

CITY OF BEDFORD, OHIO



COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

For The Year Ended
December 31, 2004





**Auditor of State
Betty Montgomery**

Honorable Mayor and Members of City Council
City of Bedford
165 Center Road
Bedford, Ohio 44146

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

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

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

BETTY MONTGOMERY
Auditor of State

August 2, 2005

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City of Bedford, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2004
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CITY OF BEDFORD OHIO

May 27, 2005

Honorable Mayor Dan Pocek
Members of City Council
Citizens of Bedford, Ohio

The Comprehensive Annual Financial Report of the City of Bedford, Ohio, for the year ended December 31, 2004 is submitted herewith. The City, and more specifically the Department of Finance, assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures contained within this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. We have included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The Comprehensive Annual Financial Report is presented in three sections:

The Introductory Section which includes a table of contents, this transmittal letter, a list of the City's principal officials, an organizational chart and the GFOA Certificate of Achievement.

The Financial Section which includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.

The Statistical Section, which includes selected financial and demographic information, generally presented on a multi-year basis.

The City has reviewed its reporting entity definition in order to insure compliance and conformance with the Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity." For financial reporting definition purposes, City management has considered all agencies, departments and organizations comprising the City of Bedford, the primary government and its potential component units.

The Bedford City School District, Bedford Community Development Corporation and the (Cleveland) Regional Transit Authority have not been included in the accompanying financial statements. The boards of these entities are not appointed by the City, nor is either fiscally dependent on the City of Bedford.

History of Bedford and Form of Government

The City of Bedford, located in northeastern Ohio and southeast of Cleveland, has a good mix of business and industry as well as a long established residential community, and covers 5.6 square miles. The City's 2000 estimated population from the Federal Census was 14,214. The City was first established as a Township in 1797 and became a Village in 1837. It was incorporated as a City under Ohio Law in 1932 and operates under its own Charter, which was adopted that same year. The Charter provides that the City operate under the Council/Manager Form of Government. The City Manager, Law Director, Clerk of Council and Director of Finance are appointed by the seven-member elected Council. The City Manager is the Chief Administrative Officer of the City.

The City Manager, under the City Charter, has the authority to appoint and to remove all other administrative officers and employees. Other administrative officers include the positions of Directors of Service, Public Works and Recreation. Also, appointments to Building Commissioner and Police and Fire Chiefs are under his authority. The Police and Fire Chief also follow the Civil Service Commission appointment rules and procedures.

City Council holds its regular bi-monthly Council Meetings on the first and third Mondays of each month, with the exception of summer months when the City Council meets once a month, scheduled by Council before the summer months. The Charter provides procedures for special or emergency meetings, if the need arises. The City Manager, Director of Finance, Law Director and Council Clerk attend all Council Meetings. City Council generally meets in Committee of the Whole on these scheduled Monday evenings prior to the Council Meetings.

The Police Department enforces local, state, and federal laws in addition to protecting citizens and their property. The department has taken a more community oriented policing approach that has met with great success. Numerous programs are offered to citizens and students. The department, which is headed by the Chief of Police, consists of jail operations, animal control, auxiliary police, as well as a staff of patrol officers. Administrative services consist of secretaries, dispatchers, school guards and community service programs such as DARE and the Juvenile diversion program. The Police Department is located adjacent to City Hall.

The Fire Department provides fire protection and emergency medical services (paramedic) to citizens, as well as placing strong emphasis on community involvement and education. A Chief and his assistant lead the department. A fire prevention officer focuses on the reduction of potential fires and loss of property within the City. The fire facility is located in a separate facility in front of City Hall.

The Service Department is comprised of several divisions administered by a Director and the Public Works Director. The service department is responsible for the maintenance of all City vehicles, street signs, and snow and leaf removal. The City purchases water in bulk from the City of Cleveland through master meters and then distributes the water to City residents through the City's water mains. The City owns and maintains the water mains and bills all water users for the consumption of water on a monthly basis. The City in the last ten years has invested heavily in the improvement of its water system to tighten it from leaks or any loss of water in the system. Therefore, billings to the public in line with payments for water usage to the City of Cleveland are more accurately reflected. Another service provided is the storm/sanitary sewers maintenance for proper drainage control. The department assists with the writing of recycling grants and overseeing the contractors that collect waste and process recyclables. The parks division is also under the direction of the service department and maintains the City parks. The City utilizes the services of a forester to monitor tree plantings and removal of trees throughout the City. The City has received the award of Tree City, U.S.A., sponsored by the National Arbor Day Foundation in cooperation with the U.S. Forestry Service.

The service department is responsible for all non-contractual street repairs. The City also owns and operates one cemetery.

The Recreation Department in addition to the basic services, continues to offer superior recreational facilities for its residents. The City operates four municipal playgrounds and tot lots, Hutchinson soccer/baseball/football Fields, a swimming pool, the Ellenwood Recreation and Senior Citizens Center (a former grade school building which has been converted to a municipal recreation and senior citizen activity center). Included within the parks are the usual sports, playground and picnic facilities. The City abuts the Cuyahoga County Metroparks – Bedford Reservation Nature area. This provides even more recreational facilities including horseback riding trails, walking, hiking and biking trails and golf. The recreation department provides numerous courses and programs throughout the year. During summer months, the department operates the pool located on Lamson Drive where swimming lessons are also offered. The City owns the skateboard park also located on Lamson Drive.

The Director of Economic and Community Development is responsible for promoting the City to businesses while creating jobs and development within the City. This department also has the responsibility of writing grants for all major projects to achieve proper funding levels.

The Finance Department is responsible for the accurate recording of all receipts and disbursements. The department issues bi-weekly payrolls, and maintains a capital asset system. The department compiles the annual budget, prepares the Comprehensive Annual Financial Report and assists the Mayor, City Council and City Manager in all financial decisions.

The Municipal Income Tax Department is responsible for the collection of the municipal income tax from 10,000 resident returns, 2,500 business net profits returns and the collection from 2,000 withholding accounts from businesses within the City. The department offers on our website, <http://www.bedfordoh.gov> an award winning free on-line municipal income tax preparation program as well as free preparation in house service for the municipal tax returns.

The Law Department advises the Mayor, Council, the City Manager and all departments on legal matters concerning the City. The department prepares all contract, legislation and legal documents. The Prosecutor is the Law Director and the law department has an assistant law director.

The Building Department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections and licenses all contractors. The department works with qualifying residents to improve their housing through the CDBG housing grant program. This program provides funding for repairs at a slight cost to qualifying residents.

Economic Condition and Outlook

The City of Bedford administration continues to be involved with the Bedford Community Development Corporation a 501C (3) organization dedicated to the renovation and expansion of its Historic Downtown Business District and at the same time helping to promote future growth and development of the entire City's Industrial areas. The City of Bedford has on hand an Economic Development Director to promote economic and community development throughout the City of Bedford.

The City established an Enterprise Zone, which included all land within the boundaries of the City of Bedford in April of 1990. The City established a Community Reinvestment area in 1997, which also included all land within the boundaries of the City of Bedford. The establishment of the Enterprise Zone and the Community Reinvestment areas gave the City the ability to maintain and expand business located in the City and created new jobs.

The City is starting a new industrial development park in cooperation with the Hemisphere Corporation on the site designated as the Tinkers Creek Commerce Park. This is a Brownfield site and is to be developed by receiving grants from the Cuyahoga County Brownfield Fund, Brush Wellman prior owners of the site, The State of Ohio 629 Fund and the Federal Housing and Urban Development Fund (Brownfield Economic Development Initiative Grant, BEDI grant).

Ben Venue Laboratories, Inc., the City of Bedford's largest employer was acquired by Boehringer Ingelheim Corporation on December 1, 1997. Boehringer Ingelheim is privately held and is the 19th largest pharmaceutical company in the world having more than 28,000 employees with locations on every continent. Under Boehringer Ingelheim's ownership, Ben Venue has many options as to where to manufacture and distribute Ben Venue's products. Boehringer Ingelheim has many highly automated manufacturing facilities located in Columbus, Ohio (Roxanne Laboratories), Mexico City, Mexico and Barcelona Spain. On August 17, 2001 Ben Venue Laboratories was approved by the City for abatement in the Community Reinvestment area regarding Real Estate development and applied for a tax exemption on recovered property through the City's Enterprise Zone program. Ben Venue Laboratories expanded its facilities by 165,000 square feet for manufacturing operations of pharmaceutical products. Ben Venue has a long-standing reputation as the premier contract manufacturer of injectable pharmaceuticals. Ben Venue has the number one market position in this core business and has the largest capacity for the manufacturing lyophilized (freeze-dried) and vacuum-dried injectable drugs in the United States. Since 1995, Ben Venue obtained over 70 Abbreviated New Drug Applications ("ANDA") approvals for injectable drugs from the FDA, more than any other firm, and has become a major player in the injectable pharmaceutical industry. Ben Venue wishes to continue to work with the City of Bedford, Cuyahoga County and the State of Ohio in adding value to the Community.

Ben Venue has previously entered into two agreements with the City of Bedford for building expansions. The first agreement was in 1996. Ben Venue added over 50,000 square feet of office and plant expansion and committed to add 30 jobs over 60 months. Through June 30, 2001, or 5 years Ben Venue has added 152 jobs for this project. The second agreement was in 1999 when Ben Venue added approximately 44,000 square feet of office and plant expansion and a new filling line. Through June 30, 2001, or in just 2 years, Ben Venue has added more than the 75 jobs it originally committed to add over 5 years. In the current abatement applications, Ben Venue already invested \$25 million in a new building (including 1 million in furniture and fixtures) and \$40 million in tangible personal property. The total investment including inventory will not be less than \$84.5 million dollars at the projected site. Ben Venue has already created within a time frame of less than 5 years 300 new full time permanent jobs and will retain 691 existing full time jobs at the projected sites. The estimated new annual payroll for these new employees will add \$9 million and generate an additional \$202,500 in City income tax withholding. The annual payroll retained in existing jobs will be at \$26,766,804. The abatement agreement between the City of Bedford, the Bedford City School District, County and State of Ohio are as follows:

- The Enterprise Zone agreement for personal property is 100 percent for the first seven years and 80 percent for 3 final years starting January 1, 2001 (10 years total).
- The Community reinvestment area abatement on Real estate construction will be 100 percent for the first 7 years and 80 percent for the final 8 years (15 years total).
- The City will share 30 percent of the increased payroll withholding taxes through the abatement period with the school district. The City will benefit solely on any net profit tax that is obtained through the Company's operations annually.

The Ganley Real Estate Co. expects to construct a new approximately 34,000 square foot (\$2.04 million) building to expand its Volkswagen operations. The company intends to purchase \$925,000 in new machinery and equipment, \$75,000 in furniture & fixtures and \$4,000,000 in new inventory. The total investment shall not be less than \$6 million.

Equipment transferred from another City will total \$600,000.

The Company is expected to create 50 new jobs and retain the 42 jobs already existing in Ohio for an additional payroll of \$1.9 million.

Major Initiatives

During the year ended December 31, 2004, the City completed or made substantial progress toward several major goals or projects.

Masserati of Cleveland/Bedford Collision Center, completed a new expansion spending \$1,500,000-\$1,750,000 in total investment in a new facility. With this investment they will create 15 – 20 new jobs and create a payroll of \$980,000. The City utilized our jobs creation program in lieu of an abatement that would affect the school district as an incentive to do business in the City.

The Uptown Bedford Retail Strip was constructed on Broadway Avenue and has one tenant at the end of 2004.

In 1999, the City issued \$5 million dollars of General Obligation Bonds to partially fund the construction of a new municipal center. In 2002, the City issued \$5.2 million and \$2 million dollars of general obligation bonds for the completion of the municipal center. The \$5.2 million in bonds are backed by an income tax increase and the \$2 million in bonds is backed by the Bedford Municipal court with court fees. In conjunction with the these bond sales, the City of Bedford received an upgraded rating from Moody's Investor Services in 1999 and has maintained this rating to date. The new rating from Moody's Investors Service was an A-1 and Standard & Poor's awarded an A+ credit.

The City administration prepared and, through Council, adopted the 2005 annual budget (appropriations) before December 31, 2004, thereby allowing the City Departments to bid early to take advantage of lower bids on construction costs and allow more efficiency in preparing for recreational activities of the Summer.

The General Fund ended the 2004 year with an unencumbered cash balance of \$7,119,723 and \$7,546,164 was the prior year-end balance. The 2004 cash balance represented 46.56 in 2004 and 48.6 percent in 2003 of total general fund expenditures or 170 and 177 days respectively of general fund expenditures.

The street lighting millage was maintained for the fourth year at 1.2 mills. The County performed its six-year reappraisal of industry and residential property values which increased at an annual average of 10 percent.

The City realized its tenth-year of wastewater saving from refinancing the 20-year bonds in an amount of \$200,000. Without this transaction, wastewater rates would have increased by 25.5 percent more than City is charging today (over \$2,000,000 has been saved to date).

The Tax Department continued its innovative, award winning, on-line income tax preparation system during the 2004 tax season. Taxpayers and professional tax preparers were able to complete accurate returns with software that simplified the preparation process. The users of this system found it accurate and available for use 24 hours a day. The program allows the taxpayer the convenience of accessing this preparation program in the comfort of their home or office.

The City of Bedford's Insurance Services Office fire rating continues at a Class 4 rating. This upgrade in previous years was due in part to continuously improved operations, equipment, record keeping and training.

Future and completed projects that required the City to apply for various grants are:

The City of Bedford takes pride in its downtown shopping area and promotes community and economic development opportunities for businesses. In 2001 the City received \$124,000 in a Community Development Block Grant (CDBG). In 2002 and 2003, the City applied for two CDBG grants of \$150,000 each and a NOACA Streetscape grant of \$340,500 to completely rehabilitate the sidewalks and enhance the downtown with trees, brick pavers, and lighting. The City committed the matching resources (\$535,500) completing in 2004 the total project at approximately \$1.3 million. Due to the City's commitment of enhancing the downtown area, building owners have followed suit. They have improved the looks of their storefronts and installed awnings with the help of the City's non-tax revenues at a cost of \$15,000. Included in the Community Development Block Grants is money to allow conduit and utility lines to be buried underground in the downtown Historic District shopping area.

The City of Bedford has met with the Cuyahoga County Economic Development Department and we received a \$4 million Brownfield Economic Development Initiative Grant (BEDI) for the Brush-Wellmon Site (Tinkers Creek Commerce Park). This 49 acres of land which is a Brownfield site, is set aside for development of Commercial and Industrial business. The City has four companies that want to expand on this parcel as soon as the construction of infrastructure is started. One of the Companies will be the Taylor Chair Company, the oldest furniture manufacturing plant in Ohio's history (188 years). They will be relocating 40 jobs to the new site and adding an additional 20-25 jobs in the next five years. The City will be working with the State of Ohio Department of Development as we received a Roadwork Development Account 629 Grant in the amount of \$850,000 to complete the infrastructure improvements. The City will be also working hand in hand with the Hemisphere Corporation in completing this project.

The City applied for and received a grant through the Ohio Department of Transportation (ODOT) for the resurfacing of Broadway Avenue. This project was completed by ODOT at an estimated cost of \$1,030,000. The City's responsibility is 20 percent or approximately \$210,000.

The City was awarded a grant of \$87,488 from the U.S. Department of Justice for the continuation of the Southeast Area Law Enforcement Program. The program was changed to a calendar year end grant. This program assists the police in their efforts to arrest those that sell or use illegal drugs. This program has led to various arrests and items have been confiscated, including currency. This year's total funding from all sources was \$310,725.

The Police Department received a grant in the amount of \$18,000 for the Community Diversion Program.

The Bedford Fire Department performed ambulance runs which generated a total of \$282,012 in 2004 and \$252,084 in 2003 net of the administrative billing costs. The fire department applied for and received \$108,864 from a FEMA Grant for various safety equipment purchases. The fire department also applied for and received \$62,826 from FEMA, Ohio Emergency Management Agency (OEMA) and Ohio Department of Public Safety grants for the rainstorm on May 21, 2004 and the Palmetto rainstorm damage.

Construction Projects:

Construction was completed on sidewalks and street improvements in the amounts of \$46,570 and \$547,507 respectively. The pending sidewalk and street improvements from 2004 were \$27,259 and \$40,632 respectively.

The Greencroft Avenue rehabilitation Project was completed at a cost of \$449,624.

Emergency sirens were installed at a cost of \$53,943.

The Building Department completed its 2004 Housing Exterior Maintenance program. The City fixed up 10 houses for low income residents, with a match of 10 percent. The total amount spent on housing in 2004 was \$37,983.

The Building department started its Housing Rehabilitation projects for 2004 and 2005. The City fixed up one house at cost of \$10,125 plus administration fees for various purposes. Assessments were placed upon the parcel for our costs incurred. The City started on four other vacated houses and success was achieved in getting the attention of the new and old owners of these parcels for the future. The City has set aside \$80,000 in the 2005 budget to rehabilitate and will possibly place assessments on other vacant houses so that the area is left in good condition.

The Palmetto culvert required an emergency repair due to the rainstorms, at a cost of \$44,234. The City received grants from FEMA and OEMA to complete this project in the amounts of \$37,678 and \$5,402 respectively.

Dogwood Drive and Avery Avenue storm sewers were replaced at a cost of \$21,666 and \$11,570 respectively.

The City is starting the Northfield Road resurfacing project and the City's cost is expected to be \$160,812, which was paid into an escrow account as required by the O.D.O.T. contract. This represents 10 percent of the project's overall costs.

The Forbes Road Reconstruction Project was started in 2004. The total construction cost of the project is expected to be \$513,515 and construction inspection fees will be \$42,800. The roadway items will cost \$253,225 and the waterline items will cost \$260,290. The City received \$150,000 from CDBG grant funds and the Cuyahoga County Engineer has agreed to pay half the roadway costs. The Village of Oakwood will pay \$31,225 to the City of Bedford in 2006 and \$31,225 in 2007 toward this project.

The City completed the construction of the Rapid Sandfilter project and is well into completing the Oxidation Tower Construction project within the grant and loan dollars received from the Ohio Water Development Authority and the Ohio Public Works Commission.

The City had applied for and received an Environmental Protection Agency loan for the Rapid Sand-filter system in the amount of \$2,429,285.

The City received a grant for \$945,000 for the oxidation tower project and a zero percent loan for \$945,000. The City's matching portion towards the oxidation tower is \$210,000. The Total cost of the Oxidation Tower will not exceed \$2,100,000.

The Wastewater plant started the improvement of the Sludge Thickener. The cost of the project is expected to be \$170,000.

Financial Information

Accounting policies and budgetary control

The City of Bedford utilizes automated governmental accounting software developed and licensed by Software Solutions Incorporated (SSI). This software controls budgetary, accounting, payroll and capital assets. The City utilizes a software package for utility billing developed by Fund Balance Inc.

The City of Bedford's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These funds are segregated for the purposes of carrying on specific activities or attaining certain objectives in accordance with the special regulations, restrictions, or limitations. Generally accepted accounting principles determine the type of funds used.

The level of budgetary control is at the department level. All non-fiduciary funds are budgeted annually. The City also controls its expenditures at levels of personal services and all other expenditures as required by the City's Charter. The City did have amendments to the original appropriations ordinance to account for new funds and increased grants received during 2004.

The City Manager is authorized to transfer appropriations between line items within a department. Any increase in the total appropriation for a department must be approved by City Council. The City's fully automated financial system maintains the budgetary control through its purchase order/encumbrance feature. The purchase order, required before making any purchase, is reviewed for certification of the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Encumbrances do not lapse at year-end and are a reserve of fund equity, which is carried forward into the next year.

Internal accounting and reporting control

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

The City has built internal accounting controls into its financial accounting, budgeting and reporting system to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss resulting from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The internal accounting controls built into the City's system were developed within the framework of the concept of reasonable assurance.

This concept recognizes that the cost of control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. Regular reviews of internal controls occur within this policy framework. We believe that the City's internal accounting controls adequately safeguard the City's assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Financial Reporting

The City has prepared financial statements under the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements—and 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 business enterprises. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and includes 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 this new reporting model, management is responsible for preparing Management's Discussion and Analysis of the City. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the City's finances for 2004. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights – Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of vision, dental, prescription drug and hospital/medical benefits to the City employees. The internal service fund had net assets of (\$131,994) at December 31, 2004 compared with net assets of \$140,441 at December 31, 2003, reflecting a change in net assets of (\$272,435). This fund did maintain a small cash balance; however, due to an extraordinary usage of the health plan by our employee's, the ending net assets level for 2004 turned negative. Management is currently analyzing the Health Insurance internal service fund's operations to determine appropriate steps to alleviate the deficit.

Cash Management

Cash management is a vital component in the City of Bedford's overall financial strategy. The primary objective of the City's investment activity is the preservation and the protection of investment principal. A prudent investment program is maintained to assure the overnight and over-the-weekend investments of all possible dollars, as well as longer term investments. In addition to the security of the investment, a major consideration is the timing of needed cash to pay City liabilities. Cash resources of all City funds are combined for maximum return and are invested in accordance with the Ohio Revised Code. The total interest earned during 2004 was \$197,963.

The City maintains an investment board consisting of the City Manager, Law Director and Director of Finance. They meet weekly to plan investment strategy, utilizing cash flow analysis programs for maximum investment yield in line with cash flow needs and the City's investment policy.

Risk Management

The City of Bedford's Finance Department coordinates comprehensive general liability, automobile physical damage and liability, property, boiler and machinery, fire fighters errors and omissions, ambulance professional, miscellaneous floater and money and securities insurance through the Ohio Municipal League Pool (OML). The City joined this pool in 1993. The City and OML pool use three important criteria for the Insurance Program:

- Cost
- Extended Coverage
- Continuity of Coverage and Carriers

The City carries a blanket bond on all employees for \$25,000 in line with collections and a faithful performance bond on the City's Director of Finance, Law Director and City Manager in the amount of \$100,000 and \$250,000 for the Clerk of Courts.

Independent Audit

In accordance with Ohio law an annual independent audit is required to be performed on all financial operations of the City. These audits are conducted by either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm. Ciuni & Panichi, Inc., performed these services for 2004, and an unqualified opinion is presented in the financial section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) award a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The 2003 CAFR received the Certificate of Achievement and we believe our current report will conform to the requirements and standards of the Certificate of Achievement Program. Thus, we are submitting the 2004 Comprehensive Annual Report to the GFOA for award consideration.


Acknowledgments

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors, but especially to those employees in the Department of Finance and the employees of the Local Government Services Section of the Auditor of State, which contributed significantly to the preparation of this report. Finally, City Administration wants to extend its appreciation to the Mayor and City Council for their support and commitment to responsible fiscal reporting.

Postscript

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

Respectfully submitted,



Frank C. Gambosi, CPA
Finance Director



Robert R. Reid
City Manager

City of Bedford, Ohio
List of Principal Officials
December 31, 2004

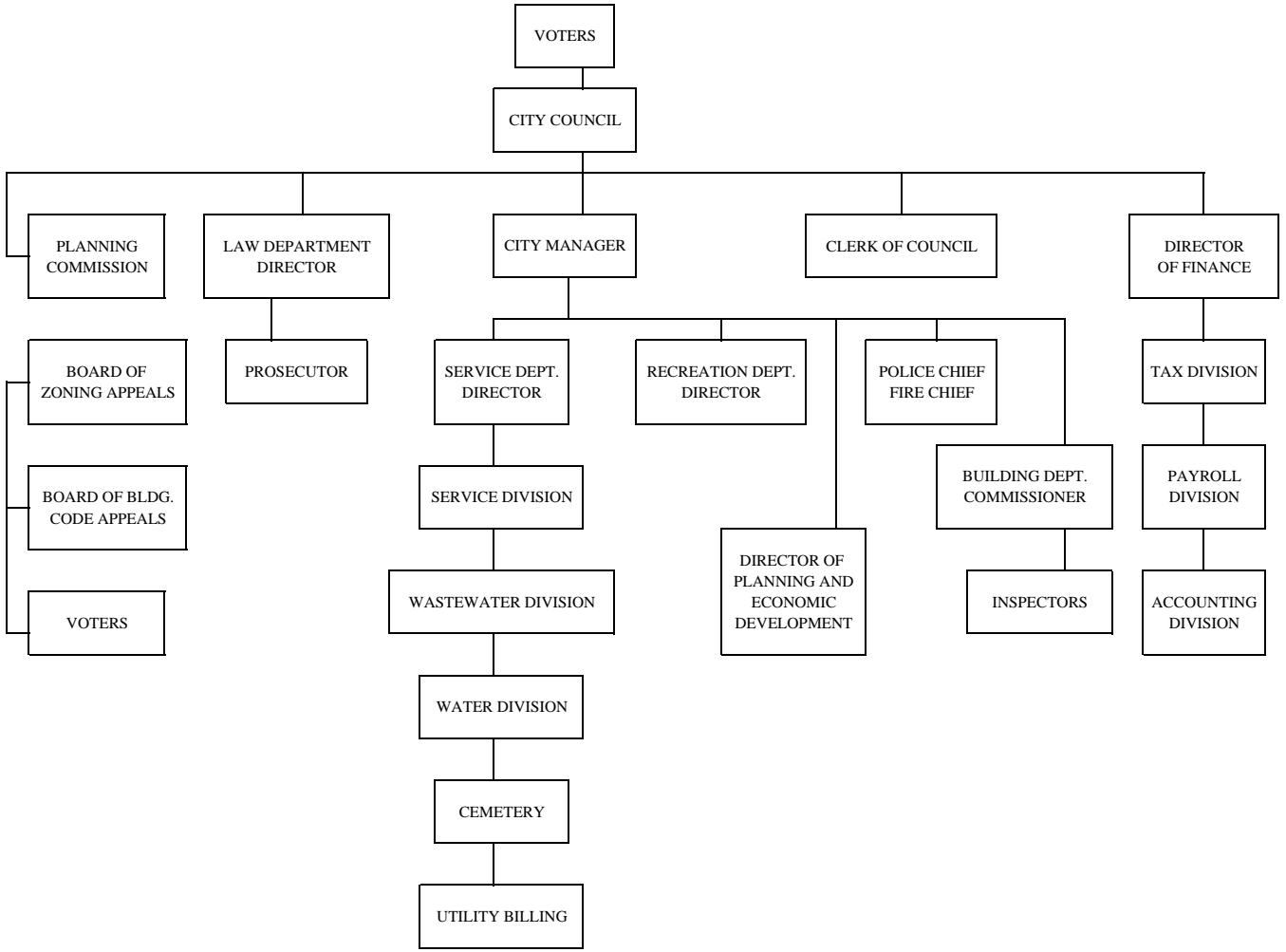
Elected Officials

Mayor..... Dan Pocek
Vice Mayor Marilyn B. Zolata
Council Member Paula Mizak
Council Member Donald A. Saunders
Council Member Gregory E. Pozar
Council Member Stanley Koci
Council Member Ronald A. Lisy
Presiding Judge Peter J. Junkin
Municipal Judge..... Brian J. Melling

Appointed Officials

City Manager Robert R. Reid
Director of Finance Frank C. Gambosi
Director of Law..... Kenneth A. Schuman
Prosecutor Kenneth A. Schuman
Clerk of Council..... Gayle C. Pastor
Building Commissioner Philip A. Seybolt
Service Director Clint E. Bellar
Superintendent of Public Works Robert L. Duber
Chief of Fire..... Kenneth A. Rybka
Executive Lieutenant of Police Gregory A. Duber
Director of Recreation Randall J. Lewis

**ORGANIZATIONAL CHART
CITY OF BEDFORD, OHIO**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bedford,
Ohio

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

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



President

Executive Director

Independent Auditors' Report

Members of the City Council
Bedford, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Ohio as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Bedford, Ohio's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Fire Medic Levy Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2004, the City implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers."

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2005 on our consideration of the City of Bedford, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of the City Council
Bedford, Ohio

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

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

Cini & Parichi, Inc.

Cleveland, Ohio
May 27, 2005

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

The discussion and analysis of the City of Bedford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- Total assets of the City of Bedford exceeded liabilities at the close of the most recent year (2004) by \$50,804,787 compared to \$51,997,638 at the end of 2003. Of this amount \$12,197,459 (2004) and \$13,610,852 (2003) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total Depreciable Assets of Governmental Activities increased by \$1,591,272, which represents a 3.3 percent increase from 2003.
- Total Assets decreased by \$1,238,268 due to less cash on hand due to payments to contractors for the construction of the municipal complex and the decreases in receivables from income taxes due at year-end.
- Total Capital Assets increased by \$798,325 or 1.50 percent over 2003.
- As of the close of the current year, the City of Bedford's governmental funds reported combined ending fund balances of \$12,750,656, a decrease of \$1,365,068 in comparison with the prior year's \$14,115,724. This was due to less cash on hand from payments to contractors constructing the municipal complex, less receivables and more benefits payable at year-end. Approximately 90 percent of this fund balance is *available for spending* at the government's discretion limited by the State or Federal government grant restrictions or the conditions of the tax levy (*unreserved fund balance*).
- The City of Bedford's total debt decreased by \$299,944, (1.25 percent) during the current year. The key factors in this decrease were the payments of principal due on the OWDA loans and general obligation bonds. The City also increased its debt in the Wastewater fund by obtaining an interest free loan in the amount of \$945,000 from Ohio Public Works Commission for the Oxidation Tower improvements.
- The increase of \$210,381 in net profits was anticipated and budgeted throughout 2004 as one of our largest taxpayer's net profits tax payments had increased in line with the economy's inflation rate. The City expects this entity to continue to incur net profits in a steady increased pattern in the future years.

