three new police cruisers at a cost of \$63,026.

After the purchase of 5.5 acres for \$68,750 in 1992, the current park site totaled 52 acres. The City purchased an additional 12.5 acres in 1995 for \$301,000. Approximately 10 more acres was purchased in 1999 for approximately \$276,000. In May 1998, the City received a commitment for a NatureWorks reimbursement grant from the Ohio Department of Natural Resources for \$183,000. The City had a balance of \$99,131 in the ParkLand Acquisition Fund as of January 1, 2000.

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

The City approved a Master Plan in April 1996. This plan plots the City's direction and includes demographics, a land use inventory, infrastructure and zoning analysis, assesses commercial and industrial development and projects the future of the City's capital improvement plans and the financing for those plans. This plan took over one and one half years to complete and was prepared by the Cuyahoga County Planning Commission with the help of all city officials and community volunteers. The Master Plan and Capital Improvement Plan Committee met in September 1999 for the purpose of performing the annual review of the Master Plan. The Committee determined that the only part of the Master Plan that should be updated was the list of streets, which need to be reconstructed. They identified and prioritized five city streets for reconstruction. The cost to reconstruct these streets in 1999 was \$1,795,514.

The City completed its portion of the Highland Road Sanitary Sewer Improvement in 1999. The City received a grant from the Ohio Public Works Commission (OPWC) for 40% of the project and a 0% loan for twenty years for the remaining costs. The costs for the City of Highland Heights' portion of the project's cost was \$2,945,570. The City of Richmond Heights shares the remainder of the project costs with the same proportion of grants and 0% loan funding. The combined total expenditures is estimated to be \$3,435,806.

The Millridge water main was replaced by the City at a cost of \$242,064. The City received an OPWC grant in the amount of \$96,826 and a 20 year, 0% loan for the remaining \$145,238.

The Bishop/Miner Sanitary Sewer Improvement was started in 1999. The project is estimated to cost \$2,324,617. The City of Highland Heights received an OPWC grant for \$929,847 and a 20 year, 0% OPWC loan in the amount of \$1,394,770.

FINANCIAL INFORMATION

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

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

Budgetary Controls

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

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

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

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

Honorable Mayor Francine G. Hogg
 Members of City Council and the
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General Government Functions

The following schedule represents a summary of all governmental funds (including expendable trust funds) revenues for the fiscal year ended December 31, 1999 and the amounts and percentages of increases and decreases in relation to prior year revenues.

	<u>1999</u>	<u>1999 Percent of Total</u>	<u>1998</u>	<u>Increase (Decrease) from 1998</u>	<u>Percent of Increase (Decrease)</u>
Revenues					
Taxes - 1	\$ 8,041,341	56%	\$ 7,262,243	\$ 779,098	10.73%
Intergovernmental - 2	2,752,003	20	1,988,292	763,711	38.41
Special Assessments - 3	730,490	5	462,570	267,920	57.92
Charges for Services	405,465	3	422,649	(17,184)	(4.07)
Fines, Licenses and Permits - 4	487,460	3	353,380	134,080	37.94
Interest	532,277	3	403,740	128,537	31.84
Miscellaneous - 5	<u>1,431,955</u>	<u>10</u>	<u>720,874</u>	<u>711,081</u>	98.64
Total	\$ <u>14,380,991</u>	<u>100%</u>	\$ <u>11,613,748</u>	\$ <u>2,767,243</u>	

The following schedule presents a summary of general governmental (including expendable trust funds) expenditures for the fiscal year ended December 31, 1999 and the percentages of increases and decreases in relation to prior year amounts.

	<u>1999</u>	<u>1999 Percent of Total</u>	<u>1998</u>	<u>Increase (Decrease) from 1998</u>	<u>Percent of Increase (Decrease)</u>
Expenditures					
Current Operations and Maintenance:					
Public Safety - 6	\$ 3,809,003	23%	\$ 3,424,600	\$ 384,403	11.22%
Public Health	-		16,122	(16,122)	(100.00)
Parks and Recreation	592,328	4	552,788	39,540	7.15
Community Environment	233,224	1	228,459	4,765	2.09
Public Works - 7	1,078,337	7	877,728	200,609	22.85
Streets and Roads	509,788	3	446,002	63,786	14.30
General Government - 8	1,394,770	9	1,043,427	351,343	33.67
Capital Outlay - 9	5,963,387	36	6,322,076	(358,689)	(5.67)
Debt Service:					
Note Issuance Costs	-		4,802	(4,802)	(100.00)
Principal Payments - 10	1,830,000	11	6,848,000	(5,018,000)	(73.28)
Interest Charges - 10	<u>1,021,882</u>	<u>6</u>	<u>806,431</u>	<u>215,451</u>	26.72
Total	\$ <u>16,432,719</u>	<u>100%</u>	\$ <u>20,570,435</u>	\$ <u>(4,137,716)</u>	

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

Comments to Significant Changes

1. During 1999, Municipal income taxes increased \$374,519 or about 6.4% primarily because of increased growth and employment by the City's industrial sector. Property taxes increased about 13.5% or \$151,906 because of continued residential growth.
2. Almost all of this increase was the result of more grant funds due from the Ohio Public Works Commission on the Highland Road Sanitary Improvement.
3. The Highland Road Sanitary Improvement was assessed and revenue from the assessments was accrued in 1999. Other sanitary sewer projects were assessed causing revenues to increase.
4. The increase in 1999 was primarily from Building Department permit income since there were two commercial permits issued for new construction in 1999 and 33 condominium permits. There were fewer Police Department fines and forfeitures.
5. The miscellaneous increase was due to the movement of Capital Project (Aberdeen) receipts to the Debt Service Funds.
6. Public Safety expenditures increased due to wage increases in the Police and Fire Departments. Health insurance increases also added to this change.
7. Public Works expenditures increased due to the increase in Street Improvements during 1999.
8. General Government increased due to Economic Development payments to the School Board, refuse hauling fees increasing, and a sidewalk repair program showed increased costs in 1999.
9. The City continued during 1999 a substantial Strategic Capital Improvement Program which began in 1997. The capital outlay decreased with the completion of some of the projects.
10. In 1998, the City rolled over a bond anticipation note of \$6,200,000. In the current year, the City retired the note and the principal payment was reclassified to properly reduce the liability. Interest expense increased due to the notes maturing in 1999 being significantly more than 1998 causing more interest expense.

General Fund Balance

General Fund revenues and other sources increased by \$698,500, which represented an increase of 10 percent from the prior year.

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

Special Revenue Funds

The Special Revenue Funds are used to account for certain revenue sources, which are restricted by law or other formal action to expenditures for specific purposes. All Special Revenue Funds are subject to an annual budget. The Special Revenue Funds include the Street Construction Maintenance and Repair Fund, Parks and Recreation Fund, Street Lighting Fund, Law Enforcement Trust Fund, Drug Law Enforcement Fund, Enforcement and Education Fund, Police Pension Fund and Fire Pension Fund.

Capital Projects Funds

The Capital Projects Funds account for all major capital improvement projects of the City. The Capital Project Funds include the Capital Improvement Fund, Alpha Drive Fund, Issue No. 2 Projects Fund, and Park and Recreation Improvement Fund. The Capital Improvement Fund receives revenue from the interest earnings on its investments, deposits from Miner Properties per the Aberdeen Tri-Party Development Agreement, miscellaneous expenditure reimbursements, inheritance tax and proceeds from the sale of notes.

Debt Service Funds

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

Under the Charter, the City can levy up to 12.0 mills for Debt Service. For 1999, no mills were levied for General Obligation of Debt Service. The money is levied into the General Fund and transferred as needed during the year. Also, in 1999, \$651,520 of City income tax revenue was used for Debt Service.

Cash Management

Cash Management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations are cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in sweep accounts maintained at the City approved depository banks, or short-term federal agencies for the Capital Improvement fund or other securities authorized by state statutes. During 1999, \$87,616 of interest was deposited in the General Fund and \$326,012 in the Capital Improvement Fund in accordance with City ordinances.

The Reporting Entity

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

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

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

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

Risk Management

The City is a member of the Northern Ohio Risk Management Agency (NORMA). Various risk control techniques have been implemented to minimize potential losses. The goal of NORMA is to minimize loss potential in all areas of the City's operations, while delivering services in the most cost efficient manner possible. For the year ended December 31, 1999, the City paid premiums to NORMA of \$53,931.

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, 1999 by the Auditor of State of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Heights for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgments

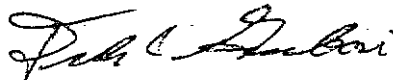
Appreciation and gratitude go to Mayor Francine G. Hogg for her enthusiastic support for preparing a Comprehensive Annual Financial report. In addition, appreciation is also extended to members of Council for their support and commitment to responsible fiscal reporting. Also, we would like to thank the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

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

Postscript

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

Respectfully submitted,



Frank C. Gambosi, CPA
Director of Finance (as of 3/6/00)

CITY OF HIGHLAND HEIGHTS, OHIO

ELECTED AND APPOINTED OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 1999

ELECTED OFFICIALS

Mayor

Francine G. Hogg

Council

Thomas M. Comella, President

Patricia L. Divoky

Michael B. Granito

John Nawarskas

Scott Coleman

Edwin V. Hargate

Virginia Swanson

APPOINTED OFFICIALS

Director of Law

Tim Paluf

Prosecutor

Daniel W. Taylor

Director of Finance

David R. McDowell

Police Chief

James J. Cook

Fire Chief

Edward S. Bencin

Service Director

Andrew H. Krawczyk

Building Commissioner

Thomas F. Jamieson

City Engineer

Stephen J. Hovancsek

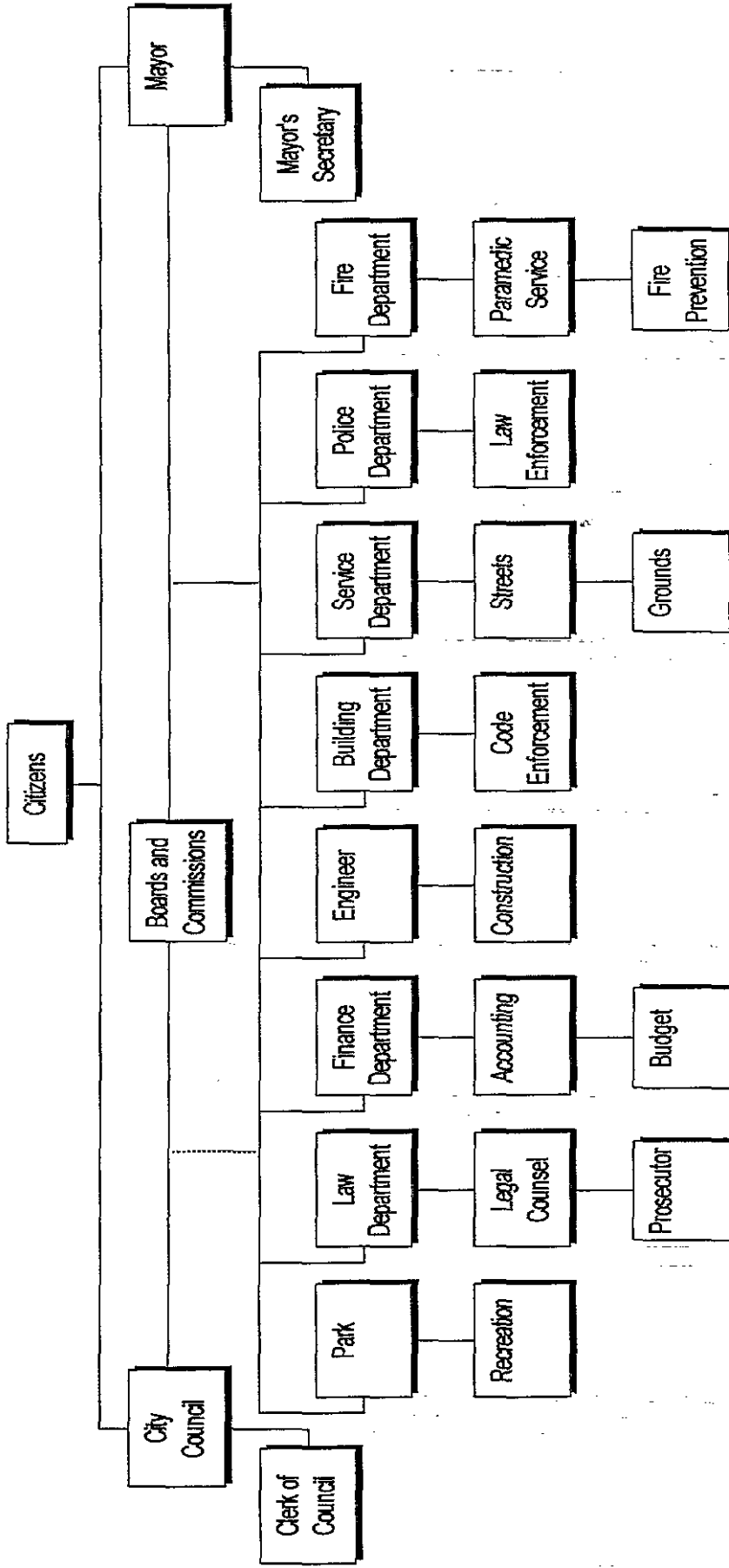
Clerk of Council

Jean A. Buchak

CITY OF HIGHLAND HEIGHTS, OHIO

ORGANIZATIONAL CHART

DECEMBER 31, 1999



Certificate of Achievement for Excellence in Financial Reporting

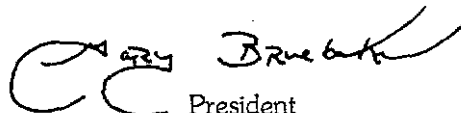
Presented to

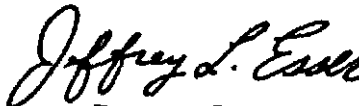
City of Highland Heights,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1998

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.




