

CITY OF WARRENSVILLE HEIGHTS, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005

ISSUED BY THE DEPARTMENT OF FINANCE

RUBIN K. MOULTRIE, CPA,

FINANCE DIRECTOR



**Auditor of State
Betty Montgomery**

City Council
City of Warrensville Heights
4301 Warrensville Center Rd.
Warrensville, OH 44128

We have reviewed the *Independent Auditors' Report* of the City of Warrensville Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 24, 2006

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Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
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Marcia L. Fudge
Mayor

City of Warrensville Heights

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

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

June 14, 2006

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

We are pleased to present the Comprehensive Annual Financial Report of the City of Warrensville Heights for the year ended December 31, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

1. The introductory section includes a table of contents, this transmittal letter, the City's organizational chart, a list of elected and appointed City officials, and the GFOA Certificate of Achievement.
2. The financial section begins with the independent accountants' report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

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

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

The City and Form of Government

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

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

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

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

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

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

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

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

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

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

The Mayor also serves in the additional capacity of Safety Director.

The City provides basic services to its residents including police and fire protection, planning, zoning, street maintenance and repair, refuse collection, and general administrative services. Warrensville Heights residents receive water services from the City of Cleveland and sewer services from the Northeast Ohio Regional Sewer District.

Economic Condition and Outlook

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

The City has a number of fully developed residential neighborhoods and has three new additional housing developments in progress. The homeowners carefully maintain their homes, which increases property value and enhances the appearance of the City's neighborhoods. To encourage individual upkeep, the City continues to administer Cuyahoga County's exterior maintenance federally funded program. This program assists homeowners who may not be able to afford the cost of keeping their homes at minimum standards governing the maintenance of dwelling structures. This program allows the City to work to create neighborhoods that are enjoyable to inhabit. Equal emphasis is also given to enforcement of the maintenance standards on the population of rental housing in the City. The Building Department selects areas in the City to inspect with a goal to inspect the entire City every three years. During the past year, 34 permits were issued and residents have improved their homes by alterations and additions valued at \$2,299,800. In addition, 21 commercial permits for additions or improvements valued at \$5,406,860 were issued, totaling 55 permits valued at \$7,706,660 during 2005.

The area of Warrensville Heights known as Chagrin Highlands is the focal point of economic growth in the City. Winegardner & Hammond, Inc. a full service hotel management company, opened a 300-room, full service Marriott Hotel and conference center in 2005 on Harvard Road just west of Interstate 271. The eight story hotel features a restaurant, meeting space with executive boardroom, comprehensive audio visual services, guest rooms designed for business travelers and a ballroom that accommodates 600 for receptions. Abuelo's, an upscale Mexican restaurant born of the hospitality and delicious cuisine of authentic restaurants in Old Mexico, also opened its doors in 2005. Groundbreaking has started on several retail establishments and restaurants that will open spring and fall 2006.

The Newport Square Apartment project, a 72 unit cluster style gated community for senior citizens, was completed in 2005. The City is committed to providing affordable housing for those senior citizens living on fixed or limited incomes in order to give such residents the opportunity to remain in the community close to family and friends. The units were designed to take into consideration the special physical constraints and needs of the elderly.

During 2005, the thirty-eight residential cluster home development, known as Stone's Throw, was well under construction. Stone's Throw, a part of the City's first Planned Unit Development (PUD), is marketed to individuals looking for a community with maintenance free living such as professionals and empty nesters. The planned sales prices are between \$170,000 and \$260,000. This PUD is a mixed use area that consists of an office park and residential cluster homes. The office park development portion of the PUD will commence in the summer of 2006. A Long Term Acute Care (LTAC) hospital, treating medically complex patients who have suffered recent catastrophic illness or injury and require an extended length of stay, has submitted plans to the City to construct a 40-bed hospital on the site. The City issued notes in anticipation of the levy and collection of special assessments, to pay the cost of constructing the infrastructure at this development site.

Construction has started on thirty two homes at The Chateaux of Emery Woods, an upscale development of 50 single and 20 cluster homes. The price of these homes ranges from \$195,000 to \$450,000. This development sits on 30 wooded acres of land that borders the Village of Orange. The subdivision is designed by the renowned Cleveland architectural firm, City Architecture, and is modeled in a French European motif. The development will have amenities such as a community clubhouse that can be used by the members of The Chateaux of Emery Woods Home Owners Association. The City issued notes in anticipation of the levy and collection of special assessments, to pay the cost of constructing the infrastructure at this development site. When completed, The Chateaux of Emery Woods will add an estimated \$18 to \$20 million to the City's total residential property value.

In 2005, South Pointe Hospital in association with JTMK Inc. constructed a 50,000 square foot medical office building next to the hospital facility for its doctors. The doctors no longer will have extended traveling distance to service patients. This project reflects the hospital's strong commitment to the City. The cost of the medical office building is approximately \$15 million.

In 2005, JES Development constructed an 80,000 square foot office building in the Highland Business Park. Three new businesses, an architectural firm, a health and workers' compensation managed care organization and an engineering firm, have relocated to the City and have moved into the building. It is anticipated that this building will eventually house approximately 700 employees. The value of this project is approximately \$10 million.

In 2005, Cuyahoga Community College completed construction of an 110,000 square foot "Corporate College". The Corporate College offers employers affordable, cutting-edge and custom-designed training programs to enhance future workforce development, job growth and job retention in Northeast Ohio. At Corporate College, employee participants engage in lifelong learning that builds knowledge, skills and abilities, which furthers their vitality in the workforce and their bottom-line performance. Specifically, Corporate College strategically partners with companies to help them become more innovative, more productive and thus more profitable through the investment in training, education and employee development. The College will offer professional courses, certification programs and customized training that prepare a highly skilled workforce for the business and industry needs of Northeastern Ohio.

Major Initiatives

For the Year In 2005, the City of Warrensville Heights continued its commitment to provide quality services and facilities to the City's residents and business community. Emphasis continued to be placed on the maintenance and improvement of the City's infrastructure, specifically the streets. The City invested over \$1.6 million reconstructing and improving ten residential streets. Reconstruction of Emery Road from Richmond Road to Jackson Road in the City of Warrensville Heights and the Villages of Orange and Moreland Hills commenced in 2005. The project construction cost of \$5.3 million is eighty percent federally funded and twenty percent county funded. The project engineering cost is shared by the three municipalities.

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

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

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

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

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

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

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

Redevelopment of the Zayres's and Helig Meyers properties continues to be a primary focus. The City submitted a winning application for Clean Ohio Revitalization Funds and received a grant in the amount of \$1,637,000. Remediation of the site is expected to be completed in the spring of 2006. With these funds, the environmental hazards will be removed and the buildings demolished. The City will have a 16-acre site for future commercial development. The redevelopment project has been designated as the "Town Center Project" since it is in the center of the City.

Internal Accounting and Budgetary Controls

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

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

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

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

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

Financial Condition The City has prepared its financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements these statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no business-type activities.

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

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

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. The discussion immediately follows the independent accountants' report in the financial section of this report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

Cash Management

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

Interest earnings for 2005 totaled \$126,112 for governmental funds. This represents an increase of \$88,736 from 2004 due to higher cash balances and better economic conditions. All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2005, the City contracted with Arch Insurance Company and Travelers Property Casualty Insurance Company for insurance coverage.

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

Other Information

Independent Audit Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2005 by Ciuni & Panichi, Inc., a Certified Public Accountant and Business Consulting Firm. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate Achievement for Excellence in Financial Reporting to the City of Warrensville Heights for its comprehensive annual financial report for the year ended December 31, 2004.

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

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

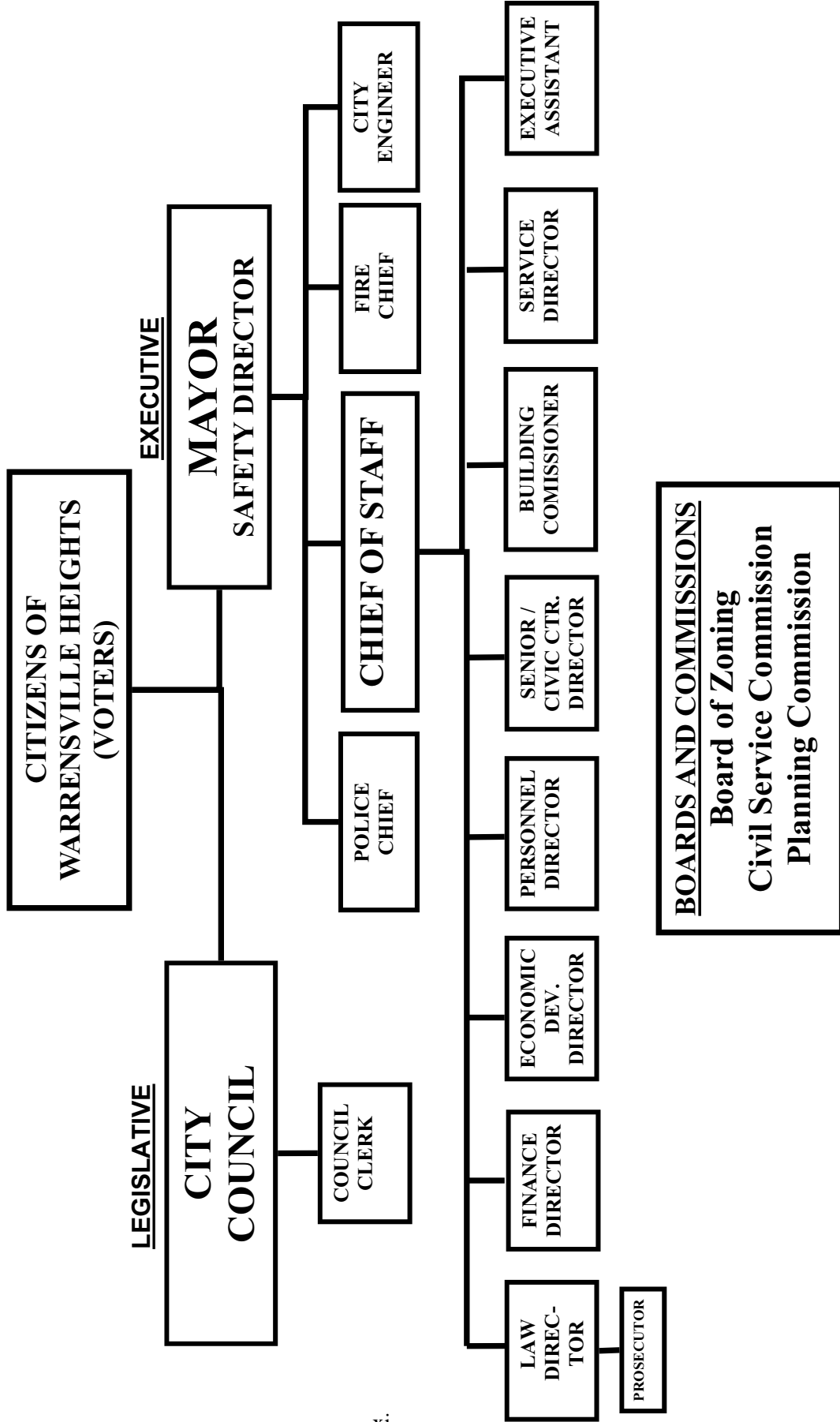
Acknowledgments This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Sincere gratitude goes to Council for their enthusiastic support and their granting of funds for this project. Appreciation is also expressed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

Respectfully submitted,

Rubin K. Moultrie CPA
Finance Director

Marcia L. Fudge
Mayor

CITY OF WARRENSVILLE HEIGHTS ORGANIZATIONAL CHART



The Boards and Commissions are appointed by the Mayor

CITY OF WARRENSVILLE HEIGHTS
ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR MARCIA L. FUDGE

CITY COUNCIL

Kimberly Hodge-Edwards, President, Ward 7

Dorise Thompson, Ward 1

Deborah A. Hill, Ward 2

Elona C. White, Ward 3

Ruby Nelson, Ward 4

Clinton Hall, Ward 5

Pauline Goode, Ward 6

APPOINTED OFFICIALS

Barbara L. Walker, Chief of Staff

Edward C. Coaxum Jr., Director of Law

Rubin K. Moultrie, Director of Finance

A. C. Williams, Director of Service

Frank Bova, Chief of Police

Stanley Martin, Chief of Fire

Carolyn Patrick, Personnel Director

Bradley Sellers, Economic Development Director

Melvin Lester, Building Commissioner

Brenda Wade, Director Civic and Senior Center

GPD Associates, City Engineer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Warrensville Heights,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

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Independent Auditors' Report

Members of the City Council
Warrensville Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warrensville Heights, Ohio as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Warrensville Heights' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warrensville Heights, as of December 31, 2005, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2005, the City implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries."

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2006 on our consideration of the City of Warrensville Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 14, 2006

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of the City of Warrensville Heights's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the transmittal letter, as well as the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City of Warrensville Heights exceed its liabilities at December 31, 2005 by \$1,757,277.
- Total assets increased \$2,353,537 in 2005 which represents an increase of 10.4 percent from 2004. The increase was due primarily to an increase of \$539,968 in capital assets and an increased amount of property taxes receivable which is due to a significant amount of delinquent property taxes at year end.
- Total liabilities increased \$3,317,093 in 2005 which represents an increase of 16.7 percent from 2004. The reason for the increase is due mainly to the City issuing bond anticipation notes in 2005.
- In total, net assets of the City decreased \$963,556 during 2005. This represents a decrease of 35.4 percent from 2004. The reason for this decrease is due mainly to a decrease in the amount of capital grants received by the City.

Using this Annual Financial Report

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

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

The City of Warrensville Heights as a Whole

Statement of Net Assets and the Statement of Activities

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

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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

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

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

Reporting the City of Warrensville Heights's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of resources available at the end of the year. All City activities are reported in the governmental funds focusing on how money flows into and out of those funds and the balances left at year end available for spending in future periods. Our funds are reported using an accounting method called modified accrual accounting which measure cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the basic services it provides. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

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

As noted earlier, the Statement of Net Assets looks at the City as a whole and can be used as an indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2005 compared to 2004.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 1
Net Assets

| | Governmental Activities | |
|---|-------------------------|--------------------|
| | 2005 | 2004 |
| Assets | | |
| Current and Other Assets | \$11,648,539 | \$9,834,970 |
| Capital Assets, Net | 13,295,239 | 12,755,271 |
| Total Assets | 24,943,778 | 22,590,241 |
| Liabilities | | |
| Current Liabilities | 5,115,481 | 9,873,214 |
| Long-Term Liabilities | | |
| Due Within One Year | 12,930,333 | 1,698,324 |
| Due in More Than One Year | 5,140,687 | 8,297,870 |
| Total Liabilities | 23,186,501 | 19,869,408 |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 2,291,307 | 1,815,033 |
| Restricted for: | | |
| Capital Projects | 898,261 | 2,229,153 |
| Debt Service | 379,605 | 522,748 |
| Streets | 275,643 | 223,231 |
| Police | 107,801 | 151,774 |
| Fire | 220,475 | 159,505 |
| Other Purposes | 161,008 | 67,074 |
| Unrestricted (Deficit) | (2,576,823) | (2,447,685) |
| Total Net Assets | \$1,757,277 | \$2,720,833 |

Total assets increased by \$2,353,537 from 2004 to 2005. Of that increase, the most significant change was in property taxes receivable, which increased by \$1,538,000. The primary factor for this increase was the increased amount of delinquent property taxes at year end. Capital assets also had a significant increase of \$539,968 due to the completion of both the Snavely and Emery Woods projects in 2005. These increases were offset by a decrease to special assessments receivable in the amount of \$91,233.

Total liabilities increased by \$3,317,093 in 2005. The majority of the increase resulted from the City issuing notes benefiting the capital projects funds. The increase in long-term obligations payable was offset by decreases in contracts payable and intergovernmental payable in the amounts of \$143,280 and \$183,886, respectively.

During 2005, net assets of the City's governmental activities decreased by \$963,556. The increase in long-term obligations payable was a main factor for this decrease.

Unrestricted net assets had a deficit balance of \$2,576,823 at December 31, 2005 which is a decrease over last year's deficit balance of \$2,447,685. The reason the City has a negative unrestricted net assets amount is that in the past, bonded debt was issued for operation and maintenance purposes and was not capitalized. The decrease in the unrestricted net assets balance is due to the City paying down on the outstanding bonded debt that was not capitalized.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 shows the change in net assets for the year ended December 31, 2005.

Table 2
Change in Net Assets

| | Governmental Activities | |
|------------------------------------|-------------------------|--------------------|
| | 2005 | 2004 |
| Revenues | | |
| Program Revenues | | |
| Charges for Services | \$1,210,488 | \$1,161,299 |
| Operating Grants and Contributions | 1,043,193 | 1,053,637 |
| Capital Grants and Contributions | 183,998 | 1,081,657 |
| Total Program Revenues | <u>2,437,679</u> | <u>3,296,593</u> |
| General Revenues | | |
| Property Taxes | 2,275,169 | 2,234,637 |
| Income Taxes | 10,318,081 | 10,527,562 |
| Grants and Entitlements | 1,456,018 | 1,117,195 |
| Investment Earnings | 126,112 | 37,376 |
| Miscellaneous | 322,867 | 251,036 |
| Total General Revenues | <u>14,498,247</u> | <u>14,167,806</u> |
| <i>Total Revenues</i> | <u>16,935,926</u> | <u>17,464,399</u> |
| Program Expenses | | |
| General Government | 2,757,569 | 2,799,313 |
| Security of Persons and Property: | | |
| Police | 5,408,241 | 4,890,454 |
| Fire | 3,810,719 | 3,219,919 |
| Public Health Services | 56,006 | 47,829 |
| Leisure Time Activities | 295,706 | 361,980 |
| Community Development | 1,169,496 | 1,066,080 |
| Transportation | 2,399,454 | 2,384,519 |
| Basic Utility Services | 1,457,364 | 1,355,302 |
| Interest and Fiscal Charges | 544,927 | 421,671 |
| Total Program Expenses | <u>17,899,482</u> | <u>16,547,067</u> |
| Increase (Decrease) in Net Assets | (963,556) | 917,332 |
| Net Assets Beginning of Year | <u>2,720,833</u> | <u>1,803,501</u> |
| Net Assets End of Year | <u>\$1,757,277</u> | <u>\$2,720,833</u> |

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. Under the accrual basis of accounting, the City's income tax accounted for \$10,318,081 or 60.9 percent of total revenues. The City has an income tax rate of 2.0 percent. Residents of the City who work and pay taxes in another community receive a fifty percent credit of their City tax for Warrensville Heights. In recent history, the City has experienced consistent growth in income tax collections. The electorates of the City voted to change the income tax rate from 1.75 percent to 2.0 percent in 2001, which took effect in January 2002.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The City has enjoyed consistent growth in its income tax collection despite the downturn in the local economy. The new office developments at the Highland Business Park, the opening of the Marriott Hotel and expansions at Sherwin-Williams Research Center have increased the City's tax base. The catalyst behind its historical growth has been the policy of the City's economic development programs. The City has taken an aggressive approach in meeting some of the needs of its corporate citizens.

The City remains committed to collecting all taxes due to it and in 2005 worked in conjunction with the Central Collection Agency and the City Prosecutor to identify and assess individuals and businesses that were delinquent in filing their income tax returns. The City has two part-time employees' working exclusively with delinquent income taxpayers.

The City saw an increase in its charges for services and a decrease in the capital grants and contributions program revenues. The increase in the charges for services program revenue was due to the City collecting a substantial amount of building permits fees for major construction projects within the City including the medical office building at South Pointe Hospital and the new office building at Highland Business Park. The City of Warrensville Heights' capital grants and contributions program revenue came from the FEMA and Local Law Enforcement Block grants.

Public safety, including the police and fire departments, accounted for program expenses of \$9,218,960, which is 51.5 percent of total City expenses for the 2005. The transportation expenses, primarily the Service Department, accounted for \$2,399,454, or 13.4 percent of total expenses.

The police and fire departments continue to provide the public with informative programs in a professional manner. The departments will continue to look for ways to expand our services and develop new public education programs for the community.

