



**CITY OF BEREA
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

**CITY OF BEREA
CUYAHOGA COUNTY**

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**CITY OF BEREA
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2003**

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grant - Zeller Court	CE13618-01	14.218	\$0	\$141,399
Community Development Block Grant - Exterior Maintenance	CE03001-17	14.219	<u>34,414</u>	<u>34,414</u>
Total U.S. Department of Housing and Urban Development			<u>34,414</u>	<u>175,813</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	PID18025	20.205	126,320	118,862
Highway Planning and Construction	PID21273	20.205	3,496,614	3,557,738
Highway Planning and Construction	PID75513	20.205	3,331,801	3,216,752
Highway Planning and Construction	PID75858	20.205	<u>137,750</u>	<u>152,790</u>
Total U.S. Department of Transportation			<u>7,092,485</u>	<u>7,046,142</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY				
<i>Passed Through Ohio Emergency Management Agency</i>				
FEMA Blackout Grant	035-05690-00	97.036	<u>8,495</u>	<u>8,495</u>
Total Federal Emergency Management Agency			<u>8,495</u>	<u>8,495</u>
Total Federal Assistance			<u><u>\$7,135,394</u></u>	<u><u>\$7,230,450</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF BEREA
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Berea
Cuyahoga County
11 Berea Commons
Berea, Ohio 44017

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Berea, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 9, 2004, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments* and restated capital assets in the water revenue and sewer revenue funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the City's management in a separate letter dated September 9, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the City's management in a separate letter dated September 9, 2004.

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This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 9, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Berea
Cuyahoga County
11 Berea Commons
Berea, Ohio 44017

Compliance

We have audited the compliance of the City of Berea, Cuyahoga County, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City of Berea, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 9, 2004, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments* and restated capital assets in the water revenue and sewer revenue funds. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 9, 2004

CITY OF BERA
 CUYAHOGA COUNTY
 FOR THE YEAR ENDED DECEMBER 31, 2003

SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Highway Planning and Construction / 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF BEREA, OHIO

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

Prepared by the Department of Finance
Dana J. Kavander, CPA, CPFA, CFE, CIA, Director of Finance
Andrea D. Morris, Assistant Director of Finance

Cover Credits: In 2003, The City of Berea, participated in the National America In Bloom (AIB) contest. America In Bloom is a volunteer based organization dedicated to "Planting Pride in Our Communities." The City won best community in the 15,001-20,000 population division. The cover displays highlights from the community. First Row: Resident, Carol Heskett (center) with AIB judges Brent Heath and Diana Weiner. Second Row: Left - The herb garden which supplies the dining room at Baldwin Wallace College; Center - the AIB award; Right - the rose garden at Lindsey-Crossman Chapel, Baldwin Wallace College. Third Row: Plantings at Noshok Inc. Background Photo: Crabapple blossoms at Beeler Drive, home of Councilman Jim Walters.

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 For the Year Ended December 31, 2003
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CITY OF BEREA

"The Grindstone City"

Joseph W. Biddlecombe
Mayor

September 9, 2004

Honorable Mayor Joseph W. Biddlecombe
Members of City Council
Citizens of Berea, Ohio

11 Berea Commons
Berea, Ohio 44017
(440) 826-5800
Fax: (440) 826-1446

website: www.bereaohio.com

We are pleased to submit the Comprehensive Annual Financial Report of the City of Berea (the "City") for the year ended December 31, 2003. We believe this report, prepared by the Department of Finance, presents comprehensive financial and operating information about the City's activities during 2003 that is useful to citizens and taxpayers. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and the results of operations of the City; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

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 information relative to the basic financial statements.

History of Berea

Berea earned its name by the flip of a coin on September 27, 1836. Berea grew from an agricultural area to a quarry town in 1840. John Baldwin is credited with the discovery of a lathe to cut slabs of stone into grindstones, thus making "Berea sandstone" world famous. The grindstones were used to sharpen tools for farm, home and industry. The large sandstone from Berea quarries were used in prestigious buildings in the United States and abroad. In the 1940's, grindstones were replaced with carbon grinding wheels, and cement was being used more often in construction. The City holds a "Grindstone Festival" every year to honor its past. (Berea Historical Society and "Men of Grit and Greatness" by W. F. Holzworth)

Situated in the southwest portion of Cuyahoga County, Berea is 10 miles from downtown Cleveland. The City's population from the 2000 Federal Census was 18,790 residents. Total land area is approximately 5.9 square miles.

The City is served by diversified transportation facilities. There is immediate access to three State and U.S. highways and Interstate highways: I-71, I-80, and I-480. The City is served by Norfolk-Southern

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"City of Champions"



and CSX railroads and is adjacent to areas served by Amtrak railroad. The City is also served by the Cleveland Hopkins International Airport, located within 3 miles of the City, and by Burke Lakefront Airport, located within 15 miles of the City. This proximity makes Berea a desirable location for residents and commercial enterprises.

Baldwin Wallace College, founded in 1845, a private liberal arts college well known for its Conservatory of Music, is located in the City. Within commuting distance of the City are several public and private two-year and four-year colleges and universities, including Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain County Community College, Notre Dame College, Ursuline College, Oberlin College and the University of Akron.

The City utilizes over 80 acres of City-owned Park land to house a variety of recreational facilities including an outdoor municipal pool, playgrounds, softball and football fields. In addition, approximately 370 acres of the Cleveland Metroparks System are located in the City. The Metropark's Rocky River Reservation contains the Wallace and Baldwin Lakes for swimming, boating, ice skating and fishing along with all-purpose trails for biking, jogging, hiking and physical fitness facilities. Other features of the Reservation include the Berea Falls Scenic Overlook, Music Mound, hiking trails, horseback riding trails, and the Wallace Lake, Baldwin Lake, and South Baldwin picnic areas.

Form of Government

The City operates under and is governed by the laws of the State of Ohio and its own Charter, which was first adopted by the electorate in 1960. The charter provides for a mayor-council form of government. Legislative authority is vested in a seven-member council. The Council is composed of two members elected at-large and five members who are elected by wards, for two-year terms. The presiding officer is the President of Council, who is elected at-large by the electors for a two-year term. All members of Council serve in a part-time capacity.

The City's chief executive and administrative officer is the Mayor who is elected to a four-year term and serves in a full-time capacity. The Mayor may also veto legislation passed by Council. A two-thirds vote of all members of Council will override a veto.

Judicial services for the City of Berea are provided by the Berea Municipal Court. The jurisdiction of the Court, as established by the Ohio Revised Code, encompasses the communities of Berea, Brook Park, Middleburg Heights, Strongsville, Olmsted Falls, Olmsted Township, parts of the Ohio Turnpike and Cleveland Metroparks.

Established by charter, the municipal government consists of six departments. A director who is appointed by and reports directly to the Mayor heads each department. All directors work closely with the Mayor in providing the citizens of Berea with the highest quality of services while maintaining efficiency and cost effectiveness.

The **Police Department** enforces local, state, and federal laws in addition to protecting citizens and their property. Most recently, the department has taken a more community oriented policing approach, which has been met with great success. Numerous programs are offered to citizens and students. The department, which is headed by the Chief of Police, consists of three bureaus: the Patrol Division, the Services Operational Division, and the Detective Bureau. The Patrol Division oversees the staff of patrol officers. The Services Operational Division oversees the dispatch, Drug Abuse Resistance Education, Animal Control, Parking Control, Auxiliary, School Guards, Jail operations, and firearms training. The Detective Bureau oversees the City's investigative services, the Youth Diversion program, and the County's diversion program's satellite office at City hall.

The **Fire Department** provides fire suppression, emergency medical services, Haz-Mat response, extrication, and search and rescue, along with community fire prevention and education to our residents and businesses. The Chief of Fire heads the department, which is staffed by 23 full-time members. The department has 2 fully equipped advanced-life-support rescue squads, two pumpers and a 110-foot Aerial Tower.

The **Service Department** is comprised of several divisions administered by a director. This department is responsible for the maintenance of all City vehicles, buildings, traffic lights and signs, public grounds, tree trimming, snow and leaf removal. The Storm Sewers and Drains Division maintain proper drainage control. The Rubbish Collection and Disposal Division collects waste and processes recyclables. The Street Paving and Repair Division handles the non-contractual maintenance of City streets. The Street Striping and Markings Division is responsible for the painting of street lines and markings. The City has its own water plant, which is also handled by the Service Department. The water plant has a supply division and a distribution division, which insures the water supply is safe and the water lines are properly maintained. The Sewer department oversees the collection of sewage and the maintenance of the City's sewer lines. The Building Department is responsible for interpreting and enforcing all building codes in the City. The department also issues permits and citations, conducts site inspections, and licenses all contractors. This department is responsible for the implementation of plans and programs that promote the comprehensive and orderly development of the City. The Engineering Department must insure that all contractors working in Berea meet the general engineering requirements of the City. This department controls the review and implementation of plans and programs relating to the City's infrastructure.

The **Recreation Department** provides numerous recreational activities and programs throughout the year. The City has a recreation center, which includes an indoor pool, sauna, steam room, racquetball courts, weight room, basketball courts and various multi-purpose rooms. The recreation center offers many classes and programs to residents and non-residents. The department also oversees the outdoor pool, free canoe rentals, rental of the gazebo and pavilion area at the City's Coe Lake. The Recreation Department also supervises several baseball/softball fields and maintains several playgrounds throughout the City. The department also oversees

the collection and distribution of food for Berea Welfare. Several programs and assistance to seniors and handicapped and disabled individuals are offered, including free snow removal for qualifying individuals.

The **Finance Department** is responsible for the accurate recording of all receipts and disbursements. The department issues bi-weekly payroll and maintains the capital asset system. The department compiles the annual budget, the tax budget, the annual financial report, and assists the Mayor in all financial decisions. The department also handles the billing and collection for the City's water department and the Northeast Ohio Regional Sewer district. The City's computer operations are also managed through the Finance Department. This includes the City's web page and the maintenance of all City computer and electronic equipment. This department also handles all purchasing needed to maintain operations for all departments. In addition to overseeing these duties, the Director of Finance is also the City's Tax Administrator and utilizes the Regional Income Tax Agency to oversee the collection and distribution of the City's income tax.

The **Law Department** advises the Mayor, Council, and all departments on legal matters concerning the City. The department prepares all contracts, legislation, and legal documents. This department's prosecutors prosecute traffic and criminal cases in the Berea Municipal Court.

Reporting Entity

A reporting entity includes the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City includes all City departments, boards, and commissions whose activities are directly controlled by the City Council through the budgetary process. The City has oversight responsibility for the Berea Municipal Court by appropriating and financing its operations through the General Fund.

The City participates in several jointly governed organizations, including the Southwest General Health Center, the Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, and the Southwest Suburban Airport Council of Governments. Note 17 to the basic financial statements describes the City's relationship to these entities.

Economic Condition and Outlook

Summary of Local Economy:

Location is one of the greatest assets of the City of Berea. As a major suburb of the City of Cleveland, its proximity to Cleveland Hopkins International Airport and easy access to three interstate highways has contributed to the City's continued economic growth. The City has continued its aggressive position to increase its commercial and economic development. The Rocco J. Colonna Industrial Park, has several new industries and businesses, which have added to the City's employment and economic tax base.

Major Industries Affecting the City Economy:

The Cleveland Browns returned to Berea in 1999. The City owns a \$24 million full training facility and administrative offices used by the team. The Cleveland Browns continue to play a vital role in our community.

Several business in the Rocco J. Colonna Industrial Park are currently expanding their buildings. Low interest rates have made it possible for area businesses to consider expansion.

The City of Berea annexed 123 acres of land in 2002 for a new housing development. This development is anticipated to add more than 600 homes to Berea. Construction will begin in 2004 and about 50 homes have already been sold. The homes range from \$200,000 up to \$400,000. Approximately 70 homes will be built in 2004 and the entire project will not be completed until 2010.

Another housing development is planned in the Nobottom Road/Barrett Road area. This development is currently in the planning stage with site development, roads, water and sewer lines beginning in 2004 and home construction beginning in 2005. There are plans for approximately 47 homes ranging in price of \$300,000 and up.

An upscale apartment complex is planned on Grayton Road with 141 units. It is currently in the planning stage with site development, roadway, water and sewer lines beginning in 2004 and construction and leasing in 2005.

A business that was listed in the City's top 5 income tax revenue list, left the City about two years ago. This business' departure left a 125,000 square foot building vacant. The City has found a replacement when Color Matrix decided to move its headquarters to Berea. Color Matrix is an international business and world leader in coloring for the plastic industry. They will employ, in Berea, approximately 130 employees with an estimated payroll of \$5.8 million.

Future Economic Outlook:

The future economic outlook for the City of Berea is promising. Despite the sagging economic conditions nationwide, and an older community, most thought the City could not expand and grow, the City has seen significant changes. The annexation for housing development along with another smaller development, will help bring higher tax bracket taxpayers that Berea has been seeking. An upscale apartment complex will also entice new residents to our community.

During 2004, the City developed the Berea Community Development Corporation. The goal of this corporation is to assist the City with improvements to the housing stock. In addition, it will work with area businesses to insure a successful union between taxpayers, businesses and the City.

With the housing developments, expansions to area businesses and the development of the Berea Community Development Corporation, the City is looking to the future by addressing its population growth, housing concerns, and increasing income tax and property tax revenues.

Major Initiatives

Current Year Projects:

The largest projects in the history of the City of Berea are the two railroad under(over) pass projects on the two main roads in the City. During 1998, CSX Corporation (CSX) and Norfolk Southern Corporation (NS) entered into an operations plan for the purchase of the Conrail Corporation operations. Part of the plan involved routing and re-routing train traffic in the Cleveland area. Berea is the crossing point of both major railroad lines, thus causing a significant increase in train traffic through two of Berea's main thoroughfares. As a result, The City of Berea, CSX Corporation and NS Corporation entered into an agreement in June 1998. The agreement secured \$47.25 million in federal, state and railroad funds to construct an underpass on West Bagley Road and an underpass on Front Street in Berea. In 2001, the initial design phase was completed and plan implementation began. This phase saw the beginning of land acquisition surrounding the West Bagley Road area. Actual construction began in late summer 2002 for the West Bagley Road underpass and the Front Street railroad project began site development in 2003. The West Bagley Road Project will be completed in 2004 and the Front Street Project should be completed by the end of 2005.

In 2003, the City completed a city-wide traffic signalization project. The project entailed replacing all City traffic signals with new state-of-the-art computerized signals. The project cost \$2,352,000 and was paid for by a grant with the Ohio Department of Transportation.

In 2003, Kurtz, Lincoln, Zeller, and Whitehall streets, all received replacement water and/or sewer lines, as well as sidewalk, driveway apron and road improvements.

The City also began the planning of a boulevard down East Bagley Road to enhance the Baldwin Wallace College area. The \$1.8 million project will be funded fully by grants.

A much anticipated project completed in 2003 was the replacement of the City's 50+ year old outdoor pool. The pool was the last remaining steel pool in the State and was replaced by a larger pool with a diving area and slide, as well as a larger enhanced baby pool area. The City received a grant for a portion of the costs.

Future Projects:

The City's two railroad projects continue to be the largest undertaking in the City's history. In addition to the railroad projects, the City is active in several other projects. The \$1.8 million boulevard down East Bagley Road is anticipated to beautify and complement the Baldwin Wallace College area and enhance the eastern entrance into the City.

The City of Berea is partnering with the City of Middleburg Heights to pay for the construction of a new office building at Woodvale Cemetery, a jointly governed organization. Woodvale Cemetery will be repaying the

two cities with interest.

Prospect/West Street will begin a major water and sewer line improvement project in 2004. The City will receive \$1.2 million in grant funds to pay approximately half of the project.

The Berea Municipal Court hopes to construct a new municipal court in 2005. The facility is currently in the planning stage. The Court instituted a per case charge that will be deposited into the Court Construction Fund to help offset some costs. In addition, discussions have been held with the other court communities to also charge this fee and remit the funds to the City. These funds will go towards debt repayment for anticipated borrowings for a new municipal court.

Financial Information

This is the first year that the City of Berea has prepared financial statements in accordance with GASB Statement 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Statement of Budgetary Comparisons:

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

As part of the new reporting model, management is responsible for preparing a discussion and analysis of the City. This discussion follows the Independent Accountants' Report providing an assessment of the City finances for 2003.

Cash Management

Cash management is a vital component in the City's overall financial strategy. The Finance Department has an aggressive cash management program to maximize the use of the City's cash resources. The primary

objectives of the City's investment policy are safety, liquidity, and yield. Preservation of capital and the protection of investment principal are of prime importance. In addition to protecting investments, the City must plan for short and long-term liabilities. Cash balances and investment schedules are continually evaluated to ensure both liquidity and maximum yield. Major considerations are timing of cash flows necessary to pay City liabilities and available interest rates. As City funds become available they are invested in short-term certificates of deposit or other securities authorized by state statute. The City currently uses interest bearing checking accounts and certificates of deposit. Interest earned is allocated to the General Fund based on the requirements of the Ohio Constitution, state statutes and local ordinances. Interest earnings for 2003 totaled \$30,791. The City's cash is pooled for investment purposes, unless designated for a specific purpose, in order to generate the highest possible yield. By law, financial institutions may establish a collateral pool to cover all public deposits. All deposits and investments are covered by pooled collateral with a face value equal to at least 105% of deposits. Third party trustees of the financial institutions, hold the collateral.

Risk Management

The City is self-insured for its property and liability insurance. The Property/Liability Insurance Internal Service Fund accounts for the operation of the City's property and liability self-insurance program. The City contracts with Admiral Risk Management to provide self-insured administration and claims handling for the City. Revenues of the fund consist of payments from other City funds based on estimates of the amounts needed to pay the claims. Property valuations are revised annually to provide insurance companies and the City with an accurate inventory of insurable property and replacement cost values.

The City also has a self-insurance program for employee health care. The Medical Benefits Internal Service Fund accounts for the City's health insurance plans which include medical, surgical, prescription drug, and dental and vision benefits. The traditional plan with a Preferred Provider Organization (PPO) is self-funded and administered by a third party administrator. For the traditional plan, the preferred provider prices all claims which are then submitted to the third party administrator. The third party administrator reviews and processes the claims, which the City then pays. Control of the plan rests with the City. The plan provides coverage with certain deductibles, co-pays, and maximum benefits. The City has excess insurance coverage for claims over a specified amount. The premium is determined using historical cost data provided by the insurance carriers and is charged to the fund that records the salary expenditure of the covered employee using the pre-determined rate for family or single coverage. The City expects to assume no additional risks in the near future.

A Health Maintenance Organization (HMO) is also offered at no cost to the employee. All covered HMO employees also receive prescription, vision and dental benefits.

The State of Ohio provides workers' compensation 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:

In accordance with Ohio law, annual independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Included in this report is an unqualified audit opinion regarding the City's financial statements for the year ended December 31, 2003. The Auditor of the State of Ohio, Betty Montgomery, conducted this year's audit. Their report is presented in the financial section.

GFOA Certificate of Achievement Award:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Berea, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2002. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to

meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments:

This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Appreciation is also expressed to all City departments for their cooperation and assistance. We would also like to acknowledge the cooperation of the team from James G. Zupka, CPA, Inc., who assisted in the preparation of the financial statements.

In closing, we would like to thank the Mayor and City Council, and the citizens of our fine community, for without your continued support, the preparation of this report to help ensure the continued financial integrity of the City, would not have been possible.

Respectfully submitted,

Dana J. Kavander

Dana J. Kavander, CPA, CPFA, CFE, CIA
Director of Finance

Andrea D. Morris

Andrea D. Morris,
Assistant Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Berea,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



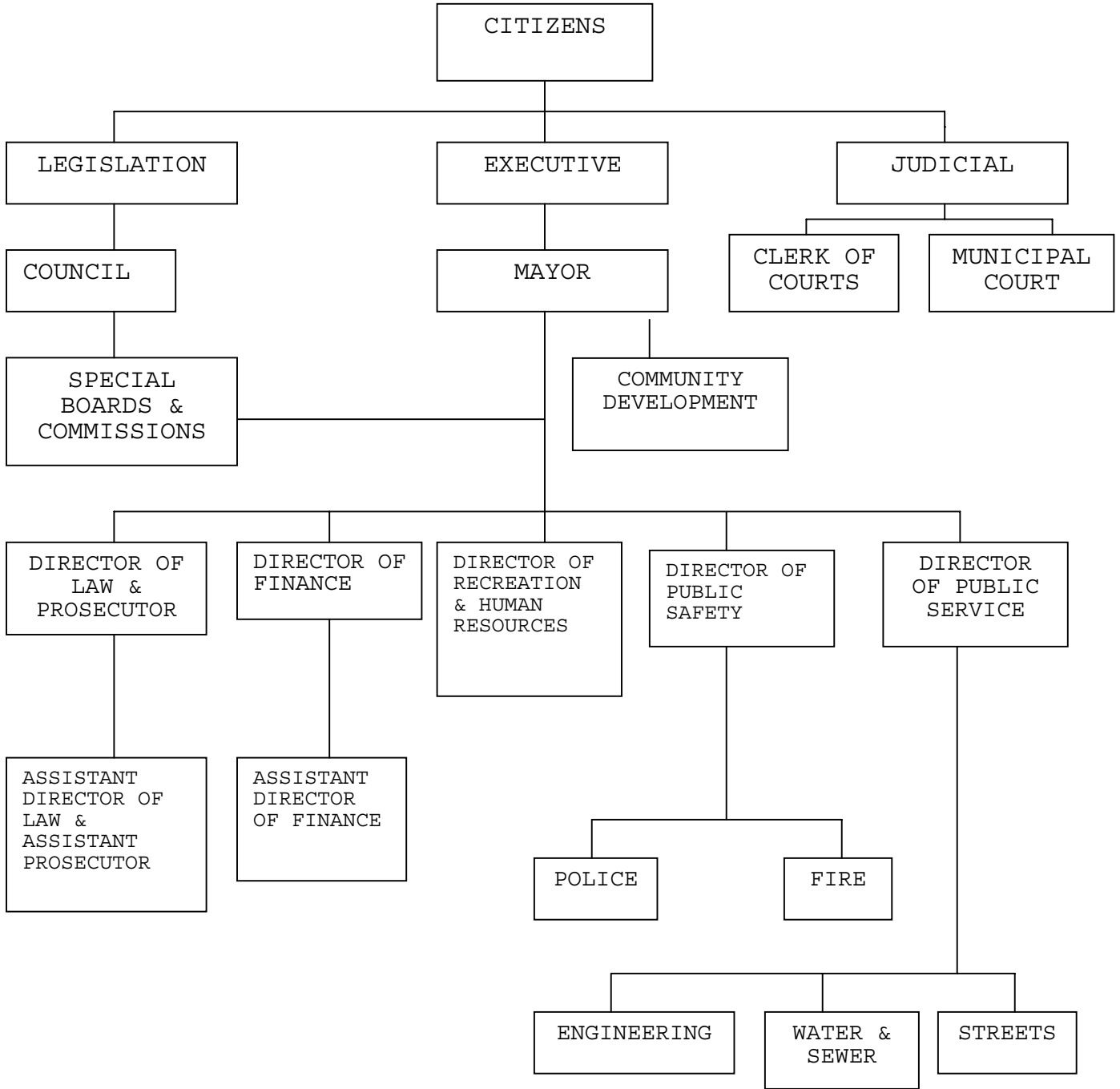
A handwritten signature in cursive script, appearing to read "Edward Hand".