Cary Brueck
President


Jeffrey L. Esolt
Executive Director



FINANCIAL SECTION



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Highland Heights, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Highland Heights, Cuyahoga County, Ohio, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As described in Note 16 to the general-purpose financial statements for the year ending December 31, 1999 the City changed its reporting of budgetary balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the statistical section of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 22, 2000



CITY OF HIGHLAND HEIGHTS, OHIO

GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,238,290	\$ 616,398	\$ 2,312,667	\$ 1,456,533
Receivables (Net of Allowance for Uncollectibles):				
Taxes	1,105,722	467,131	45,003	36,894
Accounts	45,916	-	-	75,771
Intergovernmental	14,232	30,796	-	-
Special Assessments	-	1,498,200	3,495,801	-
Accrued Interest	36,608	-	-	25,440
Interfund Receivable	26,800	-	-	-
Prepaid Items	34,728	-	-	-
Inventory of Supplies	11,710	12,646	-	-
<u>Fixed Assets</u>				
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-
Amount to be Provided for Retirement of Special Assessments	-	-	-	-
Total Assets	\$ <u>3,514,006</u>	\$ <u>2,625,171</u>	\$ <u>5,853,471</u>	\$ <u>1,594,638</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed	Long-Term	1999	1998
Trust and Agency	Assets	Obligations		
\$ 489,307	\$ -	\$ -	\$ 7,113,195	\$ 7,026,094
-	-	-	1,654,750	1,365,999
-	-	-	121,687	15,254
-	-	-	45,028	72,095
-	-	-	4,994,001	2,857,982
-	-	-	62,048	27,018
-	-	-	26,800	1,000
-	-	-	34,728	3,226
-	-	-	24,356	22,847
-	11,053,237	-	11,053,237	10,953,649
-	-	2,351,696	2,351,696	588,213
-	-	9,335,846	9,335,846	10,822,702
-	-	6,020,000	6,020,000	-
<u>\$ 489,307</u>	<u>\$ 11,053,237</u>	<u>\$ 17,707,542</u>	<u>\$ 42,837,372</u>	<u>\$ 33,756,079</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
(CONTINUED)
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities</u>				
Accounts Payable	\$ 187,517	\$ 14,977	\$ 4,350	\$ 98,244
Refundable Deposits	-	-	-	-
Accrued Wages and Benefits	124,677	8,323	-	-
Compensated Absences Payable	32,419	3,872	-	-
Pension Obligation Payable	50,950	121,478	-	-
Interfund Payable	-	-	-	26,800
Due to Other Governments	12,743	1,254	-	-
Deferred Revenue	416,506	1,775,870	3,495,801	9,224
OPWC Loan Payable	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	2,430,000
Special Assessment Bonds Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Total Liabilities	<u>824,812</u>	<u>1,925,774</u>	<u>3,500,151</u>	<u>2,564,268</u>
<u>Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Fund Balances:				
Reserve for Encumbrances	63,030	8,229	1,624	576,139
Reserve for Contingent Liabilities	228,122	-	-	-
Reserve for Inventory	11,710	12,646	-	-
Reserve for Prepaids	34,728	-	-	-
Reserve for Debt Service	-	-	2,351,696	-
Unreserved - Undesignated	<u>2,351,604</u>	<u>678,522</u>	<u>-</u>	<u>(1,545,769)</u>
Total Equity and Other Credits	<u>2,689,194</u>	<u>699,397</u>	<u>2,353,320</u>	<u>(969,630)</u>
Total Liabilities, Equity, and Other Credits	<u>\$ 3,514,006</u>	<u>\$ 2,625,171</u>	<u>\$ 5,853,471</u>	<u>\$ 1,594,638</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Trust and Agency	Fixed Assets	Long-Term Obligations	1999
\$ 2,182	\$ -	\$ -	\$ 307,270	\$ 122,094
307,797	-	-	307,797	228,119
-	-	-	133,000	114,029
-	-	769,893	806,184	657,498
-	-	140,701	313,129	238,262
-	-	-	26,800	1,000
-	-	-	13,997	66,060
-	-	-	5,697,401	3,825,323
-	-	2,591,948	2,591,948	1,307,756
-	-	-	2,430,000	8,000,000
-	-	6,020,000	6,020,000	1,775,000
-	-	8,185,000	8,185,000	7,505,000
<u>309,979</u>	<u>-</u>	<u>17,707,542</u>	<u>26,832,526</u>	<u>23,840,141</u>
-	11,053,237	-	11,053,237	10,953,649
-	-	-	649,022	1,158,310
-	-	-	228,122	228,122
-	-	-	24,356	22,847
-	-	-	34,728	3,226
-	-	-	2,351,696	588,213
<u>179,328</u>	<u>-</u>	<u>-</u>	<u>1,663,685</u>	<u>(3,038,429)</u>
<u>179,328</u>	<u>11,053,237</u>	<u>-</u>	<u>16,004,846</u>	<u>9,915,938</u>
\$ <u>489,307</u>	\$ <u>11,053,237</u>	\$ <u>17,707,542</u>	\$ <u>42,837,372</u>	\$ <u>33,756,079</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues</u>				
Taxes	\$ 6,563,842	\$ 595,284	\$ 749,382	\$ 132,833
Intergovernmental	260,810	427,782	-	1,880,400
Special Assessments	31,620	207,283	491,587	-
Charges for Services	62,747	187,947	-	128,071
Fines, Licenses, and Permits	484,273	3,187	-	-
Interest	124,224	-	83,619	324,434
Miscellaneous Income	171,199	-	1,231,044	29,712
Total Revenues	<u>7,698,715</u>	<u>1,421,483</u>	<u>2,555,632</u>	<u>2,495,450</u>
<u>Expenditures</u>				
Current:				
Public Safety	3,235,850	573,153	-	-
Public Health	-	-	-	-
Parks and Recreation	172,189	420,139	-	-
Community Environment	233,224	-	-	-
Public Works	1,078,337	-	-	-
Streets and Roads	12,801	496,987	-	-
General Government	1,388,711	-	6,059	-
Capital Outlay	154,445	-	-	5,529,368
Debt Service:				
Note Issuance Costs	-	-	-	-
Principal Retirement	-	-	1,830,000	-
Interest and Fiscal Charges	-	-	730,513	291,369
Total Expenditures	<u>6,275,557</u>	<u>1,490,279</u>	<u>2,566,572</u>	<u>5,820,737</u>
Excess of Revenues Over (Under)				
Expenditures	<u>1,423,158</u>	<u>(68,796)</u>	<u>(10,940)</u>	<u>(3,325,287)</u>
<u>Other Financing Sources (Uses)</u>				
OPWC Loan Proceeds	-	-	-	1,284,192
Proceeds from Sale of Debt	-	-	6,755,000	-
Proceeds from Sale of Fixed Assets	347	-	-	-
Operating Transfers-In	-	331,232	3,312,416	8,741,369
Operating Transfers-Out	(918,732)	(50,000)	(8,291,369)	(3,124,916)
Total Other Financing Sources (Uses)	<u>(918,385)</u>	<u>281,232</u>	<u>1,776,047</u>	<u>6,900,645</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Totals	
	(Memorandum Only)	
	1999	1998
Expendable Trust		
\$ -	\$ 8,041,341	\$ 7,262,243
183,011	2,752,003	1,988,292
-	730,490	462,570
26,700	405,465	422,649
-	487,460	353,380
-	532,277	403,740
-	1,431,955	720,874
<u>209,711</u>	<u>14,380,991</u>	<u>11,613,748</u>
-	3,809,003	3,424,600
-	-	16,122
-	592,328	552,788
-	233,224	228,459
-	1,078,337	877,728
-	509,788	446,002
-	1,394,770	1,043,427
279,574	5,963,387	6,322,076
-	-	4,802
-	1,830,000	6,848,000
-	1,021,882	806,431
<u>279,574</u>	<u>16,432,719</u>	<u>20,570,435</u>
<u>(69,863)</u>	<u>(2,051,728)</u>	<u>(8,956,687)</u>
-	1,284,192	1,307,756
-	6,755,000	-
-	347	10,715
-	12,385,017	1,337,607
-	(12,385,017)	(1,337,607)
-	<u>8,039,539</u>	<u>1,318,471</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST
FUNDS – CONTINUED**

YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	504,773	212,436	1,765,107	3,575,358
Fund Balance at Beginning of Year	2,179,247	490,626	588,213	(4,544,988)
Increase (Decrease) in Reserve for Inventory	<u>5,174</u>	<u>(3,665)</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>2,689,194</u>	\$ <u>699,397</u>	\$ <u>2,353,320</u>	\$ <u>(969,630)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Fiduciary Fund Types	Totals	
	(Memorandum Only)	
	<u>1999</u>	<u>1998</u>
Expendable Trust		
(69,863)	5,987,811	(7,638,216)
249,191	(1,037,711)	6,602,522
<u>-</u>	<u>1,509</u>	<u>(2,017)</u>
\$ <u>179,328</u>	\$ <u>4,951,609</u>	\$ <u>(1,037,711)</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS

YEAR ENDED DECEMBER 31, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 6,251,046	\$ 6,245,600	\$ (5,446)
Intergovernmental	293,551	293,295	(256)
Charges for Services	59,542	59,490	(52)
Fines, Licenses and Permits	487,526	487,101	(425)
Interest	87,692	87,616	(76)
Miscellaneous	<u>225,848</u>	<u>225,651</u>	<u>(197)</u>
Total Revenues	<u>7,405,205</u>	<u>7,398,753</u>	<u>(6,452)</u>
<u>Expenditures</u>			
Current:			
General Government	1,424,473	1,374,635	49,838
Public Safety	3,375,812	3,253,599	122,213
Parks and Recreation	184,088	172,788	11,300
Community Environment	229,194	228,190	1,004
Public Works	1,065,602	1,031,676	33,926
Streets and Roads	15,000	14,201	799
Miscellaneous	<u>253,775</u>	<u>182,016</u>	<u>71,759</u>
Total Expenditures	<u>6,547,944</u>	<u>6,257,105</u>	<u>290,839</u>
Excess of Revenues Over (Under) Expenditures	857,261	1,141,648	284,387
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	345	347	2
Advances – Out	(20,000)	(26,800)	(6,800)
Operating Transfers – Out	<u>(918,732)</u>	<u>(918,732)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(938,387)</u>	<u>(945,185)</u>	<u>(6,798)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(81,126)	196,463	277,589
Cash Fund Balance at Beginning of Year, Restated	1,974,042	1,974,042	-
Outstanding Encumbrances	<u>67,785</u>	<u>67,785</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 1,960,701</u>	<u>\$ 2,238,290</u>	<u>\$ 277,589</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Special Revenue Funds</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 433,421	\$ 405,823	\$ (27,598)
Intergovernmental	437,126	408,830	(28,296)
Special Assessments	205,200	207,283	2,083
Fines, Licenses and Permits	2,000	3,187	1,187
Charges for Services	<u>192,650</u>	<u>187,947</u>	<u>(4,703)</u>
Total Revenues	<u>1,270,397</u>	<u>1,213,070</u>	<u>(57,327)</u>
<u>Expenditures</u>			
Current:			
Public Safety	476,720	458,828	17,892
Parks and Recreation	482,536	444,743	37,793
Streets and Roads	<u>554,358</u>	<u>518,022</u>	<u>36,336</u>
Total Expenditures	<u>1,513,614</u>	<u>1,421,593</u>	<u>92,021</u>
Excess of Revenues Over (Under) Expenditures	(243,217)	(208,523)	34,694
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	331,232	331,232	-
Operating Transfers - Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>281,232</u>	<u>281,232</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	38,015	72,709	34,694
Cash Fund Balance at Beginning of Year, Restated	535,460	535,460	-
Outstanding Encumbrances	<u>8,229</u>	<u>8,229</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 581,704</u>	<u>\$ 616,398</u>	<u>\$ 34,694</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Debt Service Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 814,649	\$ 745,598	\$ (69,051)
Special Assessments	496,246	491,587	(4,659)
Miscellaneous	<u>1,286,511</u>	<u>1,231,044</u>	<u>(55,467)</u>
Total Revenues	<u>2,597,406</u>	<u>2,468,229</u>	<u>(129,177)</u>
 <u>Expenditures</u>			
Debt Service:			
Purchased Services	5,011	4,909	102
Principal Payment	11,801,704	11,630,000	171,704
Interest Charges	<u>1,221,996</u>	<u>1,023,304</u>	<u>198,692</u>
Total Expenditures	<u>13,028,711</u>	<u>12,658,213</u>	<u>370,498</u>
Excess of Revenues Over (Under) Expenditures	(10,431,305)	(10,189,984)	241,321
 <u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	8,635,000	8,638,619	3,619
Operating Transfers - In	<u>3,311,633</u>	<u>3,312,416</u>	<u>783</u>
Total Other Financing Sources (Uses)	<u>11,946,633</u>	<u>11,951,035</u>	<u>4,402</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,515,328	1,761,051	245,723
Cash Fund Balance at Beginning of Year, Restated	546,992	546,992	-
Outstanding Encumbrances	<u>4,624</u>	<u>4,624</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>2,066,944</u>	\$ <u>2,312,667</u>	\$ <u>245,723</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Capital Projects Funds</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 521,289	\$ 105,162	\$ (416,127)
Intergovernmental	3,506,558	1,880,400	(1,626,158)
Charges for Services	52,300	52,300	-
Interest	1,616,046	326,012	(1,290,034)
Miscellaneous	147,283	29,712	(117,571)
Total Revenues	<u>5,843,476</u>	<u>2,393,586</u>	<u>(3,449,890)</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government			
Capital Outlay	<u>10,097,076</u>	<u>6,017,487</u>	<u>4,079,589</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,253,600)</u>	<u>(3,623,901)</u>	<u>629,699</u>
<u>Other Financing Sources (Uses)</u>			
OPWC Loan Proceeds	1,284,192	1,284,192	-
Proceeds from Sale of Debt	2,430,000	2,430,000	-
Operating Transfers - In	450,000	450,000	-
Advance - In	26,800	26,800	-
Operating Transfers - Out	<u>(927,000)</u>	<u>(3,124,916)</u>	<u>(2,197,916)</u>
Total Other Financing Sources (Uses)	<u>3,263,992</u>	<u>1,066,076</u>	<u>(2,197,916)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(989,608)	(2,557,825)	(1,568,217)
Cash Fund Balance at Beginning of Year, Restated	3,438,219	3,438,219	-
Outstanding Encumbrances	<u>576,139</u>	<u>576,139</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 3,024,750</u>	<u>\$ 1,456,533</u>	<u>\$ (1,568,217)</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Expendable Trust Funds</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ 183,011	\$ 183,011	\$ -
Charges for Services	<u>20,000</u>	<u>26,700</u>	<u>6,700</u>
Total Revenues	<u>203,011</u>	<u>209,711</u>	<u>6,700</u>
<u>Expenditures</u>			
Current:			
Park and Recreation			
Capital Outlay	276,000	275,599	401
Streets and Roads			
Capital Outlay	<u>20,000</u>	<u>3,976</u>	<u>16,024</u>
Total Expenditures	<u>296,000</u>	<u>279,575</u>	<u>16,425</u>
Excess of Revenues Over (Under) Expenditures	(92,989)	(69,864)	23,125
Cash Fund Balance at Beginning of Year	249,192	249,192	-
Outstanding Encumbrances	<u>1,575</u>	<u>1,575</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>157,778</u>	\$ <u>180,903</u>	\$ <u>23,125</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE REPORTING ENTITY

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

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

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

The City is associated with an organization which is defined as a jointly governed organization. It is called the Eastern Suburban Regional Council of Governments. It is presented in Note 15 to the General Purpose Financial Statements. The City is also associated with an organization defined as risk sharing pool (Note 10) and a joint venture (Note 14).

