

CITY OF BEDFORD, OHIO



COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

For The Year Ended
December 31, 2006



Mary Taylor, CPA
Auditor of State

Members of City Council
City of Bedford
165 Center Road
Bedford, Ohio 44146

We have reviewed the *Independent Auditors' Report* of the City of Bedford, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 26, 2007

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City of Bedford, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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CITY OF BEDFORD OHIO

June 5, 2007

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

It is our privilege to present to you the City of Bedford's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end.

The Comprehensive Annual Financial Report of the City of Bedford, Ohio, for the year ended December 31, 2006 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. The accuracy and completeness of the data is based upon a comprehensive framework of internal control that the City has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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.

Ciuni & Panichi, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Bedford's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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 entity 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 Chiefs 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, and 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 department also is heavily involved in community programs for the citizens throughout the year. Community Programs include The Bedford Falls Winter Festival, Summer concerts on the Town Square, the Children’s Fall Festival, the City newsletter and the coordination of the Outdoor Produce Market.

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 8,500 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, credit card and electronic check tax payments, as well as free preparation in house service for the municipal income 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 to dedicate itself to the renovation and expansion of its Historic Downtown Business District and at the same time help 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 includes all land within the boundaries of the City of Bedford in April of 1990. The City established a Community Reinvestment area in 1997 and updated this in 2005, which includes all land within the boundaries of the City of Bedford. The establishment of the Enterprise Zone and the Community Reinvestment area gave the City the ability to maintain and expand business located in the City and create new jobs.

The City is in progress to complete a new industrial development in cooperation with the Hemisphere Corporation on the site designated as the Tinkers Creek Commerce Park. Taylor Chair Corporation has completed the construction of their building. This was constructed on a Brownfield site and the site 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 9th largest pharmaceutical company in the world having more than 36,000 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 approved 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 of lyophilized (freeze-dried) and vacuum-dried injectable drugs in the United States. Since 1995, Ben Venue obtained over 126 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 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 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 \$39,786,750. The abatement agreement between the City of Bedford, the Bedford school district, County and State of Ohio are as follows:

- The Enterprise Zone agreement for personal property is 100 percent abatement 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.

Ben Venue on May 2, 2005 signed a Community Reinvestment Agreement with the City for the construction of a new building referred to as Phase V. The investment by Ben Venue in the construction of the new building was \$30 million and the equipment and fixtures entailed an investment of \$48.5 million, as well as adding an additional \$1.5 million in inventory levels. This expansion project is estimated to require the hiring an additional 125 employees with an increase in payroll of 4.4 million dollars.

The Phase V expansion will contain space for one filling line, one lyo capping line, and six freeze dryers and a small equipment prep area with a stopper washer, hot air oven and autoclave on the first floor. Compounding rooms, QC labs, Micro Labs and locker rooms will reside on the second floor. A penthouse on the roof will provide mechanical space. Space will also be available for a second filling line. The Phase V building is approximately 80,700 square feet, with 36,600 square feet on the first floor, and 35,600 square feet on the second floor and an 8,500 square feet penthouse (mechanical room).

Ben Venue has run out of space in their existing administrative facility. To continue to competitively grow, Ben Venue needs to add square footage to house additional employees. On November 2, 2006 Ben Venue signed a Community Reinvestment Area Agreement (#3) with the City to construct a 90,000 square foot free standing office building complex. The total amount of project investment is estimated to be \$17,500,000. The building costs are estimated to be \$14,800,000 while the investment in new machinery is expected to cost \$1,500,000, the furniture will cost \$700,000 and the inventory is expected to approach an increase in the amount of \$500,000. The City offered incentives in the form of an abatement of real estate only at 50 percent for 15 years. The increase in personnel is expected to be between 40 and 50 with a payroll that is expected to grow by \$1,750,000 per year.

The Ganley Real Estate Company expects to finish constructing a new approximately 34,000 square foot (\$2.04 million) building to expand its Volkswagen operations in 2007. The company intends to purchase \$925,000 in new machinery and equipment, \$75,000 in furniture and 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.

The University Hospitals Health Systems, Bedford Community Hospital over the past 3 years and with future plans will have invested \$12.5 million in improvements. These improvements include an MRI expansion and new equipment (\$1.9 million), ED expansion (\$1.0 million), CT acquisition (\$3.2 million), lobby renovation (\$200,000), and another \$500,000 in 2004-2005 Capital Allocation. The Hospital administration, by compiling demographics of the immediate area and analyzing future needs, has created a fourth floor Cardiovascular Unit which finished construction of these improvements in 2006 at a cost of \$5.7 million dollars.

The Ganley Real Estate Company expects to finish constructing a new approximately 4,800 square foot building to expand its Suzuki operations. The company intends to invest \$3.84 million in buildings, new machinery and equipment and furniture and fixtures. Inventory will also be added. The Company is expected to create 30 new jobs and create an additional payroll of \$1.4 million. The City utilized our jobs creation program in lieu of abatement affecting the school district as an incentive to do business in the City. The City will grant 6 years of property tax abatement based upon the payroll amount and income taxes paid reported at year-end.

The Ganley Real Estate Company expects to finish constructing in 2007, a new approximately 8,100 square foot building to expand its Subaru operations. The company intends to invest \$6.48 million in a buildings and service center, new machinery and equipment, and furniture and fixtures. Inventory will also be added. The Company is expected to create 35 new jobs and create an additional payroll of \$1.6 million. The City utilized our jobs creation program in lieu of abatement affecting the school district as an incentive to do business in the City. The City will grant 6 years of property tax abatement based upon the payroll amount and income taxes paid reported at year-end.

The Light of Hearts Villa assisted living facility started an expansion to its facilities in 2005. This project was completed in 2006.

Masserati of Cleveland / Bedford Collision Center, in 2005 completed a new expansion spending \$1,500,000 - \$1,750,000 in total investment in a new facility. With this investment they created 24 new jobs and created a payroll of \$602,500. The City utilized our jobs creation program in lieu of abatement affecting the school district as an incentive to do business in the city. The business will be replaced by a used Mercedes dealership in 2007. The number of jobs is expected to remain intact.

The Uptown Bedford Retail Strip was constructed on Broadway Avenue and has full occupancy at the end of 2006.

The Thomas Homes – The Bentbrook Development has started construction at the end of 2006 and is expected to create a taxable real estate investment estimated to be \$8,910,000 after all homes are constructed. The number of units is expected to be 50.

The Ryser Properties homes at Bedford Falls are expected to create a taxable real estate investment estimated to be \$9,805,000. The number of units is expected to be 53.

The Walgreens drugstore has completed construction at a cost of \$4,000,000. This project is expected to retain 15 jobs at a payroll of \$244,800.

The County performed its six-year reappraisal of industry and residential property values in 2006. The residential property values were increased by an average of 13 percent over 2005 values. The State of Ohio through HB66 phases out the personal property tax starting in 2005, and ends over a four year period. The personal property taxable values decreased from \$42,681,161 in 2005 to \$32,629,086 in 2006 or by 24 percent. The State of Ohio implemented a Commercial Activity Tax (C.A.T.) on corporate sales over a million dollars at 0.26 percent. This tax is expected to hold the City harmless from loss of the personal property taxes over the four year elimination period.

The next few years finds the City's economic condition and outlook to be of great strength with all the business growth and value of properties as listed above.

Major Initiatives

During the year ended December 31, 2006, the City completed or made substantial progress toward several major goals or projects.

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

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 three companies that expanded on this parcel. One of the companies that completed construction in 2006 is the Taylor Chair Company, the oldest furniture manufacturing plant in Ohio's history (190 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 worked 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 is receiving this grant as the project is completed. The City worked hand in hand with the Hemisphere Corporation in completing this project.

In 2006 the City of Bedford advance refunded in the amount of \$7,990,000 and added an additional \$1.9 million in bonds to pay the general obligation note issue of \$1.2 million and \$700,000 towards the municipal pool and bond issuance costs. The City had a net present value savings of \$257,472 and had a cash savings of \$301,133.

The Rating agencies of Standard & Poor's upgraded the City's Bonds to a AA- Level while Moody's Investor Services maintained the City's Bond Rating at A1.

The City administration prepared and Council adopted the 2007 annual budget (appropriations) before December 31, 2006; allowing the City departments to bid early in the Spring to take advantage of lower bids on construction costs and allow more efficiency in preparing for recreational activities of the Summer.

The City was awarded a grant of \$45,179 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 \$421,547.

The street lighting rate was maintained for the sixth straight year at 1.2 mills, due to the County increasing the valuation of City property.

The City realized its twelfth-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 (over \$2,400,000 has been saved to date).

The Tax Department utilized the innovative award winning on-line income tax preparation system for the past four years through the 2006 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 tax preparation in the comfort of their home or office. The City started accepting charges and electronic checks through our website for the payment of municipal income taxes in 2007.

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

Due to the kindness of the Bedford VFW the City's Fire and Police departments each received a donation of \$20,000 for their departments preferred use.

The Bedford Fire Department performed ambulance runs in the year 2006. The ambulance runs generated a total of \$348,187 in 2006, \$390,749 in 2005, \$282,012 in 2004 and \$252,084 in 2003 net of the administrative billing costs.

The City of Bedford's ISO 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.

The City received a grant in the amount of \$25,769 for the Violence Against Women's Act. This grant supplements the hiring of a part time lawyer who assists female victims of violent crimes.

In 2007, the City will receive a grant and loan from the State of Ohio Issue II Committee for the construction of the Northfield Road Water Main. The total estimated cost of construction is \$800,000. The Ohio Public Works Commission (OPWC) has awarded the City a grant in the amount of \$320,000 and a 0 percent interest loan in the amount of \$400,000 for 2007. The City is required to fund the 10 percent balance of \$80,000. This project will allow for more water to be afforded to Ben Venue Laboratories for future expansion.

The City established a housing rehabilitation fund to account for repair violations against abandoned properties and assess these costs to the homeowners' tax bill. The City has spent \$67,956 out of the \$160,000 invested into this fund to date. \$10,789 in collections from the sale of properties was received in 2006.

The City applied for and will receive assistance from the Ohio Emergency Management Agency (OEMA) for damages associated with the June 22, 2006 flood in the City. The City is expected to expend \$376,128 on 13 areas of damages within the City. The City received a grant from the Ohio Public Works Commission to cover \$157,500 of the estimated \$210,000 to repair the Broadway/Taylor Road crushed storm sewer line. This is the major part of the \$360,000 of losses sustained by the City. The City will match this grant with \$52,500 which will be submitted to the OEMA for reimbursement at 75 percent. The City will be out of pocket for this project in the amount of \$13,125.

The City has been self-insured regarding Health Insurance costs for our employees for the past 13 years. In 2006, the net savings from this type of program was \$321,394 versus a premium plan program. The estimated savings to the general fund from being self-insured for the past 12 years is \$1,520,000.

Construction Projects:

The Washington Street Improvement was started in 2005. The City received a Community Development Block Grant towards this construction in the amount of \$150,000. The costs of this project are expected to be as follows: \$912,680 for road improvements, the amount spent on the road portion to date has been \$880,821. The water line replacement is estimated to cost \$355,702, with costs paid to date in the amount of \$351,926. The sanitary sewer replacement is expected to cost \$27,500 and \$27,500 has been spent to date.

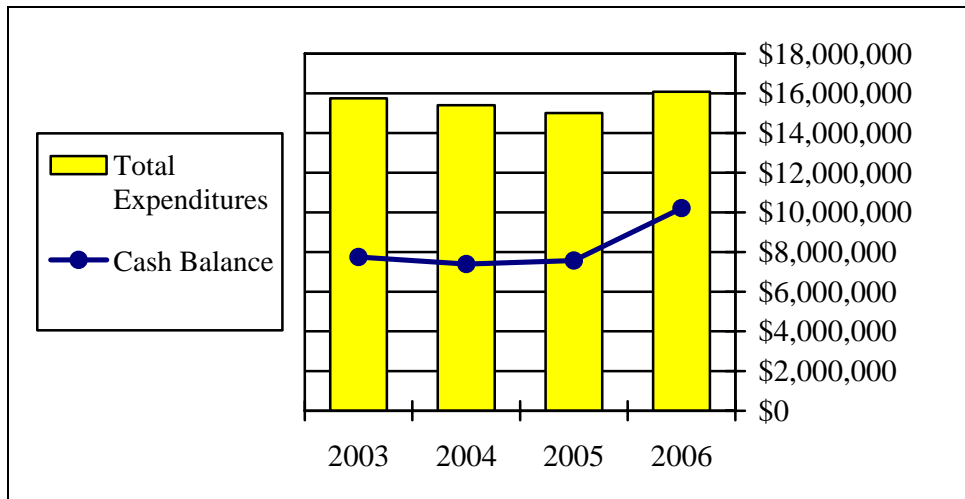
The City sold general obligation notes to pay for the road and water improvements in the amount of \$1,200,000, consisting of \$592,000 for the road portion and \$608,000 for water lines. The water line borrowings were as follows: \$348,150 for Washington Street, \$44,000 for Tinkers Creek Water Main and \$216,000 for the Forbes Road Water Main improvement. The City was required to increase the water rates minimally, by 3 percent over the next 3 years to pay for the Washington Street and the improvements of the Forbes Road and Tinkers Creek water main improvements.

The City completed the Northfield Road resurfacing project. The City's portion of the project was \$177,538. The total costs of the project were estimated at around \$1,608,000 with the Ohio Department of Transportation picking up the difference in cost.

The City received a \$248,850 grant and a \$248,850, zero percent loan from the Ohio Public Works Commission towards the Gravity Sludge Thickener Project. The Wastewater plant started the improvement of the Sludge Thickener in 2005. The cost of the project is expected to be \$571,884. The total expenditures made to date were \$22,982.

Long-term financial planning

As you can see from the following graph, the cash balance was well above the City's policy of maintaining a minimum required balance of \$6 million in the general fund. This balance is required to cover any future negative changes in net-profit payments from our largest taxpayer. The plan is to maintain this cash balance to cover any refunds due to this taxpayer for a period of two years.



The City is currently updating our master and strategic plan for future projects and needs.

The City has a debt policy which has been utilized recently and analyzed with our new general obligation debt issue in 2006. The debt issue is well in line with our debt capacity and in line with our affordability requirements.

Accounting policies

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 annual budget serves as the foundation for the City of Bedford’s financial planning and control. 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 2006.

The Finance Director is authorized to transfer appropriations between line items within the personal services and all other expenditure levels within a department. Any increase in the total appropriation for a department or transfers between levels within 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.

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 investment income during 2006 was \$788,256.

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. See the notes to the financial statements for risk analysis and details of investments.

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 2005 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 2006 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, who 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.