Overview of the Financial Statements

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

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

Government-wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Bedford's finances, in a manner similar to private sector businesses. 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 look at the City's most significant funds with all other nonmajor funds presented in total in one column.

The *statement of net assets* presents information on all of the City of Bedford's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Bedford is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City of Bedford that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Bedford include general government, security of persons and property (Police and Fire), public health and welfare, leisure time activities, community development, transportation and basic utility services. The business-type activities include water and wastewater.

The government-wide financial statements can be found starting on page 17 of this report.

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 Bedford, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bedford can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 year. Such information may be useful in evaluating a government's near term financing requirements. 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 governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*. The City of Bedford maintains twenty-eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General fund, Fire Medic Levy special revenue Fund, and the Special Assessment Bond Retirement debt service fund all of which are considered to be major funds. Data from the other twenty-five governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining

City of Bedford, Ohio
Management's Discussion and Analysis
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Unaudited

statements elsewhere in this report. The City of Bedford adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided as supplementary information for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary Funds The City of Bedford maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance program of health related employee benefits. Because this predominately benefits governmental rather than business functions, it has been included within governmental activities in the government-wide financial statements. The proprietary fund financial statements provide separate information for the water and wastewater operations as they are considered major funds. The internal service fund is for self-insurance for health benefits. The basic proprietary fund financial statements can be found on pages 26 through 29 of this report.

Notes to the Basic Financial Statements The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 through 57 of this report.

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

Government-Wide Financial Analysis 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 looks at all financial transactions and asks the question, "How did we do financially during 2004?" 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 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. These two statements report the City's net assets and the changes in those assets. The change in 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 City capital assets will also need to be evaluated.

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

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

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

The City of Bedford as a Whole

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

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and Other Assets	\$21,489,793	\$23,169,738	\$4,841,694	\$5,198,342	\$26,331,487	\$28,368,080
Capital Assets, Net	42,151,261	42,925,509	13,413,491	11,840,918	55,564,752	54,766,427
<i>Total Assets</i>	<u>63,641,054</u>	<u>66,095,247</u>	<u>18,255,185</u>	<u>17,039,260</u>	<u>81,896,239</u>	<u>83,134,507</u>
Liabilities						
Current and Other Liabilities	5,539,679	5,349,752	504,459	537,401	6,044,138	5,887,153
Long-Term Liabilities:						
Due Within One Year	787,689	745,169	892,505	777,480	1,680,194	1,522,649
Due in More than One Year	13,108,522	13,619,442	10,258,598	10,107,625	23,367,120	23,727,067
<i>Total Liabilities</i>	<u>19,435,890</u>	<u>19,714,363</u>	<u>11,655,562</u>	<u>11,422,506</u>	<u>31,091,452</u>	<u>31,136,869</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	29,950,309	30,244,755	2,638,318	1,356,691	32,588,627	31,601,446
Restricted:						
Capital Projects	1,719,410	3,057,559	0	0	1,719,410	3,057,559
Debt Service	1,247,181	1,176,626	0	0	1,247,181	1,176,626
Fire	362,312	97,233	0	0	362,312	97,233
Streets	1,371,972	1,183,863	0	0	1,371,972	1,183,863
Other Purposes	1,317,826	1,270,059	0	0	1,317,826	1,270,059
Unrestricted	8,236,154	9,350,789	3,961,305	4,260,063	12,197,459	13,610,852
<i>Total Net Assets</i>	<u>\$44,205,164</u>	<u>\$46,380,884</u>	<u>\$6,599,623</u>	<u>\$5,616,754</u>	<u>\$50,804,787</u>	<u>\$51,997,638</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Bedford, total assets exceed total liabilities by \$51,997,638 at December 31, 2003 and \$50,804,787 at the close of the most recent year.

The largest portion of the City's net assets (64.1 percent) reflects investments in capital assets (i.e. land, construction in progress, buildings, improvements, machinery and equipment, vehicles and infrastructure), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that 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 decreased by \$1,238,268 from 2003 to 2004, while the City's total liabilities decreased by \$45,417. The most significant changes were a decrease in Equity in Pooled Cash and Cash Equivalents, where there was a decrease of \$1,754,408 and an increase in depreciable capital assets in the amount of \$1,591,272 and a decrease in nondepreciable capital assets in the amount of \$792,947 during the year. These changes were due to the City completing the renovation of several roads. The road construction was recorded as

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

construction in progress in the prior year and as a depreciable asset at the completion date in 2004. Other items affecting the results were increases in accounts receivable, decrease in municipal income taxes and intergovernmental revenues. The decrease in liabilities was mainly due to the construction contracts completed during the year and reducing the retainage payable. The long-term liabilities were decreased due to the payment of the General obligation bonds issues of \$605,000 and the payment of OWDA principal in the amount of \$624,917.

At the end of the current year, the City of Bedford is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

Our total net assets of the City's governmental activities decreased \$2,175,720 during the current year. Most of this decrease is due to the decrease in the Equity in Pooled Cash as a result of receiving less Municipal income tax collections and less State shared revenues. Due to the State of Ohio's budget problems, and the Ohio's legislature's mindset to change the tax structure of the State and thus affecting their payments to local governments, the State of Ohio has increased the inheritance tax level of reporting for residents from \$25,000 to \$338,000. This has had and will have a future effect on the revenue stream in the City for any one year. This change in taxation lead to a loss of inheritance tax revenue of \$512,303 in 1999. The State of Ohio, in an attempt to balance their budget, has also decreased the local government revenue funds sent to the cities in 2004 and has affected the City by the amount of \$45,000 to date with an expected cut of 20 percent in 2006 resulting in a continued loss of revenue in the amount of \$148,500. The State of Ohio has also lowered the amount they are reimbursing the cities for the exempt valuation portion of our personal property tax returns (\$10,000 per return) and this also led to a decrease in revenue in the City of approximately \$28,000. The State of Ohio has also adopted House Bill 66 in the House of Representatives, to reduce and phase-out the Personal Property Tax (Machinery and Equipment only) by 50 percent for the next 2 years, as well as, eliminating the inventory personal property tax to all cities through a phase out period. The State of Ohio Senate must yet approve this bill to make it law. The balance of the decrease in net assets is due to the degree in which increases in ongoing revenues have become less than the increases in ongoing expenses.

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

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 2004 and 2003.

(Table 2)
Changes in Net Assets

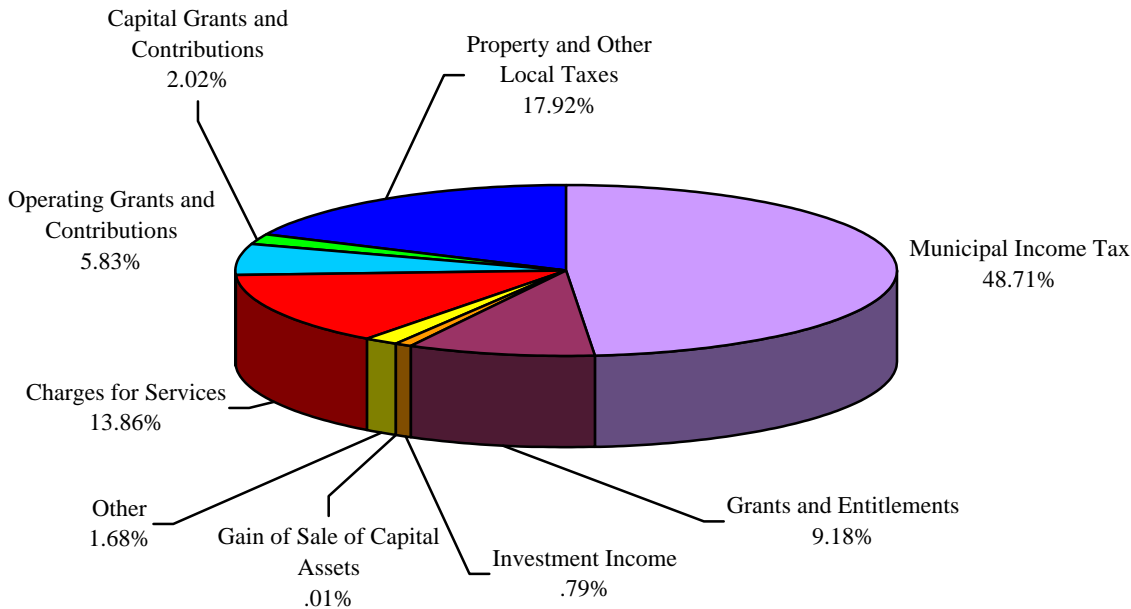
	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for Services	\$2,632,156	\$2,435,553	\$5,273,180	\$5,106,619	\$7,905,336	\$7,542,172
Operating Grants and Contributions	1,105,857	1,569,558	0	0	1,105,857	1,569,558
Capital Grants and Contributions	383,865	630	714,635	140,141	1,098,500	140,771
<i>Total Program Revenues</i>	<u>4,121,878</u>	<u>4,005,741</u>	<u>5,987,815</u>	<u>5,246,760</u>	<u>10,109,693</u>	<u>9,252,501</u>
General Revenues						
Property Taxes	3,403,650	3,127,368	0	0	3,403,650	3,127,368
Municipal Income Taxes	9,249,995	9,315,967	392,079	377,810	9,642,074	9,693,777
Grants and Entitlements not Restricted to Specific Programs	1,743,683	1,310,787	0	0	1,743,683	1,310,787
Investment Income	150,677	202,952	47,286	43,442	197,963	246,394
Gain on Sale of Capital Assets	1,900	632,343	0	2,834	1,900	635,177
Miscellaneous	319,839	288,177	6,074	3,881	325,913	292,058
<i>Total General Revenues</i>	<u>14,869,744</u>	<u>14,877,594</u>	<u>445,439</u>	<u>427,967</u>	<u>15,315,183</u>	<u>15,305,561</u>
<i>Total Revenues</i>	<u>\$18,991,622</u>	<u>\$18,883,335</u>	<u>\$6,433,254</u>	<u>\$5,674,727</u>	<u>\$25,424,876</u>	<u>\$24,558,062</u>
Program Expenses						
General Government	4,843,345	4,516,277	0	0	4,843,345	4,516,277
Security of Persons and Property						
Police	4,719,423	4,099,951	0	0	4,719,423	4,099,951
Fire	3,391,320	3,026,454	0	0	3,391,320	3,026,454
Public Health and Welfare	209,642	243,755	0	0	209,642	243,755
Leisure Time Activities	1,394,766	1,249,546	0	0	1,394,766	1,249,546
Community Development	976,913	613,461	0	0	976,913	613,461
Basic Utility Services	763,373	915,928	0	0	763,373	915,928
Transportation	4,263,114	3,786,962	0	0	4,263,114	3,786,962
Interest and Fiscal Charges	605,446	720,371	0	0	605,446	720,371
Water	0	0	3,171,606	3,105,244	3,171,606	3,105,244
Wastewater	0	0	2,278,779	1,990,521	2,278,779	1,990,521
<i>Total Program Expenses</i>	<u>21,167,342</u>	<u>19,172,705</u>	<u>5,450,385</u>	<u>5,095,765</u>	<u>26,617,727</u>	<u>24,268,470</u>
Increase (Decrease) in Net Assets	(2,175,720)	(289,370)	982,869	578,962	(1,192,851)	289,592
Net Assets Beginning of Year	46,380,884	46,670,254	5,616,754	5,037,792	51,997,638	51,708,046
Net Assets End of Year	<u>\$44,205,164</u>	<u>\$46,380,884</u>	<u>\$6,599,623</u>	<u>\$5,616,754</u>	<u>\$50,804,787</u>	<u>\$51,997,638</u>

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

Governmental Activities

Governmental activities decreased the City's net assets by \$2,175,720; however, the business-type activities increased by \$982,869 allowing for the overall decreased growth in the total net assets of \$1,192,851. The primary reason for the decrease in net assets relates to the increase in spending in the General Government, Police Department, Fire Department and in Transportation costs. These cost increases are attributable to the union wage increases, health benefit costs, and snow removal costs (salt purchases and overtime). Several types of revenues fund our governmental activities, with the City income tax being the largest contributor. The income tax rate was 2.25 percent for 2004, the same as the prior year. Both residents of the City and non-residents who work inside the City are subject to the income tax. However, if residents work in a locality that has a municipal income tax, the City provides up to 100 percent credit up to 1.50 percent for those who pay income tax to another City. City Council could, by Ordinance, chose to vary that income tax credit and create additional revenues for the City.

Revenues by Source - Governmental Activities

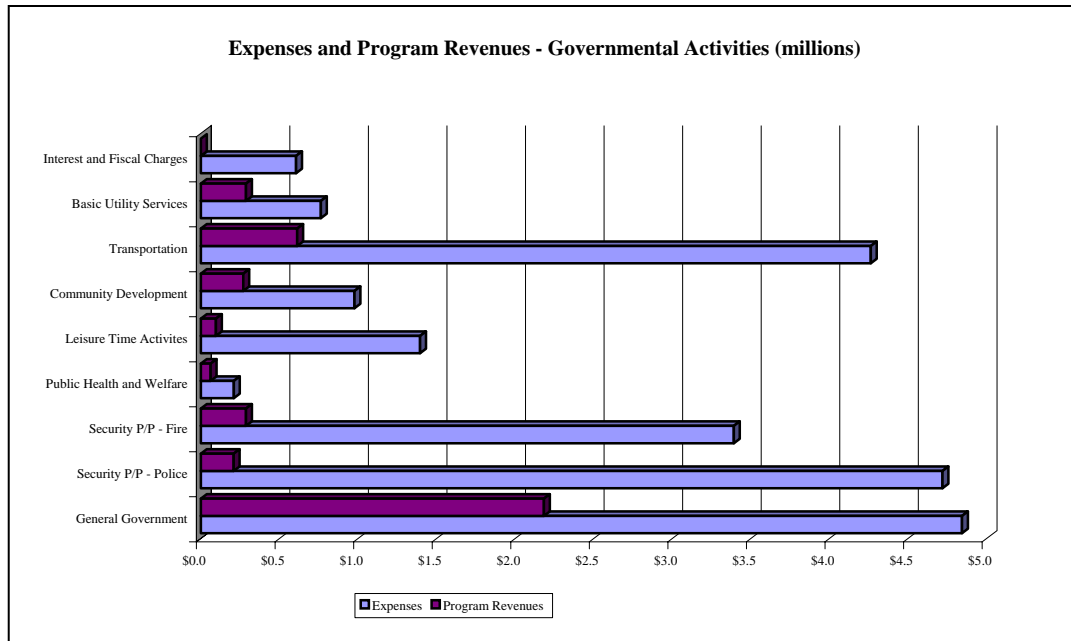


The income tax revenue for 2004 was \$9,249,995 for governmental activities. Of the \$18,991,622 in total governmental revenues, income tax accounts for 48.71 percent of that total. Property taxes of \$3,403,650 account for 17.92 percent of total revenues, and operating grants, capital grants and contributions, general revenues from grants and entitlements account for 17.03 percent of total revenues, and charges for services, and other revenue make up the remaining 16.34 percent.

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

General revenues from grants and entitlements, such as local government funds, are also revenue generators. With the combination of property tax, income tax and intergovernmental funding all expenses not including \$2,175,720 in the governmental activities were funded. The City monitors its source of revenues very closely for fluctuations.

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 the security of persons and property police and fire program expenses. During 2004, \$8,110,743 was spent or 38.3 percent of program expenses related to security of persons and property as compared to 2003 when \$7,126,405 was spent or 37.2 percent. The next largest function was for general government expenses. Most of these expenses were for the operations of the municipal court. In 2004, 22.9 percent of program expenses went for general government activities as compared to 23.6 percent spent on this program for 2003. The third largest program expenses were related to the transportation system for street and highway maintenance, including snow removal. In 2004, 20.1 percent of program expenses were related to the transportation system compared to 19.8 percent in 2003.

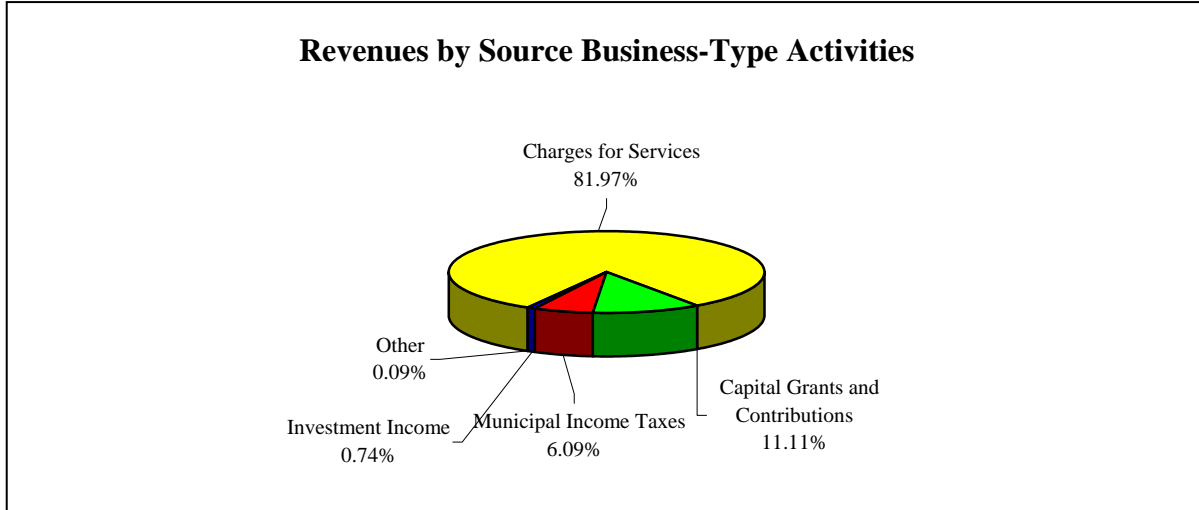


Leisure time activities, primarily the expenses for the Ellenwood Recreation Center and the outdoor pool, accounted for 6.6 percent in 2004 and 6.52 percent in 2003 of total program expenses, and slightly behind is Basic Utility Services at 3.61 percent in 2004 compared to 4.8 percent in 2003 of total program expenses. The community development expenses were increased due to the timing of expenses of grant funds (CDBG) (\$150,000).

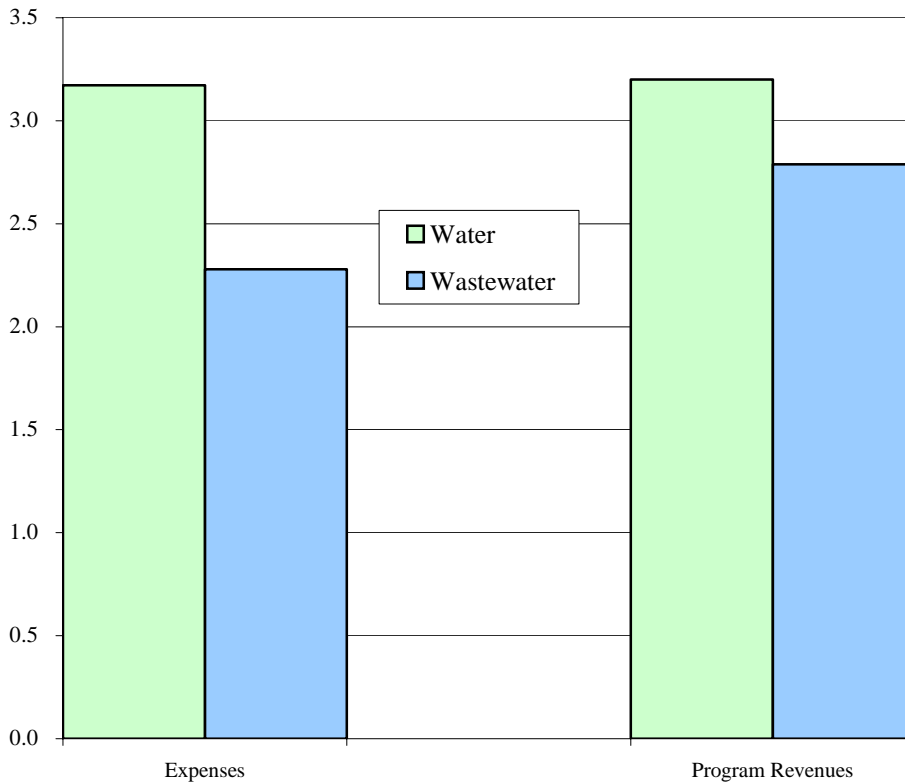
City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Business-Type Activities

The business-type activities of the City, which include the City's water and wastewater operations increased the City's net assets by \$982,869.



EXPENSES AND PROGRAM REVENUES - BUSINESS- TYPE ACTIVITIES (millions)



City of Bedford, Ohio
Management's Discussion and Analysis
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Program revenues were more than program expenses in the amount of \$28,005 for the water operations for 2004. This increase in net assets is due to increased water usage, rate increases, and the collection of penalties and interest. This revenue is classified as charges for services. Water rate increases (3.4 percent) were charged to consumers in 2004. The water system was sounded for leaks in 2004. Necessary repairs to broken lines were made. The loss of water from these leaks resulted in a drop in billed consumption, and thus resulted in the City not receiving the full 3.4 percent increase in charges for services. Program revenues exceeded program expenses in the amount of \$509,425 for the wastewater operations for 2004. The wastewater fund received capital grant funds from the Ohio Public Works Commission (OPWC) to complete the Oxidation Tower of our wastewater plant. Total program revenues for wastewater operations recorded in 2004 were \$2,788,204.

Financial Analysis of the Government's Funds

As noted earlier, the City of Bedford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental 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 year. Information about the City's governmental funds begins on page 20. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of 2004 and 2003, the City of Bedford's governmental funds reported combined ending fund balances of \$12,750,656 and \$14,115,724 respectively. Of these amounts, \$11,448,533 and \$12,350,605 constitute unreserved fund balances, which is available for spending. 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 in the amount of \$1,302,123 for 2004 and \$1,765,119 at the end of 2003.

All governmental funds had total revenues of \$19,201,158 in 2004 and \$17,871,017 in 2003, and total expenditures of \$20,580,326 in 2004 and \$21,978,199 in 2003, leaving a difference of expenditures over revenues of (\$1,379,168) and (\$4,107,182) respectively. The most significant change in our funds from 2004 versus 2003 was the increase in costs of security of persons and property (police and fire departments) for wage increases and hospitalization costs. Capital Outlay had materially less costs in 2004 as the City hall complex was completed at the end of 2003. Intergovernmental revenues increased significantly in 2004 vs 2003 as the City received many grants from Community Development Block Grants (\$260,109), and the NOACA grant of \$340,785, FEMA grants of \$95,591 and Byrne Funds for Southeast Area Law Enforcement Agency (SEALE) of \$80,480.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance for the general fund was \$7,964,113 compared to \$8,360,831 in 2003 of which \$7,780,251 in 2004 and \$8,266,852 in 2003 was unreserved at year-end. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The 2004 unreserved fund balance represents 71.35 percent of total general fund expenditures, while total fund balance represents 73.04 percent of that same amount. The unreserved fund balance of \$7,780,251 in 2004 will cover 157 days of City expenditures. This is another way to express the general fund's liquidity.

City of Bedford, Ohio
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During the current year, the fund balance of the City's general fund decreased by (\$396,718). The decrease in the general fund balance is due to the increase in spending on Security of Persons and Property for the Police department. The income tax revenue in the general fund for 2004 was \$8,884,087 and in 2003 was \$8,517,875. The amount of tax increase was \$366,212, or an 4.3 percent increase over 2003. The transfers-out of \$4,930,968 was sent to other funds for capital improvements and for various operating purposes. The excess of revenues over expenditures for the general fund for the current fiscal year is \$4,363,510 versus \$4,052,404 excess in 2003.

Other major funds included in the Governmental Funds are the Fire Medic Levy Fund and the Special Assessment Bond Retirement Fund.

The Fire Medic Levy fund's fund balance as of December 31, 2004 was (\$29,859), as of December 31, 2003 the fund balance was \$102,756. This year's ending fund balance is \$132,615 less than last year's. The costs of operation were more in 2004 pursuant to union agreements.

The Special Assessment Bond Retirement fund ended the year with a fund balance of \$193,294. This balance was \$28,714 less than reported in 2003. The reason for this decrease was due to delinquent payments on the Palmetto Avenue Assessment collections in 2004. We expect collections to increase when the County Auditor takes collection action.

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 2004, the City amended its general fund budget on various occasions. 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. The general fund supports many of our major activities such as our police department as well as 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 \$15,233,649. The final budgeted revenue amount was \$15,161,774. The general fund's original appropriations were budgeted at \$10,905,015. The final budgeted appropriations were \$11,206,927. The City of Bedford's ending unencumbered cash balance in the general fund was \$273,417 above the final budgeted amount.

The differences between the general fund's original and final amended budget were minor, except for the changes as follows:

- ❑ The most significant change was \$138,126 in anticipated additional expenditures in the Police Department. The budget was increased from \$3,706,472 to \$3,813,874 or a growth of 2.29 percent in 2004. Most other budget accounts were budgeted near or close to expectations in 2004.
- ❑ An additional \$15,000 in the refuse transfers was added to the original general fund budget due mostly to cover anticipated increased costs of the removal. Additional transfers out were necessary to pay the health insurance cost of claims in 2004 in the amount of \$15,000. Additional charges and appropriations were necessary to apply to the departments at year end for health insurance claims in the amount of \$200,000.

City of Bedford, Ohio
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Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land	\$2,627,595	\$2,756,565	\$28,620	\$28,620	\$2,656,215	\$2,785,185
Construction in Progress	204,088	491,422	2,224,160	2,600,803	2,428,248	3,092,225
Buildings and Improvements	15,447,004	15,738,540	5,236,766	2,972,475	20,683,770	18,711,015
Machinery and Equipment	2,118,393	2,297,973	1,072,554	1,302,677	3,190,947	3,600,650
Furniture and Fixtures	455,669	570,128	0	0	455,669	570,128
Vehicles	1,276,781	1,346,002	79,875	100,149	1,356,656	1,446,151
Infrastructure						
Roads	16,758,850	16,366,973	0	0	16,758,850	16,366,973
Traffic Signals	1,315,654	1,374,191	0	0	1,315,654	1,374,191
Storm Sewers	1,947,227	1,983,715	0	0	1,947,227	1,983,715
Water Lines	0	0	2,608,968	2,646,027	2,608,968	2,646,027
Sewer Lines	0	0	2,162,548	2,190,167	2,162,548	2,190,167
Total	\$42,151,261	\$42,925,509	\$13,413,491	\$11,840,918	\$55,564,752	\$54,766,427

Total capital assets increased \$798,325 in 2004. The most significant increase in our capital assets was in the categories of buildings and improvements, vehicles, machinery and equipment, and furniture and fixtures. Some of the major projects in place included the new Rapid Sandfilter building, which accounted for most of the decrease in construction in progress, and the downtown Bedford Historic District phase I improvements. Capital assets for business-type activities increased \$1,572,573 due to the City's ongoing sewer projects (a new Rapid Sandfilter and Oxidation Tower at the wastewater plant).

The City is committed to a long-term goal of meeting the needs of its infrastructure and facilities. We have a five-year capital plan in place that provides for street improvements and adding facilities to complement our current structures. Additional information concerning the City's capital assets can be found in Note 9 to the basic financial statements.

Debt

As of December 31, 2004 the City's governmental activities debt included \$512,775 due within one year. On December 31, 2004, the City had business-type debt of \$11,044,408 in bonds and loans outstanding with \$878,681 due within one year. The City had business-type debt of \$10,785,243 as of December 31, 2003. This was an increase of \$259,165, mostly attributable to the Wastewater fund OPWC loan for the construction of the Oxidation Tower that was substantially completed in 2004 in the amount of \$743,678.

City of Bedford, Ohio
Management's Discussion and Analysis
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(Table 4)
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$11,165,000	\$11,590,000	\$2,261,551	\$2,434,896	\$13,426,551	\$14,024,896
Special Assessment Bonds	710,000	785,000	40,000	80,000	750,000	865,000
OPWC Loans	626,333	674,522	785,311	45,796	1,411,644	720,318
OWDA Loans	0	0	7,957,546	8,224,551	7,957,546	8,224,551
Police Pension	208,940	212,250	0	0	208,940	212,250
Capital Leases	1,133	3,743	0	0	1,133	3,743
Total	\$12,711,406	\$13,265,515	\$11,044,408	\$10,785,243	\$23,755,814	\$24,050,758

The General Obligation bonds are composed of (1) a Municipal Complex Court bond issued in 2002 and repaid from court fees and the one-fourth of a percent increase in municipal income tax rate voted in by the public in 1999; (2) the 2002 Municipal Complex Improvement – this issue is repaid from the one-fourth of a percent income tax increase also; and (3) the 1999 Municipal Complex Improvement - this issue is repaid from the one fourth of a percent income tax increase also.