The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,881,763 and expenditures of \$19,086,925. The most significant fund is our General Fund with an unreserved fund balance at year end of \$1,243,030. The combined fund balance for all of the City's funds was \$4,192,167.

The City's other major funds include the general obligation bond retirement fund and the street improvement capital projects fund. The general obligation bond retirement fund is used to pay down on the City's outstanding general obligation and special assessment bonds, and also accounts for property tax and special assessment revenue, which helps to make it a major fund. The street improvement fund received note proceeds and contributions which were used to help pay the cost of constructing and improving streets and curbs within the City.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at a Finance Committee meeting, which is open to the public, the budget is adopted by City Council at a regularly held council meeting at the department level in the general fund and at the fund level for all other funds. The Finance Director has been authorized to allocate appropriations within the object level within each fund.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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

Both the original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2005, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed. The original budgeted revenue amount exceeded the final budget by \$3,556. The final budgeted expenditure amount exceeded the original budget by \$69,945. This year completed the first full year of operation at the new Service Department garage. The utility cost was higher than originally projected utility which resulted in an increase in expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of 2005, the City of Warrensville Heights had \$13,295,239 invested in land, construction in progress, buildings, improvements, machinery and equipment, vehicles, furniture and fixtures and infrastructure. Table 3 shows 2005 balances of capital assets as compared to 2004.

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

| | Governmental Activities | |
|--------------------------|-------------------------|--------------|
| | 2005 | 2004 |
| Land | \$1,952,110 | \$1,952,110 |
| Construction in Progress | 0 | 1,581,963 |
| Buildings | 2,539,355 | 2,603,062 |
| Land Improvements | 68,786 | 79,505 |
| Machinery and Equipment | 500,180 | 580,390 |
| Vehicles | 1,194,172 | 1,376,914 |
| Furniture and Fixtures | 40,538 | 40,743 |
| Infrastructure | | |
| Roads | 4,255,343 | 3,179,565 |
| Sanitary Sewers | 994,135 | 505,092 |
| Waterlines | 808,390 | 464,167 |
| Storm Sewers | 942,230 | 391,760 |
| Total Capital Assets | \$13,295,239 | \$12,755,271 |

Capital assets increased by \$539,968 in 2005. The reason for this increase was due largely in part to the infrastructure improvement at the Snavely Plan Unit Development and the Emery Woods housing development. The City issued notes to pay for the infrastructure improvement costs at these projects.

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

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

For 2005, infrastructure capital assets were calculated without inclusion of the traffic light inventory. These will be added in 2006 to complete the infrastructure capital assets. For more information about the City's capital assets, see Note 11 to the basic financial statements.

Long-Term Obligations

At December 31, 2005, the City of Warrensville Heights had \$18,071,020 in outstanding long-term obligations, of which \$3,978,714 was in general obligation bonds and \$11,025,000 in various purpose notes. Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

| | Governmental Activities | |
|--------------------------|-------------------------|--------------|
| | 2005 | 2004 |
| General Obligation Bonds | \$3,978,714 | \$4,564,624 |
| Special Assessment Bonds | 456,272 | 548,931 |
| Notes Payable | 11,025,000 | 8,385,000 |
| Note Premium | 28,525 | 0 |
| Compensated Absences | 1,822,484 | 1,704,189 |
| Capital Leases | 760,025 | 883,450 |
| Total | \$18,071,020 | \$16,086,194 |

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

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

The City of Warrensville Heights' overall legal debt margin was \$23,937,247 with an unvoted debt margin of \$10,684,348 on December 31, 2005. For more information about the City's long-term obligations, see Note 12 to the basic financial statements.

During 2005, the City issued \$1,950,000 and \$9,075,000 in various purpose improvement bond anticipation notes. The \$1,950,000 issue is at 2.75 percent and will mature on February 9, 2006. The \$9,075,000 issue is at 4.00 percent and will mature on June 1, 2006. Proceeds from the sales was used to retire \$2,295,000 and \$6,075,000 Notes due February and July 2005 and to provide new monies to pay construction costs for street improvements, the Emery Woods Project, the Snavelly Project, an upgrade to the information technology and siren warning systems.

City of Warrensville Heights, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Current Financial Related Activities

The City of Warrensville Heights has enjoyed strong growth in revenues and at the same time adopted a strong, fiscally responsible financial plan to live within our means. The Mayor encouraged Directors to operate their department with minimal increases and to continue maintaining city services at a high level. While the cost increases for medical insurance are unavoidable in today's environment, the City is working diligently with the collective bargaining units to maintain a high level of coverage for all employees at the lowest cost possible.

Contacting the City of Warrensville Heights's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director Rubin K. Moultrie, CPA, at the City of Warrensville Heights, 4301 Warrensville Center Road, Warrensville heights, Ohio 44128, (216) 587-1104, or e-mail to rmoultrie@cityofwarrensville.com.

Basic Financial Statements

City of Warrensville Heights, Ohio

Statement of Net Assets

December 31, 2005

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and Cash Equivalents | \$3,403,240 |
| Materials and Supplies Inventory | 62,882 |
| Accounts Receivable | 325,914 |
| Intergovernmental Receivable | 965,493 |
| Prepaid Items | 60,795 |
| Income Taxes Receivable | 2,229,223 |
| Property Taxes Receivable | 4,035,259 |
| Special Assessments Receivable | 486,633 |
| Unamortized Bond Issuance Costs | 79,100 |
| Nondepreciable Capital Assets | 1,952,110 |
| Depreciable Capital Assets, net | 11,343,129 |
| | <hr/> |
| <i>Total Assets</i> | 24,943,778 |
| | <hr/> |
| Liabilities | |
| Accounts Payable | 199,116 |
| Accrued Wages | 180,237 |
| Contracts Payable | 9,154 |
| Intergovernmental Payable | 676,720 |
| Accrued Interest Payable | 284,510 |
| Deferred Revenue | 3,765,744 |
| Long-Term Liabilities: | |
| Due Within One Year | 12,930,333 |
| Due In More Than One Year | 5,140,687 |
| | <hr/> |
| <i>Total Liabilities</i> | 23,186,501 |
| | <hr/> |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 2,291,307 |
| Restricted for: | |
| Capital Projects | 898,261 |
| Debt Service | 379,605 |
| Streets | 275,643 |
| Police | 107,801 |
| Fire | 220,475 |
| Other Purposes | 161,008 |
| Unrestricted (Deficit) | (2,576,823) |
| | <hr/> |
| <i>Total Net Assets</i> | \$1,757,277 |

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio

Statement of Activities

For the Year Ended December 31, 2005

| | Expenses | Program Revenues | | | Net (Expense) |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|-----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Assets |
| | | | | | Governmental Activities |
| Governmental Activities: | | | | | |
| General Government | \$2,757,569 | \$206,353 | \$0 | \$0 | (\$2,551,216) |
| Security of Persons and Property: | | | | | |
| Police | 5,408,241 | 393,133 | 61,567 | 0 | (4,953,541) |
| Fire | 3,810,719 | 261,603 | 84,303 | 0 | (3,464,813) |
| Public Health Services | 56,006 | 4,312 | 0 | 0 | (51,694) |
| Leisure Time Activities | 295,706 | 20,300 | 2,100 | 0 | (273,306) |
| Community Development | 1,169,496 | 81,530 | 218,345 | 98,998 | (770,623) |
| Transportation | 2,399,454 | 135,615 | 676,878 | 85,000 | (1,501,961) |
| Basic Utility Services | 1,457,364 | 107,642 | 0 | 0 | (1,349,722) |
| Interest and Fiscal Charges | 544,927 | 0 | 0 | 0 | (544,927) |
| <i>Total Governmental Activities</i> | <u>\$17,899,482</u> | <u>\$1,210,488</u> | <u>\$1,043,193</u> | <u>\$183,998</u> | <u>(15,461,803)</u> |
| General Revenues | | | | | |
| Property Taxes Levied for: | | | | | |
| | | | | | 1,061,074 |
| | | | | | 547,017 |
| | | | | | 667,078 |
| | | | | | 10,318,081 |
| | | | | | 1,456,018 |
| | | | | | 126,112 |
| | | | | | <u>322,867</u> |
| <i>Total General Revenues</i> | | | | | <u>14,498,247</u> |
| Change in Net Assets | | | | | (963,556) |
| <i>Net Assets Beginning of Year</i> | | | | | <u>2,720,833</u> |
| <i>Net Assets End of Year</i> | | | | | <u><u>\$1,757,277</u></u> |

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio

Balance Sheet

Governmental Funds

December 31, 2005

| | General | General Obligation Bond Retirement | Street Improvement | Other Governmental Funds |
|---|--------------------|--|-----------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$424,384 | \$164,888 | \$384,100 | \$2,429,868 |
| Materials and Supplies Inventory | 62,882 | 0 | 0 | 0 |
| Accounts Receivable | 325,914 | 0 | 0 | 0 |
| Interfund Receivable | 27,861 | 0 | 0 | 75,924 |
| Intergovernmental Receivable | 537,145 | 29,416 | 0 | 398,932 |
| Prepaid Items | 60,795 | 0 | 0 | 0 |
| Income Taxes Receivable | 2,229,223 | 0 | 0 | 0 |
| Property Taxes Receivable | 1,588,818 | 1,151,601 | 0 | 1,294,840 |
| Special Assessments Receivable | 0 | 486,633 | 0 | 0 |
| <i>Total Assets</i> | <u>\$5,257,022</u> | <u>\$1,832,538</u> | <u>\$384,100</u> | <u>\$4,199,564</u> |
| Liabilities | | | | |
| Accounts Payable | \$106,572 | \$0 | \$2,256 | \$90,288 |
| Accrued Wages | 180,237 | 0 | 0 | 0 |
| Contracts Payable | 0 | 0 | 0 | 9,154 |
| Intergovernmental Payable | 674,194 | 0 | 0 | 2,526 |
| Interfund Payable | 0 | 0 | 0 | 103,785 |
| Deferred Revenue | 3,052,989 | 1,667,650 | 0 | 1,591,406 |
| <i>Total Liabilities</i> | <u>4,013,992</u> | <u>1,667,650</u> | <u>2,256</u> | <u>1,797,159</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 0 | 0 | 63,283 | 109,596 |
| Unreserved | | | | |
| Undesignated, Reported in: | | | | |
| General Fund | 1,243,030 | 0 | 0 | 0 |
| Special Revenue Funds | 0 | 0 | 0 | 357,868 |
| Debt Service Funds | 0 | 164,888 | 0 | 0 |
| Capital Projects Funds | 0 | 0 | 318,561 | 1,934,941 |
| <i>Total Fund Balances</i> | <u>1,243,030</u> | <u>164,888</u> | <u>381,844</u> | <u>2,402,405</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$5,257,022</u> | <u>\$1,832,538</u> | <u>\$384,100</u> | <u>\$4,199,564</u> |

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2005*

| | | |
|--------------------------------|--|--------------|
| Total Governmental Funds | Total Governmental Funds Balances | \$4,192,167 |
| | <i>Amounts reported for governmental activities in the statement of net assets are different because</i> | |
| \$3,403,240 | Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 13,295,239 |
| 62,882 | | |
| 325,914 | | |
| 103,785 | Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: | |
| 965,493 | Property Taxes | \$269,515 |
| 60,795 | Income Tax | 941,964 |
| 2,229,223 | Intergovernmental | 616,629 |
| 4,035,259 | Charges for Services | 231,560 |
| 486,633 | Special Assessments | 486,633 |
| \$11,673,224 | Total | 2,546,301 |
| \$199,116 | In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued. | 79,100 |
| 180,237 | | |
| 9,154 | | |
| 676,720 | In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | (284,510) |
| 103,785 | | |
| 6,312,045 | | |
| 7,481,057 | Long-term liabilities, including bonds, notes and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds: | |
| 172,879 | General Obligation Bonds | (3,978,714) |
| | Special Assessment Bonds | (456,272) |
| 1,243,030 | Notes Payable | (11,025,000) |
| 357,868 | Note Premium | (28,525) |
| 164,888 | Compensated Absences | (1,822,484) |
| 2,253,502 | Capital Leases | (760,025) |
| 4,192,167 | Total | (18,071,020) |
| \$11,673,224 | <i>Net Assets of Governmental Activities</i> | \$1,757,277 |

City of Warrensville Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

| | General | General Obligation Bond Retirement | Street Improvement | Other Governmental Funds |
|---|--------------------|--|-----------------------|--------------------------------|
| Revenues | | | | |
| Property and Other Taxes | \$1,077,058 | \$522,608 | \$0 | \$658,627 |
| Income Taxes | 10,369,292 | 0 | 0 | 0 |
| Special Assessments | 0 | 236,742 | 0 | 0 |
| Intergovernmental | 1,333,103 | 58,831 | 0 | 1,044,417 |
| Interest | 121,034 | 0 | 0 | 5,078 |
| Fees, Licenses and Permits | 397,947 | 0 | 0 | 39,105 |
| Fines and Forfeitures | 259,304 | 0 | 0 | 0 |
| Rentals | 10,045 | 0 | 0 | 0 |
| Charges for Services | 334,771 | 0 | 0 | 5,924 |
| Contributions and Donations | 10 | 0 | 85,000 | 0 |
| Other | 286,788 | 0 | 0 | 36,079 |
| <i>Total Revenues</i> | <u>14,189,352</u> | <u>818,181</u> | <u>85,000</u> | <u>1,789,230</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,439,342 | 0 | 0 | 56,282 |
| Security of Persons and Property: | | | | |
| Police | 4,472,929 | 0 | 0 | 324,912 |
| Fire | 2,918,772 | 0 | 0 | 320,281 |
| Public Health Services | 50,615 | 0 | 0 | 0 |
| Leisure Time Activities | 238,295 | 0 | 0 | 0 |
| Community Development | 577,262 | 0 | 0 | 481,124 |
| Transportation | 1,576,607 | 0 | 0 | 483,978 |
| Basic Utility Services | 1,263,610 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 1,566,811 | 1,005,408 |
| Debt Service: | | | | |
| Principal Retirement | 269,466 | 690,000 | 0 | 0 |
| Interest and Fiscal Charges | 49,716 | 226,773 | 17,852 | 56,890 |
| <i>Total Expenditures</i> | <u>13,856,614</u> | <u>916,773</u> | <u>1,584,663</u> | <u>2,728,875</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>332,738</u> | <u>(98,592)</u> | <u>(1,499,663)</u> | <u>(939,645)</u> |
| Other Financing Sources (Uses) | | | | |
| Inception of Capital Lease | 146,041 | 0 | 0 | 0 |
| Refunding Notes Issued | 0 | 1,445,469 | 3,714,763 | 5,864,768 |
| Notes Premium | 0 | 69,696 | 0 | 0 |
| Current Refunding | 0 | (2,295,000) | 0 | 0 |
| Transfers In | 0 | 893,700 | 118,430 | 145,144 |
| Transfers Out | (153,754) | 0 | (406,900) | (596,620) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(7,713)</u> | <u>113,865</u> | <u>3,426,293</u> | <u>5,413,292</u> |
| <i>Net Change in Fund Balances</i> | 325,025 | 15,273 | 1,926,630 | 4,473,647 |
| <i>Fund Balances (Deficit)</i> | | | | |
| <i>Beginning of Year</i> | <u>918,005</u> | <u>149,615</u> | <u>(1,544,786)</u> | <u>(2,071,242)</u> |
| <i>Fund Balances End of Year</i> | <u>\$1,243,030</u> | <u>\$164,888</u> | <u>\$381,844</u> | <u>\$2,402,405</u> |

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005*

| | | |
|--------------------------------|---|--------------------|
| Total Governmental Funds | Net Change in Fund Balances - Total Governmental Funds | \$6,740,575 |
| \$2,258,293 | <i>Amounts reported for governmental activities in the statement of activities are different because</i> | |
| 10,369,292 | Governmental funds report capital outlays as expenditures. | |
| 236,742 | However, in the statement of activities, the cost of those assets is | |
| 2,436,351 | allocated over their estimated useful lives as depreciation expense. | |
| 126,112 | This is the amount by which capital outlays exceeded depreciation | |
| 437,052 | in the current period. | |
| 259,304 | Capital Outlay | \$1,168,463 |
| 10,045 | Depreciation | (628,495) |
| 340,695 | | |
| 85,010 | Total | 539,968 |
| 322,867 | | |
| 16,881,763 | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| | Property Taxes | 16,876 |
| | Income Tax | (51,211) |
| | Intergovernmental | 16,329 |
| 2,495,624 | Charges for Services | 163,392 |
| | Special Assessments | (91,223) |
| 4,797,841 | | |
| 3,239,053 | Total | 54,163 |
| 50,615 | | |
| 238,295 | Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term | |
| 1,058,386 | liabilities in the statement of net assets. | 3,254,466 |
| 2,060,585 | | |
| 1,263,610 | Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported | |
| 2,572,219 | as expenditures in governmental funds. | |
| | Accrued Interest on Bonds | (212,136) |
| 959,466 | Amortization of Issuance Costs | (11,300) |
| 351,231 | Amortization of Accounting Loss | (11,431) |
| 19,086,925 | Amortization of Note Premium | 41,171 |
| | | |
| (2,205,162) | Total | (193,696) |
| | Some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | |
| 146,041 | Compensated Absences | (118,295) |
| 11,025,000 | | |
| 69,696 | Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets. | |
| (2,295,000) | Refunding Notes Issued | (11,025,000) |
| 1,157,274 | Note Premium | (69,696) |
| (1,157,274) | | |
| 8,945,737 | Total | (11,094,696) |
| | | |
| 6,740,575 | Inception of a capital lease is an other financing source in the governmental funds, but increases liabilities if governmental | |
| (2,548,408) | activities. | (146,041) |
| \$4,192,167 | <i>Change in Net Assets of Governmental Activities</i> | <i>(\$963,556)</i> |

City of Warrensville Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property and Other Taxes | \$1,086,130 | \$1,085,858 | \$1,077,058 | (\$8,800) |
| Income Taxes | 10,361,324 | 10,358,729 | 10,274,783 | (83,946) |
| Intergovernmental | 1,335,709 | 1,335,375 | 1,324,553 | (10,822) |
| Interest | 122,053 | 122,023 | 121,034 | (989) |
| Fees, Licenses and Permits | 363,737 | 363,646 | 360,699 | (2,947) |
| Fines and Forfeitures | 296,588 | 296,514 | 294,111 | (2,403) |
| Rentals | 10,130 | 10,127 | 10,045 | (82) |
| Charges for Services | 332,177 | 332,094 | 329,403 | (2,691) |
| Contributions and Donations | 10 | 10 | 10 | 0 |
| Other | 289,199 | 289,125 | 286,788 | (2,337) |
| <i>Total Revenues</i> | <u>14,197,057</u> | <u>14,193,501</u> | <u>14,078,484</u> | <u>(115,017)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,502,145 | 2,488,773 | 2,454,446 | 34,327 |
| Security of Persons and Property: | | | | |
| Police | 4,531,249 | 4,566,414 | 4,560,540 | 5,874 |
| Fire | 3,140,065 | 3,228,078 | 3,223,220 | 4,858 |
| Public Health Services | 51,906 | 51,360 | 50,615 | 745 |
| Leisure Time Activities | 244,271 | 241,702 | 238,197 | 3,505 |
| Community Development | 596,686 | 590,415 | 581,548 | 8,867 |
| Transportation | 1,586,498 | 1,570,059 | 1,527,560 | 42,499 |
| Basic Utility Services | 1,334,417 | 1,320,381 | 1,301,232 | 19,149 |
| <i>Total Expenditures</i> | <u>13,987,237</u> | <u>14,057,182</u> | <u>13,937,358</u> | <u>119,824</u> |
| <i>Excess of Revenues Over Expenditures</i> | <u>209,820</u> | <u>136,319</u> | <u>141,126</u> | <u>4,807</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 0 | 0 | 3,760 | 3,760 |
| Advances Out | 0 | 0 | (22,321) | (22,321) |
| Transfers Out | (231,838) | (12,710) | (153,754) | (141,044) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(231,838)</u> | <u>(12,710)</u> | <u>(172,315)</u> | <u>(159,605)</u> |
| <i>Net Change in Fund Balance</i> | (22,018) | 123,609 | (31,189) | (154,798) |
| <i>Fund Deficit Beginning of Year</i> | 368,460 | 368,460 | 368,460 | 0 |
| Prior Year Encumbrances Appropriated | 35,766 | 35,766 | 35,766 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$382,208</u> | <u>\$527,835</u> | <u>\$373,037</u> | <u>(\$154,798)</u> |

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2005

| | <u>Agency</u> |
|--|------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$193,899</u> |
| Liabilities | |
| Deposits Held and Due to Others | <u>\$193,899</u> |

See accompanying notes to the basic financial statements

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Warrensville Heights this includes the agencies and departments that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a parks and recreation department, a planning and zoning department and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

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

The City is associated with one jointly governed organization and one insurance purchasing pool. These organizations are the First Suburbs Consortium of Northeast Ohio Council of Governments and the Ohio Association of Public Treasurers Group Rating Program. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are classified as either governmental or fiduciary.