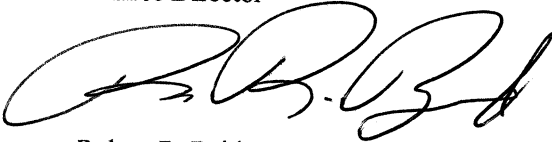
Postscript

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 that 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, 2006

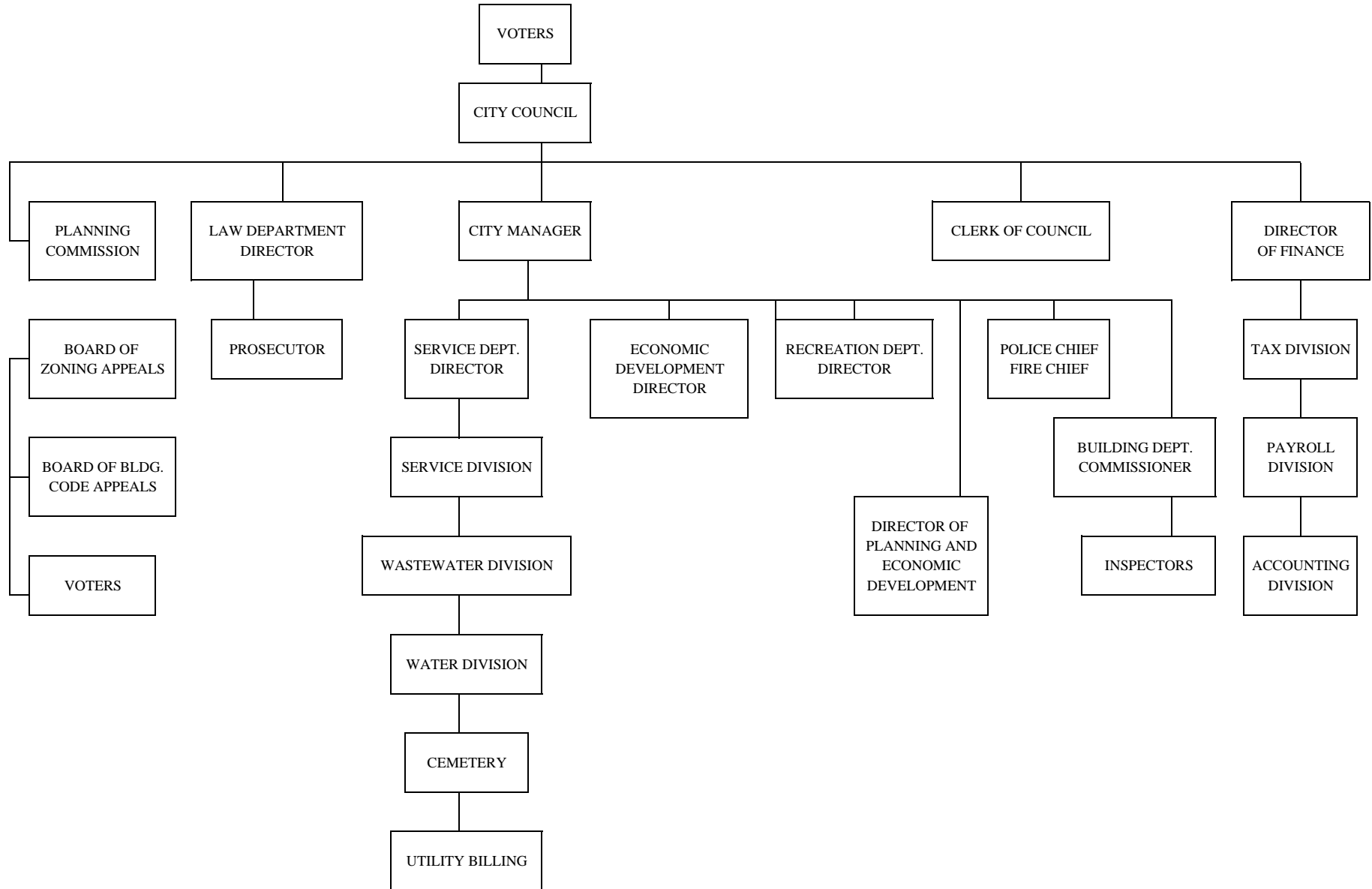
Elected Officials

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 Warner Batten
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/Prosecutor..... Kenneth A. Schuman
Clerk of Council..... Gayle C. Pastor
Director of Economic and
Community Development..... Rebecca Corrigan
Building Commissioner Philip A. Seybolt
Service Director Clint E. Bellar
Superintendent of Public Works Robert L. Duber
Chief of Fire..... David Nagy
Police Chief..... 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, 2005

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

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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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bedford's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 as of December 31, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Fire Medic Levy Funds 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, 2006, the City implemented GASB Statement No. 47, "Accounting for Termination Benefits."

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2007 on our consideration of the City of Bedford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Bedford, Ohio

The Management's Discussion and Analysis on pages 3 through 16 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cini & Parichi, Inc.

Cleveland, Ohio
June 5, 2007

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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, 2006. 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 (2006) by \$52,317,756 compared to \$51,879,738 at the end of 2005. Of this amount \$15,866,125 (2006) and \$14,555,859 (2005) may be used to meet the government's ongoing obligations to citizens and creditors provided it is expended or transferred according to the charter of the City of Bedford and/or the general laws of Ohio.
- Capital assets of Business Type Activities decreased by \$352,219 that represents a decrease of 2.61 percent from 2005. Total Capital Assets decreased from \$54,803,178 to \$52,266,874 or \$2,536,304 a 4.63 percent decrease from 2005. These decreases were due to the accumulated depreciation expense charges against these assets.
- Total current assets increased by \$3,517,202 due to more cash on hand and due to the increases in receivables due from property and various accounts receivable. The Federal, State and Local government grants receivable at year-end were substantially reduced (\$1,189,217) due mostly to the Industrial Development 629 Street grant for the Development of the Tinkers Creek Commerce Industrial Park being received and expended. Cash and cash equivalents has increased due to an increase in the collection from our largest taxpayer of \$787,665 or a 28 percent increase over 2005.
- As of the close of the current year, the City of Bedford's governmental funds (Balance Sheet) reported combined ending fund balances of \$16,535,388, an increase of \$3,144,347 in comparison with the prior year's \$13,391,041. This was due to the increase in the equity in pooled cash and cash equivalents at year-end an increase of \$3,728,136. The interfund payable of \$770,313 for the Tinkers Creek Commerce Park was repaid in 2006.
- The City of Bedford's total debt decreased by \$461,757, 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 governmental funds and the water enterprise fund by issuing general obligation bonds in the amount of \$1,254,000 and \$646,000 respectively for the Washington Street Rehabilitation Project which includes a new road, water line, a new municipal pool, the Tinkers Creek Industrial Park water line, and the Forbes Road water line. The City advance refunded a portion of the 1999 and 2002 (both issues) including the Municipal Complex and Municipal Court construction Bonds, along with the issues above. See note 12 to the basic financial statements for more information on the net present value and cashflow savings.
- The total municipal income tax revenues for all funds in 2006 were \$12,078,770 versus \$11,715,253 in 2005. This equates to a \$363,517 (3.11 percent) increase in revenue. On the cash basis of accounting, the municipal net profits income taxes paid by one of our largest taxpayers had increased from \$2,763,750 in 2005 to \$3,531,415 in 2006. This was an increase of \$767,665 or 27.78 percent. This same taxpayer's employee withholding tax payments had increased from \$1,283,037 in 2005 to \$1,423,813 in 2006, which is a 10.97 percent increase. This is well above the local rate of inflation for our area, which at year-end was at a consumer price index of 3.61 percent.

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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.

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, proprietary 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

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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*. 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 and the fire medic levy special revenue fund which are considered to be major funds. Data from the other 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 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 basic proprietary fund financial statements can be found on pages 26 through 29 of this report.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are agency. The fiduciary fund financial statement can be found on page 30 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 58 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 62 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 2006?" 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.

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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

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 2006 compared to 2005.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$26,286,012	\$22,763,193	\$5,065,484	\$5,071,101	\$31,351,496	\$27,834,294
Capital Assets, Net	39,105,435	41,289,520	13,161,439	13,513,658	52,266,874	54,803,178
<i>Total Assets</i>	65,391,447	64,052,713	18,226,923	18,584,759	83,618,370	82,637,472
Liabilities						
Current and Other Liabilities	6,078,743	5,891,858	553,078	998,116	6,631,821	6,889,974
Long-Term Liabilities:						
Due Within One Year	1,091,091	869,473	1,009,797	898,615	2,100,888	1,768,088
Due in More than One Year	13,334,392	12,589,755	9,233,513	9,509,917	22,567,905	22,099,672
<i>Total Liabilities</i>	20,504,226	19,351,086	10,796,388	11,406,648	31,300,614	30,757,734
Net Assets						
Invested in Capital Assets						
Net of Debt	27,242,739	29,561,437	3,285,261	2,842,724	30,528,000	32,404,161
Restricted:						
Capital Projects	1,171,756	1,356,429	0	0	1,171,756	1,356,429
Debt Service	1,321,616	1,143,792	0	0	1,321,616	1,143,792
Fire	522,030	423,999	0	0	522,030	423,999
Streets	1,162,070	1,294,088	0	0	1,162,070	1,294,088
Other Purposes	1,746,159	701,410	0	0	1,746,159	701,410
Unrestricted	11,720,851	10,220,472	4,145,274	4,335,387	15,866,125	14,555,859
<i>Total Net Assets</i>	\$44,887,221	\$44,701,627	\$7,430,535	\$7,178,111	\$52,317,756	\$51,879,738

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 \$51,879,738 at December 31, 2005 and \$52,317,756 at the close of the most recent year.

The largest portion of the City's net assets (58.4 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

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 increased by \$980,898 from 2005 to 2006, while the City's total liabilities also increased by \$542,880. The most significant changes in total assets were the increase in equity in pooled cash and cash equivalents \$4,121,376, accounts receivable \$530,416, and an increase in property taxes receivable \$422,346. The most significant decreases in total assets were the intergovernmental receivables (\$1,189,217), the income taxes receivable decrease in the amount of (\$365,757), a decrease in special assessments receivable (\$153,514), and a decrease in depreciable capital assets in the amount of (\$2,501,466). The reasons for the intergovernmental receivables and income taxes receivable changes were stated previously. The increase change in cash and cash equivalents was due to the increase in the amount of Municipal Net Profits and withholding income taxes collected and therefore increased the cash in accounts at year-end. Other items affecting the results were a decrease in non-depreciable assets due to less construction in progress on the books at the end of 2006. The increase in the long term and due within one year liabilities, was mainly due to the general obligation bond issue in 2006 and the advance refunding of the municipal complex bonds, including the municipal court bonds and the wastewater bond issues of 1999 and 2002.

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 increased \$185,594 during the current year. Most of this increase is due to the result of receiving more municipal income tax collections and more State shared revenues. Due to the State of Ohio's budget problems, and the Ohio 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 has led to a loss of inheritance tax revenue yearly since 1999. The State of Ohio has also adopted House Bill 66 that reduces and phases-out the Personal Property Tax by 100 percent over the next 4 years. The State of Ohio passed a Commercial Activities Tax (CAT) to allow the State to reimburse the City for 4 years. The State of Ohio will reimburse the City for the loss of tangible personal property taxes as a result of the changes in HB 66 within certain limitations. The City of Bedford's estimated loss after 4 years plus an estimated 8 year reduction in collection is expected to be \$626,000 each year. The State of Ohio has also decreased the local government revenue funds sent to the cities in 2006 by 10 percent and has affected the City revenue by the amount of \$72,958 each year. The State of Ohio has also eliminated the exempt valuation portion of our personal property tax returns (\$10,000 per return) that was reimbursed by the State and paid to the City. The balance of the increase in net assets is due to the degree in which increases in ongoing revenues have become more than the increases in ongoing expenses.

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 2006 and 2005.

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$2,591,913	\$2,542,307	\$5,181,246	\$5,550,445	\$7,773,159	\$8,092,752
Operating Grants and Contributions	1,150,207	1,193,539	0	0	1,150,207	1,193,539
Capital Grants and Contributions	431,974	425,995	32,508	8,646	464,482	434,641
<i>Total Program Revenues</i>	<u>4,174,094</u>	<u>4,161,841</u>	<u>5,213,754</u>	<u>5,559,091</u>	<u>9,387,848</u>	<u>9,720,932</u>
General Revenues						
Property Taxes	3,316,091	3,433,552	0	0	3,316,091	3,433,552
Municipal Income Taxes	11,705,219	11,279,471	373,551	435,782	12,078,770	11,715,253
Grants and Entitlements not Restricted to Specific Programs	1,940,740	1,925,920	0	0	1,940,740	1,925,920
Investment Income	648,078	255,900	140,178	87,679	788,256	343,579
Gain on Sale of Capital Assets	27,503	80,398	3,903	0	31,406	80,398
Miscellaneous	301,092	399,247	3,408	23,426	304,500	422,673
<i>Total General Revenues</i>	<u>17,938,723</u>	<u>17,374,488</u>	<u>521,040</u>	<u>546,887</u>	<u>18,459,763</u>	<u>17,921,375</u>
<i>Total Revenues</i>	<u>22,112,817</u>	<u>21,536,329</u>	<u>5,734,794</u>	<u>6,105,978</u>	<u>27,847,611</u>	<u>27,642,307</u>
Program Expenses						
General Government	4,871,530	4,513,961	0	0	4,871,530	4,513,961
Security of Persons and Property						
Police	4,847,966	4,696,595	0	0	4,847,966	4,696,595
Fire	3,338,007	3,264,023	0	0	3,338,007	3,264,023
Public Health and Welfare	164,391	165,278	0	0	164,391	165,278
Leisure Time Activities	1,615,332	1,515,957	0	0	1,615,332	1,515,957
Community Development	1,042,659	711,271	0	0	1,042,659	711,271
Basic Utility Services	850,077	746,633	0	0	850,077	746,633
Transportation	4,727,888	4,815,778	0	0	4,727,888	4,815,778
Interest and Fiscal Charges	469,373	610,370	0	0	469,373	610,370
Water	0	0	3,155,757	3,277,619	3,155,757	3,277,619
Wastewater	0	0	2,326,613	2,249,871	2,326,613	2,249,871
<i>Total Program Expenses</i>	<u>21,927,223</u>	<u>21,039,866</u>	<u>5,482,370</u>	<u>5,527,490</u>	<u>27,409,593</u>	<u>26,567,356</u>
Increase in Net Assets	185,594	496,463	252,424	578,488	438,018	1,074,951
Net Assets Beginning of Year	<u>44,701,627</u>	<u>44,205,164</u>	<u>7,178,111</u>	<u>6,599,623</u>	<u>51,879,738</u>	<u>50,804,787</u>
Net Assets End of Year	<u>\$44,887,221</u>	<u>\$44,701,627</u>	<u>\$7,430,535</u>	<u>\$7,178,111</u>	<u>\$52,317,756</u>	<u>\$51,879,738</u>

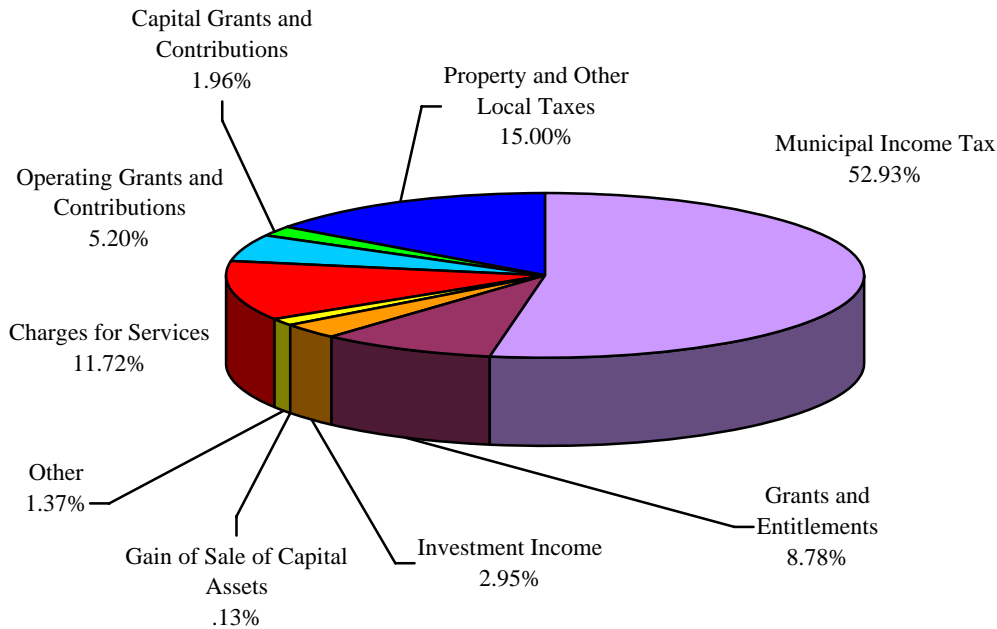
Governmental Activities

Governmental activities increased the City's net assets from \$44,701,627 to \$44,887,221 or by the amount of \$185,594. The business-type activities increased total net assets from \$7,178,111 to \$7,430,535 or \$252,424. This allowed for the overall increased growth in the total net assets of \$438,018. The primary reason for the increase in net assets relates to the increase in revenues in the municipal income tax revenues and investment

City of Bedford, Ohio
Management's Discussion and Analysis
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income. 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 2006, 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 to a limit of 1.50 percent for those who pay income tax to another City. City Council could, by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

Revenues by Source - Governmental Activities



The income tax revenue for 2006 and 2005 was \$11,705,219 and \$11,279,471 respectively for governmental activities. Of the \$22,112,817 and \$21,536,329 for 2006 and 2005 respectively, in total governmental revenues, income tax accounts for 52.93 and 52.37 percent of that total respectively. Property tax revenue for 2006 and 2005 were \$3,316,091 and \$3,433,552 respectively and accounted for 15.00 percent and 15.94 percent of total revenues, and operating grants, capital grants and contributions, general revenues from grants and entitlements account for 15.93 percent of total revenues, whereas, charges for services, and other revenue make up the remaining 16.14 percent.