The special assessment bonds consist of various street-resurfacing projects. The County Auditor assesses the specific property owners who primarily benefit from the projects. The assessments collected are used to pay the principal and interest for these bonds. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

There are two OPWC loans that are being paid semi-annually from the debt service fund and funded by general fund revenues. These two loans are no interest 20-year loans for the Willard and Wandle Avenue street rehabilitation projects. The amounts outstanding as of December 31, 2004 were \$211,470, and \$414,863 respectively.

The Police pension liability loan is the unfunded portion of the pension due for employees hired before the Police and Firemen's Disability and Pension Fund was established. The rate of interest to be paid is 4.25 percent and as of December 31, 2004 the balance was \$208,940.

The Business-type debt consisted of the following:

The General Obligation bonds are composed of (1) a sewer improvement bond issued in 2002; (2) the refunding bonds issued in 2002 to pay off the water system mortgage revenue bonds outstanding from the 1991 issue – this new issue is to be repaid from the water rates and water bill collections; and (3) the second refunded issue in the amount of \$1.165 million to pay off the general obligation bonds outstanding from the 1997 water issue. This new issue is to be repaid from the water rates and water bill collections.

City of Bedford, Ohio
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The additional ¼ percent income tax collection pays for the retirement of an Ohio Public Works Commission Loan (Oxidation Tower Project) and the Ohio Water Development Authority Loan (Rapid Sandfilter Project). The principal amounts outstanding as of December 31, 2004 are \$743,678 and \$2,344,916 respectively. The City received a grant of \$945,000 from the State's Issue II funding, and an OPWC - Oxidation Tower Loan has been granted up to the amount of \$945,000. The City also has an OPWC loan for the completed construction of the flow control project and an OWDA loan for plant improvements that are paid through sewer user rates and from sewer collections.

The special assessment bonds consist of the Krick Road water project. The principal and interest for these bonds are paid from the collection of special assessments by the county auditor from the specific property owners who primarily benefit from the project. The final payments on this debt will be in 2005.

Most of the City's OWDA loans purpose was to refinance previously issued Wastewater Plant improvement bond issues prior to 1994. The loan is for 20 years at 4.80 percent. The amount outstanding from this loan as of December 31, 2004 is \$6,239,601.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 ½ percent of total assessed valuation. The City's overall legal debt margin was \$24,182,451 on December 31, 2004.

Additional information concerning the City's debt can be found in Note 13 to the basic financial statements.

Current Financial Related Activities

The City of Bedford is financially stable as evidenced by Moody's Investors Service's affirmation of our A1 rating and Standard and Poor's affirmation of our A+ rating both awarded to the City in 2002.

The Administration and City Council developed a master plan for the development of our downtown area and the building or upgrading of City facilities as well as a 5-year capital improvement plan. As a result, we have seen a remarkable increase in our capital assets over that period of time. We completed the construction of the new municipal complex facilities consisting of three buildings, the City Hall and court/police department connected by a hallway and the fire station, at a construction cost that was under budget at \$16,250,000, \$450,000 under the original budget of \$16,700,000.

Contacting The City's Finance Department

This financial report is designed to provide our citizens, tax payers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information please contact Frank C. Gambosi, Director of Finance, City of Bedford, 165 Center Road, Bedford, Ohio 44146, telephone (440) 735-6500, or use our web site at www.bedfordoh.gov.

City of Bedford, Ohio*Statement of Net Assets**December 31, 2004*

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,749,760	\$3,410,565	\$16,160,325
Cash and Cash Equivalents with Fiscal Agents	199,802	14,315	214,117
Materials and Supplies Inventory	110,858	98,408	209,266
Accrued Interest Receivable	22,529	580	23,109
Accounts Receivable	100,702	980,333	1,081,035
Internal Balances	16,134	(16,134)	0
Intergovernmental Receivable	923,013	2,340	925,353
Prepaid Items	16,654	0	16,654
Income Taxes Receivable	2,054,036	0	2,054,036
Property Taxes Receivable	3,545,062	0	3,545,062
Special Assessments Receivable	1,504,729	82,052	1,586,781
Unamortized Bond Issuance Costs	246,514	269,235	515,749
Nondepreciable Capital Assets	2,831,683	2,252,780	5,084,463
Depreciable Capital Assets, Net	39,319,578	11,160,711	50,480,289
<i>Total Assets</i>	<u>63,641,054</u>	<u>18,255,185</u>	<u>81,896,239</u>
Liabilities			
Accounts Payable	381,151	133,063	514,214
Accrued Wages and Benefits	484,426	53,509	537,935
Intergovernmental Payable	482,177	30,347	512,524
Vacation Benefits Payable	585,533	70,464	655,997
Claims Payable	137,620	0	137,620
Deferred Revenue	3,217,277	0	3,217,277
Retainage Payable	199,802	14,315	214,117
Accrued Interest Payable	51,693	202,761	254,454
Long-Term Liabilities:			
Due Within One Year	787,689	892,505	1,680,194
Due In More Than One Year	13,108,522	10,258,598	23,367,120
<i>Total Liabilities</i>	<u>19,435,890</u>	<u>11,655,562</u>	<u>31,091,452</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	29,950,309	2,638,318	32,588,627
Restricted for:			
Capital Projects	1,719,410	0	1,719,410
Debt Service	1,247,181	0	1,247,181
Fire	362,312	0	362,312
Streets	1,371,972	0	1,371,972
Other Purposes	1,317,826	0	1,317,826
Unrestricted	8,236,154	3,961,305	12,197,459
<i>Total Net Assets</i>	<u>\$44,205,164</u>	<u>\$6,599,623</u>	<u>\$50,804,787</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General Government	\$4,843,345	\$1,935,330	\$2,245	\$0
Security of Persons and Property				
Police	4,719,423	35,648	166,920	0
Fire	3,391,320	106,118	97,744	0
Public Health and Welfare	209,642	66,437	19,818	0
Leisure Time Activities	1,394,766	75,441	2,065	0
Community Development	976,913	18,569	257,363	0
Basic Utility Services	763,373	394,613	4,148	0
Transportation	4,263,114	0	555,554	383,865
Interest and Fiscal Charges	605,446	0	0	0
<i>Total Governmental Activities</i>	<u>21,167,342</u>	<u>2,632,156</u>	<u>1,105,857</u>	<u>383,865</u>
Business-Type Activities				
Water	3,171,606	3,199,611	0	0
Wastewater	2,278,779	2,073,569	0	714,635
<i>Total Business-Type Activities</i>	<u>5,450,385</u>	<u>5,273,180</u>	<u>0</u>	<u>714,635</u>
<i>Total</i>	<u>\$26,617,727</u>	<u>\$7,905,336</u>	<u>\$1,105,857</u>	<u>\$1,098,500</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Other Purposes

Municipal Income Taxes Levied for:

 General Purposes

 Capital Outlay

 Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Income

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$2,905,770)	\$0	(\$2,905,770)
(4,516,855)	0	(4,516,855)
(3,187,458)	0	(3,187,458)
(123,387)	0	(123,387)
(1,317,260)	0	(1,317,260)
(700,981)	0	(700,981)
(364,612)	0	(364,612)
(3,323,695)	0	(3,323,695)
(605,446)	0	(605,446)
<u>(17,045,464)</u>	<u>0</u>	<u>(17,045,464)</u>
0	28,005	28,005
0	509,425	509,425
<u>0</u>	<u>537,430</u>	<u>537,430</u>
<u>(17,045,464)</u>	<u>537,430</u>	<u>(16,508,034)</u>
2,499,866	0	2,499,866
903,784	0	903,784
8,661,875	0	8,661,875
588,120	0	588,120
0	392,079	392,079
1,743,683	0	1,743,683
150,677	47,286	197,963
1,900	0	1,900
319,839	6,074	325,913
<u>14,869,744</u>	<u>445,439</u>	<u>15,315,183</u>
(2,175,720)	982,869	(1,192,851)
<u>46,380,884</u>	<u>5,616,754</u>	<u>51,997,638</u>
<u>\$44,205,164</u>	<u>\$6,599,623</u>	<u>\$50,804,787</u>

City of Bedford, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	Fire Medic Levy	Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$7,390,856	\$110,315	\$193,294	\$5,045,009	\$12,739,474
Restricted Assets:					
Cash and Cash Equivalents					
With Fiscal Agents	0	0	0	199,802	199,802
Property Taxes Receivable	2,603,388	775,518	0	166,156	3,545,062
Income Taxes Receivable	2,054,036	0	0	0	2,054,036
Accounts Receivable	97,968	0	0	2,734	100,702
Intergovernmental Receivable	566,821	42,021	0	314,171	923,013
Accrued Interest Receivable	14,973	0	0	7,556	22,529
Materials and Supplies Inventory	75,783	0	0	35,075	110,858
Prepaid Items	16,071	429	0	154	16,654
Special Assessments Receivable	0	0	1,111,904	392,825	1,504,729
<i>Total Assets</i>	<u>\$12,819,896</u>	<u>\$928,283</u>	<u>\$1,305,198</u>	<u>\$6,163,482</u>	<u>\$21,216,859</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$104,855	\$0	\$0	\$271,636	\$376,491
Accrued Wages and Benefits	346,155	102,712	0	35,559	484,426
Intergovernmental Payable	169,969	37,891	0	274,317	482,177
Deferred Revenue	4,234,804	817,539	1,111,904	759,060	6,923,307
Payable from Restricted Assets:					
Retainage Payable	0	0	0	199,802	199,802
<i>Total Liabilities</i>	<u>4,855,783</u>	<u>958,142</u>	<u>1,111,904</u>	<u>1,540,374</u>	<u>8,466,203</u>
Fund Balances					
Reserved for Encumbrances	183,862	572	0	1,117,689	1,302,123
Unreserved					
Undesignated, Reported in:					
General Fund	7,780,251	0	0	0	7,780,251
Special Revenue Funds (Deficit)	0	(30,431)	0	2,012,699	1,982,268
Debt Service Funds	0	0	193,294	47,543	240,837
Capital Projects Funds	0	0	0	1,445,177	1,445,177
<i>Total Fund Balances (Deficit)</i>	<u>7,964,113</u>	<u>(29,859)</u>	<u>193,294</u>	<u>4,623,108</u>	<u>12,750,656</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,819,896</u>	<u>\$928,283</u>	<u>\$1,305,198</u>	<u>\$6,163,482</u>	<u>\$21,216,859</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances \$12,750,656

*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. 42,151,261

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

Property Taxes	327,785
Income Taxes	1,256,961
Special Assessments	1,504,729
Intergovernmental	616,555

Total 3,706,030

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.

Net Assets	(131,994)
Internal Balances	16,134

Total (115,860)

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued. 246,514

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (51,693)

Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds. (585,533)

Long-term liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(11,165,000)
Special Assessment Bonds	(710,000)
OPWC Loans	(626,333)
Police and Fire Liability	(208,940)
Capital Leases	(1,133)
Compensated Absences	(1,184,805)

Total (13,896,211)

Net Assets of Governmental Activities \$44,205,164

See accompanying notes to the basic financial statements

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

	General	Fire Medic Levy	Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Taxes	\$2,460,280	\$732,498	\$0	\$156,963	\$3,349,741
Municipal Income Taxes	8,884,087	0	0	588,120	9,472,207
Charges for Services	399,798	0	0	253,050	652,848
Fees, Licenses and Permits	117,424	1,191	0	0	118,615
Fines and Forfeitures	1,152,319	0	0	311,409	1,463,728
Intergovernmental	1,676,851	82,230	0	1,546,950	3,306,031
Special Assessments	0	0	91,614	275,288	366,902
Interest	74,598	2,644	3,334	68,271	148,847
Rentals	2,400	0	0	0	2,400
Other	73,184	0	0	246,655	319,839
<i>Total Revenues</i>	<u>14,840,941</u>	<u>818,563</u>	<u>94,948</u>	<u>3,446,706</u>	<u>19,201,158</u>
Expenditures					
Current:					
General Government	4,130,022	0	0	13,442	4,143,464
Security of Persons and Property:					
Police	3,755,415	0	0	796,540	4,551,955
Fire	0	2,552,178	0	654,272	3,206,450
Public Health and Welfare	44,063	0	0	167,474	211,537
Leisure Time Activities	231,812	0	0	1,065,952	1,297,764
Community Development	376,912	0	0	593,231	970,143
Basic Utility Services	480,163	0	0	272,490	752,653
Transportation	1,443,988	0	0	752,657	2,196,645
Capital Outlay	0	0	0	2,097,823	2,097,823
Debt Service:					
Principal Retirement	5,920	0	75,000	473,189	554,109
Interest and Fiscal Charges	9,136	0	48,662	539,985	597,783
<i>Total Expenditures</i>	<u>10,477,431</u>	<u>2,552,178</u>	<u>123,662</u>	<u>7,427,055</u>	<u>20,580,326</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,363,510</u>	<u>(1,733,615)</u>	<u>(28,714)</u>	<u>(3,980,349)</u>	<u>(1,379,168)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	29,509	0	0	29,591	59,100
Transfers In	141,231	1,601,000	0	5,067,853	6,810,084
Transfers Out	(4,930,968)	0	0	(1,924,116)	(6,855,084)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,760,228)</u>	<u>1,601,000</u>	<u>0</u>	<u>3,173,328</u>	<u>14,100</u>
<i>Net Change in Fund Balances</i>	(396,718)	(132,615)	(28,714)	(807,021)	(1,365,068)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>8,360,831</u>	<u>102,756</u>	<u>222,008</u>	<u>5,430,129</u>	<u>14,115,724</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$7,964,113</u>	<u>(\$29,859)</u>	<u>\$193,294</u>	<u>\$4,623,108</u>	<u>\$12,750,656</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004*

Net Change in Fund Balances - Total Governmental Funds (\$1,365,068)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	2,568,376
Depreciation	<u>(3,145,059)</u>

Total (576,683)

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.

(197,565)

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

Property Taxes	53,909
Income Taxes	(222,212)
Special Assessments	27,663
Intergovernmental	<u>(72,626)</u>

Total (213,266)

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

554,109

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

Accrued Interest on Bonds	3,334
Amortization of Issuance Costs	<u>(10,997)</u>

Totals (7,663)

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	(85,709)
Vacation Benefits Payable	<u>(42,224)</u>

Total (127,933)

The internal service fund used to charge the costs of insurance to individual funds is not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental and business-type activities.

Change in Net Assets	(272,435)
Change in Internal Balance	<u>30,784</u>

Total (241,651)

Change in Net Assets of Governmental Activities (\$2,175,720)

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$2,496,170	\$2,496,170	\$2,460,280	(\$35,890)
Municipal Income Taxes	9,203,595	9,095,650	8,821,799	(273,851)
Charges for Services	354,500	354,500	363,974	9,474
Fees, Licenses and Permits	144,725	144,725	117,424	(27,301)
Fines and Forfeitures	1,108,675	1,108,675	1,159,548	50,873
Intergovernmental	1,735,510	1,737,310	1,718,842	(18,468)
Interest	150,000	150,000	103,099	(46,901)
Rentals	0	0	1,200	1,200
Other	40,474	74,744	58,232	(16,512)
<i>Total Revenues</i>	15,233,649	15,161,774	14,804,398	(357,376)
Expenditures				
Current:				
General Government	4,508,142	4,646,268	4,227,030	419,238
Security of Persons and Property:				
Police	3,706,472	3,813,874	3,785,257	28,617
Public Health and Welfare	44,063	44,063	44,063	0
Leisure Time Activities	260,315	260,375	241,597	18,778
Community Development	390,720	397,768	379,687	18,081
Basic Utility Services	480,000	495,000	480,211	14,789
Transportation	1,515,303	1,549,579	1,423,823	125,756
<i>Total Expenditures</i>	10,905,015	11,206,927	10,581,668	625,259
<i>Excess of Revenues Over Expenditures</i>	4,328,634	3,954,847	4,222,730	267,883
Other Financing Sources (Uses)				
Sale of Capital Assets	34,326	34,326	29,509	(4,817)
Transfers In	0	141,231	141,231	0
Transfers Out	(4,850,308)	(4,941,319)	(4,930,968)	10,351
<i>Total Other Financing Sources (Uses)</i>	(4,815,982)	(4,765,762)	(4,760,228)	5,534
<i>Net Change in Fund Balance</i>	(487,348)	(810,915)	(537,498)	273,417
<i>Fund Balance Beginning of Year</i>	7,546,164	7,546,164	7,546,164	0
Prior Year Encumbrances Appropriated	111,057	111,057	111,057	0
<i>Fund Balance End of Year</i>	\$7,169,873	\$6,846,306	\$7,119,723	\$273,417

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Medic Levy Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$743,035	\$743,035	\$732,498	(\$10,537)
Fees, Licenses and Permits	690	690	1,191	501
Intergovernmental	77,997	77,997	83,492	5,495
Interest	5,000	5,000	2,644	(2,356)
Other	100	100	0	(100)
<i>Total Revenues</i>	826,822	826,822	819,825	(6,997)
Expenditures				
Current:				
Security of Persons and Property:				
Fire	2,489,134	2,563,714	2,541,704	22,010
<i>Excess of Revenues Under Expenditures</i>	(1,662,312)	(1,736,892)	(1,721,879)	15,013
Other Financing Sources				
Transfers In	1,550,443	1,601,000	1,601,000	0
<i>Net Change in Fund Balance</i>	(111,869)	(135,892)	(120,879)	15,013
<i>Fund Balance Beginning of Year</i>	224,266	224,266	224,266	0
Prior Year Encumbrances Appropriated	6,356	6,356	6,356	0
<i>Fund Balance End of Year</i>	<u>\$118,753</u>	<u>\$94,730</u>	<u>\$109,743</u>	<u>\$15,013</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Enterprise			Internal Service
	Water	Wastewater	Total	
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,181,045	\$2,229,520	\$3,410,565	\$10,286
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agents	0	14,315	14,315	0
Receivables:				
Accounts	590,102	390,231	980,333	0
Intergovernmental	0	2,340	2,340	0
Accrued Interest	0	580	580	0
Materials and Supplies Inventory	54,922	43,486	98,408	0
<i>Total Current Assets</i>	<u>1,826,069</u>	<u>2,680,472</u>	<u>4,506,541</u>	<u>10,286</u>
<i>Noncurrent Assets</i>				
Special Assessments Receivable	82,052	0	82,052	0
Unamortized Bond Issuance Costs	150,139	119,096	269,235	0
Nondepreciable Capital Assets	0	2,252,780	2,252,780	0
Depreciable Capital Assets, Net	2,877,201	8,283,510	11,160,711	0
<i>Total Noncurrent Assets</i>	<u>3,109,392</u>	<u>10,655,386</u>	<u>13,764,778</u>	<u>0</u>
<i>Total Assets</i>	<u>4,935,461</u>	<u>13,335,858</u>	<u>18,271,319</u>	<u>10,286</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	95,224	37,839	133,063	4,660
Accrued Wages	23,972	29,537	53,509	0
Intergovernmental Payable	12,629	17,718	30,347	0
Vacation Benefits Payable	30,836	39,628	70,464	0
Compensated Absences Payable	11,415	2,409	13,824	0
Accrued Interest Payable	4,763	197,998	202,761	0
General Obligation Bonds Payable	155,000	25,000	180,000	0
Special Assessment Bonds Payable	40,000	0	40,000	0
OPWC Loans Payable	0	4,163	4,163	0
OWDA Loans Payable	0	654,518	654,518	0
Claims Payable	0	0	0	137,620
<i>Total Current Liabilities</i>	<u>373,839</u>	<u>1,008,810</u>	<u>1,382,649</u>	<u>142,280</u>
<i>Current Liabilities Payable from Restricted Assets</i>				
Retainage Payable	0	14,315	14,315	0
<i>Long-Term Liabilities (net of current portion)</i>				
Compensated Absences Payable	18,029	74,842	92,871	0
General Obligation Bonds Payable	1,421,551	660,000	2,081,551	0
OPWC Loans Payable	0	781,148	781,148	0
OWDA Loans Payable	0	7,303,028	7,303,028	0
<i>Total Long-Term Liabilities</i>	<u>1,439,580</u>	<u>8,819,018</u>	<u>10,258,598</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,813,419</u>	<u>9,842,143</u>	<u>11,655,562</u>	<u>142,280</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,410,789	1,227,529	2,638,318	0
Unrestricted	1,711,253	2,266,186	3,977,439	(131,994)
<i>Total Net Assets</i>	<u>\$3,122,042</u>	<u>\$3,493,715</u>	<u>6,615,757</u>	<u>(\$131,994)</u>
Net assets reported for business-type activities in the statement of net assets are different because they include accumulated overpayments to the internal service fund:			<u>(16,134)</u>	
Net assets of business-type activities			<u>\$6,599,623</u>	

See accompanying notes to the basic financial statements

City of Bedford, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004*

	Enterprise			Internal Service
	Water	Wastewater	Total	
Operating Revenues				
Charges for Services	\$3,199,611	\$2,073,569	\$5,273,180	\$1,900,024
Other	6,074	0	6,074	0
<i>Total Operating Revenues</i>	<u>3,205,685</u>	<u>2,073,569</u>	<u>5,279,254</u>	<u>1,900,024</u>
Operating Expenses				
Personal Services	501,026	902,842	1,403,868	0
Contractual Services	2,449,134	89,894	2,539,028	260,006
Materials and Supplies	58,648	252,082	310,730	0
Depreciation	52,838	441,123	493,961	0
Claims	0	0	0	1,959,283
Other	9,724	9,400	19,124	0
<i>Total Operating Expenses</i>	<u>3,071,370</u>	<u>1,695,341</u>	<u>4,766,711</u>	<u>2,219,289</u>
<i>Operating Income (Loss)</i>	<u>134,315</u>	<u>378,228</u>	<u>512,543</u>	<u>(319,265)</u>
Non-Operating Revenues (Expenses)				
Interest	21,303	25,983	47,286	1,830
Municipal Income Taxes	0	392,079	392,079	0
Interest and Fiscal Charges	(86,676)	(563,016)	(649,692)	0
Loss on Sale of Capital Assets	(2,364)	(834)	(3,198)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(67,737)</u>	<u>(145,788)</u>	<u>(213,525)</u>	<u>1,830</u>
<i>Income (Loss) before Transfers and Capital Contributions</i>	<u>66,578</u>	<u>232,440</u>	<u>299,018</u>	<u>(317,435)</u>
Transfers In	0	0	0	45,000
Capital Contributions	0	714,635	714,635	0
<i>Change in Net Assets</i>	<u>66,578</u>	<u>947,075</u>	<u>1,013,653</u>	<u>(272,435)</u>
<i>Net Assets Beginning of Year - Restated (Note 3)</i>	<u>3,055,464</u>	<u>2,546,640</u>		<u>140,441</u>
<i>Net Assets End of Year</i>	<u><u>\$3,122,042</u></u>	<u><u>\$3,493,715</u></u>		<u><u>(\$131,994)</u></u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the change in net assets of the internal service fund is reported with business-type activities:

(30,784)

Change in net assets of business-type activities

\$982,869

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise			Internal Service
	Water	Wastewater	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$3,149,815	\$2,057,742	\$5,207,557	\$0
Cash Received from Interfund Services Provided	0	0	0	1,900,024
Other Cash Receipts	6,074	0	6,074	0
Cash Payments to Employees for Services	(469,261)	(882,418)	(1,351,679)	(255,346)
Cash Payments for Goods and Services	(2,631,601)	(322,527)	(2,954,128)	0
Cash Payments for Claims	0	0	0	(1,923,969)
Other Cash Payments	(9,724)	(9,400)	(19,124)	0
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>45,303</u>	<u>843,397</u>	<u>888,700</u>	<u>(279,291)</u>
Cash Flows from Noncapital Financing Activities				
Cash Received from Municipal Income Taxes	0	392,079	392,079	0
Transfers In	0	0	0	45,000
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>0</u>	<u>392,079</u>	<u>392,079</u>	<u>45,000</u>
Cash Flows from Capital and Related Financing Activities				
Capital Grants Received	0	715,265	715,265	0
Cash Received from Sale of Capital Assets	20	1,325	1,345	0
Proceeds from OWDA Loans	0	284,150	284,150	0
Proceeds from OPWC Loans	0	743,678	743,678	0
Principal Paid on General Obligation Bonds	(155,000)	(25,000)	(180,000)	0
Interest Paid on General Obligation Bonds	(57,733)	(30,305)	(88,038)	0
Principal Paid on Special Assessment Bonds	(40,000)	0	(40,000)	0
Interest Paid on Special Assessment Bonds	(4,080)	0	(4,080)	0
Principal Paid on OWDA Loans	0	(624,917)	(624,917)	0
Interest Paid on OWDA Loans	0	(413,069)	(413,069)	0
Principal Paid on OPWC Loans	0	(4,163)	(4,163)	0
Payments for Capital Acquisitions	(230,627)	(1,840,450)	(2,071,077)	0
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(487,420)</u>	<u>(1,193,486)</u>	<u>(1,680,906)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	21,303	25,831	47,134	1,830
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(420,814)</u>	<u>67,821</u>	<u>(352,993)</u>	<u>(232,461)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,601,859</u>	<u>2,176,014</u>	<u>3,777,873</u>	<u>242,747</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,181,045</u>	<u>\$2,243,835</u>	<u>\$3,424,880</u>	<u>\$10,286</u>

(continued)

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2004

	Enterprise			Internal Service
	Water	Wastewater	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$134,315	\$378,228	\$512,543	(\$319,265)
Adjustments:				
Depreciation	52,838	441,123	493,961	0
(Increase) Decrease in Assets:				
Accounts Receivable	(55,590)	(15,827)	(71,417)	0
Special Assessment Receivable	5,794	0	5,794	0
Materials and Supplies Inventory	(9,338)	15,573	6,235	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(114,481)	(10,439)	(124,920)	4,660
Retainage Payable	0	14,315	14,315	0
Accrued Wages	10,562	2,409	12,971	0
Compensated Absences Payable	875	5,958	6,833	0
Vacation Benefits Payable	13,327	3,310	16,637	0
Intergovernmental Payable	7,001	8,747	15,748	0
Claims Payable	0	0	0	35,314
<i>Total Adjustments</i>	(89,012)	465,169	376,157	39,974
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$45,303	\$843,397	\$888,700	(\$279,291)

Noncash Capital Financing Activities

During 2004, the City received grant monies from OPWC in the amount of \$714,635. This amount is reflected as capital contributions in the Wastewater fund.

See accompanying notes to the basic financial statements

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

Assets	
Equity in Pooled Cash and Cash Equivalents	\$39
Cash and Cash Equivalents in Segregated Accounts	<u>36,347</u>
<i>Total Assets</i>	<u><u>\$36,386</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$36,386</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the City and Reporting Entity

The City of Bedford was incorporated as a village in 1837. In 1932, the residents of the City adopted the City's first charter. The City is a home rule municipal corporation under the laws of the State of Ohio which operates under the Council-Manager form of government with the Council appointing the City Manager, Finance Director, Law Director and Clerk of Council. The legislative power of the City is vested in the seven-member Council.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Bedford this includes the agencies and departments that provide the following services: police, fire, rescue, recreation programs, street maintenance and repairs, sanitation, water, wastewater treatment, municipal court and general administrative services. The City purchases its water from the City of Cleveland and in turn bills its customers. The City of Bedford owns and operates its own wastewater treatment facility. Except for water and sewage, the major utilities are provided by private entities.

The clerk of courts is appointed by the presiding Judge of the Bedford Municipal Court and has a fiduciary responsibility for the collection and distribution of court fees and fines. The Court Judges are elected by residents of the participating cities and work under the authority of the Chief Justice of the Supreme Court of Ohio.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Bedford 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 reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and to its enterprise funds. The more significant of the City's accounting policies are described below.

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.

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

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

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

Fire Medic Levy Fund The fire medic levy special revenue fund accounts for the property tax revenue collected for the paramedic services as well as firefighting services.

Special Assessment Bond Retirement Fund The special assessment bond retirement fund is used to account for the collection of special assessments levied against benefited properties for the payment of special assessment bond principal, interest and related costs.

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

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 Fund The water fund accounts for the provision of water service to the residents and commercial users located within the City.

Wastewater Fund The wastewater fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Internal Service Fund Internal service funds 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. The City's only internal service fund is a health fund that accounts for vision, dental, prescription drug and hospital/medical claims of the City employees.

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 the State inspection fee program and the amounts collected by the municipal court that are paid to other governments.

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 its proprietary activities.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements 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 year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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

E. Pooled Cash and Cash Equivalents

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

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" and represent deposits.

The City utilizes a financial institution to account for a retainage account. The balance in this account is presented as "Restricted Assets: Cash and Cash Equivalents with Fiscal Agents."

During 2004, investments were limited to repurchase agreements, non negotiable certificates of deposit, federal home loan bank bonds, federal national mortgage association notes and STAROhio, the State Treasurer's Investment Pool.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2004 amounted to \$74,598, of which \$1,009 was assigned from other funds.