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIS OF PRESENTATION

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

FUND ACCOUNTING

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

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. The various funds are summarized by type in the combined financial statements. The following fund types and account groups are used by the City.

GOVERNMENTAL FUNDS

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

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

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

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

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FIDUCIARY FUNDS

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

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

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

ACCOUNT GROUPS

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

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

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

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year end. In 1999, the City changed the available period based on a study from thirty to sixty days after year end. This change had no material effect on the financial statements.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes, interest on investments, and State levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIS OF ACCOUNTING – CONTINUED

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminate and which are not intended to finance the current period obligations, have been recorded as deferred revenue. Levied special assessments are measurable and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BUDGETS AND BUDGETARY ACCOUNTING – CONTINUED

Appropriations - A temporary appropriation ordinance may be passed to control expenditures for the period January 1 through March 31. Before April 1, an annual appropriation ordinance must be passed for the period January 1 to December 31. The appropriation ordinance, which controls expenditures at the major object level, may be amended or supplemented by Council during the year as required. The major object level is further defined by grouping level. The administration may move budgeted amounts within each object grouping level. During 1999, there were few significant amendments to the appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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

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

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the related liabilities are incurred (GAAP basis).

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BUDGETS AND BUDGETARY ACCOUNTING – CONTINUED

- (c) Encumbrances are treated as expenditures for all funds (budget basis) as opposed to a reservation of fund balance (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

<u>Excess of Revenues and Other Financing Sources Over (Under)</u> <u>Expenditures and Other Financing Uses</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
GAAP Basis	\$ 504,773	\$ 212,436	\$ 1,765,107
<u>Increase (Decrease) Due to:</u>			
Revenue Accruals	(299,962)	(208,413)	407,466
Expenditure Accruals	59,437	76,915	(406,898)
Net Impact of Encumbrances on Budget Basis Expenditures	<u>(67,785)</u>	<u>(8,229)</u>	<u>(4,624)</u>
Budgetary Basis	<u>\$ 196,463</u>	<u>\$ 72,709</u>	<u>\$ 1,761,051</u>
	<u>Capital Projects</u>	<u>Expendable Trust Funds</u>	<u>Totals</u>
GAAP Basis	\$ 3,575,358	\$ (69,863)	\$ 5,987,811
<u>Increase (Decrease) Due to:</u>			
Revenue Accruals	(5,936,433)	-	(6,037,342)
Expense Accruals	379,389	1,574	110,417
Net Impact of Encumbrances on Budget Basis Encumbrances	<u>(576,139)</u>	<u>(1,575)</u>	<u>(658,352)</u>
Budgetary Basis	<u>\$ (2,557,825)</u>	<u>\$ (69,864)</u>	<u>\$ (597,466)</u>

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

CASH AND CASH EQUIVALENTS

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

Cash balances of all City funds are pooled and invested. Cash equivalents consist of STAR Ohio, mutual funds, and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. In 1999, investments reported had a maturity date of less than one year, therefore, the carrying value is the same as fair value. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. The allocation of interest earnings from investments to the City's funds is governed by state and local laws and regulations.

INVENTORY OF SUPPLIES

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

PREPAID ITEMS

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

PROPERTY, PLANT AND EQUIPMENT

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

RESERVATION OF FUND EQUITY

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

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

COMPENSATED ABSENCES

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

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

NOTE ISSUANCE COSTS

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

ESTIMATES

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

INTERFUND TRANSACTIONS

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

1. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
2. Nonrecurring and nonroutine transfers of equity between funds or the transfer of residual balances of discontinued funds or projects to the debt service funds are classified as residual equity transfers.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

INTERFUND TRANSACTIONS (CONTINUED)

3. All other interfund transfers are recorded as operating transfers.

TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 2 – LEGAL COMPLIANCE AND ACCOUNTABILITY

A. ACCOUNTABILITY

SPECIAL REVENUE FUND

There is a deficit in the Police Pension Special Revenue Fund of \$2,953, caused by the application of generally accepted accounting principles to this fund. The General Fund is liable for any deficits in this fund and provides operating transfers when cash is required, not when accruals occur.

CAPITAL PROJECTS FUNDS

There are deficit fund balances in the Capital Improvement and the Park and Recreation Improvement Capital Projects Funds of \$987,401 and \$26,756, respectively. Bond anticipation note proceeds used to finance the construction of miscellaneous projects are not recognized as "other financing sources", but rather as a fund liability. The deficit within this fund will be eliminated when the resources are provided for the retirement of these notes.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 2 – LEGAL COMPLIANCE AND ACCOUNTABILITY – CONTINUED

B. COMPLIANCE

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

<u>Fund/Program/Activity</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund			
General Government			
City Hall:			
Capital Outlay	\$ 117,694	\$ 137,792	\$ 20,098
Mayor:			
Salaries and Benefits	92,862	94,417	1,555
Law:			
Purchased Services	50,291	131,847	81,556
City Council:			
Salaries and Benefits	70,978	71,307	329
Public Safety			
Police:			
Capital Outlay	17,597	36,545	18,948
Fire:			
Capital Outlay	13,761	32,306	18,545
Community Environment			
Building:			
Capital Outlay	1,000	1,465	465
Public Works:			
Service:			
Materials and Supplies	12,049	48,011	35,962
Capital Outlay	23,732	34,356	10,624
Advances - Out	20,000	26,800	6,800
Capital Projects			
Capital Improvements			
Transfer - Out	927,000	3,124,916	2,197,916
Parks and Recreation Improvements			
General Government:			
Capital Outlay	183,100	189,237	6,137

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 3 – CASH AND CASH EQUIVALENTS

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

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

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

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

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 3 – CASH AND CASH EQUIVALENTS – CONTINUED

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

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

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

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

Deposits - At year-end, the carrying amount of the City's deposits was \$13,718, and the bank balance was \$95,266. Of the bank balance, \$95,266 was covered by federal depository insurance.

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 3 – CASH AND CASH EQUIVALENTS – CONTINUED

STAR Ohio and Money Market Funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
State Treasury Asset Reserve Fund (Star Ohio)	\$ -	\$ 1,229,296	\$ 1,229,296
Repurchase agreement	1,935,867	1,935,867	1,935,867
Victory U.S. Government Obligations	-	404,319	404,319
Federal National Mortgage Association Note	240,579	240,579	240,579
Federal Home Loan Mortgage Notes	<u>3,289,416</u>	<u>3,289,416</u>	<u>3,289,416</u>
Total Investments	\$ <u>5,465,862</u>	\$ <u>7,099,477</u>	\$ <u>7,099,477</u>

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 7,113,195	\$ -
Investments – Government securities with a maturity of less than 90 days:		
Federal Agencies	(3,529,995)	3,529,995
Victory Mutual Funds	(404,319)	404,319
Repurchase agreement	(1,935,867)	1,935,867
STAR Ohio	<u>(1,229,296)</u>	<u>1,229,296</u>
GASB Statement No. 3	\$ <u>13,718</u>	\$ <u>7,099,477</u>

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based.

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 3 – CASH AND CASH EQUIVALENTS – CONTINUED

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

NOTE 4 – TAX REVENUES

MUNICIPAL INCOME TAXES

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

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

PROPERTY TAXES

Real property taxes and public utility tangible property taxes are levied each January 1 on assessed values listed as of the prior January 1, the lien date. Assessed values are established by the County Auditor at 35% of appraised market values. The County Auditor reappraises all real property every six years with a triennial update. Real property taxes received by the City during 1999 were based upon property values which were last updated in 1998. Public utility tangible property taxes are based upon property values reported on tax returns filed annually with the State of Ohio by the utility companies.

The full tax rate applied to real and public utility tangible property for the tax year 1998 (collected in 1999) was \$4.00 per \$1,000 of assessed valuation. Real property owners' tax bills are adjusted by rate reduction factors and homestead and rollback reductions, when applicable. The taxes are payable annually or semiannually in the year subsequent to the year for which they are levied. The amount of the homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, along with related historical costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the tax year 1999 was \$4.00 per \$1,000 of assess valuation. Tangible personal property taxes are payable annually or semiannually in the year for which they are levied.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 4 – TAX REVENUES – CONTINUED

The assessed values of real and tangible personal property upon which 1999 property tax receipts were based were as follows:

Real property – 1998 tax valuation	\$	234,995,310
Public utility tangible property – 1998 tax valuation		5,384,850
Tangible personal property – 1998 tax valuation		<u>43,313,706</u>
Total valuation	\$	<u>283,693,866</u>

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

OTHER LOCAL TAXES

With certain exceptions, a tax of three percent is levied by the City on individuals, companies and organizations which collect an admission charge. In accordance with City Ordinance, one half of the revenue realized from this tax is placed into the City's Capital Improvement Fund. The other half of the tax is credited to the City's General Fund.

NOTE 5 – GENERAL FIXED ASSETS

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

	Balance <u>12/31/98</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/99</u>
Land	\$ 2,210,460	\$ -	\$ -	\$ 2,210,460
Buildings	6,404,672	-	-	6,404,672
Vehicles, equipment and furnishings	<u>2,338,517</u>	<u>160,243</u>	<u>(60,655)</u>	<u>2,438,105</u>
Total	\$ <u>10,953,649</u>	\$ <u>160,243</u>	\$ <u>(60,655)</u>	\$ <u>11,053,237</u>

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 6 – BONDS, NOTES AND OTHER LONG-TERM OBLIGATIONS

Changes in the debt of the City for the year ended December 31, 1999 is as follows:

	Balance 12/31/98	Additions	Retirements	Balance 12/31/99
<u>General Obligation Bonds</u>				
Various purpose improvements series 1992	\$ 1,225,000	\$ -	\$ (110,000)	\$ 1,115,000
Various purpose improvements bonds, series 1998	6,280,000	-	(225,000)	6,055,000
Various purpose improvements bonds, series 1999		1,015,000	-	1,015,000
Total general obligation bonds	\$ <u>7,505,000</u>	\$ <u>1,015,000</u>	\$ <u>(335,000)</u>	\$ <u>8,185,000</u>
<u>Special Assessment Bonds (a)</u>				
7.0% to 8.75% Street improvement bonds, issued 1988	\$ 1,480,000	\$ -	\$ (1,480,000)	\$ -
5.50% to 5.75% Various purpose improvement bonds, issued 1999	-	1,280,000	-	1,280,000
4.15% to 5.70% Various purpose improvement bonds, issued 1999	-	4,460,000	-	4,460,000
7.375% Street improvement bonds, issued 1990	295,000	-	(15,000)	280,000
Total special assessment bonds	\$ <u>1,775,000</u>	\$ <u>5,740,000</u>	\$ <u>(1,495,000)</u>	\$ <u>6,020,000</u>
<u>Bond Anticipation Notes</u>				
Various purpose notes, issued 1998	\$ 1,800,000	\$ -	\$ (1,800,000)	\$ -
Bond anticipation notes, issued 1998	6,200,000	-	(6,200,000)	-
Bond anticipation notes, issued 1999	-	2,430,000	-	2,430,000
Bond anticipation notes, issued 1999	-	1,800,000	(1,800,000)	-
Total bond anticipation notes	\$ <u>8,000,000</u>	\$ <u>4,230,000</u>	\$ <u>(9,800,000)</u>	\$ <u>2,430,000</u>

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 6 – BONDS, NOTES AND OTHER LONG-TERM OBLIGATIONS – CONTINUED

	Balance 12/31/98	Additions	Retirements	Balance 12/31/99
<u>Ohio Public Works Commission</u>				
Highland Road, sanitary sewer, 0% \$	1,307,756	\$ 267,492	\$ -	\$ 1,575,248
Miner & Bishop Roads, sanitary sewer, 0%	-	871,462	-	871,462
Millridge water main replacement, 0%	-	145,238	-	145,238
Total Ohio Public Works Commission	\$ <u>1,307,756</u>	\$ <u>1,284,192</u>	\$ <u>-</u>	\$ <u>2,591,948</u>
Compensated absences payable				
Long-term portion-Note 1	\$ <u>653,978</u>	\$ <u>115,915</u>	\$ <u>-</u>	\$ <u>769,893</u>
Pension obligation payable				
Long-term portion	\$ <u>169,181</u>	\$ <u>-</u>	\$ <u>(28,480)</u>	\$ <u>140,701</u>
Total all long-term obligations	\$ <u>19,410,915</u>	\$ <u>12,385,107</u>	\$ <u>(11,658,480)</u>	\$ <u>20,137,542</u>

On September 1, 1999, the City issued \$2,295,000 of Various Purpose and Refunding Bonds, Series 1999. The proceeds are being used to finance various purpose improvements to certain of the City's properties and assets and to advance refund \$1,480,000 of the City's outstanding special assessment bonds.

Net proceeds in the amount of \$1,388,750 were used to pay off the debt that was advance refunded. As a result of this advance refunding, the City will realize gross debt service savings of \$280,760 over the life of the bonds and obtain an economic gain (difference between the present value of the old and new debt service payments) of \$126,320.