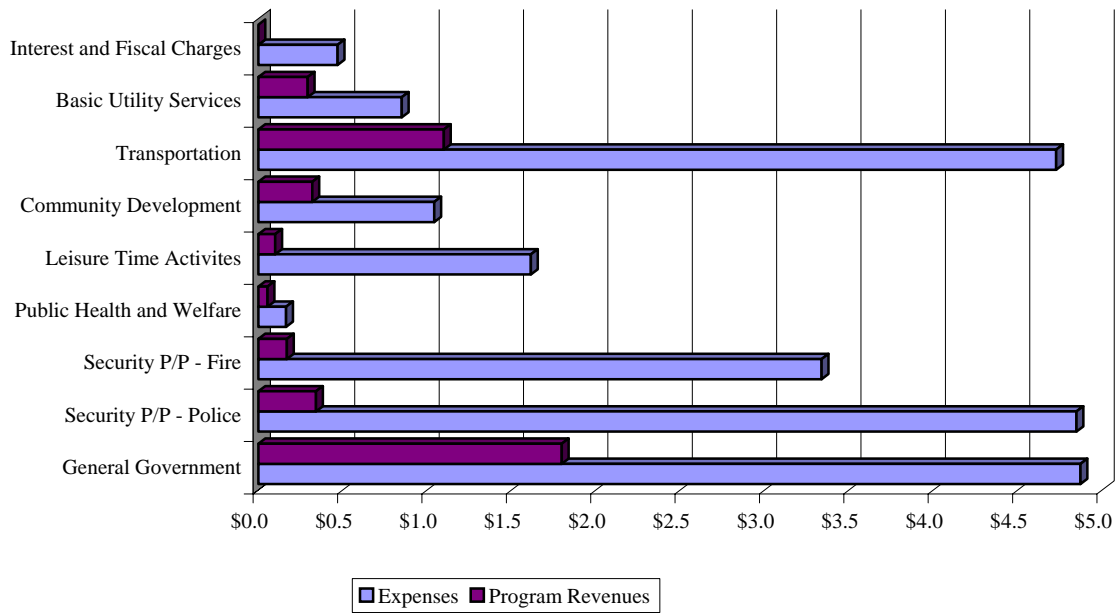
General revenues from grants and entitlements, such as local government funds, are also revenue generators. The combination of property tax, income tax and intergovernmental funding exceeded all expenses in the governmental activities by an amount of \$185,594. The City monitors its source of revenues very closely for fluctuations.

For the most part, increases in expenses closely parallel inflation and growth in the demand for services. One exception was general government costs in 2006. This increase was caused by contract wage increases, hospitalization and workers' compensation increased costs and more depreciation expense charged to general government mostly due to the municipal complex including the court. Most of these expenses were for the operations of the municipal court and administration of City Hall. In 2006, 22.22 percent of program expenses went for general government activities as compared to 21.45 percent spent on this program for 2005. The

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winter was mild in 2006 which accounted for the lower spending in transportation costs. The City maintains funding for two major winter storms at all times. The largest program for the City relates to the security of persons and property police and fire program expenses. During 2006 \$8,185,973 was spent or 37.33 percent of program expenses related to security of persons and property as similarly to 2005, when \$7,960,618 was spent or 37.84 percent. The second largest program expenses were related to the transportation system for street and highway maintenance, including snow removal. In 2006, 21.56 percent \$4,727,888 of program expenses were related to the transportation system compared to 22.89 percent or \$4,815,778 in 2005.

Expenses and Program Revenues - Governmental Activities (millions)

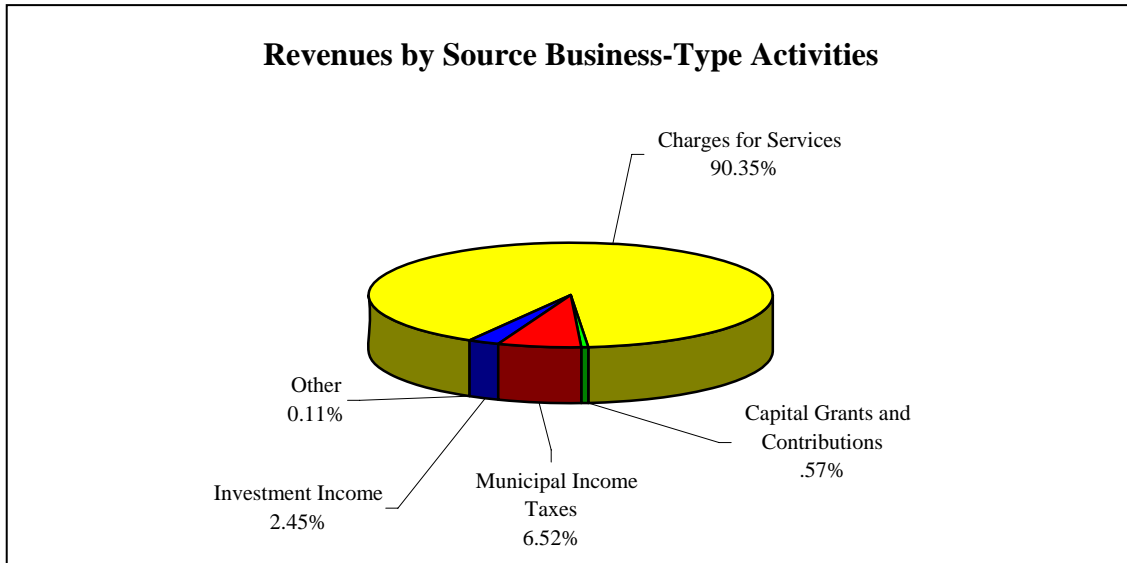


Leisure time activities, primarily the expenses for the Ellenwood Recreation Center and the outdoor pool, accounted for 7.37 percent in 2006 and 7.21 percent in 2005 of total program expenses. The basic utility services program expenses were 3.88 percent in 2006 and 3.55 percent in 2005. We anticipate these expenses to significantly increase in percent of total program expenses in 2007. The community development expenses increased due to the new grants received for the maintenance of the Northfield Road rehabilitation project and the Washington Street Rehabilitation project grant. These grant funds were from the Community Development Block Grant (CDBG) funds in the amounts of \$114,800 and \$150,000 respectively.

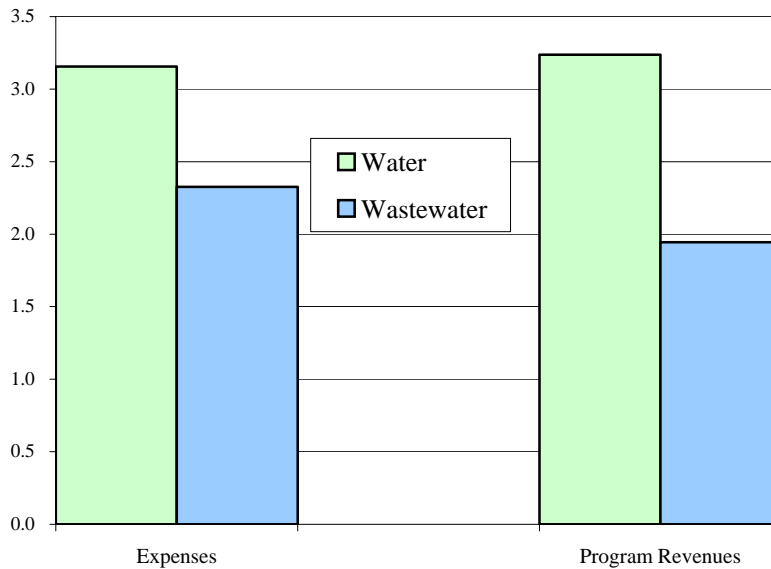
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Business-Type Activities

The business-type activities of the City, which include the City's water and wastewater operations increased the City's net assets by \$252,424.



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



Program revenues were more than program expenses in the amount of \$81,689 for the water operations for 2006. This increase in net assets is due to rate increases, the collection of penalties and interest and water receivables. This revenue is classified as charges for services. Water rate increases (3.0 percent) were charged

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to consumers in 2006. The water system was sounded for leaks in 2005 and 2006. 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 3.0 percent increase in charges for services. Program revenues were less than program expenses in the amount of (\$350,305) for the wastewater operations for 2006. The wastewater fund was affected by the reduction in water consumption by our largest taxpayer and the recycling of their water usage. Wastewater rate increases will be necessary to replenish the revenue lost from this new recycling process. Total program revenues for wastewater operations recorded in 2006 were \$1,976,308 versus \$2,163,198 in 2005.

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 using the modified accrual basis of accounting.

As of the end of 2006, the City of Bedford's governmental funds reported combined ending fund balances of \$16,535,388. Of this amount, \$14,697,689 constitutes unreserved fund balance, 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 \$1,837,699.

All governmental funds had total revenues of \$22,295,047 in 2006 and \$21,255,577 in 2005 and total expenditures of \$20,613,738 in 2006 and \$20,632,646 in 2005, leaving a difference of expenditures over revenues of \$1,681,309 and \$622,931 respectively. The most significant change in our funds from 2005 to 2006 was the decrease in costs of Community Development (CDBG Grant Projects). These costs were associated with a \$150,000 CDBG Grant for Washington Street rehabilitation project, \$199,155 from the general fund, and the remaining costs of this reconstruction were borrowed through the issuance of general obligation bonds of \$591,850. Bond issuance costs charged to the Governmental funds were \$193,579. Capital outlay had similar costs in 2006; however, more dollars in road improvements were being utilized through State grants on State routes and therefore the City's share of dollars invested towards road projects was leveraged at a 10:1 ratio. The City is leveraging \$318,336 on the engineering of the Rockside Road resurfacing project. The State has agreed to pay by grant the construction costs of over \$3,900,000 towards the project. The largest increase in revenue was the municipal income taxes as they increased significantly from \$10,833,996 in 2005 to \$11,769,832 in 2006 for an increase of \$935,836. The reasons were stated earlier in this analysis. The City received Community Development Block Grants in the amount of \$187,505 and a Cuyahoga County grant of \$25,000 for property in Bedford, and Byrne Funds for Southeast Area Law Enforcement Agency (SEAL) of \$35,279 along with confiscated program income dollars generated in the amount of \$189,938.

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 \$10,832,296 compared to \$9,467,365 in 2005 of which \$10,708,438 in 2006 and \$9,341,622 in 2005 was unreserved at year-end. As a measure of the general fund's liquidity, it may be useful

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to compare both unreserved fund balance and total fund balance to total fund expenditures. The 2006 unreserved fund balance represents 66.66 of total general fund expenditures, while total fund balance represents 67.4. The unreserved fund balance will cover 243 days of City general fund expenditures. This is another way to express the general fund's liquidity.

During the current year, the fund balance of the City's general fund increased by \$1,364,931. The increase in the general fund balance is due to the increase in the income tax revenue, and investment earnings. The income tax revenue in the general fund for 2006 was \$10,898,930. The amount of income tax revenue increase was 7.10 percent over 2005. The interest earnings were \$439,904 in 2006 and \$135,426 in 2005. This increase is due to better interest rates. Court costs were increased in 2005 to maintain revenues in line with expenses. The transfers-out of \$4,708,539 were much more in 2006 than the \$4,453,636 that was sent to other funds for capital improvements and for various operating purposes in 2005.

The other major fund included in the governmental fund section is the fire medic levy fund. The fire medic levy fund's fund balance as of December 31, 2006 was (\$57,113). As of December 31, 2005 the fund balance was (\$69,568). This year's ending fund balance is \$12,455 more than last year's. The costs of operation due to overtime in the department were less in 2006. The overtime issue has been addressed in 2006 and will result in less expenditure of funds in 2007.

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 2006, 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 \$16,477,226. The final budgeted revenue amount was \$16,794,331. The general fund's original appropriations were budgeted at \$12,032,062. The final budgeted appropriations were \$12,163,185. The City of Bedford's ending unencumbered cash balance in the general fund was \$1,648,377 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 the increase in municipal income tax collections from net profits tax. This revenue source contributed to the 1 million excess actual revenue over the budgeted revenue for 2006.
- ❑ The Police department left unspent \$160,810 in anticipated expenditures in 2006.
- ❑ The Service department had unspent \$84,922 of expenditures versus final budgeted amounts.

The overall general fund appropriation budget showed unspent dollars of \$729,714 or 6.0 percent left at year-end. Most other budget accounts were budgeted near or close to expectations in 2006.

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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	
	2006	2005	2006	2005	2006	2005
Land	\$2,627,189	\$2,627,189	\$28,620	\$28,620	\$2,655,809	\$2,655,809
Construction in Progress	280,804	461,398	69,935	1,962,081	350,739	2,423,479
Buildings and Improvements	14,820,871	15,090,208	6,875,081	5,104,870	21,695,952	20,195,078
Machinery and Equipment	1,744,644	2,001,757	469,248	760,388	2,213,892	2,762,145
Furniture and Fixtures	245,751	334,568	0	0	245,751	334,568
Vehicles	1,170,584	1,297,250	219,703	76,515	1,390,287	1,373,765
Infrastructure						
Roads	14,931,697	16,177,109	0	0	14,931,697	16,177,109
Traffic Signals	1,314,277	1,377,812	0	0	1,314,277	1,377,812
Rubberized Crossings	21,714	23,138	0	0	21,714	23,138
Storm Sewers	1,947,904	1,899,091	0	0	1,947,904	1,899,091
Water Lines	0	0	3,190,471	3,241,005	3,190,471	3,241,005
Sewer Lines	0	0	2,308,381	2,340,179	2,308,381	2,340,179
Total	\$39,105,435	\$41,289,520	\$13,161,439	\$13,513,658	\$52,266,874	\$54,803,178

Total capital assets decreased \$2,536,304 in 2006. Decreases in most capital asset categories occurred in 2006 mostly due to depreciation expense for both types of assets in the amount of \$3,916,160. The most significant increase in our capital assets was in the categories of buildings and improvements in the business type activities. The major project that created this increase was the oxidation tower in the amount of \$1,949,090. The most significant decrease in capital assets was in the roads category. The decrease was a result of reduced construction in 2006 on the roads combined with normal depreciation expense.

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, 2006 the City's governmental activities debt included \$1,091,091 due within one year, including compensated absences of \$491,352. The City had business-type debt of \$10,243,310 as of December 31, 2006, including \$121,030 of compensated absences. The amount of business-type bonds and loans due within one year as of December 31, 2006 was \$973,603. This was due to the increased amount of principal due on loans from OPWC (The Oxidation Tower project) and OWDA (The Rapid Sandfilter Project). The City issued general obligation bonded debt in the amount of \$9.9 million in 2006. \$1.2 million of this bond issue was used to pay for the general obligation notes issued in 2005. Both types of activities were affected with new debt issued at \$596,450 towards governmental activities-community development block grant fund, \$657,550 for the construction of the municipal pool and \$646,000 towards the water enterprise fund.