President

A handwritten signature in cursive script, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF BEREA, OHIO
ORGANIZATIONAL CHART



CITY OF BEREA, OHIO
List of Principal Officials
December 31, 2003

ELECTED OFFICIALS

Mayor	Joseph W. Biddlecombe
President of Council	Stanley F. Maxwell
Council Member-at-Large	Richard T. Malott
Council Member-at-Large	James N. Walters
Council Member - Ward 1	Adrian Maldonado
Council Member - Ward 2	James J. Brown
Council Member - Ward 3	Edward L. Gibbs
Council Member - Ward 4	George Capellas
Council Member - Ward 5	James M. Baker

APPOINTED OFFICIALS

Director of Finance	Dana J. Kavander
Director of Law	Gregory M. Sponseller
Director of Recreation and Human Resources	Linda S. Root
Director of Service	R. James Brown

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Berea
Cuyahoga County
11 Berea Commons
Berea, Ohio 44017

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

September 9, 2004

City of Berea
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003
Unaudited

The discussion and analysis of the City of Berea's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- Total assets of the City of Berea exceeded its liabilities at the close of the most recent year by \$49,000,269 (net assets).
- Total assets increased by \$12,336,627 or 17.0 percent from 2002.
- Total liabilities increased by \$1,595,450 or 5.0 percent from 2002.
- Total net assets increased by \$10,741,177 or 28.0 percent from 2002.
- Total capital assets increased by \$11,098,251 or 20.2 percent over 2002.
- Total outstanding long-term liabilities at 2003 were \$1,753,746 more than year 2002 or 6.0 percent increase.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Berea as a financial whole, or as an entire operating entity. The statements provide a detailed look at the City's specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and 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 nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Berea
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These two statements report the City's net assets and changes in those net assets. This change in net assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets also need to be evaluated.

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

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

Reporting the City of Berea's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Berea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The presentation of the City's major funds begins on page 16. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds, which account for the multitude of services, facilities, and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Berea, our major funds are the general fund, general bond retirement fund, railroad capital improvement fund, water revenue fund, sewer revenue fund, and the Cleveland Browns fund.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal 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 measures 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 general operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the

City of Berea
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governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business type activities; therefore, these statements will essentially match the information provided in statements for the City as a whole.

The City as a Whole

Recall that the Statement of Net Assets pictures the City as a whole. Table 1 provides a summary of the City's net assets for 2003 compared to 2002:

Table 1 - Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$15,835,588	\$13,913,959	\$3,418,665	\$4,101,918	\$19,254,253	\$18,015,877
Capital Assets, Net	<u>54,641,948</u>	<u>43,512,228</u>	<u>11,338,230</u>	<u>11,369,699</u>	<u>65,980,178</u>	<u>54,881,927</u>
<i>Total Assets</i>	<u>70,477,536</u>	<u>57,426,187</u>	<u>14,756,895</u>	<u>15,471,617</u>	<u>85,234,431</u>	<u>72,897,804</u>
Liabilities						
Current and Other Liabilities	7,087,655	7,217,868	262,328	290,411	7,349,983	7,508,279
Long-Term Liabilities:						
Due Within One Year	10,023,191	3,193,340	1,154,961	1,041,523	11,178,152	4,234,863
Due In More Than One Year	<u>13,102,804</u>	<u>17,146,419</u>	<u>4,603,223</u>	<u>5,749,151</u>	<u>17,706,027</u>	<u>22,895,570</u>
<i>Total Liabilities</i>	<u>30,213,650</u>	<u>27,557,627</u>	<u>6,020,512</u>	<u>7,081,085</u>	<u>36,234,162</u>	<u>34,638,712</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	32,753,184	43,512,228	8,272,544	8,117,968	41,025,728	51,630,196
Restricted for:						
Capital Projects	5,088,512	1,645,400	0	0	5,088,512	1,645,400
Debt Service	306,605	0	0	0	306,605	0
Other Purposes	1,675,371	0	0	0	1,675,371	0
Unrestricted (Deficit)	<u>440,214</u>	<u>(15,289,068)</u>	<u>463,839</u>	<u>272,564</u>	<u>904,053</u>	<u>(15,016,504)</u>
<i>Total Net Assets</i>	<u>\$40,263,886</u>	<u>\$29,868,560</u>	<u>\$8,736,383</u>	<u>\$8,390,532</u>	<u>\$49,000,269</u>	<u>\$38,259,092</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Berea, assets exceeded liabilities by \$49,000,269 at year end 2003. By far the largest portion of the City of Berea's net assets (approximately 84 percent) reflects its investment in capital assets including land and land improvements, construction in progress, buildings and building improvements, equipment and machinery, furniture and fixtures, and infrastructure. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available

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for future spending. Although the City of Berea's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets increased by \$12,336,627 from 2002 to 2003. The increase was due mainly to the City reporting construction in progress for the rail/grade separation project, which is contracted at approximately \$48 million.

In addition, total liabilities increased by \$1,595,450, also in relation to the rail/grade separation project, and the City's net assets increased by \$10,741,177.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. However, since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expense comparisons to 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2 - Change in Net Assets

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues:			
Charges for Services	\$9,001,521	\$1,671,637	\$10,673,158
Operating Grants and Contributions	556,337	0	556,337
Capital Grants and Contributions	<u>4,182,707</u>	<u>0</u>	<u>4,182,707</u>
<i>Total Program Revenues</i>	<u>13,740,565</u>	<u>1,671,637</u>	<u>15,412,202</u>
General Revenues:			
Property and Other Local Taxes	3,798,326	34,079	3,832,405
Income Taxes	8,694,407	0	8,694,407
Grants and Entitlements	1,381,784	0	1,381,784
Gain on Sale of Capital Asset	1,148	0	1,148
Interest	<u>33,133</u>	<u>0</u>	<u>33,133</u>
<i>Total General Revenues</i>	<u>13,908,798</u>	<u>34,079</u>	<u>13,942,877</u>
<i>Total Revenues</i>	<u>27,649,363</u>	<u>1,705,716</u>	<u>29,355,079</u>

City of Berea
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003
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	Governmental Activities	Business Type Activities	Total
Program Expenses			
Security of Persons and Property	4,478,817	0	4,478,817
Public Health	119,042	0	119,042
Leisure Time Activities	1,750,225	0	1,750,225
Community Development	254,795	0	254,795
Basic Utility Service	1,539,776	0	1,539,776
Transportation	899,290	0	899,290
General Government	6,002,685	0	6,002,685
Interest and Fiscal Charges	1,389,907	0	1,389,907
Water	0	1,970,077	1,970,077
Sewer	0	526,892	526,892
<i>Total Expenses</i>	<u>16,434,537</u>	<u>2,496,969</u>	<u>18,931,506</u>
<i>Increase (Decrease) in Net Assets before Contributions and Transfers</i>	11,214,826	(791,253)	10,423,573
Capital Contributions	0	257,348	257,348
Transfers	(819,500)	879,756	60,256
<i>Increase (Decrease) in Net Assets</i>	10,395,326	345,851	10,741,177
<i>Net Assets January 1</i>	<u>29,868,560</u>	<u>8,390,532</u>	<u>38,259,092</u>
<i>Net Assets December 31</i>	<u>\$40,263,886</u>	<u>\$8,736,383</u>	<u>\$49,000,269</u>

Governmental Activities

Governmental activities increased the City's net assets by \$10,395,326, thereby accounting for 35 percent growth in total net assets. The primary reason for the increase in net assets relates to the increases in revenues. Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The income tax rate of 2 percent was created by City Charter and became effective January 1992. This tax created by a Charter amendment will remain until such time as the City's electorate changes the rate, which is not anticipated. The income tax revenue amount for 2003 was \$8,694,407. General revenues from grants and entitlements, such as local government funds, are also sources of revenue.

While City income tax collections in 2003 were 1.26 percent lower than in 2002, the majority of the decrease can be attributed to the poor economy in general. The City had enjoyed a healthy revenue stream in its income tax collections for the past twelve years. This has been especially important to the City because of the loss of the Penton Publishing Company. Despite the downturn in the national economy, Berea's tax base has continued to grow with new industrial and retail

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developments in our City. The City of Berea has been very aggressive in the year 2003 collecting delinquent income tax as it has for many years. The catalyst behind its historical growth is a strong economic development program. The number of businesses, be they large or small, provides an income tax base that can sustain the loss of any major tax paying entity and still be able to meet the financial needs of the City. Of the \$27,649,363 in total governmental revenue, income tax accounts for 31 percent of that total. Property taxes of \$3,798,326 accounts for 14 percent, with program revenues accounting for 50 percent of governmental activities. Grants and entitlements, gain on sale of capital assets, and interest account for the remaining 5 percent.

For the most part, increases in expenses closely parallel inflation and growth in the demand for services. The largest program function for the City relates to general government. During 2003, 37 percent of program expenses related to general government. The next largest function was for security of persons and property. This includes the police and fire departments, which accounted for program expenses of \$4,478,817, which is 27 percent of total City expenses for the year 2003. Our Police and Fire Departments continue to add to their equipment to better serve our community and at the same time provide extra safety for our officers. We continue to strive to provide better police and fire service at a lower cost per man-hour.

Business Type Activities

The business type activities of the City, which include the City's water and sewer operations, increased the City's net assets by \$345,851. Net program expense exceeded program revenue in the amount of \$789,306 for the water operations for 2003. This is due to increased contributions required to the City's share of operating expenses. Expenses exceeded revenues in the sewer revenue activity in the amount of \$36,026 for 2003.

The City's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2003, the City's governmental funds reported combined ending fund balances of \$7,555,457. Of that amount, \$7,368,603 constitutes unreserved fund balances, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period (\$186,854).

All governmental funds had total revenue of \$28,285,003 and expenditures of \$30,453,362, leaving a deficit of \$2,168,359. While the City did achieve some revenue growth in 2003, it was outpaced by increases in salaries and benefits.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance for the general fund \$1,131,852, of which \$1,099,360 was unreserved. As a measure of the general fund's liquidity, it may

City of Berea
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Unaudited

be useful to compare both unreserved fund balance and total fund balance to the sum of total fund expenditures and other financing uses. Unreserved fund balance represents 9.0 percent of total general fund expenditures and other financing uses, while total fund balance represents 10.0 percent of that same amount. These numbers are a representation of the City's financial performance and condition.

The City's general bond retirement fund experienced an increase in fund balance of \$23,955 due to a decrease in interest expenditures.

The balance in the railroad capital improvement fund increased due to grant revenue received for the railroad rail/grade separation project.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2003, the City amended its general fund budget, but not significantly. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund, and within major category, the major categories being "Personal Services" and "Other". The general fund supports many of our major activities including the Police Department, the Fire Department, the Municipal Court, and most legislative and executive activities. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the general fund, original budgeted revenues were \$12,072,705. The final budgeted amount was \$11,581,248. The City's ending unencumbered cash balance in the general fund was \$187,355 above the final budgeted amount.

The differences between the general fund's original budget and the final amended budget were minor, amounting to less than 4%.

City of Berea
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003
Unaudited

Capital Assets and Debt Administration

Capital Assets

Table 4 - Capital Assets at December 31 (net of depreciation)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	2003	2002	2003	2002	2003	2002
Land	\$7,022,814	\$7,018,814	\$872,623	\$872,623	\$7,895,437	\$7,891,437
Construction in Progress	16,761,106	7,347,420	16,210	19,895	16,777,316	7,367,315
Land Improvements	1,224,673	1,261,777	42,215	49,891	1,266,888	1,311,668
Buildings	13,224,788	12,923,343	1,504,195	1,571,048	14,728,983	14,494,391
Building Improvements	4,511,633	3,762,081	0	0	4,511,633	3,762,081
Machinery and Equipment	552,591	652,498	481,742	513,906	1,034,333	1,166,404
Furniture and Fixtures	77,542	100,277	0	0	77,542	100,277
Vehicles	994,449	1,370,879	8,979	10,975	1,003,428	1,381,854
Infrastructure						
Bridges	983,596	732,763	0	0	983,596	732,763
Roads	7,668,505	8,233,299	0	0	7,668,505	8,233,299
Sidewalks	77,816	101,068	0	0	77,816	101,068
Traffic Signals	1,542,435	8,008	0	0	1,542,435	8,008
Water Lines	0	0	2,376,553	2,306,053	2,376,553	2,306,053
Storm Sewers	0	0	2,455,368	2,427,710	2,455,368	2,427,710
Sanitary Sewers	0	0	3,580,345	3,597,600	3,580,345	3,597,600
Total	\$54,641,948	\$43,512,227	\$11,338,230	\$11,369,701	\$65,980,178	\$54,881,928

Total capital assets for the City of Berea as of December 31, 2003 were \$65,980,178, an \$11,098,250 increase over 2002. The most significant increases in capital assets came in the area of construction in progress. The City is currently constructing two rail/grade separations that have been contracted in the total amount of \$48 million. The City is committed to a long-term goal of rebuilding its infrastructure and facilities. A capital plan is in place providing for rebuilding major residential streets, water, sewer and storm sewer lines, and adding additional facilities to complement our current structures. See Note 9 for additional information on capital assets.

Debt

On December 31, 2003, the City of Berea had \$28,884,179 in bonds, loans, compensated absences, and police and fire liability outstanding.

City of Berea
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003
Unaudited

Table 5 - Outstanding Debt at Year End

	Governmental Activities		Business Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$11,038,430	\$12,305,561	\$0	\$0	\$11,038,430	\$12,305,561
Urban Renewal Bonds	1,570,000	1,695,000	0	0	1,570,000	1,695,000
Taxable Bonds City Portion	611,033	869,526	0	0	611,033	869,526
Taxable Bonds Cleveland Browns Portion	0	0	2,626,996	3,482,473	2,626,996	3,482,473
SIB Loan	7,369,300	2,914,558	0	0	7,369,300	2,914,558
Notes	1,300,000	1,300,000	0	0	1,300,000	1,300,000
OWDA Loans	0	0	3,065,686	3,251,732	3,065,686	3,251,732
Total	\$21,888,763	\$19,084,645	\$5,692,682	\$6,734,205	\$27,581,445	\$25,818,850

The General Obligation Bonds are composed of various bonds for the construction of various streets, recreation center, water and sewer lines, various building improvements, and many more projects.

The urban renewal bonds are for improvements in the First Avenue Community section of the City. This area is part of the national Community Reinvestment Act (CRA).

The taxable bonds were used for the construction of an office and training facility, which is owned by the City and leased to the Cleveland Browns.

The State Infrastructure Bank (SIB) loan was needed to bridge a cash flow shortage for the rail/grade separation project. The City expects all loan repayments to be made by CSX and Norfolk Southern railroad corporations under the agreements with the City, or from federal and state funds. The City was required to pledge non-tax revenues as a backup source to repay the SIB loan.

Of the \$1,300,000 in notes, all are general obligation notes, and of which \$700,000 are for improvements to North Rocky River Drive and \$600,000 are for improvements to the outdoor pool.

The OWDA Loans are paid semi-annually from the Water Revenue fund and the Sewer Revenue Fund.

Current Financial Related Activities

The City of Berea is financially strong. Over the past fifteen years we have enjoyed strong growth in revenues and at the same time adopted a strong, fiscally responsible financial plan to live within our means. In 1992, we increased our income tax from 1.5 to 2 percent promising our constituents that the City of Berea would improve its facilities and infrastructure, and increase its level of services without the need for additional taxes. Since that time, we built our Recreation Center, acquired 162 acres of annexed property, expanded our recreational playing fields and completed numerous building improvements.

For many years, the City had reduced its health care costs, by operating a self-funded insurance program. While the cost increases for medical insurance are

City of Berea
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2003
Unaudited

unavoidable in today's environment, the City is working diligently to maintain a high level of coverage for its employees at the lowest cost possible.

The Director of Finance, Mayor and City Council work extremely hard at keeping debt low. We plan our finances so that we can pay cash for many of the facility improvements and acquisitions, and continue to pay cash for all equipment and other major purchases necessary to maintain our level of services. We live within our means and plan ahead knowing that our budget enables us to spend less than the revenues we receive.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and demonstrate the City's accountability for all money it receives, spends, and invests. Please direct any questions about this report or financial information inquiries to the Director of Finance, Dana J. Kavander, CPA, CPFA, CFE, CIA, City of Berea, 11 Berea Commons, Berea, Ohio 44017, or telephone 440-826-5800. We also offer information regarding our City on our web site, www.bereaohio.com.

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City of Berea
Statement of Net Assets
December 31, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,365,707	\$ 50,292	\$ 2,415,999
Materials and Supplies Inventory	110,125	18,645	128,770
Accrued Interest Receivable	25	58,099	58,124
Accounts Receivable	3,842,381	564,332	4,406,713
Intergovernmental Receivable	1,649,933	0	1,649,933
Cleveland Browns Trust Receivable	0	2,626,996	2,626,996
Prepaid Items	24,354	9,343	33,697
Income Tax Receivable	575,500	0	575,500
Property Taxes Receivable	6,696,756	0	6,696,756
Special Assessments Receivable	570,807	90,958	661,765
Nondepreciable Capital Assets	23,783,920	888,833	24,672,753
Depreciable Capital Assets, Net	<u>30,858,028</u>	<u>10,449,397</u>	<u>41,307,425</u>
<i>Total Assets</i>	<u>70,477,536</u>	<u>14,756,895</u>	<u>85,234,431</u>
Liabilities			
Accounts Payable	782,218	37,253	819,471
Accrued Wages and Benefits	374,998	44,502	419,500
Intergovernmental Payable	500,645	32,440	533,085
Claims Payable	184,029	0	184,029
Accrued Interest Payable	316,608	148,133	464,741
Deferred Revenue	4,929,157	0	4,929,157
Long-Term Liabilities:			
Due within One Year	10,023,191	1,154,961	11,178,152
Due In More Than One Year	<u>13,102,804</u>	<u>4,603,223</u>	<u>17,706,027</u>
<i>Total Liabilities</i>	<u>30,213,650</u>	<u>6,020,512</u>	<u>36,234,162</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	32,753,184	8,272,544	41,025,728
Restricted for:			
Capital Projects	5,088,512	0	5,088,512
Debt Service	306,605	0	306,605
Other Purposes	1,675,371	0	1,675,371
Unrestricted (Deficit)	<u>440,214</u>	<u>463,839</u>	<u>904,053</u>
<i>Total Net Assets</i>	<u>\$ 40,263,886</u>	<u>\$ 8,736,383</u>	<u>\$ 49,000,269</u>

See accompanying notes to the basic financial statements.

City of Berea
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-Type Activities		Total
					Governmental Activities	Business-Type Activities	
Primary Government Governmental Activities:							
Security of Persons and Property	\$ 4,478,817	\$ 540,091	\$ 17,278	\$ 0	\$ (3,921,448)	\$ 0	\$ (3,921,448)
Public Health	119,042	0	0	0	(119,042)	0	(119,042)
Leisure Time Activities	1,750,225	450,076	0	258,160	(1,041,989)	0	(1,041,989)
Community Development	254,795	180,031	0	175,804	101,040	0	101,040
Basic Utility Service	1,539,776	90,015	0	0	(1,449,761)	0	(1,449,761)
Transportation	899,290	539,059	0	3,748,743	8,609,394	0	8,609,394
General Government	6,002,685	2,520,426	0	0	(3,482,259)	0	(3,482,259)
Interest and Fiscal Charges	1,389,907	0	0	0	(1,389,907)	0	(1,389,907)
<i>Total Governmental Activities</i>	<u>16,434,537</u>	<u>9,001,521</u>	<u>556,337</u>	<u>4,182,707</u>	<u>(2,693,972)</u>	<u>0</u>	<u>(2,693,972)</u>
Business-Type Activities:							
Water	1,970,077	1,180,771	0	0	0	(789,306)	(789,306)
Sewer	526,892	490,866	0	0	0	(36,026)	(36,026)
<i>Total Business-Type Activities</i>	<u>2,496,969</u>	<u>1,671,637</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(825,332)</u>	<u>(825,332)</u>
<i>Total - Primary Government</i>	<u>\$ 18,931,506</u>	<u>\$ 10,673,158</u>	<u>\$ 556,337</u>	<u>\$ 4,182,707</u>	<u>(2,693,972)</u>	<u>(825,332)</u>	<u>(3,519,304)</u>
General Revenues:							
Property Taxes Levied for:							
General Purposes					2,052,840	34,079	2,086,919
Debt Service					1,745,486	0	1,745,486
Income Tax Levied for:							
General Purposes					8,694,407	0	8,694,407
Grants and Entitlements not Restricted to Specific Programs					1,381,784	0	1,381,784
Gain on Sale of Capital Asset					1,148	0	1,148
Interest					33,133	0	33,133
<i>Total General Revenues</i>					<u>13,908,798</u>	<u>34,079</u>	<u>13,942,877</u>
Capital Contributions Transfers					0	257,348	257,348
					<u>(819,500)</u>	<u>879,756</u>	<u>60,256</u>
<i>Total General Revenues, Contributions and Transfers</i>					<u>13,089,298</u>	<u>1,171,183</u>	<u>14,260,481</u>
Change in Net Assets					10,395,326	345,851	10,741,177
<i>Net Assets, Beginning of Year - (See Note 3)</i>					<u>29,868,560</u>	<u>8,390,532</u>	<u>38,259,092</u>
<i>Net Assets End of Year</i>					<u>\$ 40,263,886</u>	<u>\$ 8,736,383</u>	<u>\$ 49,000,269</u>

See accompanying notes to the basic financial statements

City of Berea
Balance Sheet
Governmental Funds
December 31, 2003

	<u>General</u>	<u>General Bond Retirement</u>	<u>Railroad Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 188,790	\$ 157,701	\$ 783,981	\$1,214,928	\$ 2,345,400
Materials and Supplies					
Inventory	4,810	0	0	105,315	110,125
Accrued Interest Receivable	25	0	0	0	25
Accounts Receivable	43,503	0	3,795,000	3,878	3,842,381
Interfund Receivable	137,719	0	0	0	137,719
Intergovernmental Receivable	595,099	135,812	452,596	466,426	1,649,933
Prepaid Items	13,237	0	0	3,065	16,302
Taxes Receivable	3,599,516	2,260,398	0	1,412,342	7,272,256
Special Assessments Receivable	<u>12,583</u>	<u>13,092</u>	<u>0</u>	<u>545,132</u>	<u>570,807</u>
<i>Total Assets</i>	<u>\$4,595,282</u>	<u>\$ 2,567,003</u>	<u>\$ 5,031,577</u>	<u>\$3,751,086</u>	<u>\$ 15,944,948</u>
Liabilities					
Accounts Payable	\$ 202,567	\$ 0	\$ 364,447	\$ 215,204	\$ 782,218
Interfund Payable	0	0	0	137,719	137,719
Accrued Wages and Benefits	335,632	0	0	39,366	374,998
Intergovernmental Payable	94,508	0	0	0	94,508
Deferred Revenue	<u>2,830,723</u>	<u>2,218,518</u>	<u>270,796</u>	<u>1,680,011</u>	<u>7,000,048</u>
<i>Total Liabilities</i>	<u>3,463,430</u>	<u>2,218,518</u>	<u>635,243</u>	<u>2,072,300</u>	<u>8,389,491</u>
Fund Balances					
Reserved for Encumbrances	14,445	0	3,142	42,840	60,427
Reserved for Inventory	4,810	0	0	105,315	110,125
Reserved for Prepays	13,237	0	0	3,065	16,302
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,099,360	0	0	0	1,099,360
Special Revenue Funds	0	0	0	1,116,034	1,116,034
Debt Service Funds	0	348,485	0	0	348,485
Capital Projects Funds	<u>0</u>	<u>0</u>	<u>4,393,192</u>	<u>411,532</u>	<u>4,804,724</u>
<i>Total Fund Balances</i>	<u>1,131,852</u>	<u>348,485</u>	<u>4,396,334</u>	<u>1,678,786</u>	<u>7,555,457</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,595,282</u>	<u>\$ 2,567,003</u>	<u>\$ 5,031,577</u>	<u>\$3,751,086</u>	<u>\$ 15,944,948</u>

See accompanying notes to the basic financial statements

City of Berea
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2003*

Total Governmental Funds Balances \$ 7,555,457

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 54,641,948

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

Property Taxes	(154,815)
Income Tax	1,074,766
Intergovernmental	673,030
Special Assessments	<u>477,910</u>

Total 2,070,891

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (155,670)

Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds. (406,137)

In the statement of activities, interest is accrued on outstanding bond, whereas in governmental funds, an interest expenditure is reported when due. (316,608)

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

General Obligation Bonds	(11,038,430)
Urban Renewal Bonds	(1,570,000)
Taxable Bonds	(611,033)
State Infrastructure Bank Loan	(7,369,300)
Notes Payable	(1,300,000)
Compensated Absences	(981,911)
Police and Fire Pension Liability	<u>(255,321)</u>

Total (23,125,995)