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 6 – BONDS, NOTES AND OTHER LONG-TERM OBLIGATIONS – CONTINUED

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 1999 from the general resources of the City are as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2000	\$ 375,000	\$ 426,311	\$ 115,000	\$ 360,305	\$ 1,276,616
2001	390,000	395,378	275,000	316,304	1,376,682
2002	420,000	377,393	295,000	302,326	1,394,719
2003	345,000	357,580	305,000	287,069	1,294,649
2004	355,000	341,552	320,000	271,156	1,287,708
2005-2009	1,970,000	1,433,525	1,700,000	1,083,424	6,186,949
2010-2014	2,195,000	904,508	1,180,000	697,546	4,977,054
2015-2019	1,735,000	329,987	1,480,000	354,475	3,899,462
2020-2024	400,000	65,625	350,000	19,950	835,575
Total	\$ <u>8,185,000</u>	\$ <u>4,631,859</u>	\$ <u>6,020,000</u>	\$ <u>3,692,555</u>	\$ <u>22,529,414</u>

The OPWC debt does not have an amortization schedule since the loan is not fully incurred at year end.

LEGAL DEBT MARGIN

Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 1999 had the capacity to issue \$21,526,176 of additional general obligation debt.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

The employees of the City of Highland Heights are covered by either the Public Employees Retirement System of Ohio or the Ohio Police and Fire Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Highland Heights contributes to the Public Employees Retirement System of Ohio ("System"), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. The System provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Public Employees Retirement system, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 7 – DEFINED BENEFIT PENSION PLANS – CONTINUED

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's contributions to the System for the years ended December 31, 1999, 1998, and 1997 were \$160,112, \$150,836, \$130,079, respectively, equal to the required contributions for each year.

OHIO POLICE AND FIRE PENSION FUND

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24 percent, respectively for police officers and firefighters. The City of Highland Heights contributions to OP&F for the years ending December 31, 1999, 1998, and 1997 were \$401,353, \$377,369, and \$360,154, respectively, equal required contributions for each year.

In addition to the current contribution, the City also pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for Police and Firemen in 1967. As of December 31, 1999, the liability of the City was \$140,701, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the General Long-Term Obligations Account Group.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO (PERS)

The Public Employees Retirement System (PERS) of Ohio provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credits. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The employer contribution rate was 13.55 percent of which 4.2 percent was to fund health care in 1999.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO (PERS) (CONTINUED)

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

Benefits are funded on a pay-as-you-go-basis. OPEB are financed through employer contributions and investments earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1998 was 118,062. The City of Highland Heights' actual contributions for 1999 which were used to fund postemployment benefits were \$71,922.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

OHIO POLICE AND FIRE PENSION FUND OF OHIO

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 benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty-two if attending school full-time or on a two thirds basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provide that health care cost paid from the funds of OP&F shall be included in the employer's contribution plan. 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.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.5 percent and 7.0 percent of covered payroll in 1998 and 1999, respectively. The allocation is 7.25 percent in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

OHIO POLICE AND FIRE PENSION FUND OF OHIO – CONTINUED

The number of participants eligible to receive health care benefits as of December 31, 1998 the last date of the last actuarial valuation available, are 11,424 for Police and 9,186 for Firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$76,675 for police and \$54,763 for firemen. OP&F's total health care expense for the year ending December 31, 1998, the date of the last actuarial valuation available, was \$78,596,790, which was the net of member contributions of \$5,331,515.

NOTE 9 – INTERFUND TRANSACTIONS

The following represents all interfund activity for the year ended December 31, 1999.

	<u>Operating Transfers – In</u>	<u>Operating Transfers – Out</u>
General Fund	\$ -	\$ 918,732
Special Revenue Funds:		
Street construction, maintenance and repair	70,000	-
Police pension	133,116	-
Fire pension	118,116	-
Parks and recreation	-	50,000
Enforcement and education	10,000	-
Debt Service Funds:		
General bond retirement	850,783	-
Special assessments	2,461,633	8,291,369
Capital Projects Funds:		
Capital improvement	<u>8,741,369</u>	<u>3,124,916</u>
Total	\$ <u>12,385,017</u>	\$ <u>12,385,017</u>
	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 26,800	\$ -
Capital Projected Funds:		
Parks and recreation improvement	<u>-</u>	<u>26,800</u>
Total	\$ <u>26,800</u>	\$ <u>26,800</u>

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 10 – NORTHERN OHIO RISK MANAGEMENT ASSOCIATION

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

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$147,500 per occurrence, will come from the self-insurance pool up to \$450,000 with any excess paid from the stop loss coverage carried by the pool. Any losses over these amounts would be covered by the pool's excess insurance coverage which is \$11 million aggregate. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payment up to a maximum of the initial payment.

In 1999, the City of Highland Heights paid \$53,931 in premiums from the general fund, which represents 15.1 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

NOTE 11 – RISK MANAGEMENT

NORMA provides a pool of self-insurance for liability and property damage, vehicles, boiler and machinery, theft, bonding of city employees, and public officials' errors and omissions. The City's share of NORMA's claims and expenses are accounted among General Fund departments and other funds in proportion to the protection provided for the assets in those General Fund departments and other funds.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 11 – RISK MANAGEMENT – CONTINUED

During 1999, the City entered into contracts with various insurance agencies for the following types of insurance:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Property:	
Building and contents	\$ 205,472,237
Contractor's and owner's protection	7,300,000
Newly acquired	1,000,000/500,000
Unscheduled locations	100,000
Mobile equipment	16,363,310
Transit	50,000
Accounts receivable	1,000,000
Valuable papers	1,000,000
Flood and earthquake – each	21,000,000
Extra expense	2,500,000
EDP equipment and media	2,500,000
Auto physical damage	A.C.V.
Fine arts	1,000,000
Boiler and machinery	50,000,000
Crime:	
Employee dishonesty	500,000
Faithful performance	Included
Money and securities	500,000
Depositor's forgery	500,000
Liability:	
General liability – each occurrence	1,000,000
General liability – annual aggregate	5,000,000
Ohio stop gap	Included
Premise damage (fire legal)	100,000
Premise medical (non-liability)	5,000
Liquor liability – each occurrence	1,000,000
Liquor liability – aggregate	1,000,000
EMTs – each occurrence	1,000,000
EMTs – aggregate	2,000,000
Employee benefit liability – occurrence	1,000,000
Employee benefit liability – aggregate	3,000,000
Automobile	1,000,000
Law enforcement professional – each occurrence	1,000,000
Law enforcement professional – aggregate	2,000,000
Cemetery professional – occurrence	1,000,000
Cemetery professional – aggregate	5,000,000
Public official – occurrence	1,000,000
Public official – aggregate	2,000,000

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 11 – RISK MANAGEMENT – CONTINUED

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Sexual abuse – occurrence	1,000,000
Sexual abuse – aggregate	5,000,000
Excess liability – occurrence	10,000,000
Excess liability – aggregate	20,000,000

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

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

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

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

The medical, dental, and prescription benefits are provided through Medical Mutual of Ohio. Payments are made from the General Fund on a monthly basis. The expenses are allocated by the number of employees in each department multiplied by the fixed premium rate for each employee. The monthly premium is \$221.53 for single coverage and \$575.78 for family coverage.

NOTE 12 – CONTINGENT LIABILITIES

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

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 13 – CONSTRUCTION COMMITMENTS

As of December 31, 1999, the City had contractual purchase commitments for two infrastructure projects. The amounts for the projects are as follows:

<u>Project</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Construction in Progress</u>	<u>Amounts Remaining on Contracts</u>
Various Streets Concrete Reconstruction	Capital Improvement	\$ 1,710,993	\$ 1,688,521	\$ 22,472
Bishop/Miner Sanitary Sewer Improvements	Capital Improvement	<u>1,779,942</u>	<u>1,446,987</u>	<u>332,955</u>
Total		\$ <u>3,490,935</u>	\$ <u>3,135,508</u>	\$ <u>355,427</u>

NOTE 14 – JOINT VENTURE

Tri-City Consortium on Aging Council of Governments – The Tri-City Consortium on Aging (Consortium) is a joint venture among the Cities of Highland Heights, Lyndhurst and South Euclid, formed for the purpose of coordinating among the Cities all matters related to assistance and programs for the aged. Consortium revenues consist of contributions from the member cities and federal grants. The governing board of the Consortium is a Council of Governments composed of the Mayors of Highland Heights, Lyndhurst and South Euclid with the advice of a nine-member commission. Continued existence of the Consortium is dependent on the City, however, the City has no explicit and measurable equity interest in the Consortium. The Consortium is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 1999, the City contributed \$45,494 which represents 16.2% of total revenue. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

NOTE 15 – JOINTLY GOVERNED ORGANIZATION

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

The Council adopts a budget for ESCOG annually. Each member municipality's degree of control is limited to its representation on the Council. In 1999, the City contributed \$12,500 which represents 16.7% percent of the total contributions.

CITY OF HIGHLAND HEIGHTS, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 15 – JOINTLY GOVERNED ORGANIZATION - CONTINUED

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

NOTE 16 – RESTATEMENT OF CASH FUND BALANCE

The beginning budgetary cash fund balances have been restated to exclude outstanding encumbrances so that the ending cash fund balance agrees to the balance sheet.

	Balance December 31, <u>1998</u>	<u>Adjustment</u>	Balance January 1, <u>1999</u>
General Fund	\$ 1,863,856	\$ 110,186	\$ 1,974,042
Special Revenue Funds:			
Street Construction, Maintenance and Repair	143,406	8,031	151,437
Parks and Recreation	41,381	12,621	54,002
Drug Law Enforcement	5,184	(1)	5,183
Enforcement and Education	98,750	3,320	102,070
Debt Service Funds:			
General Bond Retirement	250,557	(10,024)	240,533
Special Assessments	296,436	10,023	306,459
Capital Projects Funds:			
Capital Improvements	2,231,186	1,052,326	3,283,512
Alpha Drive	29,067	1	29,068

CITY OF HIGHLAND HEIGHTS, OHIO

GENERAL FUND

DECEMBER 31, 1999

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

CITY OF HIGHLAND HEIGHTS, OHIO

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

YEAR ENDED DECEMBER 31, 1999

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues</u>			
Taxes	\$ 6,251,046	\$ 6,245,600	\$ (5,446)
Intergovernmental	293,551	293,295	(256)
Charges for Services	59,542	59,490	(52)
Fines, Licenses and Permits	487,526	487,101	(425)
Interest	87,692	87,616	(76)
Miscellaneous	225,848	225,651	(197)
Total Revenues	<u>7,405,205</u>	<u>7,398,753</u>	<u>(6,452)</u>
<u>Expenditures</u>			
Current:			
General Government:			
City Hall:			
Salaries and Fringe Benefits	39,148	37,604	1,544
Purchased Services	611,664	566,254	45,410
Materials and Supplies	14,856	13,229	1,627
Capital Outlay	117,694	137,792	(20,098)
Other	<u>4,183</u>	<u>2,874</u>	<u>1,309</u>
Total City Hall	787,545	757,753	29,792
Mayor:			
Salaries and Fringe Benefits	92,862	94,417	(1,555)
Purchased Services	1,881	1,146	735
Materials and Supplies	<u>169</u>	<u>103</u>	<u>66</u>
Total Mayor	94,912	95,666	(754)
Finance:			
Salaries and Fringe Benefits	203,020	200,671	2,349
Purchased Services	31,003	26,658	4,345
Materials and Supplies	3,694	3,176	518
Capital Outlay	<u>2,098</u>	<u>1,804</u>	<u>294</u>
Total Finance	239,815	232,309	7,506
Law:			
Salaries and Fringe Benefits	118,120	35,559	82,561
Purchased Services	<u>50,291</u>	<u>131,847</u>	<u>(81,556)</u>
Total Law	168,411	167,406	1,005

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>		
	<u>Revised</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>		<u>Favorable</u>
			<u>(Unfavorable)</u>
Engineer:			
Salaries and Fringe Benefits	12,161	8,495	3,666
Purchased Services	14,929	10,227	4,702
Materials and Supplies	225	154	71
Other	<u>15,000</u>	<u>14,861</u>	<u>139</u>
Total Engineer	42,315	33,737	8,578
City Council:			
Salaries and Fringe Benefits	70,978	71,307	(329)
Purchased Services	1,048	811	237
Materials and Supplies	<u>202</u>	<u>156</u>	<u>46</u>
Total City Council	72,228	72,274	(46)
Civil Service:			
Salaries and Fringe Benefits	11,107	10,429	678
Purchased Services	7,366	4,334	3,032
Materials and Supplies	<u>185</u>	<u>174</u>	<u>11</u>
Total Civil Service	18,658	14,937	3,721
Commission On Business:			
Purchased Services	<u>589</u>	<u>553</u>	<u>36</u>
Total Commission On Business	<u>589</u>	<u>553</u>	<u>36</u>
Total General Government	1,424,473	1,374,635	49,838
Public Safety:			
Police:			
Salaries and Fringe Benefits	1,802,019	1,763,345	38,674
Purchased Services	175,118	117,079	58,039
Materials and Supplies	80,779	51,734	29,045
Capital Outlay	17,597	36,545	(18,948)
Other	<u>5,330</u>	<u>3,298</u>	<u>2,032</u>
Total Police	2,080,843	1,972,001	108,842

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Fire:			
Salaries and Fringe Benefits	1,185,823	1,178,511	7,312
Purchased Services	68,466	50,777	17,689
Materials and Supplies	26,919	20,004	6,915
Capital Outlay	13,761	32,306	(18,545)
Total Fire	<u>1,294,969</u>	<u>1,281,598</u>	<u>13,371</u>
Total Public Safety	3,375,812	3,253,599	122,213
Parks and Recreation:			
Commission On Aging:			
Salaries and Fringe Benefits	4,516	4,240	276
Purchased Services	48,506	45,544	2,962
Materials and Supplies	735	667	68
Total Commission On Aging	<u>53,757</u>	<u>50,451</u>	<u>3,306</u>
Park and Recreation Commission:			
Salaries and Fringe Benefits	5,698	5,350	348
Total Park and Recreation Commission	<u>5,698</u>	<u>5,350</u>	<u>348</u>
Community Center:			
Salaries and Fringe Benefits	60,653	56,935	3,718
Purchased Services	17,327	16,300	1,027
Materials and Supplies	3,123	2,938	185
Capital Outlay	5,911	5,481	430
Other	6,523	6,136	387
Total Community Center	<u>93,537</u>	<u>87,790</u>	<u>5,747</u>
Community Service:			
Salaries and Fringe Benefits	31,096	29,197	1,899
Total Community Service	<u>31,096</u>	<u>29,197</u>	<u>1,899</u>
Total Parks and Recreation	184,088	172,788	11,300
Community Environment:			
Building:			
Salaries and Fringe Benefits	191,188	190,925	263
Purchased Services	14,696	14,665	31
Materials and Supplies	3,171	3,164	7
Capital Outlay	1,000	1,465	(465)
Total Building	<u>210,055</u>	<u>210,219</u>	<u>(164)</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>		Variance
	<u>Revised</u>	<u>Actual</u>	Favorable
	<u>Budget</u>	<u>Actual</u>	(Unfavorable)
Architecture:			
Salaries and Fringe Benefits	4,293	4,031	262
Total Architecture	4,293	4,031	262
Planning and Zoning:			
Salaries and Fringe Benefits	14,758	13,857	901
Materials and Supplies	88	83	5
Total Planning and Zoning	14,846	13,940	906
Total Community Environment	229,194	228,190	1,004
Public Works:			
Service:			
Salaries and Fringe Benefits	571,284	554,477	16,807
Purchased Services	458,537	394,832	63,705
Materials and Supplies	12,049	48,011	(35,962)
Capital Outlay	23,732	34,356	(10,624)
Total Public Works	1,065,602	1,031,676	33,926
Streets and Roads:			
Purchased Services	7,268	6,881	387
Capital Outlay	7,732	7,320	412
Total Streets and Roads	15,000	14,201	799
Miscellaneous:			
Capital Outlay	253,775	182,016	71,759
Total Miscellaneous	253,775	182,016	71,759
Total Expenditures	6,547,944	6,257,105	290,839
Excess of Revenues Over (Under) Expenditures	857,261	1,141,648	284,387