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 held for consumption.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions enabling legislation. The restricted assets in the capital improvement capital projects and wastewater enterprise funds represent retainage accounts that are used to pay the retainage on construction contracts.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	50 years	50 years
Machinery and Equipment	5-20 years	5-20 years
Furniture and Fixtures	10 years	10 years
Vehicles	5-10 years	7-10 years
Infrastructure	20-50 years	50 years

The City's infrastructure consists of roads, traffic signals, storm sewers and water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

J. Interfund Balances

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

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

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments in the next twenty years). The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy.

L. Accrued Liabilities and Long-term Obligations

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

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, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$6,018,701, of which \$2,396,873 is restricted by enabling legislation. Net assets restricted for other purposes include community development and recreational activities.

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services and 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.

P. Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the City Hall general obligation bonds and various water and sewer enterprise funds' general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements and in the City's enterprise funds. The straight-line method of amortization is not materially different from the effective-interest method.

Q. Deferred Loss on Refunding

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

R. 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.

S. 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.

T. Estimates

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

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

U. 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 department level for all funds. Each fund is also budgeted at the object level of personal services and other expenditures. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. Authority to further allocate Council appropriations within departments has been given to the Director of Finance.

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

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

Note 3 – Change in Accounting Principle and Restatement of Prior Year's Balances

For 2004, the City has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers."

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

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 clarifies when net assets should be considered restricted based upon enabling legislation.

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

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

The implementation of GASB Statement No. 39 and GASB Statement No. 46 did not affect the presentation of the financial statements of the City. The implementation of GASB Technical Bulleting No. 2004-2 had the following effect on fund balance:

	General	Fire Medic Levy	Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
Fund Balance, December 31, 2003	\$8,360,831	\$102,756	\$222,008	\$5,659,028	\$14,344,623
Implementation of GASB Technical Bulletin 2004-2	0	0	0	(228,899)	(228,899)
Adjusting Fund Balance December 31, 2003	<u>\$8,360,831</u>	<u>\$102,756</u>	<u>\$222,008</u>	<u>\$5,430,129</u>	<u>\$14,115,724</u>

During 2004, it was determined that OWDA loans payable was overstated. This restatement had the following effect on net assets as they were previously reported.

	Water	Wastewater	Internal Balance	Business-Type Activities
Net Assets, December 31, 2003	\$3,055,464	\$2,260,226	\$14,650	\$5,330,340
OWDA Loans Payable	0	286,414	0	286,414
Adjusted Net Assets, December 31, 2003	<u>\$3,055,464</u>	<u>\$2,546,640</u>	<u>\$14,650</u>	<u>\$5,616,754</u>

Note 4 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balances 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 and fire medic levy funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Adjustments necessary to convert the results of operations at the end of the year on the GAAP basis to the Budget basis are as follows:

Net Change in Fund Balances		
General and Fire Medic Levy Special Revenue Funds		
	General	Fire Medic Levy
GAAP Basis	(\$396,718)	(\$132,615)
Net Adjustment for Revenue Accruals	(53,117)	1,262
Beginning Fair Value of Adjustments for Investments	775	0
Ending Fair Value of Adjustments for Investments	8,634	0
Beginning Unrecorded Cash	90,579	0
Ending Unrecorded Cash	(83,414)	0
Net Adjustment for Expenditure Accruals	92,116	11,046
Encumbrances	(196,353)	(572)
Budget Basis	(\$537,498)	(\$120,879)

Note 5 - Deposits and Investments

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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies can be invested in the following obligations:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage

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

Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreement, 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.

Cash on Hand At year end, the City had \$8,350 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

Deposits At year end, the carrying amount of the City's deposits was \$8,485,067 and the bank balance was \$8,617,854. Of the bank balance:

1. \$914,328 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. \$7,703,526 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 followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments GASB Statement No. 3, “Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements” requires that local governments disclose the market value and carrying amounts of investments, classified by risk. The City’s investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City’s name, (2) uninsured and unregistered for which the securities are held by the counterparty’s trust department or agent in the City’s name or (3) uninsured and unregistered for which the securities 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.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$3,032,690	\$3,032,690	\$3,032,690
Federal National Mortgage Association Notes	1,190,855	1,190,855	1,190,855
Federal Home Loan Bank Bonds	2,244,411	2,244,411	2,244,411
STAROhio		1,449,455	1,449,455
<i>Total Investments</i>	\$6,467,956	\$7,917,411	\$7,917,411

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting”. Cash and equivalents are defined to include investments with original maturities of three months or less and funds included within the City’s cash management pool. A reconciliation between the classification of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$16,410,828	\$0
Cash on Hand	(8,350)	0
Investments:		
Repurchase Agreements	(3,032,690)	3,032,690
Federal National Mortgage Association Notes	(1,190,855)	1,190,855
Federal Home Loan Bank Bonds	(2,244,411)	2,244,411
STAROhio	(1,449,455)	1,449,455
GASB Statement No. 3	\$8,485,067	\$7,917,411

Note 6 - Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, 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.

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

Special assessments expected to be collected in more than one year amount to \$945,162 in the special assessment bond retirement fund and \$1,178 in the water enterprise fund. At December 31, 2004 the amount of delinquent special assessments was \$173,128.

A. Property Taxes

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

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

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

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

The full tax rate for all City operations for the year ended December 31, 2004 was \$12.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$243,039,780
Public Utility Tangible Property	9,568,670
Tangible Personal Property	<u>41,641,465</u>
Total	<u><u>\$294,249,915</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Bedford. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of

City of Bedford, Ohio
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For the Year Ended December 31, 2004

December 31, 2004 and for which there is an enforceable legal claim. In the general fund and fire medic levy, police pension and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies an income tax of 2.25 percent on all income earned within the City as well as income of residents earned outside the City. The City allows a credit of 1.50 percent of the tax paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Local Government	\$397,064
Gasoline Tax	246,046
Homesteaded and Rollback	192,097
Permissive Tax	40,367
Estate Tax	18,928
Grants	18,754
Reimbursements	7,325
Miscellaneous	1,449
Court Costs	983
Total Governmental Activities	923,013
Business-Type Activities	
Sewer Charges	2,340
Total All Activities	\$925,353

Note 7 - Contingencies

A. Grants

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

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

B. Litigation

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

Note 8 - Interfund Transfers

Transfer To	Transfer From		Total
	General	Other Governmental Funds	
General	\$0	\$141,231	\$141,231
Fire Medic Levy	1,601,000	0	1,601,000
Other Governmental Funds:			
Community Development Block Grant	253,550	0	253,550
Enterprise Zone	250,535	0	250,535
Recreation	1,030,100	0	1,030,100
Cemetery	112,230	0	112,230
Street Construction Maintenance and Repair	350,600	0	350,600
Grants	4,267	0	4,267
Housing Rehabilitation Program	18,800	0	18,800
Police Pension	316,805	0	316,805
Fire Pension	352,215	0	352,215
General Obligation Bond Retirement	595,000	381,990	976,990
Downtown Improvement	866	0	866
Capital Improvement	0	1,400,895	1,400,895
Health Insurance	45,000	0	45,000
Total Other Governmental Funds	3,329,968	1,782,885	5,112,853
Total	\$4,930,968	\$1,924,116	\$6,855,084

The general fund transfers to the major and nonmajor governmental funds were made to provide additional resources for current operations. The transfer from city hall capital projects fund to the capital improvement capital projects fund was to move most funds that were available after the completed construction of city hall for future use on other capital projects in line with the ballot language passed by the residents in 1999. The transfers out from the general fund to the general obligation bond retirement fund are to pay for the debt on city hall. The transfer from the municipal court special programs special revenue fund to the general obligation bond retirement fund was to pay the court's portion of the principal and interest due on the bonds issued to build the Court.

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

Note 9 – Capital Assets

A summary of changes in capital assets during 2004 follows:

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$2,756,565	\$0	(\$128,970)	\$2,627,595
Construction in Progress	491,422	1,754,143	(2,041,477)	204,088
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,247,987</u>	<u>1,754,143</u>	<u>(2,170,447)</u>	<u>2,831,683</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	17,017,186	45,244	0	17,062,430
Machinery and Equipment	3,343,351	161,616	(123,381)	3,381,586
Furniture and Fixtures	783,065	6,325	0	789,390
Vehicles	3,700,614	214,483	(247,478)	3,667,619
Infrastructure:				
Roads	34,673,583	2,416,472	0	37,090,055
Traffic Signals	1,463,420	0	0	1,463,420
Storm Sewers	2,464,709	11,570	0	2,476,279
<i>Total Capital Assets Being Depreciated</i>	<u>63,445,928</u>	<u>2,855,710</u>	<u>(370,859)</u>	<u>65,930,779</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,278,646)	(336,780)	0	(1,615,426)
Machinery and Equipment	(1,045,378)	(299,003)	81,188	(1,263,193)
Furniture and Fixtures	(212,937)	(120,784)	0	(333,721)
Vehicles	(2,354,612)	(257,302)	221,076	(2,390,838)
Infrastructure:				
Roads	(18,306,610)	(2,024,595)	0	(20,331,205)
Traffic Signals	(89,229)	(58,537)	0	(147,766)
Storm Sewers	(480,994)	(48,058)	0	(529,052)
<i>Total Accumulated Depreciation</i>	<u>(23,768,406)</u>	<u>(3,145,059) *</u>	<u>302,264</u>	<u>(26,611,201)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>39,677,522</u>	<u>(289,349)</u>	<u>(68,595)</u>	<u>39,319,578</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$42,925,509</u>	<u>\$1,464,794</u>	<u>(\$2,239,042)</u>	<u>\$42,151,261</u>

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

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$28,620	\$0	\$0	\$28,620
Construction in Progress	2,600,803	1,980,246	(2,356,889)	2,224,160
<i>Total Capital Assets Not Being Depreciated</i>	<u>2,629,423</u>	<u>1,980,246</u>	<u>(2,356,889)</u>	<u>2,252,780</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	5,160,150	2,356,889	0	7,517,039
Machinery and Equipment	6,217,136	90,831	(2,965)	6,305,002
Furniture and Fixtures	93,772	0	0	93,772
Vehicles	275,441	0	(18,508)	256,933
Infrastructure:				
Water Lines	3,174,874	0	0	3,174,874
Sanitary Sewer Lines	2,734,342	0	0	2,734,342
<i>Total Capital Assets Being Depreciated</i>	<u>17,655,715</u>	<u>2,447,720</u>	<u>(21,473)</u>	<u>20,081,962</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(2,187,674)	(92,599)	0	(2,280,273)
Machinery and Equipment	(4,914,459)	(318,570)	581	(5,232,448)
Furniture and Fixtures	(93,772)	0	0	(93,772)
Vehicles	(175,292)	(18,115)	16,349	(177,058)
Infrastructure:				
Water Lines	(528,848)	(37,058)	0	(565,906)
Sanitary Sewer Lines	(544,175)	(27,619)	0	(571,794)
<i>Total Accumulated Depreciation</i>	<u>(8,444,220)</u>	<u>(493,961)</u>	<u>16,930</u>	<u>(8,921,251)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>9,211,495</u>	<u>1,953,759</u>	<u>(4,543)</u>	<u>11,160,711</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$11,840,918</u>	<u>\$3,934,005</u>	<u>(\$2,361,432)</u>	<u>\$13,413,491</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$461,087
Security of Persons and Property	
Police	163,959
Fire	152,834
Public Health and Welfare	1,410
Leisure Time Activities	74,390
Community Development	12,953
Basic Utilities Services	10,720
Transportation	2,267,706
Total	<u>\$3,145,059</u>

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

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

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

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

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$545,167, \$558,189, and \$426,070 respectively; 90.8 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$1,501 made by the City and \$941 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

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

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 \$244,163 and \$301,091 for the year ended December 31, 2004, \$227,027 and \$288,809 for the year ended December 31, 2003 and \$263,194 and \$280,431 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002. 70.29 percent and 71.44 percent has been contributed for 2004.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2004, the unfunded liability of the City was \$208,940 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

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

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$228,342. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

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

B. Ohio Police and Fire Pension Fund

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

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

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$161,044 for police and \$143,597 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

Note 12 – Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be accumulated up to one year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of one and one quarter days per month of service. Employees with accumulated sick leave in excess of 120 days at November 1 of each year receive payment for the excess over 120 days at the rate of one half the accumulated sick leave over 120 days. Upon retirement, employees are paid one half of the accumulated sick leave.

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

Note 13 - Long-term Obligations

The original issue date, maturity date, interest rate and original issuance amount for each of the City's bonds and loans follows:

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount
Governmental Activities				
<i>General Obligation Bonds</i>				
City Hall	1999	2019	3.85-5.45 %	\$5,000,000
City Hall	2002	2027	3.0-5.0	5,200,000
Bedford Schools	2000	2005	0.00	200,000
City Hall Court	2002	2027	1.7-5.0	2,000,000
<i>Special Assessment Bonds</i>				
Palmetto	1985	2005	9.75	282,000
Rockside Road Water	1988	2008	7.50	195,300
Rockside Road Sanitary	1988	2008	7.50	217,000
Northfield and Rockside Resurfacing	1993	2012	6.50-6.40	250,000
Northfield and Rockside Resurfacing #2	1996	2015	4.6-6.625	760,000
<i>Ohio Public Works Commission Loans</i>				
Willard Avenue	1994	2014	0.00	445,200
Wandle Avenue	2001	2021	0.00	518,579
<i>Police Pension</i>	1968	2035	4.25	245,922
Business-Type Activities				
<i>General Obligation Bonds</i>				
<i>Water</i>				
Water Refunding #1	2002	2017	1.45-4.65	690,000
Water Refunding #2	2002	2012	1.45-3.95	1,165,000
<i>Sewer</i>				
Sewer Improvement	2002	2022	3.00-5.00	725,000
<i>Ohio Water Development Loans</i>				
<i>Sewer</i>				
Sewer System	1994	2013	4.80	11,002,916
Rapid Sandfilter	2002	n/a	3.90	2,427,022
<i>Ohio Public Works Commission Loan</i>				
<i>Sewer</i>				
Flow Control	1995	2015	0.00	83,265
Oxidation Tower	2004	n/a	0.00	945,000
<i>Special Assessment Bonds</i>				
<i>Water</i>				
Krick Road Water	1995	2005	6.625-5.15	335,000

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

Changes in long-term obligations during the year ended December 31, 2004, consisted of the following:

	Balance 12/31/03	Increase	Decrease	Balance 12/31/04	Amounts Due in One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
City Hall	\$4,375,000	\$0	\$185,000	\$4,190,000	\$195,000
City Hall	5,165,000	0	135,000	5,030,000	135,000
Bedford Schools	50,000	0	50,000	0	0
City Hall Court	2,000,000	0	55,000	1,945,000	55,000
<i>Total General Obligation Bonds</i>	<u>11,590,000</u>	<u>0</u>	<u>425,000</u>	<u>11,165,000</u>	<u>385,000</u>
<i>Special Assessment Bonds</i>					
Palmetto	30,000	0	15,000	15,000	15,000
Rockside Road Water	58,500	0	9,000	49,500	9,000
Rockside Road Sanitary	6,500	0	1,000	5,500	1,000
Northfield and Rockside Resurfacing	145,000	0	15,000	130,000	15,000
Northfield and Rockside Resurfacing #2	545,000	0	35,000	510,000	35,000
<i>Total Special Assessment Bonds</i>	<u>785,000</u>	<u>0</u>	<u>75,000</u>	<u>710,000</u>	<u>75,000</u>
<i>Ohio Public Works Commission Loans</i>					
Willard Avenue	233,730	0	22,260	211,470	22,260
Wandle Avenue	440,792	0	25,929	414,863	25,929
<i>Total Ohio Public Works Commission Loans</i>	<u>674,522</u>	<u>0</u>	<u>48,189</u>	<u>626,333</u>	<u>48,189</u>
<i>Other Long-Term Obligations</i>					
Police Pension	212,250	0	3,310	208,940	3,453
Capital Leases Payable	3,743	0	2,610	1,133	1,133
Compensated Absences Payable	1,099,096	276,769	191,060	1,184,805	274,914
<i>Total Other Long-Term Obligations</i>	<u>1,315,089</u>	<u>276,769</u>	<u>196,980</u>	<u>1,394,878</u>	<u>279,500</u>
<i>Total Governmental Activities</i>	<u>\$14,364,611</u>	<u>\$276,769</u>	<u>\$745,169</u>	<u>\$13,896,211</u>	<u>\$787,689</u>
	Balance 12/31/03	Increase	Decrease	Balance 12/31/04	Amounts Due in One Year
Business-Type Activities					
<i>General Obligation Bonds</i>					
Water Refunding #1	\$670,000	\$0	\$40,000	\$630,000	\$40,000
Unamortized Loss	(28,598)	0	(2,043)	(26,555)	0
Total Water Refunding #1	<u>641,402</u>	<u>0</u>	<u>37,957</u>	<u>603,445</u>	<u>40,000</u>
Water Refunding #2	1,125,000	0	115,000	1,010,000	115,000
Unamortized Loss	(41,506)	0	(4,612)	(36,894)	0
Total Water Refunding #2	<u>1,083,494</u>	<u>0</u>	<u>110,388</u>	<u>973,106</u>	<u>115,000</u>
Sewer Improvement	710,000	0	25,000	685,000	25,000
<i>Total General Obligation Bonds</i>	<u>\$2,434,896</u>	<u>\$0</u>	<u>\$173,345</u>	<u>\$2,261,551</u>	<u>\$180,000</u>

City of Bedford, Ohio
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For the Year Ended December 31, 2004

	Balance 12/31/03	Increase	Decrease	Balance 12/31/04	Amounts Due in One Year
<i>OWDA Loans</i>					
Sewer System	\$6,782,412	\$0	\$542,811	\$6,239,601	\$569,179
Unamortized Loss	(700,733)	0	(73,762)	(626,971)	0
Total Sewer System	6,081,679	0	469,049	5,612,630	569,179
Rapid Sandfilter	2,142,872	284,150	82,106	2,344,916	85,339
<i>Total OWDA Loans</i>	<u>8,224,551</u>	<u>284,150</u>	<u>551,155</u>	<u>7,957,546</u>	<u>654,518</u>
<i>OPWC Loans</i>					
Flow Control	45,796	0	4,163	41,633	4,163
Oxidation Tower Improvements	0	743,678	0	743,678	0
<i>Total OPWC Loans</i>	<u>45,796</u>	<u>743,678</u>	<u>4,163</u>	<u>785,311</u>	<u>4,163</u>
<i>Other Long-Term Liabilities</i>					
Krick Road Water Special Assessment Bonds	80,000	0	40,000	40,000	40,000
Compensated Absences	99,862	17,339	10,506	106,695	13,824
<i>Total Other Long-Term Liabilities</i>	<u>179,862</u>	<u>17,339</u>	<u>50,506</u>	<u>146,695</u>	<u>53,824</u>
<i>Total Business-Type Activities</i>	<u>\$10,885,105</u>	<u>\$1,045,167</u>	<u>\$779,169</u>	<u>\$11,151,103</u>	<u>\$892,505</u>

General obligation bonds will be paid from the general obligation bond retirement debt service fund as well as user charges from the appropriate enterprise fund. Special assessment bonds will be paid from the proceeds of special assessments against benefited property owners. Special assessment monies will be received in and the debt will be retired from the special assessment debt service and the water enterprise funds. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

The OPWC loans will be paid from the general bond retirement debt service fund as well as user charges from the appropriate enterprise fund. The OWDA loans will be paid from user charges.

Compensated absences will be paid from the general fund, recreation, street construction maintenance and repair and fire medic levy special revenue funds and water and wastewater enterprise funds. The capital leases payable will be paid from the general fund. The police pension loan will be paid from the general fund.

The City of Bedford advance refunded the 1986 and 1990 Wastewater Bond issues in favor of a low interest loan from the Ohio Water Development Authority. The City also advance refunded the 1991 and 1997 Wastewater mortgage revenue bond and general obligation bond issues in favor of two low interest general obligation bond issues. Under GASB Statement No. 23, the City is amortizing the loss over the life of the new issue.

In 2003, the City defeased a 1991 water construction mortgage revenue bond issue and a 1997 water construction general obligation bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2004, \$1,475,000 of the defeased bonds are still outstanding.

City of Bedford, Ohio
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For the Year Ended December 31, 2004

Lines of credit have been established with the Ohio Water Development Authority and the Ohio Public Works Commission in the amounts of \$2,465,875 for the Rapid Sandfilter and \$945,000 for the Oxidation Tower, respectively, however, since these loans have not been finalized, a repayment schedule is not included in the schedule of debt service requirements.

The City's overall legal debt margin was \$24,182,451 at December 31, 2004. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2004, are as follows:

Governmental Activities

Year	General Obligation Bonds		Special Assessment Bonds		Police Pension		OPWC Loan
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	\$385,000	\$527,807	\$75,000	\$43,783	\$3,453	\$8,844	\$48,189
2006	400,000	514,218	65,000	38,852	3,601	8,696	48,189
2007	415,000	499,196	70,000	34,930	3,755	8,541	48,189
2008	435,000	482,722	70,000	30,705	3,917	8,379	48,189
2009	450,000	464,551	60,000	26,440	4,085	8,211	48,189
2010-2014	2,570,000	2,002,067	310,000	73,850	23,212	38,269	229,815
2015-2019	3,245,000	1,322,504	60,000	3,660	28,644	32,837	129,645
2020-2024	1,885,000	635,441	0	0	35,348	26,133	25,928
2025-2029	1,380,000	140,750	0	0	43,621	17,892	0
2030-2034	0	0	0	0	53,828	7,652	0
2035	0	0	0	0	5,476	116	0
Total	\$11,165,000	\$6,589,256	\$710,000	\$252,220	\$208,940	\$165,570	\$626,333

Business-Type Activities

Year	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loan
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	\$180,000	\$84,827	\$40,000	\$2,060	\$569,179	\$292,752	\$4,163
2006	185,000	81,041	0	0	596,827	265,103	4,163
2007	190,000	76,405	0	0	625,819	236,112	4,163
2008	200,000	71,000	0	0	656,218	205,712	4,163
2009	205,000	64,650	0	0	688,095	173,836	4,163
2010-2014	825,000	210,965	0	0	3,103,463	344,258	20,818
2015-2019	385,000	85,387	0	0	0	0	0
2020-2022	155,000	15,700	0	0	0	0	0
Total	\$2,325,000	\$689,975	\$40,000	\$2,060	\$6,239,601	\$1,517,773	\$41,633

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

Note 14- Capital Leases

In prior years, the City entered into a lease for a copier for the City Hall. The City's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and has been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$11,931, the present value of the minimum lease payments at the inception of the lease. The book value as of December 31, 2004 was \$4,772. In 2005 the City will be making a lease payment of \$1,150 which is made up of \$1,133 in principal and \$17 in interest. Capital lease payments have been reclassified and reflected as debt service in the fund financial statement for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year the City contracted with the Ohio Joint Self-Insurance Pool for all insurance. The coverage and deductibles are as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Automobile Liability	\$5,000,000	
General Liability	5,000,000 aggregate 5,000,000 per occurrence	\$1,000
Property Liability	33,729,113	1,000
Boiler and Machinery	2,000,000	1,000
Firefighters Errors and Omissions	5,000,000 aggregate 5,000,000 per occurrence	1,000
Ambulance Professional	5,000,000 aggregate 1,000,000 per occurrence	2,500

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

The City has elected to provide employee hospital/medical, prescription, dental, and vision insurance benefits through a partially self insured program. The City established a health insurance internal service fund to account for and finance the cost of this program.

The City has one hospitalization plan with no deductibles or other out of pocket expenses other than a \$25 deductible for non-admitted emergency room use and a \$20 co-pay for doctor office visits. The plan includes two levels of prescription deductibles and a partial reimbursement plan for dental and vision claims depending upon the type of claim.

Medical Mutual of Ohio serves as our third party administrator who reviews and processes medical, prescription, dental and vision claims which the City then pays after discounts are applied. The departments are charged an amount annually equal to the estimated costs for the year divided by the number of qualified covered employees.

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

The claims liability of \$137,620 as estimated by the third party administrator and reported in the health insurance internal service fund at December 31, 2004, is based on the requirements of GASB Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds claims liability amount in 2003 and 2004 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$72,288	\$1,345,471	\$1,315,453	\$102,306
2004	102,306	1,959,283	1,923,969	137,620

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 - Construction and Other Significant Commitments

The City has paid to the State \$160,812 for the City's share of the resurfacing of Northfield Road from Union Street to the northern City limits. The City started construction on the rehabilitation of Forbes Road that will include a new water line. Total construction costs are expected to be \$552,500. Construction in progress billings totaled \$38,000 as of year end.

Note 17 – Fund Deficits

Special Revenue Funds	
Fire Medic Levy	\$29,859
Police Pension	17,106
Fire Pension	87,225
Internal Service Fund	
Health Insurance	131,994

The special revenue funds' deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

Management is currently analyzing the Health Insurance internal service fund's operations to determine appropriate steps to alleviate the deficit.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Community Development Block Grant Fund - To account for monies received from the Federal Government and expenditures as prescribed under the Community Development Block Grant Program.

Enterprise Zone Fund - To account for monies collected from a contract with the City of Solon used to promote economic development for the City of Bedford.

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.

Indigent Drivers Fund - To account for the additional fees levied by the Bedford Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

Recreation Fund - To account for the receipts of recreation activity fees to pay for the cost of operating the City's recreation programs.

SEAL Narcotics Fund - To account for monies received from the Governor's Office of Criminal Justice Services for the enforcement of drug law violations within multi-jurisdiction organizations.

Cemetery Fund - To account for the operation and maintenance of City owned cemeteries.

Enforcement and Education Fund - To account for court fines used to pay costs incurred in educating the public about the dangers of and enforcing the laws against operating a motor vehicle while under the influence of alcohol.

Street Lighting Fund - To account for the collection of special assessments for the purpose of providing street lighting.

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

Law Enforcement Trust Fund - To account for monies received from the confiscated property and all fines from drug law violations to be used solely for drug law enforcement purposes.

Motor Vehicle License Fund - To account for the City's share of additional motor vehicle registration fees. Expenditures are restricted by State law for the maintenance and repair of streets and the purchase of road salt.

Fire Equipment Fund - To account for ambulance reimbursements and for funding future small equipment and fire apparatus purchases.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Grants Fund - To account for monies received through donations given to the City for the food bank program and other various grants.

Municipal Court Special Programs Fund - To account for the receipts of specific municipal court fees and related expenditures.

Housing Rehabilitation Program Fund - To account for the accumulation of property assessments levied for the rehabilitation of outside premises of abandoned houses that the City has observed major building code violations.

Police Pension Fund - To account for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund - To account for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Cemetery Trust Fund - To account for donations used for maintaining gravesites.

Nonmajor Debt Service Fund

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

General Obligation Bond Retirement Fund - To account for resources used for the payment of principal and interest and fiscal charges on general obligation debt.

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.)

Municipal Court Improvement Fund - To account for the receipt of specific court fees and related expenditures which are restricted to the purchase of equipment and supplies for the Court.

Downtown Improvement Fund - To account for the receipt of grant monies to be used for the downtown revitalization and the community development streetscape.

Capital Improvement Fund - To account for various revenues to be used for various capital improvements.

City Hall Fund - To account for income taxes and interest revenue to be used for the construction of the new City Hall.

Greencroft Road Rehabilitation Fund - To account for the rehabilitation of the Greencroft road project.