Governmental Funds

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

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Warrensville Heights and/or the general laws of Ohio.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds are for holding deposits from contractors, for collecting Senior Civic Center rental deposits, for payroll clearing and for holding deposits from the exterior maintenance program.

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2005.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund and the bureau of justice grant and local law enforcement block grant special revenue funds. Interest revenue credited to the general fund during 2005 amounted to \$121,034, which includes \$105,308 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back-trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

| Description | Estimated Lives |
|-------------------------|-----------------|
| Buildings | 50 years |
| Land Improvements | 30 years |
| Machinery and Equipment | 5-15 years |
| Furniture and Fixtures | 7 years |
| Vehicles | 5-15 years |
| Infrastructure | 75 years |

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

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from transactions between funds for services provided or goods received and from short-term interfund loans are classified as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets.

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$2,042,793 of restricted net assets, of which \$1,027,158 is restricted by enabling legislation. Net assets restricted for other purposes include street lighting, community and economic development.

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

N. Interfund Activity

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

O. Bond Issuance Costs

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

P. Deferred Loss on Refunding

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

S. Budgetary Process

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

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

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

Note 3 - Change in Accounting Principles

A. Change in Accounting Principles

For 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries."

GASB Statement No. 40 establishes new disclosure requirements for risks associated with deposits and investments.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 4 – Compliance and Accountability

A. Accountability

The following funds had deficit fund balances as of December 31, 2005:

| | |
|---|--------|
| Nonmajor Funds: | |
| Fire Pension | \$528 |
| Community Navigator Service Award Grant | 1,600 |
| Juvenile Accountability Grant | 2,940 |
| COPS Grant | 21,162 |
| Grass Refuse | 755 |
| Land Acquisition | 75,518 |

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

B. Compliance

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

| | Original Estimated Resources Plus Carryover Balances | Original Appropriations | Excess |
|------------------------------------|---|----------------------------|---------|
| <i>Special Revenue Funds:</i> | | | |
| Police Salary and Equipment | \$139,292 | \$143,000 | \$3,708 |
| Fire Salary and Equipment | 136,059 | 139,000 | 2,941 |
| Building Levy | 98,905 | 100,762 | 1,857 |
| FEMA Grant | 124,196 | 134,437 | 10,241 |
| <i>Debt Service Fund:</i> | | | |
| General Obligation Bond Retirement | 7,491,144 | 7,497,927 | 6,783 |

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

| | Estimated Resources Plus Carryover Balances | Final Appropriations | Excess |
|--------------------------------|---|-------------------------|-----------|
| <i>Special Revenue Funds:</i> | | | |
| Sidewalk Replacement | \$219,717 | \$386,000 | \$166,283 |
| <i>Capital Projects Funds:</i> | | | |
| Snavelly Project | 825,075 | 1,573,000 | 747,925 |

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

| | Expenditures Plus Encumbrances | Final Appropriations | Excess |
|-------------------------------|--------------------------------------|-------------------------|---------|
| <i>Special Revenue Funds:</i> | | | |
| Bureau of Justice Grant | \$3,826 | \$2,500 | \$1,326 |
| Juvenile Diversion Program | 26,842 | 19,593 | 7,249 |

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

Note 5 - Budgetary Basis of Accounting

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

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

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Net Change in Fund Balance

| | |
|--|--------------------------|
| GAAP Basis | \$325,025 |
| Net Adjustment for Revenue Accruals | (272,776) |
| Beginning Unrecorded Cash | 33,125 |
| Ending Unrecorded Cash | (17,258) |
| Advances In | 3,760 |
| Advances Out | (22,321) |
| Net Adjustment for Expenditures Accruals | (46,655) |
| Encumbrances | <u>(34,089)</u> |
| Budget Basis | <u><u>(\$31,189)</u></u> |

Note 6 – Deposits and Investments

Monies held by the City are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active 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 the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer’s investment pool (STAR Ohio);
8. Commercial paper and banker’s acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At year end, the City had \$600 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$35,812 of the City’s bank balance of \$300,945 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions’ trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the City had the following investments:

| Investment Type | Fair Value | Investment Maturities (in Years) Less than 1 |
|-----------------------|-------------|--|
| Repurchase Agreements | \$2,656,337 | \$2,656,337 |
| STAROhio | 980,503 | 980,503 |
| Total Investments | \$3,636,840 | \$3,636,840 |

All investments are in an internal investment pool.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Interest Rate Risk. The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk. The repurchase agreements were backed by Federal Home Loan Mortgage Corporation Securities which carry a rating of Aaa by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2005:

| Investment Issuer | Percentage of Investments |
|-----------------------|------------------------------|
| Repurchase Agreements | 73.04 % |
| STAROhio | 26.96 |
| Total | 100.00 % |

Note 7 - Receivables

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

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

Special assessments expected to be collected in more than one year amount to \$362,917 in the general obligation bond retirement fund. At December 31, 2005 the amount of delinquent special assessments was \$30,361.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2005, was \$13.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

| | |
|----------------------------|-----------------------------|
| Real Property | \$217,177,080 |
| Public Utility Property | 12,772,240 |
| Tangible Personal Property | <u>35,108,650</u> |
| Total Assessed Values | <u><u>\$265,057,970</u></u> |

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Warrensville Heights. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, and the police salary and equipment, fire salary and equipment, street lighting, building levy, fire pension and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

B. Income Taxes

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

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

| Governmental Activities | Amounts |
|---------------------------------------|----------------|
| Local Government and Local Government | |
| Revenue Assistance | \$463,053 |
| Homestead and Rollback | 102,758 |
| Highway Distribution Tax | 75,318 |
| FEMA Grant | 49,855 |
| Gasoline and Excise Tax | 101,260 |
| Auto Registration Tax | 42,503 |
| Sidewalk Replacement Grant | 7,104 |
| Land Acquisition Grant | 76,637 |
| Permissive Motor Vehicle License Tax | 13,300 |
| Estate Tax | 4,740 |
| Other | 28,965 |
| Total | \$965,493 |

Note 8 - Interfund Balances

Interfund balances at December 31, 2005, consist of the following interfund receivables and payables:

| Interfund Payable | Interfund Receivable | | |
|---|----------------------|--------------------------------|-----------|
| | General | Town Center Capital Project | Total |
| <i>Nonmajor Governmental Funds:</i> | | | |
| Street Lighting | \$1,000 | \$0 | \$1,000 |
| Community Navigator Service Award Grant | 1,600 | 0 | 1,600 |
| Juvenile Accountability Grant | 2,940 | 0 | 2,940 |
| COPS Grant | 21,566 | 0 | 21,566 |
| Grass Refuse | 755 | 0 | 755 |
| Clean Ohio | 0 | 75,924 | 75,924 |
| Total | \$27,861 | \$75,924 | \$103,785 |

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The loan to the Street Lighting fund was made to support programs and projects in this fund. The loans to the Community Navigator Service Award Grant and Juvenile Accountability Grant special revenue funds were authorized to be partially returned to the funds from which they were previously advanced. The loans to the COPS Grant special revenue fund were made to cover deficit cash balances at year end. The loans to the Grass Refuse and Clean Ohio special revenue funds were made to cover expenditures until reimbursement is received.

Note 9 - Interfund Transfers

Interfund transfers for the year ended December 31, 2005, consisted of the following:

| Transfers To | Transfers From | | | Total |
|-----------------------------|------------------|--------------------|-----------------------------|--------------------|
| | General | Street Improvement | Nonmajor Governmental Funds | |
| General Obligation | | | | |
| Bond Retirement | \$0 | \$349,900 | \$543,800 | \$893,700 |
| Street Improvement | 118,430 | 0 | 0 | 118,430 |
| Nonmajor Governmental Funds | 35,324 | 57,000 | 52,820 | 145,144 |
| Total | \$153,754 | \$406,900 | \$596,620 | \$1,157,274 |

The transfer from the general fund to the street improvement fund was made to cover the cost of resurfacing Miles Parkway and the east side of the City Hall parking lot. The transfers from the general fund to the nonmajor governmental funds were made to cover the City's matching fund requirement for the grants. The transfers from nonmajor governmental funds to other nonmajor governmental funds were made to meet the City's matching fund commitment for the sidewalk replacement project.

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

Note 10 – Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2005:

| Project | Contractor | Contract Amount Outstanding |
|-----------------------|--------------------------|-----------------------------|
| Municipal Parking Lot | Specialized Construction | \$43,440 |
| Miles Parkway | Specialized Construction | 19,843 |
| | Total | \$63,283 |

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

| Governmental Activities | Balance 12/31/2004 | Additions | Deductions | Balance 12/31/2005 |
|---|-----------------------|--------------------|----------------------|-----------------------|
| <i>Capital Assets not being Depreciated:</i> | | | | |
| Land | \$1,952,110 | \$0 | \$0 | \$1,952,110 |
| Construction in Progress | 1,581,963 | 417,617 | (1,999,580) | 0 |
| Total Capital Assets not being Depreciated | <u>3,534,073</u> | <u>417,617</u> | <u>(1,999,580)</u> | <u>1,952,110</u> |
| <i>Capital Assets being Depreciated:</i> | | | | |
| Buildings | 3,627,574 | 16,799 | 0 | 3,644,373 |
| Land Improvements | 363,668 | 0 | 0 | 363,668 |
| Machinery and Equipment | 1,414,946 | 77,833 | 0 | 1,492,779 |
| Furniture and Fixtures | 78,969 | 0 | 0 | 78,969 |
| Vehicles | 4,121,962 | 56,299 | 0 | 4,178,261 |
| Infrastructure: | | | | |
| Roads | 5,883,511 | 1,154,226 | 0 | 7,037,737 |
| Sanitary Sewers | 1,762,649 | 512,536 | 0 | 2,275,185 |
| Waterlines | 1,479,055 | 363,152 | 0 | 1,842,207 |
| Storm Sewers | 1,433,255 | 569,581 | 0 | 2,002,836 |
| Total Capital Assets being Depreciated | <u>20,165,589</u> | <u>2,750,426</u> | <u>0</u> | <u>22,916,015</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings | (1,024,512) | (80,506) | 0 | (1,105,018) |
| Land Improvements | (284,163) | (10,719) | 0 | (294,882) |
| Machinery and Equipment | (834,556) | (158,043) | 0 | (992,599) |
| Furniture and Fixtures | (38,226) | (205) | 0 | (38,431) |
| Vehicles | (2,745,048) | (239,041) | 0 | (2,984,089) |
| Infrastructure: | | | | |
| Roads | (2,703,946) | (78,448) | 0 | (2,782,394) |
| Sanitary Sewers | (1,257,557) | (23,493) | 0 | (1,281,050) |
| Waterlines | (1,014,888) | (18,929) | 0 | (1,033,817) |
| Storm Sewers | (1,041,495) | (19,111) | 0 | (1,060,606) |
| Total Accumulated Depreciation | <u>(10,944,391)</u> | <u>(628,495) *</u> | <u>0</u> | <u>(11,572,886)</u> |
| Total Capital Assets being Depreciated, Net | <u>9,221,198</u> | <u>2,121,931</u> | <u>0</u> | <u>11,343,129</u> |
| Governmental Activities Capital Assets, Net | <u>\$12,755,271</u> | <u>\$2,539,548</u> | <u>(\$1,999,580)</u> | <u>\$13,295,239</u> |

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

* Depreciation expense was charged to governmental activities as follows:

| | |
|-----------------------------------|-----------|
| General Government | \$137,696 |
| Security of Persons and Property: | |
| Police | 90,419 |
| Fire | 114,349 |
| Public Health Services | 741 |
| Leisure Time Activities | 35,517 |
| Community Development | 13,862 |
| Transportation | 158,261 |
| Basic Utility Services | 77,650 |
| Total Depreciation Expense | \$628,495 |

Note 12 - Long-Term Obligations

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

| Debt Issue | Interest Rate | Original Issue | Year of Maturity |
|---|----------------|----------------|------------------|
| <i>General Obligation Bonds:</i> | | | |
| 2003 Various Purpose | | | |
| Improvement Refunding Bonds | 1.05% - 3.125% | \$2,131,447 | 2012 |
| 1999 Street Improvement | 3.90% - 5.40% | 4,155,000 | 2014 |
| <i>Special Assessment Bonds:</i> | | | |
| 2003 Various Purpose | | | |
| Improvement Refunding Bonds | 1.05% - 3.125% | 493,553 | 2012 |
| 1986 Street Improvement | 6.20% - 7.65% | 790,000 | 2006 |
| 1988 Street Improvement | 7.625% | 1,730,000 | 2008 |
| <i>Long-Term Notes:</i> | | | |
| 2005 Bond Anticipation Note | | | |
| G.O. Bond Retirement | 2.75% | \$1,795,000 | 2006 |
| Information Technology System | | 10,000 | |
| Land Acquisition | | 15,000 | |
| Emery Woods Project | | 50,000 | |
| Route 8/Northfield Road | | 80,000 | |
| Total Bond Anticipation Note | | \$1,950,000 | |
| 2005 Bond Anticipation Note | | | |
| G.O. Bond Retirement | 4.00% | \$6,090,000 | 2006 |
| Street Improvement | | 840,000 | |
| Information Technology System | | 70,000 | |
| Snavelly Project | | 550,000 | |
| Emery Woods Project | | 1,000 | |
| Siren Warning System | | 1,000 | |
| Sidewalk Repair and Replacement Project | | 403,000 | |
| Town Center | | 1,120,000 | |
| Total Bond Anticipation Note | | \$9,075,000 | |

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

A schedule of changes in bonds and other long-term obligations of the City during 2005 follows:

| | Restated Amount Outstanding 12/31/2004 | Additions | Deletions | Amount Outstanding 12/31/2005 | Amount Due In One Year |
|--|---|---------------------|---------------------|-------------------------------------|------------------------------|
| Governmental Activities | | | | | |
| <i>General Obligation Bonds</i> | | | | | |
| 2003 Various Purpose | | | | | |
| Improvement Refunding Bonds | \$1,926,069 | \$0 | \$237,341 | \$1,688,728 | \$241,645 |
| Unamortized Loss | (91,445) | 0 | (11,431) | (80,014) | 0 |
| Total Refunding Bonds | 1,834,624 | 0 | 225,910 | 1,608,714 | 241,645 |
| 1999 Street Improvement | 2,730,000 | 0 | 360,000 | 2,370,000 | 370,000 |
| Total General Obligation Bonds | 4,564,624 | 0 | 585,910 | 3,978,714 | 611,645 |
| <i>Special Assessment Bonds with Governmental Commitment</i> | | | | | |
| 2003 Various Purpose | | | | | |
| Improvement Refunding Bonds | 413,931 | 0 | 42,659 | 371,272 | 43,355 |
| 1986 Street Improvement | 70,000 | 0 | 35,000 | 35,000 | 35,000 |
| 1988 Street Improvement | 65,000 | 0 | 15,000 | 50,000 | 15,000 |
| Total Special Assessment Bonds | 548,931 | 0 | 92,659 | 456,272 | 93,355 |
| <i>Long-Term Notes</i> | | | | | |
| 2004 Bond Anticipation Notes | 2,295,000 | 0 | 2,295,000 | 0 | 0 |
| 2004 Bond Anticipation Notes | 6,090,000 | 0 | 6,090,000 | 0 | 0 |
| 2005 Bond Anticipation Notes | 0 | 1,950,000 | 0 | 1,950,000 | 1,950,000 |
| 2005 Bond Anticipation Notes | 0 | 9,075,000 | 0 | 9,075,000 | 9,075,000 |
| Note Premium | 0 | 69,696 | 41,171 | 28,525 | 28,525 |
| Total Long-Term Notes | 8,385,000 | 11,094,696 | 8,426,171 | 11,053,525 | 11,053,525 |
| <i>Other Long-Term Obligations</i> | | | | | |
| Compensated Absences | 1,704,189 | 891,787 | 773,492 | 1,822,484 | 908,096 |
| Capital Leases | 883,450 | 146,041 | 269,466 | 760,025 | 263,712 |
| Total Governmental Activities | \$16,086,194 | \$12,132,524 | \$10,147,698 | \$18,071,020 | \$12,930,333 |

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

The \$2,295,000 various purpose improvement bond anticipation note issued February 10, 2004 at 1.35 percent and outstanding at December 31, 2004, was rolled over into the \$1,950,000 various purpose improvement bond anticipation note, issued February 9, 2005 at 2.75 percent and maturing February 9, 2006. The note is backed by the full faith and credit of the City of Warrensville Heights.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The \$6,090,000 various purpose improvement bond anticipation note issued July 14, 2004 at 2.10 percent and outstanding at December 31, 2004, was rolled over into the \$9,075,000 various purpose improvement bond anticipation note, issued July 14, 2005 at 4.00 percent and maturing June 1, 2006. The note is backed by the full faith and credit of the City of Warrensville Heights.

Compensated absences will be paid from the general fund.

As of December 31, 2005, the City's overall legal debt margin was \$23,937,247 and the unvoted legal debt margin was \$10,684,348.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2005 are as follows:

| | General Obligation Bonds | | Special Assessment Bonds | | Totals |
|-----------|-----------------------------|------------------|-----------------------------|------------------|--------------------|
| | Principal | Interest | Principal | Interest | |
| 2006 | \$611,645 | \$147,047 | \$93,355 | \$30,755 | \$882,802 |
| 2007 | 630,948 | 127,105 | 64,052 | 24,133 | 846,238 |
| 2008 | 660,252 | 105,298 | 69,748 | 19,882 | 855,180 |
| 2009 | 684,556 | 81,549 | 55,444 | 15,056 | 836,605 |
| 2010 | 393,860 | 55,968 | 56,140 | 11,387 | 517,355 |
| 2011-2014 | 1,077,467 | 102,534 | 117,533 | 9,426 | 1,306,960 |
| Total | <u>\$4,058,728</u> | <u>\$619,501</u> | <u>\$456,272</u> | <u>\$110,639</u> | <u>\$5,245,140</u> |

Note 13 – Capital Leases

During 2005, the City entered into lease agreements for snow plows and police vehicles. The City also has existing leases for copiers, vehicles, a street sweeper, a fire truck, police equipment and a postage meter. These lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and have been recorded on the government-wide statements. The machinery and equipment and vehicles have been capitalized in the amount of \$1,907,969, the present value of the minimum lease payments at the inception of the lease.

The assets acquired through capital leases are as follows:

| <i>Asset:</i> | Governmental Activities |
|--|----------------------------|
| Machinery and Equipment | \$158,076 |
| Vehicles | 1,749,893 |
| Historical Cost | 1,907,969 |
| Less: Accumulated Depreciation | (727,765) |
| Total Book Value as of December 31, 2005 | <u>\$1,180,204</u> |

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

| Year Ending December 31, | |
|------------------------------------|-----------|
| 2006 | \$301,723 |
| 2007 | 180,935 |
| 2008 | 163,334 |
| 2009 | 122,125 |
| 2010 | 88,376 |
| Total Minimum Lease Payments | 856,493 |
| Less: Amount Representing Interest | (96,468) |
| Present Value of Minimum Lease | \$760,025 |

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

Note 14 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2005, the City contracted with Arch Insurance Company and Travelers Property Casualty Insurance Company for various types of insurance as follows:

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

B. Workers' Compensation

The City participates in the Ohio Association of Public Treasurers (OAPT) risk reduction group rating program for workers' compensation premiums (Note 19). The OAPT uses a shared savings pool option to equalize the savings on workers' compensation premiums for all members. Participants benefit from reduced premiums, cost effective claims management, legal representation and consulting services. Each entity within the group pays its workers' compensation premium to the State of Ohio based on the rate for the OAPT, and total group savings are calculated and distributed based on each participant's performance as compared to the overall savings of the group. Each entity must then either contribute money to or receive money from the shared savings pool based on performance in order to equalize the savings for all members. Member participation in the OAPT group risk reduction program is open to those public entities that meet the group's selection requirements. Integrated Consulting Services, LTD provides administrative, cost containment and actuarial services for group members.