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	General Fund		Variance
	Revised Budget	Actual	Favorable (Unfavorable)
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Fixed Assets	345	347	2
Advances - Out	(20,000)	(26,800)	(6,800)
Operating Transfers - Out	(918,732)	(918,732)	-
Total Other Financing Sources (Uses)	<u>(938,387)</u>	<u>(945,185)</u>	<u>(6,798)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(81,126)	196,463	277,589
Cash Fund Balance at Beginning of Year, Restated	1,974,042	1,974,042	-
Outstanding Encumbrances	<u>67,785</u>	<u>67,785</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>1,960,701</u>	\$ <u>2,238,290</u>	\$ <u>277,589</u>

CITY OF HIGHLAND HEIGHTS, OHIO

SPECIAL REVENUE FUNDS

DECEMBER 31, 1999

Street Construction Maintenance and Repair Fund

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

Park and Recreation Fund

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

Street Lighting

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

Law Enforcement Trust

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

Drug Law Enforcement Trust

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

Enforcement and Education

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

Police Pension Fund

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

Fire Pension Fund

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

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING BALANCE SHEET -- SPECIAL REVENUE FUNDS

DECEMBER 31, 1999

	Street Construction Maintenance and Repair	Park and Recreation	Street Lighting	Law Enforcement Trust
<u>Assets</u>				
Cash and Cash Equivalents	\$ 141,035	\$ 34,717	\$ 193,896	\$ 18,559
Receivables (Net of Allowance for Uncollectibles):				
Taxes	-	291,957	-	-
Intergovernmental	19,850	-	-	-
Special Assessments	-	-	1,498,200	-
Inventory of Supplies	12,646	-	-	-
Total Assets	\$ <u>173,531</u>	\$ <u>326,674</u>	\$ <u>1,692,096</u>	\$ <u>18,559</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 1,428	\$ 13,549	\$ -
Accrued Wages and Benefits	7,700	623	-	-
Compensated Absences Payable	3,872	-	-	-
Pension Obligation Payable	1,568	85	-	-
Due to Other Governments	397	857	-	-
Deferred Revenue	-	173,544	1,498,200	-
Total Liabilities	<u>13,537</u>	<u>176,537</u>	<u>1,511,749</u>	<u>-</u>
<u>Fund Equity</u>				
Fund Balances:				
Reserve for Encumbrances	1,490	1,239	-	5,500
Reserve for Inventory	12,646	-	-	-
Unreserved - Undesignated	145,858	148,898	180,347	13,059
Total Fund Equity	<u>159,994</u>	<u>150,137</u>	<u>180,347</u>	<u>18,559</u>
Total Liabilities and Fund Equity	\$ <u>173,531</u>	\$ <u>326,674</u>	\$ <u>1,692,096</u>	\$ <u>18,559</u>

<u>Drug Law Enforcement</u>	<u>Enforcement And Education</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
\$ 11,005	\$ 162,261	\$ 27,710	\$ 27,215	\$ 616,398
-	-	87,587	87,587	467,131
2,613	8,333	-	-	30,796
-	-	-	-	1,498,200
-	-	-	-	12,646
<u>\$ 13,618</u>	<u>\$ 170,594</u>	<u>\$ 115,297</u>	<u>\$ 114,802</u>	<u>\$ 2,625,171</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,977
-	-	-	-	8,323
-	-	-	-	3,872
-	-	66,187	53,638	121,478
-	-	-	-	1,254
-	-	52,063	52,063	1,775,870
-	-	118,250	105,701	1,925,774
-	-	-	-	8,229
-	-	-	-	12,646
<u>13,618</u>	<u>170,594</u>	<u>(2,953)</u>	<u>9,101</u>	<u>678,522</u>
<u>13,618</u>	<u>170,594</u>	<u>(2,953)</u>	<u>9,101</u>	<u>699,397</u>
<u>\$ 13,618</u>	<u>\$ 170,594</u>	<u>\$ 115,297</u>	<u>\$ 114,802</u>	<u>\$ 2,625,171</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 1999

	<u>Street Construction Maintenance and Repair</u>	<u>Park and Recreation</u>	<u>Street Lighting</u>	<u>Law Enforcement Trust</u>
<u>Revenues</u>				
Taxes	\$ -	\$ 372,052	\$ -	\$ -
Intergovernmental	282,928	32,633	-	-
Special Assessments	-	-	207,283	-
Charges for Services	-	187,947	-	-
Fines, Licenses, and Permits	-	-	-	3,187
Total Revenues	<u>282,928</u>	<u>592,632</u>	<u>207,283</u>	<u>3,187</u>
<u>Expenditures</u>				
Current:				
Public Safety	-	-	-	-
Parks and Recreation	-	420,139	-	-
Streets and Roads	322,228	-	174,759	-
Total Expenditures	<u>322,228</u>	<u>420,139</u>	<u>174,759</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(39,300)</u>	<u>172,493</u>	<u>32,524</u>	<u>3,187</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers-In	70,000	-	-	-
Operating Transfers-Out	-	(50,000)	-	-
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>30,700</u>	<u>122,493</u>	<u>32,524</u>	<u>3,187</u>
Fund Balance at Beginning of Year	132,959	27,644	147,823	15,372
Increase (Decrease) in Reserve for Inventory	<u>(3,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 159,994</u>	<u>\$ 150,137</u>	<u>\$ 180,347</u>	<u>\$ 18,559</u>

<u>Drug Law Enforcement</u>	<u>Enforcement And Education</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
\$ -	\$ -	\$ 111,616	\$ 111,616	\$ 595,284
8,434	84,207	9,790	9,790	427,782
-	-	-	-	207,283
-	-	-	-	187,947
-	-	-	-	3,187
<u>8,434</u>	<u>84,207</u>	<u>121,406</u>	<u>121,406</u>	<u>1,421,483</u>
-	25,683	291,526	255,944	573,153
-	-	-	-	420,139
-	-	-	-	496,987
<u>-</u>	<u>25,683</u>	<u>291,526</u>	<u>255,944</u>	<u>1,490,279</u>
<u>8,434</u>	<u>58,524</u>	<u>(170,120)</u>	<u>(134,538)</u>	<u>(68,796)</u>
-	10,000	133,116	118,116	331,232
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
<u>-</u>	<u>10,000</u>	<u>133,116</u>	<u>118,116</u>	<u>281,232</u>
8,434	68,524	(37,004)	(16,422)	212,436
5,184	102,070	34,051	25,523	490,626
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,665)</u>
\$ <u>13,618</u>	\$ <u>170,594</u>	\$ <u>(2,953)</u>	\$ <u>9,101</u>	\$ <u>699,397</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 1999

	<u>Street Construction, Maintenance and Repair</u>		
	<u>Revised</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 288,500	\$ 274,921	\$ (13,579)
<u>Expenditures</u>			
Current:			
Streets and Roads:			
Salaries and Fringe Benefits	133,470	110,499	22,971
Purchased Services	124,993	115,111	9,882
Materials and Supplies	102,832	100,703	2,129
Capital Outlay	<u>31,063</u>	<u>30,500</u>	<u>563</u>
Total Streets and Roads	<u>392,358</u>	<u>356,813</u>	<u>35,545</u>
Excess of Revenues Over (Under) Expenditures	(103,858)	(81,892)	21,966
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(33,858)	(11,892)	21,966
Cash Fund Balance at Beginning of Year, Restated	151,437	151,437	-
Outstanding Encumbrances	<u>1,490</u>	<u>1,490</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>119,069</u>	\$ <u>141,035</u>	\$ <u>21,966</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL REVENUE FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Parks and Recreation</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 282,985	\$ 253,639	\$ (29,346)
Intergovernmental	33,450	32,633	(817)
Charges for Services	<u>192,650</u>	<u>187,947</u>	<u>(4,703)</u>
Total Revenues	<u>509,085</u>	<u>474,219</u>	<u>(34,866)</u>
<u>Expenditures</u>			
Current:			
Parks and Recreation:			
Salaries and Fringe Benefits	275,365	270,134	5,231
Purchased Services	73,181	65,447	7,734
Materials and Supplies	94,899	83,151	11,748
Capital Outlay	32,172	20,025	12,147
Other	<u>6,919</u>	<u>5,986</u>	<u>933</u>
Total Parks and Recreation	<u>482,536</u>	<u>444,743</u>	<u>37,793</u>
Excess of Revenues Over (Under) Expenditures	26,549	29,476	2,927
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(23,451)	(20,524)	2,927
Cash Fund Balance at Beginning of Year, Restated	54,002	54,002	-
Outstanding Encumbrances	<u>1,239</u>	<u>1,239</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>31,790</u>	\$ <u>34,717</u>	\$ <u>2,927</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL
REVENUE FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Street Lighting</u>		<u>Variance</u>
	<u>Revised</u>	<u>Actual</u>	<u>Favorable</u>
	<u>Budget</u>		<u>(Unfavorable)</u>
<u>Revenues</u>			
Special Assessments	\$ <u>205,200</u>	\$ <u>207,283</u>	\$ <u>2,083</u>
<u>Expenditures</u>			
Current:			
Streets and Roads:			
Capital Outlay	<u>162,000</u>	<u>161,209</u>	<u>791</u>
Excess of Revenues Over (Under) Expenditures	43,200	46,074	2,874
Cash Fund Balance at Beginning of Year	<u>147,822</u>	<u>147,822</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>191,022</u>	\$ <u>193,896</u>	\$ <u>2,874</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL
REVENUE FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Law Enforcement Trust</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Fines, Licenses and Permits	\$ <u>2,000</u>	\$ <u>3,187</u>	\$ <u>1,187</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(3,500)	(2,313)	1,187
Cash Fund Balance at Beginning of Year	15,372	15,372	-
Outstanding Encumbrances	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>17,372</u>	\$ <u>18,559</u>	\$ <u>1,187</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) -- SPECIAL
REVENUE FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Drug Law Enforcement</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ <u>5,822</u>	\$ <u>5,822</u>	\$ <u>-</u>
Excess of Revenues Over (Under) Expenditures	5,822	5,822	-
Cash Fund Balance at Beginning of Year, Restated	<u>5,183</u>	<u>5,183</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>11,005</u>	\$ <u>11,005</u>	\$ <u>-</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL REVENUE FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Enforcement and Education</u>		
	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$ <u>90,000</u>	\$ <u>75,874</u>	\$ <u>(14,126)</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Capital Outlay	<u>43,320</u>	<u>25,683</u>	<u>17,637</u>
Excess of Revenues Over (Under) Expenditures	46,680	50,191	3,511
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	56,680	60,191	3,511
Cash Fund Balance at Beginning of Year, Restated	<u>102,070</u>	<u>102,070</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>158,750</u>	\$ <u>162,261</u>	\$ <u>3,511</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL REVENUE FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Police Pension</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 75,218	\$ 76,092	\$ 874
Intergovernmental	<u>9,677</u>	<u>9,790</u>	<u>113</u>
Total Revenues	<u>84,895</u>	<u>85,882</u>	<u>987</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	<u>225,500</u>	<u>225,339</u>	<u>161</u>
Excess of Revenues Over (Under) Expenditures	(140,605)	(139,457)	1,148
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>133,116</u>	<u>133,116</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,489)	(6,341)	1,148
Cash Fund Balance at Beginning of Year	<u>34,051</u>	<u>34,051</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 26,562</u>	<u>\$ 27,710</u>	<u>\$ 1,148</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL REVENUE FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Fire Pension</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 75,218	\$ 76,092	\$ 874
Intergovernmental	<u>9,677</u>	<u>9,790</u>	<u>113</u>
Total Revenues	<u>84,895</u>	<u>85,882</u>	<u>987</u>
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	<u>202,400</u>	<u>202,306</u>	<u>94</u>
Excess of Revenues Over (Under) Expenditures	(117,505)	(116,424)	1,081
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>118,116</u>	<u>118,116</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	611	1,692	1,081
Cash Fund Balance at Beginning of Year	<u>25,523</u>	<u>25,523</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 26,134</u>	<u>\$ 27,215</u>	<u>\$ 1,081</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL REVENUE FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	Totals		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 433,421	\$ 405,823	\$ (27,598)
Intergovernmental	437,126	408,830	(28,296)
Special Assessments	205,200	207,283	2,083
Fines, Licenses and Permits	2,000	3,187	1,187
Charges for Services	192,650	187,947	(4,703)
Total Revenues	1,270,397	1,213,070	(57,327)
<u>Expenditures</u>			
Current:			
Public Safety:			
Salaries and Fringe Benefits	433,400	433,145	255
Capital Outlay	43,320	25,683	17,637
Total Public Safety	476,720	458,828	17,892
Parks and Recreation:			
Salaries and Fringe Benefits	275,365	270,134	5,231
Purchased Services	73,181	65,447	7,734
Materials and Supplies	94,899	83,151	11,748
Capital Outlay	32,172	20,025	12,147
Other	6,919	5,986	933
Total Parks and Recreation	482,536	444,743	37,793
Streets and Roads:			
Salaries and Fringe Benefits	133,470	110,499	22,971
Purchased Services	124,993	115,111	9,882
Materials and Supplies	102,832	100,703	2,129
Capital Outlay	193,063	191,709	1,354
Total Streets and Roads	554,358	518,022	36,336
Total Expenditures	1,513,614	1,421,593	92,021
Excess of Revenues Over (Under) Expenditures	(243,217)	(208,523)	34,694
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	331,232	331,232	-
Operating Transfers - Out	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	281,232	281,232	-