Net Assets of Governmental Activities \$ 40,263,886

City of Berea
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	<u>General</u>	<u>General Bond Retirement</u>	<u>Railroad Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 1,595,526	\$ 1,959,180	\$ 0	\$ 724,341	\$ 4,279,047
Income Taxes	6,135,542	0	0	2,045,180	8,180,722
Other Local Taxes	222,484	0	0	0	222,484
Special Assessments	2,048	0	0	598,939	600,987
Intergovernmental	1,208,349	259,816	4,003,670	1,354,069	6,825,904
Interest	30,785	0	2,310	38	33,133
Fees, Licenses and Permits	214,274	0	0	0	214,274
Fines and Forfeitures	1,244,142	0	0	731,571	1,975,713
Charges for Services	334,937	0	5,070,935	417,434	5,823,306
Other	<u>125,591</u>	<u>0</u>	<u>0</u>	<u>3,842</u>	<u>129,433</u>
<i>Total Revenues</i>	<u>11,113,678</u>	<u>2,218,996</u>	<u>9,076,915</u>	<u>5,875,414</u>	<u>28,285,003</u>
Expenditures					
Current:					
Security of Persons and Property	4,396,123	0	0	1,187,319	5,583,442
Public Health	0	0	0	119,042	119,042
Leisure Time Activities	754,556	0	0	1,063,347	1,817,903
Community Development	331,478	0	0	34,414	365,892
Basic Utility Service	826,385	0	0	0	826,385
Transportation	0	0	0	641,113	641,113
General Government	5,301,832	9,560	0	585,926	5,897,318
Capital Outlay	0	0	9,213,568	1,901,243	11,114,811
Debt Service:					
Principal Retirement	0	1,392,131	0	1,558,493	2,950,624
Interest and Fiscal Charges	<u>0</u>	<u>1,045,325</u>	<u>0</u>	<u>91,507</u>	<u>1,136,832</u>
<i>Total Expenditures</i>	<u>11,610,374</u>	<u>2,447,016</u>	<u>9,213,568</u>	<u>7,182,404</u>	<u>30,453,362</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(496,696)</u>	<u>(228,020)</u>	<u>(136,653)</u>	<u>(1,306,990)</u>	<u>(2,168,359)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	1,148	1,148
Proceeds from SIB Loan Issued	0	0	4,454,742	0	4,454,742
Proceeds from Notes Issued	0	0	0	1,300,000	1,300,000
Transfers In	0	251,975	0	1,792,564	2,044,539
Transfers Out	<u>(711,540)</u>	<u>0</u>	<u>0</u>	<u>(2,373,899)</u>	<u>(3,085,439)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (711,540)</u>	<u>\$ 251,975</u>	<u>\$ 4,454,742</u>	<u>\$ 719,813</u>	<u>\$ 4,714,990</u>

(continued)

City of Berea
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003
(Continued)

	<u>General</u>	<u>General Bond Retirement</u>	<u>Railroad Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Net Change in Fund Balances</i>	\$ (1,208,236)	\$ 23,955	\$ 4,318,089	\$ (587,177)	\$ 2,546,631
<i>Fund Balances (Deficits)</i>					
<i>Beginning of Year –</i>					
<i>Reinstated (See Note 3)</i>	2,344,317	324,530	78,245	2,202,435	4,949,527
<i>Increase (Decrease) in Reserve for Inventory</i>	<u>(4,229)</u>	<u>0</u>	<u>0</u>	<u>63,528</u>	<u>59,299</u>
<i>Fund Balances (Deficits) End of Year</i>	\$ <u>1,131,852</u>	\$ <u>348,485</u>	\$ <u>4,396,334</u>	\$ <u>1,678,786</u>	\$ <u>7,555,457</u>

See accompanying notes to the basic financial statements

City of Berea
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2003*

Net Change in Fund Balances - Total Governmental Funds \$ 2,546,631

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

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

Capital Asset Additions	13,858,603	
Current Year Depreciation	<u>(2,435,698)</u>	
		11,422,905

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

(293,184)

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

Delinquent Property Taxes	(480,721)	
Municipal Income Taxes	513,685	
Other Local Taxes	(222,484)	
Special Assessments	(1,741)	
Intergovernmental	<u>(202,340)</u>	
Total		(393,601)

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

2,950,624

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(253,075)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	14,065	
Pension Obligation	173,674	
Police and Fire Pension Liability	<u>3,817</u>	
		191,556

Issuance of loans and notes in the governmental funds increased long-term liabilities in the statement of net assets.

(5,754,742)

The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

(21,788)

Change in Net Assets of Governmental Activities \$ 10,395,326

City of Berea
*Statement of Revenues, Expenditures and Changes
 In Fund Balance – Budget (Non-GAAP) and Actual
 General Fund
 For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$ 1,611,000	\$ 1,567,097	\$ 1,567,097	\$ 0
Income Taxes	6,690,000	6,488,923	6,488,923	0
Other Local Taxes	217,000	222,968	222,968	0
Intergovernmental	1,473,600	1,339,097	1,339,097	0
Charges for Services	343,160	330,137	330,137	0
Fees, Licenses, and Permits	205,000	214,274	214,274	0
Fines and Forfeitures	1,318,457	1,258,000	1,258,000	0
Interest	70,000	30,791	30,791	0
Other	<u>144,488</u>	<u>129,961</u>	<u>129,961</u>	<u>0</u>
<i>Total Revenues</i>	<u>12,072,705</u>	<u>11,581,248</u>	<u>11,581,248</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	4,444,252	4,406,000	4,375,113	30,887
Leisure Time Activities	603,429	741,936	734,510	7,426
Community Development	337,384	373,539	363,697	9,842
Basic Utility Service	812,329	835,010	825,608	9,402
General Government	<u>5,783,336</u>	<u>5,154,134</u>	<u>5,088,176</u>	<u>65,958</u>
<i>Total Expenditures</i>	<u>11,980,730</u>	<u>11,510,619</u>	<u>11,387,104</u>	<u>123,515</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>91,975</u>	<u>70,629</u>	<u>194,144</u>	<u>123,515</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(912,000)</u>	<u>(775,380)</u>	<u>(711,540)</u>	<u>63,840</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(912,000)</u>	<u>(775,380)</u>	<u>(711,540)</u>	<u>63,840</u>
<i>Net Change in Fund Balance</i>	(820,025)	(704,751)	(517,396)	187,355
<i>Fund Balance Beginning of Year</i>	788,902	788,902	788,902	0
Prior Year Encumbrances Appropriated	<u>37,857</u>	<u>37,857</u>	<u>37,857</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$ 6,734</u>	<u>\$ 122,008</u>	<u>\$ 309,363</u>	<u>\$ 187,355</u>

City of Berea
Statement of Net Assets
Proprietary Funds
December 31, 2003

	<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Cleveland Browns</u>	<u>Total</u>	
Assets					
<i>Current Assets</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 21,913	\$ 28,379	\$ 0	\$ 50,292	\$ 20,307
Materials and Supplies					
Inventory	18,645	0	0	18,645	0
Accrued Interest Receivable	0	0	58,099	58,099	0
Accounts Receivable	403,014	161,318	0	564,332	0
Cleveland Browns Trust	0	0	2,626,996	2,626,996	0
Special Assessments Receivable	52,319	38,639	0	90,958	0
Prepaid Items	<u>9,290</u>	<u>53</u>	<u>0</u>	<u>9,343</u>	<u>8,052</u>
<i>Total Current Assets</i>	<u>505,181</u>	<u>228,389</u>	<u>2,685,095</u>	<u>3,418,665</u>	<u>28,359</u>
<i>Noncurrent Assets</i>					
Capital Assets:					
Nondepreciable Capital Assets	76,090	812,743	0	888,833	0
Depreciable Capital Assets, Net	<u>4,404,567</u>	<u>6,044,830</u>	<u>0</u>	<u>10,449,397</u>	<u>0</u>
<i>Total Noncurrent Assets</i>	<u>4,480,657</u>	<u>6,857,573</u>	<u>0</u>	<u>11,338,230</u>	<u>0</u>
<i>Total Assets</i>	<u>4,985,838</u>	<u>7,085,962</u>	<u>2,685,095</u>	<u>14,756,895</u>	<u>28,359</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable	27,445	9,808	0	37,253	0
Accrued Wages and Benefits	36,688	7,814	0	44,502	0
Compensated Absences Payable	4,731	0	0	4,731	0
Intergovernmental Payable	28,502	3,938	0	32,440	0
Claims Payable	0	0	0	0	184,029
Accrued Interest Payable	62,674	27,360	58,099	148,133	0
Cleveland Browns Payable	0	0	953,329	953,329	0
OWDA Loans Payable	<u>108,472</u>	<u>88,429</u>	<u>0</u>	<u>196,901</u>	<u>0</u>
<i>Total Current Liabilities</i>	<u>268,512</u>	<u>137,349</u>	<u>1,011,428</u>	<u>1,417,289</u>	<u>184,029</u>
<i>Long-Term Liabilities</i>					
Compensated Absences Payable	60,771	0	0	60,771	0
Cleveland Browns Payable (Net of Current Portion)	0	0	1,673,667	1,673,667	0
OWDA Loans Payable (Net of Current Portion)	<u>1,305,976</u>	<u>1,562,809</u>	<u>0</u>	<u>2,868,785</u>	<u>0</u>
<i>Total Long-Term Liabilities</i>	<u>1,366,747</u>	<u>1,562,809</u>	<u>1,673,667</u>	<u>4,603,223</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 1,635,259</u>	<u>\$ 1,700,158</u>	<u>\$ 2,685,095</u>	<u>\$ 6,020,512</u>	<u>\$ 184,029</u>

(continued)

City of Berea
Statement of Net Assets
Proprietary Funds
December 31, 2003
(Continued)

	Enterprise Funds			Total	Internal Service Funds
	Water Revenue	Sewer Revenue	Cleveland Browns		
Net Assets					
Invested in Capital Assets, Net of Related Debt	\$ 3,066,210	\$ 5,206,334	\$ 0	\$ 8,272,544	\$ 0
Unrestricted	<u>284,369</u>	<u>179,470</u>	<u>0</u>	<u>463,839</u>	<u>(155,670)</u>
<i>Total Net Assets</i>	<u>\$ 3,350,579</u>	<u>\$ 5,385,804</u>	<u>\$ 0</u>	<u>\$ 8,736,383</u>	<u>\$ (155,670)</u>

See accompanying notes to the basic financial statements

City of Berea
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003*

	Enterprise Funds				Internal Service Funds
	Water Revenue	Sewer Revenue	Cleveland Browns	Total	
Operating Revenues					
Charges for Services	\$ 1,180,771	\$ 490,866	\$ 0	\$ 1,671,637	\$ 1,355,331
Special Assessments	<u>14,667</u>	<u>19,412</u>	<u>0</u>	<u>34,079</u>	<u>0</u>
<i>Total Operating Revenues</i>	<u>1,195,438</u>	<u>510,278</u>	<u>0</u>	<u>1,705,716</u>	<u>1,355,331</u>
Operating Expenses					
Personal Services	1,149,023	193,080	0	1,342,103	0
Contractual Services	453,607	40,043	0	493,650	1,598,527
Materials and Supplies	110,733	70,448	0	181,181	0
Transportation	8,183	0	0	8,183	0
Depreciation	<u>140,155</u>	<u>148,662</u>	<u>0</u>	<u>288,817</u>	<u>0</u>
<i>Total Operating Expenses</i>	<u>1,861,701</u>	<u>452,233</u>	<u>0</u>	<u>2,313,934</u>	<u>1,598,527</u>
<i>Operating Income (Loss)</i>	<u>(666,263)</u>	<u>58,045</u>	<u>0</u>	<u>(608,218)</u>	<u>(243,196)</u>
Non-Operating Revenues (Expenses)					
Interest and Fiscal Charges	(108,376)	(74,659)	0	(183,035)	0
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(108,376)</u>	<u>(74,659)</u>	<u>0</u>	<u>(183,035)</u>	<u>8</u>
<i>Income (Loss) before Contributions and Transfers</i>	(774,639)	(16,614)	0	(791,253)	(243,188)
Capital Contributions	83,201	174,147	0	257,348	0
Transfers In	<u>879,756</u>	<u>0</u>	<u>0</u>	<u>879,756</u>	<u>221,400</u>
<i>Change in Net Assets</i>	188,318	157,533	0	345,851	(21,788)
<i>Net Assets Beginning of Year – Restated (See Note 3)</i>	<u>3,162,261</u>	<u>5,228,271</u>	<u>0</u>	<u>8,390,532</u>	<u>(133,882)</u>
<i>Net Assets End of Year</i>	<u>\$ 3,350,579</u>	<u>\$ 5,385,804</u>	<u>\$ 0</u>	<u>\$ 8,736,383</u>	<u>\$ (155,670)</u>

See accompanying notes to the basic financial statements

City of Berea
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Enterprise Funds				Internal Service Funds
	Water Revenue	Sewer Revenue	Cleveland Browns	Total	
Increase (Decrease) In Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,027,498	\$ 501,568	\$ 0	\$ 1,529,066	\$ 0
Cash Received from Interfund Services Provided	0	0	0	0	1,355,331
Cash Payments to Employees For Services and Benefits	(1,138,128)	(214,708)	0	(1,352,836)	0
Cash Payments for Goods and Services	(562,326)	(103,146)	0	(665,472)	(1,578,139)
Cash Payments for Travel and Transportation	<u>(7,934)</u>	<u>0</u>	<u>0</u>	<u>(7,934)</u>	<u>0</u>
<i>Net Cash Provided by (Used In) Operating Activities</i>	<u>(680,890)</u>	<u>183,714</u>	<u>0</u>	<u>(497,176)</u>	<u>(222,808)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	<u>879,756</u>	<u>0</u>	<u>0</u>	<u>879,756</u>	<u>221,400</u>
<i>Net Cash Provided by (Used In) Noncapital Financing Activities</i>	<u>879,756</u>	<u>0</u>	<u>0</u>	<u>879,756</u>	<u>221,400</u>
Cash Flows from Capital and Related Financing Activities					
Principal Paid on OWDA Loans	(102,189)	(83,857)	0	(186,046)	0
Interest Paid on OWDA Loans	<u>(93,584)</u>	<u>(96,447)</u>	<u>0</u>	<u>(190,031)</u>	<u>0</u>
<i>Net Cash Provided by (Used In) Capital and Related Financing Activities</i>	<u>\$ (195,773)</u>	<u>\$ (180,304)</u>	<u>\$ 0</u>	<u>\$ (376,077)</u>	<u>\$ 0</u> (continued)

City of Berea
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003
(Continued)

	Enterprise Funds				Internal Service Funds
	Water Revenue	Sewer Revenue	Cleveland Browns	Total	
Cash Flows from Investing Activities					
Interest on Investments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>					
	3,093	3,410	0	6,503	(1,400)
<i>Cash and Cash Equivalents Beginning of Year</i>					
	<u>18,820</u>	<u>24,969</u>	<u>0</u>	<u>43,789</u>	<u>21,707</u>
<i>Cash and Cash Equivalents End of Year</i>					
	<u>\$ 21,913</u>	<u>\$ 28,379</u>	<u>\$ 0</u>	<u>\$ 50,292</u>	<u>\$ 20,307</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used In) Operating Activities					
Operating Gain (Loss)	\$ (666,263)	\$ 58,045	\$ 0	\$ (608,218)	\$ (243,196)
Adjustments:					
Depreciation	140,155	148,662	0	288,817	0
(Increase) Decrease in Assets:					
Accounts Receivable	(153,273)	10,448	0	(142,825)	0
Special Assessments	(14,667)	(19,158)	0	(33,825)	0
Prepaid Items	(9,290)	(53)	0	(9,343)	(2,696)
Materials and Supplies Inventory	1,352	0	0	1,352	0
Increase (Decrease) in Liabilities:					
Accounts Payable	10,202	7,399	0	17,601	0
Contracts Payable	0	0	0	0	0
Accrued Wages and Benefits	10,894	(21,629)	0	(10,735)	0
Claims Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,084</u>
<i>Net Cash Provided by (Used In) Operating Activities</i>					
	<u>\$ (680,890)</u>	<u>\$ 183,714</u>	<u>\$ 0</u>	<u>\$ (497,176)</u>	<u>\$ (222,808)</u>

Noncash Capital Financing Activities

During 2003, the water capital improvement fund paid \$83,201 directly to contractors on behalf of the water revenue enterprise fund. The sewer capital improvement fund paid \$174,147 directly to contractors on behalf of the sewer enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Berea
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,316,324
Accounts Receivable	<u>934,283</u>
<i>Total Liabilities</i>	<u>\$ 2,250,607</u>
<u>Liabilities</u>	
Accounts Payable	\$ 424,534
Due to Other Governments	1,144,176
Deposits Held and Due to Others	<u>681,897</u>
<i>Total Liabilities</i>	<u>\$ 2,250,607</u>

See accompanying notes to the basic financial statements

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 1 - Description of the City and Reporting Entity

The City of Berea (the "City") is a home rule municipal corporation, established under the laws of the State of Ohio and operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted May 3, 1960. Elected officials include seven Council members and a Mayor.

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 of the City are not misleading. The City's primary government consists of all funds and departments which are not legally separate from the City. For the City, this includes the departments that provide the following services: police and fire protection, emergency medical, street maintenance, sanitation, planning and zoning, parks and recreation, water treatment, and general administrative services.

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; or the City is obligated for the debt of the organization. Component units may also include organizations in which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City participates in several jointly governed organizations, including the Northeast Ohio Public Energy Council, the Southwest Council of Governments, the Southwest General Health Center, the Southwest Suburban Airport Council of Governments, and the Woodvale Union Cemetery. A jointly governed organization is managed by representatives from each of the governments that create the organization, but there is no ongoing financial interest nor responsibility on the part of the participating governments. These organizations are presented in Note 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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 and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business type activities and enterprise funds. The more significant of the City's accounting policies are described below.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions, that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues 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 or business activity is self-financing or draws from the general revenues of the City.

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically 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:

City of Berea, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

General Fund The general fund is the general operating fund of the City. It is used to account for all financial resources except those required 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 Berea and/or the general laws of Ohio.

General Bond Retirement Fund The general bond retirement fund is used to account for the accumulation of resources for, and the payment of general long-term principal, interest, and related costs, other than those paid by proprietary funds.

Railroad Capital Improvement Fund The railroad capital improvement fund accounts for monies received and expended for the building of railroad underpasses in association with state and federal grants.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Water Revenue Fund The water revenue fund is used to account for the operation of the water treatment plant and distribution of water to the residents and commercial users of the City and some residents of the county.

Sewer Revenue Fund The sewer revenue fund is used to account for the operations of the sewage collection and treatment plant operations.

Cleveland Browns Fund The Cleveland Browns fund is used to account for the debt service payments for the construction of the Cleveland Browns training facility.

Internal Service Funds The internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for regional sewer collections, deposits held for contractors and developers, unclaimed monies, Ohio Board of Building Standards fees, dog license fees, and municipal court collections.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 (e.g. revenues) and decreases (e.g. 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.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period 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

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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, admissions tax, cable TV franchise fees, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

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

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

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

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

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

E. Pooled Cash And Cash Equivalents

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

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

During 2003, investments were limited to certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2003.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2003 amounted to \$30,785 which includes \$26,167 assigned from other City funds.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

F. Materials And Supplies Inventory

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

G. Prepaid Items

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

H. Capital Assets

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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one-thousand dollars. The City's infrastructure consists of roads, storm sewers, sanitary sewers, water lines, bridges, traffic signals, and sidewalks. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

	<u>YEARS</u>
Land improvements	10 - 50
Buildings	40
Building improvements	7 - 50
Machinery and equipment	2 - 20
Furniture and fixtures	7 - 10
Vehicles	3 - 20
Infrastructure	10 - 50

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported 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, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees 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 employees that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policies.

K. Accrued Liabilities And Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

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

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

governments.

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

N. Operating Revenues And Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services, and the self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

O. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

P. Interfund Activity

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

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

Q. Extraordinary And Special Items

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

R. Estimates

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

S. Budgetary Data

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 object level (personal services and other) within each department in the general fund and at the

City of Berea, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2003

object level (personal services and other) for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2003.

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.

The City's budgetary process does not include annual budgeting for the railroad capital improvement fund. Appropriations in this fund remain open and carry over to succeeding years (i.e., multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for this fund are controlled on a project basis.

Note 3-Change in Accounting Principles and Restatement of Prior Year Fund Equity

A. Changes in Accounting Principles

For 2003, the City has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City's programs between business-type and governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

differences have arisen, or potentially could arise, in interpretation and practice.

B. Restatement of Fund Balance

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

	General	General Bond Retirement	Railroad Capital Improvement
Fund Balances December 31, 2002	\$2,299,377	\$324,530	\$78,245
Implementation of GASB Interpretation 6	44,940	0	0
Adjusted Fund Balances			
December 31, 2002	\$2,344,317	\$324,530	\$78,245
	Non Major	Total	
Fund Balances December 31, 2002	\$2,190,682	\$4,892,834	
Implementation of GASB Interpretation 6	11,753	56,693	
Adjusted Fund Balances			
December 31, 2002	\$2,202,435	4,949,527	
GASB 34 Adjustments:			
Capital Assets		43,512,227	
Pension Obligation		(382,795)	
Compensated Absences		(995,976)	
Police and Fire Pension Liability		(259,138)	
Long-Term Liabilities		(19,084,645)	
Long-Term (Deferred) Assets		2,326,775	
Accrued Interest		(63,533)	
Internal Service Fund		(133,882)	
Governmental Activities Net Assets,			
December 31, 2002		\$29,868,560	

For 2003, the City re-evaluated capital assets for the water revenue and sewer revenue fund. Debt and interest related to the water revenue and sewer revenue funds were allocated to these funds. In addition, deferred revenue that was incorrectly posted to the water and sewer revenue accounts was adjusted. The restatement of prior year net assets is as follows:

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Water Revenue	Sewer Revenue	Total
Fund Equity			
December 31, 2002	\$3,722,170	\$ 3,288,139	\$ 7,010,309
Capital Assets	(589,866)	1,927,193	1,337,327
Deferred Revenue	29,957	12,939	42,896
Enterprise Fund Net Assets			
December 31, 2002	<u>\$3,162,261</u>	<u>\$5,228,271</u>	<u>\$ 8,390,532</u>

For 2003, the City re-evaluated the presentation of the Unclaimed Monies Trust Fund. This fund was reclassified from an expendable trust fund to an agency fund.

NOTE 4 - Accountability and Legal Compliance

A. Accountability

Special Revenue Funds

The recreation fund has a deficit of \$55,371, caused by the application of generally accepted accounting principles. The general fund or the municipal income tax fund is liable for any deficit in the recreation fund and provides operating transfers when cash is needed, not when accruals occur.

Capital Projects Funds

The sewer capital improvement fund, and water capital improvement fund had deficits of \$5,680, and \$8,821 respectively, caused by the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

Internal Service Funds

The medical benefits fund and property/liability insurance fund had retained deficit earnings of \$141,577, and \$14,093, respectively, as a result of accumulated operating losses, and the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

B. Legal Compliance

The community development block grant fund had a negative cash fund balance of \$137,719 at year end contrary to Ohio Revised Code Section 5705.10.

NOTE 5 - Budgetary Basis of Accounting

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

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

major differences between the budget basis and GAAP basis are as follows:

- (a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (c) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- (d) Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

Net Change in Fund Balance General Fund	General
GAAP Basis	\$(1,208,236)
Net Adjustment for Revenue Accruals	467,570
Net Adjustment for Expenditure Accruals	240,685
Encumbrances	(17,415)
Budget Basis	\$(517,396)

NOTE 6 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim 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.

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

City of Berea, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2003

institution to secure the repayment of all public monies deposited with the institution. Interim monies may be invested or deposited in the following securities:

- United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasurer's investment pool (STAROhio).