Note 15 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$347,145, \$362,647, and \$322,873 respectively; 72.6 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$4,228 made by the City and \$2,652 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$276,221 and \$339,090 for the year ended December 31, 2005, \$276,532 and \$336,526 for the year ended December 31, 2004, and \$277,139 and \$298,672 for the year ended December 31, 2003, equal to the required contribution for each year. The full amount has been contributed for 2004 and 2003. 75.8 percent for police and 76.6 percent for firefighters has been contributed for 2005.

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$145,401. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$182,188 for police and \$161,720 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

Note 17 - Compensated Absences

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

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

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

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

Note 18 - Jointly Governed Organization

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

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2005, the City of Warrensville Heights contributed \$6,000 to the Council. Financial information can be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

Note 19 – Insurance Purchasing Pool

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

City of Warrensville Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 20 - Contingencies

A. Litigation

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

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2005.

Note 21 - Subsequent Event

On February 9, 2006 the City refinanced the 2005 general obligation bond anticipation notes in the amount of \$1,950,000 for \$2,130,000 at 3.7 percent. The notes will mature February 8, 2007.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Grass Refuse Fund The Grass Refuse Fund accounts for monies received from a special assessment to be used for various expenses incurred by the City for upkeep on unkempt lots and/or lawns.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

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

Route 8/Northfield Road Project Fund The Route 8/Northfield Road Fund accounts for monies received from a note issuance to be used for the City's portion of the Route 8/Northfield Road project.

Sidewalk Repair and Replacement Project Fund The Sidewalk Replacement Grant Fund accounts for monies received from a note issuance and a grant to be used for the City's Sidewalk Replacement program.

Town Center Project Fund The Town Center Fund accounts for monies received from a note issuance and a grant from the Ohio Department of Development to be used for the City's Town Center project.

City of Warrensville Heights, Ohio

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2005

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$456,825 | \$1,973,043 | \$2,429,868 |
| Interfund Receivable | 0 | 75,924 | 75,924 |
| Intergovernmental Receivable | 322,295 | 76,637 | 398,932 |
| Property Taxes Receivable | 1,294,840 | 0 | 1,294,840 |
| <i>Total Assets</i> | <u>\$2,073,960</u> | <u>\$2,125,604</u> | <u>\$4,199,564</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | \$88,691 | \$1,597 | \$90,288 |
| Contracts Payable | 9,154 | 0 | 9,154 |
| Intergovernmental Payable | 2,526 | 0 | 2,526 |
| Interfund Payable | 27,861 | 75,924 | 103,785 |
| Deferred Revenue | 1,514,769 | 76,637 | 1,591,406 |
| <i>Total Liabilities</i> | <u>1,643,001</u> | <u>154,158</u> | <u>1,797,159</u> |
| Fund Balances | | | |
| Reserved for Encumbrances | 73,091 | 36,505 | 109,596 |
| Unreserved, Undesignated, Reported in: | | | |
| Special Revenue Funds | 357,868 | 0 | 357,868 |
| Capital Projects Funds | 0 | 1,934,941 | 1,934,941 |
| <i>Total Fund Balances</i> | <u>430,959</u> | <u>1,971,446</u> | <u>2,402,405</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$2,073,960</u> | <u>\$2,125,604</u> | <u>\$4,199,564</u> |

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Revenues | | | |
| Property and Other Taxes | \$658,627 | \$0 | \$658,627 |
| Intergovernmental | 1,022,056 | 22,361 | 1,044,417 |
| Interest | 5,078 | 0 | 5,078 |
| Fees, Licenses and Permits | 39,105 | 0 | 39,105 |
| Charges for Services | 5,924 | 0 | 5,924 |
| Other | 33,783 | 2,296 | 36,079 |
| <i>Total Revenues</i> | <u>1,764,573</u> | <u>24,657</u> | <u>1,789,230</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | 56,282 | 0 | 56,282 |
| Security of Persons and Property: | | | |
| Police | 324,912 | 0 | 324,912 |
| Fire | 320,281 | 0 | 320,281 |
| Community Development | 481,124 | 0 | 481,124 |
| Transportation | 483,978 | 0 | 483,978 |
| Capital Outlay | 0 | 1,005,408 | 1,005,408 |
| Debt Service: | | | |
| Interest and Fiscal Charges | 0 | 56,890 | 56,890 |
| <i>Total Expenditures</i> | <u>1,666,577</u> | <u>1,062,298</u> | <u>2,728,875</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>97,996</u> | <u>(1,037,641)</u> | <u>(939,645)</u> |
| Other Financing Sources (Uses) | | | |
| Refunding Notes Issued | 0 | 5,864,768 | 5,864,768 |
| Transfers In | 88,144 | 57,000 | 145,144 |
| Transfers Out | 0 | (596,620) | (596,620) |
| <i>Total Other Financing Sources (Uses)</i> | <u>88,144</u> | <u>5,325,148</u> | <u>5,413,292</u> |
| <i>Net Change in Fund Balances</i> | 186,140 | 4,287,507 | 4,473,647 |
| <i>Fund Balances (Deficit) Beginning of Year</i> | <u>244,819</u> | <u>(2,316,061)</u> | <u>(2,071,242)</u> |
| <i>Fund Balances End of Year</i> | <u>\$430,959</u> | <u>\$1,971,446</u> | <u>\$2,402,405</u> |

City of Warrensville Heights, Ohio

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2005

| | Street Construction, Maintenance and Repair | State Highway | Police Salary and Equipment | Fire Salary and Equipment |
|---|--|------------------|-----------------------------------|---------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$54,676 | \$7,206 | \$1,732 | \$4,280 |
| Intergovernmental Receivable | 214,952 | 17,429 | 4,873 | 4,873 |
| Property Taxes Receivable | 0 | 0 | 195,242 | 195,242 |
| <i>Total Assets</i> | <u>\$269,628</u> | <u>\$24,635</u> | <u>\$201,847</u> | <u>\$204,395</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$18,620 | \$0 | \$0 | \$0 |
| Contracts Payable | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 |
| Interfund Payable | 0 | 0 | 0 | 0 |
| Deferred Revenue | 126,835 | 10,284 | 200,115 | 200,115 |
| <i>Total Liabilities</i> | <u>145,455</u> | <u>10,284</u> | <u>200,115</u> | <u>200,115</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated (Deficit) | 124,173 | 14,351 | 1,732 | 4,280 |
| <i>Total Fund Balances (Deficit)</i> | <u>124,173</u> | <u>14,351</u> | <u>1,732</u> | <u>4,280</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$269,628</u> | <u>\$24,635</u> | <u>\$201,847</u> | <u>\$204,395</u> |

| Street Lighting | Building Levy | Law Enforcement Trust | Bureau of Justice Grant | Fire Pension | Police Pension |
|------------------|------------------|-----------------------|-------------------------|------------------|------------------|
| \$56,392 | \$44,920 | \$41,034 | \$2,149 | \$999 | \$1,527 |
| 11,872 | 3,663 | 0 | 0 | 3,837 | 3,837 |
| 462,060 | 141,880 | 0 | 0 | 150,208 | 150,208 |
| <u>\$530,324</u> | <u>\$190,463</u> | <u>\$41,034</u> | <u>\$2,149</u> | <u>\$155,044</u> | <u>\$155,572</u> |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 9,154 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 1,527 | 999 |
| 1,000 | 0 | 0 | 0 | 0 | 0 |
| 473,932 | 145,543 | 0 | 0 | 154,045 | 154,045 |
| <u>474,932</u> | <u>154,697</u> | <u>0</u> | <u>0</u> | <u>155,572</u> | <u>155,044</u> |
| 0 | 3,020 | 0 | 0 | 0 | 0 |
| 55,392 | 32,746 | 41,034 | 2,149 | (528) | 528 |
| <u>55,392</u> | <u>35,766</u> | <u>41,034</u> | <u>2,149</u> | <u>(528)</u> | <u>528</u> |
| <u>\$530,324</u> | <u>\$190,463</u> | <u>\$41,034</u> | <u>\$2,149</u> | <u>\$155,044</u> | <u>\$155,572</u> |

(continued)

City of Warrensville Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2005

| | DARE Grant | Juvenile Diversion Program | Community Navigator Service Award Grant | Fire Department Child Safety Grant |
|--|-----------------|----------------------------------|--|---|
| Assets | | | | |
| Equity in Pooled Cash and | | | | |
| Cash Equivalents | \$20,342 | \$5,780 | \$0 | \$808 |
| Intergovernmental Receivable | 0 | 0 | 0 | 0 |
| Property Taxes Receivable | 0 | 0 | 0 | 0 |
| <i>Total Assets</i> | <u>\$20,342</u> | <u>\$5,780</u> | <u>\$0</u> | <u>\$808</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$0 | \$0 | \$0 | \$0 |
| Contracts Payable | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 |
| Interfund Payable | 0 | 0 | 1,600 | 0 |
| Deferred Revenue | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>0</u> | <u>0</u> | <u>1,600</u> | <u>0</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated (Deficit) | 20,342 | 5,780 | (1,600) | 808 |
| <i>Total Fund Balances (Deficit)</i> | <u>20,342</u> | <u>5,780</u> | <u>(1,600)</u> | <u>808</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$20,342</u> | <u>\$5,780</u> | <u>\$0</u> | <u>\$808</u> |

| EMS Computer Grant | Local Law Enforcement Block Grant | Sidewalk Replacement | Juvenile Accountability Grant | COPS Grant | FEMA Grant | Cleveland Browns Foundation |
|--------------------------|--|-------------------------|-------------------------------------|-----------------|------------------|-----------------------------------|
| \$30,722 | \$21 | \$0 | \$0 | \$404 | \$136,041 | \$568 |
| 0 | 0 | 7,104 | 0 | 0 | 49,855 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$30,722</u> | <u>\$21</u> | <u>\$7,104</u> | <u>\$0</u> | <u>\$404</u> | <u>\$185,896</u> | <u>\$568</u> |
| \$26,667 | \$0 | \$0 | \$0 | \$0 | \$43,404 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 2,940 | 21,566 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 49,855 | 0 |
| <u>26,667</u> | <u>0</u> | <u>0</u> | <u>2,940</u> | <u>21,566</u> | <u>93,259</u> | <u>0</u> |
| 26,667 | 0 | 0 | 0 | 0 | 43,404 | 0 |
| (22,612) | 21 | 7,104 | (2,940) | (21,162) | 49,233 | 568 |
| <u>4,055</u> | <u>21</u> | <u>7,104</u> | <u>(2,940)</u> | <u>(21,162)</u> | <u>92,637</u> | <u>568</u> |
| <u>\$30,722</u> | <u>\$21</u> | <u>\$7,104</u> | <u>\$0</u> | <u>\$404</u> | <u>\$185,896</u> | <u>\$568</u> |

(continued)

City of Warrensville Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2005

| | CRA Monitoring Fee | The Cleveland Foundation | Economic Development Stimulus Incentive Grant | Grass Refuse | Total Nonmajor Special Revenue Funds |
|---|--------------------------|--------------------------------|--|-----------------|---|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$9,000 | \$4,819 | \$33,405 | \$0 | \$456,825 |
| Intergovernmental Receivable | 0 | 0 | 0 | 0 | 322,295 |
| Property Taxes Receivable | 0 | 0 | 0 | 0 | 1,294,840 |
| <i>Total Assets</i> | <u>\$9,000</u> | <u>\$4,819</u> | <u>\$33,405</u> | <u>\$0</u> | <u>\$2,073,960</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$0 | \$0 | \$0 | \$0 | \$88,691 |
| Contracts Payable | 0 | 0 | 0 | 0 | 9,154 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 | 2,526 |
| Interfund Payable | 0 | 0 | 0 | 755 | 27,861 |
| Deferred Revenue | 0 | 0 | 0 | 0 | 1,514,769 |
| <i>Total Liabilities</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>755</u> | <u>1,643,001</u> |
| Fund Balances | | | | | |
| Reserved for Encumbrances | 0 | 0 | 0 | 0 | 73,091 |
| Unreserved, Undesignated (Deficit) | 9,000 | 4,819 | 33,405 | (755) | 357,868 |
| <i>Total Fund Balances (Deficit)</i> | <u>9,000</u> | <u>4,819</u> | <u>33,405</u> | <u>(755)</u> | <u>430,959</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$9,000</u> | <u>\$4,819</u> | <u>\$33,405</u> | <u>\$0</u> | <u>\$2,073,960</u> |

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

| | Street Construction, Maintenance and Repair | State Highway | Police Salary and Equipment | Fire Salary and Equipment | Street Lighting |
|---|--|------------------|-----------------------------------|---------------------------------|--------------------|
| Revenues | | | | | |
| Property and Other Taxes | \$0 | \$0 | \$116,351 | \$116,351 | \$214,218 |
| Intergovernmental | 487,520 | 39,529 | 9,745 | 9,745 | 23,742 |
| Interest | 5,031 | 0 | 0 | 0 | 0 |
| Fees, Licenses and Permits | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 33,358 |
| <i>Total Revenues</i> | <u>492,551</u> | <u>39,529</u> | <u>126,096</u> | <u>126,096</u> | <u>271,318</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 |
| Security of Persons and Property: | | | | | |
| Police | 0 | 0 | 133,383 | 0 | 0 |
| Fire | 0 | 0 | 0 | 127,602 | 0 |
| Community Development | 0 | 0 | 0 | 0 | 224,878 |
| Transportation | 442,778 | 41,200 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>442,778</u> | <u>41,200</u> | <u>133,383</u> | <u>127,602</u> | <u>224,878</u> |
| <i>Excess of Revenues</i> <i>Over (Under) Expenditures</i> | 49,773 | (1,671) | (7,287) | (1,506) | 46,440 |
| Other Financing Sources | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| <i>Net Change in Fund Balances</i> | 49,773 | (1,671) | (7,287) | (1,506) | 46,440 |
| <i>Fund Balances (Deficit) Beginning of Year</i> | <u>74,400</u> | <u>16,022</u> | <u>9,019</u> | <u>5,786</u> | <u>8,952</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u>\$124,173</u> | <u>\$14,351</u> | <u>\$1,732</u> | <u>\$4,280</u> | <u>\$55,392</u> |

(continued)

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2005

| | Building Levy | Law Enforcement Trust | Bureau of Justice Grant | Fire Pension | Police Pension |
|---|------------------------|-----------------------------|-------------------------------|-----------------------|---------------------|
| Revenues | | | | | |
| Property and Other Taxes | \$75,673 | \$0 | \$0 | \$68,017 | \$68,017 |
| Intergovernmental | 7,325 | 0 | 3,709 | 7,673 | 7,673 |
| Interest | 0 | 0 | 28 | 0 | 0 |
| Fees, Licenses and Permits | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 5,924 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>82,998</u> | <u>5,924</u> | <u>3,737</u> | <u>75,690</u> | <u>75,690</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 56,282 | 0 | 0 | 0 | 0 |
| Security of Persons and Property: | | | | | |
| Police | 0 | 23,984 | 3,826 | 0 | 75,162 |
| Fire | 0 | 0 | 0 | 76,218 | 0 |
| Community Development | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>56,282</u> | <u>23,984</u> | <u>3,826</u> | <u>76,218</u> | <u>75,162</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 26,716 | (18,060) | (89) | (528) | 528 |
| Other Financing Sources | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| <i>Net Change in Fund Balances</i> | 26,716 | (18,060) | (89) | (528) | 528 |
| <i>Fund Balances (Deficit) Beginning of Year</i> | <u>9,050</u> | <u>59,094</u> | <u>2,238</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u><u>\$35,766</u></u> | <u><u>\$41,034</u></u> | <u><u>\$2,149</u></u> | <u><u>(\$528)</u></u> | <u><u>\$528</u></u> |

| DARE Grant | Community Development Block Grant | Juvenile Diversion Program | Community Navigator Service Award Grant | Fire Department Child Safety Grant | EMS Computer Grant | Local Law Enforcement Block Grant |
|------------|-----------------------------------|----------------------------|---|------------------------------------|--------------------|-----------------------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 18,788 | 44,345 | 9,749 | 2,100 | 0 | 26,733 | 30,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 19 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18,788 | 44,345 | 9,749 | 2,100 | 0 | 26,733 | 30,019 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24,000 | 0 | 26,842 | 0 | 0 | 0 | 34,643 |
| 0 | 0 | 0 | 0 | 0 | 26,667 | 0 |
| 0 | 35,350 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24,000 | 35,350 | 26,842 | 0 | 0 | 26,667 | 34,643 |
| (5,212) | 8,995 | (17,093) | 2,100 | 0 | 66 | (4,624) |
| 0 | 350 | 0 | 0 | 0 | 0 | 0 |
| (5,212) | 9,345 | (17,093) | 2,100 | 0 | 66 | (4,624) |
| 25,554 | (9,345) | 22,873 | (3,700) | 808 | 3,989 | 4,645 |
| \$20,342 | \$0 | \$5,780 | (\$1,600) | \$808 | \$4,055 | \$21 |

(continued)

City of Warrensville Heights, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds (continued)

For the Year Ended December 31, 2005

| | Sidewalk Replacement | Juvenile Accountability Grant | COPS Grant | FEMA Grant | Cleveland Browns Foundation |
|---|-------------------------|-------------------------------------|-------------------|-----------------|-----------------------------------|
| Revenues | | | | | |
| Property and Other Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 174,000 | 1,250 | 0 | 93,403 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 |
| Fees, Licenses and Permits | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>174,000</u> | <u>1,250</u> | <u>0</u> | <u>93,403</u> | <u>0</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 |
| Security of Persons and Property: | | | | | |
| Police | 0 | 0 | 904 | 0 | 1,820 |
| Fire | 0 | 0 | 0 | 89,794 | 0 |
| Community Development | 219,716 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>219,716</u> | <u>0</u> | <u>904</u> | <u>89,794</u> | <u>1,820</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (45,716) | 1,250 | (904) | 3,609 | (1,820) |
| Other Financing Sources | | | | | |
| Transfers In | 52,820 | 0 | 0 | 34,974 | 0 |
| <i>Net Change in Fund Balances</i> | 7,104 | 1,250 | (904) | 38,583 | (1,820) |
| <i>Fund Balances (Deficit) Beginning of Year</i> | <u>0</u> | <u>(4,190)</u> | <u>(20,258)</u> | <u>54,054</u> | <u>2,388</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u>\$7,104</u> | <u>(\$2,940)</u> | <u>(\$21,162)</u> | <u>\$92,637</u> | <u>\$568</u> |

| CRA Monitoring Fee | The Cleveland Foundation | Pilot Paint Program | Economic Development Stimulus Incentive Grant | Grass Refuse | Total Nonmajor Special Revenue Funds |
|--------------------------|--------------------------------|---------------------------|--|-----------------|---|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$658,627 |
| 0 | 0 | 25,027 | 0 | 0 | 1,022,056 |
| 0 | 0 | 0 | 0 | 0 | 5,078 |
| 6,750 | 0 | 0 | 32,355 | 0 | 39,105 |
| 0 | 0 | 0 | 0 | 0 | 5,924 |
| 0 | 0 | 0 | 0 | 425 | 33,783 |
| 6,750 | 0 | 25,027 | 32,355 | 425 | 1,764,573 |
| 0 | 0 | 0 | 0 | 0 | 56,282 |
| 0 | 348 | 0 | 0 | 0 | 324,912 |
| 0 | 0 | 0 | 0 | 0 | 320,281 |
| 0 | 0 | 0 | 0 | 1,180 | 481,124 |
| 0 | 0 | 0 | 0 | 0 | 483,978 |
| 0 | 348 | 0 | 0 | 1,180 | 1,666,577 |
| 6,750 | (348) | 25,027 | 32,355 | (755) | 97,996 |
| 0 | 0 | 0 | 0 | 0 | 88,144 |
| 6,750 | (348) | 25,027 | 32,355 | (755) | 186,140 |
| 2,250 | 5,167 | (25,027) | 1,050 | 0 | 244,819 |
| \$9,000 | \$4,819 | \$0 | \$33,405 | (\$755) | \$430,959 |