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,278,021	\$47,543	\$1,719,445	\$5,045,009
Restricted Assets:				
Cash and Cash Equivalents				
With Fiscal Agents	0	0	199,802	199,802
Property Taxes Receivable	166,156	0	0	166,156
Accounts Receivable	2,734	0	0	2,734
Intergovernmental Receivable	314,171	0	0	314,171
Accrued Interest Receivable	918	0	6,638	7,556
Materials and Supplies Inventory	35,075	0	0	35,075
Prepaid Items	154	0	0	154
Special Assessments Receivable	392,825	0	0	392,825
<i>Total Assets</i>	<u>\$4,190,054</u>	<u>\$47,543</u>	<u>\$1,925,885</u>	<u>\$6,163,482</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$264,963	\$0	\$6,673	\$271,636
Accrued Wages and Benefits	35,559	0	0	35,559
Intergovernmental Payable	274,317	0	0	274,317
Deferred Revenue	759,060	0	0	759,060
Payable from Restricted Assets:				
Retainage Payable	0	0	199,802	199,802
<i>Total Liabilities</i>	<u>1,333,899</u>	<u>0</u>	<u>206,475</u>	<u>1,540,374</u>
Fund Balances				
Reserved for Encumbrances	843,456	0	274,233	1,117,689
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	2,012,699	0	0	2,012,699
Debt Service Fund	0	47,543	0	47,543
Capital Projects Funds	0	0	1,445,177	1,445,177
<i>Total Fund Balances</i>	<u>2,856,155</u>	<u>47,543</u>	<u>1,719,410</u>	<u>4,623,108</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,190,054</u>	<u>\$47,543</u>	<u>\$1,925,885</u>	<u>\$6,163,482</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$156,963	\$0	\$0	\$156,963
Municipal Income Taxes	0	0	588,120	588,120
Charges for Services	253,050	0	0	253,050
Fines and Forfeitures	175,720	0	135,689	311,409
Intergovernmental	1,163,085	0	383,865	1,546,950
Special Assessments	275,288	0	0	275,288
Interest	34,224	4,093	29,954	68,271
Other	246,655	0	0	246,655
<i>Total Revenues</i>	<u>2,304,985</u>	<u>4,093</u>	<u>1,137,628</u>	<u>3,446,706</u>
Expenditures				
Current:				
General Government:	13,442	0	0	13,442
Security of Persons and Property:				
Police	796,540	0	0	796,540
Fire	654,272	0	0	654,272
Public Health and Welfare	167,474	0	0	167,474
Leisure Time Activities	1,065,952	0	0	1,065,952
Community Development	593,231	0	0	593,231
Basic Utility Services	272,490	0	0	272,490
Transportation	752,657	0	0	752,657
Capital Outlay	0	0	2,097,823	2,097,823
Debt Service:				
Principal Retirement	0	473,189	0	473,189
Interest and Fiscal Charges	0	539,985	0	539,985
<i>Total Expenditures</i>	<u>4,316,058</u>	<u>1,013,174</u>	<u>2,097,823</u>	<u>7,427,055</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,011,073)</u>	<u>(1,009,081)</u>	<u>(960,195)</u>	<u>(3,980,349)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	26,000	0	3,591	29,591
Transfers In	2,689,102	976,990	1,401,761	5,067,853
Transfers Out	(140,810)	0	(1,783,306)	(1,924,116)
<i>Total Other Financing Sources (Uses)</i>	<u>2,574,292</u>	<u>976,990</u>	<u>(377,954)</u>	<u>3,173,328</u>
<i>Net Change in Fund Balances</i>	563,219	(32,091)	(1,338,149)	(807,021)
<i>Fund Balances Beginning of Year - Restated</i>	<u>2,292,936</u>	<u>79,634</u>	<u>3,057,559</u>	<u>5,430,129</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,856,155</u></u>	<u><u>\$47,543</u></u>	<u><u>\$1,719,410</u></u>	<u><u>\$4,623,108</u></u>

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Community Development Block Grant	Enterprise Zone	State Highway	Indigent Drivers
Assets				
Equity in Pooled Cash and Cash Equivalents	\$375,551	\$64,005	\$33,048	\$90,484
Property Taxes Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	1,260	0	17,455	5,394
Accrued Interest Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$376,811</u>	<u>\$64,005</u>	<u>\$50,503</u>	<u>\$95,878</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$80,422	\$0	\$25,787	\$0
Accrued Wages and Benefits	0	3,537	0	0
Intergovernmental Payable	0	1,963	0	0
Deferred Revenue	0	0	11,354	0
<i>Total Liabilities</i>	<u>80,422</u>	<u>5,500</u>	<u>37,141</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	20,715	15,954	1,409	0
Unreserved, Undesignated (Deficit)	275,674	42,551	11,953	95,878
<i>Total Fund Balances (Deficit)</i>	<u>296,389</u>	<u>58,505</u>	<u>13,362</u>	<u>95,878</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$376,811</u>	<u>\$64,005</u>	<u>\$50,503</u>	<u>\$95,878</u>

Recreation	SEAL Narcotics	Cemetery	Enforcement and Education	Street Lighting	Street Construction, Maintenance and Repair
\$125,478	\$33,583	\$76,665	\$942	\$195,926	\$926,813
0	0	0	0	0	0
0	0	2,734	0	0	0
0	7,007	0	0	0	228,591
0	0	0	0	0	0
35,075	0	0	0	0	0
154	0	0	0	0	0
0	0	0	0	392,825	0
<u>\$160,707</u>	<u>\$40,590</u>	<u>\$79,399</u>	<u>\$942</u>	<u>\$588,751</u>	<u>\$1,155,404</u>
\$17,868	\$0	\$0	\$0	\$22,468	\$5,889
24,065	0	4,240	0	0	3,717
17,793	0	1,952	0	0	2,068
0	0	0	0	392,825	152,480
<u>59,726</u>	<u>0</u>	<u>6,192</u>	<u>0</u>	<u>415,293</u>	<u>164,154</u>
50	220	33	0	0	507,574
100,931	40,370	73,174	942	173,458	483,676
<u>100,981</u>	<u>40,590</u>	<u>73,207</u>	<u>942</u>	<u>173,458</u>	<u>991,250</u>
<u>\$160,707</u>	<u>\$40,590</u>	<u>\$79,399</u>	<u>\$942</u>	<u>\$588,751</u>	<u>\$1,155,404</u>

(continued)

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

	Law Enforcement Trust	Motor Vehicle License	Fire Equipment	Grants
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,877	\$190,840	\$453,268	\$33,184
Property Taxes Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	40,367	0	5,093
Accrued Interest Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$15,877</u>	<u>\$231,207</u>	<u>\$453,268</u>	<u>\$38,277</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$21,573	\$90,956	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	27,241	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>48,814</u>	<u>90,956</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	130,755	166,746	0
Unreserved, Undesignated (Deficit)	15,877	51,638	195,566	38,277
<i>Total Fund Balances (Deficit)</i>	<u>15,877</u>	<u>182,393</u>	<u>362,312</u>	<u>38,277</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$15,877</u>	<u>\$231,207</u>	<u>\$453,268</u>	<u>\$38,277</u>

Municipal Court Special Programs	Housing Rehabilitation Program	Police Pension	Fire Pension	Cemetery Trust	Total Nonmajor Special Revenue Funds
\$464,559	\$8,100	\$105,082	\$41,128	\$43,488	\$3,278,021
0	0	83,078	83,078	0	166,156
0	0	0	0	0	2,734
0	0	4,502	4,502	0	314,171
905	0	0	0	13	918
0	0	0	0	0	35,075
0	0	0	0	0	154
0	0	0	0	0	392,825
<u>\$465,464</u>	<u>\$8,100</u>	<u>\$192,662</u>	<u>\$128,708</u>	<u>\$43,501</u>	<u>\$4,190,054</u>
\$0	\$0	\$0	\$0	\$0	\$264,963
0	0	0	0	0	35,559
0	0	122,188	128,353	0	274,317
0	0	87,580	87,580	0	759,060
<u>0</u>	<u>0</u>	<u>209,768</u>	<u>215,933</u>	<u>0</u>	<u>1,333,899</u>
0	0	0	0	0	843,456
465,464	8,100	(17,106)	(87,225)	43,501	2,012,699
<u>465,464</u>	<u>8,100</u>	<u>(17,106)</u>	<u>(87,225)</u>	<u>43,501</u>	<u>2,856,155</u>
<u>\$465,464</u>	<u>\$8,100</u>	<u>\$192,662</u>	<u>\$128,708</u>	<u>\$43,501</u>	<u>\$4,190,054</u>

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

	Community Development Block Grant	Enterprise Zone	State Highway	Indigent Drivers
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	4,701	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	265,460	0	36,961	19,818
Special Assessments	0	0	0	0
Interest	0	637	451	1,299
Other	0	5,306	0	0
<i>Total Revenues</i>	<u>270,161</u>	<u>5,943</u>	<u>37,412</u>	<u>21,117</u>
Expenditures				
Current:				
General Government:	0	0	0	0
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	0	0	0
Public Health and Welfare	0	0	0	24,488
Leisure Time Activities	0	0	0	0
Community Development	366,348	226,883	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	103,729	0
<i>Total Expenditures</i>	<u>366,348</u>	<u>226,883</u>	<u>103,729</u>	<u>24,488</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(96,187)</u>	<u>(220,940)</u>	<u>(66,317)</u>	<u>(3,371)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	0
Transfers In	253,550	250,535	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>253,550</u>	<u>250,535</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	157,363	29,595	(66,317)	(3,371)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year - Restated</i>	<u>139,026</u>	<u>28,910</u>	<u>79,679</u>	<u>99,249</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$296,389</u>	<u>\$58,505</u>	<u>\$13,362</u>	<u>\$95,878</u>

Recreation	SEAL Narcotics	Cemetery	Enforcement and Education	Street Lighting	Street Construction, Maintenance and Repair
\$0	\$0	\$0	\$0	\$0	\$0
75,418	0	66,437	0	0	0
0	0	0	0	0	0
0	76,548	0	575	0	469,425
0	0	0	0	275,288	0
1,573	0	749	88	2,261	12,165
0	226,843	56	0	0	0
<u>76,991</u>	<u>303,391</u>	<u>67,242</u>	<u>663</u>	<u>277,549</u>	<u>481,590</u>
0	0	0	0	0	0
0	287,788	0	8,321	0	0
0	0	0	0	0	0
0	0	142,986	0	0	0
1,063,959	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	268,486	0
0	0	0	0	0	589,274
<u>1,063,959</u>	<u>287,788</u>	<u>142,986</u>	<u>8,321</u>	<u>268,486</u>	<u>589,274</u>
<u>(986,968)</u>	<u>15,603</u>	<u>(75,744)</u>	<u>(7,658)</u>	<u>9,063</u>	<u>(107,684)</u>
0	0	0	0	0	16,000
1,030,100	0	112,230	0	0	350,600
0	0	0	0	0	0
<u>1,030,100</u>	<u>0</u>	<u>112,230</u>	<u>0</u>	<u>0</u>	<u>366,600</u>
43,132	15,603	36,486	(7,658)	9,063	258,916
<u>57,849</u>	<u>24,987</u>	<u>36,721</u>	<u>8,600</u>	<u>164,395</u>	<u>732,334</u>
<u>\$100,981</u>	<u>\$40,590</u>	<u>\$73,207</u>	<u>\$942</u>	<u>\$173,458</u>	<u>\$991,250</u>

(continued)

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

	Law Enforcement Trust	Motor Vehicle License	Fire Equipment	Grants
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	104,919	1,000
Fines and Forfeitures	0	0	0	120
Intergovernmental	0	80,407	97,039	98,960
Special Assessments	0	0	0	0
Interest	168	2,164	4,772	0
Other	0	0	0	14,400
<i>Total Revenues</i>	<u>168</u>	<u>82,571</u>	<u>206,730</u>	<u>114,480</u>
Expenditures				
Current:				
General Government:	0	0	0	2,167
Security of Persons and Property:				
Police	2,060	0	0	86,674
Fire	0	0	205,240	680
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	1,993
Community Development	0	0	0	0
Basic Utility Services	0	0	0	4,004
Transportation	0	59,654	0	0
<i>Total Expenditures</i>	<u>2,060</u>	<u>59,654</u>	<u>205,240</u>	<u>95,518</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,892)</u>	<u>22,917</u>	<u>1,490</u>	<u>18,962</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	0	0	0
Transfers In	0	0	0	4,267
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>4,267</u>
<i>Net Change in Fund Balances</i>	8,108	22,917	1,490	23,229
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year - Restated</i>	<u>7,769</u>	<u>159,476</u>	<u>360,822</u>	<u>15,048</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$15,877</u>	<u>\$182,393</u>	<u>\$362,312</u>	<u>\$38,277</u>

Municipal Court Special Programs	Housing Rehabilitation Program	Police Pension	Fire Pension	Cemetery Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$78,482	\$78,481	\$0	\$156,963
0	575	0	0	0	253,050
175,600	0	0	0	0	175,720
0	0	8,946	8,946	0	1,163,085
0	0	0	0	0	275,288
7,295	0	0	0	602	34,224
0	0	0	0	50	246,655
<u>182,895</u>	<u>575</u>	<u>87,428</u>	<u>87,427</u>	<u>652</u>	<u>2,304,985</u>
0	11,275	0	0	0	13,442
0	0	411,697	0	0	796,540
0	0	0	448,352	0	654,272
0	0	0	0	0	167,474
0	0	0	0	0	1,065,952
0	0	0	0	0	593,231
0	0	0	0	0	272,490
0	0	0	0	0	752,657
<u>0</u>	<u>11,275</u>	<u>411,697</u>	<u>448,352</u>	<u>0</u>	<u>4,316,058</u>
<u>182,895</u>	<u>(10,700)</u>	<u>(324,269)</u>	<u>(360,925)</u>	<u>652</u>	<u>(2,011,073)</u>
0	0	0	0	0	26,000
0	18,800	316,805	352,215	0	2,689,102
(140,810)	0	0	0	0	(140,810)
<u>(140,810)</u>	<u>18,800</u>	<u>316,805</u>	<u>352,215</u>	<u>0</u>	<u>2,574,292</u>
42,085	8,100	(7,464)	(8,710)	652	563,219
<u>423,379</u>	<u>0</u>	<u>(9,642)</u>	<u>(78,515)</u>	<u>42,849</u>	<u>2,292,936</u>
<u>\$465,464</u>	<u>\$8,100</u>	<u>(\$17,106)</u>	<u>(\$87,225)</u>	<u>\$43,501</u>	<u>\$2,856,155</u>

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

	Municipal Court Improvement	Downtown Improvement
Assets		
Equity in Pooled Cash and Cash Equivalents	\$218,723	\$13,001
Restricted Assets:		
Cash and Cash Equivalents		
With Fiscal Agents	0	0
Accrued Interest Receivable	46	0
<i>Total Assets</i>	<u>\$218,769</u>	<u>\$13,001</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$0	\$1,397
Payable from Restricted Assets:		
Retainage Payable	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>1,397</u>
Fund Balances		
Reserved for Encumbrances	604	11,430
Unreserved, Undesignated	218,165	174
<i>Total Fund Balances</i>	<u>218,769</u>	<u>11,604</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$218,769</u>	<u>\$13,001</u>

<u>Capital Improvement</u>	<u>City Hall</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$1,441,946	\$45,775	\$1,719,445
196,449	3,353	199,802
0	6,592	6,638
<u>\$1,638,395</u>	<u>\$55,720</u>	<u>\$1,925,885</u>
\$0	\$5,276	\$6,673
196,449	3,353	199,802
<u>196,449</u>	<u>8,629</u>	<u>206,475</u>
252,296	9,903	274,233
<u>1,189,650</u>	<u>37,188</u>	<u>1,445,177</u>
1,441,946	47,091	1,719,410
<u>\$1,638,395</u>	<u>\$55,720</u>	<u>\$1,925,885</u>

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

	Municipal Court Improvement	Downtown Improvement	Capital Improvement
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Fines and Forfeitures	135,689	0	0
Intergovernmental	0	340,785	43,080
Interest	3,409	0	12,689
<i>Total Revenues</i>	139,098	340,785	55,769
Expenditures			
Capital Outlay	68,865	647,424	941,738
<i>Excess of Revenues Over Under Expenditures</i>	70,233	(306,639)	(885,969)
Other Financing Sources (Uses)			
Sale of Capital Assets	0	0	0
Transfers In	0	866	1,400,895
Transfers Out	0	(110,785)	0
<i>Total Other Financing Sources (Uses)</i>	0	(109,919)	1,400,895
<i>Net Change in Fund Balances</i>	70,233	(416,558)	514,926
<i>Fund Balances Beginning of Year</i>	148,536	428,162	927,020
<i>Fund Balances End of Year</i>	\$218,769	\$11,604	\$1,441,946

City Hall	Greencroft Road Rehabilitation	Total Nonmajor Capital Projects Funds
\$588,120	\$0	\$588,120
0	0	135,689
0	0	383,865
13,856	0	29,954
601,976	0	1,137,628
77,809	361,987	2,097,823
524,167	(361,987)	(960,195)
3,591	0	3,591
0	0	1,401,761
(1,642,075)	(30,446)	(1,783,306)
(1,638,484)	(30,446)	(377,954)
(1,114,317)	(392,433)	(1,338,149)
1,161,408	392,433	3,057,559
\$47,091	\$0	\$1,719,410

Combining Statements - Agency Funds

Agency Funds

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

Municipal Court Fund - To account for assets received and disbursed by the Bedford Municipal Court to the participating cities pursuant to the laws of the State of Ohio.

State Inspection Fee Fund - To account for receipts associated with the State Inspection Fee Program.

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

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
<i>Municipal Court</i>				
Assets				
Cash and Cash Equivalents In Segregated Accounts	\$18,821	\$4,609,838	\$4,592,312	\$36,347
Liabilities				
Deposits Held and Due to Others	\$18,821	\$4,609,838	\$4,592,312	\$36,347
 <i>State Inspection Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$32	\$532	\$525	\$39
Liabilities				
Deposits Held and Due to Others	\$32	\$532	\$525	\$39
 <i>All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$32	\$532	\$525	\$39
Cash and Cash Equivalents In Segregated Accounts	18,821	4,609,838	4,592,312	36,347
Total Assets	\$18,853	\$4,610,370	\$4,592,837	\$36,386
Liabilities				
Deposits Held and Due to Others	\$18,853	\$4,610,370	\$4,592,837	\$36,386

**Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes
in Fund Balances/Fund Equity - Budget (Non-GAAP Basis) and Actual**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$2,496,170	\$2,496,170	\$2,460,280	(\$35,890)
Municipal Income Taxes	9,203,595	9,095,650	8,821,799	(273,851)
Charges for Services	354,500	354,500	363,974	9,474
Fees, Licenses and Permits	144,725	144,725	117,424	(27,301)
Fines and Forfeitures	1,108,675	1,108,675	1,159,548	50,873
Intergovernmental	1,735,510	1,737,310	1,718,842	(18,468)
Interest	150,000	150,000	103,099	(46,901)
Rentals	0	0	1,200	1,200
Other	40,474	74,744	58,232	(16,512)
<i>Total Revenues</i>	<u>15,233,649</u>	<u>15,161,774</u>	<u>14,804,398</u>	<u>(357,376)</u>
Expenditures				
Current:				
General Government:				
Council and Clerk:				
Personal Services	209,945	224,521	217,749	6,772
Other	80,143	89,251	63,715	25,536
Total Council and Clerk	<u>290,088</u>	<u>313,772</u>	<u>281,464</u>	<u>32,308</u>
Finance Department:				
Personal Services	314,450	327,104	313,083	14,021
Other	367,635	360,559	306,054	54,505
Total Finance Department	<u>682,085</u>	<u>687,663</u>	<u>619,137</u>	<u>68,526</u>
Income Tax Department:				
Personal Services	170,330	174,272	166,072	8,200
Other	144,125	187,125	167,423	19,702
Total Income Tax Department	<u>314,455</u>	<u>361,397</u>	<u>333,495</u>	<u>27,902</u>
City Manager:				
Personal Services	261,820	266,282	259,563	6,719
Other	32,763	32,763	18,195	14,568
Total City Manager	<u>\$294,583</u>	<u>\$299,045</u>	<u>\$277,758</u>	<u>\$21,287</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Department:				
Personal Services	\$104,501	\$110,305	\$110,135	\$170
Other	108,000	124,427	121,855	2,572
Total Law Department	212,501	234,732	231,990	2,742
Engineering:				
Personal Services	17,515	17,515	14,637	2,878
Other	36,000	36,000	35,922	78
Total Engineering	53,515	53,515	50,559	2,956
Municipal Court:				
Personal Services	1,597,283	1,626,171	1,536,408	89,763
Other	219,500	218,500	201,590	16,910
Total Municipal Court	1,816,783	1,844,671	1,737,998	106,673
Special Projects:				
Other	70,000	70,000	64,319	5,681
Civil Service Commission:				
Personal Services	4,970	4,970	2,570	2,400
Other	29,300	29,300	22,683	6,617
Total Civil Service Commission	34,270	34,270	25,253	9,017
Land and Building:				
Personal Services	170,735	176,079	146,418	29,661
Capital Outlay	6,000	6,099	5,135	964
Other	508,627	508,025	397,231	110,794
Total Land and Building	685,362	690,203	548,784	141,419
County Auditor Deductions:				
Other	54,500	57,000	56,273	727
Total General Government	\$4,508,142	\$4,646,268	\$4,227,030	\$419,238

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Security of Persons and Property:				
Police:				
Police Department:				
Personal Services	\$3,255,285	\$3,329,779	\$3,308,026	\$21,753
Capital Outlay	165,022	175,033	174,824	209
Other	286,165	309,062	302,407	6,655
Total Security of Persons and Property	3,706,472	3,813,874	3,785,257	28,617
Public Health and Welfare:				
Health Department:				
Other	44,063	44,063	44,063	0
Leisure Time Activities:				
Parks and Playground:				
Personal Services	14,715	14,715	10,787	3,928
Other	245,600	245,660	230,810	14,850
Total Leisure Time Activities	260,315	260,375	241,597	18,778
Community Development:				
Planning Commission Department:				
Personal Services	2,000	2,000	952	1,048
Other	3,725	3,725	1,604	2,121
Total Planning Commission Department	5,725	5,725	2,556	3,169
Board of Zoning Appeals:				
Other	600	600	600	0
Building Department:				
Personal Services	351,595	358,261	357,020	1,241
Capital Outlay	0	0	0	0
Other	32,800	33,182	19,511	13,671
Total Building Department	384,395	391,443	376,531	14,912
Total Community Development	390,720	397,768	379,687	18,081
Basic Utility Services:				
Refuse Collection:				
Personal Services	\$480,000	\$495,000	\$480,211	\$14,789

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation:				
Service Department:				
Personal Services	\$1,471,095	\$1,494,959	\$1,387,167	\$107,792
Capital Outlay	2,500	2,838	2,488	350
Other	41,708	51,782	34,168	17,614
Total Transportation	1,515,303	1,549,579	1,423,823	125,756
<i>Total Expenditures</i>	10,905,015	11,206,927	10,581,668	625,259
<i>Excess of Revenues Over Expenditures</i>	4,328,634	3,954,847	4,222,730	267,883
Other Financing Sources (Uses)				
Sale of Capital Assets	34,326	34,326	29,509	(4,817)
Transfers In	0	141,231	141,231	0
Transfers Out	(4,850,308)	(4,941,319)	(4,930,968)	10,351
<i>Total Other Financing Sources (Uses)</i>	(4,815,982)	(4,765,762)	(4,760,228)	5,534
<i>Net Change in Fund Balance</i>	(487,348)	(810,915)	(537,498)	273,417
<i>Fund Balance Beginning of Year</i>	7,546,164	7,546,164	7,546,164	0
Prior Year Encumbrances Appropriated	111,057	111,057	111,057	0
<i>Fund Balance End of Year</i>	<u>\$7,169,873</u>	<u>\$6,846,306</u>	<u>\$7,119,723</u>	<u>\$273,417</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$743,035	\$743,035	\$732,498	(\$10,537)
Fees, Licenses and Permits	690	690	1,191	501
Intergovernmental	77,997	77,997	83,492	5,495
Interest	5,000	5,000	2,644	(2,356)
Other	100	100	0	(100)
<i>Total Revenues</i>	<u>826,822</u>	<u>826,822</u>	<u>819,825</u>	<u>(6,997)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Department:				
Personal Services	2,360,825	2,410,669	2,396,481	14,188
Capital Outlay	9,000	200	186	14
Other	119,309	152,845	145,037	7,808
<i>Total Expenditures</i>	<u>2,489,134</u>	<u>2,563,714</u>	<u>2,541,704</u>	<u>22,010</u>
<i>Excess of Revenues Under Expenditures</i>	(1,662,312)	(1,736,892)	(1,721,879)	15,013
Other Financing Sources				
Transfers In	1,550,443	1,601,000	1,601,000	0
<i>Net Change in Fund Balance</i>	(111,869)	(135,892)	(120,879)	15,013
<i>Fund Balance Beginning of Year</i>	224,266	224,266	224,266	0
Prior Year Encumbrances Appropriated	6,356	6,356	6,356	0
<i>Fund Balance End of Year</i>	<u>\$118,753</u>	<u>\$94,730</u>	<u>\$109,743</u>	<u>\$15,013</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$127,663	\$127,663	\$91,614	(\$36,049)
Interest	30,370	0	3,334	3,334
<i>Total Revenues</i>	<u>158,033</u>	<u>127,663</u>	<u>94,948</u>	<u>(32,715)</u>
Expenditures				
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	48,663	48,663	48,662	1
<i>Total Expenditures</i>	<u>123,663</u>	<u>123,663</u>	<u>123,662</u>	<u>1</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	34,370	4,000	(28,714)	(32,714)
Other Financing Uses				
Transfers Out	(37,792)	0	0	0
<i>Net Change in Fund Balance</i>	(3,422)	4,000	(28,714)	(32,714)
<i>Fund Balance Beginning of Year</i>	<u>222,008</u>	<u>222,008</u>	<u>222,008</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$218,586</u>	<u>\$226,008</u>	<u>\$193,294</u>	<u>(\$32,714)</u>

City of Bedford, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$3,342,525	\$3,342,525	\$3,149,815	(\$192,710)
Other	9,300	9,300	6,094	(3,206)
Interest	25,000	25,000	21,303	(3,697)
<i>Total Revenues</i>	<u>3,376,825</u>	<u>3,376,825</u>	<u>3,177,212</u>	<u>(199,613)</u>
Expenses				
Personal Services	484,594	490,278	469,365	20,913
Contractual Services	2,563,615	2,563,615	2,563,615	0
Materials and Supplies	67,986	67,986	67,986	0
Capital Outlay	7,495	346,279	324,216	22,063
Other	214,328	59,878	11,496	48,382
Debt Service:				
Principal Retirement	0	195,000	195,000	0
Interest and Fiscal Charges	0	61,813	61,813	0
<i>Total Expenses</i>	<u>3,338,018</u>	<u>3,784,849</u>	<u>3,693,491</u>	<u>91,358</u>
<i>Net Change in Fund Equity</i>	38,807	(408,024)	(516,279)	(108,255)
<i>Fund Equity Beginning of Year</i>	1,601,755	1,601,755	1,601,755	0
Prior Year Encumbrances Appropriated	104	104	104	0
<i>Fund Equity End of Year</i>	<u>\$1,640,666</u>	<u>\$1,193,835</u>	<u>\$1,085,580</u>	<u>(\$108,255)</u>

City of Bedford, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Wastewater Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,218,000	\$2,218,000	\$2,057,742	(\$160,258)
Municipal Income Taxes	407,090	404,250	392,079	(12,171)
Interest	62,000	62,000	25,831	(36,169)
Proceeds of OPWC Loans	0	743,678	743,678	0
Proceeds of OWDA Loans	0	284,150	284,150	0
Capital Grants	0	854,512	715,265	(139,247)
Sale of Capital Assets	0	0	1,325	1,325
Other Non-Operating	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	2,688,090	4,567,590	4,220,070	(347,520)
Expenses				
Personal Services	889,892	925,481	882,583	42,898
Contractual Services	62,960	62,960	62,960	0
Materials and Supplies	273,882	273,882	273,882	0
Capital Outlay	326,068	2,143,845	1,934,162	209,683
Other	1,450,207	85,835	30,079	55,756
Debt Service:				
Principal Retirement	0	703,983	654,080	49,903
Interest and Fiscal Charges	0	443,374	443,374	0
<i>Total Expenses</i>	3,003,009	4,639,360	4,281,120	358,240
<i>Net Change in Fund Equity</i>	(314,919)	(71,770)	(61,050)	10,720
<i>Fund Equity Beginning of Year</i>	1,839,487	1,839,487	1,839,487	0
Prior Year Encumbrances Appropriated	336,527	336,527	336,527	0
<i>Fund Equity End of Year</i>	\$1,861,095	\$2,104,244	\$2,114,964	\$10,720

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$5,000	\$5,000	\$4,701	(\$299)
Intergovernmental	322,900	469,292	264,200	(205,092)
<i>Total Revenues</i>	327,900	474,292	268,901	(205,391)
Expenditures				
Current:				
Community Development:				
CDBG Department:				
Other	5,772	1,066	1,066	0
2004 Housing Grant				
Other	55,000	55,000	39,383	15,617
CDBG Downtown Phase II				
Other	0	226,727	226,191	536
Forbes Road				
Other	526,450	554,055	40,000	514,055
<i>Total Expenditures</i>	587,222	836,848	306,640	530,208
<i>Excess of Revenues Under Expenditures</i>	(259,322)	(362,556)	(37,739)	324,817
Other Financing Sources				
Transfers In	253,550	253,550	253,550	0
<i>Net Change in Fund Balance</i>	(5,772)	(109,006)	215,811	324,817
<i>Fund Balance Beginning of Year</i>	133,254	133,254	133,254	0
Prior Year Encumbrances Appropriated	5,772	5,772	5,772	0
<i>Fund Balance End of Year</i>	\$133,254	\$30,020	\$354,837	\$324,817

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$150	\$150	\$637	\$487
Other	6,550	6,550	5,306	(1,244)
<i>Total Revenues</i>	6,700	6,700	5,943	(757)
Expenditures				
Current:				
Community Development:				
Enterprise Zone:				
Personal Services	87,470	84,363	78,674	5,689
Other	189,044	193,267	162,314	30,953
<i>Total Expenditures</i>	276,514	277,630	240,988	36,642
<i>Excess of Revenues Under Expenditures</i>	(269,814)	(270,930)	(235,045)	35,885
Other Financing Sources				
Transfers In	250,535	250,535	250,535	0
<i>Net Change in Fund Balance</i>	(19,279)	(20,395)	15,490	35,885
<i>Fund Balance Beginning of Year</i>	13,282	13,282	13,282	0
Prior Year Encumbrances Appropriated	19,279	19,279	19,279	0
<i>Fund Balance End of Year</i>	\$13,282	\$12,166	\$48,051	\$35,885