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL
REVENUE FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Totals</u>		Variance
	<u>Revised</u>	<u>Actual</u>	Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	38,015	72,709	34,694
Cash Fund Balance at Beginning of Year, Restated	535,460	535,460	-
Outstanding Encumbrances	<u>8,229</u>	<u>8,229</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>581,704</u>	\$ <u>616,398</u>	\$ <u>34,694</u>



CITY OF HIGHLAND HEIGHTS, OHIO

DEBT SERVICE FUNDS

DECEMBER 31, 1999

General Bond Retirement Fund

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

Special Assessment Fund

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

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – DEBT SERVICE FUNDS

DECEMBER 31, 1999

	General Bond Retirement	Special Assessments	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,388,542	\$ 924,125	\$ 2,312,667
Receivables (Net of Allowance for Uncollectibles):			
Taxes	45,003	-	45,003
Special Assessments	-	3,495,801	3,495,801
Total Assets	\$ <u>1,433,545</u>	\$ <u>4,419,926</u>	\$ <u>5,853,471</u>
<u>Liabilities</u>			
Accounts Payable	\$ 1,350	\$ 3,000	\$ 4,350
Deferred Revenue	-	3,495,801	3,495,801
Total Liabilities	<u>1,350</u>	<u>3,498,801</u>	<u>3,500,151</u>
<u>Fund Equity</u>			
Fund Balances:			
Reserve for Encumbrances	-	1,624	1,624
Reserve for Debt Service	<u>1,432,195</u>	<u>919,501</u>	<u>2,351,696</u>
Total Fund Equity	<u>1,432,195</u>	<u>921,125</u>	<u>2,353,320</u>
Total Liabilities and Fund Equity	\$ <u>1,433,545</u>	\$ <u>4,419,926</u>	\$ <u>5,853,471</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS

YEAR ENDED DECEMBER 31, 1999

	General Bond Retirement	Special Assessments	Total
<u>Revenues</u>			
Taxes	\$ 739,360	\$ 10,022	\$ 749,382
Special Assessments	-	491,587	491,587
Interest	-	83,619	83,619
Miscellaneous	<u>276,265</u>	<u>954,779</u>	<u>1,231,044</u>
Total Revenues	<u>1,015,625</u>	<u>1,540,007</u>	<u>2,555,632</u>
<u>Expenditures</u>			
Current:			
General Government	1,350	4,709	6,059
Debt Service:			
Principal Retirement	335,000	1,495,000	1,830,000
Interest and Fiscal Charges	<u>389,639</u>	<u>340,874</u>	<u>730,513</u>
Total Expenditures	<u>725,989</u>	<u>1,840,583</u>	<u>2,566,572</u>
Excess of Revenues Over (Under) Expenditures	<u>289,636</u>	<u>(300,576)</u>	<u>(10,940)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	-	6,755,000	6,755,000
Operating Transfers-In	850,783	2,461,633	3,312,416
Operating Transfers-Out	-	<u>(8,291,369)</u>	<u>(8,291,369)</u>
Total Other Financing Sources (Uses)	<u>850,783</u>	<u>925,264</u>	<u>1,776,047</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,140,419	624,688	1,765,107
Fund Balance at Beginning of Year	<u>291,776</u>	<u>296,437</u>	<u>588,213</u>
Fund Balances at End of Year	\$ <u>1,432,195</u>	\$ <u>921,125</u>	\$ <u>2,353,320</u>

CITY OF HIGHLAND HEIGHTS, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – DEBT SERVICE FUNDS**

YEAR ENDED DECEMBER 31, 1999

	<u>General Bond Retirement</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 814,649	\$ 745,598	\$ (69,051)
Miscellaneous	301,850	276,265	(25,585)
Total Revenues	<u>1,116,499</u>	<u>1,021,863</u>	<u>(94,636)</u>
<u>Expenditures</u>			
Debt Service:			
Purchased Services	302	200	102
Principal Payment	505,878	335,000	170,878
Interest Charges	<u>588,083</u>	<u>389,437</u>	<u>198,646</u>
Total Expenditures	<u>1,094,263</u>	<u>724,637</u>	<u>369,626</u>
Excess of Revenues Over (Under) Expenditures	22,236	297,226	274,990
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>850,000</u>	<u>850,783</u>	<u>783</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	872,236	1,148,009	275,773
Cash Fund Balance at Beginning of Year, Restated	<u>240,533</u>	<u>240,533</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>1,112,769</u>	\$ <u>1,388,542</u>	\$ <u>275,773</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – DEBT SERVICE FUNDS
(CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Special Assessments</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Special Assessments	\$ 496,246	\$ 491,587	\$ (4,659)
Miscellaneous	<u>984,661</u>	<u>954,779</u>	<u>(29,882)</u>
Total Revenues	<u>1,480,907</u>	<u>1,446,366</u>	<u>(34,541)</u>
<u>Expenditures</u>			
Debt Service:			
Purchased Services	4,709	4,709	-
Principal Payment	11,295,826	11,295,000	826
Interest Charges	<u>633,913</u>	<u>633,867</u>	<u>46</u>
Total Expenditures	<u>11,934,448</u>	<u>11,933,576</u>	<u>872</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,453,541)</u>	<u>(10,487,210)</u>	<u>(33,669)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	8,635,000	8,638,619	3,619
Operating Transfers - In	<u>2,461,633</u>	<u>2,461,633</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>11,096,633</u>	<u>11,100,252</u>	<u>3,619</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	643,092	613,042	(30,050)
Cash Fund Balance at Beginning of Year, Restated	306,459	306,459	-
Outstanding Encumbrances	<u>4,624</u>	<u>4,624</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>954,175</u>	\$ <u>924,125</u>	\$ <u>(30,050)</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – DEBT SERVICE FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Totals</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 814,649	\$ 745,598	\$ (69,051)
Special Assessments	496,246	491,587	(4,659)
Miscellaneous	<u>1,286,511</u>	<u>1,231,044</u>	<u>(55,467)</u>
Total Revenues	<u>2,597,406</u>	<u>2,468,229</u>	<u>(129,177)</u>
<u>Expenditures</u>			
Debt Service:			
Purchased Services	5,011	4,909	102
Principal Payment	11,801,704	11,630,000	171,704
Interest Charges	<u>1,221,996</u>	<u>1,023,304</u>	<u>198,692</u>
Total Expenditures	<u>13,028,711</u>	<u>12,658,213</u>	<u>370,498</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,431,305)</u>	<u>(10,189,984)</u>	<u>241,321</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Debt	8,635,000	8,638,619	3,619
Operating Transfers - In	<u>3,311,633</u>	<u>3,312,416</u>	<u>783</u>
Total Other Financing Sources (Uses)	<u>11,946,633</u>	<u>11,951,035</u>	<u>4,402</u>
Excess Or Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,515,328	1,761,051	245,723
Cash Fund Balance at Beginning of Year, Restated	546,992	546,992	-
Outstanding Encumbrances	<u>4,624</u>	<u>4,624</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 2,066,944</u>	<u>\$ 2,312,667</u>	<u>\$ 245,723</u>

CITY OF HIGHLAND HEIGHTS, OHIO

CAPITAL PROJECT FUNDS

DECEMBER 31, 1999

Capital Improvement Fund

Accounts for interest earnings on the City's general treasury investments, one half of the City's admission tax revenues and other financial resources which must be used for the acquisition or major repair of infrastructure or general fixed assets.

Alpha Drive Fund

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

Issue 2 Project Fund

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

Park and Recreation Improvement Fund

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

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS

DECEMBER 31, 1999

	<u>Capital Improvement</u>	<u>Alpha Drive</u>	<u>Issue 2 Projects</u>	<u>Park and Recreation Improvement</u>	<u>Total</u>
<u>Assets</u>					
Cash and Cash					
Equivalents	\$ 1,411,963	\$ 29,068	\$ 15,458	\$ 44	\$ 1,456,533
Receivables (Net of					
Allowance for Uncollectibles):					
Taxes	36,894	-	-	-	36,894
Accounts	75,771	-	-	-	75,771
Accrued Interest	25,440	-	-	-	25,440
Total Assets	<u>\$ 1,550,068</u>	<u>\$ 29,068</u>	<u>\$ 15,458</u>	<u>\$ 44</u>	<u>\$ 1,594,638</u>
<u>Liabilities</u>					
Accounts Payable	\$ 98,244	\$ -	\$ -	\$ -	\$ 98,244
Interfund Payable	-	-	-	26,800	26,800
Deferred Revenue	9,224	-	-	-	9,224
Bond Anticipation Notes					
Payable	2,430,000	-	-	-	2,430,000
Total Liabilities	<u>2,537,468</u>	<u>-</u>	<u>-</u>	<u>26,800</u>	<u>2,564,268</u>
<u>Fund Equity</u>					
Fund Balances:					
Reserve for					
Encumbrances	576,139	-	-	-	576,139
Unreserved -					
Undesignated	(1,563,539)	29,068	15,458	(26,756)	(1,545,769)
Total Fund Equity	<u>(987,400)</u>	<u>29,068</u>	<u>15,458</u>	<u>(26,756)</u>	<u>(969,630)</u>
Total Liabilities and					
Fund Equity	<u>\$ 1,550,068</u>	<u>\$ 29,068</u>	<u>\$ 15,458</u>	<u>\$ 44</u>	<u>\$ 1,594,638</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUNDS

YEAR ENDED DECEMBER 31, 1999

	Capital Improvement	Alpha Drive	Issue 2 Projects	Park and Recreation Improvement	Total
<u>Revenues</u>					
Taxes	\$ 132,833	\$ -	\$ -	\$ -	\$ 132,833
Intergovernmental	1,880,400	-	-	-	1,880,400
Charges for Services	75,771	-	-	52,300	128,071
Interest	324,434	-	-	-	324,434
Miscellaneous Income	29,712	-	-	-	29,712
Total Revenues	<u>2,443,150</u>	<u>-</u>	<u>-</u>	<u>52,300</u>	<u>2,495,450</u>
<u>Expenditures</u>					
Capital Outlay	5,340,132	-	-	189,236	5,529,368
Debt Service:					
Interest and Fiscal					
Charges	291,369	-	-	-	291,369
Total Expenditures	<u>5,631,501</u>	<u>-</u>	<u>-</u>	<u>189,236</u>	<u>5,820,737</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,188,351)</u>	<u>-</u>	<u>-</u>	<u>(136,936)</u>	<u>(3,325,287)</u>
<u>Other Financing Sources (Uses)</u>					
OPWC Loan Proceeds	1,284,192	-	-	-	1,284,192
Operating Transfers-In	8,741,369	-	-	-	8,741,369
Operating Transfers-Out	(3,124,916)	-	-	-	(3,124,916)
Total Other Financing Sources (Uses)	<u>6,900,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,900,645</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,712,294	-	-	(136,936)	3,575,358
Fund Balance (Deficit) at Beginning of Year	<u>(4,699,694)</u>	<u>29,068</u>	<u>15,458</u>	<u>110,180</u>	<u>(4,544,988)</u>
Fund Balance (Deficit) at End of Year	\$ <u>(987,400)</u>	\$ <u>29,068</u>	\$ <u>15,458</u>	\$ <u>(26,756)</u>	\$ <u>(969,630)</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – CAPITAL PROJECTS FUNDS

YEAR ENDED DECEMBER 31, 1999

	<u>Capital Improvements</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 521,289	\$ 105,162	\$ (416,127)
Intergovernmental	3,506,558	1,880,400	(1,626,158)
Interest	1,616,046	326,012	(1,290,034)
Miscellaneous	147,283	29,712	(117,571)
Total Revenues	<u>5,791,176</u>	<u>2,341,286</u>	<u>(3,449,890)</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government			
Capital Outlay	<u>9,913,976</u>	<u>5,828,250</u>	<u>4,085,726</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,122,800)</u>	<u>(3,486,964)</u>	<u>635,836</u>
<u>Other Financing Sources (Uses)</u>			
OPWC Loan Proceeds	1,284,192	1,284,192	-
Proceeds from Sale of Debt	2,430,000	2,430,000	-
Operating Transfers - In	450,000	450,000	-
Operating Transfers - Out	<u>(927,000)</u>	<u>(3,124,916)</u>	<u>(2,197,916)</u>
Total Other Financing Sources (Uses)	<u>3,237,192</u>	<u>1,039,276</u>	<u>(2,197,916)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(885,608)	(2,447,688)	(1,562,080)
Cash Fund Balance at Beginning of Year, Restated	3,283,512	3,283,512	-
Outstanding Encumbrances	<u>576,139</u>	<u>576,139</u>	-
Cash Fund Balance at End of Year	<u>\$ 2,974,043</u>	<u>\$ 1,411,963</u>	<u>\$ (1,562,080)</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – CAPITAL
PROJECTS FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