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Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$11,816,833	\$10,780,000	\$2,563,095	\$2,088,206	\$14,379,928	\$12,868,206
Special Assessment Bonds	570,000	635,000	0	0	570,000	635,000
OPWC Loans	529,955	578,144	793,921	835,931	1,323,876	1,414,075
OWDA Loans	0	0	6,765,264	7,376,946	6,765,264	7,376,946
Notes Payable	0	591,850	0	608,150	0	1,200,000
Police Pension	201,888	205,488	0	0	201,888	205,488
Capital Leases	12,458	15,456	0	0	12,458	15,456
Total	\$13,131,134	\$12,805,938	\$10,122,280	\$10,909,233	\$23,253,414	\$23,715,171

The general obligation bonds are composed of the 2006 advanced refunding issues for the following: (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 also repaid from the one-fourth of a percent income tax increase; and (3) the 1999 Municipal Complex Improvement - this issue is also repaid from the one fourth of a percent income tax increase. In addition to the refunding issue state above, the City issued general obligation bonds in the amount of \$1,900,000. The cashflow savings and net present value savings from the advance refunded issues were \$301,133 and \$257,472 respectively.

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 zero interest 20-year loans for the Willard and Wandle Avenue street rehabilitation projects. The amounts outstanding as of December 31, 2006 and December 31, 2005 were \$529,955, and \$578,144 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, 2006 the balance was \$201,888.

The Business-type debt consisted of the following:

The General Obligation bonds are composed of the 2006 Advance Refunding issue of the (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. The 2006 general obligation debt was issued for the water lines of Washington street, Tinkers Creek Commerce Park and Forbes Road water line. The amount of \$646,000 out of the \$1,900,000 2006 new money issue was for these water lines.

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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, 2006 are \$760,614 and \$2,171,116 respectively. The City received a grant of \$945,000 in 2004 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.

Most of the City's OWDA loans 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, 2006 is \$5,073,595.

State statues 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 \$19,470,802 on December 31, 2006.

Additional information concerning the City's debt can be found in Note 12 to the basic financial statements.

Current Financial Related Activities

The City of Bedford is financially strong as evidenced by Moody's Investors Service's affirmation of our A1 rating and Standard and Poor's upgrade in 2006 to AA- from our A+ rating in 2005. Both were awarded and confirmed to the City in 2006.

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, 2006*

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,903,823	\$3,651,473	\$20,555,296
Materials and Supplies Inventory	113,833	140,083	253,916
Accrued Interest Receivable	141,626	235	141,861
Accounts Receivable	13,941	1,013,800	1,027,741
Internal Balances	(19,400)	19,400	0
Intergovernmental Receivable	1,058,607	0	1,058,607
Prepaid Items	15,267	0	15,267
Income Taxes Receivable	2,508,977	0	2,508,977
Property Taxes Receivable	3,972,309	0	3,972,309
Special Assessments Receivable	1,210,588	0	1,210,588
Unamortized Bond Issuance Costs	366,441	240,493	606,934
Nondepreciable Capital Assets	2,907,993	98,555	3,006,548
Depreciable Capital Assets, Net	36,197,442	13,062,884	49,260,326
<i>Total Assets</i>	<u>65,391,447</u>	<u>18,226,923</u>	<u>83,618,370</u>
Liabilities			
Accounts Payable	515,232	228,650	743,882
Accrued Wages and Benefits	559,056	56,035	615,091
Intergovernmental Payable	425,291	24,518	449,809
Vacation Benefits Payable	610,960	59,844	670,804
Claims Payable	121,320	0	121,320
Deferred Revenue	3,769,503	0	3,769,503
Accrued Interest Payable	77,381	184,031	261,412
Long-Term Liabilities:			
Due Within One Year	1,091,091	1,009,797	2,100,888
Due In More Than One Year	13,334,392	9,233,513	22,567,905
<i>Total Liabilities</i>	<u>20,504,226</u>	<u>10,796,388</u>	<u>31,300,614</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	27,242,739	3,285,261	30,528,000
Restricted for:			
Capital Projects	1,171,756	0	1,171,756
Debt Service	1,321,616	0	1,321,616
Fire	522,030	0	522,030
Streets	1,162,070	0	1,162,070
Other Purposes	1,746,159	0	1,746,159
Unrestricted	11,720,851	4,145,274	15,866,125
<i>Total Net Assets</i>	<u>\$44,887,221</u>	<u>\$7,430,535</u>	<u>\$52,317,756</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$4,871,530	\$1,797,782	\$0	\$0
Security of Persons and Property				
Police	4,847,966	57,998	283,602	0
Fire	3,338,007	160,839	8,413	0
Public Health and Welfare	164,391	43,580	10,680	0
Leisure Time Activities	1,615,332	87,771	12,370	0
Community Development	1,042,659	151,920	167,843	0
Basic Utility Services	850,077	292,023	274	0
Transportation	4,727,888	0	667,025	431,974
Interest and Fiscal Charges	469,373	0	0	0
<i>Total Governmental Activities</i>	<u>21,927,223</u>	<u>2,591,913</u>	<u>1,150,207</u>	<u>431,974</u>
Business-Type Activities				
Water	3,155,757	3,237,446	0	0
Wastewater	2,326,613	1,943,800	0	32,508
<i>Total Business-Type Activities</i>	<u>5,482,370</u>	<u>5,181,246</u>	<u>0</u>	<u>32,508</u>
<i>Total</i>	<u><u>\$27,409,593</u></u>	<u><u>\$7,773,159</u></u>	<u><u>\$1,150,207</u></u>	<u><u>\$464,482</u></u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Other Purposes

Municipal Income Taxes Levied for:

 General Purposes

 Debt Service

 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

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
(\$3,073,748)	\$0	(\$3,073,748)
(4,506,366)	0	(4,506,366)
(3,168,755)	0	(3,168,755)
(110,131)	0	(110,131)
(1,515,191)	0	(1,515,191)
(722,896)	0	(722,896)
(557,780)	0	(557,780)
(3,628,889)	0	(3,628,889)
(469,373)	0	(469,373)
<u>(17,753,129)</u>	<u>0</u>	<u>(17,753,129)</u>
0	81,689	81,689
0	(350,305)	(350,305)
<u>0</u>	<u>(268,616)</u>	<u>(268,616)</u>
<u>(17,753,129)</u>	<u>(268,616)</u>	<u>(18,021,745)</u>
2,435,575	0	2,435,575
880,516	0	880,516
10,834,317	0	10,834,317
870,902	0	870,902
0	373,551	373,551
1,940,740	0	1,940,740
648,078	140,178	788,256
27,503	3,903	31,406
301,092	3,408	304,500
<u>17,938,723</u>	<u>521,040</u>	<u>18,459,763</u>
185,594	252,424	438,018
<u>44,701,627</u>	<u>7,178,111</u>	<u>51,879,738</u>
<u>\$44,887,221</u>	<u>\$7,430,535</u>	<u>\$52,317,756</u>

City of Bedford, Ohio*Balance Sheet**Governmental Funds**December 31, 2006*

	<u>General</u>	<u>Fire Medic Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,213,898	\$114,685	\$6,112,397	\$16,440,980
Property Taxes Receivable	2,917,150	868,973	186,186	3,972,309
Income Taxes Receivable	2,508,977	0	0	2,508,977
Accounts Receivable	11,141	0	2,800	13,941
Intergovernmental Receivable	563,421	37,090	458,096	1,058,607
Accrued Interest Receivable	135,376	0	6,250	141,626
Materials and Supplies Inventory	101,737	0	12,096	113,833
Prepaid Items	15,267	0	0	15,267
Special Assessments Receivable	0	0	1,210,588	1,210,588
<i>Total Assets</i>	<u>\$16,466,967</u>	<u>\$1,020,748</u>	<u>\$7,988,413</u>	<u>\$25,476,128</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$185,960	\$24,003	\$300,351	\$510,314
Accrued Wages and Benefits	394,510	122,419	42,127	559,056
Intergovernmental Payable	136,994	25,376	262,921	425,291
Deferred Revenue	4,917,207	906,063	1,622,809	7,446,079
<i>Total Liabilities</i>	<u>5,634,671</u>	<u>1,077,861</u>	<u>2,228,208</u>	<u>8,940,740</u>
Fund Balances				
Reserved for Encumbrances	123,858	30,521	1,683,320	1,837,699
Unreserved				
Undesignated, Reported in:				
General Fund	10,708,438	0	0	10,708,438
Special Revenue Funds (Deficit)	0	(87,634)	2,624,625	2,536,991
Debt Service Funds	0	0	536,692	536,692
Capital Projects Funds	0	0	915,568	915,568
<i>Total Fund Balances (Deficit)</i>	<u>10,832,296</u>	<u>(57,113)</u>	<u>5,760,205</u>	<u>16,535,388</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$16,466,967</u>	<u>\$1,020,748</u>	<u>\$7,988,413</u>	<u>\$25,476,128</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, 2006*

Total Governmental Fund Balances \$16,535,388

*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. 39,105,435

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

Property Taxes	\$202,806
Income Taxes	1,637,823
Special Assessments	1,210,588
Intergovernmental	<u>625,359</u>

Total 3,676,576

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	336,605
Internal Balances	<u>(19,400)</u>

Total 317,205

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. 366,441

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (77,381)

Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds. (610,960)

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	(11,816,833)
Special Assessment Bonds	(570,000)
OPWC Loans	(529,955)
Police and Fire Liability	(201,888)
Capital Leases	(12,458)
Compensated Absences	<u>(1,294,349)</u>

Total (14,425,483)

Net Assets of Governmental Activities \$44,887,221

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, 2006

	General	Fire Medic Levy	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Taxes	\$2,448,602	\$729,014	\$156,218	\$3,333,834
Municipal Income Taxes	10,898,930	0	870,902	11,769,832
Charges for Services	300,149	0	292,131	592,280
Fees, Licenses and Permits	176,349	2,529	7,250	186,128
Fines and Forfeitures	1,206,628	0	306,294	1,512,922
Intergovernmental	1,886,100	90,074	1,580,224	3,556,398
Special Assessments	0	0	399,087	399,087
Interest	439,904	6,871	188,136	634,911
Rentals	8,563	0	0	8,563
Other	70,298	0	230,794	301,092
<i>Total Revenues</i>	<u>17,435,523</u>	<u>828,488</u>	<u>4,031,036</u>	<u>22,295,047</u>
Expenditures				
Current:				
General Government	4,484,739	0	48,817	4,533,556
Security of Persons and Property:				
Police	4,006,020	0	814,672	4,820,692
Fire	0	2,691,743	549,688	3,241,431
Public Health and Welfare	47,617	0	117,877	165,494
Leisure Time Activities	231,754	0	1,341,146	1,572,900
Community Development	378,459	0	664,709	1,043,168
Basic Utility Services	559,431	0	279,926	839,357
Transportation	1,648,846	0	633,537	2,282,383
Capital Outlay	0	0	1,008,659	1,008,659
Debt Service:				
Principal Retirement	6,598	0	513,189	519,787
Interest and Fiscal Charges	9,598	0	391,445	401,043
Bond Issuance Costs	0	0	185,268	185,268
<i>Total Expenditures</i>	<u>11,373,062</u>	<u>2,691,743</u>	<u>6,548,933</u>	<u>20,613,738</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,062,461</u>	<u>(1,863,255)</u>	<u>(2,517,897)</u>	<u>1,681,309</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	11,009	0	18,694	29,703
General Obligation Bonds Issued	0	0	8,929,000	8,929,000
Premium on Bonds	0	0	60,111	60,111
Discount on Bonds	0	0	(54,376)	(54,376)
Payment to Refunded Bond Escrow Agent	0	0	(7,501,400)	(7,501,400)
Transfers In	0	1,875,710	2,971,604	4,847,314
Transfers Out	(4,708,539)	0	(138,775)	(4,847,314)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,697,530)</u>	<u>1,875,710</u>	<u>4,284,858</u>	<u>1,463,038</u>
<i>Net Change in Fund Balances</i>	1,364,931	12,455	1,766,961	3,144,347
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>9,467,365</u>	<u>(69,568)</u>	<u>3,993,244</u>	<u>13,391,041</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$10,832,296</u>	<u>(\$57,113)</u>	<u>\$5,760,205</u>	<u>\$16,535,388</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, 2006*

Net Change in Fund Balances - Total Governmental Funds	\$3,144,347
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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	\$1,162,141
Depreciation	<u>(3,334,706)</u>
Total	(2,172,565)
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.	
	(11,520)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	(17,743)
Income Taxes	(64,613)
Special Assessments	(107,067)
Intergovernmental	<u>(33,477)</u>
Total	(222,900)
Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.	
General Obligation Bonds Issued	(8,929,000)
Premium on Bonds Issued	(60,111)
Discount on Bonds Issued	<u>54,376</u>
Total	(8,934,735)
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.	
	8,021,187
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.	
	185,268
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	(10,488)
Amortization of Premium	477
Amortization of Discount	(432)
Amortization of Loss on Refunding	(3,543)
Amortization of Issuance Costs	<u>(54,344)</u>
Totals	(68,330)
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	(49,209)
Vacation Benefits Payable	<u>(15,858)</u>
Total	(65,067)
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	341,575
Change in Internal Balance	<u>(31,666)</u>
Total	<u>309,909</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$185,594</u></u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$2,530,542	\$2,530,542	\$2,448,602	(\$81,940)
Municipal Income Taxes	10,199,385	10,199,385	11,200,074	1,000,689
Charges for Services	378,850	378,850	371,139	(7,711)
Fees, Licenses and Permits	137,095	157,095	176,277	19,182
Fines and Forfeitures	1,248,540	1,248,540	1,209,720	(38,820)
Intergovernmental	1,758,264	1,955,369	1,884,025	(71,344)
Interest	200,000	300,000	362,115	62,115
Rentals	1,200	1,200	8,563	7,363
Other	23,350	23,350	53,970	30,620
<i>Total Revenues</i>	16,477,226	16,794,331	17,714,485	920,154
Expenditures				
Current:				
General Government	4,907,781	4,947,335	4,508,804	438,531
Security of Persons and Property:				
Police	4,146,852	4,169,974	4,009,164	160,810
Public Health and Welfare	47,620	47,620	47,617	3
Leisure Time Activities	302,244	302,244	283,860	18,384
Community Development	442,270	460,056	444,027	16,029
Basic Utility Services	525,000	574,689	563,654	11,035
Transportation	1,660,295	1,661,267	1,576,345	84,922
<i>Total Expenditures</i>	12,032,062	12,163,185	11,433,471	729,714
<i>Excess of Revenues Over Expenditures</i>	4,445,164	4,631,146	6,281,014	1,649,868
Other Financing Sources (Uses)				
Sale of Capital Assets	12,500	12,500	11,009	(1,491)
Advances In	130,880	770,313	770,313	0
Transfers Out	(4,526,090)	(4,708,539)	(4,708,539)	0
<i>Total Other Financing Sources (Uses)</i>	(4,382,710)	(3,925,726)	(3,927,217)	(1,491)
<i>Net Change in Fund Balance</i>	62,454	705,420	2,353,797	1,648,377
<i>Fund Balance Beginning of Year</i>	7,429,093	7,429,093	7,429,093	0
Prior Year Encumbrances Appropriated	183,838	183,838	183,838	0
<i>Fund Balance End of Year</i>	\$7,675,385	\$8,318,351	\$9,966,728	\$1,648,377

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$753,480	\$754,408	\$729,014	(\$25,394)
Fees, Licenses and Permits	1,150	1,150	2,529	1,379
Intergovernmental	84,061	84,061	90,074	6,013
Interest	4,000	4,000	6,871	2,871
<i>Total Revenues</i>	842,691	843,619	828,488	(15,131)
Expenditures				
Current:				
Security of Persons and Property:				
Fire	2,696,368	2,701,368	2,687,627	13,741
<i>Excess of Revenues Under Expenditures</i>	(1,853,677)	(1,857,749)	(1,859,139)	(1,390)
Other Financing Sources				
Transfers In	1,875,710	1,875,710	1,875,710	0
<i>Net Change in Fund Balance</i>	22,033	17,961	16,571	(1,390)
<i>Fund Balance Beginning of Year</i>	52,512	52,512	52,512	0
Prior Year Encumbrances Appropriated	15,083	15,083	15,083	0
<i>Fund Balance End of Year</i>	\$89,628	\$85,556	\$84,166	(\$1,390)