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$35,500	\$35,500	\$35,888	\$388
Interest	500	500	451	(49)
<i>Total Revenues</i>	36,000	36,000	36,339	339
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	105,137	105,137	105,137	0
<i>Net Change in Fund Balance</i>	(69,137)	(69,137)	(68,798)	339
<i>Fund Balance Beginning of Year</i>	6,514	6,514	6,514	0
Prior Year Encumbrances Appropriated	68,137	68,137	68,137	0
<i>Fund Balance End of Year</i>	<u>\$5,514</u>	<u>\$5,514</u>	<u>\$5,853</u>	<u>\$339</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$21,000	\$21,000	\$14,474	(\$6,526)
Interest	1,500	1,500	1,299	(201)
<i>Total Revenues</i>	22,500	22,500	15,773	(6,727)
Expenditures				
Current:				
Public Health and Welfare:				
Indigent Drivers:				
Other	75,000	75,000	25,988	49,012
<i>Net Change in Fund Balance</i>	(52,500)	(52,500)	(10,215)	42,285
<i>Fund Balance Beginning of Year</i>	100,299	100,299	100,299	0
<i>Fund Balance End of Year</i>	\$47,799	\$47,799	\$90,084	\$42,285

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$114,205	\$115,580	\$75,418	(\$40,162)
Interest	2,000	2,000	1,573	(427)
Other	1,375	0	0	0
<i>Total Revenues</i>	117,580	117,580	76,991	(40,589)
Expenditures				
Current:				
Leisure Time Activities:				
Playgrounds:				
Personal Services	314,054	305,972	249,194	56,778
Capital Outlay	16,000	985	985	0
Other	140,050	151,038	144,369	6,669
<i>Total Playgrounds</i>	470,104	457,995	394,548	63,447
Swimming Pool:				
Personal Services	102,678	117,090	117,090	0
Capital Outlay	9,000	0	0	0
Other	46,400	55,988	43,635	12,353
<i>Total Swimming Pool</i>	158,078	173,078	160,725	12,353
Ellenwood Center:				
Personal Services	365,133	402,949	395,705	7,244
Capital Outlay	69,200	21,883	14,273	7,610
Other	89,869	106,482	87,857	18,625
<i>Total Ellenwood Center</i>	524,202	531,314	497,835	33,479
<i>Total Expenditures</i>	1,152,384	1,162,387	1,053,108	109,279
<i>Excess of Revenues Under Expenditures</i>	(1,034,804)	(1,044,807)	(976,117)	68,690
Other Financing Sources				
Transfers In	1,030,100	1,030,100	1,030,100	0
<i>Net Change in Fund Balance</i>	(4,704)	(14,707)	53,983	68,690
<i>Fund Balance Beginning of Year</i>	54,714	54,714	54,714	0
Prior Year Encumbrances Appropriated	6,569	6,569	6,569	0
<i>Fund Balance End of Year</i>	\$56,579	\$46,576	\$115,266	\$68,690

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$80,481	\$80,481	\$80,481	\$0
Other	187,276	232,865	226,843	(6,022)
<i>Total Revenues</i>	<u>267,757</u>	<u>313,346</u>	<u>307,324</u>	<u>(6,022)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
SEAL Narcotics:				
Personal Services	160,768	186,776	186,776	0
Other	121,036	140,617	101,232	39,385
<i>Total Expenditures</i>	<u>281,804</u>	<u>327,393</u>	<u>288,008</u>	<u>39,385</u>
<i>Net Change in Fund Balance</i>	(14,047)	(14,047)	19,316	33,363
<i>Fund Balance Beginning of Year</i>	<u>14,047</u>	<u>14,047</u>	<u>14,047</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$33,363</u>	<u>\$33,363</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$44,800	\$44,800	\$66,437	\$21,637
Interest	1,000	1,000	749	(251)
Other	500	500	56	(444)
<i>Total Revenues</i>	<u>46,300</u>	<u>46,300</u>	<u>67,242</u>	<u>20,942</u>
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Personal Services	134,250	130,944	113,647	17,297
Capital Outlay	0	2,654	2,213	441
Other	23,800	32,178	28,115	4,063
<i>Total Expenditures</i>	<u>158,050</u>	<u>165,776</u>	<u>143,975</u>	<u>21,801</u>
<i>Excess of Revenues Under Expenditures</i>	(111,750)	(119,476)	(76,733)	42,743
Other Financing Sources				
Transfers In	112,230	112,230	112,230	0
<i>Net Change in Fund Balance</i>	480	(7,246)	35,497	42,743
<i>Fund Balance Beginning of Year</i>	<u>41,135</u>	<u>41,135</u>	<u>41,135</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$41,615</u>	<u>\$33,889</u>	<u>\$76,632</u>	<u>\$42,743</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$2,000	\$2,000	\$625	(\$1,375)
Interest	300	300	88	(212)
<i>Total Revenues</i>	2,300	2,300	713	(1,587)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Other	5,000	8,324	8,321	3
<i>Net Change in Fund Balance</i>	(2,700)	(6,024)	(7,608)	(1,584)
<i>Fund Balance Beginning of Year</i>	8,550	8,550	8,550	0
<i>Fund Balance End of Year</i>	<u>\$5,850</u>	<u>\$2,526</u>	<u>\$942</u>	<u>(\$1,584)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$267,000	\$267,000	\$275,288	\$8,288
Interest	3,000	3,000	2,261	(739)
<i>Total Revenues</i>	270,000	270,000	277,549	7,549
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting:				
Other	269,000	269,000	267,059	1,941
<i>Net Change in Fund Balance</i>	1,000	1,000	10,490	9,490
<i>Fund Balance Beginning of Year</i>	185,436	185,436	185,436	0
<i>Fund Balance End of Year</i>	<u>\$186,436</u>	<u>\$186,436</u>	<u>\$195,926</u>	<u>\$9,490</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$377,000	\$377,000	\$444,075	\$67,075
Interest	15,000	15,000	12,165	(2,835)
Other	150	150	0	(150)
<i>Total Revenues</i>	<u>392,150</u>	<u>392,150</u>	<u>456,240</u>	<u>64,090</u>
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Personal Services	176,250	179,086	134,948	44,138
Capital Outlay	217,457	216,257	210,545	5,712
Other	772,641	773,841	754,253	19,588
<i>Total Expenditures</i>	<u>1,166,348</u>	<u>1,169,184</u>	<u>1,099,746</u>	<u>69,438</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(774,198)</u>	<u>(777,034)</u>	<u>(643,506)</u>	<u>133,528</u>
Other Financing Sources				
Sale of Capital Assets	16,000	16,000	16,000	0
Transfers In	350,600	350,600	350,600	0
<i>Total Other Financing Sources</i>	<u>366,600</u>	<u>366,600</u>	<u>366,600</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(407,598)	(410,434)	(276,906)	133,528
<i>Fund Balance Beginning of Year</i>	292,048	292,048	292,048	0
Prior Year Encumbrances Appropriated	404,097	404,097	404,097	0
<i>Fund Balance End of Year</i>	<u>\$288,547</u>	<u>\$285,711</u>	<u>\$419,239</u>	<u>\$133,528</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$650	\$0	\$0	\$0
Interest	1,500	650	168	(482)
<i>Total Revenues</i>	2,150	650	168	(482)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Other	4,185	16,184	2,060	14,124
<i>Excess of Revenues Under Expenditures</i>	(2,035)	(15,534)	(1,892)	13,642
Other Financing Sources				
Sale of Capital Assets	0	9,500	10,000	500
<i>Net Change in Fund Balance</i>	(2,035)	(6,034)	8,108	14,142
<i>Fund Balance Beginning of Year</i>	6,085	6,085	6,085	0
Prior Year Encumbrances Appropriated	1,684	1,684	1,684	0
<i>Fund Balance End of Year</i>	<u>\$5,734</u>	<u>\$1,735</u>	<u>\$15,877</u>	<u>\$14,142</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$91,000	\$91,000	\$87,940	(\$3,060)
Interest	6,500	6,500	2,164	(4,336)
<i>Total Revenues</i>	97,500	97,500	90,104	(7,396)
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	228,447	228,447	228,447	0
<i>Net Change in Fund Balance</i>	(130,947)	(130,947)	(138,343)	(7,396)
<i>Fund Balance Beginning of Year</i>	98,508	98,508	98,508	0
Prior Year Encumbrances Appropriated	78,347	78,347	78,347	0
<i>Fund Balance End of Year</i>	<u>\$45,908</u>	<u>\$45,908</u>	<u>\$38,512</u>	<u>(\$7,396)</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$64,000	\$64,000	\$104,919	\$40,919
Intergovernmental	9,262	172,483	97,039	(75,444)
Interest	7,000	7,000	4,772	(2,228)
<i>Total Revenues</i>	80,262	243,483	206,730	(36,753)
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Equipment:				
Other	118,262	459,170	368,936	90,234
<i>Net Change in Fund Balance</i>	(38,000)	(215,687)	(162,206)	53,481
<i>Fund Balance Beginning of Year</i>	362,423	362,423	362,423	0
<i>Fund Balance End of Year</i>	<u>\$324,423</u>	<u>\$146,736</u>	<u>\$200,217</u>	<u>\$53,481</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$920	\$1,000	\$80
Intergovernmental	102,268	113,138	93,987	(19,151)
Other	0	14,400	14,400	0
<i>Total Revenues</i>	<u>102,268</u>	<u>128,458</u>	<u>109,387</u>	<u>(19,071)</u>
Expenditures				
Current:				
General Government:				
Court Security Grant:				
Other	2,167	2,167	2,167	0
Security of Persons and Property:				
Police:				
Police Department:				
Capital Outlay	9,196	14,196	9,196	5,000
Other	9,424	9,424	9,424	0
Total Police Department	<u>18,620</u>	<u>23,620</u>	<u>18,620</u>	<u>5,000</u>
Purdue/Ben Venue Grant				
Capital Outlay	10,000	10,000	7,500	2,500
Community Diversion:				
Personal Services	2,166	24,000	21,182	2,818
Other	1,685	4,367	2,510	1,857
Total Community Diversion	<u>3,851</u>	<u>28,367</u>	<u>23,692</u>	<u>4,675</u>
3rd Grade Seatbelt:				
Other	900	900	0	900
BP Oil Donation:				
Other	309	309	309	0
Violence Against Women:				
Personal Services	32,925	34,340	33,754	586
Other	0	752	502	250
Total Violence Against Women	<u>\$32,925</u>	<u>\$35,092</u>	<u>\$34,256</u>	<u>\$836</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
DARE Enforcement:				
Personal Services	\$5,000	\$2,700	\$0	\$2,700
Other	0	3,500	2,297	1,203
Total DARE Enforcement	5,000	6,200	2,297	3,903
Total Police	71,605	104,488	86,674	17,814
Fire:				
Fire Department:				
Capital Outlay	5,000	5,000	0	5,000
Smoke Detector Grant:				
Other	376	756	680	76
Total Fire	5,376	5,756	680	5,076
Total Security of Persons and Property	76,981	110,244	87,354	22,890
Leisure Time Activities:				
Food bank - Recreation:				
Other	3,600	3,600	1,993	1,607
Basic Utility Services:				
Service Department:				
Other	5,818	5,818	4,004	1,814
Total Expenditures	88,566	121,829	95,518	26,311
<i>Excess of Revenues Over Expenditures</i>	13,702	6,629	13,869	7,240
Other Financing Sources				
Transfers In	5,646	5,646	4,267	(1,379)
<i>Net Change in Fund Balance</i>	19,348	12,275	18,136	5,861
<i>Fund Balance Beginning of Year</i>	13,055	13,055	13,055	0
Prior Year Encumbrances Appropriated	1,993	1,993	1,993	0
<i>Fund Balance End of Year</i>	\$34,396	\$27,323	\$33,184	\$5,861

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Special Programs Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$142,000	\$142,000	\$175,936	\$33,936
Interest	12,000	12,000	6,390	(5,610)
<i>Total Revenues</i>	154,000	154,000	182,326	28,326
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	154,000	154,000	182,326	28,326
Other Financing Uses				
Transfers Out	(140,810)	(140,810)	(140,810)	0
<i>Net Change in Fund Balance</i>	13,190	13,190	41,516	28,326
<i>Fund Balance Beginning of Year</i>	408,061	408,061	408,061	0
<i>Fund Balance End of Year</i>	\$421,251	\$421,251	\$449,577	\$28,326

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$575	\$575	\$0
Expenditures				
Current:				
General Government:				
Housing Rehabilitation				
Capital Outlay	12,000	18,800	11,275	7,525
<i>Excess of Revenues Under Expenditures</i>	(12,000)	(18,225)	(10,700)	7,525
Other Financing Sources				
Transfers In	12,000	18,800	18,800	0
<i>Net Change in Fund Balance</i>	0	575	8,100	7,525
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$575	\$8,100	\$7,525

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$79,610	\$79,610	\$78,482	(\$1,128)
Intergovernmental	8,358	8,358	8,946	588
<i>Total Revenues</i>	87,968	87,968	87,428	(540)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	396,785	408,725	394,167	14,558
<i>Excess of Revenues Under Expenditures</i>	(308,817)	(320,757)	(306,739)	14,018
Other Financing Sources				
Transfers In	314,067	316,805	316,805	0
<i>Net Change in Fund Balance</i>	5,250	(3,952)	10,066	14,018
<i>Fund Balance Beginning of Year</i>	95,016	95,016	95,016	0
<i>Fund Balance End of Year</i>	<u>\$100,266</u>	<u>\$91,064</u>	<u>\$105,082</u>	<u>\$14,018</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$79,610	\$79,610	\$78,481	(\$1,129)
Intergovernmental	8,358	8,358	8,946	588
<i>Total Revenues</i>	87,968	87,968	87,427	(541)
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Department:				
Personal Services	430,500	458,500	444,240	14,260
<i>Excess of Revenues Under Expenditures</i>	(342,532)	(370,532)	(356,813)	13,719
Other Financing Sources				
Transfers In	349,477	352,215	352,215	0
<i>Net Change in Fund Balance</i>	6,945	(18,317)	(4,598)	13,719
<i>Fund Balance Beginning of Year</i>	45,726	45,726	45,726	0
<i>Fund Balance End of Year</i>	\$52,671	\$27,409	\$41,128	\$13,719

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$2,000	\$2,000	\$593	(\$1,407)
Other	<u>0</u>	<u>0</u>	<u>50</u>	<u>50</u>
<i>Total Revenues</i>	2,000	2,000	643	(1,357)
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery Trust:				
Other	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
<i>Net Change in Fund Balance</i>	0	0	643	643
<i>Fund Balance Beginning of Year</i>	<u>42,845</u>	<u>42,845</u>	<u>42,845</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$42,845</u></u>	<u><u>\$42,845</u></u>	<u><u>\$43,488</u></u>	<u><u>\$643</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$4,000	\$4,000	\$4,093	\$93
Expenditures				
Debt Service:				
Principal Retirement	473,189	473,189	473,189	0
Interest and Fiscal Charges	539,986	539,986	539,985	1
<i>Total Expenditures</i>	1,013,175	1,013,175	1,013,174	1
<i>Excess of Revenues Under Expenditures</i>	(1,009,175)	(1,009,175)	(1,009,081)	94
Other Financing Sources				
Transfers In	976,990	976,990	976,990	0
<i>Net Change in Fund Balance</i>	(32,185)	(32,185)	(32,091)	94
<i>Fund Balance Beginning of Year</i>	79,634	79,634	79,634	0
<i>Fund Balance End of Year</i>	\$47,449	\$47,449	\$47,543	\$94

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$114,000	\$114,000	\$136,625	\$22,625
Interest	5,000	5,000	3,363	(1,637)
<i>Total Revenues</i>	119,000	119,000	139,988	20,988
Expenditures				
Capital Outlay	125,000	125,000	69,469	55,531
<i>Net Change in Fund Balance</i>	(6,000)	(6,000)	70,519	76,519
<i>Fund Balance Beginning of Year</i>	137,048	137,048	137,048	0
<i>Fund Balance End of Year</i>	<u>\$131,048</u>	<u>\$131,048</u>	<u>\$207,567</u>	<u>\$76,519</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$230,000	\$340,785	\$340,785	\$0
Expenditures				
Capital Outlay	658,162	659,028	658,854	174
<i>Excess of Revenues Under Expenditures</i>	<u>(428,162)</u>	<u>(318,243)</u>	<u>(318,069)</u>	<u>174</u>
Other Financing Sources (Uses)				
Transfers In	0	866	866	0
Transfers Out	0	(110,785)	(110,785)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(109,919)</u>	<u>(109,919)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(428,162)	(428,162)	(427,988)	174
<i>Fund Balance Beginning of Year</i>	240,345	240,345	240,345	0
Prior Year Encumbrances Appropriated	<u>187,817</u>	<u>187,817</u>	<u>187,817</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$174</u>	<u>\$174</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$36,229	\$43,080	\$6,851
Interest	10,000	10,000	12,689	2,689
<i>Total Revenues</i>	10,000	46,229	55,769	9,540
Expenditures				
Capital Outlay	1,063,430	1,337,932	1,213,782	124,150
<i>Excess of Revenues Under Expenditures</i>	(1,053,430)	(1,291,703)	(1,158,013)	133,690
Other Financing Sources				
Transfers In	340,000	1,400,895	1,400,895	0
<i>Net Change in Fund Balance</i>	(713,430)	109,192	242,882	133,690
<i>Fund Balance Beginning of Year</i>	453,338	453,338	453,338	0
Prior Year Encumbrances Appropriated	493,430	493,430	493,430	0
<i>Fund Balance End of Year</i>	<u>\$233,338</u>	<u>\$1,055,960</u>	<u>\$1,189,650</u>	<u>\$133,690</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$572,590	\$606,375	\$588,120	(\$18,255)
Interest	8,590	8,590	8,518	(72)
<i>Total Revenues</i>	581,180	614,965	596,638	(18,327)
Expenditures				
Capital Outlay	87,668	128,572	102,239	26,333
<i>Excess of Revenues Over Expenditures</i>	493,512	486,393	494,399	8,006
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	3,591	3,591
Transfers Out	(581,180)	(1,642,075)	(1,642,075)	0
<i>Total Other Financing Sources (Uses)</i>	(581,180)	(1,642,075)	(1,638,484)	3,591
<i>Net Change in Fund Balance</i>	(87,668)	(1,155,682)	(1,144,085)	11,597
<i>Fund Balance Beginning of Year</i>	1,087,013	1,087,013	1,087,013	0
Prior Year Encumbrances Appropriated	87,668	87,668	87,668	0
<i>Fund Balance End of Year</i>	<u>\$1,087,013</u>	<u>\$18,999</u>	<u>\$30,596</u>	<u>\$11,597</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Greencroft Road Rehabilitation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	361,987	361,987	361,987	0
<i>Excess of Revenues Under Expenditures</i>	(361,987)	(361,987)	(361,987)	0
Other Financing Uses				
Transfers Out	(30,446)	(30,446)	(30,446)	0
<i>Net Change in Fund Balance</i>	(392,433)	(392,433)	(392,433)	0
<i>Fund Balance Beginning of Year</i>	585	585	585	0
Prior Year Encumbrances Appropriated	391,848	391,848	391,848	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Bedford, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Health Insurance Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,700,950	\$1,900,950	\$1,900,024	(\$926)
Interest	6,000	6,000	1,830	(4,170)
<i>Total Revenues</i>	<u>1,706,950</u>	<u>1,906,950</u>	<u>1,901,854</u>	<u>(5,096)</u>
Expenses				
Contractual Services	258,237	258,237	255,346	2,891
Claims	1,548,863	1,933,863	1,923,969	9,894
<i>Total Expenses</i>	<u>1,807,100</u>	<u>2,192,100</u>	<u>2,179,315</u>	<u>12,785</u>
<i>Excess of Revenues Under Expenditures</i>	(100,150)	(285,150)	(277,461)	7,689
Transfers In	0	45,000	45,000	0
<i>Net Change in Fund Equity</i>	(100,150)	(240,150)	(232,461)	7,689
<i>Fund Equity Beginning of Year</i>	<u>242,747</u>	<u>242,747</u>	<u>242,747</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$142,597</u>	<u>\$2,597</u>	<u>\$10,286</u>	<u>\$7,689</u>

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Statistical Section

This part of the City of Bedford, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S10</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S11 – S17</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S18 – S25</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S26 – S29</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S30 – S39</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Bedford, Ohio
Net Assets By Component
Last Three Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Activities			
Invested in Capital Assets	\$29,950,309	\$30,244,755	\$27,844,368
Restricted:			
Capital Projects	1,719,410	3,057,559	4,707,736
Debt Service	1,247,181	1,176,626	1,366,567
Fire	362,312	97,233	32,999
Streets	1,371,972	1,183,863	1,143,523
Other Purposes	1,317,826	1,270,059	1,331,643
Unrestricted	<u>8,236,154</u>	<u>9,350,789</u>	<u>10,243,418</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>44,205,164</u></u>	<u><u>46,380,884</u></u>	<u><u>46,670,254</u></u>
Business Type - Activities			
Invested in Capital Assets, Net of Related Debt	2,638,318	1,356,691	1,185,779
Restricted:			
Renewal and Replacement	0	0	1,196,296
Unrestricted	<u>3,961,305</u>	<u>4,260,063</u>	<u>2,369,303</u>
<i>Total Business-Type Activities Net Assets</i>	<u><u>6,599,623</u></u>	<u><u>5,616,754</u></u>	<u><u>4,751,378</u></u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	32,588,627	31,601,446	29,030,147
Restricted	6,018,701	6,785,340	9,778,764
Unrestricted	<u>12,197,459</u>	<u>13,610,852</u>	<u>12,612,721</u>
<i>Total Primary Government Net Assets</i>	<u><u>\$50,804,787</u></u>	<u><u>\$51,997,638</u></u>	<u><u>\$51,421,632</u></u>

City of Bedford, Ohio
Changes in Net Assets
Last Three Years
(Accrual Basis of Accounting)

	2004	2003	2002
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$1,935,330	\$1,649,919	\$1,336,960
Security of Persons and Property:			
Police	35,648	48,104	18,465
Fire	106,118	212,339	162,956
Public Health and Welfare	66,437	49,584	36,818
Leisure Time Activities	75,441	90,675	93,993
Community Development	18,569	114,584	139,293
Basic Utility Services	394,613	270,348	259,105
Subtotal - Charges for Services	<u>2,632,156</u>	<u>2,435,553</u>	<u>2,047,590</u>
Operating Grants and Contributions:			
General Government	2,245	533,316	0
Security of Persons and Property:			
Police	166,920	160,110	122,208
Fire	97,744	75,022	1,440
Public Health and Welfare	19,818	12,812	24,404
Leisure Time Activities	2,065	5,044	3,600
Community Development	257,363	154,524	0
Transportation	555,554	612,340	428,560
Basic Utility Services	4,148	16,390	12,500
Subtotal - Operating Grants and Contributions	<u>1,105,857</u>	<u>1,569,558</u>	<u>592,712</u>
Capital Grants and Contributions:			
Community Development	0	0	238,144
Transportation	383,865	630	350,054
Basic Utility Services	0	0	84,928
Subtotal - Capital Grants and Contributions	<u>383,865</u>	<u>630</u>	<u>673,126</u>
<i>Total Governmental Activities Program Revenues</i>	<u>4,121,878</u>	<u>4,005,741</u>	<u>3,313,428</u>
Business-Type Activities:			
Charges for Services:			
Water	3,199,611	3,028,854	3,257,031
Wastewater	2,073,569	2,077,765	2,170,295
Capital Grants and Contributions			
Wastewater	714,635	140,141	345,871
<i>Total Business-Type Activities Program Revenues</i>	<u>5,987,815</u>	<u>5,246,760</u>	<u>5,773,197</u>
<i>Total Primary Government Program Revenues</i>	<u>\$10,109,693</u>	<u>\$9,252,501</u>	<u>\$9,086,625</u>

(continued)

City of Bedford, Ohio
Changes in Net Assets (continued)
Last Three Years
(Accrual Basis of Accounting)

	2004	2003	2002
Expenses			
Governmental Activities:			
General Government	\$4,843,345	\$4,516,277	\$4,060,361
Security of Persons and Property:			
Police	4,719,423	4,099,951	3,849,577
Fire	3,391,320	3,026,454	2,880,439
Public Health and Welfare	209,642	243,755	45,199
Leisure Time Activities	1,394,766	1,249,546	1,311,478
Community Development	976,913	613,461	1,019,191
Transportation	4,263,114	3,786,962	787,321
Basic Utility Services	763,373	915,928	3,954,442
Interest and Fiscal Charges	605,446	720,371	364,581
<i>Total Governmental Activities Expenses</i>	<u>21,167,342</u>	<u>19,172,705</u>	<u>18,272,589</u>
Business-Type Activities			
Water	3,171,606	3,105,244	3,396,720
Wastewater	2,278,779	1,990,521	2,423,832
<i>Total Business-Type Activities Expenses</i>	<u>5,450,385</u>	<u>5,095,765</u>	<u>5,820,552</u>
<i>Total Primary Government Program Expenses</i>	<u>26,617,727</u>	<u>24,268,470</u>	<u>24,093,141</u>
Net (Expense)/Revenue			
Governmental Activities	(\$17,045,464)	(\$15,166,964)	(\$14,959,161)
Business-Type Activities	537,430	150,995	(47,355)
<i>Total Primary Government Net Expense</i>	<u>(\$16,508,034)</u>	<u>(\$15,015,969)</u>	<u>(\$15,006,516)</u>

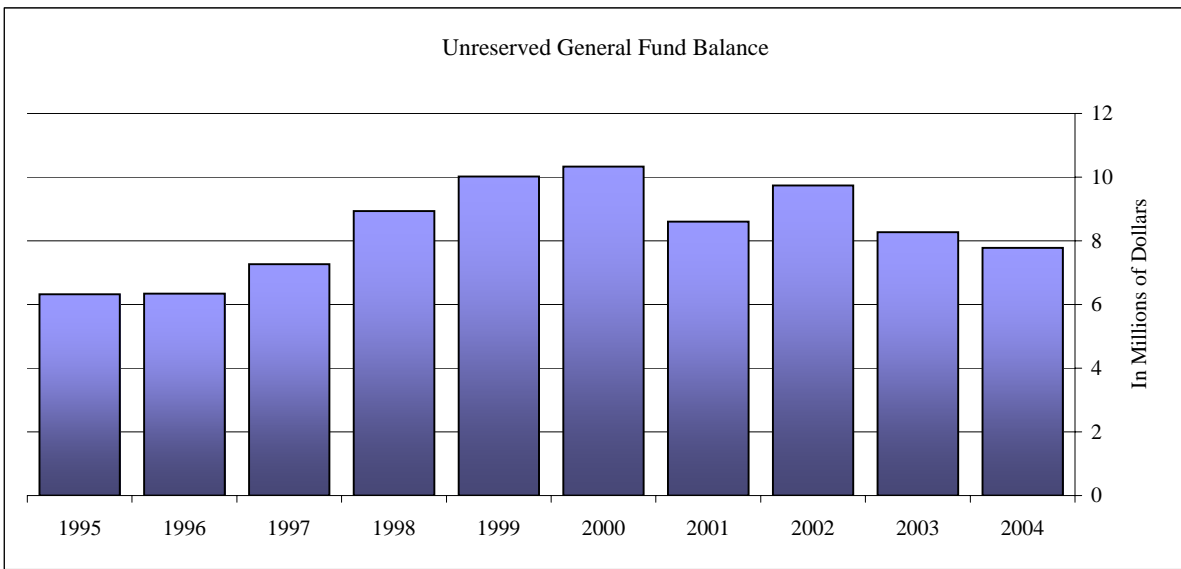
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City of Bedford, Ohio
Changes in Net Assets (continued)
Last Three Years
(Accrual Basis of Accounting)

	2004	2003	2002
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes:			
Property and Other Local Taxes Levied For:			
General Purposes	\$2,499,866	\$2,306,655	\$2,379,963
Other Purposes	903,784	820,713	848,405
Municipal Income Taxes levied for:			
General Purposes	8,661,875	8,749,253	9,420,817
Capital Outlay	588,120	566,714	802,473
Grants and Entitlements not Restricted to			
Specific Programs	1,743,683	1,310,787	1,697,045
Investment Income	150,677	202,952	455,414
Gain on Sale of Capital Assets	1,900	632,343	3,000
Miscellaneous	319,839	288,177	227,074
<i>Total Governmental Activities</i>	<u>\$14,869,744</u>	<u>\$14,877,594</u>	<u>\$15,834,191</u>
Business-Type Activities			
Municipal Income Taxes levied for:			
Other Purpose - Debt Service	392,079	377,810	0
Investment Income	47,286	43,442	78,400
Gain on Sale of Capital Assets	0	2,834	0
Miscellaneous	6,074	3,881	0
<i>Total Business-Type Activities Expenses</i>	<u>445,439</u>	<u>427,967</u>	<u>78,400</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>15,315,183</u>	<u>15,305,561</u>	<u>15,912,591</u>
Change in Net Assets			
Governmental Activities	(\$2,175,720)	(\$289,370)	\$875,030
Business-Type Activities	982,869	578,962	31,045
<i>Total Primary Government Change in Net Assets</i>	<u>(\$1,192,851)</u>	<u>\$289,592</u>	<u>\$906,075</u>