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

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – CAPITAL
PROJECTS FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Issue 2 Projects</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Fund Balance at Beginning of Year	\$ <u>15,458</u>	\$ <u>15,458</u>	\$ <u>-</u>
Cash Fund Balance at End of Year	\$ <u>15,458</u>	\$ <u>15,458</u>	\$ <u>-</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – CAPITAL PROJECTS FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Park and Recreation Improvements</u>		
	<u>Revised</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>		<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ <u>52,300</u>	\$ <u>52,300</u>	\$ <u>-</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government			
Capital Outlay	<u>183,100</u>	<u>189,237</u>	<u>(6,137)</u>
Excess of Revenues Over (Under) Expenditures	(130,800)	(136,937)	(6,137)
<u>Other Financing Sources (Uses)</u>			
Advance - In	<u>26,800</u>	<u>26,800</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(104,000)	(110,137)	(6,137)
Cash Fund Balance at Beginning of Year	<u>110,181</u>	<u>110,181</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>6,181</u>	\$ <u>44</u>	\$ <u>(6,137)</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – CAPITAL PROJECTS FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Totals</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Taxes	\$ 521,289	\$ 105,162	\$ (416,127)
Intergovernmental	3,506,558	1,880,400	(1,626,158)
Charges for Services	52,300	52,300	-
Interest	1,616,046	326,012	(1,290,034)
Miscellaneous	147,283	29,712	(117,571)
Total Revenues	<u>5,843,476</u>	<u>2,393,586</u>	<u>(3,449,890)</u>
<u>Expenditures</u>			
Capital Outlay:			
General Government			
Capital Outlay	<u>10,097,076</u>	<u>6,017,487</u>	<u>4,079,589</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,253,600)</u>	<u>(3,623,901)</u>	<u>629,699</u>
<u>Other Financing Sources (Uses)</u>			
OPWC Loan Proceeds	1,284,192	1,284,192	-
Proceeds from Sale of Debt	2,430,000	2,430,000	-
Operating Transfers - In	450,000	450,000	-
Advance - In	26,800	26,800	-
Operating Transfers - Out	(927,000)	(3,124,916)	(2,197,916)
Total Other Financing Sources (Uses)	<u>3,263,992</u>	<u>1,066,076</u>	<u>(2,197,916)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(989,608)	(2,557,825)	(1,568,217)
Cash Fund Balance at Beginning of Year, Restated	3,438,219	3,438,219	-
Outstanding Encumbrances	<u>576,139</u>	<u>576,139</u>	<u>-</u>
Cash Fund Balance at End of Year	<u>\$ 3,024,750</u>	<u>\$ 1,456,533</u>	<u>\$ (1,568,217)</u>

CITY OF HIGHLAND HEIGHTS, OHIO

TRUST AND AGENCY FUNDS

DECEMBER 31, 1999

Trust Funds

Street Tree Fund

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

Park Land Acquisition Fund

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

Agency Funds

Performance Bond Fund

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

Inspection Deposit Fund

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

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING BALANCE SHEET - EXPENDABLE TRUST AND AGENCY FUNDS

DECEMBER 31, 1999

	<u>Expendable Trust Funds</u>		<u>Total Agency Funds</u>	<u>Total</u>
	<u>Street Tree</u>	<u>Park Land Acquisition</u>		
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>81,773</u>	\$ <u>99,130</u>	\$ <u>308,404</u>	\$ <u>489,307</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,575	\$ -	\$ 607	\$ 2,182
Refundable Deposits	<u>-</u>	<u>-</u>	<u>307,797</u>	<u>307,797</u>
Total Liabilities	<u>1,575</u>	<u>-</u>	<u>308,404</u>	<u>309,979</u>
<u>Fund Equity</u>				
Fund Balances:				
Unreserved - Undesignated	<u>80,198</u>	<u>99,130</u>	<u>-</u>	<u>179,328</u>
Total Liabilities and Fund Equity	\$ <u>81,773</u>	\$ <u>99,130</u>	\$ <u>308,404</u>	\$ <u>489,307</u>

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – EXPENDABLE TRUST FUNDS**

YEAR ENDED DECEMBER 31, 1999

	<u>Street Tree</u>	<u>Park Land Acquisition</u>	<u>Total</u>
<u>Revenues</u>			
Intergovernmental	\$ -	\$ 183,011	\$ 183,011
Charges for Services	<u>26,700</u>	<u>-</u>	<u>26,700</u>
Total Revenues	<u>26,700</u>	<u>183,011</u>	<u>209,711</u>
<u>Expenditures</u>			
Capital Outlay	<u>3,975</u>	<u>275,599</u>	<u>279,574</u>
Excess of Revenues Over (Under) Expenditures	22,725	(92,588)	(69,863)
Fund Balance at Beginning of Year	<u>57,473</u>	<u>191,718</u>	<u>249,191</u>
Fund Balance at End of Year	\$ <u>80,198</u>	\$ <u>99,130</u>	\$ <u>179,328</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – EXPENDABLE TRUST FUNDS

YEAR ENDED DECEMBER 31, 1999

	<u>Street Tree</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental			
Charges for Services	\$ <u>20,000</u>	\$ <u>26,700</u>	\$ <u>6,700</u>
<u>Expenditures</u>			
Current:			
Streets and Roads			
Capital Outlay	<u>20,000</u>	<u>3,976</u>	<u>16,024</u>
Excess of Revenues Over (Under) Expenditures	-	22,724	22,724
Cash Fund Balance at Beginning of Year	57,474	57,474	-
Outstanding Encumbrances	<u>1,575</u>	<u>1,575</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>59,049</u>	\$ <u>81,773</u>	\$ <u>22,724</u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – EXPENDABLE TRUST FUNDS (CONTINUED)

YEAR ENDED DECEMBER 31, 1999

	<u>Park Land Acquisition</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Intergovernmental	\$ <u>183,011</u>	\$ <u>183,011</u>	\$ <u>-</u>
<u>Expenditures</u>			
Current:			
Park and Recreation			
Capital Outlay	<u>276,000</u>	<u>275,599</u>	<u>401</u>
Excess of Revenues Over (Under) Expenditures	(92,989)	(92,588)	401
Cash Fund Balance at Beginning of Year	<u>191,718</u>	<u>191,718</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u><u>98,729</u></u>	\$ <u><u>99,130</u></u>	\$ <u><u>401</u></u>

Continued

CITY OF HIGHLAND HEIGHTS, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – EXPENDABLE
TRUST FUNDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 1999

	<u>Totals</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Intergovernmental	\$ 183,011	\$ 183,011	\$ -
Charges for Services	20,000	26,700	6,700
Total Revenues	<u>203,011</u>	<u>209,711</u>	<u>6,700</u>
<u>Expenditures</u>			
Current:			
Park and Recreation			
Capital Outlay	276,000	275,599	401
Streets and Roads			
Capital Outlay	<u>20,000</u>	<u>3,976</u>	<u>16,024</u>
Total Expenditures	<u>296,000</u>	<u>279,575</u>	<u>16,425</u>
Excess of Revenues Over (Under) Expenditures	(92,989)	(69,864)	23,125
Cash Fund Balance at Beginning of Year	249,192	249,192	-
Outstanding Encumbrances	<u>1,575</u>	<u>1,575</u>	<u>-</u>
Cash Fund Balance at End of Year	\$ <u>157,778</u>	\$ <u>180,903</u>	\$ <u>23,125</u>

CITY OF HIGHLAND HEIGHTS, OHIO

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

DECEMBER 31, 1999

	<u>Balance</u> <u>January 1,</u> <u>1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>1999</u>
<u>PERFORMANCE BOND</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 228,119	\$ 239,000	\$ 161,173	\$ 305,946
Total assets	<u>\$ 228,119</u>	<u>\$ 239,000</u>	<u>\$ 161,173</u>	<u>\$ 305,946</u>
<u>Liabilities</u>				
Refundable deposits	\$ 228,119	\$ 238,700	\$ 161,173	\$ 305,646
Accounts payable	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total liabilities	<u>\$ 228,119</u>	<u>\$ 239,000</u>	<u>\$ 161,173</u>	<u>\$ 305,946</u>
<u>INSPECTION DEPOSIT</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 489	\$ 42,657	\$ 40,688	\$ 2,458
Accounts receivable	<u>511</u>	<u>-</u>	<u>511</u>	<u>-</u>
Total assets	<u>\$ 1,000</u>	<u>\$ 42,657</u>	<u>\$ 41,199</u>	<u>\$ 2,458</u>
<u>Liabilities</u>				
Refundable deposits	\$ -	\$ 42,350	\$ 40,199	\$ 2,151
Interfund payable	1,000	-	1,000	-
Accounts payable	<u>-</u>	<u>307</u>	<u>-</u>	<u>307</u>
Total liabilities	<u>\$ 1,000</u>	<u>\$ 42,657</u>	<u>\$ 41,199</u>	<u>\$ 2,458</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 228,608	\$ 281,657	\$ 201,861	\$ 308,404
Accounts receivable	<u>511</u>	<u>-</u>	<u>511</u>	<u>-</u>
Total assets	<u>\$ 229,119</u>	<u>\$ 281,657</u>	<u>\$ 202,372</u>	<u>\$ 308,404</u>
<u>Liabilities</u>				
Refundable deposits	\$ 228,119	\$ 281,050	\$ 201,372	\$ 307,797
Interfund payable	1,000	-	1,000	-
Accounts payable	<u>-</u>	<u>607</u>	<u>-</u>	<u>607</u>
Total liabilities	<u>\$ 229,119</u>	<u>\$ 281,657</u>	<u>\$ 202,372</u>	<u>\$ 308,404</u>



CITY OF HIGHLAND HEIGHTS, OHIO

GENERAL FIXED ASSETS

DECEMBER 31, 1999

General Fixed Asset Account Group

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

CITY OF HIGHLAND HEIGHTS, OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCES

DECEMBER 31, 1999

General Fixed Assets

Land	\$	2,210,460
Buildings		6,404,672
Vehicles, Equipment and Furnishings		<u>2,438,105</u>
Total General Fixed Assets	\$	<u>11,053,237</u>

Investment in General Fixed Assets

General Fund	\$	4,165,007
Special Revenue Fund		68,165
Capital Projects Fund		6,447,421
Expendable Trust Funds		<u>372,644</u>
Total Investment in General Fixed Assets	\$	<u>11,053,237</u>

CITY OF HIGHLAND HEIGHTS, OHIO

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 1999

	<u>Land and Land Improvement</u>	<u>Buildings</u>	<u>Machinery And Equipment</u>	<u>Total</u>
General government	\$ 458,847	\$ 2,984,802	\$ 854,745	\$ 4,298,394
Public safety	431,828	2,543,040	1,193,334	4,168,202
Public works	184,609	652,743	351,364	1,188,716
Parks and recreation	1,050,777	224,087	25,305	1,300,169
Community environment	-	-	12,306	12,306
Streets and roads	-	-	1,051	1,051
Capital outlay	<u>84,399</u>	<u>-</u>	<u>-</u>	<u>84,399</u>
Total general fixed assets	\$ <u>2,210,460</u>	\$ <u>6,404,672</u>	\$ <u>2,438,105</u>	\$ <u>11,053,237</u>

CITY OF HIGHLAND HEIGHTS, OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

YEAR ENDED DECEMBER 31, 1999

	Balance January 1, <u>1999</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>1999</u>
General government	\$ 4,152,254	\$ 148,143	\$ (2,003)	\$ 4,298,394
Public safety	4,183,399	4,965	(20,162)	4,168,202
Public works	1,223,602	3,604	(38,490)	1,188,716
Parks and recreation	1,296,638	3,531	-	1,300,169
Community environment	12,306	-	-	12,306
Streets and roads	1,051	-	-	1,051
Capital outlay	<u>84,399</u>	<u>-</u>	<u>-</u>	<u>84,399</u>
Total general fixed assets	\$ <u>10,953,649</u>	\$ <u>160,243</u>	\$ <u>(60,655)</u>	\$ <u>11,053,237</u>

STATISTICAL SECTION

CITY OF HIGHLAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 1999

STATISTICAL TABLES

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

CITY OF HIGHLAND HEIGHTS, OHIO

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS **TABLE 1**

Year	Public Safety	Health and Welfare	Park and Recreation	Community Environment	Public Works	Streets and Roads	General Government	Capital Outlay	Debt (2) Service	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1990	2,368,481	11,019	322,625	146,634	614,915	413,362	697,864	2,274,874	675,589	7,525,363
1991	2,631,582	11,019	370,081	152,889	888,166	790,126	1,105,356	403,755	830,856	7,183,830
1992 (3)	2,467,331	6,937	413,257	170,838	649,953	258,356	865,813	809,894	712,474	6,354,853
1993 (3)	2,814,380	13,873	473,230	198,379	784,171	279,662	1,206,581	1,314,657	881,632	7,966,565
1994 (3)	2,913,632	13,873	412,575	202,852	770,158	388,108	1,300,484	1,120,861	688,974	7,811,517
1995 (3)	3,129,612	15,248	510,598	231,907	806,265	706,078	1,325,660	7,023,830	851,121	14,600,319
1996	2,954,638	15,248	604,963	193,033	839,635	436,030	963,574	445,909	901,962	7,354,992
1997	3,330,431	16,122	426,766	220,042	871,851	589,109	984,006	2,004,821	2,523,066	10,966,214
1998	3,424,600	16,122	552,788	228,459	877,728	446,002	1,043,427	6,322,076	7,659,233	20,570,435
1999	3,809,003	-	592,328	233,224	1,078,337	509,788	1,394,770	5,963,387	2,851,882	16,432,719

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

(2) Represents all interest paid on bonds and notes in addition to payments made to reduce the principal or the actual amount borrowed. Does not include the gross effect of note rollovers.

(3) No breakdown between police and fire services for these four years was performed for reporting purposes.