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Enterprise			Internal Service
	Water	Wastewater	Total	
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,484,486	\$2,166,987	\$3,651,473	\$462,843
Receivables:				
Accounts	641,502	372,298	1,013,800	0
Accrued Interest	0	235	235	0
Materials and Supplies Inventory	80,818	59,265	140,083	0
<i>Total Current Assets</i>	<u>2,206,806</u>	<u>2,598,785</u>	<u>4,805,591</u>	<u>462,843</u>
<i>Noncurrent Assets</i>				
Unamortized Bond Issuance Costs	141,930	98,563	240,493	0
Nondepreciable Capital Assets	0	98,555	98,555	0
Depreciable Capital Assets, Net	3,298,873	9,764,011	13,062,884	0
<i>Total Noncurrent Assets</i>	<u>3,440,803</u>	<u>9,961,129</u>	<u>13,401,932</u>	<u>0</u>
<i>Total Assets</i>	<u>5,647,609</u>	<u>12,559,914</u>	<u>18,207,523</u>	<u>462,843</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	186,863	41,787	228,650	4,918
Accrued Wages	20,087	35,948	56,035	0
Intergovernmental Payable	8,721	15,797	24,518	0
Vacation Benefits Payable	21,325	38,519	59,844	0
Compensated Absences Payable	12,059	24,135	36,194	0
Accrued Interest Payable	8,330	175,701	184,031	0
General Obligation Bonds Payable	180,400	30,000	210,400	0
OPWC Loans Payable	0	45,277	45,277	0
OWDA Loans Payable	0	717,926	717,926	0
Claims Payable	0	0	0	121,320
<i>Total Current Liabilities</i>	<u>437,785</u>	<u>1,125,090</u>	<u>1,562,875</u>	<u>126,238</u>
<i>Long-Term Liabilities (net of current portion)</i>				
Compensated Absences Payable	32,791	52,045	84,836	0
General Obligation Bonds Payable	1,745,896	606,799	2,352,695	0
OPWC Loans Payable	0	748,644	748,644	0
OWDA Loans Payable	0	6,047,338	6,047,338	0
<i>Total Long-Term Liabilities</i>	<u>1,778,687</u>	<u>7,454,826</u>	<u>9,233,513</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,216,472</u>	<u>8,579,916</u>	<u>10,796,388</u>	<u>126,238</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,518,918	1,766,343	3,285,261	0
Unrestricted	1,912,219	2,213,655	4,125,874	336,605
<i>Total Net Assets</i>	<u>\$3,431,137</u>	<u>\$3,979,998</u>	<u>7,411,135</u>	<u>\$336,605</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:

19,400

Net assets of business-type activities

\$7,430,535

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, 2006*

	Enterprise			Internal Service
	Water	Wastewater	Total	
Operating Revenues				
Charges for Services	\$3,237,446	\$1,943,800	\$5,181,246	\$2,235,582
Other	3,408	0	3,408	0
<i>Total Operating Revenues</i>	<u>3,240,854</u>	<u>1,943,800</u>	<u>5,184,654</u>	<u>2,235,582</u>
Operating Expenses				
Personal Services	443,272	902,640	1,345,912	0
Contractual Services	2,470,889	36,221	2,507,110	665,002
Materials and Supplies	77,904	397,042	474,946	0
Depreciation	70,328	511,126	581,454	0
Claims	0	0	0	1,242,172
Other	21,345	40,579	61,924	0
<i>Total Operating Expenses</i>	<u>3,083,738</u>	<u>1,887,608</u>	<u>4,971,346</u>	<u>1,907,174</u>
<i>Operating Income</i>	<u>157,116</u>	<u>56,192</u>	<u>213,308</u>	<u>328,408</u>
Non-Operating Revenues (Expenses)				
Interest	59,471	80,707	140,178	13,167
Municipal Income Taxes	0	373,551	373,551	0
Interest and Fiscal Charges	(80,153)	(455,399)	(535,552)	0
Gain on Sale of Capital Assets	3,903	0	3,903	0
Loss on Sale of Capital Assets	(2,165)	(2,165)	(4,330)	0
Other Non-Operating Expenses	(1,218)	(1,590)	(2,808)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(20,162)</u>	<u>(4,896)</u>	<u>(25,058)</u>	<u>13,167</u>
<i>Income before Capital Contributions</i>	<u>136,954</u>	<u>51,296</u>	<u>188,250</u>	<u>341,575</u>
Capital Contributions	0	32,508	32,508	0
<i>Change in Net Assets</i>	<u>136,954</u>	<u>83,804</u>	<u>220,758</u>	<u>341,575</u>
<i>Net Assets (Deficit) Beginning of Year</i>	<u>3,294,183</u>	<u>3,896,194</u>		<u>(4,970)</u>
<i>Net Assets End of Year</i>	<u><u>\$3,431,137</u></u>	<u><u>\$3,979,998</u></u>		<u><u>\$336,605</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:

	<u>31,666</u>
Change in net assets of business-type activities	<u><u>\$252,424</u></u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Enterprise			Internal Service
	Water	Wastewater	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$3,274,451	\$1,982,165	\$5,256,616	\$0
Cash Received from Interfund Services Provided	0	0	0	2,241,322
Other Cash Receipts	3,408	0	3,408	0
Cash Payments to Employees for Services	(437,338)	(894,816)	(1,332,154)	(662,719)
Cash Payments for Goods and Services	(2,378,605)	(424,767)	(2,803,372)	0
Cash Payments for Claims	0	0	0	(1,220,887)
Other Cash Payments	(21,345)	(40,579)	(61,924)	0
Non-Operating Expenses	(1,218)	(1,590)	(2,808)	0
<i>Net Cash Provided by Operating Activities</i>	<u>439,353</u>	<u>620,413</u>	<u>1,059,766</u>	<u>357,716</u>
Cash Flows from Noncapital Financing Activities				
Cash Received from Municipal Income Taxes	<u>0</u>	<u>373,551</u>	<u>373,551</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Capital Grants Received	0	32,508	32,508	0
Cash Received from Sale of Capital Assets	5,592	1,689	7,281	0
Proceeds from General Obligation Bonds	646,000	315,000	961,000	0
Premium from General Obligation Bonds	4,446	1,208	5,654	0
Discount from General Obligation Bonds	(4,008)	(799)	(4,807)	0
Proceeds from OPWC Loans	0	3,267	3,267	0
Principal Paid on General Obligation Bonds	(155,000)	(30,000)	(185,000)	0
Interest Paid on General Obligation Bonds	(51,998)	(21,987)	(73,985)	0
Principal Paid on General Obligation Notes	(608,150)	0	(608,150)	0
Interest Paid on General Obligation Notes	(21,226)	0	(21,226)	0
Principal Paid on OWDA Loans	0	(685,444)	(685,444)	0
Interest Paid on OWDA Loans	0	(352,377)	(352,377)	0
Principal Paid on OPWC Loans	0	(45,277)	(45,277)	0
Bond Issuance Costs	(32,218)	(6,654)	(38,872)	0
Payment to Refunded Bond Escrow Agent	0	(308,755)	(308,755)	0
Payments for Capital Acquisitions	(29,542)	(207,401)	(236,943)	0
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(246,104)</u>	<u>(1,305,022)</u>	<u>(1,551,126)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	<u>59,487</u>	<u>80,679</u>	<u>140,166</u>	<u>13,167</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	252,736	(230,379)	22,357	370,883
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,231,750</u>	<u>2,397,366</u>	<u>3,629,116</u>	<u>91,960</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,484,486</u>	<u>\$2,166,987</u>	<u>\$3,651,473</u>	<u>\$462,843</u>

(continued)

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2006

	Enterprise			Internal Service
	Water	Wastewater	Total	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$157,116	\$56,192	\$213,308	\$328,408
Adjustments:				
Depreciation	70,328	511,126	581,454	0
Non-Operating Expenses	(1,218)	(1,590)	(2,808)	0
(Increase) Decrease in Assets:				
Accounts Receivable	(9,442)	38,365	28,923	5,740
Special Assessment Receivable	46,447	0	46,447	0
Materials and Supplies Inventory	(11,136)	2,813	(8,323)	0
Prepaid Items	0	124	124	0
Increase (Decrease) in Liabilities:				
Accounts Payable	185,796	12,517	198,313	2,283
Accrued Wages	(3,090)	1,568	(1,522)	0
Compensated Absences Payable	12,438	1,143	13,581	0
Vacation Benefits Payable	(7,282)	(4,097)	(11,379)	0
Intergovernmental Payable	(604)	2,252	1,648	0
Claims Payable	0	0	0	21,285
<i>Total Adjustments</i>	<u>282,237</u>	<u>564,221</u>	<u>846,458</u>	<u>29,308</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$439,353</u>	<u>\$620,413</u>	<u>\$1,059,766</u>	<u>\$357,716</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

Assets	
Equity in Pooled Cash and Cash Equivalents	\$96
Cash and Cash Equivalents in Segregated Accounts	<u>290,842</u>
<i>Total Assets</i>	<u><u>\$290,938</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$290,938</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, 2006

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, 2006

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.

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

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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, 2006

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 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest 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, 2006, but which were levied to finance year 2007 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, 2006

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.

During 2006, investments were limited to repurchase agreements, nonnegotiable certificates of deposit, federal home loan mortgage corporation notes, 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, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amounted to \$439,904, of which \$25,708 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, 2006 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
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.

I. Interfund Balances

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

K. Accrued Liabilities and Long-term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through 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 \$5,923,631 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for 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.

N. Operating Revenues and Expenses

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

O. 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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

P. Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various 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 old debt or the life of the new debt whichever is shorter and is presented net of the general obligation bonds payable and OWDA loan payable on the statement of net assets.

Q. Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are received in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On fund financial statements, bond discounts are expended in the year the bonds are issued.

R. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from grants restricted to capital acquisition and construction.

S. 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.

T. 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.

U. 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, 2006

V. 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. 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

For fiscal year 2006, the City has implemented GASB Statement No. 47, "Accounting for Termination Benefits". The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

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).

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
5. Investments are reported at cost (budget) rather than fair value (GAAP).
6. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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	\$1,364,931	\$12,455
Net Adjustment for Revenue Accruals	403,207	0
Beginning Fair Value of Adjustments for Investments	(130,324)	0
Ending Fair Value of Adjustments for Investments	3,127	0
Beginning Unrecorded Cash	85,245	0
Ending Unrecorded Cash	(82,293)	0
Advances In	770,313	0
Net Adjustment for Expenditure Accruals	107,595	34,635
Encumbrances	(168,004)	(30,519)
Budget Basis	\$2,353,797	\$16,571

Note 5 - Deposits and Investments

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

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active deposits 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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$4,840,865 of the City's bank balance of \$5,760,327 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Investments

Investments are reported at fair value. As of December 31, 2006, the City had the following investments:

	Maturity			Total
	Less Than Six Months	More Than Six Months But Less Than One Year	More Than One Year But Less Than Three Years	
Repurchase Agreements	\$7,323,744	\$0	\$0	\$7,323,744
Federal Home Loan Bank Bonds	1,904,258	705,775	1,965,450	4,575,483
Federal Home Loan Mortgage Corporation Notes	713,619	495,850	509,306	1,718,775
Federal National Mortgage Association Notes	0	0	2,141,940	2,141,940
STAROhio	287,804	0	0	287,804
Total Portfolio	\$10,229,425	\$1,201,625	\$4,616,696	\$16,047,746

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities underlying the repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that requires securities shall be delivered into the custody of the finance director or governing board or an agent designated by the finance director or governing board.

Credit Risk All investments of the City carry a rating of AAA by Standard & Poor's, except for STAROhio which carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

<u>Investment</u>	<u>Percentage of Investments</u>
Repurchase Agreements	45.64%
Federal Home Loan Bank Bonds	28.51
Federal Home Loan Mortgage Corporation Notes	10.71
Federal National Mortgage Association Notes	13.35

Note 6 - 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, 2006.

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 7 - Receivables

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service).

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

Special assessments expected to be collected in more than one year amount to \$822,405 in the special assessment bond retirement fund. At December 31, 2006 the amount of delinquent special assessments was \$278,392.

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 2006 for real and public property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

City of Bedford, Ohio
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For the Year Ended December 31, 2006

2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The full tax rate for all City operations for the year ended December 31, 2006 was \$12.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$152,499,920
Commercial Industrial/Public Utility	89,128,130
Tangible Personal Property	
Public Utility	8,552,600
General Business	<u>32,629,086</u>
Total	<u><u>\$282,809,736</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 December 31, 2006 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 2006 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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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 on the income earned outside the City and 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:

	<u>Amount</u>
Governmental Activities	
Local Government	\$401,926
Gasoline Tax	279,367
Homesteaded and Rollback	132,448
Grants	116,151
Permissive Tax	46,661
CAT Tax	37,105
Estate Tax	16,759
Miscellaneous	16,704
Tinkers' Creek Commerce Grant	7,969
Court Costs	<u>3,517</u>
Total	<u><u>\$1,058,607</u></u>

Note 8 – 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 from the one year anniversary date of hire, thereafter, all vacation must be used by December 31. 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, 2006

Note 9 – Capital Assets

A summary of changes in capital assets during 2006 follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$2,627,189	\$0	\$0	\$2,627,189
Construction in Progress	461,398	736,104	(916,698)	280,804
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,088,587</u>	<u>736,104</u>	<u>(916,698)</u>	<u>2,907,993</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	17,079,682	69,900	0	17,149,582
Machinery and Equipment	3,621,018	104,920	(18,377)	3,707,561
Furniture and Fixtures	789,390	32,555	0	821,945
Vehicles	3,876,782	149,709	(166,605)	3,859,886
Infrastructure:				
Roads	37,846,710	886,697	(810)	38,732,597
Traffic Signals	1,588,375	0	0	1,588,375
Rubberized Railroad Crossings	28,478	98,954	0	127,432
Storm Sewers	2,476,279	0	0	2,476,279
<i>Total Capital Assets Being Depreciated</i>	<u>67,306,714</u>	<u>1,342,735</u>	<u>(185,792)</u>	<u>68,463,657</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,989,474)	(339,237)	0	(2,328,711)
Machinery and Equipment	(1,619,261)	(350,514)	6,858	(1,962,917)
Furniture and Fixtures	(454,822)	(121,372)	0	(576,194)
Vehicles	(2,579,532)	(276,375)	166,605	(2,689,302)
Infrastructure:				
Roads	(21,669,601)	(2,132,108)	809	(23,800,900)
Traffic Signals	(210,563)	(63,535)	0	(274,098)
Rubberized Railroad Crossings	(5,340)	(1,424)	0	(6,764)
Storm Sewers	(577,188)	(50,141)	0	(627,329)
<i>Total Accumulated Depreciation</i>	<u>(29,105,781)</u>	<u>(3,334,706) *</u>	<u>174,272</u>	<u>(32,266,215)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>38,200,933</u>	<u>(1,991,971)</u>	<u>(11,520)</u>	<u>36,197,442</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$41,289,520</u>	<u>(\$1,255,867)</u>	<u>(\$928,218)</u>	<u>\$39,105,435</u>

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$28,620	\$0	\$0	\$28,620
Construction in Progress	1,962,081	56,945	(1,949,091)	69,935
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,990,701</u>	<u>56,945</u>	<u>(1,949,091)</u>	<u>98,555</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	7,525,040	1,949,090	0	9,474,130
Machinery and Equipment	6,327,650	13,700	(36,925)	6,304,425
Furniture and Fixtures	93,772	0	0	93,772
Vehicles	216,318	166,299	(26,475)	356,142
Infrastructure:				
Water Lines	3,848,665	0	0	3,848,665
Sanitary Sewer Lines	2,943,267	0	0	2,943,267
<i>Total Capital Assets Being Depreciated</i>	<u>20,954,712</u>	<u>2,129,089</u>	<u>(63,400)</u>	<u>23,020,401</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(2,420,170)	(178,879)	0	(2,599,049)
Machinery and Equipment	(5,567,262)	(297,132)	29,217	(5,835,177)
Furniture and Fixtures	(93,772)	0	0	(93,772)
Vehicles	(139,803)	(23,111)	26,475	(136,439)
Infrastructure:				
Water Lines	(607,660)	(50,534)	0	(658,194)
Sanitary Sewer Lines	(603,088)	(31,798)	0	(634,886)
<i>Total Accumulated Depreciation</i>	<u>(9,431,755)</u>	<u>(581,454)</u>	<u>55,692</u>	<u>(9,957,517)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>11,522,957</u>	<u>1,547,635</u>	<u>(7,708)</u>	<u>13,062,884</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$13,513,658</u>	<u>\$1,604,580</u>	<u>(\$1,956,799)</u>	<u>\$13,161,439</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$475,816
Security of Persons and Property	
Police	182,607
Fire	179,043
Public Health and Welfare	2,263
Leisure Time Activities	73,517
Community Development	11,616
Basic Utilities Services	10,720
Transportation	<u>2,399,124</u>
Total	<u>\$3,334,706</u>

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 10 - Interfund Transfers

Transfer To	Transfer From		Total
	General	Other Governmental Funds	
Fire Medic Levy	\$1,875,710	\$0	\$1,875,710
Other Governmental Funds:			
Community Development Block Grant	125,660	0	125,660
Enterprise Zone	302,315	0	302,315
Recreation	1,248,995	0	1,248,995
Cemetery	62,310	0	62,310
Street Construction, Maintenance and Repair	50,000	0	50,000
Grants	4,500	0	4,500
Housing Rehabilitation Program	80,000	0	80,000
Police Pension	335,700	0	335,700
Fire Pension	377,785	0	377,785
General Obligation Bond Retirement	43,115	138,775	181,890
Municipal Pool	172,449	0	172,449
Capital Improvement	30,000	0	30,000
Total Other Governmental Funds	2,832,829	138,775	2,971,604
Total	\$4,708,539	\$138,775	\$4,847,314

The general fund transfers to the major and nonmajor governmental funds were made to provide additional resources for current operations. 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.