City of Warrensville Heights, Ohio

Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2005

| | <u>Building Repair and Improvement</u> | <u>Information Technology System</u> | <u>Land Acquisition</u> | <u>Snavelly Project</u> |
|--|--|--|-----------------------------|-----------------------------|
| Assets | | | | |
| Equity in Pooled Cash and | | | | |
| Cash Equivalents | \$1,738 | \$72,205 | \$406 | \$187,651 |
| Interfund Receivable | 0 | 0 | 0 | 0 |
| Intergovernmental Receivable | 0 | 0 | 76,637 | 0 |
| <i>Total Assets</i> | <u>\$1,738</u> | <u>\$72,205</u> | <u>\$77,043</u> | <u>\$187,651</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$0 | \$1,575 | \$0 | \$22 |
| Interfund Payable | 0 | 0 | 75,924 | 0 |
| Deferred Revenue | 0 | 0 | 76,637 | 0 |
| <i>Total Liabilities</i> | <u>0</u> | <u>1,575</u> | <u>152,561</u> | <u>22</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 0 | 29,123 | 0 | 3,132 |
| Unreserved, Undesignated (Deficit) | 1,738 | 41,507 | (75,518) | 184,497 |
| <i>Total Fund Balances (Deficit)</i> | <u>1,738</u> | <u>70,630</u> | <u>(75,518)</u> | <u>187,629</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$1,738</u> | <u>\$72,205</u> | <u>\$77,043</u> | <u>\$187,651</u> |

| Emery Woods Project | Siren Warning System | Route 8/ Northfield Road Project | Sidewalk Repair and Replacement Project | Town Center Project | Total Nonmajor Capital Projects Funds |
|---------------------------|----------------------------|--|---|---------------------------|--|
| \$305,583 | \$11,057 | \$2,146 | \$348,181 | \$1,044,076 | \$1,973,043 |
| 0 | 0 | 0 | 0 | 75,924 | 75,924 |
| 0 | 0 | 0 | 0 | 0 | 76,637 |
| <u>\$305,583</u> | <u>\$11,057</u> | <u>\$2,146</u> | <u>\$348,181</u> | <u>\$1,120,000</u> | <u>\$2,125,604</u> |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$1,597 |
| 0 | 0 | 0 | 0 | 0 | 75,924 |
| 0 | 0 | 0 | 0 | 0 | 76,637 |
| 0 | 0 | 0 | 0 | 0 | 154,158 |
| 4,250 | 0 | 0 | 0 | 0 | 36,505 |
| 301,333 | 11,057 | 2,146 | 348,181 | 1,120,000 | 1,934,941 |
| 305,583 | 11,057 | 2,146 | 348,181 | 1,120,000 | 1,971,446 |
| <u>\$305,583</u> | <u>\$11,057</u> | <u>\$2,146</u> | <u>\$348,181</u> | <u>\$1,120,000</u> | <u>\$2,125,604</u> |

City of Warrensville Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005

| | Building Repair and Improvement | Information Technology System | Issue II | Land Acquisition | Snavelly Project |
|--|---------------------------------------|-------------------------------------|-------------------|--------------------------|-------------------------|
| Revenues | | | | | |
| Intergovernmental | \$0 | \$0 | \$22,361 | \$0 | \$0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>0</u> | <u>0</u> | <u>22,361</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | | | |
| Capital Outlay | 1,243 | 27,250 | 22,361 | 61,637 | 596,319 |
| Debt Service: | | | | | |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 28,602 |
| <i>Total Expenditures</i> | <u>1,243</u> | <u>27,250</u> | <u>22,361</u> | <u>61,637</u> | <u>624,921</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(1,243)</u> | <u>(27,250)</u> | <u>0</u> | <u>(61,637)</u> | <u>(624,921)</u> |
| Other Financing Sources (Uses) | | | | | |
| Refunding Notes Issued | 0 | 709,129 | 0 | 15,000 | 1,823,000 |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | (11,800) | 0 | (500,000) | (30,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>697,329</u> | <u>0</u> | <u>(485,000)</u> | <u>1,793,000</u> |
| <i>Net Change in Fund Balances</i> | <u>(1,243)</u> | <u>670,079</u> | <u>0</u> | <u>(546,637)</u> | <u>1,168,079</u> |
| <i>Fund Balances Beginning of Year</i> | <u>2,981</u> | <u>(599,449)</u> | <u>0</u> | <u>471,119</u> | <u>(980,450)</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u><u>\$1,738</u></u> | <u><u>\$70,630</u></u> | <u><u>\$0</u></u> | <u><u>(\$75,518)</u></u> | <u><u>\$187,629</u></u> |

| Emery Woods Project | Siren Warning System | Route 8/ Northfield Road Project | Sidewalk Repair and Replacement Project | Town Center Project | Total Nonmajor Capital Projects Funds |
|---------------------|----------------------|----------------------------------|---|---------------------|---------------------------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$22,361 |
| 2,296 | 0 | 0 | 0 | 0 | 2,296 |
| 2,296 | 0 | 0 | 0 | 0 | 24,657 |
| 216,745 | 0 | 77,854 | 1,999 | 0 | 1,005,408 |
| 28,288 | 0 | 0 | 0 | 0 | 56,890 |
| 245,033 | 0 | 77,854 | 1,999 | 0 | 1,062,298 |
| (242,737) | 0 | (77,854) | (1,999) | 0 | (1,037,641) |
| 1,648,000 | 66,639 | 80,000 | 403,000 | 1,120,000 | 5,864,768 |
| 57,000 | 0 | 0 | 0 | 0 | 57,000 |
| (1,000) | (1,000) | 0 | (52,820) | 0 | (596,620) |
| 1,704,000 | 65,639 | 80,000 | 350,180 | 1,120,000 | 5,325,148 |
| 1,461,263 | 65,639 | 2,146 | 348,181 | 1,120,000 | 4,287,507 |
| (1,155,680) | (54,582) | 0 | 0 | 0 | (2,316,061) |
| \$305,583 | \$11,057 | \$2,146 | \$348,181 | \$1,120,000 | \$1,971,446 |

Combining Statements - Agency Funds

Agency Funds

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

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

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

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

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

City of Warrensville Heights, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2005

| | Beginning Balance 12/31/04 | Additions | Deductions | Ending Balance 12/31/05 |
|---|----------------------------------|-----------|------------|-------------------------------|
| <i>Developers Deposits Fund</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$69,330 | \$293,366 | \$232,227 | \$130,469 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$69,330 | \$293,366 | \$232,227 | \$130,469 |
| <i>Senior Civic Center Rental Fund</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,285 | \$700 | \$500 | \$1,485 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$1,285 | \$700 | \$500 | \$1,485 |
| <i>Payroll Clearing Fund</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$61,791 | \$154 | \$0 | \$61,945 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$61,791 | \$154 | \$0 | \$61,945 |
| <i>Exterior Maintenance Fund</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$17,658 | \$17,658 | \$0 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$0 | \$17,658 | \$17,658 | \$0 |

(continued)

City of Warrensville Heights, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2005

| | Beginning Balance 12/31/04 | Additions | Deductions | Ending Balance 12/31/05 |
|---|----------------------------------|-----------|------------|-------------------------------|
| Total - All Agency Funds | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$132,406 | \$311,878 | \$250,385 | \$193,899 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$132,406 | \$311,878 | \$250,385 | \$193,899 |

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

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|-----------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property and Other Taxes | \$1,086,130 | \$1,085,858 | \$1,077,058 | (\$8,800) |
| Income Taxes | 10,361,324 | 10,358,729 | 10,274,783 | (83,946) |
| Intergovernmental | 1,335,709 | 1,335,375 | 1,324,553 | (10,822) |
| Interest | 122,053 | 122,023 | 121,034 | (989) |
| Fees, Licenses and Permits | 363,737 | 363,646 | 360,699 | (2,947) |
| Fines and Forfeitures | 296,588 | 296,514 | 294,111 | (2,403) |
| Rentals | 10,130 | 10,127 | 10,045 | (82) |
| Charges for Services | 332,177 | 332,094 | 329,403 | (2,691) |
| Contributions and Donations | 10 | 10 | 10 | 0 |
| Other | 289,199 | 289,125 | 286,788 | (2,337) |
| <i>Total Revenues</i> | <u>14,197,057</u> | <u>14,193,501</u> | <u>14,078,484</u> | <u>(115,017)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Council | | | | |
| Personal Services | 124,905 | 123,590 | 121,798 | 1,792 |
| Materials and Supplies | 4,811 | 4,762 | 4,553 | 209 |
| Contractual Services | 1,860 | 4,439 | 4,439 | 0 |
| Total Council | <u>131,576</u> | <u>132,791</u> | <u>130,790</u> | <u>2,001</u> |
| Mayor | | | | |
| Personal Services | 294,439 | 288,743 | 287,116 | 1,627 |
| Materials and Supplies | 7,215 | 7,140 | 6,947 | 193 |
| Contractual Services | 20,673 | 20,456 | 20,159 | 297 |
| Total Mayor | <u>322,327</u> | <u>316,339</u> | <u>314,222</u> | <u>2,117</u> |
| Finance Department | | | | |
| Personal Services | 362,090 | 358,280 | 352,511 | 5,769 |
| Materials and Supplies | 9,587 | 9,493 | 8,886 | 607 |
| Contractual Services | 7,012 | 6,950 | 5,667 | 1,283 |
| Total Finance Department | <u>378,689</u> | <u>374,723</u> | <u>367,064</u> | <u>7,659</u> |
| Income Tax | | | | |
| Personal Services | 21,069 | 20,848 | 20,545 | 303 |
| Materials and Supplies | 934 | 924 | 911 | 13 |
| Contractual Services | 233,788 | 231,329 | 227,974 | 3,355 |
| Total Income Tax | <u>255,791</u> | <u>253,101</u> | <u>249,430</u> | <u>3,671</u> |
| Legal | | | | |
| Personal Services | 162,735 | 161,023 | 158,688 | 2,335 |
| Materials and Supplies | 759 | 751 | 740 | 11 |
| Contractual Services | 37,735 | 37,339 | 36,797 | 542 |
| Total Legal | <u>\$201,229</u> | <u>\$199,113</u> | <u>\$196,225</u> | <u>\$2,888</u> |

(continued)

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Human Resources | | | | |
| Personal Services | \$107,551 | \$106,208 | \$104,876 | \$1,332 |
| Materials and Supplies | 2,788 | 2,759 | 2,719 | 40 |
| Contractual Services | 3,721 | 3,894 | 3,894 | 0 |
| Total Human Resources | 114,060 | 112,861 | 111,489 | 1,372 |
| Boards and Commissions | | | | |
| Personal Services | 5,621 | 5,561 | 5,481 | 80 |
| Contractual Services | 3,740 | 3,701 | 3,647 | 54 |
| Total Boards and Commissions | 9,361 | 9,262 | 9,128 | 134 |
| Engineering | | | | |
| Contractual Services | 44,723 | 44,253 | 43,681 | 572 |
| Lands and Buildings | | | | |
| Materials and Supplies | 14,073 | 15,115 | 15,115 | 0 |
| Contractual Services | 338,839 | 334,106 | 328,490 | 5,616 |
| Capital Outlay | 128 | 127 | 125 | 2 |
| Total Lands and Buildings | 353,040 | 349,348 | 343,730 | 5,618 |
| Other Government | | | | |
| Personal Services | 36,793 | 36,406 | 35,878 | 528 |
| Materials and Supplies | 24,776 | 37,420 | 37,420 | 0 |
| Contractual Services | 591,703 | 585,479 | 578,259 | 7,220 |
| Capital Outlay | 9,452 | 9,353 | 9,217 | 136 |
| Other | 28,625 | 28,324 | 27,913 | 411 |
| Total Other Government | 691,349 | 696,982 | 688,687 | 8,295 |
| Total General Government | 2,502,145 | 2,488,773 | 2,454,446 | 34,327 |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Police Department | | | | |
| Personal Services | 3,971,115 | 4,008,788 | 4,008,788 | 0 |
| Materials and Supplies | 103,190 | 102,113 | 99,783 | 2,330 |
| Contractual Services | 210,000 | 211,166 | 211,166 | 0 |
| Total Police Department | 4,284,305 | 4,322,067 | 4,319,737 | 2,330 |
| Traffic Waiver | | | | |
| Personal Services | 42,319 | 41,875 | 41,267 | 608 |
| Materials and Supplies | 2,326 | 2,301 | 2,268 | 33 |
| Contractual Services | 202,299 | 200,171 | 197,268 | 2,903 |
| Total Traffic Waiver | 246,944 | 244,347 | 240,803 | 3,544 |
| Total Police | \$4,531,249 | \$4,566,414 | \$4,560,540 | \$5,874 |

(continued)

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-------------|---|
| | Original | Final | Actual | |
| Fire: | | | | |
| Fire Department | | | | |
| Personal Services | \$3,009,803 | \$3,099,116 | \$3,099,116 | \$0 |
| Materials and Supplies | 46,810 | 46,363 | 44,464 | 1,899 |
| Contractual Services | 83,452 | 82,599 | 79,640 | 2,959 |
| Total Fire | 3,140,065 | 3,228,078 | 3,223,220 | 4,858 |
| Total Security of Persons and Property | 7,671,314 | 7,794,492 | 7,783,760 | 10,732 |
| Public Health Services: | | | | |
| Health and Human Services | | | | |
| Contractual Services | 51,906 | 51,360 | 50,615 | 745 |
| Leisure Time Activities: | | | | |
| Community Activities | | | | |
| Materials and Supplies | 12,077 | 11,950 | 11,777 | 173 |
| Contractual Services | 3,328 | 3,293 | 3,245 | 48 |
| Other | 8,090 | 8,005 | 7,889 | 116 |
| Total Community Activities | 23,495 | 23,248 | 22,911 | 337 |
| Civic Center | | | | |
| Personal Services | 198,165 | 196,080 | 193,237 | 2,843 |
| Materials and Supplies | 10,262 | 10,154 | 10,007 | 147 |
| Contractual Services | 8,829 | 8,737 | 8,610 | 127 |
| Capital Outlay | 3,520 | 3,483 | 3,432 | 51 |
| Total Civic Center | 220,776 | 218,454 | 215,286 | 3,168 |
| Total Leisure Time Activities | 244,271 | 241,702 | 238,197 | 3,505 |
| Community Development: | | | | |
| Economic Development | | | | |
| Personal Services | 10,201 | 10,094 | 9,948 | 146 |
| Materials and Supplies | 2,558 | 2,531 | 2,494 | 37 |
| Contractual Services | 599 | 593 | 584 | 9 |
| Total Economic Development | 13,358 | 13,218 | 13,026 | 192 |
| Community Liaison | | | | |
| Personal Services | 72,209 | 71,449 | 70,413 | 1,036 |
| Materials and Supplies | 1,002 | 991 | 977 | 14 |
| Contractual Services | 8,203 | 8,117 | 7,999 | 118 |
| Total Community Liaison | 81,414 | 80,557 | 79,389 | 1,168 |
| Building Department | | | | |
| Personal Services | 454,639 | 449,858 | 443,333 | 6,525 |
| Materials and Supplies | 19,670 | 19,467 | 18,790 | 677 |
| Contractual Services | 22,499 | 22,263 | 22,031 | 232 |
| Capital Outlay | 5,106 | 5,052 | 4,979 | 73 |
| Total Building Department | 501,914 | 496,640 | 489,133 | 7,507 |
| Total Community Development | \$596,686 | \$590,415 | \$581,548 | \$8,867 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Transportation: | | | | |
| Service Department | | | | |
| Personal Services | \$1,007,435 | \$996,838 | \$982,381 | \$14,457 |
| Materials and Supplies | 450,508 | 446,012 | 420,182 | 25,830 |
| Contractual Services | 122,960 | 121,673 | 119,541 | 2,132 |
| Capital Outlay | 5,595 | 5,536 | 5,456 | 80 |
| Total Transportation | <u>1,586,498</u> | <u>1,570,059</u> | <u>1,527,560</u> | <u>42,499</u> |
| Basic Utility Services: | | | | |
| Solid Waste | | | | |
| Personal Services | 1,088,485 | 1,077,036 | 1,061,416 | 15,620 |
| Contractual Services | 245,932 | 243,345 | 239,816 | 3,529 |
| Total Basic Utility Services | <u>1,334,417</u> | <u>1,320,381</u> | <u>1,301,232</u> | <u>19,149</u> |
| <i>Total Expenditures</i> | <u>13,987,237</u> | <u>14,057,182</u> | <u>13,937,358</u> | <u>119,824</u> |
| <i>Excess of Revenues Over Expenditures</i> | <u>209,820</u> | <u>136,319</u> | <u>141,126</u> | <u>4,807</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 0 | 0 | 3,760 | 3,760 |
| Advances Out | 0 | 0 | (22,321) | (22,321) |
| Transfers Out | (231,838) | (12,710) | (153,754) | (141,044) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(231,838)</u> | <u>(12,710)</u> | <u>(172,315)</u> | <u>(159,605)</u> |
| <i>Net Change in Fund Balance</i> | (22,018) | 123,609 | (31,189) | (154,798) |
| <i>Fund Balance Beginning of Year</i> | 368,460 | 368,460 | 368,460 | 0 |
| Prior Year Encumbrances Appropriated | <u>35,766</u> | <u>35,766</u> | <u>35,766</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$382,208</u> | <u>\$527,835</u> | <u>\$373,037</u> | <u>(\$154,798)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$522,608 | \$522,608 | \$522,608 | \$0 |
| Special Assessments | 236,742 | 236,742 | 236,742 | 0 |
| Intergovernmental | 58,830 | 58,830 | 58,831 | 1 |
| <i>Total Revenues</i> | <u>818,180</u> | <u>818,180</u> | <u>818,181</u> | <u>1</u> |
| Expenditures | | | | |
| Debt Service: | | | | |
| Principal Retirement | 7,289,710 | 9,075,000 | 9,075,000 | 0 |
| Interest and Fiscal Charges | 208,217 | 277,258 | 276,304 | 954 |
| <i>Total Expenditures</i> | <u>7,497,927</u> | <u>9,352,258</u> | <u>9,351,304</u> | <u>954</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(6,679,747)</u> | <u>(8,534,078)</u> | <u>(8,533,123)</u> | <u>955</u> |
| Other Financing Sources | | | | |
| Bond Anticipation Notes Issued | 6,523,349 | 8,548,396 | 7,585,000 | (963,396) |
| Premium on Notes | 0 | 0 | 69,696 | 69,696 |
| Transfers In | 0 | 0 | 893,700 | 893,700 |
| <i>Total Other Financing Sources</i> | <u>6,523,349</u> | <u>8,548,396</u> | <u>8,548,396</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (156,398) | 14,318 | 15,273 | 955 |
| <i>Fund Balance Beginning of Year</i> | <u>149,615</u> | <u>149,615</u> | <u>149,615</u> | <u>0</u> |
| <i>Fund Balance (Deficit) End of Year</i> | <u><u>(\$6,783)</u></u> | <u><u>\$163,933</u></u> | <u><u>\$164,888</u></u> | <u><u>\$955</u></u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Donations | 85,000 | 85,000 | 85,000 | 0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 4,082,750 | 2,582,750 | 1,633,112 | 949,638 |
| <i>Excess of Revenues Under Expenditures</i> | <u>(3,997,750)</u> | <u>(2,497,750)</u> | <u>(1,548,112)</u> | <u>949,638</u> |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 3,387,750 | 3,391,750 | 1,140,000 | (2,251,750) |
| Transfers In | 0 | 0 | 118,430 | 118,430 |
| Transfers Out | 0 | 0 | (406,900) | (406,900) |
| <i>Total Other Financing Sources (Uses)</i> | <u>3,387,750</u> | <u>3,391,750</u> | <u>851,530</u> | <u>(2,540,220)</u> |
| <i>Net Change in Fund Balance</i> | (610,000) | 894,000 | (696,582) | (1,590,582) |
| <i>Fund Balance Beginning of Year</i> | <u>1,015,189</u> | <u>1,015,189</u> | <u>1,015,189</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$405,189</u> | <u>\$1,909,189</u> | <u>\$318,607</u> | <u>(\$1,590,582)</u> |