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

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

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

Deposits At year-end, the carrying amount of the City's deposits was \$1,999,004 and the bank balance was \$2,153,270. Of the bank balance:

1. \$327,646 was covered by Federal depository insurance, by collateral held by the City, or by collateral held by the City's agent in the name of the City; and
2. \$1,825,624 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Carrying and Fair Value
STAROhio	\$ <u>1,733,319</u>
Total Investments	\$ <u>1,733,319</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$3,732,323	\$0
Investments:		
STAROhio	(<u>1,733,319</u>)	<u>1,733,319</u>
GASB Statement 3	\$ <u>1,999,004</u>	\$ <u>1,733,319</u>

NOTE 7 - Receivables

Receivables at December 31, 2003 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (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 \$131,522 in the general bond retirement fund. At December 31, 2003 the amount of delinquent special assessments was \$136,289.

City of Berea, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

A. Income Taxes

The City levies and collects an income tax of 2% on all income earned within the City, as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100% up to 1-1/2% of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax at least quarterly to the Regional Income Tax Agency, who administers the City's income tax collections. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general fund and the municipal income tax fund. The general fund receives three-fourths and the municipal income tax fund receives one-fourth of the total income tax revenue.

B. Property Tax

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 35 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Berea. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate applied to real property for the fiscal year ended December 31, 2003 was \$17.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property, upon which 2003 property tax receipts were based, are as follows:

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 318,662,520
Public Utility Real and Tangible	11,176,770
Tangible Personal	<u>28,773,884</u>
Total	<u>\$ 358,613,174</u>

C. Intergovernmental Receivable

A summary of the intergovernmental receivable follows:

	<u>Amount</u>
Governmental Activities	
Grants	\$ 609,406
Local Government	392,244
Homestead and Rollback	255,067
Gasoline Tax	174,772
Municipal Court Fines	120,887
Public Utility Tax	49,704
Auto Registration	36,185
Liquor Tax	6,058
Permissive Tax	5,610
Total	<u>\$1,649,933</u>

NOTE 8 - Interfund Transfers

	<u>Transfer In:</u>					<u>Total</u>
	General		Water			
	General	Bond	Nonmajor	Revenue	Internal	
Transfer out:	Retirement	Governmental	Enterprise	Service		
	Fund	Fund	Fund	Fund	Funds	
General fund	\$ 0	\$ 0	\$ 522,640	\$ 0	\$188,900	\$ 711,540
Nonmajor governmental Funds	0	251,975	1,269,924	819,500	32,500	2,373,899
Regional sewer agency fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,256</u>	<u>0</u>	<u>60,256</u>
Total transfers in	<u>\$ 0</u>	<u>\$251,975</u>	<u>\$1,792,564</u>	<u>\$879,756</u>	<u>\$221,400</u>	<u>\$3,145,695</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 9 - Capital Assets

A summary of changes in capital assets during 2003 follows:

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$7,018,814	\$4,000	\$0	\$7,022,814
Construction in Progress	7,347,420	9,894,136	(480,450)	16,761,106
<i>Total Capital Assets Not Being Depreciated</i>	<u>14,366,234</u>	<u>9,898,136</u>	<u>(480,450)</u>	<u>23,783,920</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	2,087,934	98,972	0	2,186,906
Buildings	18,121,229	748,417	(123,019)	18,746,627
Building Improvements	9,527,234	1,640,562	(18,107)	11,149,689
Machinery and Equipment	2,357,474	72,614	(69,017)	2,361,071
Furniture and Fixtures	287,417	0	0	287,417
Vehicles	4,196,069	0	(332,744)	3,863,325
Infrastructure				
Bridges	1,190,501	0	0	1,190,501
Roads	16,276,986	302,978	0	16,579,964
Sidewalks	121,604	2,026	0	123,630
Traffic Signals	113,210	1,575,348	(103,924)	1,584,634
<i>Total Capital Assets Being Depreciated</i>	<u>54,279,658</u>	<u>4,440,917</u>	<u>(646,811)</u>	<u>58,073,764</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(826,157)	(136,076)	0	(962,233)
Buildings	(5,197,886)	(323,953)	0	(5,521,839)
Building Improvements	(5,765,153)	(872,903)	0	(6,638,056)
Machinery and Equipment	(1,704,976)	(103,504)	0	(1,808,480)
Furniture and Fixtures	(187,140)	(22,735)	0	(209,875)
Vehicles	(2,825,190)	(43,686)	0	(2,868,876)
Infrastructure				
Bridges	(457,738)	0	250,833	(206,905)
Roads	(8,043,687)	(867,772)	0	(8,911,459)
Sidewalks	(20,536)	(25,278)	0	(45,814)
Traffic Signals	(105,202)	(39,791)	102,794	(42,199)
<i>Total Accumulated Depreciation</i>	<u>(25,133,665)</u>	<u>(2,435,698) *</u>	<u>353,627</u>	<u>(27,215,736)</u>
<i>Total Capital Assets Being</i>				
<i> Depreciated, Net</i>				
	<u>29,145,993</u>	<u>2,005,219</u>	<u>(293,184)</u>	<u>30,858,028</u>
<i>Governmental Activities Capital</i>				
<i> Assets, Net</i>				
	<u>\$43,512,227</u>	<u>\$11,903,355</u>	<u>(\$773,634)</u>	<u>\$54,641,948</u>

City of Berea, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2003

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$872,623	\$0	\$0	\$872,623
Construction in Progress	19,895	16,210	(19,895)	16,210
<i>Total Capital Assets Not Being Depreciated</i>	<u>892,518</u>	<u>16,210</u>	<u>(19,895)</u>	<u>888,833</u>
 <i>Capital Assets Being Depreciated</i>				
Land Improvements	93,250	0	0	93,250
Buildings	2,999,066	0	0	2,999,066
Building Improvements	456,380	0	0	456,380
Machinery and Equipment	1,724,746	19,316	(44,672)	1,699,390
Furniture and Fixtures	2,061	0	0	2,061
Vehicles	153,491	0	0	153,491
Infrastructure				
Water Lines	2,833,228	128,450	0	2,961,678
Storm Sewers	2,914,687	86,820	0	3,001,507
Sanitary Sewers	4,383,039	71,117	0	4,454,156
<i>Total Capital Assets Being Depreciated</i>	<u>15,559,948</u>	<u>305,703</u>	<u>(44,672)</u>	<u>15,820,979</u>
 <i>Less Accumulated Depreciation</i>				
Land Improvements	(43,359)	(7,676)	0	(51,035)
Buildings	(1,428,018)	(66,853)	0	(1,494,871)
Building Improvements	(456,380)	0	0	(456,380)
Machinery and Equipment	(1,210,840)	(6,808)	0	(1,217,648)
Furniture and Fixtures	(2,061)	0	0	(2,061)
Vehicles	(142,516)	(1,996)	0	(144,512)
Infrastructure				
Water Lines	(527,175)	(57,950)	0	(585,125)
Storm Sewers	(486,977)	(59,162)	0	(546,139)
Sanitary Sewers	(785,439)	(88,372)	0	(873,811)
<i>Total Accumulated Depreciation</i>	<u>(5,082,765)</u>	<u>(288,817)</u>	<u>0</u>	<u>(5,371,582)</u>
 <i>Total Capital Assets Being</i>				
<i>Depreciated, Net</i>	<u>10,477,183</u>	<u>16,886</u>	<u>(44,672)</u>	<u>10,449,397</u>
 <i>Business Type Activities Capital</i>				
<i>Assets, Net</i>	<u>\$11,369,701</u>	<u>\$33,096</u>	<u>(\$64,567)</u>	<u>\$11,338,230</u>

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 128,385
Leisure Time Activities	1,230,947
Community Development	971
Basic Utility Services	(110,465)
Transportation	935,103
General Government	<u>250,757</u>
Total Depreciation Expense	<u>\$2,435,698</u>

NOTE 10 - 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 contribution (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulated retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional and Combined Plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

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

The City's required contributions to OPERS for the years ended December 31, 2003, 2002 and 2001 were \$505,149, \$494,910, and \$431,607 respectively; 76.0 percent has been contributed for 2003 and 100 percent for 2002 and 2001.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$239,319 and \$256,961 for the year ended December 31, 2003, \$230,140 and \$241,091 for the year ended December 31, 2002 and \$225,226 and \$234,615 for the year ended December 31, 2001, equal to the required contributions for each year. The full amount has been contributed for 2002 and 2001. 74.0 percent has been contributed for 2003 with the remainder being reported as a liability.

NOTE 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) - a defined contribution plan; and the Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provide retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. 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 Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care through their contributions to OPERS. The 2003 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health.

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, 2002, include a rate of return on investments of 8.0 percent. An annual increase of 4.0 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase 4.0 percent annually.

City of Berea, Ohio
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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.

At December 31, 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The City's actual contributions for 2003, which were used to fund postemployment benefits, were \$295,406. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability fund and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

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

The benefit recipients will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board had not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides access to 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 two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the OP&F's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund 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 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 2003 that were used to fund postemployment benefits were \$157,848 for police and \$122,550 for fire. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest actuarial information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

NOTE 12 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements, City ordinances and State laws. Vacation leave is earned at rates that vary depending upon length of service and standard work week. Employees may use accumulated vacation after the completion of one year of service with the City. With limited exceptions, accumulated vacation must be used within one year of being earned.

For all employees, except firefighters, sick leave is earned at the rate of four and six-tenths hours for every eighty hours worked. Firefighters earn sick leave at the rate of 24 hours, which equals one tour of duty, per month. Each employee with 10 - 20 years of service with the City is paid for one-third of the employee's earned unused sick leave, not to exceed 360 hours, or 17 tours of duty for firefighters, upon separation from the City. Each employee with 20 or more years of service with the City is paid for one-third of the employee's earned unused sick leave, limited to 63 tours for firefighters, upon separation from the City. The full balance may be transferred to another governmental agency if not taken upon separation.

Firefighters with 20 or more years of service with the City may elect to sell back up to 12 tours of duty of accumulated sick leave in any one calendar year. The firefighter will be paid at their current pay rate multiplied by one-third of the total number of sick leave tours sold back.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 13 - Long-Term Obligations

The original issue date, maturity date, interest rate and original issuance amount for each of the City's long-term obligations follows:

	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
General Obligation Bonds				
Waterworks Bonds	1993	2007	4.68%	\$3,098,475
Library Bonds	1992	2012	6.10	1,350,000
1993 Various Purpose Bonds	1993	2004	4.68	1,329,948
1992 Various Purpose Bonds	1992	2012	6.10	4,190,000
1993 Various Purpose Bonds	1993	2013	4.68	2,878,603
1999 Various Purpose Bonds	1999	2018	5.35	7,185,000
Urban Renewal Bonds				
First Avenue Community Bonds	1992	2012	6.10	1,980,000
First Avenue Community Bonds	1992	2013	4.68	650,000
OWDA Loans				
Sewer	1994	2014	4.56	465,000
Water	1994	2014	6.72	1,135,000
Sewer	1997	2022	6.11	700,000
Sewer	1998	2008	5.78	225,000
Water	1998	2008	5.76	100,000
Sewer	1999	2019	5.58	725,000
Water	2000	2014	5.50	550,000
Water	2000	2009	5.50	175,000
SIB Loan				
Railroad Underpass	2001	2004	4.00	7,800,296
Taxable Bonds				
Cleveland Browns	1990	2005	11.34	10,000,000

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

A schedule of changes in long-term obligations of the City during 2003 follows:

	Balance <u>12/31/2002</u>	Increase	Decrease	Balance <u>12/31/2003</u>	Amounts Due <u>in One Year</u>
Governmental Activities					
General Obligation Bonds					
Waterworks Bonds	\$913,475	\$0	\$(495,000)	\$418,475	\$125,129
Library	860,000	0	(65,000)	795,000	70,000
1993 Various Purpose Bonds	269,157	0	(139,951)	129,206	129,207
1992 Various Purpose Bonds	2,400,000	0	(235,000)	2,165,000	240,000
1993 Various Purpose Bonds	1,447,929	0	(122,180)	1,325,749	110,748
1999 Various Purpose Bonds	6,415,000	0	(210,000)	6,205,000	195,000
Total General Obligation Bonds	<u>12,305,561</u>	<u>0</u>	<u>(1,267,131)</u>	<u>11,038,430</u>	<u>870,084</u>
Urban Renewal Bonds					
First Avenue Community Bonds	1,260,000	0	(95,000)	1,165,000	100,000
First Avenue Community Bonds	435,000	0	(30,000)	405,000	30,000
Total Urban Renewal Bonds	<u>1,695,000</u>	<u>0</u>	<u>(125,000)</u>	<u>1,570,000</u>	<u>130,000</u>
Taxable Bonds					
Cleveland Browns City Portion **	869,526	0	(258,493)	611,033	288,700
SIB Loan					
Railroad Underpass	2,914,558	4,454,742	0	7,369,300	7,369,300
Notes Payable	1,300,000	1,300,000	(1,300,000)	1,300,000	1,300,000
Compensated Absences	995,976	10,313	(24,378)	981,911	61,125
Police and Fire Pension Liability	259,138	0	(3,817)	255,321	3,982
Total Governmental Activities	<u>20,339,759</u>	<u>5,765,055</u>	<u>(2,978,819)</u>	<u>23,125,995</u>	<u>10,023,191</u>
Business Type Activities					
OWDA Loans					
Sewer	327,042	0	(21,012)	306,030	21,981
Water	845,080	0	(48,027)	797,053	51,254
Sewer	629,031	0	(16,898)	612,133	17,931
Sewer	149,505	0	(21,618)	127,887	22,841
Water	66,447	0	(9,608)	56,839	10,152
Sewer	629,518	0	(24,329)	605,189	25,677
Water	472,949	0	(28,634)	444,315	30,248
Water	132,160	0	(15,920)	116,240	16,817
Total OWDA Loans	<u>\$3,251,732</u>	<u>\$0</u>	<u>\$(186,046)</u>	<u>\$3,065,686</u>	<u>\$196,901</u>

City of Berea, Ohio
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For the Year Ended December 31, 2003

	Balance			Balance 12/31/2003	Amounts Due in One Year
	12/31/2002	Increase	Decrease		
Taxable Bonds					
Cleveland Browns - Cleveland Brown's Portion	\$3,482,473	\$0	\$(855,477)	\$2,626,996	\$953,329
Compensated Absences	56,469	9,033	0	65,502	4,731
Total Business Type Activities	6,790,674	9,033	(1,041,523)	5,758,184	1,154,961
Total Long-Term Liabilities	\$27,130,433	\$5,774,088	\$(4,020,342)	\$28,884,179	\$11,178,152

General obligation bonds General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The general obligation bonds outstanding as of December 31, 2003 are to be repaid from both voted and unvoted property taxes levied on all taxable property located within the City, municipal income taxes, and transfers from the water revenue fund for exempt properties. Exempt properties include organizations exempt from taxation, such as colleges and churches, as well as property outside the City's jurisdiction who are provided water services from the City. The City assesses these exempt properties through a surcharge on their water bills to pay for the debt.

Urban renewal bonds Urban renewal bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. Urban renewal bonds are to be repaid from property taxes approved for that purpose.

Taxable bonds The taxable municipal bonds were used for the construction of an office and training facility, which is owned by the City and leased to the Cleveland Browns. The Cleveland Browns are responsible for \$2,626,996 of the bonds, reported in the Cleveland Browns enterprise fund, and the City is responsible for \$611,033 of the bonds. The \$855,477 bond reduction was paid by the Cleveland Browns.

** The City's portion of the bonds will be \$350,000 annually due in the years 2003 through 2005. See Note 14 - Leases, for additional information.

SIB loan During 1998, CSX Corporation (CSX) and Norfolk Southern Corporation (NS) entered into an operations plan for the purchase of the Conrail Corporation operations. Part of the plan involved routing and rerouting train traffic in the Cleveland area. Berea is the crossing point of both major railroad lines, thus causing a significant increase in train traffic through two of Berea's main thoroughfares. As a result, the City of Berea, CSX Corporation and NS Corporation entered into an agreement on June 1, 1998. This agreement secures \$47.25 million in federal, state, and railroad funds to construct rail/grade separations at these two main intersections in Berea.

Due to the funding agreements with the railroads, there is a need to bridge a cash flow shortage for this project during construction. In October 2001, the City entered into an agreement with the Ohio Department of Transportation (ODOT) State Infrastructure Bank (SIB) for a \$8,737,500 loan for the construction of the railroad underpasses. Although the City expects all loan repayments to be made

City of Berea, Ohio
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by CSX and NS under the agreements with the City, or from federal and state funds, the City was required to pledge non-tax revenues as a backup source to repay the SIB loan.

In 2002, the City revised the terms of the loan. The loan amount was reduced to \$7,437,500 to reflect a reduction for the Front Street Project portion. In 2003, the terms of the loan were revised for interest to be paid at 4.0%. The loan amount was increased to \$7,800,296.

OWDA loans The Ohio Water Development Authority (OWDA) loans will be paid from user charges from the appropriate enterprise fund.

Other long-term obligations

The compensated absences liability will be paid from the general fund, the recreation fund, the street construction, maintenance and repair fund, the probation services fund, and the water and sewer revenue funds.

The City's overall legal debt margin was \$37,654,383 at December 31, 2003. Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2003 are as follows:

Governmental Activities

Year	General Obligation Bonds		Urban Renewal Bonds		City's Taxable Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$870,084	\$1,123,116	\$130,000	\$91,184	\$288,700	\$61,330
2005	790,322	927,066	140,000	84,250	322,333	27,666
2006	802,267	904,076	150,000	76,225	0	0
2007	830,757	878,002	155,000	67,388	0	0
2008	720,000	413,660	165,000	58,244	0	0
2009-2013	4,180,000	1,424,967	830,000	131,583	0	0
2014-2018	2,845,000	471,335	0	0	0	0
Total	\$11,038,430	\$6,142,222	\$1,570,000	\$508,874	\$611,033	\$88,996

(Continued)

Year	SIB Loan		
	Principal	Interest	Total
2004	\$7,369,300	\$112,795	\$10,046,509
2005	0	0	2,291,637
2006	0	0	1,932,568
2007	0	0	1,931,147
2008	0	0	1,356,904
2009-2013	0	0	6,566,550
2014-2018	0	0	3,316,335
Total	\$7,369,300	\$112,795	\$27,441,650

City of Berea, Ohio
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Business Type Activities

Year	Browns Taxable Bonds		OWDA		Total
	Principal	Interest	Loan	Interest	
2004	\$953,329	\$271,556	\$196,901	\$179,175	\$1,600,961
2005	1,673,667	160,521	208,399	167,678	2,210,265
2006	0	0	220,576	155,504	376,080
2007	0	0	233,467	142,606	376,073
2008	0	0	247,129	128,946	376,075
2009-2013	0	0	1,125,623	445,316	1,570,939
2014-2018	0	0	614,280	153,446	767,726
2019-2022	0	0	219,311	31,621	250,932
Total	\$2,626,996	\$432,077	\$3,065,686	\$1,404,292	\$7,529,051

NOTE 14 - Leases

The City entered into a lease agreement in 1990 for the rental of an office and training facility with the Cleveland Browns, which for accounting purposes is reported as an operating lease. The Cleveland Browns are responsible under the lease to assume all cost of maintenance and liability insurance, including major repairs and improvements. The facility, constructed by the City on City-owned land, is the property of the City. The cost of land improvements were paid for by the Cleveland Browns, and the improvements are the property of the City.

The facility and land improvements were funded through taxable urban renewal bonds for \$10,000,000 and approximately \$5,500,000 from the Cleveland Browns. The City's original portion of the \$10,000,000 taxable bonds is \$2,496,349 plus interest and is paid out of the General Fund's non-tax revenues. The Browns' original portion of the taxable bonds is \$7,503,651. As of December 31, 2003, the City's portion of the debt is \$611,033, and the Cleveland Browns' portion of the debt is \$2,626,996. The City is not responsible for repaying the Browns' portion of the debt; however, due to provisions in the office and training facility lease agreement, the City may pay on the debt if it chooses, although the City has no legal obligation to do so. The bond payments are to be paid to a trustee who is responsible for principal and interest payments to the holders of the bonds.

NOTE 15 - Risk Management

A. Property And Liability Insurance

The City of Berea 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 fiscal year 1993, the City established a property and liability insurance internal service fund to account for and finance its uninsured and insured risk of loss. Under this program, the property and liability insurance fund provides coverage up to a maximum of \$25,000 for each general liability claim, with stop loss of \$250,000. The City purchases

City of Berea, Ohio
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commercial insurance for claims in excess of coverage provided by the fund for all risk of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The general fund, recreation and street maintenance special revenue funds and the water revenue and sewer revenue enterprise funds participate in the program and make payments to the property and liability insurance internal service fund based on estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$36,500 at December 31, 2003 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. Changes in the property and liability insurance internal service fund claims liability balance for the years ended 2001, 2002, and 2003 are as follows:

	<u>Balance,</u> <u>January 1</u>	<u>Current</u> <u>Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance,</u> <u>December 31</u>
2001	\$ 34,341	\$168,615	\$201,422	\$ 1,534
2002	1,534	264,297	245,259	20,572
2003	20,572	273,492	257,564	36,500

B. Medical Benefits

The City of Berea has elected to provide employee medical, surgical, prescription drug, dental, and vision benefits. The City maintains a self-insurance internal service fund to account for this program. The plan provides medical/surgical coverage with certain deductibles, co-pays and maximum benefits as noted in the plan. The dental/vision benefits are also subject to certain deductibles, co-pays and maximum benefits as noted in the plan. The prescription drug plan utilizes a \$2 generic, \$4 brand name deductible per prescription. The plan is administered by Benefit Services, Inc. and overseen by Legacy Administrative Services, Inc. All claims are reviewed by Benefit Services, Inc. and the City of Berea, before claims are paid by the City. All of the above limitations are subject to certain guidelines and restrictions.

The City of Berea pays into the self-insurance internal service fund \$1,131 for family coverage and \$507 for single coverage per month. The premium is charged to the fund that records the salary expenditure of the covered employee. The premium is based upon historical cost data provided by the insurance carriers. The claims liability of \$147,529 reported in the medical benefits internal service fund at December 31, 2003 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the medical benefits internal service fund's claims liability amount in 2001, 2002, and 2003 were as follows:

	<u>Balance</u> <u>January 1</u>	<u>Current</u> <u>Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>December 31</u>
2001	\$150,944	\$1,129,219	\$1,131,018	\$149,145
2002	149,145	1,466,944	1,475,716	140,373
2003	140,373	1,327,731	1,320,575	147,529

City of Berea, Ohio
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C. Workers' Compensation

Workers' compensation coverage is provided by the State of Ohio. 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.

NOTE 16 - Contractual Commitments

As of December 31, 2003 the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Remaining On Contract</u>	<u>Expected Date of Completion</u>
Heritage Park	\$ 12,065	August 2004
Bagley Road Median Project Prospect and West Street Sewers	1,547,210 2,084,790	June 2005 June 2005
Lincoln and Columbus Street Sewers	463,659	July 2005
Railroad Underpass	<u>24,189,485</u>	September 2005
Total	<u>\$28,297,209</u>	

NOTE 17 - Jointly Governed Organizations

A. Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council ("NOPEC"). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not financially contribute to NOPEC. Financial information can be obtained by contacting Dan DiLiberto, Board Chairman, 1615 Clark Avenue, Cleveland, Ohio 44109.

B. Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Council's Board is comprised of one member from each of the sixteen participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board.

City of Berea, Ohio
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The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZMAT"), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2003, the City of Berea contributed \$7,500 to the Council. The Council's financial statements may be obtained by contacting Southwest Council of Governments, Parma Heights, Ohio 44130.

C. Southwest General Health Center

The Southwest General Health Center is an Ohio nonprofit corporation providing health services. The Health Center is a jointly governed organization among the communities of Berea, Brook Park, Columbia Township, Middleburg Heights, Olmsted Falls and Strongsville.

The Health Center is governed by a Board of Trustees consisting of the following: one member of the legislative body from each of the political subdivisions, one resident from each of the political subdivisions who is not a member of the legislative body, three persons who are residents of any of the participating political subdivisions, the president and the executive vice president of the corporations, and the president and the vice president of the medical staff. The legislative body of each political subdivision elect their own member to serve on the Board of Trustees of the Health Center.

The Board exercises total control over the operation of the Health Center including budgeting, appropriating, contracting and designating management. Each City's control is limited to its representation on the Board. In 2003, the City of Berea contributed \$ 90,555 of property tax levies to the Health Center.