Note 11 - Notes Payable

During 2006, the City paid the community development block grant and the water bond anticipation notes of \$591,850 and \$608,150, respectively, at an interest rate of 3.50 percent. The note liability was reflected in the funds which received the proceeds. Notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 12 - 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>				
Various Purpose	2006	2027	4.00-4.125 %	\$8,929,000
City Hall (Refunded \$3,115,000)	1999	2009	3.85-5.45	5,000,000
City Hall (Refunded \$3,035,000)	2002	2016	3.0-5.0	5,200,000
City Hall Court (Refunded \$905,000)	2002	2019	1.7-5.0	2,000,000
<i>Special Assessment Bonds</i>				
Rockside Road Water	1988	2008	7.50	195,300
Rockside Road Sanitary Sewer	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
Washington Street Water	2006	2026	4.00-4.125	646,000
<i>Wastewater</i>				
Sewer Improvement Refunding Bonds	2006	2022	4.00-4.125	315,000
Sewer Improvement (Refunded \$290,000)	2002	2016	3.00-5.00	725,000
<i>Ohio Water Development Loans</i>				
<i>Wastewater</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 Loans</i>				
<i>Wastewater</i>				
Flow Control	1995	2015	0.00	83,265
Oxidation Tower Improvements	2004	2025	0.00	822,286

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Changes in long-term obligations during the year ended December 31, 2006, consisted of the following:

	Balance 12/31/05	Increase	Decrease	Balance 12/31/06	Amounts Due in One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Various Purpose Bonds	\$0	\$8,929,000	\$0	\$8,929,000	\$59,600
Premium on Various Purpose Bonds	0	60,111	477	59,634	0
Discount on Various Purpose Bonds	0	(54,376)	(432)	(53,944)	0
Loss on Refunding	0	(446,400)	(3,543)	(442,857)	0
Total Various Purpose Bonds	0	8,488,335	(3,498)	8,491,833	59,600
City Hall	3,995,000	0	3,320,000	675,000	215,000
City Hall	4,895,000	0	3,175,000	1,720,000	145,000
City Hall Court	1,890,000	0	960,000	930,000	55,000
Total General Obligation Bonds	10,780,000	8,488,335	7,451,502	11,816,833	474,600
<i>Special Assessment Bonds</i>					
Rockside Road Water	40,500	0	13,500	27,000	13,500
Rockside Road Sanitary Sewer	4,500	0	1,500	3,000	1,500
Northfield and Rockside Resurfacing	115,000	0	15,000	100,000	15,000
Northfield and Rockside Resurfacing #2	475,000	0	35,000	440,000	40,000
Total Special Assessment Bonds	635,000	0	65,000	570,000	70,000
<i>Ohio Public Works Commission Loans</i>					
Willard Avenue	189,210	0	22,260	166,950	22,260
Wandle Avenue	388,934	0	25,929	363,005	25,929
Total Ohio Public Works Commission Loans	578,144	0	48,189	529,955	48,189
<i>Other Long-Term Obligations</i>					
Police Pension	205,488	0	3,600	201,888	3,755
Capital Leases Payable	15,456	0	2,998	12,458	3,195
Compensated Absences Payable	1,245,140	293,624	244,415	1,294,349	491,352
Total Other Long-Term Obligations	1,466,084	293,624	251,013	1,508,695	498,302
Total Governmental Activities	\$13,459,228	\$8,781,959	\$7,815,704	\$14,425,483	\$1,091,091
	Balance 12/31/05	Increase	Decrease	Balance 12/31/06	Amounts Due in One Year
Business-Type Activities					
<i>General Obligation Bonds</i>					
Water Refunding #1	\$590,000	\$0	\$40,000	\$550,000	\$40,000
Unamortized Loss	(24,512)	0	(2,043)	(22,469)	0
Total Water Refunding #1	565,488	0	37,957	527,531	40,000
Water Refunding #2	895,000	0	115,000	780,000	120,000
Unamortized Loss	(32,282)	0	(4,612)	(27,670)	0
Total Water Refunding #2	\$862,718	\$0	\$110,388	\$752,330	\$120,000

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

	Balance 12/31/05	Increase	Decrease	Balance 12/31/06	Amounts Due in One Year
Business-Type Activities					
<i>General Obligation Bonds</i>					
Washington Street Water	\$0	\$646,000	\$0	\$646,000	\$20,400
Unamortized Premium	0	4,446	35	4,411	0
Unamortized Discount	0	(4,008)	(32)	(3,976)	0
Total Washington Street Water	0	646,438	3	646,435	20,400
Sewer Improvement Refunding	0	315,000	0	315,000	0
Unamortized Premium	0	1,208	10	1,198	0
Unamortized Discount	0	(799)	(6)	(793)	0
Unamortized Loss	0	(18,755)	(149)	(18,606)	0
Total Sewer Improvement Refunding	0	296,654	(145)	296,799	0
Sewer Improvement	660,000	0	320,000	340,000	30,000
Total General Obligation Bonds	2,088,206	943,092	468,203	2,563,095	210,400
<i>OWDA Loans</i>					
Sewer System	5,670,422	0	596,827	5,073,595	625,819
Unamortized Loss	(553,209)	0	(73,762)	(479,447)	0
Total Sewer System	5,117,213	0	523,065	4,594,148	625,819
Rapid Sandfilter	2,259,733	0	88,617	2,171,116	92,107
Total OWDA Loans	7,376,946	0	611,682	6,765,264	717,926
<i>OPWC Loans</i>					
Flow Control	37,470	0	4,163	33,307	4,163
Oxidation Tower Improvements	798,461	3,267	41,114	760,614	41,114
Total OPWC Loans	835,931	3,267	45,277	793,921	45,277
<i>Other Long-Term Liabilities</i>					
Compensated Absences	107,449	27,820	14,239	121,030	36,194
Total Business-Type Activities	\$10,408,532	\$974,179	\$1,139,401	\$10,243,310	\$1,009,797

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 fund. 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 in the enterprise funds.

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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

On November 1, 2006, the City issued \$8,929,000 in general obligation bonds for the purpose renovating Washington Street and the municipal pool and to refund a portion of various general obligation issues in order to take advantage of lower interest rates. An analysis of the information follows:

	1999 City Hall	2002 City Hall	2002 City Hall Court
Outstanding at December 31, 2005	\$3,995,000	\$4,895,000	\$1,890,000
Amount Refunded	(3,115,000)	(3,035,000)	(905,000)
Principal Payment on Non-Refunded Portion	(205,000)	(140,000)	(55,000)
Outstanding at December 31, 2006	\$675,000	\$1,720,000	\$930,000

The bonds were sold at a premium of \$60,111 and a discount of \$54,376. Proceeds of \$7,501,400 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$7,055,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$301,133 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$257,472.

On November 1, 2006, the City issued \$315,000 in voted general obligation bonds for the purpose of refunding a portion of the sewer improvement general obligation bonds in order to take advantage of lower interest rates. An analysis of the information follows:

	2002 Sewer Improvement
Outstanding at December 31, 2005	\$660,000
Amount Refunded	(290,000)
Principal Payment on Non-Refunded Portion	(30,000)
Outstanding at December 31, 2006	\$340,000

The bonds were sold at a premium of \$1,208 and a discount of \$799. Proceeds of \$308,755 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$290,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$8,801 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$7,115.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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, 2006, \$1,230,000 of the defeased bonds are still outstanding.

In 2006, the City defeased a 1999 city hall general obligation bond issue, a 2000 city hall general obligation bond issue, a 2000 city hall court general obligation bond issue and a 2002 sewer improvement 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, 2006, \$7,345,000 of the defeased bonds are still outstanding

The City's overall legal debt margin was \$19,470,802 at December 31, 2006. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2006, are as follows:

Governmental Activities

Year	General Obligation Bonds		Special Assessment Bonds		Police Pension		OPWC Loan
	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$474,600	\$528,804	\$70,000	\$34,930	\$3,755	\$8,541	\$48,189
2008	522,900	480,131	70,000	30,705	3,917	8,379	48,189
2009	541,200	458,443	60,000	26,440	4,085	8,211	48,189
2010	566,200	435,380	60,000	22,735	4,261	8,036	48,189
2011	589,500	413,024	70,000	19,030	4,443	7,853	48,189
2012-2016	3,300,500	1,686,987	240,000	35,745	25,248	36,232	185,295
2017-2021	3,216,600	963,691	0	0	31,159	30,323	103,715
2022-2026	2,552,500	415,283	0	0	38,449	23,031	0
2027-2031	490,000	20,212	0	0	47,449	14,064	0
2032-2035	0	0	0	0	39,122	3,360	0
Total	\$12,254,000	\$5,401,955	\$570,000	\$169,585	\$201,888	\$148,030	\$529,955

Business-Type Activities

Year	General Obligation Bonds		OWDA Loans		OPWC Loan
	Principal	Interest	Principal	Interest	
2007	\$210,400	\$103,936	\$717,926	\$319,896	\$45,277
2008	222,100	94,512	751,953	285,869	45,277
2009	233,800	87,277	787,599	250,222	45,277
2010	233,800	79,123	824,943	212,880	45,277
2011	250,500	70,581	864,065	173,758	45,277
2012-2016	739,500	233,253	2,229,782	373,533	218,064
2017-2021	473,400	106,574	733,166	146,288	205,572
2022-2026	267,500	28,380	335,277	16,502	143,900
Total	\$2,631,000	\$803,636	\$7,244,711	\$1,778,948	\$793,921

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 13 - Capital Leases

In prior years, the City entered into a lease agreement for a copier. 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 \$16,650, the present value of the minimum lease payments at the inception of the lease. The book value as of December 31, 2006 was \$13,320.

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

Year Ending December 31,	
2007	\$3,900
2008	3,900
2009	3,900
2010	2,275
Total Minimum Lease Payments	13,975
Less: Amount Representing Interest	(1,517)
Present Value of Minimum Lease	\$12,458

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 14 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 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. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 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, 2006, 2005, and 2004 were \$558,823, \$567,654 and \$545,167 respectively; 90.66 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$1,921 made by the City and \$1,262 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$271,724 and \$318,366 for the year ended December 31, 2006, \$253,677 and \$311,312 for the year ended December 31, 2005 and \$244,163 and \$301,091 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 74.20 percent and 74.30 percent has been contributed for 2006.

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, 2006, the unfunded liability of the City was \$201,888 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 15 – 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$273,337. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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 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 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$179,222 for police and \$151,836 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 16 - 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 Municipal League Joint Insurance Group for all insurance. The coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
Automobile Liability	\$5,000,000	
General Liability	5,000,000 per occurrence	\$1,000
Property Liability	37,592,984	1,000
Boiler and Machinery	10,000,000	1,000
Firefighters Errors and Omissions	5,000,000 per occurrence	1,000
Ambulance Professional	5,000,000 per occurrence	1,000
Law Enforcement Liability	5,000,000 per occurrence	2,500
Public Officials Liability	5,000,000 aggregate	2,500
Uninsured Motorists	25,000	0

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.

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.

The claims liability of \$121,320 as estimated by the third party administrator and reported in the health insurance internal service fund at December 31, 2006, 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 2005 and 2006 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	\$137,620	\$1,230,605	\$1,268,190	\$100,035
2006	100,035	1,242,172	1,220,887	121,320

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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 17 – Accountability and Compliance

A. Accountability

Special Revenue Funds	
Fire Medic Levy	\$57,113
Police Pension	67,688
Fire Pension	99,664

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.

B. Compliance

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

Fund	Expenditures Plus Encumbrances	Appropriations	Excess
<i>Special Revenue Fund</i>			
Fire Pension	\$471,555	\$466,185	\$5,370
<i>Debt Service Fund</i>			
General Obligation Bond Retirement	8,284,816	962,410	7,322,406
<i>Enterprise Fund</i>			
Wastewater	3,484,400	3,458,677	25,723

Although these budgetary violations were not corrected by year end, management has indicated that appropriations will be closely monitored to prevent future violations.

Note 18 - Construction and Other Significant Commitments

The City was approved for an \$114,800 reimbursable grant from the Community Development Block Grant program for the Northfield Road Improvements. The City’s minimum portion to match this grant was \$79,800. The City contributed an extra \$111,728 to make the total City match \$191,528. The City paid contractors \$153,458 leaving \$152,870 remaining on the contract.

The City was approved for a \$3,900,000 grant from the Ohio Department of Transportation for the repavement of Rockside Road. The City is required to pay \$318,336 for engineering costs. The Cities of Bedford Heights and Maple Heights will also reimburse their portion of the project engineering costs to the City of Bedford in the amount of \$98,693 and \$3,184, respectively. The City paid the engineer \$127,346 leaving \$190,990 remaining on the contract.

The City was approved for a \$320,000 grant and \$400,000 20 year interest free loan from OPWC for the construction of the Northfield Road water line replacement. The City’s share is \$80,000. The project has just started and no costs have been paid as of year end.

**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 Funds

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.

Special Assessment Bond Retirement Fund - To account for the collection of special assessments levied against benefited properties for the payment of special assessment bond principal, interest and related costs.

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.

Municipal Pool Fund - To account for the receipt of bond proceeds to be used for the pool renovation.

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

Tinkers Creek Commerce Park Fund - To account for note proceeds to be used for the renovation of the Tinkers Creek Commerce Park.