City of Warrensville Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2005*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$390,838 | \$472,453 | \$472,453 | \$0 |
| Interest | 4,162 | 5,031 | 5,031 | 0 |
| <i>Total Revenues</i> | <u>395,000</u> | <u>477,484</u> | <u>477,484</u> | <u>0</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Maintenance | | | | |
| Personal Services | 277,720 | 298,813 | 298,800 | 13 |
| Materials and Supplies | 48,164 | 51,822 | 51,820 | 2 |
| Contractual Services | 23,236 | 25,001 | 25,000 | 1 |
| Total Street Maintenance | <u>349,120</u> | <u>375,636</u> | <u>375,620</u> | <u>16</u> |
| Snow and Ice Removal | | | | |
| Materials and Supplies | 14,694 | 15,810 | 15,810 | 0 |
| Contractual Services | 13,942 | 15,000 | 15,000 | 0 |
| Total Snow and Ice Removal | <u>28,636</u> | <u>30,810</u> | <u>30,810</u> | <u>0</u> |
| Traffic Control | | | | |
| Materials and Supplies | 680 | 732 | 732 | 0 |
| Contractual Services | 16,564 | 17,822 | 17,821 | 1 |
| Total Traffic Control | <u>17,244</u> | <u>18,554</u> | <u>18,553</u> | <u>1</u> |
| <i>Total Expenditures</i> | <u>395,000</u> | <u>425,000</u> | <u>424,983</u> | <u>17</u> |
| <i>Net Change in Fund Balance</i> | 0 | 52,484 | 52,501 | 17 |
| <i>Fund Balance Beginning of Year</i> | <u>2,175</u> | <u>2,175</u> | <u>2,175</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$2,175</u> | <u>\$54,659</u> | <u>\$54,676</u> | <u>\$17</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|--------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$51,500 | \$38,306 | \$38,307 | \$1 |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Maintenance | | | | |
| Personal Services | 48,000 | 48,000 | 41,200 | 6,800 |
| <i>Net Change in Fund Balance</i> | 3,500 | (9,694) | (2,893) | 6,801 |
| <i>Fund Balance Beginning of Year</i> | 10,099 | 10,099 | 10,099 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$13,599</u> | <u>\$405</u> | <u>\$7,206</u> | <u>\$6,801</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Salary and Equipment Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$120,205 | \$120,205 | \$116,351 | (\$3,854) |
| Intergovernmental | 10,068 | 10,068 | 9,745 | (323) |
| <i>Total Revenues</i> | <u>130,273</u> | <u>130,273</u> | <u>126,096</u> | <u>(4,177)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Personal Services | 130,000 | 126,000 | 122,170 | 3,830 |
| Other | 13,000 | 12,000 | 11,213 | 787 |
| <i>Total Expenditures</i> | <u>143,000</u> | <u>138,000</u> | <u>133,383</u> | <u>4,617</u> |
| <i>Net Change in Fund Balance</i> | (12,727) | (7,727) | (7,287) | 440 |
| <i>Fund Balance Beginning of Year</i> | <u>9,019</u> | <u>9,019</u> | <u>9,019</u> | <u>0</u> |
| <i>Fund Balance (Deficit) End of Year</i> | <u><u>(\$3,708)</u></u> | <u><u>\$1,292</u></u> | <u><u>\$1,732</u></u> | <u><u>\$440</u></u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Salary and Equipment Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$120,205 | \$120,205 | \$116,351 | (\$3,854) |
| Intergovernmental | 10,068 | 10,068 | 9,745 | (323) |
| <i>Total Revenues</i> | 130,273 | 130,273 | 126,096 | (4,177) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Fire | | | | |
| Personal Services | 105,000 | 105,000 | 105,000 | 0 |
| Capital Outlay | 34,000 | 30,000 | 22,602 | 7,398 |
| <i>Total Expenditures</i> | 139,000 | 135,000 | 127,602 | 7,398 |
| <i>Net Change in Fund Balance</i> | (8,727) | (4,727) | (1,506) | 3,221 |
| <i>Fund Balance Beginning of Year</i> | 5,786 | 5,786 | 5,786 | 0 |
| <i>Fund Balance (Deficit) End of Year</i> | (\$2,941) | \$1,059 | \$4,280 | \$3,221 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$190,241 | \$216,578 | \$214,218 | (\$2,360) |
| Intergovernmental | 21,085 | 24,004 | 23,742 | (262) |
| Other | 29,624 | 33,725 | 33,358 | (367) |
| <i>Total Revenues</i> | 240,950 | 274,307 | 271,318 | (2,989) |
| Expenditures | | | | |
| Current: | | | | |
| Community Development: | | | | |
| Street Lighting | | | | |
| Contractual Services | 245,000 | 265,000 | 254,045 | 10,955 |
| <i>Net Change in Fund Balance</i> | (4,050) | 9,307 | 17,273 | 7,966 |
| <i>Fund Balance Beginning of Year</i> | 39,119 | 39,119 | 39,119 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$35,069</u> | <u>\$48,426</u> | <u>\$56,392</u> | <u>\$7,966</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Levy Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------|----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$77,503 | \$77,503 | \$75,673 | (\$1,830) |
| Intergovernmental | 7,502 | 7,502 | 7,325 | (177) |
| <i>Total Revenues</i> | 85,005 | 85,005 | 82,998 | (2,007) |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Building Levy | | | | |
| Materials and Supplies | 1,100 | 1,100 | 0 | 1,100 |
| Contractual Services | 70,000 | 70,000 | 37,298 | 32,702 |
| Capital Outlay | 29,662 | 26,662 | 17,700 | 8,962 |
| <i>Total Expenditures</i> | 100,762 | 97,762 | 54,998 | 42,764 |
| <i>Net Change in Fund Balance</i> | (15,757) | (12,757) | 28,000 | 40,757 |
| <i>Fund Balance Beginning of Year</i> | 7,138 | 7,138 | 7,138 | 0 |
| Prior Year Encumbrances Appropriated | 6,762 | 6,762 | 6,762 | 0 |
| <i>Fund Balance (Deficit) End of Year</i> | (\$1,857) | \$1,143 | \$41,900 | \$40,757 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------|----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Charges for Services | \$20,000 | \$5,924 | \$5,924 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Materials and Supplies | 48,000 | 48,000 | 14,600 | 33,400 |
| Capital Outlay | 12,000 | 12,000 | 9,384 | 2,616 |
| <i>Total Expenditures</i> | 60,000 | 60,000 | 23,984 | 36,016 |
| <i>Net Change in Fund Balance</i> | (40,000) | (54,076) | (18,060) | 36,016 |
| <i>Fund Balance Beginning of Year</i> | 59,094 | 59,094 | 59,094 | 0 |
| <i>Fund Balance End of Year</i> | \$19,094 | \$5,018 | \$41,034 | \$36,016 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bureau of Justice Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$2,500 | \$3,709 | \$3,709 | \$0 |
| Interest | 0 | 28 | 28 | 0 |
| <i>Total Revenues</i> | 2,500 | 3,737 | 3,737 | 0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Capital Outlay | 2,500 | 2,500 | 3,826 | (1,326) |
| <i>Net Change in Fund Balance</i> | 0 | 1,237 | (89) | (1,326) |
| <i>Fund Balance Beginning of Year</i> | 2,238 | 2,238 | 2,238 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$2,238</u> | <u>\$3,475</u> | <u>\$2,149</u> | <u>(\$1,326)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|--------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$68,749 | \$68,749 | \$68,017 | (\$732) |
| Intergovernmental | 7,756 | 7,756 | 7,673 | (83) |
| <i>Total Revenues</i> | 76,505 | 76,505 | 75,690 | (815) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Fire | | | | |
| Personal Services | 79,000 | 79,000 | 79,000 | 0 |
| <i>Net Change in Fund Balance</i> | (2,495) | (2,495) | (3,310) | (815) |
| <i>Fund Balance Beginning of Year</i> | 4,309 | 4,309 | 4,309 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$1,814</u> | <u>\$1,814</u> | <u>\$999</u> | <u>(\$815)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$68,749 | \$68,749 | \$68,017 | (\$732) |
| Intergovernmental | 7,756 | 7,756 | 7,673 | (83) |
| <i>Total Revenues</i> | 76,505 | 76,505 | 75,690 | (815) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Personal Services | 79,000 | 79,000 | 79,000 | 0 |
| <i>Net Change in Fund Balance</i> | (2,495) | (2,495) | (3,310) | (815) |
| <i>Fund Balance Beginning of Year</i> | 4,837 | 4,837 | 4,837 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$2,342</u> | <u>\$2,342</u> | <u>\$1,527</u> | <u>(\$815)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$17,000 | \$18,788 | \$18,788 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Personal Services | 26,500 | 26,500 | 24,000 | 2,500 |
| <i>Net Change in Fund Balance</i> | (9,500) | (7,712) | (5,212) | 2,500 |
| <i>Fund Balance Beginning of Year</i> | 25,554 | 25,554 | 25,554 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$16,054</u> | <u>\$17,842</u> | <u>\$20,342</u> | <u>\$2,500</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$10,606 | \$47,000 | \$44,345 | (\$2,655) |
| Expenditures | | | | |
| Current: | | | | |
| Community Development: | | | | |
| Community Development Block Grant | | | | |
| Contractual Services | 0 | 35,500 | 35,350 | 150 |
| <i>Excess of Revenues Over Expenditures</i> | 10,606 | 11,500 | 8,995 | (2,505) |
| Other Financing Sources | | | | |
| Transfers In | 0 | 0 | 350 | 350 |
| <i>Net Change in Fund Balance</i> | 10,606 | 11,500 | 9,345 | (2,155) |
| <i>Fund Deficit Beginning of Year</i> | (9,345) | (9,345) | (9,345) | 0 |
| <i>Fund Balance End of Year</i> | <u>\$1,261</u> | <u>\$2,155</u> | <u>\$0</u> | <u>(\$2,155)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Juvenile Diversion Program Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------|----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$12,000 | \$9,749 | \$9,749 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Patrol | | | | |
| Personal Services | 10,000 | 17,593 | 8,398 | 9,195 |
| Materials and Supplies | 2,000 | 2,000 | 18,444 | (16,444) |
| <i>Total Expenditures</i> | 12,000 | 19,593 | 26,842 | (7,249) |
| <i>Net Change in Fund Balance</i> | 0 | (9,844) | (17,093) | (7,249) |
| <i>Fund Balance Beginning of Year</i> | 22,873 | 22,873 | 22,873 | 0 |
| <i>Fund Balance End of Year</i> | \$22,873 | \$13,029 | \$5,780 | (\$7,249) |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Navigator Service Award Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$2,100 | \$2,100 | \$2,100 | \$0 |
| Expenditures | 0 | 0 | 0 | 0 |
| <i>Excess of Revenues Over Expenditures</i> | 2,100 | 2,100 | 2,100 | 0 |
| Other Financing Uses | | | | |
| Advances Out | 0 | 0 | (2,100) | (2,100) |
| <i>Net Change in Fund Balance</i> | 2,100 | 2,100 | 0 | (2,100) |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$2,100</u> | <u>\$2,100</u> | <u>\$0</u> | <u>(\$2,100)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Department Child Safety Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-------|--------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Fire | | | | |
| Materials and Supplies | 808 | 808 | 0 | 808 |
| <i>Net Change in Fund Balance</i> | (808) | (808) | 0 | 808 |
| <i>Fund Balance Beginning of Year</i> | 808 | 808 | 808 | 0 |
| <i>Fund Balance End of Year</i> | \$0 | \$0 | \$808 | \$808 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
EMS Computer Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$28,733 | \$26,733 | (\$2,000) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Fire | | | | |
| Capital Outlay | 3,989 | 30,722 | 26,667 | 4,055 |
| <i>Net Change in Fund Balance</i> | (3,989) | (1,989) | 66 | 2,055 |
| <i>Fund Balance Beginning of Year</i> | 3,989 | 3,989 | 3,989 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$2,000</u> | <u>\$4,055</u> | <u>\$2,055</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Law Enforcement Block Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$30,000 | \$30,000 | \$0 |
| Interest | 0 | 18 | 19 | 1 |
| <i>Total Revenues</i> | 0 | 30,018 | 30,019 | 1 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Capital Outlay | 4,642 | 34,643 | 34,643 | 0 |
| <i>Net Change in Fund Balance</i> | (4,642) | (4,625) | (4,624) | 1 |
| <i>Fund Balance Beginning of Year</i> | 4,645 | 4,645 | 4,645 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$3</u> | <u>\$20</u> | <u>\$21</u> | <u>\$1</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Replacement Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$185,000 | \$219,717 | \$166,896 | (\$52,821) |
| Expenditures | | | | |
| Current: | | | | |
| Community Development: | | | | |
| Sidewalk Replacement | | | | |
| Contractual Services | 185,000 | 386,000 | 219,716 | 166,284 |
| <i>Excess of Revenues Under Expenditures</i> | 0 | (166,283) | (52,820) | 113,463 |
| Other Financing Sources | | | | |
| Transfers In | 0 | 0 | 52,820 | 52,820 |
| <i>Net Change in Fund Balance</i> | 0 | (166,283) | 0 | 166,283 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$0</u> | <u>(\$166,283)</u> | <u>\$0</u> | <u>\$166,283</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Juvenile Accountability Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$4,100 | \$4,100 | \$1,250 | (\$2,850) |
| Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Excess of Revenues Over Expenditures</i> | 4,100 | 4,100 | 1,250 | (2,850) |
| Other Financing Uses | | | | |
| Advances Out | <u>(4,500)</u> | <u>(4,500)</u> | <u>(1,660)</u> | <u>2,840</u> |
| <i>Net Change in Fund Balance</i> | (400) | (400) | (410) | (10) |
| <i>Fund Balance Beginning of Year</i> | <u>410</u> | <u>410</u> | <u>410</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$10</u></u> | <u><u>\$10</u></u> | <u><u>\$0</u></u> | <u><u>(\$10)</u></u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------|----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$35,440 | \$35,500 | \$0 | (\$35,500) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Materials and Supplies | 429 | 429 | 26 | 403 |
| Capital Outlay | 14,340 | 14,340 | 878 | 13,462 |
| <i>Total Expenditures</i> | 14,769 | 14,769 | 904 | 13,865 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 20,671 | 20,731 | (904) | (21,635) |
| Other Financing Sources | | | | |
| Advances In | 0 | 0 | 21,566 | 21,566 |
| <i>Net Change in Fund Balance</i> | 20,671 | 20,731 | 20,662 | (69) |
| <i>Fund Deficit Beginning of Year</i> | (20,258) | (20,258) | (20,258) | 0 |
| <i>Fund Balance End of Year</i> | \$413 | \$473 | \$404 | (\$69) |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$25,000 | \$178,000 | \$107,698 | (\$70,302) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Fire | | | | |
| Materials and Supplies | 24,987 | 24,988 | 14,886 | 10,102 |
| Capital Outlay | 109,450 | 212,450 | 134,345 | 78,105 |
| <i>Total Expenditures</i> | 134,437 | 237,438 | 149,231 | 88,207 |
| <i>Excess of Revenues</i> | | | | |
| <i> Under Expenditures</i> | (109,437) | (59,438) | (41,533) | 17,905 |
| Other Financing Sources | | | | |
| Transfers In | 0 | 0 | 34,974 | 34,974 |
| <i>Net Change in Fund Balance</i> | (109,437) | (59,438) | (6,559) | 52,879 |
| <i>Fund Balance Beginning of Year</i> | 39,759 | 39,759 | 39,759 | 0 |
| Prior Year Encumbrances Appropriated | 59,437 | 59,437 | 59,437 | 0 |
| <i>Fund Balance (Deficit) End of Year</i> | (\$10,241) | \$39,758 | \$92,637 | \$52,879 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cleveland Browns Foundation Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|---------|---------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Materials and Supplies | 1,200 | 1,200 | 1,129 | 71 |
| Contractual Services | 3,400 | 3,400 | 3,113 | 287 |
| <i>Total Expenditures</i> | 4,600 | 4,600 | 4,242 | 358 |
| <i>Net Change in Fund Balance</i> | (4,600) | (4,600) | (4,242) | 358 |
| <i>Fund Balance Beginning of Year</i> | 4,810 | 4,810 | 4,810 | 0 |
| <i>Fund Balance End of Year</i> | \$210 | \$210 | \$568 | \$358 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CRA Monitoring Fee Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fees, Licenses and Permits | \$1,500 | \$6,750 | \$6,750 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| CRA Monitoring Fee: | | | | |
| Personal Services | 1,000 | 1,000 | 0 | 1,000 |
| <i>Net Change in Fund Balance</i> | 500 | 5,750 | 6,750 | 1,000 |
| <i>Fund Balance Beginning of Year</i> | 2,250 | 2,250 | 2,250 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$2,750</u> | <u>\$8,000</u> | <u>\$9,000</u> | <u>\$1,000</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
The Cleveland Foundation Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|---------|---------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$5,000 | \$5,000 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | | | | |
| Materials and Supplies | 167 | 5,167 | 348 | 4,819 |
| <i>Net Change in Fund Balance</i> | (167) | (167) | 4,652 | 4,819 |
| <i>Fund Balance Beginning of Year</i> | 167 | 167 | 167 | 0 |
| <i>Fund Balance End of Year</i> | \$0 | \$0 | \$4,819 | \$4,819 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Pilot Paint Program Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$25,027 | \$25,027 | \$25,027 | \$0 |
| Expenditures | 0 | 0 | 0 | 0 |
| <i>Net Change in Fund Balance</i> | 25,027 | 25,027 | 25,027 | 0 |
| <i>Fund Deficit Beginning of Year</i> | (25,027) | (25,027) | (25,027) | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Stimulus Incentive Grant Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fees, Licenses and Permits | \$75,000 | \$75,000 | \$32,355 | (\$42,645) |
| Expenditures | | | | |
| Current: | | | | |
| Community Development: | | | | |
| EDSI Grant Program | | | | |
| Contractual Services | 75,000 | 75,000 | 0 | 75,000 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 32,355 | 32,355 |
| <i>Fund Balance Beginning of Year</i> | 1,050 | 1,050 | 1,050 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$1,050</u> | <u>\$1,050</u> | <u>\$33,405</u> | <u>\$32,355</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Grass Refuse Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Other | \$10,000 | \$10,000 | \$425 | (\$9,575) |
| Expenditures | | | | |
| Current: | | | | |
| Community Development: | | | | |
| Grass Refuse Program | | | | |
| Contractual Services | 10,000 | 10,000 | 1,180 | 8,820 |
| <i>Excess of Revenues</i> | | | | |
| <i>(Under) Expenditures</i> | 0 | 0 | (755) | (755) |
| Other Financing Sources | | | | |
| Advances In | 0 | 0 | 755 | 755 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Repair and Improvement Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|---------|---------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 2,981 | 2,981 | 1,243 | 1,738 |
| <i>Net Change in Fund Balance</i> | (2,981) | (2,981) | (1,243) | 1,738 |
| <i>Fund Balance Beginning of Year</i> | 2,981 | 2,981 | 2,981 | 0 |
| <i>Fund Balance End of Year</i> | \$0 | \$0 | \$1,738 | \$1,738 |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Information Technology System Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------|------------------------|------------------------|---|
| | Original | Final | | |
| Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Materials and Supplies | 37,500 | 20,000 | 17,500 | 2,500 |
| Contractual Services | <u>1,323,000</u> | <u>45,500</u> | <u>37,298</u> | <u>8,202</u> |
| <i>Total Expenditures</i> | <u>1,360,500</u> | <u>65,500</u> | <u>54,798</u> | <u>10,702</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(1,360,500)</u> | <u>(65,500)</u> | <u>(54,798)</u> | <u>10,702</u> |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 1,340,000 | 68,200 | 80,000 | 11,800 |
| Transfers Out | <u>0</u> | <u>0</u> | <u>(11,800)</u> | <u>(11,800)</u> |
| <i>Total Other Financing Sources (Uses)</i> | <u>1,340,000</u> | <u>68,200</u> | <u>68,200</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (20,500) | 2,700 | 13,402 | 10,702 |
| <i>Fund Balance Beginning of Year</i> | 12,180 | 12,180 | 12,180 | 0 |
| Prior Year Encumbrances Appropriated | <u>17,500</u> | <u>17,500</u> | <u>17,500</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$9,180</u></u> | <u><u>\$32,380</u></u> | <u><u>\$43,082</u></u> | <u><u>\$10,702</u></u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$140,000 | \$145,000 | \$22,361 | (\$122,639) |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 140,000 | 140,000 | 22,361 | 117,639 |
| <i>Net Change in Fund Balance</i> | 0 | 5,000 | 0 | (5,000) |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$5,000</u> | <u>\$0</u> | <u>(\$5,000)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Acquisition Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|--------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 2,711,000 | 2,711,000 | 61,637 | 2,649,363 |
| <i>Excess of Revenues Under Expenditures</i> | (2,711,000) | (2,711,000) | (61,637) | 2,649,363 |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 2,661,001 | 2,261,001 | 15,000 | (2,246,001) |
| Advances In | 0 | 0 | 75,924 | 75,924 |
| Transfers Out | 0 | 0 | (500,000) | (500,000) |
| <i>Total Other Financing Sources (Uses)</i> | 2,661,001 | 2,261,001 | (409,076) | (2,670,077) |
| <i>Net Change in Fund Balance</i> | (49,999) | (449,999) | (470,713) | (20,714) |
| <i>Fund Balance Beginning of Year</i> | 471,119 | 471,119 | 471,119 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$421,120</u> | <u>\$21,120</u> | <u>\$406</u> | <u>(\$20,714)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Snavelly Project Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------------|-------------------------|---|
| | Original | Final | | |
| Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 1,523,000 | 1,523,000 | 599,429 | 923,571 |
| Debt Service: | | | | |
| Interest and Fiscal Charges | <u>50,000</u> | <u>50,000</u> | <u>41,127</u> | <u>8,873</u> |
| <i>Total Expenditures</i> | <u>1,573,000</u> | <u>1,573,000</u> | <u>640,556</u> | <u>932,444</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(1,573,000)</u> | <u>(1,573,000)</u> | <u>(640,556)</u> | <u>932,444</u> |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 1,273,000 | 520,000 | 550,000 | 30,000 |
| Transfers Out | <u>0</u> | <u>0</u> | <u>(30,000)</u> | <u>(30,000)</u> |
| <i>Total Other Financing Sources (Uses)</i> | <u>1,273,000</u> | <u>520,000</u> | <u>520,000</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | <u>(300,000)</u> | <u>(1,053,000)</u> | <u>(120,556)</u> | <u>932,444</u> |
| <i>Fund Balance Beginning of Year</i> | <u>305,075</u> | <u>305,075</u> | <u>305,075</u> | <u>0</u> |
| <i>Fund Balance (Deficit) End of Year</i> | <u><u>\$5,075</u></u> | <u><u>(\$747,925)</u></u> | <u><u>\$184,519</u></u> | <u><u>\$932,444</u></u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Emery Woods Project Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|-------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Other | \$2,300 | \$2,300 | \$2,296 | (\$4) |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 2,302,200 | 2,194,200 | 357,162 | 1,837,038 |
| Debt Service: | | | | |
| Interest and Fiscal Charges | 50,000 | 50,000 | 44,000 | 6,000 |
| <i>Total Expenditures</i> | <u>2,352,200</u> | <u>2,244,200</u> | <u>401,162</u> | <u>1,843,038</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(2,349,900)</u> | <u>(2,241,900)</u> | <u>(398,866)</u> | <u>1,843,034</u> |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 2,349,700 | 1,704,700 | 51,000 | (1,653,700) |
| Transfers In | 0 | 0 | 57,000 | 57,000 |
| Transfers Out | 0 | 0 | (1,000) | (1,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>2,349,700</u> | <u>1,704,700</u> | <u>107,000</u> | <u>(1,597,700)</u> |
| <i>Net Change in Fund Balance</i> | (200) | (537,200) | (291,866) | 245,334 |
| <i>Fund Balance Beginning of Year</i> | <u>593,199</u> | <u>593,199</u> | <u>593,199</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$592,999</u></u> | <u><u>\$55,999</u></u> | <u><u>\$301,333</u></u> | <u><u>\$245,334</u></u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Siren Warning System Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Capital Outlay | 67,000 | 7,000 | 0 | 7,000 |
| <i>Excess of Revenues Under Expenditures</i> | (67,000) | (7,000) | 0 | 7,000 |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 67,000 | 67,000 | 1,000 | (66,000) |
| Transfers Out | 0 | 0 | (1,000) | (1,000) |
| <i>Total Other Financing Sources (Uses)</i> | 67,000 | 67,000 | 0 | (67,000) |
| <i>Net Change in Fund Balance</i> | 0 | 60,000 | 0 | (60,000) |
| <i>Fund Balance Beginning of Year</i> | 11,057 | 11,057 | 11,057 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$11,057</u> | <u>\$71,057</u> | <u>\$11,057</u> | <u>(\$60,000)</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Route 8/Northfield Road Project Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|----------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 80,000 | 80,000 | 77,854 | 2,146 |
| <i>Excess of Revenues Under Expenditures</i> | (80,000) | (80,000) | (77,854) | 2,146 |
| Other Financing Sources | | | | |
| Bond Anticipation Notes Issued | 80,000 | 80,000 | 80,000 | 0 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 2,146 | 2,146 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$2,146</u> | <u>\$2,146</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Repair and Replacement Project Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 403,000 | 403,000 | 1,999 | 401,001 |
| <i>Excess of Revenues Under Expenditures</i> | (403,000) | (403,000) | (1,999) | 401,001 |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 403,000 | 403,000 | 403,000 | 0 |
| Transfers Out | 0 | 0 | (52,820) | (52,820) |
| <i>Total Other Financing Sources (Uses)</i> | 403,000 | 403,000 | 350,180 | (52,820) |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 348,181 | 348,181 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$348,181</u> | <u>\$348,181</u> |