D. Southwest Suburban Airport Council of Governments

The City is a member of the Southwest Suburban Airport Council of Governments ("SSAC"). SSAC was formed to protect the environment and quality of life within the southwest suburban area from the impact of expansion of the Cleveland Hopkins International Airport. The Council presently includes the cities of Berea and Middleburg Heights.

The Council's Board is comprised of one member from each of the participating communities. The Board oversees and manages the operation of the Council. The degree of control exercised by each City is limited to its representation on the Board. In 2003, the City did not financially contribute to SSAC. Financial information can be obtained by contacting Timothy Pope, Treasurer, 15700 Bagley Road, Middleburg Heights, Ohio 44130.

E. Woodvale Union Cemetery

The Woodvale Union Cemetery is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Woodvale Union Cemetery provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization among the communities of Berea and Middleburg Heights.

The Cemetery is governed by a joint council consisting of the council members from both member communities. The joint council elects and appoints the members of the Board of Trustees. The members of the Board of Trustees consists of the following: one elected member of the legislative body from each of the political subdivisions, and one appointed resident from either of the political subdivisions who is not a member of the legislative body.

City of Berea, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The joint council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. Each City's control is limited to its representation on the Joint Council. In 2003, the City of Berea contributed \$7,500 to the Cemetery.

NOTE 18 - Contingencies

A. Litigation

The City of Berea is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. In those cases where a loss is probable and measurable, a liability has been recognized. It is the opinion of the City that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial position of the City.

B. Grants

The disbursement of funds received under federal and state grants generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any potential disallowed claims resulting from such an audit could become a liability of the City. However, City management believes any such disallowed claims would be immaterial on the overall financial position of the City at December 31, 2003.

NOTE 19 - Subsequent Events

On April 15, 2004, the City issued \$2,230,000 various purpose refunding bonds, \$795,000 library improvement refunding bonds, and \$1,205,000 urban renewal refunding bonds, all at an interest rate of 2.0%. The various purpose refunding bonds were issued to refund the City's outstanding various bonds dated July 1, 1992. The library improvement refunding bonds were issued to refund the City's outstanding library improvement bonds dated July 1, 1992, which were issued for the purpose of providing funds for improving the Berea Public Library by constructing and furnishing a building. The urban renewal refunding bonds were issued to refund the City's outstanding urban renewal bonds dated July 1, 1992, which were issued for the purpose of paying a portion of the costs of constructing public improvements within the First Avenue Community Revitalization Area. The bonds mature on December 1, 2012.

On July 1, 2004, the City retired \$1,300,000 in various purpose, general obligation bond anticipation notes at an interest rate of 1.15%. The City issued a general obligation bond anticipation note in the amount of \$1,800,000 at an interest rate of 1.85%. The notes matures on June 2, 2005.

**Combining Statements and
Individual Fund Schedules
Nonmajor Governmental Funds**

Nonmajor Special Revenue Funds

To account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Recreation Fund - to account for fees collected and income taxes levied for the purpose of paying the costs of acquiring, constructing, improving, operating or maintaining the City's recreational facilities and programs.

Municipal Income Tax Fund - to account for the accumulation of income taxes levied.

State Highway Fund - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

Street Maintenance Fund - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Fire Pension Transfer Fund - to accumulate property taxes levied for the payment of current employer contributions for fire disability and pension benefits and the accrued liability.

Police Pension Transfer Fund - to accumulate property taxes levied for the payment of current employer contributions for police disability and pension benefits and the accrued liability.

DARE Grant Fund - to account for revenues received from the State Attorney General's Office and expenditures incurred as prescribed under the DARE Grant Program.

Street Lighting Fund - to account for special assessments levied to pay the costs of street lighting in certain areas of the City.

Tri-City Senior Center Fund - to account for a special property tax levied to provide the City's contribution to the Tri-City Senior Center, a nonprofit organization serving the senior citizens of Berea, Brook Park, and Middleburg Heights.

Community Hospital Fund - to account for a special property tax levied to provide resources to support a health care facility.

Community Development Block Grant Fund - to account for revenues received from the federal government and expenditures incurred as prescribed under the Community Development Block Grant Program.

Municipal Vehicle Tax Levy Fund - to account for the additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

Law Enforcement Fund - to account for monies seized from criminals by law enforcement officials in the course of their work and restricted, by State statute, for expenditures that would enhance the police department.

First Offenders Diversion Fund - to account for court fees, restricted for the operation of the court's First Offenders Program.

(continued)

Combining Statements Nonmajor Governmental Funds (Continued)

Probation Fund - to account for court fees, restricted for the operation of the Court probation program.

Indigent Drivers Alcohol Treatment Fund - to account for the resources obtained from DUI fines and designated, by state statute, for a state approved alcohol treatment program.

DUI Education Fund - to account for court fees obtained from DUI cases and restricted by State statute, for expenditures that would enhance DUI education.

Indigent Driving School Fund - to account for court fees, restricted for the payment of driving school fees charged to indigent defendants.

DUS Diversion Fund - to account for court fees obtained from DUS cases restricted for the operation of the Court's DUS Diversion Program.

Court Computer Fund - to account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Clerk of Courts Office.

Court Computer Research Fund - to account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Judge's Office.

State Highway Patrol Fund - to account for the resources obtained from state highway fines and designated, by state statute, for expenditures that would enhance the law library.

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Taxable Bond Retirement Fund - to account for resources that are used for the payment of the City's portion of the principal and interest on the Cleveland Browns taxable bond.

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).

General Improvement Fund - to account for one-half of the City's admission tax revenues and other financial resources designated for the acquisition or major repair of infrastructure or capital assets.

Safety Capital Improvement Fund - to account for revenue earmarked for improvements to the Police and Fire Departments and the acquisition of capital equipment.

Sewer Capital Improvement Fund - to account for monies borrowed which are designated for capital improvements to the wastewater system.

Water Capital Improvement Fund - to account for monies borrowed which are designated for capital improvements to the water system.

Recreation Capital Improvement Fund - to account for monies borrowed or earmarked for capital improvements for recreational purposes.

Combining Statements

Nonmajor Governmental Funds (Continued)

Court Capital Improvement Fund - to account for monies received and expended for the building of a court addition to City Hall.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Internal Service Funds

Medical Benefits Fund - to account for the operation of the City's self-insurance program for employee health benefits.

Property/Liability Insurance Fund - to account for the operation of the City's self-insurance program for property and liability insurance.

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CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 797,958	\$ 0
Receivables:		
Taxes	1,412,342	0
Accounts	0	0
Intergovernmental	441,846	0
Special Assessments	545,132	0
Prepaid Items	3,065	0
Inventory of Supplies	105,315	0
<i>Total Assets</i>	\$3,305,658	\$ 0
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 191,158	\$ 0
Interfund Payable	137,719	0
Accrued Wages and Benefits	23,924	0
Accrued Workers' Compensation	15,442	0
Deferred Revenue	1,680,011	0
<i>Total Liabilities</i>	2,048,254	0
Fund Balances		
Reserved for Encumbrances	32,990	0
Reserved for Inventory	105,315	0
Reserved for Prepaids	3,065	0
Unreserved, Undesignated, Reported in:		
Special Revenue Funds	1,116,034	0
Capital Projects Funds	0	0
<i>Total Fund Balances</i>	1,257,404	0
<i>Total Liabilities and Fund Balances</i>	\$ 3,305,658	\$ 0

CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003
(Continued)

	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 416,970	\$ 1,214,928
Receivables:		
Taxes	0	1,412,342
Accounts	3,878	3,878
Intergovernmental	24,580	466,426
Special Assessments	0	545,132
Prepaid Items	0	3,065
Inventory of Supplies	<u>0</u>	<u>105,315</u>
<i>Total Assets</i>	\$ <u>445,428</u>	\$ <u>3,751,086</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 24,046	\$ 215,204
Interfund Payable	0	137,719
Accrued Wages and Benefits	0	23,924
Accrued Workers' Compensation	0	15,442
Deferred Revenue	<u>0</u>	<u>1,680,011</u>
<i>Total Liabilities</i>	<u>24,046</u>	<u>2,072,300</u>
Fund Balances		
Reserved for Encumbrances	9,850	42,840
Reserved for Inventory	0	105,315
Reserved for Prepaids	0	3,065
Unreserved, Undesignated, Reported in:		
Special Revenue Funds	0	1,116,034
Capital Projects Funds	<u>411,532</u>	<u>411,532</u>
<i>Total Fund Balances</i>	<u>421,382</u>	<u>1,678,786</u>
<i>Total Liabilities and Fund Balances</i>	\$ <u>445,428</u>	\$ <u>3,751,086</u>

CITY OF BEREA, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>
Revenues		
Property Taxes	\$ 724,341	\$ 0
Income Taxes	2,045,180	0
Intergovernmental	820,038	0
Charges for Services	253,380	0
Fines and Forfeitures	585,076	0
Special Assessments	598,939	0
Interest	38	0
Other	<u>2,595</u>	<u>0</u>
 <i>Total Revenues</i>	 <u>5,029,587</u>	 <u>0</u>
Expenditures		
Current:		
Security of Persons and Property	1,187,319	0
Public Health and Welfare	119,042	0
Leisure Time Activities	1,063,347	0
Community Development	34,414	0
Transportation	641,113	0
General Government	585,926	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	258,493
Interest and Fiscal Charges	<u>0</u>	<u>91,507</u>
 <i>Total Expenditures</i>	 <u>3,631,161</u>	 <u>350,000</u>
 <i>Excess of Revenues Over (Under) Expenditures</i>	 <u>1,398,426</u>	 <u>(350,000)</u>
 Other Financing Sources (Uses)		
Operating Transfers-In	955,535	350,000
Operating Transfers-Out	(2,323,899)	0
Proceeds from Sale of Notes	0	0
Sale of Capital Assets	<u>0</u>	<u>0</u>
 <i>Total Other Financing Sources (Uses)</i>	 <u>(1,368,364)</u>	 <u>350,000</u>
 <i>Net Change in Fund Balances</i>	 <u>30,062</u>	 <u>0</u>
 <i>Fund Balances Beginning of Year</i>	 1,163,814	 0
 <i>Increase in Reserve for Inventory</i>	 <u>63,528</u>	 <u>0</u>
 <i>Fund Balances End of Year</i>	 \$ <u><u>1,257,404</u></u>	 \$ <u><u>0</u></u>

CITY OF BEREA, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003
(Continued)

	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 724,341
Income Taxes	0	2,045,180
Intergovernmental	534,031	1,354,069
Charges for Services	164,054	417,434
Fines and Forfeitures	146,495	731,571
Special Assessments	0	598,939
Interest	0	38
Other	1,247	3,842
<i>Total Revenues</i>	845,827	5,875,414
Expenditures		
Current:		
Security of Persons and Property	0	1,187,319
Public Health and Welfare	0	119,042
Leisure Time Activities	0	1,063,347
Community Development	0	34,414
Transportation	0	641,113
General Government	0	585,926
Capital Outlay	1,901,243	1,901,243
Debt Service:		
Principal Retirement	1,300,000	1,558,493
Interest and Fiscal Charges	0	91,507
<i>Total Expenditures</i>	3,201,243	7,182,404
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,355,416)	(1,306,990)
Other Financing Sources (Uses)		
Operating Transfers-In	487,029	1,792,564
Operating Transfers-Out	(50,000)	(2,373,899)
Proceeds from Sale of Notes	1,300,000	1,300,000
Sale of Capital Assets	1,148	1,148
<i>Total Other Financing Sources (Uses)</i>	1,738,177	719,813
<i>Net Change in Fund Balances</i>	(617,239)	(587,177)
<i>Fund Balances Beginning of Year</i>	1,038,621	2,202,435
<i>Increase in Reserve for Inventory</i>	0	63,528
<i>Fund Balances End of Year</i>	\$ 421,382	\$ 1,678,786

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CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	<u>Recreation</u>	<u>Municipal Income Tax</u>	<u>State Highway</u>	<u>Street Maintenance</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,443	\$ 1,417	\$ 3,176	\$ 17,985
Receivables:				
Taxes	0	575,500	0	0
Intergovernmental	0	0	15,822	195,135
Special Assessments	0	0	0	0
Prepaid Items	599	0	0	0
Inventory of Supplies	0	0	0	105,315
<i>Total Assets</i>	\$ 4,042	\$ 576,917	\$ 18,998	\$ 318,435
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 37,325	\$ 0	\$ 0	\$ 189
Interfund Payable	0	0	0	0
Accrued Wages and Benefits	12,850	0	0	5,380
Accrued Worker's Compensation	9,238	0	0	6,204
Deferred Revenue	0	268,692	9,698	119,608
<i>Total Liabilities</i>	59,413	268,692	9,698	131,381
Fund Balances				
Reserved for Encumbrances	420	0	0	2,000
Reserved for Inventory	0	0	0	105,315
Reserved for Prepaids	599	0	0	0
Unreserved, Undesignated	(56,390)	308,225	9,300	79,739
<i>Total Fund Balances (deficit)</i>	(55,371)	308,225	9,300	187,054
<i>Total Liabilities and Fund Balances</i>	\$ 4,042	\$ 576,917	\$ 18,998	\$ 318,435

<u>Fire Pension</u>	<u>Police Pension</u>	<u>DARE Grant</u>	<u>Street Lighting</u>	<u>Tri-City Senior</u>	<u>Community Hospital</u>
\$ 534	\$ 370	\$ 14,766	\$ 190,071	\$ 3,435	\$ 30,535
351,022	351,022	0	0	9,965	124,833
21,763	21,763	0	0	1,184	7,934
0	0	0	545,132	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 373,319</u>	<u>\$ 373,155</u>	<u>\$ 14,766</u>	<u>\$ 735,203</u>	<u>\$ 14,584</u>	<u>\$ 163,302</u>

\$ 0	\$ 0	\$ 0	\$ 58,538	\$ 3,227	\$ 28,487
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>343,536</u>	<u>343,536</u>	<u>0</u>	<u>456,415</u>	<u>9,692</u>	<u>123,224</u>
<u>343,536</u>	<u>343,536</u>	<u>0</u>	<u>514,953</u>	<u>12,919</u>	<u>151,711</u>
0	0	0	1,868	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>29,783</u>	<u>29,619</u>	<u>14,766</u>	<u>218,382</u>	<u>1,665</u>	<u>11,591</u>
<u>29,783</u>	<u>29,619</u>	<u>14,766</u>	<u>220,250</u>	<u>1,665</u>	<u>11,591</u>
<u>\$ 373,319</u>	<u>\$ 373,155</u>	<u>\$ 14,766</u>	<u>\$ 735,203</u>	<u>\$ 14,584</u>	<u>\$ 163,302</u>

(continued)

CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2003

	<u>Community Development Block Grant</u>	<u>Municipal Vehicle Tax Levy</u>	<u>Law Enforcement</u>	<u>First Offenders Diversion</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 2,475	\$ 4,714	\$ 1,190
Receivables:				
Taxes	0	0	0	0
Intergovernmental	141,390	5,610	0	800
Special Assessments	0	0	0	0
Prepaid Items	0	0	0	0
Inventory of Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 141,390</u>	<u>\$ 8,085</u>	<u>\$ 4,714</u>	<u>\$ 1,990</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Interfund Payable	137,719	0	0	0
Accrued Wages and Benefits	0	0	0	0
Accrued Worker's Compensation	0	0	0	0
Deferred Revenue	<u>0</u>	<u>5,610</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>137,719</u>	<u>5,610</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	1,469	0
Reserved for Inventory	0	0	0	0
Reserved for Prepaids	0	0	0	0
Unreserved, Undesignated	<u>3,671</u>	<u>2,475</u>	<u>3,245</u>	<u>1,990</u>
<i>Total Fund Balances (deficit)</i>	<u>3,671</u>	<u>2,475</u>	<u>4,714</u>	<u>1,990</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 141,390</u>	<u>\$ 8,085</u>	<u>\$ 4,714</u>	<u>\$ 1,990</u>

<u>Probation</u>	<u>Indigent Drivers Alcohol</u>	<u>DUI Education</u>	<u>Indigent Driving School</u>	<u>DUS Diversion</u>	<u>Court Computer</u>
\$ 80,356	\$ 11,293	\$ 4,992	\$ 1,038	\$ 21,116	\$ 215,408
0	0	0	0	0	0
14,115	658	0	175	1,596	5,939
0	0	0	0	0	0
0	0	0	0	0	2,466
0	0	0	0	0	0
<u>\$ 94,471</u>	<u>\$ 11,951</u>	<u>\$ 4,992</u>	<u>\$ 1,213</u>	<u>\$ 22,712</u>	<u>\$ 223,813</u>
\$ 476	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 54,341
0	0	0	0	0	0
5,694	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>6,170</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>54,341</u>
660	1,900	221	80	0	24,372
0	0	0	0	0	0
0	0	0	0	0	2,466
<u>87,641</u>	<u>7,051</u>	<u>4,771</u>	<u>1,133</u>	<u>22,712</u>	<u>142,634</u>
<u>88,301</u>	<u>8,951</u>	<u>4,992</u>	<u>1,213</u>	<u>22,712</u>	<u>169,472</u>
<u>\$ 94,471</u>	<u>\$ 11,951</u>	<u>\$ 4,992</u>	<u>\$ 1,213</u>	<u>\$ 22,712</u>	<u>\$ 223,813</u>

(continued)

CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2003

	<u>Court Computer Research</u>	<u>State Highway Patrol</u>	<u>Total NonMajor Special Revenue Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 185,271	\$ 4,373	\$ 797,958
Receivables:			
Taxes	0	0	1,412,342
Intergovernmental	7,631	331	441,846
Special Assessments	0	0	545,132
Prepaid Items	0	0	3,065
Inventory of Supplies	<u>0</u>	<u>0</u>	<u>105,315</u>
<i>Total Assets</i>	<u>\$ 192,902</u>	<u>\$ 4,704</u>	<u>\$ 3,305,658</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 1,925	\$ 3,650	\$ 191,158
Interfund Payable	0	0	137,719
Accrued Wages and Benefits	0	0	23,924
Accrued Worker's Compensation	0	0	15,442
Deferred Revenue	<u>0</u>	<u>0</u>	<u>1,680,011</u>
<i>Total Liabilities</i>	<u>1,925</u>	<u>3,650</u>	<u>2,048,254</u>
Fund Balances			
Reserved for Encumbrances	0	0	32,990
Reserved for Inventory	0	0	105,315
Reserved for Prepaids	0	0	3,065
Unreserved, Undesignated	<u>190,977</u>	<u>1,054</u>	<u>1,116,034</u>
<i>Total Fund Balances (deficit)</i>	<u>190,977</u>	<u>1,054</u>	<u>1,257,404</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 192,902</u>	<u>\$ 4,704</u>	<u>\$ 3,305,658</u>

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CITY OF BEREA, OHIO

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	<u>Recreation</u>	<u>Municipal Income Tax</u>	<u>State Highway</u>
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Income Taxes	0	2,045,180	0
Intergovernmental	0	0	37,414
Charges for Services	253,380	0	0
Fines and Forfeitures	0	0	0
Special Assessments	0	0	0
Interest	0	0	0
Other	2,595	0	0
<i>Total Revenues</i>	<u>255,975</u>	<u>2,045,180</u>	<u>37,414</u>
Expenditures			
Current:			
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	1,045,347	0	0
Community Development	0	0	0
Transportation	0	0	36,000
General Government	0	58,727	0
<i>Total Expenditures</i>	<u>1,045,347</u>	<u>58,727</u>	<u>36,000</u>
 <i>Excess of Revenues Over Expenditures</i>	 <u>(789,372)</u>	 <u>1,986,453</u>	 <u>1,414</u>
Other Financing Sources (Uses)			
Operating Transfers - In	756,375	0	0
Operating Transfers - Out	(10,000)	(2,108,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>746,375</u>	<u>(2,108,500)</u>	<u>0</u>
 <i>Net Change in Fund Balances</i>	 <u>(42,997)</u>	 <u>(122,047)</u>	 <u>1,414</u>
<i>Fund Balances, Beginning of Year</i>	<i>(12,374)</i>	<i>430,272</i>	<i>7,886</i>
 <i>Increase in Reserve for Inventory</i>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <i>Fund Balances, End of Year</i>	 <u>\$ (55,371)</u>	 <u>\$ 308,225</u>	 <u>\$ 9,300</u>

<u>Street Maintenance</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>DARE Grant</u>	<u>Street Lighting</u>
\$ 0	\$ 300,795	\$ 300,795	\$ 0	\$ 0
0	0	0	0	0
461,433	41,000	41,000	14,766	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	598,939
0	0	0	0	0
0	0	0	0	0
<u>461,433</u>	<u>341,795</u>	<u>341,795</u>	<u>14,766</u>	<u>598,939</u>
0	379,511	397,167	14,771	386,941
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
605,113	0	0	0	0
0	0	0	0	0
<u>605,113</u>	<u>379,511</u>	<u>397,167</u>	<u>14,771</u>	<u>386,941</u>
<u>(143,680)</u>	<u>(37,716)</u>	<u>(55,372)</u>	<u>(5)</u>	<u>211,998</u>
136,460	4,300	58,400	0	0
(22,500)	0	0	0	0
<u>113,960</u>	<u>4,300</u>	<u>58,400</u>	<u>0</u>	<u>0</u>
<u>(29,720)</u>	<u>(33,416)</u>	<u>3,028</u>	<u>(5)</u>	<u>211,998</u>
153,246	63,199	26,591	14,771	8,252
63,528	0	0	0	0
<u>\$ 187,054</u>	<u>\$ 29,783</u>	<u>\$ 29,619</u>	<u>\$ 14,766</u>	<u>\$ 220,250</u>

(continued)

CITY OF BEREA, OHIO

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2003

	Tri-City Senior Center	Community Hospital	Community Development Block Grant
Revenues			
Property Taxes	\$ 16,070	\$ 106,681	\$ 0
Income Taxes	0	0	0
Intergovernmental	2,127	13,510	175,804
Charges for Services	0	0	0
Fines and Forfeitures	0	0	0
Special Assessments	0	0	0
Interest	0	0	0
Miscellaneous Income	0	0	0
<i>Total Revenues</i>	<u>18,197</u>	<u>120,191</u>	<u>175,804</u>
Expenditures			
Current:			
Security of Persons and Property	0	0	0
Public Health and Welfare	0	119,042	0
Leisure Time Activities	18,000	0	0
Community Development	0	0	34,414
Transportation	0	0	0
General Government	0	0	0
<i>Total Expenditures</i>	<u>18,000</u>	<u>119,042</u>	<u>34,414</u>
<i>Excess of Revenues Over Expenditures</i>	<u>197</u>	<u>1,149</u>	<u>141,390</u>
Other Financing Sources (Uses)			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	(141,399)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(141,399)</u>
<i>Net Change in Fund Balances</i>	<u>197</u>	<u>1,149</u>	<u>(9)</u>
<i>Fund Balances, Beginning of Year</i>	1,468	10,442	3,680
<i>Increase in Reserve for Inventory</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances, End of Year</i>	<u>\$ 1,665</u>	<u>\$ 11,591</u>	<u>\$ 3,671</u>

Municipal Vehicle Tax Levy	Law Enforcement	First Offenders Diversion	Probation	Indigent Drivers Alcohol	DUI Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
32,984	0	0	0	0	0
0	0	0	0	0	0
0	8,510	1,990	270,388	22,710	275
38	0	0	0	0	0
0	0	0	0	0	0
<u>33,022</u>	<u>8,510</u>	<u>1,990</u>	<u>270,388</u>	<u>22,710</u>	<u>275</u>
0	7,029	0	0	0	1,900
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	275,424	34,017	0
<u>0</u>	<u>7,029</u>	<u>0</u>	<u>275,424</u>	<u>34,017</u>	<u>1,900</u>
<u>33,022</u>	<u>1,481</u>	<u>1,990</u>	<u>(5,036)</u>	<u>(11,307)</u>	<u>(1,625)</u>
0	0	0	0	0	0
(41,500)	0	0	0	0	0
<u>(41,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(8,478)</u>	<u>1,481</u>	<u>1,990</u>	<u>(5,036)</u>	<u>(11,307)</u>	<u>(1,625)</u>
10,953	3,233	0	93,337	20,258	6,617
0	0	0	0	0	0
<u>\$ 2,475</u>	<u>\$ 4,714</u>	<u>\$ 1,990</u>	<u>\$ 88,301</u>	<u>\$ 8,951</u>	<u>\$ 4,992</u>