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,664,727	\$536,692	\$1,910,978	\$6,112,397
Property Taxes Receivable	186,186	0	0	186,186
Accounts Receivable	2,800	0	0	2,800
Intergovernmental Receivable	450,127	0	7,969	458,096
Accrued Interest Receivable	0	0	6,250	6,250
Materials and Supplies Inventory	12,096	0	0	12,096
Special Assessments Receivable	318,183	892,405	0	1,210,588
<i>Total Assets</i>	<u>\$4,634,119</u>	<u>\$1,429,097</u>	<u>\$1,925,197</u>	<u>\$7,988,413</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$204,461	\$0	\$95,890	\$300,351
Accrued Wages and Benefits	42,127	0	0	42,127
Intergovernmental Payable	262,921	0	0	262,921
Deferred Revenue	730,404	892,405	0	1,622,809
<i>Total Liabilities</i>	<u>1,239,913</u>	<u>892,405</u>	<u>95,890</u>	<u>2,228,208</u>
Fund Balances				
Reserved for Encumbrances	769,581	0	913,739	1,683,320
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	2,624,625	0	0	2,624,625
Debt Service Funds	0	536,692	0	536,692
Capital Projects Funds	0	0	915,568	915,568
<i>Total Fund Balances</i>	<u>3,394,206</u>	<u>536,692</u>	<u>1,829,307</u>	<u>5,760,205</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,634,119</u>	<u>\$1,429,097</u>	<u>\$1,925,197</u>	<u>\$7,988,413</u>

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$156,218	\$0	\$0	\$156,218
Municipal Income Taxes	0	870,902	0	870,902
Charges for Services	292,131	0	0	292,131
Fees, Licenses and Permits	7,250	0	0	7,250
Fines and Forfeitures	168,099	0	138,195	306,294
Intergovernmental	1,148,250	0	431,974	1,580,224
Special Assessments	289,498	109,589	0	399,087
Interest	113,423	23,345	51,368	188,136
Other	230,794	0	0	230,794
<i>Total Revenues</i>	<u>2,405,663</u>	<u>1,003,836</u>	<u>621,537</u>	<u>4,031,036</u>
Expenditures				
Current:				
General Government:	48,817	0	0	48,817
Security of Persons and Property:				
Police	814,672	0	0	814,672
Fire	549,688	0	0	549,688
Public Health and Welfare	117,877	0	0	117,877
Leisure Time Activities	1,341,146	0	0	1,341,146
Community Development	664,709	0	0	664,709
Basic Utility Services	279,926	0	0	279,926
Transportation	633,537	0	0	633,537
Capital Outlay	0	0	1,008,659	1,008,659
Debt Service:				
Principal Retirement	0	513,189	0	513,189
Interest and Fiscal Charges	17,365	374,080	0	391,445
Bond Issuance Costs	6,793	178,475	0	185,268
<i>Total Expenditures</i>	<u>4,474,530</u>	<u>1,065,744</u>	<u>1,008,659</u>	<u>6,548,933</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,068,867)</u>	<u>(61,908)</u>	<u>(387,122)</u>	<u>(2,517,897)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	18,694	0	0	18,694
General Obligation Bonds Issued	596,858	7,675,000	657,142	8,929,000
Premium on Bonds	4,584	51,372	4,155	60,111
Discount on Bonds	(4,133)	(46,497)	(3,746)	(54,376)
Payment to Refunded Bond Escrow Agent	0	(7,501,400)	0	(7,501,400)
Transfers In	2,587,265	181,890	202,449	2,971,604
Transfers Out	(138,775)	0	0	(138,775)
<i>Total Other Financing Sources (Uses)</i>	<u>3,064,493</u>	<u>360,365</u>	<u>860,000</u>	<u>4,284,858</u>
<i>Net Change in Fund Balances</i>	995,626	298,457	472,878	1,766,961
<i>Fund Balances Beginning of Year</i>	<u>2,398,580</u>	<u>238,235</u>	<u>1,356,429</u>	<u>3,993,244</u>
<i>Fund Balances End of Year</i>	<u>\$3,394,206</u>	<u>\$536,692</u>	<u>\$1,829,307</u>	<u>\$5,760,205</u>

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Community Development Block Grant	Enterprise Zone	State Highway	Indigent Drivers
Assets				
Equity in Pooled Cash and Cash Equivalents	\$336,715	\$74,983	\$64,887	\$108,789
Property Taxes Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	72,312	0	20,916	0
Materials and Supplies Inventory	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$409,027</u>	<u>\$74,983</u>	<u>\$85,803</u>	<u>\$108,789</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$155,009	\$1,021	\$0	\$0
Accrued Wages and Benefits	0	4,884	0	0
Intergovernmental Payable	0	2,111	0	0
Deferred Revenue	0	0	13,972	0
<i>Total Liabilities</i>	<u>155,009</u>	<u>8,016</u>	<u>13,972</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	70,138	201	8,073	1,495
Unreserved, Undesignated (Deficit)	183,880	66,766	63,758	107,294
<i>Total Fund Balances (Deficit)</i>	<u>254,018</u>	<u>66,967</u>	<u>71,831</u>	<u>108,789</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$409,027</u>	<u>\$74,983</u>	<u>\$85,803</u>	<u>\$108,789</u>

Recreation	SEAL Narcotics	Cemetery	Enforcement and Education	Street Lighting	Street Construction, Maintenance and Repair
\$157,742	\$154,323	\$75,430	\$785	\$254,824	\$843,177
0	0	0	0	0	0
0	0	2,800	0	0	0
0	39,626	0	0	0	258,451
12,096	0	0	0	0	0
0	0	0	0	318,183	0
<u>\$169,838</u>	<u>\$193,949</u>	<u>\$78,230</u>	<u>\$785</u>	<u>\$573,007</u>	<u>\$1,101,628</u>
\$12,598	\$6,753	\$0	\$0	\$22,524	\$5,503
26,830	0	3,480	0	0	6,933
14,824	0	1,636	0	0	3,479
0	0	0	0	318,183	172,805
<u>54,252</u>	<u>6,753</u>	<u>5,116</u>	<u>0</u>	<u>340,707</u>	<u>188,720</u>
1,178	5,308	109	0	0	452,348
114,408	181,888	73,005	785	232,300	460,560
<u>115,586</u>	<u>187,196</u>	<u>73,114</u>	<u>785</u>	<u>232,300</u>	<u>912,908</u>
<u>\$169,838</u>	<u>\$193,949</u>	<u>\$78,230</u>	<u>\$785</u>	<u>\$573,007</u>	<u>\$1,101,628</u>

(continued)

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	Law Enforcement Trust	Motor Vehicle License	Fire Equipment	Grants
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,730	\$222,300	\$522,030	\$75,828
Property Taxes Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	46,661	0	4,213
Materials and Supplies Inventory	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$15,730</u>	<u>\$268,961</u>	<u>\$522,030</u>	<u>\$80,041</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$1,053
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	31,310	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>31,310</u>	<u>0</u>	<u>1,053</u>
Fund Balances				
Reserved for Encumbrances	0	191,356	35,546	2,929
Unreserved, Undesignated (Deficit)	15,730	46,295	486,484	76,059
<i>Total Fund Balances (Deficit)</i>	<u>15,730</u>	<u>237,651</u>	<u>522,030</u>	<u>78,988</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$15,730</u>	<u>\$268,961</u>	<u>\$522,030</u>	<u>\$80,041</u>

Municipal Court Special Programs	Housing Rehabilitation Program	Police Pension	Fire Pension	Cemetery Trust	Total Nonmajor Special Revenue Funds
\$543,959	\$100,144	\$50,662	\$22,857	\$39,562	\$3,664,727
0	0	93,093	93,093	0	186,186
0	0	0	0	0	2,800
0	0	3,974	3,974	0	450,127
0	0	0	0	0	12,096
0	0	0	0	0	318,183
<u>\$543,959</u>	<u>\$100,144</u>	<u>\$147,729</u>	<u>\$119,924</u>	<u>\$39,562</u>	<u>\$4,634,119</u>
\$0	\$0	\$0	\$0	\$0	\$204,461
0	0	0	0	0	42,127
0	0	118,350	122,521	0	262,921
0	0	97,067	97,067	0	730,404
<u>0</u>	<u>0</u>	<u>215,417</u>	<u>219,588</u>	<u>0</u>	<u>1,239,913</u>
0	900	0	0	0	769,581
<u>543,959</u>	<u>99,244</u>	<u>(67,688)</u>	<u>(99,664)</u>	<u>39,562</u>	<u>2,624,625</u>
<u>543,959</u>	<u>100,144</u>	<u>(67,688)</u>	<u>(99,664)</u>	<u>39,562</u>	<u>3,394,206</u>
<u>\$543,959</u>	<u>\$100,144</u>	<u>\$147,729</u>	<u>\$119,924</u>	<u>\$39,562</u>	<u>\$4,634,119</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, 2006

	Community Development Block Grant	Enterprise Zone	State Highway	Indigent Drivers
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	1,949	0	0	0
Fees, Licenses and Permits	0	7,250	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	167,843	0	41,789	10,680
Special Assessments	0	0	0	0
Interest	0	3,003	2,782	4,330
Other	0	0	0	0
<i>Total Revenues</i>	<u>169,792</u>	<u>10,253</u>	<u>44,571</u>	<u>15,010</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	10,226
Leisure Time Activities	0	0	0	0
Community Development	364,474	300,235	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	26,926	0
Debt Service:				
Interest and Fiscal Charges	17,365	0	0	0
Bond Issuance Costs	6,793	0	0	0
<i>Total Expenditures</i>	<u>388,632</u>	<u>300,235</u>	<u>26,926</u>	<u>10,226</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(218,840)</u>	<u>(289,982)</u>	<u>17,645</u>	<u>4,784</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	0
General Obligation Bonds Issued	596,858	0	0	0
Premium on Bonds	4,584	0	0	0
Discount on Bonds	(4,133)	0	0	0
Transfers In	125,660	302,315	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>722,969</u>	<u>302,315</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	504,129	12,333	17,645	4,784
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(250,111)</u>	<u>54,634</u>	<u>54,186</u>	<u>104,005</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$254,018</u></u>	<u><u>\$66,967</u></u>	<u><u>\$71,831</u></u>	<u><u>\$108,789</u></u>

Recreation	SEAL Narcotics	Cemetery	Enforcement and Education	Street Lighting	Street Construction, Maintenance and Repair
\$0	\$0	\$0	\$0	\$0	\$0
87,590	0	43,580	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	247,378	0	770	0	516,553
0	0	0	0	289,498	0
6,800	0	2,856	15	8,310	32,164
561	189,938	95	0	0	0
<u>94,951</u>	<u>437,316</u>	<u>46,531</u>	<u>785</u>	<u>297,808</u>	<u>548,717</u>
0	0	0	0	0	0
0	332,981	0	50	0	0
0	0	0	0	0	0
0	0	107,651	0	0	0
1,320,358	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	279,466	0
0	0	0	0	0	606,611
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,320,358</u>	<u>332,981</u>	<u>107,651</u>	<u>50</u>	<u>279,466</u>	<u>606,611</u>
<u>(1,225,407)</u>	<u>104,335</u>	<u>(61,120)</u>	<u>735</u>	<u>18,342</u>	<u>(57,894)</u>
6,285	0	0	0	0	12,409
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,248,995	0	62,310	0	0	50,000
0	0	0	0	0	0
<u>1,255,280</u>	<u>0</u>	<u>62,310</u>	<u>0</u>	<u>0</u>	<u>62,409</u>
29,873	104,335	1,190	735	18,342	4,515
85,713	82,861	71,924	50	213,958	908,393
<u>\$115,586</u>	<u>\$187,196</u>	<u>\$73,114</u>	<u>\$785</u>	<u>\$232,300</u>	<u>\$912,908</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, 2006

	Law Enforcement Trust	Motor Vehicle License	Fire Equipment	Grants
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	158,187	825
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	87,425	0	56,511
Special Assessments	0	0	0	0
Interest	665	7,264	17,438	0
Other	0	0	0	40,150
<i>Total Revenues</i>	<u>665</u>	<u>94,689</u>	<u>175,625</u>	<u>97,486</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property:				
Police	3,889	0	0	59,580
Fire	0	0	77,594	14,138
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	20,788
Community Development	0	0	0	0
Basic Utility Services	0	0	0	460
Transportation	0	0	0	0
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>3,889</u>	<u>0</u>	<u>77,594</u>	<u>94,966</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,224)</u>	<u>94,689</u>	<u>98,031</u>	<u>2,520</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on Bonds	0	0	0	0
Discount on Bonds	0	0	0	0
Transfers In	0	0	0	4,500
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,500</u>
<i>Net Change in Fund Balances</i>	<u>(3,224)</u>	<u>94,689</u>	<u>98,031</u>	<u>7,020</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>18,954</u>	<u>142,962</u>	<u>423,999</u>	<u>71,968</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$15,730</u>	<u>\$237,651</u>	<u>\$522,030</u>	<u>\$78,988</u>

Municipal Court Special Programs	Housing Rehabilitation Program	Police Pension	Fire Pension	Cemetery Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$78,109	\$78,109	\$0	\$156,218
0	0	0	0	0	292,131
0	0	0	0	0	7,250
168,099	0	0	0	0	168,099
0	0	9,650	9,651	0	1,148,250
0	0	0	0	0	289,498
25,978	0	0	0	1,818	113,423
0	0	0	0	50	230,794
<u>194,077</u>	<u>0</u>	<u>87,759</u>	<u>87,760</u>	<u>1,868</u>	<u>2,405,663</u>
23,819	24,998	0	0	0	48,817
0	0	418,172	0	0	814,672
0	0	0	457,956	0	549,688
0	0	0	0	0	117,877
0	0	0	0	0	1,341,146
0	0	0	0	0	664,709
0	0	0	0	0	279,926
0	0	0	0	0	633,537
0	0	0	0	0	17,365
0	0	0	0	0	6,793
<u>23,819</u>	<u>24,998</u>	<u>418,172</u>	<u>457,956</u>	<u>0</u>	<u>4,474,530</u>
<u>170,258</u>	<u>(24,998)</u>	<u>(330,413)</u>	<u>(370,196)</u>	<u>1,868</u>	<u>(2,068,867)</u>
0	0	0	0	0	18,694
0	0	0	0	0	596,858
0	0	0	0	0	4,584
0	0	0	0	0	(4,133)
0	80,000	335,700	377,785	0	2,587,265
(138,775)	0	0	0	0	(138,775)
<u>(138,775)</u>	<u>80,000</u>	<u>335,700</u>	<u>377,785</u>	<u>0</u>	<u>3,064,493</u>
31,483	55,002	5,287	7,589	1,868	995,626
512,476	45,142	(72,975)	(107,253)	37,694	2,398,580
<u>\$543,959</u>	<u>\$100,144</u>	<u>(\$67,688)</u>	<u>(\$99,664)</u>	<u>\$39,562</u>	<u>\$3,394,206</u>

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$334,663	\$202,029	\$536,692
Special Assessments Receivable	0	892,405	892,405
<i>Total Assets</i>	<u>\$334,663</u>	<u>\$1,094,434</u>	<u>\$1,429,097</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$892,405	\$892,405
Fund Balances			
Unreserved, Undesignated	<u>334,663</u>	<u>202,029</u>	<u>536,692</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$334,663</u>	<u>\$1,094,434</u>	<u>\$1,429,097</u>

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Municipal Income Taxes	\$870,902	\$0	\$870,902
Special Assessments	0	109,589	109,589
Interest	17,493	5,852	23,345
<i>Total Revenues</i>	<u>888,395</u>	<u>115,441</u>	<u>1,003,836</u>
Expenditures			
Debt Service:			
Principal Retirement	448,189	65,000	513,189
Interest and Fiscal Charges	335,227	38,853	374,080
Bond Issuance Costs	178,475	0	178,475
<i>Total Expenditures</i>	<u>961,891</u>	<u>103,853</u>	<u>1,065,744</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(73,496)</u>	<u>11,588</u>	<u>(61,908)</u>
Other Financing Sources (Uses)			
General Obligation Bonds Issued	7,675,000	0	7,675,000
Premium on Bonds	51,372	0	51,372
Discount on Bonds	(46,497)	0	(46,497)
Payment to Refunded Bond Escrow Agent	(7,501,400)	0	(7,501,400)
Transfers In	181,890	0	181,890
<i>Total Other Financing Sources (Uses)</i>	<u>360,365</u>	<u>0</u>	<u>360,365</u>
<i>Net Change in Fund Balances</i>	286,869	11,588	298,457
<i>Fund Balances Beginning of Year</i>	<u>47,794</u>	<u>190,441</u>	<u>238,235</u>
<i>Fund Balances End of Year</i>	<u><u>\$334,663</u></u>	<u><u>\$202,029</u></u>	<u><u>\$536,692</u></u>