City of Warrensville Heights, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Town Center Project Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|--------------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Contractual Services | 1,120,000 | 1,120,000 | 0 | 1,120,000 |
| <i>Excess of Revenues Under Expenditures</i> | (1,120,000) | (1,120,000) | 0 | 1,120,000 |
| Other Financing Sources (Uses) | | | | |
| Bond Anticipation Notes Issued | 1,120,000 | 1,120,000 | 1,120,000 | 0 |
| Transfers Out | 0 | 0 | (75,924) | (75,924) |
| <i>Total Other Financing Sources (Uses)</i> | 1,120,000 | 1,120,000 | 1,044,076 | (75,924) |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 1,044,076 | 1,044,076 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$1,044,076</u> | <u>\$1,044,076</u> |

Statistical Section

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

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

| | 2005 | 2004 | 2003 |
|--|---------------------|---------------------|---------------------|
| Program Revenues | | | |
| Charges for Services | \$1,210,488 | \$1,161,299 | \$846,937 |
| Operating Grants and Contributions | 1,043,193 | 1,053,637 | 967,325 |
| Capital Grants and Contributions | 183,998 | 1,081,657 | 475,087 |
| General Revenues | | | |
| Property and Other Taxes | 2,275,169 | 2,234,637 | 2,152,172 |
| Income Taxes | 10,318,081 | 10,527,562 | 9,860,864 |
| Grants and Entitlements not Restricted to Specific Programs | 1,456,018 | 1,117,195 | 899,091 |
| Investment Earnings | 126,112 | 37,376 | 60,835 |
| Other | 322,867 | 251,036 | 301,129 |
| <i>Total</i> | <u>\$16,935,926</u> | <u>\$17,464,399</u> | <u>\$15,563,440</u> |
| Expenses | | | |
| General Government | \$2,757,569 | \$2,799,313 | \$2,721,824 |
| Security of Persons and Property: | | | |
| Police | 5,408,241 | 4,890,454 | 4,653,737 |
| Fire | 3,810,719 | 3,219,919 | 3,003,340 |
| Public Health Services | 56,006 | 47,829 | 40,420 |
| Leisure Time Activities | 295,706 | 361,980 | 323,941 |
| Community Development | 1,169,496 | 1,066,080 | 960,744 |
| Transportation | 2,399,454 | 2,384,519 | 2,293,956 |
| Basic Utility Services | 1,457,364 | 1,355,302 | 1,301,587 |
| Interest and Fiscal Charges | 544,927 | 421,671 | 378,320 |
| <i>Total</i> | <u>\$17,899,482</u> | <u>\$16,547,067</u> | <u>\$15,677,869</u> |

Source: City Financial Records

City of Warrensville Heights, Ohio
General Fund Revenues by Source
and Expenditures by Function
Last Ten Years

| | 2005 | 2004 | 2003 | 2002 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | |
| Property and Other Taxes | \$1,077,058 | \$1,177,299 | \$952,473 | \$1,094,761 |
| Income Taxes | 10,369,292 | 10,388,957 | 9,997,534 | 8,513,212 |
| Intergovernmental | 1,333,103 | 1,102,792 | 970,911 | 1,057,408 |
| Interest | 121,034 | 37,030 | 41,231 | 29,080 |
| Fees, Licenses and Permits | 397,947 | 527,986 | 161,633 | 704,382 |
| Fines and Forfeitures | 259,304 | 313,302 | 319,506 | 0 |
| Rentals | 10,045 | 0 | 0 | 0 |
| Charges for Services | 334,771 | 340,389 | 327,610 | 348,075 |
| Contributions and Donations | 10 | 0 | 0 | 0 |
| Other | 286,788 | 249,719 | 301,129 | 373,022 |
| Total | \$14,189,352 | \$14,137,474 | \$13,072,027 | \$12,119,940 |
| Expenditures | | | | |
| Current | | | | |
| General Government | \$2,439,342 | \$2,380,740 | \$2,566,682 | \$2,190,392 |
| Security of Persons and Property: (1) | | | | 7,153,698 |
| Police | 4,472,929 | 4,622,180 | 4,139,001 | n/a |
| Fire | 2,918,772 | 3,219,200 | 2,542,885 | n/a |
| Public Health Services | 50,615 | 46,838 | 39,132 | 44,572 |
| Leisure Time Activities | 238,295 | 327,586 | 277,760 | 355,284 |
| Community Development | 577,262 | 587,649 | 451,817 | 503,977 |
| Transportation | 1,576,607 | 1,413,397 | 1,466,848 | 2,725,972 |
| Basic Utility Services | 1,263,610 | 1,346,571 | 1,397,495 | 71,193 |
| Capital Outlay | 0 | 0 | 0 | 26,945 |
| Debt Service | 319,182 | 280,753 | 297,901 | 0 |
| Total | \$13,856,614 | \$14,224,914 | \$13,179,521 | \$13,072,033 |

Source: City financial records

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

| 2001 | 2000 | 1999 | 1998 | 1997 | 1996 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$1,007,746 | \$958,084 | \$1,170,753 | \$1,200,479 | \$1,149,547 | \$1,108,032 |
| 8,761,300 | 8,417,674 | 7,825,593 | 8,262,995 | 8,052,879 | 7,520,478 |
| 1,421,909 | 1,525,396 | 1,575,045 | 893,905 | 846,585 | 776,353 |
| 117,874 | 115,602 | 82,824 | 78,471 | 79,192 | 69,809 |
| 360,992 | 282,576 | 309,540 | 77,508 | 46,646 | 43,971 |
| 0 | 0 | 0 | 331,297 | 187,009 | 264,292 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 297,684 | 150,567 | 132,326 | 14,187 | 19,501 | 45,925 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 435,145 | 146,830 | 101,200 | 475,565 | 177,507 | 870,086 |
| <u>\$12,402,650</u> | <u>\$11,596,729</u> | <u>\$11,197,281</u> | <u>\$11,334,407</u> | <u>\$10,558,866</u> | <u>\$10,698,946</u> |
| \$3,567,560 | \$3,171,393 | \$3,116,977 | \$2,004,286 | \$1,766,276 | \$1,880,259 |
| 6,206,449 | 5,616,406 | 6,132,210 | 4,619,491 | 5,289,604 | 5,119,566 |
| n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a |
| 46,448 | 21,650 | 23,230 | 22,655 | 20,311 | 39,768 |
| 131,235 | 252,675 | 230,122 | 207,042 | 299,935 | 286,331 |
| 793,769 | 605,174 | 531,688 | 64,480 | 60,642 | 61,552 |
| 1,236,255 | 1,001,471 | 795,318 | 2,242,597 | 2,300,574 | 2,437,709 |
| 100,261 | 88,540 | 179,628 | 70,891 | 21,821 | 608,334 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 277,923 | 0 | 4,127 | 0 |
| <u>\$12,081,977</u> | <u>\$10,757,309</u> | <u>\$11,287,096</u> | <u>\$9,231,442</u> | <u>\$9,763,290</u> | <u>\$10,433,519</u> |

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

| Year | Current Tax Levy (1) | Delinquent Tax Levy (2) | Total Tax Levy | Current Tax Collections | Percentage of Current Collections to Current Tax Levy |
|------|-------------------------|----------------------------|-------------------|-------------------------------|---|
| 2005 | \$1,938,843 | \$209,681 | \$2,148,524 | \$1,753,823 | 90.46% |
| 2004 | 1,923,301 | 258,626 | 2,181,927 | 1,750,881 | 91.04 |
| 2003 | 1,836,463 | 276,793 | 2,113,256 | 1,683,703 | 91.68 |
| 2002 | 1,792,383 | 250,939 | 2,043,322 | 1,640,147 | 91.51 |
| 2001 | 1,697,931 | 246,125 | 1,944,056 | 1,555,185 | 91.59 |
| 2000 | 1,593,582 | 268,469 | 1,862,051 | 1,488,411 | 93.40 |
| 1999 | 1,579,516 | 255,895 | 1,835,411 | 1,465,919 | 92.81 |
| 1998 | 1,583,225 | 266,860 | 1,850,085 | 1,470,503 | 92.88 |
| 1997 | 1,536,270 | 315,810 | 1,852,080 | 1,421,391 | 92.52 |
| 1996 | 1,578,393 | 327,792 | 1,906,185 | 1,455,845 | 92.24 |

Source: Cuyahoga County Auditor

(1) State Reimbursement of Rollback and Homestead Exemptions are included.

(2) Amounts listed include penalties and interest.

| <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percentage of Total Collections to Total Tax Levy</u> | <u>Outstanding Delinquent Taxes (2)</u> | <u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u> |
|---|--------------------------------------|--|---|---|
| \$118,491 | \$1,872,314 | 87.14% | \$269,515 | 12.54% |
| 144,076 | 1,894,957 | 86.85 | 252,639 | 11.58 |
| 147,942 | 1,831,645 | 86.67 | 272,042 | 12.87 |
| 137,149 | 1,777,296 | 86.98 | 255,877 | 12.52 |
| 118,162 | 1,673,347 | 86.08 | 258,664 | 13.31 |
| 133,635 | 1,622,046 | 87.11 | 230,670 | 12.39 |
| 74,438 | 1,540,357 | 83.92 | 271,370 | 14.79 |
| 95,561 | 1,566,064 | 84.65 | 244,205 | 13.20 |
| 44,603 | 1,465,994 | 79.15 | 254,335 | 13.73 |
| 66,702 | 1,522,547 | 79.87 | 331,770 | 17.40 |

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

| <u>Year</u> | <u>Current Tax Levy</u> | <u>Delinquent Tax Levy</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections (1)</u> | <u>Percentage of Current Collections to Current Tax Levy</u> |
|-------------|-------------------------|----------------------------|-----------------------|------------------------------------|--|
| 2005 | \$464,916 | \$98,842 | \$563,758 | \$399,147 | 85.85% |
| 2004 | 468,625 | 91,379 | 560,004 | 458,215 | 97.78 |
| 2003 | 483,996 | 73,573 | 557,569 | 473,730 | 97.88 |
| 2002 | 545,700 | 91,929 | 637,629 | 526,588 | 96.50 |
| 2001 | 570,654 | 71,821 | 642,475 | 537,628 | 94.21 |
| 2000 | 523,034 | 86,852 | 609,886 | 504,104 | 96.38 |
| 1999 | 541,932 | 63,017 | 604,949 | 526,863 | 97.22 |
| 1998 | 537,274 | 47,756 | 585,030 | 517,099 | 96.24 |
| 1997 | 549,131 | 51,272 | 600,403 | 534,271 | 97.29 |
| 1996 | 560,143 | 69,067 | 629,210 | 555,340 | 99.14 |

Source: Cuyahoga County Auditor

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

| <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percentage of Total Collections to Total Tax Levy</u> | <u>Outstanding Delinquent Taxes</u> | <u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u> |
|---|----------------------------------|--|---|---|
| \$5,441 | \$404,588 | 71.77% | \$155,905 | 27.65% |
| 6,706 | 464,921 | 83.02 | 93,347 | 16.67 |
| 9,738 | 483,468 | 86.71 | 77,257 | 13.86 |
| 16,071 | 542,659 | 85.11 | 92,688 | 14.54 |
| 13,531 | 551,159 | 85.79 | 88,884 | 13.83 |
| 32,877 | 536,981 | 88.05 | 81,469 | 13.36 |
| 22,548 | 549,411 | 90.82 | 47,015 | 7.77 |
| 101 | 517,200 | 88.41 | 60,504 | 10.34 |
| 16,585 | 550,856 | 91.75 | 50,991 | 8.49 |
| 26,311 | 581,651 | 92.44 | 49,196 | 7.82 |

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

| Year | Real Property | | Public Utility Property | |
|------|----------------|----------------------------|-------------------------|----------------------------|
| | Assessed Value | Estimated Actual Value (1) | Assessed Value | Estimated Actual Value (1) |
| 2005 | \$217,177,080 | \$620,505,943 | \$12,772,240 | \$14,513,909 |
| 2004 | 213,869,370 | 611,055,343 | 12,828,990 | 14,578,398 |
| 2003 | 210,580,170 | 601,657,629 | 13,379,180 | 15,203,614 |
| 2002 | 195,400,720 | 558,287,771 | 11,690,000 | 13,284,091 |
| 2001 | 190,912,760 | 545,465,029 | 13,150,000 | 14,943,182 |
| 2000 | 164,676,100 | 470,503,143 | 12,230,000 | 13,897,727 |
| 1999 | 163,911,060 | 468,317,314 | 9,250,000 | 10,511,364 |
| 1998 | 163,421,610 | 466,918,886 | 9,320,000 | 10,590,909 |
| 1997 | 154,031,100 | 440,088,857 | 8,570,000 | 9,738,636 |
| 1996 | 154,331,460 | 440,947,029 | 7,090,000 | 8,056,818 |

Source: Cuyahoga County Auditor

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

| Tangible Personal Property | | Total | | |
|----------------------------|----------------------------|----------------|------------------------|--------|
| Assessed Value | Estimated Actual Value (1) | Assessed Value | Estimated Actual Value | Ratio |
| \$35,108,650 | \$140,434,600 | \$265,057,970 | \$775,454,452 | 34.18% |
| 35,229,342 | 140,917,368 | 261,927,702 | 766,551,109 | 34.17 |
| 36,972,668 | 147,890,672 | 260,932,018 | 764,751,915 | 34.12 |
| 55,035,241 | 220,140,964 | 262,125,961 | 791,712,826 | 33.11 |
| 54,383,385 | 217,533,540 | 258,446,145 | 777,941,751 | 33.22 |
| 55,281,342 | 221,125,368 | 232,187,442 | 705,526,238 | 32.91 |
| 55,680,991 | 222,723,964 | 228,842,051 | 701,552,642 | 32.62 |
| 56,324,058 | 225,296,232 | 229,065,668 | 702,806,027 | 32.59 |
| 56,582,657 | 226,330,628 | 219,183,757 | 676,158,121 | 32.42 |
| 57,584,837 | 230,339,348 | 219,006,297 | 679,343,195 | 32.24 |