(continued)

CITY OF BEREA, OHIO

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2003

	Indigent Driver's School	DUS Diversion	Court Computer	Court Computer Research
Revenues				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Income Taxes	0	0	0	0
Intergovernmental	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	1,355	22,712	161,218	84,082
Special Assessments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>1,355</u>	<u>22,712</u>	<u>161,218</u>	<u>84,082</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Development	0	0	0	0
Transportation	0	0	0	0
General Government	1,375	0	200,454	4,279
<i>Total Expenditures</i>	<u>1,375</u>	<u>0</u>	<u>200,454</u>	<u>4,279</u>
 <i>Excess of Revenues over Expenditures</i>	 <u>(20)</u>	 <u>22,712</u>	 <u>(39,236)</u>	 <u>79,803</u>
Other Financing Sources (Uses)				
Operating Transfers - In	0	0	0	0
Operating Transfers - Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 <i>Net Change in Fund Balances</i>	 <u>(20)</u>	 <u>22,712</u>	 <u>(39,236)</u>	 <u>79,803</u>
<i>Fund Balances, Beginning of Year</i>	1,233	0	208,708	111,174
 <i>Increase in Reserve for Inventory</i>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
<i>Fund Balances, End of Year</i>	\$ <u><u>1,213</u></u>	\$ <u><u>22,712</u></u>	\$ <u><u>169,472</u></u>	\$ <u><u>190,977</u></u>

State Highway Patrol	Total NonMajor Special Revenue
\$ 0	\$ 724,341
0	2,045,180
0	820,038
0	253,380
11,836	585,076
0	598,939
0	38
0	2,595
<u>11,836</u>	<u>5,029,587</u>
0	1,187,319
0	119,042
0	1,063,347
0	34,414
0	641,113
11,650	585,926
<u>11,650</u>	<u>3,631,161</u>
<u>186</u>	<u>1,398,426</u>
0	955,535
0	(2,323,899)
<u>0</u>	<u>(1,368,364)</u>
<u>186</u>	<u>30,062</u>
868	1,163,814
<u>0</u>	<u>63,528</u>
<u>\$ 1,054</u>	<u>\$ 1,257,404</u>

CITY OF BEREA, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Fund
For the Year Ended December 31, 2003

	<u>Taxable Bond Retirement</u>
Revenues	
Property Taxes	\$ 0
Intergovernmental	0
Interest	<u>0</u>
<i>Total Revenues</i>	<u>0</u>
Expenditures	
Debt Service:	
Principal Retirement	258,493
Interest and Fiscal Charges	<u>91,507</u>
<i>Total Expenditures</i>	<u>350,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(350,000)
Other Financing Sources	
Transfers-In	<u>350,000</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Balances Beginning of Year</i>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 0</u></u>

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CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003

	<u>General Improvement</u>	<u>Safety Capital Improvement</u>	<u>Sewer Capital Improvement</u>	<u>Water Capital Improvement</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 51,253	\$ 242,630	\$ 111	\$ 26
Receivables:				
Accounts	0	3,878	0	0
Intergovernmental	<u>15,420</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>66,673</u>	<u>246,508</u>	<u>111</u>	<u>26</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ <u>7,250</u>	\$ <u>2,158</u>	\$ <u>5,791</u>	\$ <u>8,847</u>
<i>Total Liabilities</i>	<u>7,250</u>	<u>2,158</u>	<u>5,791</u>	<u>8,847</u>
Fund Balances				
Reserved for Encumbrances	9,850	0	0	0
Unreserved, Undesignated	<u>49,573</u>	<u>244,350</u>	<u>(5,680)</u>	<u>(8,821)</u>
<i>Total Fund Balances</i>	<u>59,423</u>	<u>244,350</u>	<u>(5,680)</u>	<u>(8,821)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 66,673</u>	<u>\$ 246,508</u>	<u>\$ 111</u>	<u>\$ 26</u>

<u>Recreation Capital Improvement</u>	<u>Court Capital Improvement</u>	<u>Total NonMajor Capital Projects</u>
\$ 4,525	\$ 118,425	\$ 416,970
0	0	3,878
<u>0</u>	<u>9,160</u>	<u>24,580</u>
<u>4,525</u>	<u>127,585</u>	<u>445,428</u>

\$ <u>0</u>	\$ <u>0</u>	\$ <u>24,046</u>
<u>0</u>	<u>0</u>	<u>24,046</u>

0	0	9,850
<u>4,525</u>	<u>127,585</u>	<u>411,532</u>
<u>4,525</u>	<u>127,585</u>	<u>421,382</u>

\$ <u>4,525</u>	\$ <u>127,585</u>	\$ <u>445,428</u>
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CITY OF BEREA, OHIO

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003

	<u>General Improvement</u>	<u>Safety Capital Improvement</u>	<u>Sewer Capital Improvement</u>
Revenues			
Intergovernmental	\$ 275,871	\$ 0	\$ 0
Charges for Services	122,212	38,392	0
Fines and Forfeitures	25,921	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Revenues</i>	<u>424,004</u>	<u>38,392</u>	<u>0</u>
Expenditures			
Current:			
Capital Outlay	572,986	20,127	175,791
Debt Service:			
Principal Retirement	<u>147,000</u>	<u>0</u>	<u>385,000</u>
<i>Total Expenditures</i>	<u>719,986</u>	<u>20,127</u>	<u>560,791</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>(295,982)</u>	<u>18,265</u>	<u>(560,791)</u>
Other Financing Sources (Uses)			
Operating Transfers - In	76,049	0	170,000
Operating Transfers - Out	0	0	0
Proceeds From Sale of Notes	147,000	0	385,000
Sale of Fixed Assets	<u>1,148</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>224,197</u>	<u>0</u>	<u>555,000</u>
 <i>Net Change in Fund Balances</i>	 <u>(71,785)</u>	 <u>18,265</u>	 <u>(5,791)</u>
 <i>Fund Balances, Beginning of Year</i>	 131,208	 226,085	 111
<i>Fund Balances, End of Year</i>	<u>\$ 59,423</u>	<u>\$ 244,350</u>	<u>\$ (5,680)</u>

<u>Water Capital Improvement</u>	<u>Recreation Capital Improvement</u>	<u>Court Capital Improvement</u>	<u>Total NonMajor Capital Projects</u>
\$ 0	\$ 258,160	\$ 0	\$ 534,031
3,450	0	0	164,054
0	0	120,574	146,495
0	1,247	0	1,247
<u>3,450</u>	<u>259,407</u>	<u>120,574</u>	<u>845,827</u>
256,383	832,171	43,785	1,901,243
168,000	600,000	0	1,300,000
<u>424,383</u>	<u>1,432,171</u>	<u>43,785</u>	<u>3,201,243</u>
(420,933)	(1,172,764)	76,789	(2,355,416)
226,000	0	14,980	487,029
0	(50,000)	0	(50,000)
168,000	600,000	0	1,300,000
0	0	0	1,148
<u>394,000</u>	<u>550,000</u>	<u>14,980</u>	<u>1,738,177</u>
(26,933)	(622,764)	91,769	(617,239)
18,112	627,289	35,816	1,038,621
<u>\$ (8,821)</u>	<u>\$ 4,525</u>	<u>\$ 127,585</u>	<u>\$ 421,382</u>

CITY OF BEREA, OHIO
Combining Balance Sheet
Nonmajor Internal Service Funds
December 31, 2003

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Total NonMajor Internal Service</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,952	\$ 14,355	\$ 20,307
Prepaid Items	<u>0</u>	<u>8,052</u>	<u>8,052</u>
<i>Total Assets</i>	<u>5,952</u>	<u>22,407</u>	<u>28,359</u>
Liabilities and Fund Balances			
Liabilities			
Claims Payable	\$ <u>147,529</u>	\$ <u>36,500</u>	\$ <u>184,029</u>
<i>Total Liabilities</i>	<u>147,529</u>	<u>36,500</u>	<u>184,029</u>
Equity			
Retained Earnings Unreserved (deficit)	<u>(141,577)</u>	<u>(14,093)</u>	<u>(155,670)</u>
<i>Total Equity</i>	<u>(141,577)</u>	<u>(14,093)</u>	<u>(155,670)</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 5,952</u>	<u>\$ 22,407</u>	<u>\$ 28,359</u>

CITY OF BEREA, OHIO

Combining Statement of Revenues, Expenses,
and Changes in Fund Equity
Nonmajor Internal Service Funds
For the Year Ended December 31, 2003

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Total NonMajor Internal Service</u>
Operating Revenues			
Charges for Services	\$ 1,321,367	\$ 33,964	\$ 1,355,331
<i>Total Operating Revenues</i>	<u>1,321,367</u>	<u>33,964</u>	<u>1,355,331</u>
Operating Expenses			
Contractual Services	<u>1,327,731</u>	<u>270,796</u>	<u>1,598,527</u>
<i>Total Operating Expenses</i>	<u>1,327,731</u>	<u>270,796</u>	<u>1,598,527</u>
<i>Operating Income (Loss)</i>	(6,364)	(236,832)	(243,196)
Non-operating Revenues (Expenses)			
Interest	<u>8</u>	<u>0</u>	<u>8</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>8</u>	<u>0</u>	<u>8</u>
<i>Income (Loss) Before Transfers</i>	(6,356)	(236,832)	(243,188)
Transfers - In	<u>0</u>	<u>221,400</u>	<u>221,400</u>
Net Income (Loss)	(6,356)	(15,432)	(21,788)
Retained Earnings (Deficit), Beginning of Year	<u>(135,221)</u>	<u>1,339</u>	<u>(133,882)</u>
Retained Earnings (Deficit), End of Year	<u>(141,577)</u>	<u>(14,093)</u>	<u>(155,670)</u>
Total Fund Equity (Deficit), End of Year	<u>\$ (141,577)</u>	<u>\$ (14,093)</u>	<u>\$ (155,670)</u>

CITY OF BEREA

Combining Statement of Cash Flows
 Non-Major Internal Service Funds
 For the Year Ended December 31, 2003

	Medical Benefits	Property/ Liability Insurance	Total NonMajor Internal Service
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Interfund Services Provided	\$ 1,321,367	\$ 33,964	\$ 1,355,331
Cash Payments for Goods and Services	(1,320,575)	(257,564)	(1,578,139)
<i>Net Cash Provided by (Used) Operating Activities</i>	792	(223,600)	(222,808)
Cash Flows from Non-Capital Financing Activities			
Transfers-In	0	221,400	221,400
<i>Net Cash Provided by Non-Capital Financing Activities</i>	0	221,400	221,400
Cash Flow from Investing Activities			
Interest on Investments	8	0	8
<i>Net Cash Provided by Investing Activities</i>	8	0	8
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	800	(2,200)	(1,400)
<i>Cash and Cash Equivalents, Beginning of Year</i>	5,152	16,555	21,707
<i>Cash and Cash Equivalents, End of Year</i>	\$ 5,952	\$ 14,355	\$ 20,307 (continued)

CITY OF BEREA, OHIO

Combining Statement of Cash Flows
 Non-Major Internal Service Funds (continued)
 For the Year ended December 31, 2003

	Medical Benefits	Property/ Liability Insurance	Total NonMajor Internal Service
Reconciliation of Operating Loss to Net Cash Provided By (Used) for Operating Activities			
Operating Income (Loss)	\$ (6,364)	\$ (236,832)	\$ (243,196)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used) for Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Prepaid Items	0	(2,696)	(2,696)
Increase (Decrease) in Claims Payable	7,156	15,928	23,084
<i>Net Cash Provided by (Used in) for Operating Activities</i>	\$ 792	\$ (223,600)	\$ (222,808)

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Combining Statements - Agency Funds

Fiduciary Funds

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

Agency Funds

Regional Sewer Agency Fund - to account for the collection of revenues to be remitted to the Northeast Ohio Regional Sewer District.

Unclaimed Monies Fund - to account for monies which have been unclaimed.

Contract Retainer Fund - to account for monies withheld from payments on construction contracts, to insure compliance regarding the project with the city.

Guarantee Deposits Fund - to account for the deposits made by builders to insure compliance with building codes.

Ohio Board of Building Standards Fund - to account for state building fees collected from builders and disbursed to the State Board of Building Standards.

County Dog Licenses Fund - to account for county dog license fees collected from residents and disbursed to the County.

Municipal Court Fund - to account for the collection and distribution of revenue associated with the operations of the Berea Municipal Court.

CITY OF BEREA, OHIO
Combining Statement of
Assets and Liabilities
Agency Funds
December 31, 2003

	Regional Sewer	Unclaimed Monies	Contract Retainer	Guarantee Deposits
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 466,138	\$ 15,132	\$ 414,376	\$ 75,013
Receivables:				
Accounts	934,283	0	0	0
<i>Total Assets</i>	<u>\$ 1,400,421</u>	<u>\$ 15,132</u>	<u>\$ 414,376</u>	<u>\$ 75,013</u>
Liabilities				
Accounts Payable	\$ 424,534	\$ 0	\$ 0	\$ 0
Due to Other Governments	975,887	0	0	0
Deposits Held and Due to Others	0	15,132	414,376	75,013
<i>Total Liabilities</i>	<u>\$ 1,400,421</u>	<u>\$ 15,132</u>	<u>\$ 414,376</u>	<u>\$ 75,013</u>

<u>Ohio Board Of Building Standards</u>	<u>County Dog Licenses</u>	<u>Municipal Court</u>	<u>Totals</u>
\$ 1,856	\$ 30	\$ 343,779	\$ 1,316,324
<u>0</u>	<u>0</u>	<u>0</u>	<u>934,283</u>
<u>\$ 1,856</u>	<u>\$ 30</u>	<u>\$ 343,779</u>	<u>\$ 2,250,607</u>
\$ 0	\$ 0	\$ 0	\$ 424,534
1,856	30	166,403	1,144,176
<u>0</u>	<u>0</u>	<u>177,376</u>	<u>681,897</u>
<u>\$ 1,856</u>	<u>\$ 30</u>	<u>\$ 343,779</u>	<u>\$ 2,250,607</u>

CITY OF BEREA, OHIO

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2003

	Balance <u>12/31/02</u>	Additions	Reductions	Balance <u>12/31/03</u>
Regional Sewer				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 469,009	\$ 0	\$ 2,871	\$ 466,138
Receivables:				
Accounts	<u>777,627</u>	<u>156,656</u>	<u>0</u>	<u>934,283</u>
<i>Total Assets</i>	<u>\$ 1,246,636</u>	<u>\$ 156,656</u>	<u>\$ 2,871</u>	<u>\$ 1,400,421</u>
Liabilities				
Accounts Payable	\$ 423,374	\$ 1,160	\$ 0	\$ 424,534
Due to Other Governments	<u>823,262</u>	<u>152,625</u>	<u>0</u>	<u>975,887</u>
<i>Total Liabilities</i>	<u>\$ 1,246,636</u>	<u>\$ 153,785</u>	<u>\$ 0</u>	<u>\$ 1,400,421</u>
Unclaimed Monies				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 10,046	\$ 5,086	\$ 0	\$ 15,132
<i>Total Assets</i>	<u>\$ 10,046</u>	<u>\$ 5,086</u>	<u>\$ 0</u>	<u>\$ 15,132</u>
Liabilities				
Deposits Held and Due to Others	\$ 10,046	\$ 5,086	\$ 0	\$ 15,132
<i>Total Liabilities</i>	<u>\$ 10,046</u>	<u>\$ 5,086</u>	<u>\$ 0</u>	<u>\$ 15,132</u>
Contract Retainer				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 60,048	\$ 354,328	\$ 0	\$ 414,376
<i>Total Assets</i>	<u>\$ 60,048</u>	<u>\$ 354,328</u>	<u>\$ 0</u>	<u>\$ 414,376</u>
Liabilities				
Deposits Held and Due to Others	\$ 60,048	\$ 354,328	\$ 0	\$ 414,376
<i>Total Liabilities</i>	<u>\$ 60,048</u>	<u>\$ 354,328</u>	<u>\$ 0</u>	<u>\$ 414,376</u>
Guarantee Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 77,713	\$ 0	\$ 2,700	\$ 75,013
<i>Total Assets</i>	<u>\$ 77,713</u>	<u>\$ 0</u>	<u>\$ 2,700</u>	<u>\$ 75,013</u>
Liabilities				
Deposits Held and Due to Others	\$ 77,713	\$ 0	\$ 2,700	\$ 75,013
<i>Total Liabilities</i>	<u>\$ 77,713</u>	<u>\$ 0</u>	<u>\$ 2,700</u>	<u>\$ 75,013</u>

(continued)

CITY OF BEREA, OHIO

Combining Statement of Changes in Assets and Liabilities
 Agency Funds (Continued)
 For the Year Ended December 31, 2003

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/03</u>
Ohio Board of Building Standards				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ <u>2,002</u>	\$ <u>0</u>	\$ <u>146</u>	\$ <u>1,856</u>
<i>Total Assets</i>	\$ <u>2,002</u>	\$ <u>0</u>	\$ <u>146</u>	\$ <u>1,856</u>
Liabilities				
Due to Other Governments	\$ <u>2,002</u>	\$ <u>0</u>	\$ <u>146</u>	\$ <u>1,856</u>
<i>Total Liabilities</i>	\$ <u>2,002</u>	\$ <u>0</u>	\$ <u>146</u>	\$ <u>1,856</u>
 County Dog Licenses				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ <u>120</u>	\$ <u>0</u>	\$ <u>90</u>	\$ <u>30</u>
<i>Total Assets</i>	\$ <u>120</u>	\$ <u>0</u>	\$ <u>90</u>	\$ <u>30</u>
Liabilities				
Due to Other Governments	\$ <u>120</u>	\$ <u>0</u>	\$ <u>90</u>	\$ <u>30</u>
<i>Total Liabilities</i>	\$ <u>120</u>	\$ <u>0</u>	\$ <u>90</u>	\$ <u>30</u>
 Municipal Court				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ <u>417,570</u>	\$ <u>0</u>	\$ <u>73,791</u>	\$ <u>343,779</u>
<i>Total Assets</i>	\$ <u>417,570</u>	\$ <u>0</u>	\$ <u>73,791</u>	\$ <u>343,779</u>
Liabilities				
Due to Other Governments	\$ <u>196,779</u>	\$ <u>0</u>	\$ <u>30,376</u>	\$ <u>166,403</u>
Deposits Held and Due to Others	<u>220,791</u>	<u>0</u>	<u>43,415</u>	<u>177,376</u>
<i>Total Liabilities</i>	\$ <u>417,570</u>	\$ <u>0</u>	\$ <u>73,791</u>	\$ <u>343,779</u>

(continued)

CITY OF BEREA, OHIO

Combining Statement of Changes in Assets and Liabilities
 Agency Funds (Continued)
 For the Year Ended December 31, 2003

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/03</u>
Total All Agency Funds				
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$ 1,036,508	\$ 359,414	\$ 79,598	\$ 1,316,324
Receivables:				
Accounts	<u>777,627</u>	<u>156,656</u>	<u>0</u>	<u>934,283</u>
<i>Total Assets</i>	<u>\$ 1,814,135</u>	<u>\$ 516,070</u>	<u>\$ 79,598</u>	<u>\$ 2,250,607</u>
Liabilities				
Accounts Payable	\$ 423,374	\$ 1,160	\$ 0	\$ 424,534
Due to Other Governments	1,022,163	152,625	30,612	1,144,176
Deposits Held and Due to Others	<u>368,598</u>	<u>359,414</u>	<u>46,115</u>	<u>681,897</u>
<i>Total Liabilities</i>	<u>\$ 1,814,135</u>	<u>\$ 513,199</u>	<u>\$ 76,727</u>	<u>\$ 2,250,607</u>

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

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 1,611,000	\$ 1,567,097	\$ 1,567,097	\$ 0
Municipal Income Taxes	6,690,000	6,488,923	6,488,923	0
Intergovernmental	1,690,600	1,562,065	1,562,065	0
Charges for Services	343,160	330,137	330,137	0
Licenses and Permits	205,000	214,274	214,274	0
Fines and Forfeitures	1,318,457	1,258,000	1,258,000	0
Interest	70,000	30,791	30,791	0
Other	144,488	129,961	129,961	0
Total Revenues	12,072,705	11,581,248	11,581,248	0
Expenditures				
Current:				
<i>Security of Persons and Property</i>				
Police Department				
Personal Service	2,548,141	2,510,000	2,488,112	21,888
Other	226,621	234,000	231,587	2,913
Total Police Department	2,774,762	2,744,000	2,719,699	24,301
Fire Department				
Personal Service	1,613,840	1,620,000	1,614,141	5,859
Other	55,650	42,000	41,273	727
Total Fire Department	1,669,490	1,662,000	1,655,414	6,586
Total Security of Persons and Property	4,444,252	4,406,000	4,375,113	30,887
<i>Leisure Time Activities</i>				
Public Grounds				
Personal Service	344,000	473,000	469,194	3,806
Other	259,429	268,936	265,316	3,620
Total Public Grounds	603,429	741,936	734,510	7,426
Total Leisure Time Activities	\$ 603,429	\$ 741,936	\$ 734,510	\$ 7,426

(continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>Community Development</i>				
Building Department				
Personal Service	\$ 290,484	\$ 300,988	\$ 291,859	\$ 9,129
Other	<u>46,900</u>	<u>72,551</u>	<u>71,837</u>	<u>714</u>
Total Building Department	<u>337,384</u>	<u>373,539</u>	<u>363,696</u>	<u>9,843</u>
<i>Total Community Development</i>	<u>337,384</u>	<u>373,539</u>	<u>363,696</u>	<u>9,843</u>
<i>Basic Utility Services</i>				
Storm Sewers and Drains				
Personal Service	30,386	78,000	76,319	1,681
Other	<u>14,800</u>	<u>14,000</u>	<u>13,518</u>	<u>482</u>
Total Storm Sewers and Drains	<u>45,186</u>	<u>92,000</u>	<u>89,837</u>	<u>2,163</u>
Refuse Collection and Disposal				
Personal Service	448,623	399,000	393,987	5,013
Other	<u>318,520</u>	<u>344,010</u>	<u>341,784</u>	<u>2,226</u>
Total Refuse Collection and Disposal	<u>767,143</u>	<u>743,010</u>	<u>735,771</u>	<u>7,239</u>
<i>Total Basic Utility Services</i>	<u>812,329</u>	<u>835,010</u>	<u>825,608</u>	<u>9,402</u>
<i>General Government</i>				
Council				
Personal Service	162,782	140,000	139,363	637
Other	<u>11,300</u>	<u>9,200</u>	<u>9,131</u>	<u>69</u>
Total Council	<u>174,082</u>	<u>149,200</u>	<u>148,494</u>	<u>706</u>
Mayor				
Personal Service	146,368	145,000	144,368	632
Other	<u>2,875</u>	<u>1,900</u>	<u>1,869</u>	<u>31</u>
Total Mayor	<u>149,243</u>	<u>146,900</u>	<u>146,237</u>	<u>663</u>
Finance				
Personal Service	293,569	270,000	267,152	2,848
Other	<u>12,700</u>	<u>8,500</u>	<u>8,261</u>	<u>239</u>
Total Finance	<u>306,269</u>	<u>278,500</u>	<u>275,413</u>	<u>3,087</u>
Community Development				
Personal Service	101,767	102,500	102,236	264
Other	<u>83,000</u>	<u>72,700</u>	<u>72,605</u>	<u>95</u>
Total Community Development	<u>\$ 184,767</u>	<u>\$ 175,200</u>	<u>\$ 174,841</u>	<u>\$ 359</u>

(continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Law				
Personal Service	\$ 233,407	\$ 226,000	\$ 223,767	\$ 2,233
Other	<u>12,525</u>	<u>12,525</u>	<u>12,476</u>	<u>49</u>
Total Law	<u>245,932</u>	<u>238,525</u>	<u>236,243</u>	<u>2,282</u>
Civil Service Commission				
Personal Service	6	6	5	1
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Civil Service Commission	<u>6</u>	<u>6</u>	<u>5</u>	<u>1</u>
Municipal Court				
Personal Service	742,399	751,000	747,802	3,198
Other	<u>584,870</u>	<u>472,000</u>	<u>470,050</u>	<u>1,950</u>
Total Municipal Court	<u>1,327,269</u>	<u>1,223,000</u>	<u>1,217,852</u>	<u>5,148</u>
Municipal Fleet				
Personal Service	94,000	155,000	154,478	522
Other	<u>166,850</u>	<u>215,000</u>	<u>205,664</u>	<u>9,336</u>
Total Municipal Fleet	<u>260,850</u>	<u>370,000</u>	<u>360,142</u>	<u>9,858</u>
General Government Land and Buildings				
Personal Service	0	0	0	0
Other	<u>306,500</u>	<u>328,905</u>	<u>324,741</u>	<u>4,164</u>
Total General Government Land and Buildings	<u>306,500</u>	<u>328,905</u>	<u>324,741</u>	<u>4,164</u>
Service Administration				
Personal Service	226,377	230,000	220,617	9,383
Other	<u>6,915</u>	<u>7,098</u>	<u>7,098</u>	<u>0</u>
Total Service Administration	<u>233,292</u>	<u>237,098</u>	<u>227,715</u>	<u>9,383</u>
Planning and Development				
Personal Service	0	0	0	0
Other	<u>15,600</u>	<u>14,800</u>	<u>14,715</u>	<u>85</u>
Total Planning and Development	<u>15,600</u>	<u>14,800</u>	<u>14,715</u>	<u>85</u>
Contingencies				
Personal Service	0	0	0	0
Other	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Contingencies	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 10,000</u>

(continued)

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration				
Personal service	\$ 58,170	\$ 77,000	\$ 75,805	\$ 1,195
Other	<u>2,521,356</u>	<u>1,905,000</u>	<u>1,885,973</u>	<u>19,027</u>
Total administration	<u>2,579,526</u>	<u>1,982,000</u>	<u>1,961,778</u>	<u>20,222</u>
<i>Total general government</i>	<u>5,783,336</u>	<u>5,154,134</u>	<u>5,088,176</u>	<u>65,958</u>
<i>Total expenditures</i>	<u>11,980,730</u>	<u>11,510,619</u>	<u>11,387,103</u>	<u>123,516</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>91,975</u>	<u>70,629</u>	<u>194,145</u>	<u>(123,516)</u>
Other financing sources (uses)				
Operating transfers - out	<u>(912,000)</u>	<u>(775,380)</u>	<u>(711,540)</u>	<u>63,840</u>
<i>Total other financing sources (uses)</i>	<u>(912,000)</u>	<u>(775,380)</u>	<u>(711,540)</u>	<u>63,840</u>
<i>Net change in fund balance</i>	(820,025)	(704,751)	(517,395)	187,356
<i>Fund balance, beginning of year</i>	788,902	788,902	788,902	0
Prior Year Encumbrances Appropriated	<u>37,857</u>	<u>37,857</u>	<u>37,857</u>	<u>0</u>
<i>Fund balance, end of year</i>	\$ <u><u>6,734</u></u>	\$ <u><u>122,008</u></u>	\$ <u><u>309,364</u></u>	\$ <u><u>187,356</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
General Bond Retirement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 2,172,026	\$ 1,930,924	\$ 1,930,924	\$ 0
Intergovernmental	125,000	259,816	259,816	0
Special Assessments	25,000	11,128	11,128	0
<i>Total Revenues</i>	<u>2,322,026</u>	<u>2,201,868</u>	<u>2,201,868</u>	<u>0</u>
Expenditures				
Current:				
General Government	15,000	9,600	9,560	40
Bond Principal Retirement	1,392,131	1,392,131	1,392,131	0
Note Principal Retirement	1,300,000	1,300,000	1,300,000	0
Interest and Fiscal Charges	1,046,376	1,045,325	1,045,325	0
<i>Total Expenditures</i>	<u>3,753,507</u>	<u>3,747,056</u>	<u>3,747,016</u>	<u>40</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,431,481)</u>	<u>(1,545,188)</u>	<u>(1,545,148)</u>	<u>40</u>
Other Financing Sources (Uses)				
Operating Transfers - In	130,000	251,975	251,975	0
Proceeds from Sale of Notes	1,300,000	1,300,000	1,300,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,430,000</u>	<u>1,551,975</u>	<u>1,551,975</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,481)	6,787	6,827	40
<i>Fund Balance, Beginning of Year</i>	<u>150,875</u>	<u>150,875</u>	<u>150,875</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 149,394</u>	<u>\$ 157,662</u>	<u>\$ 157,702</u>	<u>\$ 40</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Revenue Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$ 995,500	\$ 1,027,498	\$ 1,027,498	\$ 0
<i>Total Revenues</i>	<u>995,500</u>	<u>1,027,498</u>	<u>1,027,498</u>	<u>0</u>
Expenditures				
Current:				
Note Principal Retirement	102,189	102,189	102,189	0
Interest and Fiscal Charges	93,586	93,584	93,584	0
Personal Services	1,253,907	1,143,497	1,138,128	5,369
Contractual Services	458,675	463,866	462,961	905
Materials and Supplies	131,075	114,821	110,655	4,166
Travel and Transportation	6,100	8,043	8,043	0
<i>Total Expenditures</i>	<u>2,045,532</u>	<u>1,926,000</u>	<u>1,915,560</u>	<u>10,440</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(1,050,032)</u>	<u>(898,502)</u>	<u>(888,062)</u>	<u>10,440</u>
Other Financing Sources (Uses)				
Operating Transfers - In	1,060,000	879,756	879,756	0
Operating Transfers - Out	(22,500)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,037,500</u>	<u>879,756</u>	<u>879,756</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(12,532)</u>	<u>(18,746)</u>	<u>(8,306)</u>	<u>10,440</u>
<i>Fund Balance, Beginning of Year</i>	6,372	6,372	6,372	0
<i>Prior Year Encumbrances Appropriated</i>	<u>12,448</u>	<u>12,448</u>	<u>12,448</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 6,288</u>	<u>\$ 74</u>	<u>\$ 10,514</u>	<u>\$ 10,440</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Revenue Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 500,000	\$ 501,568	\$ 501,568	\$ 0
<i>Total Revenues</i>	<u>500,000</u>	<u>501,568</u>	<u>501,568</u>	<u>0</u>
Expenditures				
Current:				
Note Principal Retirement	83,857	83,857	83,857	0
Interest and Fiscal Charges	96,453	96,447	96,447	0
Personal Services	236,193	224,000	214,708	9,292
Contractual Services	33,800	36,819	35,491	1,328
Materials and Supplies	54,600	68,877	67,921	956
<i>Total Expenditures</i>	<u>504,903</u>	<u>510,000</u>	<u>498,424</u>	<u>11,576</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,903)</u>	<u>(8,432)</u>	<u>3,144</u>	<u>(11,576)</u>
Other Financing Sources (Uses)				
Operating Transfers - Out	(20,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(24,903)</u>	<u>(8,432)</u>	<u>3,144</u>	<u>11,576</u>
<i>Fund Balance, Beginning of Year</i>	24,341	24,341	24,341	0
Prior Year Encumbrances Appropriated	628	628	628	0
<i>Fund Balance, End of Year</i>	<u>\$ 66</u>	<u>\$ 16,537</u>	<u>\$ 28,113</u>	<u>\$ 11,576</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2003

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for Services	\$ 229,170	\$ 253,380	\$ 253,380	\$ 0
Other	2,315	2,595	2,595	0
<i>Total Revenues</i>	<u>231,485</u>	<u>255,975</u>	<u>255,975</u>	<u>0</u>
Expenditures				
Current:				
Leisure Time Activities				
Personal Services	556,664	577,000	574,243	2,757
Other	460,724	447,350	447,290	60
<i>Total Expenditures</i>	<u>1,017,388</u>	<u>1,024,350</u>	<u>1,021,533</u>	<u>2,817</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(785,903)</u>	<u>(768,375)</u>	<u>(765,558)</u>	<u>2,817</u>
Other Financing Sources (Uses)				
Operating Transfers - In	799,000	756,375	756,375	0
Operating Transfers - Out	(22,500)	(10,000)	(10,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>776,500</u>	<u>746,375</u>	<u>746,375</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(9,403)	(22,000)	(19,183)	2,817
<i>Fund Balance (Deficit) at Beginning of Year</i>	10,370	10,370	10,370	0
Prior Year Encumbrances Appropriated	11,835	11,835	11,835	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 12,802</u>	<u>\$ 205</u>	<u>\$ 3,022</u>	<u>\$ 2,817</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Municipal Income Tax Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Municipal Income Taxes	\$ 2,230,000	\$ 2,162,974	\$ 2,162,974	\$ 0
<i>Total Revenues</i>	<u>2,230,000</u>	<u>2,162,974</u>	<u>2,162,974</u>	<u>0</u>
Expenditures				
Current:				
General Government	50,000	59,000	58,727	273
<i>Total Expenditures</i>	<u>50,000</u>	<u>59,000</u>	<u>58,727</u>	<u>273</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,180,000</u>	<u>2,103,974</u>	<u>2,104,247</u>	<u>273</u>
Other Financing Sources (Uses)				
Operating Transfers - Out	(2,108,500)	(2,108,500)	(2,108,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,108,500)</u>	<u>(2,108,500)</u>	<u>(2,108,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(4,526)	(4,253)	273
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>5,669</u>	<u>5,669</u>	<u>5,669</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 5,669</u>	<u>\$ 1,143</u>	<u>\$ 1,416</u>	<u>\$ 273</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 35,000	\$ 36,473	\$ 36,473	\$ 0
<i>Total Revenues</i>	<u>35,000</u>	<u>36,473</u>	<u>36,473</u>	<u>0</u>
Expenditures				
Current:				
Transportation	35,000	36,000	36,000	0
<i>Total Expenditures</i>	<u>35,000</u>	<u>36,000</u>	<u>36,000</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>0</u>	<u>473</u>	<u>473</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	473	473	0
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	<u>2,702</u>	<u>2,702</u>	<u>2,702</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,702</u>	<u>\$ 3,175</u>	<u>\$ 3,175</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 421,709	\$ 449,830	\$ 449,830	\$ 0
<i>Total Revenues</i>	<u>421,709</u>	<u>449,830</u>	<u>449,830</u>	<u>0</u>
Expenditures				
Current:				
Transportation				
Personal Services	500,944	404,500	393,333	11,167
Other	276,161	257,900	253,726	4,174
<i>Total Expenditures</i>	<u>777,105</u>	<u>662,400</u>	<u>647,059</u>	<u>15,341</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(355,396)</u>	<u>(212,570)</u>	<u>(197,229)</u>	<u>15,341</u>
Other Financing Sources (Uses)				
Operating Transfers - In	280,000	136,460	136,460	0
Operating Transfers - Out	(22,500)	(22,500)	(22,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>257,500</u>	<u>113,960</u>	<u>113,960</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(97,896)</u>	<u>(98,610)</u>	<u>(83,269)</u>	<u>15,341</u>
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	74,609	74,609	74,609	0
Prior Year Encumbrances Appropriated	24,645	24,645	24,645	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,358</u>	<u>\$ 644</u>	<u>\$ 15,985</u>	<u>\$ 15,341</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 298,993	\$ 294,828	\$ 294,828	\$ 0
Intergovernmental	40,771	41,000	41,000	0
<i>Total Revenues</i>	<u>339,764</u>	<u>335,828</u>	<u>335,828</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	388,156	380,000	379,511	489
<i>Total Expenditures</i>	<u>388,156</u>	<u>380,000</u>	<u>379,511</u>	<u>489</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(48,392)</u>	<u>(44,172)</u>	<u>(43,683)</u>	<u>489</u>
Other Financing Sources (Uses)				
Operating Transfers - In	16,000	4,300	4,300	0
<i>Total Other Financing Sources (Uses)</i>	<u>16,000</u>	<u>4,300</u>	<u>4,300</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(32,392)</u>	<u>(39,872)</u>	<u>(39,383)</u>	<u>489</u>
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	<u>39,916</u>	<u>39,916</u>	<u>39,916</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 7,524</u>	<u>\$ 44</u>	<u>\$ 533</u>	<u>\$ 489</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 298,993	\$ 294,828	\$ 294,828	\$ 0
Intergovernmental	40,771	41,000	41,000	0
<i>Total Revenues</i>	339,764	335,828	335,828	0
Expenditures				
Current:				
Security of Persons and Property	412,489	397,500	397,167	333
<i>Total Expenditures</i>	412,489	397,500	397,167	333
<i>Excess of Revenues Over (Under) Expenditures</i>	(72,725)	(61,672)	(61,339)	333
Other Financing Sources (Uses)				
Operating Transfers - In	76,000	58,400	58,400	0
<i>Total Other Financing Sources (Uses)</i>	76,000	58,400	58,400	0
<i>Net Change in Fund Balance</i>	3,275	(3,272)	(2,939)	333
<i>Fund Balance (Deficit) at Beginning of Year</i>	3,308	3,308	3,308	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 6,583	\$ 36	\$ 369	\$ 333

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
DARE Grant Fund
For the Year Ended December 31, 2003

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 14,771	\$ 29,537	\$ 29,537	\$ 0
<i>Total Revenues</i>	<u>14,771</u>	<u>29,537</u>	<u>29,537</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	14,771	14,771	14,771	0
<i>Total Expenditures</i>	<u>14,771</u>	<u>14,771</u>	<u>14,771</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>0</u>	<u>14,766</u>	<u>14,766</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	14,766	14,766	0
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>0</u>	<u>14,766</u>	<u>14,766</u>	<u>0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Special Assessments	\$ 500,000	\$ 521,533	\$ 521,533	\$ 0
<i>Total Revenues</i>	<u>500,000</u>	<u>521,533</u>	<u>521,533</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	553,000	450,000	386,666	63,334
<i>Total Expenditures</i>	<u>553,000</u>	<u>450,000</u>	<u>386,666</u>	<u>63,334</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>(53,000)</u>	<u>71,533</u>	<u>134,867</u>	<u>63,334</u>
<i>Net Change in Fund Balance</i>	<u>(53,000)</u>	<u>71,533</u>	<u>134,867</u>	<u>63,334</u>
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	51,860	51,860	51,860	0
Prior Year Encumbrances Appropriated	<u>1,475</u>	<u>1,475</u>	<u>1,475</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 335</u>	<u>\$ 124,868</u>	<u>\$ 188,202</u>	<u>\$ 63,334</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Tri-City Senior Center Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 15,984	\$ 15,858	\$ 15,858	\$ 0
Intergovernmental	<u>2,179</u>	<u>2,127</u>	<u>2,127</u>	<u>0</u>
Total Revenues	<u>18,163</u>	<u>17,985</u>	<u>17,985</u>	<u>0</u>
Expenditures				
Current:				
Leisure Time Activities	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>163</u>	<u>(15)</u>	<u>(15)</u>	<u>0</u>
Net Change in Fund Balance	163	(15)	(15)	0
Fund Balance (Deficit) at Beginning of Year	<u>223</u>	<u>223</u>	<u>223</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	\$ <u><u>386</u></u>	\$ <u><u>208</u></u>	\$ <u><u>208</u></u>	\$ <u><u>0</u></u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Community Hospital Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 106,655	\$ 105,350	\$ 105,350	\$ 0
Intergovernmental	13,182	13,510	13,510	0
<i>Total Revenues</i>	119,837	118,860	118,860	0
Expenditures				
Current:				
Public Health and Welfare	120,000	119,042	119,042	0
<i>Total Expenditures</i>	120,000	119,042	119,042	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(163)	(182)	(182)	0
<i>Net Change in Fund Balance</i>	(163)	(182)	(182)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	2,230	2,230	2,230	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 2,067	\$ 2,048	\$ 2,048	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 225,000	\$ 175,813	\$ 34,414	\$ (141,399)
<i>Total Revenues</i>	<u>225,000</u>	<u>175,813</u>	<u>34,414</u>	<u>(141,399)</u>
Expenditures				
Current:				
Community Development	75,000	34,414	34,414	0
<i>Total Expenditures</i>	<u>75,000</u>	<u>34,414</u>	<u>34,414</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>150,000</u>	<u>141,399</u>	<u>0</u>	<u>(141,399)</u>
Other Financing Sources (Uses)				
Operating Transfers - Out	(150,000)	(141,399)	(141,399)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(150,000)</u>	<u>(141,399)</u>	<u>(141,399)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	(141,399)	(141,399)
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	<u>3,680</u>	<u>3,680</u>	<u>3,680</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,680</u>	<u>\$ 3,680</u>	<u>\$ (137,719)</u>	<u>\$ (141,399)</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Municipal Vehicle Tax Levy Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 39,000	\$ 38,518	\$ 38,518	\$ 0
<i>Total Revenues</i>	<u>39,000</u>	<u>38,518</u>	<u>38,518</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>39,000</u>	<u>38,556</u>	<u>38,556</u>	<u>0</u>
Other Financing Sources (Uses)				
Operating Transfers - Out	(40,000)	(41,500)	(41,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>(41,500)</u>	<u>(41,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,000)</u>	<u>(2,944)</u>	<u>(2,944)</u>	<u>0</u>
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	<u>5,419</u>	<u>5,419</u>	<u>5,419</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 4,419</u>	<u>\$ 2,475</u>	<u>\$ 2,475</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 3,000	\$ 8,510	\$ 8,510	\$ 0
<i>Total Revenues</i>	<u>3,000</u>	<u>8,510</u>	<u>8,510</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	6,200	8,500	8,498	2
<i>Total Expenditures</i>	<u>6,200</u>	<u>8,500</u>	<u>8,498</u>	<u>2</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>(3,200)</u>	<u>10</u>	<u>12</u>	<u>2</u>
<i>Net Change in Fund Balance</i>	<u>(3,200)</u>	<u>10</u>	<u>12</u>	<u>2</u>
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	<u>3,232</u>	<u>3,232</u>	<u>3,232</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 32</u>	<u>\$ 3,242</u>	<u>\$ 3,244</u>	<u>\$ 2</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
First Offenders Diversion Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 1,190	\$ 1,190	\$ 1,190	\$ 0
<i>Total Revenues</i>	<u>1,190</u>	<u>1,190</u>	<u>1,190</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	1,190	1,190	1,190	0
<i>Net Change in Fund Balance</i>	1,190	1,190	1,190	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,190</u>	<u>\$ 1,190</u>	<u>\$ 1,190</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Probation Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 270,000	\$ 280,272	\$ 280,272	\$ 0
<i>Total Revenues</i>	<u>270,000</u>	<u>280,272</u>	<u>280,272</u>	<u>0</u>
Expenditures				
Current:				
General Government				
Personal Services	245,539	245,539	222,545	22,994
Other	89,896	52,000	52,000	0
<i>Total Expenditures</i>	<u>335,435</u>	<u>297,539</u>	<u>274,545</u>	<u>22,994</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(65,435)</u>	<u>(17,267)</u>	<u>5,727</u>	<u>22,994</u>
<i>Net Change in Fund Balance</i>	(65,435)	(17,267)	5,727	22,994
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	<u>73,969</u>	<u>73,969</u>	<u>73,969</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 8,534</u>	<u>\$ 56,702</u>	<u>\$ 79,696</u>	<u>\$ 22,994</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Alcohol Treatment Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 30,000	\$ 33,257	\$ 33,257	\$ 0
<i>Total Revenues</i>	<u>30,000</u>	<u>33,257</u>	<u>33,257</u>	<u>0</u>
Expenditures				
Current:				
General Government	40,000	40,000	36,817	3,183
<i>Total Expenditures</i>	<u>40,000</u>	<u>40,000</u>	<u>36,817</u>	<u>3,183</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(10,000)</u>	<u>(6,743)</u>	<u>(3,560)</u>	<u>3,183</u>
<i>Net Change in Fund Balance</i>	(10,000)	(6,743)	(3,560)	3,183
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	5,102	5,102	5,102	0
Prior Year Encumbrances Appropriated	<u>7,850</u>	<u>7,850</u>	<u>7,850</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,952</u>	<u>\$ 6,209</u>	<u>\$ 9,392</u>	<u>\$ 3,183</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
DUI Education Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 500	\$ 300	\$ 300	\$ 0
<i>Total Revenues</i>	<u>500</u>	<u>300</u>	<u>300</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	7,000	2,300	2,121	179
<i>Total Expenditures</i>	<u>7,000</u>	<u>2,300</u>	<u>2,121</u>	<u>179</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	(6,500)	(2,000)	(1,821)	179
<i>Net Change in Fund Balance</i>	<u>(6,500)</u>	<u>(2,000)</u>	<u>(1,821)</u>	<u>179</u>
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	6,592	6,592	6,592	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>92</u>	<u>4,592</u>	<u>4,771</u>	<u>179</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Indigent Driving School Fund
For the Year Ended December 31, 2003

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Fines and Forfeitures	\$ 2,000	\$ 1,430	\$ 1,430	\$ 0
<i>Total Revenues</i>	<u>2,000</u>	<u>1,430</u>	<u>1,430</u>	<u>0</u>
Expenditures				
Current:				
General Government	2,825	1,500	1,455	45
<i>Total Expenditures</i>	<u>2,825</u>	<u>1,500</u>	<u>1,455</u>	<u>45</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(825)</u>	<u>(70)</u>	<u>(25)</u>	<u>45</u>
<i>Net Change in Fund Balance</i>	<u>(825)</u>	<u>(70)</u>	<u>(25)</u>	<u>45</u>
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	708	708	708	0
Prior Year Encumbrances Appropriated	<u>275</u>	<u>275</u>	<u>275</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 158</u>	<u>\$ 913</u>	<u>\$ 958</u>	<u>\$ 45</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
DUS Diversion Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 21,116	\$ 21,116	\$ 21,116	\$ 0
<i>Total Revenues</i>	<u>21,116</u>	<u>21,116</u>	<u>21,116</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	21,116	21,116	21,116	0
<i>Net Change in Fund Balance</i>	21,116	21,116	21,116	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 21,116</u>	<u>\$ 21,116</u>	<u>\$ 21,116</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Court Computer Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 160,000	\$ 166,654	\$ 166,654	\$ 0
<i>Total Revenues</i>	<u>160,000</u>	<u>166,654</u>	<u>166,654</u>	<u>0</u>
Expenditures				
Current:				
General Government	350,000	220,000	215,030	4,970
<i>Total Expenditures</i>	<u>350,000</u>	<u>220,000</u>	<u>215,030</u>	<u>4,970</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>(190,000)</u>	<u>(53,346)</u>	<u>(48,376)</u>	<u>4,970</u>
<i>Net Change in Fund Balance</i>	(190,000)	(53,346)	(48,376)	4,970
<i>Fund Balance (Deficit) at</i> <i>Beginning of Year</i>	183,279	183,279	183,279	0
Prior Year Encumbrances Appropriated	<u>13,533</u>	<u>13,533</u>	<u>13,533</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 6,812</u>	<u>\$ 143,466</u>	<u>\$ 148,436</u>	<u>\$ 4,970</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Court Computer Research Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 60,000	\$ 82,084	\$ 82,084	\$ 0
<i>Total Revenues</i>	<u>60,000</u>	<u>82,084</u>	<u>82,084</u>	<u>0</u>
Expenditures				
Current:				
General Government	150,000	2,500	2,354	146
<i>Total Expenditures</i>	<u>150,000</u>	<u>2,500</u>	<u>2,354</u>	<u>146</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>(90,000)</u>	<u>79,584</u>	<u>79,730</u>	<u>146</u>
<i>Net Change in Fund Balance</i>	<u>(90,000)</u>	<u>79,584</u>	<u>79,730</u>	<u>146</u>
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	105,428	105,428	105,428	0
Prior Year Encumbrances Appropriated	<u>113</u>	<u>113</u>	<u>113</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 15,541</u>	<u>\$ 185,125</u>	<u>\$ 185,271</u>	<u>\$ 146</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
State Highway Patrol Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 8,000	\$ 12,143	\$ 12,143	\$ 0
<i>Total Revenues</i>	<u>8,000</u>	<u>12,143</u>	<u>12,143</u>	<u>0</u>
Expenditures				
Current:				
General Government	8,000	11,650	11,650	0
<i>Total Expenditures</i>	<u>8,000</u>	<u>11,650</u>	<u>11,650</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>0</u>	<u>493</u>	<u>493</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	493	493	0
<i>Fund Balance (Deficit) at</i>				
<i>Beginning of Year</i>	<u>230</u>	<u>230</u>	<u>230</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 230</u>	<u>\$ 723</u>	<u>\$ 723</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Taxable Bond Retirement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Current:				
Note Principal Retirement	350,000	350,000	350,000	0
Total Expenditures	350,000	350,000	350,000	0
Excess of Revenues Over (Under) Expenditures	(350,000)	(350,000)	(350,000)	0
Other Financing Sources (Uses)				
Operating Transfers - In	350,000	350,000	350,000	0
Total Other Financing Sources (Uses)	350,000	350,000	350,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance (Deficit) at Beginning of Year	0	0	0	0
Fund Balance (Deficit) at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
General Improvement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 227,342	\$ 279,070	\$ 279,070	\$ 0
Charges for Services	101,429	122,212	122,212	0
Fines and Forfeitures	20,985	25,921	25,921	0
<i>Total Revenues</i>	349,756	427,203	427,203	0
Expenditures				
Current:				
Capital Outlay	512,311	575,586	575,586	0
<i>Total Expenditures</i>	512,311	575,586	575,586	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(162,555)	(148,383)	(148,383)	0
Other Financing Sources (Uses)				
Operating Transfers - In	50,000	76,049	76,049	0
Sale of Fixed Assets	0	1,148	1,148	0
<i>Total Other Financing Sources (Uses)</i>	50,000	77,197	77,197	0
<i>Net Change in Fund Balance</i>	(112,555)	(71,186)	(71,186)	0
<i>Fund Balance, Beginning of Year</i>	58,728	58,728	58,728	0
<i>Prior Year Encumbrances Appropriated</i>	53,862	53,862	53,862	0
<i>Fund Balance, End of Year</i>	\$ 35	\$ 41,404	\$ 41,404	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Safety Capital Improvement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 175,000	\$ 51,892	\$ 51,892	\$ 0
<i>Total Revenues</i>	<u>175,000</u>	<u>51,892</u>	<u>51,892</u>	<u>0</u>
Expenditures				
Current:				
Capital Outlay	382,000	17,969	17,969	0
<i>Total Expenditures</i>	<u>382,000</u>	<u>17,969</u>	<u>17,969</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>(207,000)</u>	<u>33,923</u>	<u>33,923</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(207,000)</u>	<u>33,923</u>	<u>33,923</u>	<u>0</u>
<i>Fund Balance, Beginning of Year</i>	<u>208,707</u>	<u>208,707</u>	<u>208,707</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 1,707</u>	<u>\$ 242,630</u>	<u>\$ 242,630</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Sewer Capital Improvement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable Unfavorable)
Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Current:				
Capital Outlay	170,000	170,000	170,000	0
Total Expenditures	170,000	170,000	170,000	0
Excess of Revenues Over (Under)				
Expenditures	(170,000)	(170,000)	(170,000)	0
Other Financing Sources (Uses)				
Operating Transfers - In	170,000	170,000	170,000	0
Total Other Financing Sources (Uses)	170,000	170,000	170,000	0
Fund Balance, Beginning of Year	111	111	111	0
Fund Balance, End of Year	\$ 111	\$ 111	\$ 111	\$ 0