SOURCE: City of Highland Heights, Finance Department

CITY OF HIGHLAND HEIGHTS, OHIO

GENERAL GOVERNMENT REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

TABLE 2

Year	Taxes	Intergov- ernmental	Special (3) Assessments	Charges for Services	Fines, Licenses and Permits	Interest Earnings	All Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$	\$
1990	4,512,271	1,076,194	325,184	114,636	350,046	143,162	163,370	6,684,863
1991	4,615,925	384,717	363,155	149,867	787,942	147,137	1,287,439	7,736,182
1992	5,269,804	344,484	380,844	175,441	696,383	135,219	76,921	7,079,096
1993	5,038,553	309,243	400,707	204,064	684,490	208,850	22,674	6,868,581
1994	5,357,762	475,908	418,285	220,382	421,482	147,318	473,220	7,514,357
1995	5,032,531	390,163	440,080	194,900	609,871	381,782	958,752	8,008,079
1996	5,270,733	521,130	467,053	200,999	355,707	163,149	941,433	7,920,204
1997	5,624,018	422,148	474,926	240,213	425,947	249,131	577,759	8,014,142
1998	7,262,243	1,988,292	462,570	422,649	353,380	403,740	720,874	11,613,748
1999	8,041,341	2,752,003	730,490	405,465	487,460	532,277	1,431,955	14,380,991

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

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

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

SOURCE: City of Highland Heights, Finance Department

CITY OF HIGHLAND HEIGHTS, OHIO

PROPERTY TAXES LEVIED AND COLLECTED

LAST TEN FISCAL YEARS

TABLE 3

Collection Year	Total Tax Levy	Current Tax Collections (1)	Percent Levy Collected	Accumulated Outstanding Delinquent Taxes	Percent of Accumulated Delinquent Taxes to Total Tax Levy
1990	\$ 758,473	\$ 711,474	93.8%	\$ 24,941	3.3%
1991	781,270	755,628	96.7	28,462	3.6
1992	880,519	861,310	97.8	17,832	2.0
1993	921,822	900,964	97.7	26,724	2.9
1994	920,686	897,368	97.5	24,622	2.7
1995	995,078	966,229	97.1	20,565	2.1
1996	996,904	946,535	94.9	26,876	2.7
1997	1,026,933	982,671	95.7	28,637	2.8
1998	1,148,171	1,097,863	95.6	28,561	2.5
1999	1,148,004	1,096,202	95.5	20,989	1.8

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

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)

LAST TEN FISCAL YEARS

TABLE 4

Collection Year	Real Property		Public Utility		Tangible Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	
1990	\$ 125,396,240	\$ 358,274,971	\$ 5,541,470	\$ 6,297,125	\$ 47,163,458	\$ 168,440,921	\$ 178,101,168	\$ 533,013,017	33.41%		
1991	129,658,340	370,452,400	5,945,430	6,756,170	48,784,959	180,685,033	184,388,729	557,893,603	33.05		
1992	154,906,490	442,589,971	6,218,580	7,065,568	51,444,561	197,863,696	212,569,631	647,519,235	32.83		
1993	162,772,890	465,065,400	5,990,520	6,807,409	50,612,970	202,451,880	219,376,380	674,324,689	32.53		
1994	172,857,490	493,878,543	6,010,340	6,829,932	50,944,469	203,777,876	229,812,299	704,486,351	32.62		
1995	196,112,560	560,321,600	6,109,200	6,942,273	43,770,134	175,080,536	245,991,894	742,344,409	33.14		
1996	203,787,280	582,249,371	5,782,570	6,571,102	39,964,555	159,858,220	249,534,405	748,678,693	33.33		
1997	209,720,300	599,200,857	5,898,500	6,702,841	33,139,732	132,558,928	248,758,532	738,462,626	33.69		
1998	230,067,690	657,336,257	5,605,090	6,369,420	35,261,512	141,046,048	270,934,292	804,751,725	33.67		
1999	234,995,310	671,415,171	5,384,850	6,119,148	43,313,706	173,254,824	283,693,866	850,789,143	33.34		

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

- a. Real property - 35%.
- b. Public utility tangible property - 88%.
- c. Tangible personal property in 1989 - 29%
- d. Tangible personal property in 1990 - 28%
- e. Tangible personal property in 1991 - 27%
- f. Tangible personal property in 1992 - 26%
- g. Tangible personal property in 1993-1999 - 25%

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS **TABLE 5**

Tax Year	Collection Year	City	(1)			Total
			County and Special Taxing Districts	Mayfield School District		
1990	1991	4.00	17.80	50.40	72.20	
1991	1992	4.00	17.80	56.30	78.10	
1992	1993	4.00	17.80	56.10	77.90	
1993	1994	4.00	17.80	56.10	77.90	
1994	1995	4.00	18.20	55.90	78.10	
1995	1996	4.00	18.00	58.90	80.90	
1996	1997	4.00	18.00	58.90	80.90	
1997	1998	4.00	18.00	58.90	80.90	
1998	1999	4.00	16.70	59.40	80.10	
1999	2000	4.00	16.70	59.40	80.10	

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

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

PROPERTY TAX RATES – COMPARED TO CHARTER LIMITATIONS (PER \$1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS **TABLE 6**

Tax Year/ Collection Year	5.0 Mill		12.0 Mill		1.0 Mill		0.3 Mill		0.3 Mill		Total	
	Limit for General Fund		Limit for Debt Service		Limit for Recreation Purpose		Limit for Police Pension		Limit for Fire Pension		City Millage	
1990/1991	2.14		0.26		1.00		0.30		0.30		4.00	
1991/1992	2.18		0.22		1.00		0.30		0.30		4.00	
1992/1993	2.20		0.20		1.00		0.30		0.30		4.00	
1993/1994	2.20		0.20		1.00		0.30		0.30		4.00	
1994/1995	2.20		0.20		1.00		0.30		0.30		4.00	
1995/1996	2.20		0.20		1.00		0.30		0.30		4.00	
1996/1997	2.22		0.18		1.00		0.30		0.30		4.00	
1997/1998	2.40				1.00		0.30		0.30		4.00	
1998/1999	2.40				1.00		0.30		0.30		4.00	
1999/2000	2.40				1.00		0.30		0.30		4.00	

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

SPECIAL ASSESSMENT COLLECTIONS

LAST TEN FISCAL YEARS **TABLE 7**

Collection Year	Amount		(1) Amount Collected	Percent Collected
	Billed	Collected		
1990	\$ 361,369	\$ 303,057	83.9%	
1991	375,289	366,784	97.7	
1992	392,070	380,844	97.1	
1993	411,769	400,708	97.3	
1994	427,592	418,285	97.8	
1995	466,236	438,297	94.0	
1996	466,236	467,053	100.2	
1997	473,768	474,926	100.2	
1998	462,542	456,350	98.6	
1999	465,264	460,781	99.0	

(1) Collections made by County Auditor only.

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

COMPUTATION OF LEGAL DEBT MARGIN – STATUTORY DEBT LIMITATIONS

DECEMBER 31, 1999

TABLE 8

Total Assessed Valuation		\$ <u>283,693,866</u>
Overall Debt Limitation – 10-½% of assessed valuation		\$ 29,787,856
Gross Indebtedness	\$ 16,635,000	
Less: Debt outside limitations	<u>6,020,000</u>	
Debt within 10-½% limitation	10,615,000	
Less: Bond Retirement	<u>2,353,320</u>	
Net debt within 10-½% limitation		<u>8,261,680</u>
Legal debt margin within 10-½% limitation		\$ <u>21,526,176</u>
Unvoted Debt Limitation – 5-½% of assessed valuation		\$ 15,603,163
Gross Indebtedness authorized by Council	\$ 16,635,000	
Less: Debt outside limitations	<u>6,020,000</u>	
Debt within 5-½% limitation	10,615,000	
Less: Bond Retirement Fund balance	<u>2,353,320</u>	
Net debt within 5-½% limitation		<u>8,261,680</u>
Legal debt margin within 5-½% limitation		\$ <u>7,341,483</u>

SOURCE: City of Highland Heights, Finance Department

CITY OF HIGHLAND HEIGHTS, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 1999

TABLE 9

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Highland Heights</u>	<u>Amount Applicable to City of Highland Heights</u>
City of Highland Heights	\$ 16,635,000	100.00%	\$ 16,635,000
Mayfield City School District	10,694,994	27.69	2,961,444
Cuyahoga County	141,004,636	1.12	1,579,252
Greater Cleveland Regional Transit Authority	101,865,000	1.12	1,140,888

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

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS **TABLE 10**

Year	Population	Assessed Value	Gross Debt	Special Assessment Debt	General Obligation Debt	General Obligation Service Money Available	(1) Net General Obligation Debt	Ratio of Net Debt to Assessed Valuation	(1) Net General Obligation Debt per Capita
1990	6,249	\$ 178,101,168	\$ 5,786,000	\$ 3,181,588	\$ 2,604,412	\$ 168,839	\$ 2,435,573	1.4	390
1991	6,300	184,388,729	5,512,000	2,529,426	2,982,574	396,883	2,585,691	1.4	410
1992	6,500	212,569,631	6,628,000	2,444,439	4,183,561	372,384	3,811,177	1.8	586
1993	6,600	219,376,380	4,849,000	2,349,448	2,499,552	335,624	2,163,928	1.0	328
1994	6,700	229,812,299	11,990,000	2,249,461	9,740,539	330,677	9,409,862	4.1	1,404
1995	6,750	245,991,894	11,866,000	2,144,477	9,721,523	258,925	9,462,598	3.8	1,402
1996	7,000	249,534,405	11,527,000	2,024,527	9,502,473	88,645	9,413,828	3.8	1,345
1997	7,647	248,758,532	16,128,000	1,899,500	14,228,500	89,757	14,138,743	5.7	1,849
1998	7,800	270,934,292	18,587,756	1,775,000	16,812,756	588,213	16,224,543	6.0	2,080
1999	7,800	283,693,866	19,226,948	6,020,000	13,206,948	2,353,320	10,853,628	3.8	1,391

(1) Does not include Special Assessment Debt.

SOURCE: Cuyahoga County Auditor

CITY OF HIGHLAND HEIGHTS, OHIO

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO TOTAL GENERAL EXPENDITURES

DECEMBER 31, 1999

TABLE 11

Year	(1) General Obligation		(2) General Obligation		Total General Operating Expenditures	Ratio of General Obligation Debt Service to General Operating Expenditures
	Principal	Interest	Debt Service	Expenditures		
1990	\$ 239,013	\$ 145,964	\$ 384,977	\$ 7,525,363	5.12	
1991	239,013	112,716	351,729	7,183,829	4.89	
1992	239,013	98,471	337,484	6,421,220	5.26	
1993	244,013	184,046	428,059	7,966,565	6.67	
1994	259,013	149,135	408,148	7,811,517	5.22	
1995	219,013	133,464	352,488	22,300,319	1.58	
1996	219,050	119,643	338,693	15,054,992	2.25	
1997	268,973	105,571	374,544	18,666,214	2.01	
1998	523,500	396,854	920,354	20,577,435	4.47	
1999	335,000	369,823	704,823	16,432,719	4.29	

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

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

CITY OF HIGHLAND HEIGHTS, OHIO

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

TABLE 12

<u>Year</u>	(1) <u>Population</u>	(2) Mayfield School District <u>Enrollment</u>	(3) Cuyahoga County Unemployment <u>Rate</u>
1990	6,249	3,389	4.80
1991	6,300	3,386	5.50
1992	6,500	3,813	6.70
1993	6,600	3,903	6.30
1994	6,700	3,995	4.40
1995	6,750	4,065	4.70
1996	7,000	4,057	5.20
1997	7,647	4,166	4.80
1998	7,800	4,033	4.50
1999	7,800	4,047	4.50

(1) City Estimate

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

(3) Ohio Bureau of Employment Services Labor Marketing Information Department.

CITY OF HIGHLAND HEIGHTS, OHIO

PROPERTY VALUE, NEW CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS **TABLE 13**

Year	(1) Residential Construction		(1) Commercial Construction		(1) Commercial Construction		(5) Condominium Construction Value	(5) Condominium Construction Units	(2) County Bank Deposits (In Thousands)	(3) and (4) Total Assessed Property Values
	Value	Units	Value	Units	Value	Units				
1990	\$ 15,274,000	82	\$ -	-	\$ -	-	-	-	\$ 19,188,641	\$ 178,101,168
1991	18,325,950	94	-	-	-	-	-	-	18,392,243	184,388,729
1992	24,393,800	120	-	-	-	-	-	-	-	212,569,631
1993	17,542,881	82	3,800,000	2	-	-	-	21,900,421	219,376,380	
1994	17,203,000	70	2,000,000	1	-	-	-	20,885,453	229,812,299	
1995	7,776,300	27	1,105,000	3	-	-	-	22,694,304	245,991,894	
1996	6,997,650	19	1,500,000	1	-	-	-	27,068,211	249,534,405	
1997	12,151,900	38	1,035,000	2	-	-	-	53,941,971	248,758,532	
1998	13,210,000	43	-	-	-	-	-	58,904,596	270,934,292	
1999	16,141,000	63	1,430,000	2	-	3,374,000	33	57,816,942	283,693,866	

- (1) City of Highland Heights Building Department.
- (2) Federal Reserve Bank of Cleveland (total demand, time and savings deposits in Cuyahoga County).
- (3) Cuyahoga County Auditor's Office.
- (4) Represents the values assessed for taxation which range from 25% to 88% of estimated true value.
- (5) The Condominium values are being reported for the first time in 1999.

CITY OF HIGHLAND HEIGHTS, OHIO

PRINCIPAL TAXPAYERS – REAL PROPERTY

LAST TEN FISCAL YEARS

TABLE 14

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Derf Limited	\$ 5,712,020	2.01%
Developers Diversified Realty Corporation	5,363,580	1.89
Progressive Casualty Insurance Company	4,507,830	1.59
Marconi Systems, Inc.	3,640,950	1.28
Crawford Fitting Company	3,089,630	1.09
Cleveland Electric Illuminating Company	2,408,300	.85
Cleveland Company	2,210,320	.78
Ohio Bell Telephone Company	2,187,920	.77
Alpha Investment Company	2,120,070	.75
Cole National Corporation	<u>1,578,400</u>	<u>.56</u>
	\$ <u>32,819,020</u>	<u>11.57%</u>
Total Assessed Valuation	\$ <u>283,693,866</u>	

CITY OF HIGHLAND HEIGHTS, OHIO

PRINCIPAL TAXPAYERS – PERSONAL PROPERTY

LAST TEN FISCAL YEARS

TABLE 15

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Whitey Company	\$ 9,697,700	3.42%
Marconi Systems, Inc.	7,913,650	2.79
Falon Company	1,572,480	.55
Hechinger Investment Co.	1,522,610	.54
Rockwell International Corp.	1,420,190	.50
IBM Credit Corp.	1,205,170	.42
Royal Appliance Manufacturing Co.	1,163,120	.41
Masco Machine, Inc.	1,157,150	.41
S.G. Morris Co.	942,190	.33
American Consolidated	<u>928,770</u>	<u>.33</u>
	\$ <u>27,523,030</u>	<u>9.70%</u>
Total Assessed Valuation	\$ <u>283,693,866</u>	

CITY OF HIGHLAND HEIGHTS, OHIO

OTHER STATISTICS

DECEMBER 31, 1999

TABLE 16

Date of incorporation.....	1920
Form of government.....	Mayor/Council
Area.....	5.7 square miles
Miles of streets.....	47.1
Number of street lights.....	796
Fire protection:	
Number of stations.....	1
Number of full-time firemen and officers.....	15
Police protection:	
Number of stations.....	1
Number of full-time policemen and officers.....	22
Sewers:	
Miles of sanitary sewers.....	39
Water:	
Miles of water mains.....	45
Fire hydrants.....	667
Building permits issued:	
Residential.....	537
Nonresidential.....	98
Recreation:	
Number of parks.....	2
Employees:	
Full-time (classified).....	58
Full-time (unclassified).....	5
Part-time.....	140





STATE OF OHIO
OFFICE OF THE AUDITOR

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CITY OF HIGHLAND HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 18, 2000