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

| Year | City of Warrensville Heights | | | | Total Levy | Warrensville Heights School District |
|------|------------------------------|-------------------|--------------|------------------|------------|--------------------------------------|
| | General Fund | Special Funds (1) | Debt Service | Capital Projects | | |
| 2005 | \$6.80 | \$3.60 | \$2.30 | \$0.50 | \$13.20 | \$89.60 |
| 2004 | 6.80 | 3.60 | 2.30 | 0.50 | 13.20 | 80.30 |
| 2003 | 6.80 | 3.60 | 2.30 | 0.50 | 13.20 | 80.30 |
| 2002 | 6.80 | 3.60 | 2.30 | 0.50 | 13.20 | 79.80 |
| 2001 | 6.80 | 3.60 | 2.30 | 0.50 | 13.20 | 79.80 |
| 2000 | 6.80 | 3.60 | 2.30 | 0.50 | 13.20 | 80.60 |
| 1999 | 7.20 | 3.60 | 1.90 | 0.50 | 13.20 | 74.70 |
| 1998 | 7.20 | 3.60 | 1.90 | 0.50 | 13.20 | 74.70 |
| 1997 | 7.20 | 3.60 | 1.90 | 0.50 | 13.20 | 74.90 |
| 1996 | 7.20 | 3.60 | 1.90 | 0.50 | 13.20 | 75.00 |

(1) Police and Fire Pension Special Revenue Funds

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

Source: Cuyahoga County Auditor

| <u>Orange School District</u> | <u>Cuyahoga County</u> | <u>Special (2) Taxing Districts</u> | <u>Warrensville Heights Total Tax Levy</u> |
|-----------------------------------|----------------------------|---|--|
| \$86.10 | \$13.52 | \$6.78 | \$123.10 |
| 81.10 | 13.52 | 5.88 | 112.90 |
| 81.10 | 11.72 | 5.88 | 111.10 |
| 81.10 | 11.72 | 5.88 | 110.60 |
| 81.10 | 11.72 | 5.88 | 110.60 |
| 71.50 | 10.82 | 5.88 | 110.50 |
| 71.50 | 10.82 | 5.88 | 104.60 |
| 68.20 | 12.12 | 5.88 | 105.90 |
| 68.20 | 12.12 | 5.88 | 106.10 |
| 68.20 | 12.12 | 5.88 | 106.20 |

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

| Year | City Assessments | | | County Assessments (a) | |
|------|------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------------|
| | Special Assessments Billings | Special Assessments Collected | Special Assessments Certified | Special Assessments Billings | Debt Service Assessments Collected |
| 2005 | \$268,199 | \$236,742 | \$31,457 | \$832,119 | \$658,315 |
| 2004 | 278,306 | 150,739 | 127,567 | 855,816 | 792,036 |
| 2003 | 232,315 | 231,652 | 663 | 652,951 | 628,593 |
| 2002 | 232,315 | 210,968 | 21,347 | 585,013 | 491,567 |
| 2001 | 232,315 | 216,664 | 15,651 | 570,570 | 484,697 |
| 2000 | 232,315 | 230,293 | 2,022 | 570,570 | 519,904 |
| 1999 | 232,577 | 202,528 | 30,049 | 543,863 | 493,890 |
| 1998 | 264,561 | 250,719 | 13,842 | 528,760 | 486,261 |
| 1997 | 264,561 | 244,410 | 20,151 | 513,391 | 476,232 |
| 1996 | 264,561 | 258,804 | 5,757 | 516,049 | 484,250 |

Source: Cuyahoga County Auditor

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

| <u>Amount Delinquent</u> | <u>Percentage of Collections to Amount Billed</u> | <u>Total Assessments Collected</u> |
|------------------------------|---|--|
| \$13,567 | 79.11% | \$895,057 |
| 28,925 | 92.55 | 942,775 |
| 45,062 | 96.27 | 860,245 |
| 58,315 | 84.03 | 702,535 |
| 32,169 | 84.95 | 701,361 |
| 55,458 | 91.12 | 750,197 |
| 48,750 | 90.81 | 696,418 |
| 46,755 | 91.96 | 736,980 |
| 34,558 | 92.76 | 720,642 |
| 36,667 | 93.84 | 743,054 |

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

| Year | Net General Bonded Debt (1) | Assessed Value | Population (2) | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|------|-----------------------------------|-------------------|----------------|---|--|
| 2005 | \$3,893,840 | \$265,057,970 | 15,109 | 1.47% | \$257.72 |
| 2004 | 4,506,454 | 261,927,702 | 15,109 | 1.72 | 298.26 |
| 2003 | 4,985,284 | 260,932,018 | 15,109 | 1.91 | 329.95 |
| 2002 | 4,846,084 | 262,125,961 | 15,109 | 1.85 | 320.74 |
| 2001 | 5,347,900 | 258,446,145 | 15,109 | 2.07 | 353.95 |
| 2000 | 5,679,670 | 232,187,442 | 15,109 | 2.45 | 375.91 |
| 1999 | 6,065,499 | 228,842,051 | 15,745 | 2.65 | 385.23 |
| 1998 | 2,372,154 | 229,065,668 | 15,745 | 1.04 | 150.66 |
| 1997 | 2,857,444 | 219,183,757 | 15,745 | 1.30 | 181.48 |
| 1996 | 3,455,934 | 219,006,297 | 15,745 | 1.58 | 219.49 |

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

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

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

| <u>Year</u> | <u>Principal</u> | <u>Interest and Fiscal Charges</u> | <u>Debt Service on General Obligation Bonded Debt</u> | <u>General Fund Expenditures</u> | <u>Ratio</u> |
|-------------|------------------|--|---|--------------------------------------|--------------|
| 2005 | \$597,341 | \$165,683 | \$763,024 | \$13,856,614 | 5.51% |
| 2004 | 545,378 | 181,025 | 726,403 | 14,224,914 | 5.11 |
| 2003 | 315,000 | 286,155 | 601,155 | 13,179,521 | 4.56 |
| 2002 | 556,266 | 331,360 | 887,626 | 13,072,033 | 6.79 |
| 2001 | 456,266 | 301,471 | 757,737 | 12,081,977 | 6.27 |
| 2000 | 330,569 | 147,365 | 477,934 | 10,757,309 | 4.44 |
| 1999 | 300,569 | 168,094 | 468,663 | 11,287,096 | 4.15 |
| 1998 | 485,308 | 200,900 | 686,208 | 9,231,442 | 7.43 |
| 1997 | 807,361 | 247,016 | 1,054,377 | 9,763,290 | 10.80 |
| 1996 | 550,221 | 339,151 | 889,372 | 10,433,519 | 8.52 |

Source: City of Warrensville Heights

City of Warrensville Heights, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2005

| <u>Political Subdivision</u> | <u>General Obligation Bonded Debt Outstanding</u> | <u>Percentage Applicable To County (1)</u> | <u>Amount Applicable to City of Warrensville Heights</u> |
|--|---|--|--|
| Direct: | | | |
| City of Warrensville Heights | <u>\$4,058,728</u> | <u>100.00%</u> | <u>\$4,058,728</u> |
| Overlapping: | | | |
| Warrensville Heights City School District | 24,275,000 | 100.00 | 24,275,000 |
| Orange Local School District | 27,593,219 | 1.00 | 275,932 |
| Cuyahoga County | 231,365,971 | 0.86 | 1,989,747 |
| Regional Transit Authority | <u>139,790,000</u> | 0.86 | <u>1,202,194</u> |
| Total Overlapping | <u>423,024,190</u> | | <u>27,742,873</u> |
| Totals | <u><u>\$427,082,918</u></u> | | <u><u>\$31,801,601</u></u> |

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

Source: Cuyahoga County Auditor

City of Warrensville Heights, Ohio

Demographic Statistics

Last Ten Years

| <u>Year</u> | <u>Population (1)</u> | <u>Per Capita Income (1)</u> | <u>School Enrollment (2)</u> | <u>Cuyahoga County Unemployment Rate (3)</u> |
|-------------|-----------------------|----------------------------------|----------------------------------|--|
| 2005 | 15,109 | \$18,611 | 2,864 | 5.5% |
| 2004 | 15,109 | 18,611 | 2,783 | 6.2 |
| 2003 | 15,109 | 18,611 | 2,876 | 6.8 |
| 2002 | 15,109 | 18,611 | 2,841 | 6.6 |
| 2001 | 15,109 | 18,611 | 3,024 | 4.6 |
| 2000 | 15,109 | 18,611 | 3,099 | 4.2 |
| 1999 | 15,745 | 13,301 | 3,228 | 4.5 |
| 1998 | 15,745 | 13,301 | 2,993 | 4.5 |
| 1997 | 15,745 | 13,301 | 3,155 | 4.5 |
| 1996 | 15,745 | 13,301 | 3,180 | 5.0 |

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

(2) Warrensville Heights City School District

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

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

| Year | Real Property Value | | | Residential | |
|------|------------------------------|---------------------------|----------------|--------------------|---------------------------|
| | Agricultural/ Residential | Commercial/ Industrial | Total Value | Number of Units | Construction Value (2) |
| 2005 | \$295,390,243 | \$325,115,700 | \$620,505,943 | 34 | \$2,299,800 |
| 2004 | 299,962,772 | 311,092,571 | 611,055,343 | 343 | 1,020,801 |
| 2003 | 291,978,672 | 309,678,957 | 601,657,629 | 173 | 604,452 |
| 2002 | 268,821,771 | 289,466,000 | 558,287,771 | 501 | 3,550,000 |
| 2001 | 269,124,571 | 276,340,458 | 545,465,029 | 361 | 1,087,543 |
| 2000 | 229,420,400 | 241,082,743 | 470,503,143 | 412 | 1,036,723 |
| 1999 | 229,182,800 | 239,134,514 | 468,317,314 | 523 | 1,105,000 |
| 1998 | 228,009,943 | 238,908,943 | 466,918,886 | 851 | 1,776,942 |
| 1997 | 207,128,543 | 232,960,314 | 440,088,857 | 751 | 1,886,365 |
| 1996 | 206,850,114 | 234,096,915 | 440,947,029 | 313 | 1,232,543 |

Sources: (1) Cuyahoga County Auditor

(2) City of Warrensville Heights Building Department

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

| Commercial | | Domestic Bank Deposits in County (3) |
|--------------------|---------------------------|---|
| Number of Units | Construction Value (2) | |
| 21 | \$5,406,860 | \$109,071,512 |
| 317 | 39,085,602 | 101,838,959 |
| 30 | 2,424,452 | 97,238,973 |
| 49 | 36,450,000 | 95,760,917 |
| 22 | 1,354,406 | 63,893,769 |
| 34 | 1,233,526 | 61,942,764 |
| 52 | 1,370,005 | 57,816,942 |
| 25 | 1,020,350 | 58,904,596 |
| 31 | 2,020,649 | 53,941,971 |
| 18 | 2,887,543 | 27,068,211 |

City of Warrensville Heights, Ohio

Computation of Legal Debt Margin

December 31, 2005

| | | |
|--|-------------------|-----------------------------|
| Total assessed valuation | | <u><u>\$265,057,970</u></u> |
| Overall debt limitation - 10.5% of assessed valuation | | \$27,831,087 |
| Gross indebtedness | <u>15,540,000</u> | |
| Less debt outside limitation: | | |
| Bonds and notes issued in anticipation of the levy or collection of special assessments (excluding the City's portion) | 3,876,272 | |
| Bonds and notes issued in anticipation of the levy or collection of municipal income taxes | <u>7,605,000</u> | |
| Total debt outside limitation | <u>11,481,272</u> | |
| Net indebtedness | 4,058,728 | |
| Amount available in the debt service fund | <u>(164,888)</u> | |
| Debt within 10.5% limitation | | <u>3,893,840</u> |
| Overall debt margin within 10.5% limitation | | <u><u>\$23,937,247</u></u> |
| | | |
| Unvoted debt limitation - 5.5% of assessed valuation | | \$14,578,188 |
| Gross indebtedness | <u>15,540,000</u> | |
| Less debt outside limitation: | | |
| Bonds and notes issued in anticipation of the levy or collection of special assessments (excluding the City's portion) | 3,876,272 | |
| Bonds and notes issued in anticipation of the levy or collection of municipal income taxes | <u>7,605,000</u> | |
| Total debt outside limitation | <u>11,481,272</u> | |
| Net indebtedness | 4,058,728 | |
| Amount available in the debt service fund | <u>(164,888)</u> | |
| Debt within 5.5% limitation | | <u>3,893,840</u> |
| Unvoted debt margin within 5.5% limitation | | <u><u>\$10,684,348</u></u> |

Source: City of Warrensville Heights

City of Warrensville Heights, Ohio

Principal Property Taxpayers

December 31, 2005

| <u>Taxpayers</u> | <u>Type of Business</u> | <u>Real Estate Assessed Valuation</u> | <u>Tangible Personal Property Assessed Valuation</u> | <u>Total Assessed Valuation</u> | <u>Percent of Total City Assessed Valuation</u> |
|---------------------------------|-------------------------------|---|--|---|---|
| Alltel Ohio | Telephone | \$5,695,431 | \$0 | \$5,695,431 | 2.15% |
| Merida Health System | Medical Offices | 5,254,445 | 0 | 5,254,445 | 1.98 |
| Sherwin-Williams | Automotive Paint | 3,064,495 | 2,086,300 | 5,150,795 | 1.94 |
| Heinen's Inc. | Commercial Warehouse | 1,654,520 | 2,956,660 | 4,611,180 | 1.74 |
| Cleveland Illuminating Company | Utility | 3,961,941 | 0 | 3,961,941 | 1.49 |
| Lipman Paul TRS | Apartments | 3,764,460 | 0 | 3,764,460 | 1.42 |
| Loctite Corporation | Adhesive Products | 0 | 2,974,700 | 2,974,700 | 1.12 |
| Warrensville Heights Properties | Apartments | 2,784,110 | 0 | 2,784,110 | 1.05 |
| Highland Business Park LLC. | Real Estate Management | 2,071,580 | 0 | 2,071,580 | 0.78 |
| Highland Multi Family, Ltd. | Apartments | 1,962,905 | 0 | 1,962,905 | 0.74 |
| <i>Total Top Ten Taxpayers</i> | | <u>\$30,213,887</u> | <u>\$8,017,660</u> | <u>\$38,231,547</u> | |
| | Total City Assessed Valuation | | | <u>\$265,057,970</u> | |

Source: Cuyahoga County Auditor

City of Warrensville Heights, Ohio

Miscellaneous Statistics

December 31, 2005

| | | | |
|--|------------------|-------------------------------------|--------------|
| Date of Incorporation: | 1927 | Education: Warrensville Heights | |
| Effective Date of Charter: | 1958 | City School District | |
| Form of Government: | Mayor/Council | Elementary Schools | 3 |
| Area: | 4.3 Square Miles | Upper Elementary Schools | 1 |
| Miles of Streets: | 51.71 Mile Lanes | Secondary Schools | 2 |
| Number of Street Lights: | 1,521 | Number of Teachers | |
| Number of Traffic Signs: | 3,225 | Elementary Instructors | 102 |
| Number of Traffic Lights: | 21 | Secondary Instructors | <u>98</u> |
| Miles of Sanitary Sewers: | 23.75 Miles | Total Teachers | 200 |
| Miles of Storm Sewers: | 21.09 Miles | Number of Teachers with | |
| Miles of Water Distribution: | 24.33 Miles | Master's degree or Above | 135 |
| Fire Protection: | | 2004/05 Student Enrollment | |
| Number of Stations | 2 | Elementary Enrollment | 1,479 |
| Number of Firemen and Officers | 31 | Secondary Enrollment | <u>1,385</u> |
| Number of Paramedics | 25 | Total Enrollment | 2,864 |
| Hours of Training | 2,000 | Teacher/Student Ratio | 1 to 14 |
| Number of Alarms | 2,950 | Recreation and Culture: | |
| Total Fire Loss | \$200,000 | Number of Parks | 6 |
| Police Protection | | Number of Playgrounds | 1 |
| Number of Stations | 1 | Number of Swimming Pools | 0 |
| Number of Policemen and Officers | 36 | Number of Tennis Courts | 0 |
| Number of School Guards | 7 | Number of Community Centers | 1 |
| Hours of Training | 666 | Acreage of Parks | 9 |
| Persons Arrested | 996 | Public Libraries | 1 |
| Traffic Violations | 2,863 | Public Transportation: | |
| Parking Violations - Arrest | 1,653 | Cuyahoga Regional Transit Authority | |
| City Employees | | | |
| Number of Full Time Employees | 150 | | |
| Number of Part Time Employees | 36 | | |
| Number of Seasonal Part Time Employees | 4 | | |

Municipal Water Department: Served by the City of Cleveland

City of Warrensville Heights, Ohio

December 31, 2005

City of Warrensville Heights, Ohio

For The Year Ended December 31, 2005

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

Members of the City Council
Warrensville Heights, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warrensville Heights, Ohio (the “City”) as of and for the year ended December 31, 2005, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 14, 2006, wherein we noted the City adopted Government Accounting Standards Board Statement No. 40 and 42. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 05-01, 05-02, and 05-03.

We also noted certain additional matters that we reported to management of the City, in a separate letter dated June 14, 2006.

Members of the City Council
Warrensville Heights, Ohio

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

Cuni & Parichi, Inc.

Cleveland, Ohio
June 14, 2006

City of Warrensville Heights

Schedule of Findings

December 31, 2005

1. Summary of Auditors' Results

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

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

05-01 Per ORC Section 5705.41(D), no orders or contracts involving the expenditure of money are to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

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

05-02 Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

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

| | Estimated Resources Plus Carryover Balances | | Original Appropriations | | Excess |
|------------------------------------|--|----|----------------------------|----|--------|
| <i>Special Revenue Funds:</i> | | | | | |
| Police Salary and Equipment | \$ 139,292 | \$ | 143,000 | \$ | 3,708 |
| Fire Salary and Equipment | 136,059 | | 139,000 | | 2,941 |
| Building Levy | 98,905 | | 100,762 | | 1,857 |
| FEMA Grant | 124,196 | | 134,437 | | 10,241 |
| <i>Debt Service Fund:</i> | | | | | |
| General Obligation Bond Retirement | 7,491,144 | | 7,497,927 | | 6,783 |

City of Warrensville Heights

Schedule of Findings (Continued)

December 31, 2005

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

| | <u>Estimated Resources Plus Carryover Balances</u> | | <u>Original Appropriations</u> | | <u>Excess</u> |
|--------------------------------|--|----|------------------------------------|----|---------------|
| <i>Special Revenue Funds:</i> | | | | | |
| Sidewalk Replacement | \$ 219,717 | \$ | 386,000 | \$ | 166,283 |
| <i>Capital Projects Funds:</i> | | | | | |
| Snavelly Project | 825,075 | | 1,573,000 | | 747,925 |

05-03 Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

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

| | <u>Expenditures Carryover Encumbrances</u> | | <u>Appropriations</u> | | <u>Excess</u> |
|-------------------------------|--|----|-----------------------|----|---------------|
| <i>Special Revenue Funds:</i> | | | | | |
| Bureau of Justice Grant | \$ 3,826 | \$ | 2,500 | \$ | 1,326 |
| Juvenile Diversion Program | 26,842 | | 19,593 | | 7,249 |

3. Other Findings

None.

City of Warrensville Heights

Schedule of Prior Audit Findings

December 31, 2005

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

The City is in noncompliance again in the current year.

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

The City is in noncompliance again in the current year.

Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. It was noted that four funds had expenditures plus encumbrances in excess of appropriations.

The City is in noncompliance again in the current year.

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

The City is in compliance in the current year.

City of Warrensville Heights

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

Response to Findings Associated With
Audit Conducted In Accordance With
Government Auditing Standards
For The Year Ended December 31, 2005

| Finding Number | Planned Correction Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|---|
| 05-01 | The City will monitor expenditures to ensure that they have been properly encumbered. | December 31, 2006 | Rubin K. Moultrie, Director of Finance |
| 05-02 | The City will monitor appropriations to ensure that they do not exceed estimated resources. | December 31, 2006 | Rubin K. Moultrie, Director of Finance |
| 05-03 | The City will monitor expenditures to ensure they do not exceed appropriations. | December 31, 2006 | Rubin K. Moultrie, Director of Finance |



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

CITY OF WARRENSVILLE HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 3, 2006**