City of Bedford, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

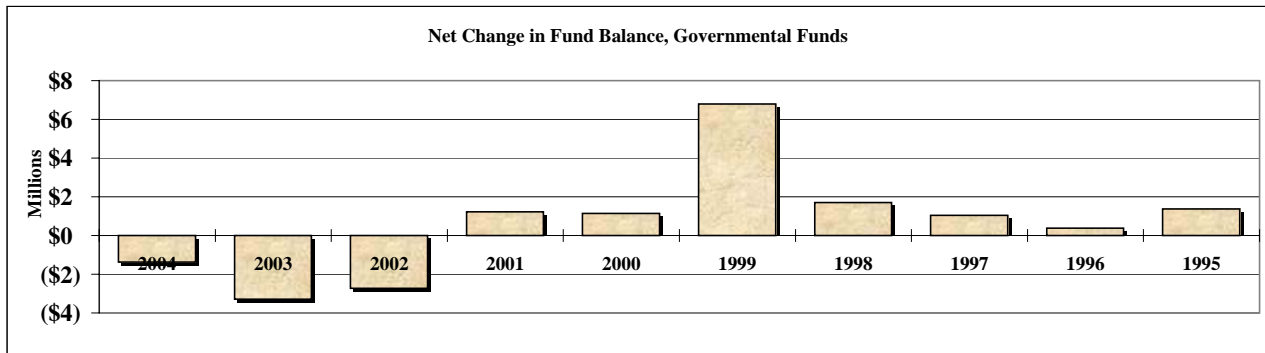
	2004	2003	2002	2001	2000
General Fund					
Reserved	\$183,862	\$93,979	\$111,332	\$311,581	\$121,578
Unreserved	7,780,251	8,266,852	9,742,716	8,598,221	10,328,693
Total General Fund	<u>7,964,113</u>	<u>8,360,831</u>	<u>9,854,048</u>	<u>8,909,802</u>	<u>10,450,271</u>
All Other Governmental Funds					
Reserved	1,118,261	1,671,140	3,501,721	10,728,155	2,165,397
Unreserved, Undesignated, Reported in:					
Special Revenue funds	1,982,268	1,851,040	2,167,962	2,083,399	1,886,378
Debt Service funds	240,837	301,642	330,600	424,372	424,738
Capital Projects funds	1,445,177	1,931,071	1,778,295	(1,785,344)	4,473,900
Total All Other Governmental Funds	<u>4,786,543</u>	<u>5,754,893</u>	<u>7,778,578</u>	<u>11,450,582</u>	<u>8,950,413</u>
Total Governmental Funds	<u>\$12,750,656</u>	<u>\$14,115,724</u>	<u>\$17,632,626</u>	<u>\$20,360,384</u>	<u>\$19,400,684</u>



1999	1998	1997	1996	1995
\$126,961	\$155,188	\$156,026	\$173,173	\$243,134
10,024,753	8,938,497	7,261,479	6,345,929	6,325,604
10,151,714	9,093,685	7,417,505	6,519,102	6,568,738
532,040	417,776	383,734	299,626	278,077
1,714,608	1,187,869	1,341,718	1,334,685	933,503
397,572	470,454	474,396	524,502	469,304
5,488,864	429,378	286,169	140,985	281,462
8,133,084	2,505,477	2,486,017	2,299,798	1,962,346
\$18,284,798	\$11,599,162	\$9,903,522	\$8,818,900	\$8,531,084

City of Bedford, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2004	2003	2002	2001	2000	1999
Revenues						
Property and Other Taxes	\$3,349,741	\$3,052,678	\$3,220,330	\$5,414,988	\$4,896,615	\$5,048,953
Municipal Income Taxes	9,472,207	9,084,589	10,124,623	8,936,404	9,098,951	7,760,303
Charges for Services	652,848	652,253	574,762	470,216	450,995	443,085
Fees, Licenses and Permits	118,615	126,644	138,713	119,478	127,469	137,676
Fines and Forfeitures	1,463,728	1,422,916	1,043,171	1,159,891	818,085	1,058,403
Intergovernmental	3,306,031	2,692,894	3,087,774	2,476,698	1,192,488	992,445
Special Assessments	366,902	350,470	374,681	423,688	357,317	635,299
Interest	148,847	199,101	449,195	1,099,035	1,094,591	696,567
Other	322,239	289,472	227,074	491,427	235,550	178,568
Total Revenues	19,201,158	17,871,017	19,240,323	20,591,825	18,272,061	16,951,299
Expenditures						
Current:						
General Government	4,143,464	4,203,294	3,588,172	3,526,175	3,478,323	3,290,867
Security of Persons and Property:						
Police	4,551,955	4,427,282	3,841,773	3,883,783	3,811,647	3,306,215
Fire	3,206,450	2,552,163	2,889,019	2,053,176	2,013,174	1,929,366
Public Health and Welfare	211,537	246,935	217,804	232,125	195,743	189,367
Leisure Time Activities	1,297,764	1,239,885	1,277,894	1,010,467	1,072,776	1,003,178
Community Development	970,143	1,117,917	1,072,361	615,877	403,115	279,060
Basic Utilities Services	752,653	856,764	729,050	761,940	258,135	271,079
Transportation	2,196,645	2,054,180	1,915,424	1,719,426	1,730,093	1,750,178
Capital Outlay	2,097,823	4,009,134	12,652,137	4,800,947	3,308,034	2,728,905
Debt Service:						
Principal Retirement	554,109	489,052	443,108	328,189	192,260	372,260
Interest and Fiscal Charges	597,783	733,594	319,422	529,909	382,241	89,393
Bond Issuance Costs	0	47,999	224,917	0	0	0
Total Expenditures	20,580,326	21,978,199	29,171,081	19,462,014	16,845,541	15,209,868
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,379,168)</u>	<u>(4,107,182)</u>	<u>(9,930,758)</u>	<u>1,129,811</u>	<u>1,426,520</u>	<u>1,741,431</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	59,100	819,179	3,000	0	21,296	0
Proceeds from Hospital	0	0	0	87,500	0	26,765
Manuscript Bonds Issued	0	0	0	0	200,000	0
General Obligation Bonds Issued	0	0	7,200,000	0	0	5,000,000
Special Assessment Bonds Issued	0	0	0	0	0	0
Notes Issued	0	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	0	499,303
Transfers In	6,810,084	6,627,043	5,364,594	7,201,348	6,052,255	4,511,602
Transfers Out	(6,855,084)	(6,627,043)	(5,364,594)	(7,191,324)	(6,561,251)	(4,979,825)
Total Other Financing Sources (Uses)	14,100	819,179	7,203,000	97,524	(287,700)	5,057,845
Net Change in Fund Balances	<u>(\$1,365,068)</u>	<u>(\$3,288,003)</u>	<u>(\$2,727,758)</u>	<u>\$1,227,335</u>	<u>\$1,138,820</u>	<u>\$6,799,276</u>
Debt Service as a Percentage of Noncapital Expenditures	6.6%	7.6%	6.4%	6.2%	4.4%	3.8%



1998	1997	1996	1995
\$4,467,966	\$4,549,481	\$4,495,850	\$4,299,960
7,993,477	6,588,094	6,255,844	6,264,668
432,307	371,513	352,527	431,027
89,822	90,057	86,883	102,639
971,021	928,764	796,980	952,502
1,021,359	779,666	1,088,484	765,689
368,230	408,438	429,757	358,022
573,467	577,087	562,706	600,364
164,525	44,446	127,073	96,926
16,082,174	14,337,546	14,196,104	13,871,797
2,968,997	2,863,973	2,714,820	2,852,149
3,366,810	3,235,048	3,064,464	4,601,759
1,786,583	1,772,621	1,655,631	0
163,662	159,606	152,745	157,537
951,743	939,397	895,481	902,676
269,188	212,156	352,100	224,493
270,861	269,635	269,286	267,811
1,524,296	1,601,997	1,647,163	1,702,441
2,145,683	1,355,210	2,194,258	1,735,165
357,260	347,260	332,260	1,623,390
99,961	120,285	150,559	159,003
0	0	0	0
13,905,044	12,877,188	13,428,767	14,226,424
2,177,130	1,460,358	767,337	(354,627)
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	760,000
0	0	0	1,305,000
0	0	0	0
3,233,322	3,578,605	4,010,420	3,666,103
(3,705,355)	(4,001,975)	(4,390,420)	(3,997,603)
(472,033)	(423,370)	(380,000)	1,733,500
\$1,705,097	\$1,036,988	\$387,337	\$1,378,873
4.0%	4.2%	4.5%	16.6%

City of Bedford, Ohio
Program Revenues by Function/Program
Last Three Years
(Accrual Basis of Accounting)

	2004	2003	2002
Function/Program			
Governmental Activities:			
General Government	\$1,937,575	\$2,183,235	\$1,336,960
Security of Persons and Property:			
Police	202,568	208,214	140,673
Fire	203,862	287,361	164,396
Public Health and Welfare	86,255	62,396	61,222
Leisure Time Activities	77,506	95,719	97,593
Community Development	275,932	269,108	377,437
Transportation	939,419	612,970	778,614
Basic Utility Services	398,761	286,738	356,533
<i>Total Governmental Activities</i>	4,121,878	4,005,741	3,313,428
Business-Type Activities			
Water	3,199,611	3,028,854	3,257,031
Wastewater	2,788,204	2,217,906	2,516,166
<i>Total Business-Type Activities</i>	5,987,815	5,246,760	5,773,197
<i>Total</i>	\$10,109,693	\$9,252,501	\$9,086,625

City of Bedford, Ohio
Tax Revenues by Source, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Year (1)	Property and Other Local Taxes	Municipal Income Taxes	Total	Percentage of Total Revenue
2004	\$3,349,741	\$9,472,207	\$12,821,948	66.78%
2003	3,052,678	9,084,589	12,137,267	67.92
2002	3,220,330	10,124,623	13,344,953	69.36
2001	5,414,988	8,936,404	14,351,392	69.69
2000	4,896,615	9,098,951	13,995,566	76.60
1999	5,048,953	7,760,303	12,809,256	75.57
1998	4,467,966	7,993,477	12,461,443	77.49
1997	4,549,481	6,588,094	11,137,575	77.68
1996	4,495,850	6,255,844	10,751,694	75.74
1995	4,299,960	6,264,668	10,564,628	76.16

(1) Effective January 1, 2000 City of Bedford Electors voted to increase the City income tax by .25% to generate proceeds to be used for the construction of the new Municipal Complex which includes a new Municipal Court.

City of Bedford, Ohio
Assessed Valuation and Estimated True Values of Taxable Property
Last Ten Years

Collection Year	Real Property	Public Utility Property	Tangible Personal Property	Total	Estimated (1) True Values of Taxable Property
2004	\$243,039,780	\$9,568,670	\$41,641,465	\$294,249,915	\$886,322,708
2003	221,219,050	9,583,040	45,552,210	276,354,300	840,997,333
2002	219,599,500	10,282,780	45,366,712	275,248,992	828,140,087
2001	220,742,490	11,224,870	43,255,357	275,222,717	816,469,791
2000	194,046,280	12,821,650	41,445,946	248,313,876	734,771,784
1999	194,520,910	12,856,640	39,817,596	247,195,146	729,654,231
1998	192,314,690	13,137,450	38,919,537	244,371,677	720,077,611
1997	174,698,500	13,793,880	38,537,810	227,030,190	668,964,675
1996	173,358,610	14,082,810	35,114,286	222,555,706	651,770,651
1995	173,375,520	14,798,530	34,329,521	222,503,571	649,493,224

Source: Cuyahoga County, Ohio; County Auditor

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

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

City of Bedford							
Collection Year	General	Pensions	Fire Medic	Total	Bedford City School District	Cuyahoga County	Total
2004	\$9.40	\$0.60	\$2.80	\$12.80	\$62.50	\$19.40	\$94.70
2003	9.40	0.60	2.80	12.80	63.90	16.20	92.90
2002	9.40	0.60	2.80	12.80	62.50	17.60	92.90
2001	9.40	0.60	2.80	12.80	57.70	16.70	87.20
2000	9.40	0.60	2.80	12.80	57.70	16.70	87.20
1999	9.40	0.60	2.80	12.80	59.00	16.60	88.40
1998	9.40	0.60	2.80	12.80	59.00	16.60	88.40
1997	9.40	0.60	2.80	12.80	59.00	16.60	88.40
1996	9.40	0.60	2.80	12.80	53.40	16.65	82.85
1995	9.40	0.60	0.00	10.00	53.40	17.80	81.20

City rates do not include 1.5 mills for street lighting assessment.

Source: Cuyahoga County Auditor

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirement.

Overlapping rates are those of local and county governments that apply to property owners within the City.

City of Bedford, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2004	\$3,233,136	\$3,014,061	93.22%	\$44,238	\$3,058,298
2003	2,956,252	2,804,509	94.87	99,856	2,904,365
2002	2,945,300	2,797,393	94.98	150,618	2,948,011
2001	2,961,620	2,790,577	94.22	90,090	2,880,667
2000	2,634,161	2,559,951	97.18	73,816	2,633,767
1999	2,643,590	2,547,540	96.37	61,049	2,608,589
1998	2,618,889	2,531,929	96.68	44,305	2,576,234
1997	2,412,697	2,332,212	96.66	105,067	2,437,279
1996	2,397,056	2,329,056	97.16	31,969	2,361,025
1995	2,392,480	2,283,758	95.46	39,321	2,323,079

Source: Cuyahoga County, Ohio; County Auditor

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

Note: The County does not maintain delinquency information by tax year.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
94.59%	\$327,785	10.14%
98.24	273,875	9.26
100.09	199,186	6.76
97.27	191,148	6.45
99.99	106,576	4.05
98.68	95,378	3.61
98.37	136,358	5.21
101.02	71,335	2.96
98.50	121,701	5.08
97.10	90,868	3.80

City of Bedford, Ohio
Principal Real Property Taxpayers
12/31/2004 and 12/31/1995

<i>December 31, 2004</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Bear Creek Property Company	\$6,814,270	2.32 %
Cleveland Electric Illuminating Company	4,586,890	1.56
Bedford Colony Club Apartments	4,225,420	1.44
Brandybrook LLC	3,964,120	1.35
Aspen Woodside Village LLC	3,199,810	1.09
Ohio Bell Telephone Company	3,159,560	1.07
HIN, LLC	2,746,940	0.93
Ben Venue	2,409,140	0.82
JBK Cuyahoga Holdings, LLC	2,106,340	0.72
Colony Club Apartments II	1,890,290	0.64
Total	\$35,102,780	11.93 %
Total Assessed Valuation	\$294,249,915	

<i>December 31, 1995</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Meadowbrook Development Corporation	\$8,104,170	3.64 %
Cleveland Electric Illuminating Company	7,578,300	3.41
Bedford Colony Club Apartments	5,271,140	2.37
Ohio Bell Telephone Company	5,039,150	2.26
L.G.S Properties/Lee Seidman	1,921,850	0.86
Bedford Retirement, Inc.	1,732,500	0.78
Ben Venue Laboratories	1,538,920	0.69
Bedford Green	1,524,250	0.69
Bedford Place	1,336,300	0.60
East Ohio Gas Company	1,214,590	0.55
Total	\$35,261,170	15.85 %
Total Assessed Valuation	\$222,503,571	

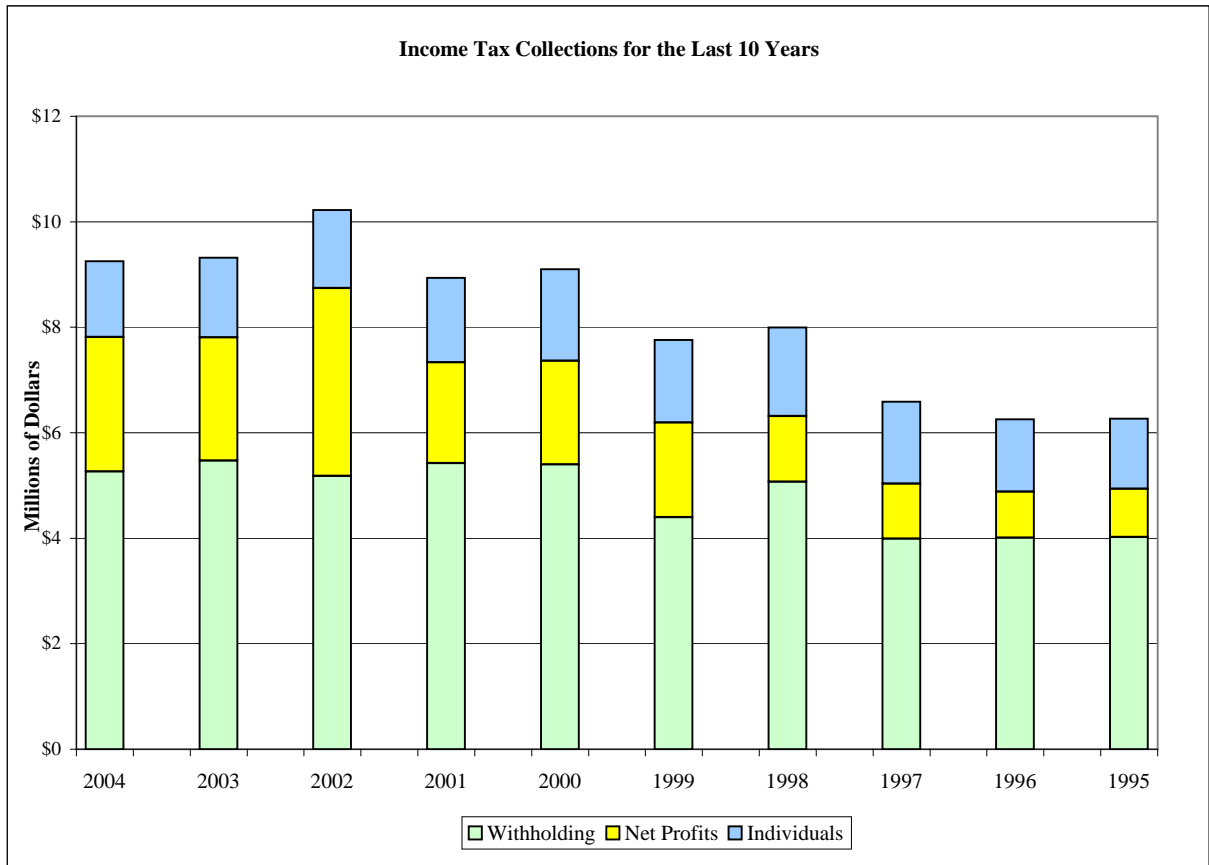
Source: Cuyahoga County Auditor

NOTE: Property Assessed at 35% of Fair Market Value

City of Bedford, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2004	2.25%	\$9,249,995	\$5,264,879	56.92%	\$2,547,691	27.54%	\$1,437,425	15.54%
2003	2.25	9,315,967	5,470,228	58.72	2,337,310	25.09	1,508,429	16.19
2002	2.25	10,223,290	5,181,699	50.69	3,562,665	34.85	1,478,926	14.47
2001	2.25	8,936,404	5,424,327	60.70	1,908,505	21.36	1,603,572	17.94
2000	2.25	9,098,951	5,400,054	59.35	1,967,918	21.63	1,730,979	19.02
1999	2.00	7,760,303	4,398,963	56.69	1,793,285	23.11	1,568,055	20.21
1998	2.00	7,993,477	5,069,341	63.42	1,244,380	15.57	1,679,756	21.01
1997	2.00	6,588,094	3,991,302	60.58	1,045,398	15.87	1,551,394	23.55
1996	2.00	6,255,844	4,013,088	64.15	870,728	13.92	1,372,028	21.93
1995	2.00	6,264,668	4,020,529	64.18	918,122	14.66	1,326,017	21.17

- (1) 2002 through 2004 are on an Accrual Basis and 1995 through 2001 are on a Modified Accrual Basis
- (2) Effective January 1, 2000 City of Bedford Electors voted to increase the City income tax by .25% to generate proceeds to be used for the construction of the new Municipal Complex which includes a new Municipal Court.



City of Bedford, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

Year	Governmental Activities						General Obligation Bonds
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Police Pension	Bond Anticipation Notes	
2004	\$11,165,000	\$710,000	\$626,333	\$1,133	\$208,940	\$0	\$2,325,000
2003	11,590,000	785,000	674,522	3,743	212,250	0	2,505,000
2002	11,855,000	850,000	722,711	111,432	215,424	5,000,000	3,210,000
2001	4,880,000	915,000	770,900	213,308	218,467	5,000,000	655,000
2000	5,095,000	980,000	819,089	309,684	221,385	5,000,000	680,000
1999	5,000,000	1,045,000	322,770	388,078	224,182	0	705,000
1998	290,000	1,105,000	345,030	158	226,865	0	730,000
1997	565,000	1,165,000	367,290	7,681	229,437	0	750,000
1996	830,000	1,225,000	389,550	15,518	231,903	126,000	0
1995	1,085,000	1,280,000	411,810	22,825	234,268	252,000	0

Business-Type Activities							
Special Assessment Bonds	Mortgage Revenue Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Total Debt	Percentage of Personal Income	Per Capita
\$40,000	\$0	\$8,584,517	\$785,311	\$0	\$24,446,234	8.57%	\$1,719.87
80,000	0	9,211,698	45,796	0	25,108,009	8.80	176,642.81
120,000	1,070,000	9,141,352	49,959	670,400	33,016,278	11.57	232,279.99
155,000	1,145,000	7,793,761	54,122	670,400	22,470,958	7.87	158,090.32
190,000	1,215,000	8,264,574	58,287	0	22,833,019	8.00	160,637.53
225,000	1,280,000	8,713,577	62,450	0	17,966,057	8.12	121,212.10
255,000	1,340,000	9,141,780	66,613	0	13,500,446	6.10	91,083.83
285,000	1,400,000	9,550,146	70,776	0	14,390,330	6.50	97,087.64
310,000	1,455,000	9,939,594	74,939	0	14,597,504	6.59	98,485.39
335,000	1,510,000	10,311,000	79,102	0	15,521,005	7.01	104,716.00

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

Year	Population (1)		Estimated True Values of Taxable Property (2)	Gross Bonded Debt (3)	Debt Service Monies Available
2004	14,214	b	\$886,322,708	\$11,165,000	\$47,543
2003	14,214	b	840,997,333	11,590,000	79,634
2002	14,214	b	828,140,087	11,855,000	84,136
2001	14,214	b	816,469,791	5,535,000	74,552
2000	14,214	b	734,771,784	5,775,000	424,738
1999	14,822	a	729,654,231	5,705,000	397,572
1998	14,822	a	720,077,611	1,020,000	470,454
1997	14,822	a	668,964,675	1,315,000	474,396
1996	14,822	a	651,770,651	830,000	524,502
1995	14,822	a	649,493,224	1,085,000	469,304

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Cuyahoga County Auditor

(3) Includes all general obligation bonded debt

Net Bonded Debt	Ratio of Net Bonded Debt to Estimated True Values of Taxable Property	Net Bonded Debt Per Capital
\$11,117,457	1.25%	\$782.15
11,510,366	1.37	809.79
11,770,864	1.42	828.12
5,460,448	0.67	384.16
5,350,262	0.73	376.41
5,307,428	0.73	358.08
549,546	0.08	37.08
840,604	0.13	56.71
305,498	0.05	20.61
615,696	0.09	41.54

City of Bedford, Ohio
Ratios of Bonded Debt Outstanding and Legal Debt Margin
Last Ten Years

	2004	2003	2002	2001
Population	14,214	14,214	14,214	14,214
Total Assessed Property Value	<u>\$294,249,915</u>	<u>\$276,354,300</u>	<u>\$275,248,992</u>	<u>\$275,222,717</u>
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$13,490,000	\$14,095,000	\$15,065,000	\$5,545,714
General Obligation Revenue Notes/Bonds	0	0	1,070,000	1,145,000
Special Assessment Bonds	750,000	865,000	970,000	1,070,000
Bond Anticipation Notes	0	0	0	5,000,000
OPWC Loans	667,965	720,318	772,670	1,430,586
OWDA Loans	8,586,780	9,211,698	8,769,032	7,847,883
Total Gross Indebtedness	<u>23,494,745</u>	<u>24,892,016</u>	<u>26,646,702</u>	<u>22,039,183</u>
Less:				
General Obligation Notes/Bonds	(7,355,000)	(2,505,000)	(3,210,000)	(9,730,000)
General Obligation Revenue Notes/Bonds	0	0	(1,070,000)	(1,145,000)
Special Assessment Bonds	(750,000)	(865,000)	(970,000)	(1,070,000)
OPWC Loans	(41,632)	(45,796)	(49,959)	(770,900)
OWDA Loans	(8,586,780)	(9,211,698)	(8,769,032)	(7,847,883)
General Obligation Bond Retirement Fund Balance	<u>(47,543)</u>	<u>(79,634)</u>	<u>(84,136)</u>	<u>(473,223)</u>
Total Net Debt Applicable to Debt Limit	<u>6,713,790</u>	<u>12,184,888</u>	<u>12,493,575</u>	<u>1,002,177</u>
Percentage of Estimated Actual				
Property Value	2.28%	4.41%	4.54%	0.36%
Total Net Debt per Capita*	472	857	879	71
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>30,896,241</u>	<u>29,017,202</u>	<u>28,901,144</u>	<u>28,898,385</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$24,182,451</u>	<u>\$16,832,314</u>	<u>\$16,407,569</u>	<u>\$27,896,208</u>
Legal Debt Margin as a Percentage of the Debt Limit	78.27%	58.01%	56.77%	96.53%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$16,183,745</u>	<u>\$15,199,487</u>	<u>\$15,138,695</u>	<u>\$15,137,249</u>
Total Gross Indebtedness	23,494,745	24,892,016	26,646,702	22,039,183
Less:				
General Obligation Notes/Bonds	(7,355,000)	(2,505,000)	(3,210,000)	(9,730,000)
General Obligation Revenue Notes/Bonds	0	0	(1,070,000)	(1,145,000)
Special Assessment Bonds	(750,000)	(865,000)	(970,000)	(1,070,000)
OPWC Loans	(41,632)	(45,796)	(49,959)	(770,900)
OWDA Loans	(8,586,780)	(9,211,698)	(8,769,032)	(7,847,883)
General Obligation Bond Retirement Fund Balance	<u>(47,543)</u>	<u>(79,634)</u>	<u>(84,136)</u>	<u>(473,223)</u>
Net Debt Within 5 ½ % Limitations	<u>6,713,790</u>	<u>12,184,888</u>	<u>12,493,575</u>	<u>1,002,177</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$9,469,955</u>	<u>\$3,014,599</u>	<u>\$2,645,120</u>	<u>\$14,135,072</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	58.52%	19.83%	17.47%	93.38%

Source: City Financial Records

* These numbers are based on the Net Debt. This reflects only debt that is supported through real estate value.

2000	1999	1998	1997	1996	1995
14,214	14,822	14,822	14,822	14,822	14,822
<u>\$248,313,876</u>	<u>\$247,195,146</u>	<u>\$244,371,677</u>	<u>\$227,030,190</u>	<u>\$222,555,706</u>	<u>\$222,503,571</u>
\$5,775,000	\$5,705,000	\$1,020,000	\$1,315,000	\$956,000	\$1,337,000
1,215,000	1,280,000	1,340,000	1,400,000	1,455,000	1,510,000
1,170,000	1,270,000	1,360,000	1,450,000	1,535,000	1,615,000
5,000,000	0	0	0	0	0
819,091	322,770	345,030	367,290	389,550	422,940
8,322,859	8,776,027	9,208,392	9,620,922	10,014,532	10,392,183
22,301,950	17,353,797	13,273,422	14,153,212	14,350,082	15,277,123
(9,895,000)	0	0	0	0	0
(1,215,000)	(1,280,000)	(1,340,000)	(1,400,000)	(1,455,000)	(1,615,000)
(1,170,000)	(1,270,000)	(1,360,000)	(1,450,000)	(1,535,000)	(1,510,000)
(877,376)	(385,220)	(411,643)	(438,066)	(464,489)	(490,912)
(8,264,574)	(8,713,577)	(9,141,780)	(9,550,146)	(9,939,594)	(10,311,000)
(424,738)	(397,572)	(470,454)	(474,396)	(542,502)	(469,304)
455,262	5,307,428	549,545	840,604	413,497	880,907
0.18%	2.15%	0.22%	0.37%	0.19%	0.40%
32	358	37	57	28	59
26,072,957	25,955,490	25,659,026	23,838,170	23,368,349	23,362,875
<u>\$25,617,695</u>	<u>\$20,648,062</u>	<u>\$25,109,481</u>	<u>\$22,997,566</u>	<u>\$22,954,852</u>	<u>\$22,481,968</u>
98.25%	79.55%	97.86%	96.47%	98.23%	96.23%
\$13,657,263	\$13,595,733	\$13,440,442	\$12,486,660	\$12,240,564	\$12,237,696
22,301,950	17,353,797	13,273,422	14,153,212	14,350,082	15,277,123
(9,895,000)	0	0	0	0	0
(1,215,000)	(1,280,000)	(1,340,000)	(1,400,000)	(1,455,000)	(1,615,000)
(1,170,000)	(1,270,000)	(1,360,000)	(1,450,000)	(1,535,000)	(1,510,000)
(877,376)	(385,220)	(411,643)	(438,066)	(464,489)	(490,912)
(8,264,574)	(8,713,577)	(9,141,780)	(9,550,146)	(9,939,594)	(10,311,000)
(424,738)	(397,572)	(470,454)	(474,396)	(542,502)	(469,304)
455,262	5,307,428	549,545	840,604	413,497	880,907
<u>\$13,202,001</u>	<u>\$8,288,305</u>	<u>\$12,890,897</u>	<u>\$11,646,056</u>	<u>\$11,827,067</u>	<u>\$11,356,789</u>
96.67%	60.96%	95.91%	93.27%	96.62%	92.80%

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

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Bedford
Direct			
City of Bedford	\$11,165,000	100.00%	\$11,165,000
Overlapping			
Bedford School District	8,359,993	34.10%	2,850,758
Cuyahoga County	251,154,636	0.95%	2,385,969
Greater Cleveland Regional Transit Authority	147,025,000	0.95%	1,396,738
<i>Total Overlapping Debt</i>	406,539,629		6,633,464
Total	\$417,704,629		\$17,798,464

Source: Cuyahoga County, Ohio; County Auditor

- (1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.
The debt outstanding includes general obligation bonds.