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Water Capital Improvement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges For Services	\$ <u>0</u>	\$ <u>3,450</u>	\$ <u>3,450</u>	\$ <u>0</u>
<i>Total Revenues</i>	<u>0</u>	<u>3,450</u>	<u>3,450</u>	<u>0</u>
Expenditures				
Current:				
Capital Outlay	<u>224,113</u>	<u>247,536</u>	<u>247,536</u>	<u>0</u>
<i>Total Expenditures</i>	<u>224,113</u>	<u>247,536</u>	<u>247,536</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>(224,113)</u>	<u>(244,086)</u>	<u>(244,086)</u>	<u>0</u>
Other Financing Sources (Uses)				
Operating Transfers - In	<u>206,000</u>	<u>226,000</u>	<u>226,000</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>206,000</u>	<u>226,000</u>	<u>226,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(18,113)	(18,086)	(18,066)	0
<i>Fund Balance, Beginning of Year</i>	10,613	10,613	10,613	0
Prior Year Encumbrances Appropriated	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 0</u>	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Recreation Capital Improvement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 258,160	\$ 258,160	\$ 258,160	\$ 0
Other	0	1,247	1,247	0
<i>Total Revenues</i>	<u>258,160</u>	<u>259,407</u>	<u>259,407</u>	<u>0</u>
Expenditures				
Current:				
Capital Outlay	885,448	835,171	832,171	3,000
<i>Total Expenditures</i>	<u>885,448</u>	<u>835,171</u>	<u>832,171</u>	<u>3,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(627,288)</u>	<u>(575,764)</u>	<u>(572,764)</u>	<u>3,000</u>
Other Financing Sources (Uses)				
Operating Transfers - Out	0	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(627,288)</u>	<u>(625,764)</u>	<u>(622,764)</u>	<u>3,000</u>
<i>Fund Balance, Beginning of Year</i>	<u>627,288</u>	<u>627,288</u>	<u>627,288</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 0</u>	<u>\$ 1,524</u>	<u>\$ 4,524</u>	<u>\$ 3,000</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (Non-GAAP Basis) and Actual
Court Capital Improvement Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fines and Forfeitures	\$ 70,000	\$ 116,849	\$ 116,849	\$ 0
<i>Total Revenues</i>	<u>70,000</u>	<u>116,849</u>	<u>116,849</u>	<u>0</u>
Expenditures				
Current:				
Capital Outlay	100,000	43,785	43,785	0
<i>Total Expenditures</i>	<u>100,000</u>	<u>43,785</u>	<u>43,785</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(30,000)</u>	<u>73,064</u>	<u>73,064</u>	<u>0</u>
Other Financing Sources (Uses)				
Operating Transfers - In	0	14,980	14,980	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>14,980</u>	<u>14,980</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(30,000)</u>	<u>88,044</u>	<u>88,044</u>	<u>0</u>
<i>Fund Balance, Beginning of Year</i>	<u>30,381</u>	<u>30,381</u>	<u>30,381</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 381</u>	<u>\$ 118,425</u>	<u>\$ 118,425</u>	<u>\$ 0</u>

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Medical Benefits Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues</i>				
Charges for Services	\$ 1,964,532	\$ 1,321,367	\$ 1,321,367	\$ 0
Interest	0	8	8	0
<i>Total Revenues</i>	1,964,532	1,321,375	1,321,375	0
<i>Expenses</i>				
Contractual Services	1,944,532	1,325,000	1,320,978	4,022
<i>Total Expenses</i>	1,944,532	1,325,000	1,320,978	4,022
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Uses</i>				
	20,000	(3,625)	397	4,022
<i>Fund Equity, Beginning of Year</i>	4,387	4,387	4,387	0
<i>Encumbrances at End of Year</i>	768	768	768	0
<i>Fund Equity, End of Year</i>	\$ 25,155	\$ 1,530	\$ 5,552	\$ 4,022

CITY OF BEREA, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
Property/Liability Insurance Fund
For the Year Ended December 31, 2003

	Original	Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 12,998	\$ 33,964	\$ 33,964	\$ 0
<i>Total Revenues</i>	<u>12,998</u>	<u>33,964</u>	<u>33,964</u>	<u>0</u>
Expenses				
Contractual Services	320,000	258,000	257,564	436
<i>Total Expenses</i>	<u>320,000</u>	<u>258,000</u>	<u>257,554</u>	<u>436</u>
<i>Excess of Revenues Over (Under) Expenses</i>	<u>(307,002)</u>	<u>(224,036)</u>	<u>(223,600)</u>	<u>436</u>
Other Financing Sources (Uses)				
Transfers - In	292,500	221,400	221,400	0
<i>Total Other Financing Sources (Uses)</i>	<u>292,500</u>	<u>221,400</u>	<u>221,400</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Uses</i>	<u>(14,502)</u>	<u>(2,636)</u>	<u>(2,200)</u>	<u>436</u>
<i>Fund Equity, Beginning of Year</i>	<u>16,555</u>	<u>16,555</u>	<u>16,555</u>	<u>0</u>
<i>Fund Equity, End of Year</i>	<u>\$ 2,053</u>	<u>\$ 13,919</u>	<u>\$ 14,355</u>	<u>\$ 436</u>

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City of Berea, Ohio
 General Fund Expenditures by Function (1)
 Last Ten Years

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Security of persons and property	\$4,396,123	\$4,308,139	\$4,174,145	\$3,812,881
Leisure time activities	754,556	287,739	241,687	238,765
Community development	331,478	341,161	265,809	306,069
Basic utility services	826,385	889,504	1,036,364	978,654
Transportation	0	0	0	0
General government	<u>5,301,832</u>	<u>4,546,922</u>	<u>4,204,367</u>	<u>4,003,124</u>
	<u>\$11,610,374</u>	<u>\$10,373,465</u>	<u>\$9,922,372</u>	<u>\$9,339,493</u>

Source: City of Berea records

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

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$3,690,700	\$3,437,394	\$3,477,726	\$3,372,181	\$3,258,419	\$2,967,916
146,931	94,187	81,339	55,299	113,197	93,365
282,028	233,010	231,922	252,552	293,533	250,011
980,434	898,050	895,341	929,627	924,867	935,068
0	0	0	0	0	2,334
<u>3,626,666</u>	<u>3,102,992</u>	<u>3,144,540</u>	<u>3,465,346</u>	<u>3,395,549</u>	<u>3,134,313</u>
<u>\$8,726,759</u>	<u>\$7,765,633</u>	<u>\$7,830,868</u>	<u>\$8,075,005</u>	<u>\$7,985,565</u>	<u>\$7,383,007</u>

City of Berea, Ohio
 General Fund Revenues by Source (1)
 Last Ten Years

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Property taxes	\$1,595,526	\$1,215,007	\$1,603,669	\$1,245,867
Income taxes	6,135,542	6,810,365	6,387,988	7,119,648
Other local taxes	222,484	217,334	211,822	218,203
Intergovernmental	1,208,349	1,866,988	1,868,990	1,811,636
Charges for services	334,937	84,614	33,669	134,317
Licenses and permits	214,274	153,214	156,720	185,528
Fines and forfeitures	1,244,142	1,303,693	948,028	843,110
Interest	30,785	71,046	157,963	277,351
Refunds and reimbursements	0	4,370	0	0
Special assessments	2,048	1,791	820	0
Other	125,591	124,861	71,841	38,898
	<u>\$11,113,678</u>	<u>\$11,853,283</u>	<u>\$11,441,510</u>	<u>\$11,874,558</u>

Source: City of Berea records

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

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$1,359,736	\$1,371,358	\$702,266	\$1,845,239	\$1,893,395	\$1,621,015
5,874,741	5,110,259	4,752,376	5,153,799	4,993,532	4,873,547
184,570	178,857	165,450	159,565	115,014	171,883
1,618,302	1,522,782	1,426,444	1,145,382	1,131,404	759,012
6,273	16,248	49,694	20,126	93,973	140,659
228,029	240,197	226,246	123,739	176,115	159,646
723,687	730,872	682,562	664,362	681,382	751,796
206,474	228,348	214,320	184,972	184,578	75,788
0	22,643	6,190	213,608	92,742	295,221
0	0	0	0	0	0
63,341	1,889	17,727	6,194	98,526	19,994
<u>\$10,265,153</u>	<u>\$9,423,453</u>	<u>\$8,243,275</u>	<u>\$9,516,986</u>	<u>\$9,460,661</u>	<u>\$8,868,561</u>

City of Berea, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total (1) Tax Collections	Percent of		Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
					Total Tax Collections To Tax Levy	Total Tax Collections To Tax Levy		
2003	\$5,530,312	\$5,234,984	\$174,273	\$5,409,257	97.8%	97.8%	\$306,031	5.5%
2002	5,113,482	4,584,946	182,474	4,767,420	93.2%	93.2%	318,128	6.2%
2001	5,141,000	4,621,579	169,010	4,790,591	93.1%	93.1%	331,816	6.4%
2000	4,592,422	4,230,158	129,836	4,356,098	94.9%	94.9%	112,887	2.5%
1999	4,553,640	4,216,328	133,673	4,350,001	95.5%	95.5%	104,185	2.3%
1998	4,493,534	4,194,818	87,437	4,282,115	95.3%	95.3%	92,151	2.1%
1997	4,211,642	3,932,668	75,138	4,007,806	95.2%	95.2%	112,699	2.7%
1996	4,227,073	3,936,751	130,576	4,067,327	96.2%	96.2%	55,718	1.3%
1995	4,186,203	3,910,203	67,595	3,977,800	95.0%	95.0%	70,160	1.7%
1994	3,863,653	3,536,844	71,811	3,604,719	93.3%	93.3%	69,404	1.8%

Source: Cuyahoga County Auditor

(1) - State reimbursement of rollback and homestead exemptions are included.

City of Berea, Ohio
 Assessed Valuation and Estimated True Values
 Last Ten Years

Collection Year	Real	Public Utility Tangible	Tangible Personal	Total Assessed Valuation	Total Estimated True Values
2003	\$318,662,520	\$11,176,770	\$28,773,884	\$358,613,174	\$1,048,269,061
2002	300,807,200	10,323,810	30,531,818	341,662,828	998,396,653
2001	297,018,160	12,663,290	27,221,866	336,903,316	971,900,881
2000	261,116,900	12,577,200	26,081,201	299,775,301	864,665,362
1999	259,376,610	13,773,550	24,088,592	297,238,752	853,082,158
1998	258,944,960	14,148,170	24,163,501	297,256,631	852,574,213
1997	237,398,710	13,703,410	22,177,711	273,279,831	782,564,929
1996	236,396,400	13,878,740	21,952,150	272,227,290	778,998,181
1995	234,199,410	15,102,270	18,632,201	267,933,881	760,831,646
1994	207,552,140	14,366,010	21,500,493	243,418,643	695,333,098

Source: Cuyahoga County Auditor

City of Berea, Ohio

Property Tax Rates - Direct and Overlapping Governments
 (Per \$1,000 of Assessed Valuation
 Last Ten Years)

Year	City of Berea			Berea		Cuyahoga County & Special		Total
	General	Special Revenue	Debt Service	Total	School District	Polaris JVSD	Taxing Districts(1)	
2003	7.95	3.10	6.45	17.50	69.80	2.40	19.40	109.10
2002	7.95	3.10	6.55	17.60	69.80	2.40	17.60	107.40
2001	7.95	3.10	6.55	17.60	63.80	2.40	17.60	101.40
2000	7.95	3.10	6.65	17.70	63.90	2.40	16.70	100.70
1999	8.40	3.10	6.20	17.70	58.00	2.40	16.70	94.80
1998	8.55	3.10	6.15	17.80	57.90	2.40	18.00	96.10
1997	8.67	3.10	6.03	17.80	57.90	2.40	18.00	96.10
1996	8.67	3.10	6.03	17.80	57.00	2.50	18.00	95.30
1995	9.31	3.10	5.39	17.80	56.90	2.50	18.20	95.40
1994	9.20	3.10	6.00	18.30	57.00	2.50	17.80	95.60

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

City of Berea, Ohio
Special Assessment Collections
Last Ten Years

Year	Billed	Amount Collected	Percent Collected	Total Delinquent
2003	\$728,241	\$645,514	88.64%	\$89,323
2002	711,300	641,759	90.22%	67,411
2001	651,025	593,260	91.13%	61,944
2000	612,737	557,586	91.00%	58,318
1999	619,959	579,588	93.49%	43,901
1998	560,150	522,906	93.35%	40,077
1997	578,388	542,232	93.75%	37,916
1996	568,972	546,499	96.05%	24,057
1995	492,229	471,728	95.84%	21,982
1994	514,560	489,828	95.19%	26,249

These figures represent only amounts certified to and collected by the Cuyahoga County Auditor and does not included prepayments paid directly to the City.

Source: Cuyahoga County Auditor

City of Berea, Ohio

Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt per Capita
Last Ten Years

Year	Population(1)	Assessed Valuation(2)	Gross Bonded Debt(3)	Debt		Ratio of Net Bonded Debt To Assessed Valuation	Net Bonded Debt Per Capita
				Service Monies Available	Net Bonded Debt		
2003	18,970	\$358,613,174	\$13,908,430	\$348,485	\$13,559,945	3.78%	\$714.81
2002	18,970	341,662,828	15,300,561	324,530	14,976,031	4.38%	789.46
2001	18,970	341,662,828	16,157,087	476,890	15,680,197	4.59%	826.58
2000	18,970	299,775,301	16,692,024	219,132	16,472,892	5.50%	868.37
1999	19,051	297,238,752	18,152,024	216,705	17,935,319	6.03%	941.44
1998	19,051	297,256,631	19,547,024	280,160	19,266,864	6.48%	1,011.33
1997	19,051	273,279,831	20,892,024	36,353	20,855,671	7.63%	1,094.73
1996	19,051	272,227,290	22,317,023	961,572	21,355,454	7.84%	1,120.96
1995	19,051	267,933,881	23,392,023	595,025	22,797,001	8.51%	1,196.63
1994	19,051	243,418,643	23,272,023	81,850	23,190,176	9.53%	1,217.27

(1) Source: U.S. Bureau of Census, Census of Population, conducted in 1990 and 2000.

(2) Source: Cuyahoga County Auditor

(3) Includes all general obligation bonded debt and bond anticipation notes.

City of Berea, Ohio
 Computation of Legal Debt Margin
 December 31, 2003

<i>Total assessed valuation</i>	\$358,613,174
 <i>Overall debt limitation (10 1/2% of assessed valuation)</i>	37,654,383
Total bonds and notes	14,519,463
Less: Urban renewal bonds	(1,570,000)
Taxable Bonds (Chapter 725)	(611,033)
Net voted and unvoted debt	12,338,430
Less: Amount available in Debt Service Funds	(348,485)
Net debt within 10 1/2% limitation	11,989,945
 <i>Overall debt margin unused</i>	 \$25,664,438
 <i>Unvoted debt limitation (5 1/2% of assessed valuation)</i>	 19,723,725
Total unvoted bonds and notes	12,694,955
Less: Amount available in Debt Service Funds	(348,485)
Net debt within 5 1/2% limitation	12,346,470
 <i>Overall unvoted debt margin unused</i>	 \$7,377,255

Source: City of Berea records

City of Berea, Ohio
 Computation of Direct and Overlapping Debt
 December 31, 2003

<u>Jurisdiction</u>	<u>Debt Outstanding(1)</u>	<u>Percentage Applicable To City</u>	<u>Amount Applicable To City</u>
Direct:			
City of Berea	\$13,908,430	100.00%	\$13,908,430
Overlapping:			
Berea School District	9,505,000	93.72%	8,908,100
Olmsted Falls School District	17,767,218	6.28%	1,115,755
Cuyahoga County	183,239,636	1.19%	2,180,552
Greater Cleveland Regional Transit Authority	136,310,000	1.19%	<u>1,622,089</u>
			13,826,496
Total overlapping			
Total direct and overlapping			<u><u>\$27,734,926</u></u>

Source: Cuyahoga County Auditor

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

(1) The debt outstanding includes general obligation bonded and note debt.

City of Berea, Ohio
 Ratio of Annual Debt Principal Expenditures
 for General Bonded Debt to Total General Fund Expenditures
 Last Ten Years

Year	Debt Principal (1)	General Fund Expenditures	Ratio of Debt Principal to General Fund Expenditures
2003	\$2,692,131	\$11,610,374	23.19%
2002	2,156,526	10,373,465	20.79%
2001	1,334,937	9,922,372	13.45%
2000	1,460,000	9,339,493	15.63%
1999	1,395,000	8,726,759	15.99%
1998	1,150,000	7,765,633	14.81%
1997	1,165,000	7,830,868	14.88%
1996	1,040,000	8,075,005	12.88%
1995	1,045,000	7,985,565	13.09%
1994	1,205,000	7,383,007	16.32%

(1) Includes principal paid on general obligation bonds, urban renewal bonds and bond anticipation notes.

Source: City of Berea records.

City of Berea, Ohio
 Demographic Statistics
 Last Ten Years

<u>Year</u>	<u>Population(1)</u>	<u>School Enrollment (2)</u>
2003	18,970	7,561
2002	18,970	7,737
2001	18,970	7,809
2000	18,970	7,814
1999	19,051	7,941
1998	19,051	7,946
1997	19,051	7,958
1996	19,051	7,997
1995	19,051	7,997
1994	19,051	7,879

(1)Source: U.S. Census, Census of population, 1990 and 2000

(2)Source: Berea City School District

City of Berea, Ohio
Construction and Bank Deposits
Last Ten Years

Year	Number of Construction Permits Issued	Residential Construction Value(1)	Commercial Construction Value(1)	Domestic Bank Deposits in the County (2) (in thousands)	Financial Institution Deposits in the City(3)
2003	974	\$6,734,173	\$2,535,198	\$97,238,973	\$3,886,589
2002	1,557	\$1,152,000	\$1,402,500	\$95,761,917	\$1,662,823
2001	1,307	1,800,000	4,276,938	63,892,769	4,568,111
2000	1,098	6,076,565	4,286,299	61,942,764	4,174,823
1999	648	4,084,185	15,116,889	57,816,942	4,343,528
1998	611	4,018,575	19,073,381	58,904,596	4,136,396
1997	612	4,164,530	9,564,505	53,941,971	3,519,104
1996	623	3,677,715	3,227,882	27,068,211	3,814,845
1995	588	7,579,751	10,084,045	22,694,304	2,327,126
1994	635	4,949,538	12,638,647	21,101,872	4,292,094

(1) Source: City of Berea building department reports

(2) Source: Federal Reserve Bank of Cleveland

(3) Total balances per bank for all institutions receiving City of Berea deposits.

City of Berea, Ohio
 Principal Taxpayers
 December 31, 2003

Taxpayer	Real Property Assessed Valuation	Percentage of Assessed Valuation
Tower in the Park, Ltd.	\$4,149,850	1.16%
Cleveland Electric Illuminating	3,946,360	1.10%
Ohio Bell Telephone Co.	3,039,720	0.85%
Berea Properties Co.	2,635,200	0.73%
Cleveland Senior Care Corp.	2,068,050	0.58%
West Valley Plaza	1,966,530	0.55%
A & F Machines Products Co.	1,960,530	0.55%
Berea Square Co., LLC	1,522,610	0.42%
Berea Lake Towers	1,476,380	0.41%
THI of Ohio	1,385,930	0.39%

Source: Cuyahoga County Auditor

City of Berea, Ohio
 Miscellaneous Statistics
 December 31, 2003

Date of incorporation:	
As a village	1850
As a City	1930
Date Charter adopted	1960
Form of government	Mayor/Council
Area of square miles	5.9
Miles of street	60
Number of street lights (per light bill)	3,613 in 2003
Number of employees:	
Full-time	166
Part-time	89
Fire protection:	
Number of stations	1
Number of firemen and officers	23
Number of calls answered	
Fire	198
Rescue Squad	1,330
Number of formal inspections conducted	725
Police protection:	
Number of stations	1
Number of police personnel, officers, and Dispatchers	54
Number of patrol units	16
Number of law violations:	
Physical arrests	1,305
Traffic violations	2,274
Parking violations	2,199
Municipal Court:	
Number of employees, including judge	32
Total number of traffic cases filed	8,511
Total number of criminal cases filed	2,514
Total marriages performed	73
Water System:	
Number of water plants	1
Miles of water mains	60
Daily average consumption in gallons	1.66 million
Maximum daily capacity in gallons	3.6 million

City of Berea, Ohio
 Miscellaneous Statistics (Continued)
 December 31, 2003

Sewerage System:	
Miles of sanitary sewers	60
Miles of storm sewers	60
Education: (within the City)	
Number of elementary schools	4
Number of secondary schools	2
Number of parochial Schools(elementary)	2
Number of university/colleges	1
Culture and Recreation:	
Community Centers	2
Parks:	
Metroparks	1
City parks	4
Park Acreage:	
Metroparks	370
City parks	80
Municipal swimming pools:	
Outdoor	1
Indoor	1



**Auditor of State
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CITY OF BEREA

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
OCTOBER 14, 2004**