City of Bedford, Ohio
Revenue Bond Coverage
Water System Bonds (1)
Last Ten Years

Year	Gross Revenues (2)	Direct Operating Expenses (3)	Net Revenue Available for Debt Service	Annual Debt Service Requirements (4)	Coverage
2004	\$3,226,988	\$3,018,532	\$208,456	\$0	n/a
2003	3,054,900	3,013,467	41,433	150,835	0.27
2002	3,292,588	2,864,202	428,386	255,536	1.68
2001	3,033,056	2,606,282	426,774	257,706	1.66
2000	2,851,050	2,412,977	438,073	259,521	1.69
1999	2,787,451	2,457,104	330,347	256,259	1.29
1998	2,677,666	2,120,844	556,822	266,159	2.09
1997	2,450,308	2,148,872	301,436	190,699	1.58
1996	2,342,787	1,915,839	426,948	201,523	2.12
1995	2,196,776	1,899,295	297,481	149,873	1.98

(1) The Water System Mortgage Revenue Bonds were issued in the year 1991 in the amount of \$1,650,000

(2) Gross revenues include operating revenues plus interest income. The revenue amounts were determined in accordance with Generally Accepted Accounting Principles.

(3) Direct operating expenses do not include depreciation and amortization expense.

(4) The Water System Mortgage Revenue bonds were refunded into general obligation bonds in 2003.

City of Bedford, Ohio
Principal Employers
Current Year and Nine Years Ago

2004

Employer	Employees	Percentage of Total City Employment
Ben Venue Laboratories	986	7.50%
University Hospitals Health Systems	898	6.83
Bedford Board of Education	572	4.35
City of Bedford	345	2.62
US Bank Leader Mortgage	285	2.17
Target	266	2.02
Riser Foods	185	1.41
Applebees	176	1.34
Tim Lally Chevrolet	172	1.31
Jay Pontiac	169	1.27
Total	4,054	30.82%
Total Employment within the City	13,153	

1995

Employer	Employees
University Hospitals Health Systems	637
Bedford Board of Education	570
Ben Venue Laboratories	481
Target	413
City of Bedford	304
Tim Lally	97
Coffee Cup	73
Riser Foods Rini-Rego	62
Taylor Chair	61
Graphic World	58
Total	2,756
Total City Employees	n/a

Source: Number of employees obtained from the W2's
from our Tax Department

n/a - Information not available

City of Bedford, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Three Years

Function/Program	2004	2003	2002
General Government			
Council	8.00	8.00	8.00
Finance	5.00	5.50	5.50
Tax	3.50	3.00	3.00
City Manager	1.00	1.00	1.00
Law	1.50	1.50	1.00
Administration	4.50	4.50	4.50
Engineer	0.50	0.50	0.50
Planning	1.50	1.50	1.50
Civil Service	2.00	2.00	2.00
Court	35.00	35.00	35.00
Public Building	4.00	4.00	2.00
Security of Persons and Property			
Police	32.00	30.00	30.00
Police - Auxiliary/Guards	12.50	13.00	13.00
Police - Dispatchers/Office/Other	12.50	13.50	13.50
Police - Jailers	3.00	2.00	2.00
Police - Animal Wardens	2.00	1.50	1.50
Fire	29.00	30.00	30.00
Fire - Secretary - Other	1.50	1.50	1.50
Public Health Services			
Cemetery	1.50	2.50	2.50
Leisure Time Activities			
Recreation	14.00	14.00	1.50
Municipal Pool	15.00	15.50	15.00
Ellenwood Center	6.50	5.50	4.50
Community Development			
Building	5.00	5.00	5.00
Economic Development	1.50	1.50	1.50
Transportation			
Service	24.50	21.00	23.00
Street M&R	4.50	5.00	4.00
Basic Utility Services			
Water	9.50	8.50	7.50
Wastewater	11.00	11.50	11.00
Totals:	252.00	248.00	231.00

Source: City of Bedford, Ohio Payroll Department W2 Audit Lising

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee

City of Bedford, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2004	14,214	\$285,360,264	\$20,076	\$36,943	39
2003	14,214	285,360,264	20,076	36,943	39
2002	14,214	285,360,264	20,076	36,943	39
2001	14,214	285,360,264	20,076	36,943	39
2000	14,214	285,360,264	20,076	36,943	39
1999	14,822	221,366,570	14,935	30,082	36
1998	14,822	221,366,570	14,935	30,082	36
1997	14,822	221,366,570	14,935	30,082	36
1996	14,822	221,366,570	14,935	30,082	36
1995	14,822	221,366,570	14,935	30,082	36

(1) Source: U. S. Census

(a) Years 2000 through 2004 - 2000 Federal Census

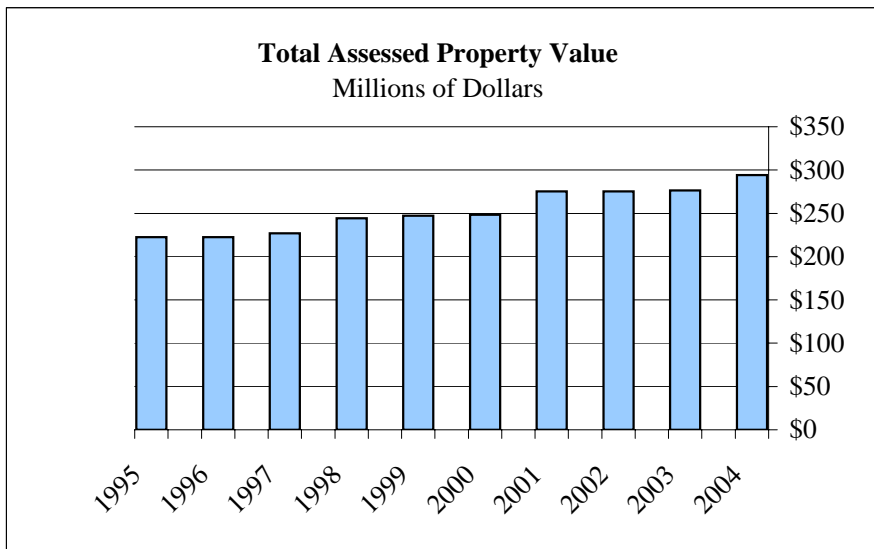
(b) Years 1995 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

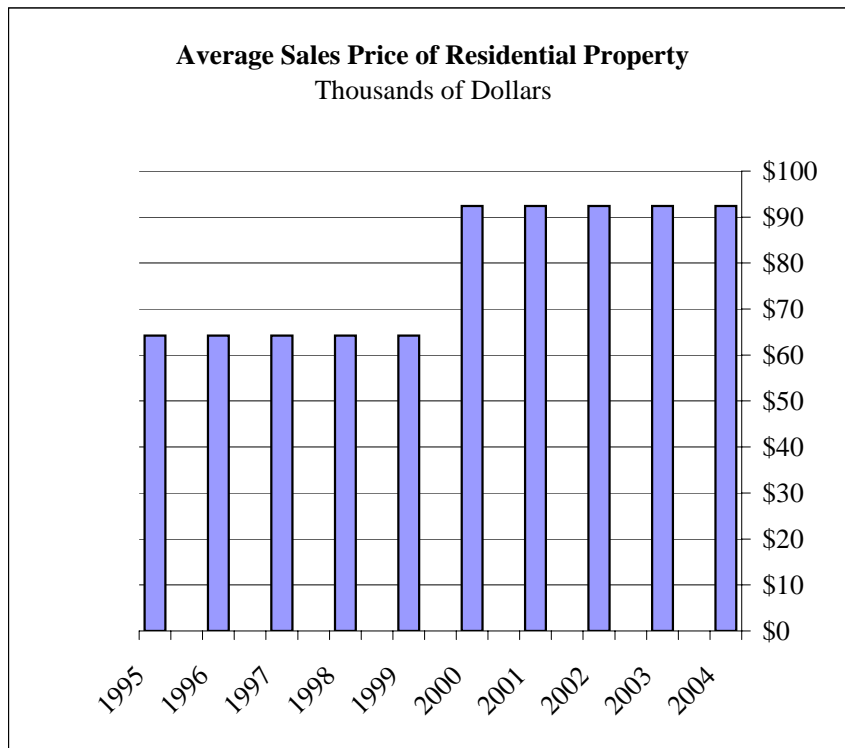
(3) Cuyahoga County Planning Commission

(4) Source: Cuyahoga County Auditor

(5) Computation of per capita personal income multiplied by population



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
18.2%	3,890	6.6%	\$92,400	\$294,249,915
18.2	3,822	6.2	92,400	276,354,300
18.2	3,974	6.6	92,400	275,248,992
18.2	4,050	4.6	92,400	275,222,717
18.2	4,076	4.5	92,400	248,313,876
11.5	4,116	4.5	64,200	247,195,146
11.5	4,065	4.5	64,200	244,371,677
11.5	4,107	4.5	64,200	227,030,190
11.5	4,141	5.0	64,200	222,555,706
11.5	4,020	4.7	64,200	222,503,571



City of Bedford, Ohio
Operating Indicators by Function/Program
Last Four Years (1)

Function/Program	2004	2003	2002	2001
General Government				
<i>Council & Clerk</i>				
Number of Ordinances Passed	90	56	84	105
Number of Resolutions Passed	27	17	22	20
Number of Planning Commission docket items				
Zoning Board of Appeals docket items				
<i>Finance Department</i>				
Number of checks/ vouchers issued	5,144	4,701	4,844	5,029
Amount of checks written	\$22,180,264	\$24,678,378	\$33,169,166	\$31,699,956
Interest earnings for fiscal year (cash basis)	\$221,336	\$263,675	\$738,521	\$1,498,727
Number of Receipts issued	1,672	1,716	1,981	1,878
Number of Journal Entries issued	701	697	684	628
Number of Budget Adjustments issued	163	134	110	121
Agency Ratings - Standard & Poors	A+	A+	A+	A+
Agency Ratings - Moody's Financial Services	A1	A1	A1	A1
Health Insurance Costs vs General Fund Expenditures %	14.25%	9.85%	9.99%	8.37%
General Fund Receipts (cash basis in thousands)	\$14,958	\$14,128	\$15,801	\$14,209
General Fund Expenditures (cash basis in thousands)	\$15,299	\$15,535	\$14,146	\$15,410
General Fund Cash Balances (in thousands)	7,316	7,657	9,064	7,409
<i>Income Tax Department</i>				
Number of Individual Returns	8,660	11,336	10,000	10,000
Number of Business Returns	2,693	2,525	2,000	2,000
Number of business withholding accounts	1,929	1,396	n/a	n/a
Amount of Penalties and Interest Collected	\$124,942	\$112,013	\$120,607	\$124,939
Annual number of Corporate withholding forms processed	10,772	n/a	n/a	n/a
Annual number of balance due statements forms processed	17,397	n/a	n/a	n/a
Annual number of estimated payment forms processed	12,646	n/a	n/a	n/a
Annual number of reconciliations of withholdings processed	1,941	n/a	n/a	n/a
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$2,130,797	\$1,729,184	\$3,828,951	\$2,557,033
<i>Municipal Court</i>				
Number of Civil Cases	4,074	3,642	3,378	3,274
Number of Criminal cases	11,254	11,875	12,345	15,983
<i>Vital Statistics</i>				
Certificates Filed				
Number of Births	436	398	465	n/a
Number of Deaths	196	241	291	n/a
Certificates Issued				
Number of Births	1,369	1,459	1,668	n/a
Number of Deaths	1,101	1,574	1,651	n/a
Burial Permits Issued	462	602	633	n/a
<i>Civil Service</i>				
Number of police entry tests administered	0	0	1	0
Number of fire entry tests administered	0	0	0	1
Number of police promotional tests administered	1	1	0	0
Number of fire promotional tests administered	0	0	1	0
Number of hires of Police Officers from certified lists	2	0	0	0
Number of hires of Fire/Medics from certified lists	0	0	0	0
Number of promotions from police certified lists	1	1	5	0
Number of promotions from fire certified lists	0	0	5	1

(continued)

City of Bedford, Ohio
Operating Indicators by Function/Program (continued)
Last Four Years (1)

Function/Program	2004	2003	2002	2001
<i>Building Department Indicators</i>				
Construction Permits Issued	145	155	181	161
Estimated Value of Construction	\$6,370,050	\$3,594,730	\$42,117,927	\$4,372,017
Number of permits issued	896	851	1,021	968
Amount of Revenue generated from permits	\$41,899	\$40,099	\$62,639	\$53,520
Number of contract registrations issued	441	441	551	545
Number of rental inspections performed	398	397	344	355
Number of point of sale inspections	335	300	270	319
Annual Apartment/Rooming House License Fees	\$8,495	\$9,375	\$8,345	\$7,275
Revenue generated from above 1,2,3,4	\$56,620	\$60,690	\$55,780	\$57,420
<i>Security of Persons & Property</i>				
<i>Police</i>				
Total Calls for Services	10,042	9,858	10,421	10,055
Number of traffic citations issued	2,462	3,602	4,070	3,086
Number of parking citations issued	1,506	1,648	1,903	2,002
Number of criminal arrests	2,204	1,546	1,663	1,724
Number of accident reports completed	584	573	571	601
Part 1 Offenses (major offenses)	480	407	564	485
Animal Warden service calls responded to per annual report	2,186	1,478	1,470	1,381
Police Dept. Auxiliary hours worked	2,758	2,345	2,276	2,375
DUI Arrests	77	71	59	80
Prisoners	1,482	1,338	1,393	1,214
Prisoner meal costs	\$15,754	\$15,019	\$11,988	\$5,388
Motor Vehicle Accidents	584	573	563	603
Property damage accidents	501	491	472	467
Fatalities from Motor Vehicle Accidents	1	0	0	0
Gasoline costs of fleet	\$38,858	\$31,231	\$26,256	\$29,327
Community Diversion Program Youths	73	49	70	147
Community Diversion Program - community service hours	1,026	820	956	870
<i>Fire</i>				
EMS Calls	1,608	1,397	1,483	1,534
Ambulance Billing Collections (net)	\$282,012	\$252,084	\$254,885	\$270,238
Fire Calls	449	417	382	359
Fires with Loss	25	30	25	25
Fires with Losses exceeding \$10K	7	5	4	4
Fire Losses \$	\$401,150	\$365,400	\$135,510	\$217,100
Fire Safety Inspections	464	343	296	n/a
Number of times Mutual Aid given to Fire and EMS	133	144	117	106
Number of times Mutual Aid received for Fire and EMS	60	41	43	48
<i>Public Health & Welfare</i>				
Number of Health Inspections				
Cemetery burials	38	50	29	52
Cemetery cremations	22	20	16	14
Cemetery sale of lots	90	57	46	57
Cemetery receipts	\$66,517	\$46,207	\$35,553	\$50,177

(continued)

City of Bedford, Ohio
Operating Indicators by Function/Program (continued)
Last Four Years (1)

Function/Program	2004	2003	2002	2001
Leisure Time Activities				
<i>Recreation</i>				
Recreation Swimming pool receipts	\$27,857	\$34,556	\$42,043	\$36,570
Recreation Mens & Womens Leagues receipts	18,979	25,217	22,282	23,880
Senior Van Fees	2,955	3,056	3,050	3,580
Playground Registration	2,390	2,210	1,785	1,930
Ellenwood Facilities rentals	23,237	25,792	26,767	31,447
Total Recreation Department receipts	<u>\$75,418</u>	<u>\$90,830</u>	<u>\$95,927</u>	<u>\$97,407</u>
Community Development				
Grant amounts received due to Economic Development Dept.	\$195,472	\$551,560	\$219,277	\$357,368
Basic Utility Services				
Refuse disposal per year (in tons) August through August	5,909	5,878	6,090	6,519
Refuse disposal costs per year August through August	\$471,355	\$462,900	\$508,996	\$500,653
Refuse disposal costs per year (calendar year)	n/a	n/a	n/a	n/a
Transportation				
Street Improvements - asphalt overlay (linear feet)	6,650	25,100	11,900	14,066
Rejuvenating Spray on Streets (Miles)	2.26	2.66	2.66	3.37
Crackseal Coating Program (Miles)	7.20	7.20	7.20	7.20
Street Repair (Curbs, aprons, berms, asphalt) (hours)	3,844	4,663	2,600	2,167
Guardrail Repair (hours)	144	16	80	80
Paint Striping (hours)	1,012	728	1,240	1,411
Street Sweeper (hours)	1,004	975	975	958
Cold Patch (hours)	2,492	993	1,795	1,896
Snow & Ice Removal regular hours	760	580	612	808
Snow & Ice Removal overtime hours	1,349	1,581	934	468
Sewer and Sanitary calls for service	869	894	952	1,139
After hours Sewer Calls (hours)	1,727	1,412	1,703	1,916
Sewer Crew (hours)	3,481	3,432	3,568	3,613
Sewer jet, Vac-all, other services (hours)	2,226	890	207	1,470
Landscaping Stump-Chipper service (hours)	4,796	5,532	5,238	5,100
Leaf collection (hours)	2,566	2,686	3,114	2,992
Holiday lights setup (hours)	1,699	1,452	1,803	1,505
Downtown Square Repair after events (hours)	420	300	120	54
Equipment repair/body shop (hours)	6,824	6,486	6,842	6,859
Sign department (hours)	2,177	2,145	2,032	1,927
Number of Trees Planted per year	60-80	60-80	60-80	60-80
Tons of snow melting salt purchased (Nov-Mar)	6,900	7,900	3,200	5,400
Cost of salt purchased	\$193,980	\$225,308	\$133,120	\$127,710
Water Department				
Water Rates per 1st 300 Cu ft of water used	\$16	\$15	\$15	\$14
Avg. number of water accounts billed monthly (Cu. Ft.)	4,911	4,961	4,982	4,980
Total Water Collections Annually (Including P&I)	\$3,117,530	\$3,126,382	\$3,164,975	\$2,833,238
Payments to Cleveland for bulk water purchases	\$2,499,987	\$2,544,728	\$2,339,734	\$2,234,770
Wastewater Department				
Wastewater Rates per 1st 300 Cu ft of water used	\$13.18	\$13.18	\$13.18	\$13.18
Total flow of wastewater treatment plant (Billions of Gallons)	1.054	1.024	0.913	0.844
Average daily flow (Millions of gallons per day)	2.880	2.806	2.502	2.313
Tons of dry sludge removed	205.71	199.09	167.98	n/a

(1) Information prior to 2001 is not available

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City of Bedford, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2004	2003	2002	2001
General Government				
Square Footage Occupied	44,035	44,035	30,559	30,559
Administrative Vehicles	2	1	1	1
Inspection Vehicles	3	3	3	3
Municipal Court Vehicles	2	2	2	2
Lands & Buildings Vehicles	2	2	1	1
Police				
Stations	1	1	1	1
Square Footage of Building	21,667	21,667	3,511	3,511
Vehicles	20	20	19	18
Fire				
Stations	1	1	1	1
Square Footage of Building	14,774	14,774	3,652	3,652
Vehicles				
Recreation				
Number of Parks	4	4	4	4
Number of Pools	1	1	1	1
Number of Ice Rinks	0	0	0	0
Number of Tennis Courts	0	0	0	0
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	7	7	7	4
Number of Tot Lots	4	4	4	9
Number of Soccer Fields	1	1	1	1
Square Footage of Ellenwood Building	25,433	25,433	25,433	25,433
Vehicles	11	11	10	9
Other Public Works				
Streets (miles)	48	48	48	48
Service Vehicles	51	49	49	50
Wastewater				
Sanitary Sewers (miles)	41.80	41.80	41.80	41.80
Storm Sewers (miles)	48.70	48.70	48.70	48.70
Water Department				
Water Lines (miles)	100	100	100	100
Vehicles	4	4	4	4

2000	1999	1998	1997	1996	1995
30,559	30,559	30,559	30,559	30,559	30,559
1	1	1	1	1	1
3	3	3	3	3	3
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
3,511	3,511	3,511	3,511	3,511	3,511
16	16	16	16	15	15
1	1	1	1	1	1
3,652	3,652	3,652	3,652	3,652	3,652
4	4	4	4	4	4
1	1	1	1	1	1
0	0	0	0	0	0
0	0	0	0	0	0
1	0	0	0	0	0
4	4	4	4	4	4
9	8	8	8	8	8
1	1	1	1	0	0
25,433	25,433	25,433	25,433	25,033	25,033
9	9	9	9	9	9
48	48	48	48	48	48
48	47	47	45	45	46
41.80	41.80	41.80	41.80	41.80	41.80
48.70	48.70	48.70	48.70	48.70	48.70
100	100	100	100	100	100
4	4	4	4	4	4

City of Bedford, Ohio

Water Utility Statistics

Last Ten Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Water Purchased from Cleveland	101,437.20	106,665.40	101,389.20	100,084.60
Water Sold (Billed) to Users	71,942.10	75,071.30	79,344.80	72,249.40
Percent of Water Billed	70.92%	70.38%	78.26%	72.19%
Water Billings	\$3,080,348	\$3,083,091	\$3,116,242	\$2,769,579
Water Collections	\$3,117,530	\$3,126,382	\$3,164,975	\$2,833,238
Percentage Collected from Billings	101.21%	101.40%	101.56%	102.30%
Payments to City of Cleveland	\$2,499,987	\$2,554,728	\$2,339,734	\$2,234,770
Percentage of payments to the City of Cleveland compared to total water collections	80.19%	81.72%	73.93%	78.88%

Source: City of Bedford Water Department

2000	1999	1998	1997	1996	1995
92,267.30	92,843.20	92,668.40	96,700.00	93,216.00	92,639.00
71,872.70	74,438.80	76,645.00	75,892.30	77,494.30	79,403.10
77.90%	80.18%	82.71%	78.48%	83.13%	85.71%
\$2,652,814	\$2,567,483	\$2,440,326	\$2,258,400	\$2,329,050	\$2,127,240
\$2,640,467	\$2,622,742	\$2,485,012	\$2,318,566	\$2,335,941	\$2,177,506
99.53%	102.15%	101.83%	102.66%	100.30%	102.36%
\$1,982,641	\$1,918,360	\$1,755,173	\$1,719,497	\$1,515,443	\$1,514,369
75.09%	73.14%	70.63%	74.16%	64.88%	69.55%

City of Bedford, Ohio

Miscellaneous Statistics

Last Ten Years

Statistic Description	2004	2003	2002	2001
Land Area:				
Total Acres	3,423.80	3,423.80	3,423.80	3,423.80
Square Miles	5.60	5.60	5.60	5.60
Police Protection:				
Number of Policemen and Officers	32	32	30	30
Number of Auxillary Police	27	27	19	28
Number of Dispatchers - Full Time	6	6	6	5
Number of Dispatchers - Part Time	4	4	4	6
Fire Protection:				
Number of Firemen and Officers	29	29	29	29
Buildings:				
Permits Issued	145	155	181	161
Valuation of Construction	\$6,370,050	\$3,594,730	\$42,117,927	\$4,372,017

2000	1999	1998	1997	1996	1995
3,423.80	3,423.80	3,423.80	3,423.80	3,423.80	3,423.80
5.60	5.60	5.60	5.60	5.60	5.60
30	30	29	29	30	29
28	25	30	30	21	30
5	5	4	4	5	4
6	6	4	4	3	4
29	28	27	27	28	27
203	191	198	199	556	556
\$5,507,380	\$9,583,941	\$5,572,345	\$7,842,704	\$8,673,825	\$8,673,825

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City Of Bedford, Ohio

Single Audit Reports

December 31, 2004

City of Bedford, Ohio

For The Year Ended December 31, 2004

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

Members of the City Council
Bedford, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 27, 2005, wherein we noted the City of Bedford adopted Government Accounting Standards Board Technical Bulletin No. 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated May 27, 2005.

Compliance and Other Matters

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

Members of the City Council
Bedford, Ohio

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
May 27, 2005

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

Members of the City Council
Bedford, Ohio

Compliance

We have audited the compliance of the City of Bedford, 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, 2004. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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, 2004.

Members of the City Council
Bedford, Ohio

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.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005, wherein we noted the City of Bedford adopted Government Accounting Standards Board Technical Bulletin No. 2004-2.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 management, City Council, finance committee, Auditor of State's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
May 27, 2005

City of Bedford, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2004

<u>Program Title</u> <u>Federal Grantor and/or Pass-Through Grantor</u>	<u>Federal</u> <u>CFDA No.</u>	<u>Pass-Through</u> <u>Entity/Grant Number</u>	<u>Receipts</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:				
Passed Through Ohio Department of Development:				
Community Development Block Grant - Phase II Downtown	14.218	CEO88356	\$ 134,205	\$ 134,205
Community Development Block Grant - Housing 2003	14.218	CEO300111-01	7,778	-
Community Development Block Grant - Housing 2004	14.218	CE0400236-01	33,431	34,691
Community Development Block Gant - Forbes Road Rehab.	14.218	CE0400344-01	<u>84,696</u>	<u>84,696</u>
Total U.S. Department of Housing and Urban Development			<u>260,110</u>	<u>253,592</u>
Federal Emergency Management Agency (FEMA):				
FEMA - Blackout Grant 2003	97.036	EM-3187-OH	5,855	5,855
FEMA - Grant Fire Act 2004	97.036	EMW-2004-FG-13828	80,700	6,794
FEMA - Rainstorm	97.036	Disaster #1519 BDF -A1,B1		
		PW #'s 84 and 94	9,036	9,036
FEMA - 96 Inch Culvert Palmetto Street	97.036	FEMA-PW # 102 REF BDF-C1	<u>37,678</u>	<u>37,678</u>
Total FEMA Grants			<u>133,269</u>	<u>59,363</u>
U.S. Department of Justice:				
Direct Program:				
Byrne Formula Grant Program (SEALE)	16.579	2003	10,940	-
Byrne Formula Grant Program (SEALE)	16.579	2004	<u>69,541</u>	<u>102,064</u>
Total Byrne Formula Grant Program (SEALE)			<u>80,481</u>	<u>102,064</u>
Passed through Ohio Office of Criminal Justice Services:				
Bedford Homeland Security	16.592	2003-LE-LEB-3295	<u>16,758</u>	<u>16,758</u>
Total U.S. Department of Justice			<u>97,239</u>	<u>118,822</u>

The accompanying notes are an integral part of this schedule

City of Bedford, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2004

<u>Program Title</u> <u>Federal Grantor and/or Pass-Through Grantor</u>	<u>Federal</u> <u>CFDA No.</u>	<u>Pass-Through</u> <u>Entity/Grant Number</u>	<u>Receipts</u>	<u>Expenditures</u>
Federal Highway Administration Passed Through Ohio Department of Transportation: Highway Planning and Construction Grant	20.205	PID 75395	<u>340,785</u>	<u>340,785</u>
Total Federal Assistance			\$ <u><u>831,403</u></u>	\$ <u><u>772,562</u></u>

The accompanying notes are an integral part of this schedule

City of Bedford, Ohio

Notes to the Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2004

Note 1: Significant Accounting Policies

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

City Of Bedford, Ohio

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

December 31, 2004

1. Summary of Auditor's Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Highway Planning and Construction Grant; CFDA # 20.205
(d)(I)(viii)	Dollar Threshold: Type A and B Programs	Type A: >\$300,000 Type B: All others
(d)(I)(ix)	Low Risk Auditee?	Yes

City of Bedford, Ohio

Schedule Of Findings
OMB Circular A-133, Section .505 (Continued)

December 31, 2004

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None.

3. Findings for Federal Awards

None.

City of Bedford, Ohio

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

December 31, 2004

Finding No.	Finding Summary	Fully Corrected	Explanation
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None.

City Of Bedford

165 Center Road
Bedford, Ohio 44107
(440) 232-1600

Response to Findings Associated with Audit Conducted
in Accordance with *Government Auditing Standards*
for the Year Ended December 31, 2004

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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None.



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**CITY OF BEDFORD
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 16, 2005**