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	<u>Municipal Court Improvement</u>	<u>Municipal Pool</u>	<u>Capital Improvement</u>	<u>Tinkers Creek Commerce Park</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$311,998	\$816,496	\$782,484	\$0	\$1,910,978
Intergovernmental Receivable	0	0	0	7,969	7,969
Accrued Interest Receivable	6,250	0	0	0	6,250
<i>Total Assets</i>	<u>\$318,248</u>	<u>\$816,496</u>	<u>\$782,484</u>	<u>\$7,969</u>	<u>\$1,925,197</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$93,840	\$2,050	\$0	\$95,890
Fund Balances					
Reserved for Encumbrances	3,280	693,130	217,329	0	913,739
Unreserved, Undesignated	314,968	29,526	563,105	7,969	915,568
<i>Total Fund Balances</i>	<u>318,248</u>	<u>722,656</u>	<u>780,434</u>	<u>7,969</u>	<u>1,829,307</u>
 <i>Total Liabilities and Fund Balances</i>	 <u>\$318,248</u>	 <u>\$816,496</u>	 <u>\$782,484</u>	 <u>\$7,969</u>	 <u>\$1,925,197</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, 2006

	Municipal Court Improvement	Municipal Pool	Capital Improvement	Tinkers Creek Commerce Park	Total Nonmajor Capital Projects Funds
Revenues					
Fines and Forfeitures	\$138,195	\$0	\$0	\$0	\$138,195
Intergovernmental	0	0	0	431,974	431,974
Interest	11,494	0	39,874	0	51,368
<i>Total Revenues</i>	149,689	0	39,874	431,974	621,537
Expenditures					
Capital Outlay	50,805	107,344	431,908	418,602	1,008,659
<i>Excess of Revenues Over Under Expenditures</i>	98,884	(107,344)	(392,034)	13,372	(387,122)
Other Financing Sources (Uses)					
General Obligation Bonds Issued	0	657,142	0	0	657,142
Premium on Bonds	0	4,155	0	0	4,155
Discount on Bonds	0	(3,746)	0	0	(3,746)
Transfers In	0	172,449	30,000	0	202,449
<i>Total Other Financing Sources (Uses)</i>	0	830,000	30,000	0	860,000
<i>Net Change in Fund Balances</i>	98,884	722,656	(362,034)	13,372	472,878
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	219,364	0	1,142,468	(5,403)	1,356,429
<i>Fund Balances End of Year</i>	\$318,248	\$722,656	\$780,434	\$7,969	\$1,829,307

Combining Statement - 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, 2006

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
<i>Municipal Court</i>				
Assets				
Cash and Cash Equivalents In Segregated Accounts	\$41,501	\$4,899,666	\$4,650,325	\$290,842
Liabilities				
Deposits Held and Due to Others	\$41,501	\$4,899,666	\$4,650,325	\$290,842
 <i>State Inspection Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$80	\$690	\$674	\$96
Liabilities				
Deposits Held and Due to Others	\$80	\$690	\$674	\$96
 <i>All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$80	\$690	\$674	\$96
Cash and Cash Equivalents In Segregated Accounts	41,501	4,899,666	4,650,325	290,842
Total Assets	\$41,581	\$4,900,356	\$4,650,999	\$290,938
Liabilities				
Deposits Held and Due to Others	\$41,581	\$4,900,356	\$4,650,999	\$290,938

**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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$2,530,542	\$2,530,542	\$2,448,602	(\$81,940)
Municipal Income Taxes	10,199,385	10,199,385	11,200,074	1,000,689
Charges for Services	378,850	378,850	371,139	(7,711)
Fees, Licenses and Permits	137,095	157,095	176,277	19,182
Fines and Forfeitures	1,248,540	1,248,540	1,209,720	(38,820)
Intergovernmental	1,758,264	1,955,369	1,884,025	(71,344)
Interest	200,000	300,000	362,115	62,115
Rentals	1,200	1,200	8,563	7,363
Other	23,350	23,350	53,970	30,620
<i>Total Revenues</i>	16,477,226	16,794,331	17,714,485	920,154
Expenditures				
Current:				
General Government:				
Council and Clerk:				
Personal Services	250,390	250,390	245,302	5,088
Other	83,319	83,319	45,178	38,141
Total Council and Clerk	333,709	333,709	290,480	43,229
Finance Department:				
Personal Services	400,635	406,675	393,257	13,418
Capital Outlay	23,539	36,991	36,991	0
Other	361,910	363,458	299,560	63,898
Total Finance Department	786,084	807,124	729,808	77,316
Income Tax Department:				
Personal Services	183,725	183,725	176,166	7,559
Other	174,455	174,455	153,527	20,928
Total Income Tax Department	358,180	358,180	329,693	28,487
City Manager:				
Personal Services	314,005	314,019	295,348	18,671
Other	33,675	33,675	12,957	20,718
Total City Manager	\$347,680	\$347,694	\$308,305	\$39,389

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Department:				
Personal Services	\$117,020	\$117,020	\$115,577	\$1,443
Other	113,000	113,000	103,448	9,552
Total Law Department	230,020	230,020	219,025	10,995
Engineering:				
Personal Services	14,660	14,660	12,228	2,432
Other	40,986	40,986	31,513	9,473
Total Engineering	55,646	55,646	43,741	11,905
Municipal Court:				
Personal Services	1,697,580	1,677,580	1,623,596	53,984
Capital Outlay	0	2,900	2,861	39
Other	207,250	224,350	203,114	21,236
Total Municipal Court	1,904,830	1,904,830	1,829,571	75,259
Special Projects:				
Other	88,820	94,320	91,068	3,252
Civil Service Commission:				
Personal Services	4,945	4,945	2,587	2,358
Other	32,000	32,000	26,726	5,274
Total Civil Service Commission	36,945	36,945	29,313	7,632
Land and Building:				
Personal Services	144,510	144,511	134,319	10,192
Other	562,807	562,806	448,471	114,335
Total Land and Building	707,317	707,317	582,790	124,527
County Auditor Deductions:				
Other	58,550	71,550	55,010	16,540
Total General Government	\$4,907,781	\$4,947,335	\$4,508,804	\$438,531

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Security of Persons and Property:				
Police:				
Police Department:				
Personal Services	\$3,690,810	\$3,697,273	\$3,569,589	\$127,684
Capital Outlay	145,541	145,541	142,380	3,161
Other	310,501	327,160	297,195	29,965
Total Security of Persons and Property	4,146,852	4,169,974	4,009,164	160,810
Public Health and Welfare:				
Health Department:				
Other	47,620	47,620	47,617	3
Leisure Time Activities:				
Parks and Playground:				
Personal Services	14,774	14,774	10,655	4,119
Other	287,470	287,470	273,205	14,265
Total Leisure Time Activities	302,244	302,244	283,860	18,384
Community Development:				
Planning Commission Department:				
Personal Services	2,000	2,005	1,246	759
Other	3,700	3,700	1,773	1,927
Total Planning Commission Department	5,700	5,705	3,019	2,686
Board of Zoning Appeals:				
Other	600	600	0	600
Building Department:				
Personal Services	395,355	401,895	399,200	2,695
Capital Outlay	4,000	15,241	15,241	0
Other	36,615	36,615	26,567	10,048
Total Building Department	435,970	453,751	441,008	12,743
Total Community Development	442,270	460,056	444,027	16,029
Basic Utility Services:				
Refuse Collection:				
Personal Services	\$525,000	\$574,689	\$563,654	\$11,035

(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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Transportation:				
Service Department:				
Personal Services	\$1,611,395	\$1,612,367	\$1,550,422	\$61,945
Capital Outlay	5,000	10,336	10,336	0
Other	43,900	38,564	15,587	22,977
Total Transportation	<u>1,660,295</u>	<u>1,661,267</u>	<u>1,576,345</u>	<u>84,922</u>
<i>Total Expenditures</i>	<u>12,032,062</u>	<u>12,163,185</u>	<u>11,433,471</u>	<u>729,714</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,445,164</u>	<u>4,631,146</u>	<u>6,281,014</u>	<u>1,649,868</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	12,500	12,500	11,009	(1,491)
Advances In	130,880	770,313	770,313	0
Transfers Out	(4,526,090)	(4,708,539)	(4,708,539)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,382,710)</u>	<u>(3,925,726)</u>	<u>(3,927,217)</u>	<u>(1,491)</u>
<i>Net Change in Fund Balance</i>	62,454	705,420	2,353,797	1,648,377
<i>Fund Balance Beginning of Year</i>	7,429,093	7,429,093	7,429,093	0
Prior Year Encumbrances Appropriated	<u>183,838</u>	<u>183,838</u>	<u>183,838</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,675,385</u></u>	<u><u>\$8,318,351</u></u>	<u><u>\$9,966,728</u></u>	<u><u>\$1,648,377</u></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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$753,480	\$754,408	\$729,014	(\$25,394)
Fees, Licenses and Permits	1,150	1,150	2,529	1,379
Intergovernmental	84,061	84,061	90,074	6,013
Interest	4,000	4,000	6,871	2,871
<i>Total Revenues</i>	<u>842,691</u>	<u>843,619</u>	<u>828,488</u>	<u>(15,131)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Department:				
Personal Services	2,541,995	2,546,995	2,539,142	7,853
Capital Outlay	500	500	361	139
Other	153,873	153,873	148,124	5,749
<i>Total Expenditures</i>	<u>2,696,368</u>	<u>2,701,368</u>	<u>2,687,627</u>	<u>13,741</u>
<i>Excess of Revenues Under Expenditures</i>	(1,853,677)	(1,857,749)	(1,859,139)	(1,390)
Other Financing Sources				
Transfers In	1,875,710	1,875,710	1,875,710	0
<i>Net Change in Fund Balance</i>	22,033	17,961	16,571	(1,390)
<i>Fund Balance Beginning of Year</i>	52,512	52,512	52,512	0
Prior Year Encumbrances Appropriated	15,083	15,083	15,083	0
<i>Fund Balance End of Year</i>	<u>\$89,628</u>	<u>\$85,556</u>	<u>\$84,166</u>	<u>(\$1,390)</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$3,468,050	\$3,468,050	\$3,274,451	(\$193,599)
Other	5,000	5,000	3,408	(1,592)
Interest	22,000	23,802	59,487	35,685
General Obligation Bonds Issued	648,150	701,733	703,535	1,802
Sale of Capital Assets	0	0	5,592	5,592
<i>Total Revenues</i>	<u>4,143,200</u>	<u>4,198,585</u>	<u>4,046,473</u>	<u>(152,112)</u>
Expenses				
Personal Services	491,700	493,117	437,338	55,779
Contractual Services	2,650,000	2,650,000	2,293,817	356,183
Materials and Supplies	54,756	95,825	88,591	7,234
Capital Outlay	76,776	59,197	36,955	22,242
Other	23,700	23,900	21,777	2,123
Other Non-Operating	2,500	2,500	1,218	1,282
Debt Service:				
Principal Retirement	763,150	763,150	763,150	0
Interest and Fiscal Charges	73,230	73,230	73,224	6
Bond Issuance Costs	40,000	89,546	89,315	231
<i>Total Expenses</i>	<u>4,175,812</u>	<u>4,250,465</u>	<u>3,805,385</u>	<u>445,080</u>
<i>Net Change in Fund Equity</i>	(32,612)	(51,880)	241,088	292,968
<i>Fund Equity Beginning of Year</i>	1,226,219	1,226,219	1,226,219	0
Prior Year Encumbrances Appropriated	<u>5,531</u>	<u>5,531</u>	<u>5,531</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$1,199,138</u>	<u>\$1,179,870</u>	<u>\$1,472,838</u>	<u>\$292,968</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,325,000	\$2,208,750	\$1,982,165	(\$226,585)
Municipal Income Taxes	278,760	278,750	373,551	94,801
Other	500	500	0	(500)
Interest	32,000	32,000	80,679	48,679
Proceeds of OPWC Loans	0	486,715	3,267	(483,448)
General Obligation Bonds Issued	0	0	308,755	308,755
Capital Grants	0	0	32,508	32,508
Sale of Capital Assets	0	0	1,689	1,689
<i>Total Revenues</i>	2,636,260	3,006,715	2,782,614	(224,101)
Expenses				
Personal Services	917,025	917,025	894,816	22,209
Contractual Services	32,000	38,103	37,663	440
Materials and Supplies	317,230	420,523	399,388	21,135
Capital Outlay	318,884	878,014	658,043	219,971
Other	60,200	54,097	48,926	5,171
Other Non-Operating	2,500	2,500	1,724	776
Debt Service:				
Principal Retirement	766,940	766,940	760,721	6,219
Interest and Fiscal Charges	381,475	381,475	374,364	7,111
Amount Paid to Refunded Bond Escrow Agent	0	0	308,755	(308,755)
<i>Total Expenses</i>	2,796,254	3,458,677	3,484,400	(25,723)
<i>Net Change in Fund Equity</i>	(159,994)	(451,962)	(701,786)	(249,824)
<i>Fund Equity Beginning of Year</i>	2,370,752	2,370,752	2,370,752	0
Prior Year Encumbrances Appropriated	26,614	26,614	26,614	0
<i>Fund Equity End of Year</i>	\$2,237,372	\$1,945,404	\$1,695,580	(\$249,824)

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,949	\$1,949	\$1,949	\$0
Intergovernmental	150,000	229,560	191,398	(38,162)
<i>Total Revenues</i>	151,949	231,509	193,347	(38,162)
Expenditures				
Current:				
Community Development:				
CDBG Department:				
Other	362,560	459,338	433,288	26,050
Debt Service:				
Principal Retirement	591,850	591,850	591,850	0
Interest and Fiscal Charges	80,660	20,660	20,657	3
Issuance Costs	0	134,825	134,825	0
Total Debt Service	672,510	747,335	747,332	3
<i>Total Expenditures</i>	1,035,070	1,206,673	1,180,620	26,053
<i>Excess of Revenues Under Expenditures</i>	(883,121)	(975,164)	(987,273)	(12,109)
Other Financing Sources				
General Obligation Bonds Issued	624,901	725,341	725,341	0
Transfers In	195,660	125,660	125,660	0
<i>Total Other Financing Sources</i>	820,561	851,001	851,001	0
<i>Net Change in Fund Balance</i>	(62,560)	(124,163)	(136,272)	(12,109)
<i>Fund Balance Beginning of Year</i>	189,097	189,097	189,097	0
Prior Year Encumbrances Appropriated	62,742	62,742	62,742	0
<i>Fund Balance End of Year</i>	\$189,279	\$127,676	\$115,567	(\$12,109)

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$7,000	\$7,000	\$7,250	\$250
Interest	500	500	3,003	2,503
<i>Total Revenues</i>	<u>7,500</u>	<u>7,500</u>	<u>10,253</u>	<u>2,753</u>
Expenditures				
Current:				
Community Development:				
Enterprise Zone:				
Personal Services	99,290	106,289	103,054	3,235
Other	206,212	204,213	195,373	8,840
<i>Total Expenditures</i>	<u>305,502</u>	<u>310,502</u>	<u>298,427</u>	<u>12,075</u>
<i>Excess of Revenues Under Expenditures</i>	(298,002)	(303,002)	(288,174)	14,828
Other Financing Sources				
Transfers In	302,315	302,315	302,315	0
<i>Net Change in Fund Balance</i>	4,313	(687)	14,141	14,828
<i>Fund Balance Beginning of Year</i>	60,454	60,454	60,454	0
Prior Year Encumbrances Appropriated	187	187	187	0
<i>Fund Balance End of Year</i>	<u>\$64,954</u>	<u>\$59,954</u>	<u>\$74,782</u>	<u>\$14,828</u>

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$37,000	\$37,000	\$42,148	\$5,148
Interest	500	500	2,782	2,282
<i>Total Revenues</i>	37,500	37,500	44,930	7,430
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	73,408	73,408	34,999	38,409
<i>Net Change in Fund Balance</i>	(35,908)	(35,908)	9,931	45,839
<i>Fund Balance Beginning of Year</i>	10,474	10,474	10,474	0
Prior Year Encumbrances Appropriated	36,408	36,408	36,408	0
<i>Fund Balance End of Year</i>	<u>\$10,974</u>	<u>\$10,974</u>	<u>\$56,813</u>	<u>\$45,839</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$15,000	\$15,000	\$15,080	\$80
Interest	2,000	2,000	4,330	2,330
<i>Total Revenues</i>	17,000	17,000	19,410	2,410
Expenditures				
Current:				
Public Health and Welfare:				
Indigent Drivers:				
Other	40,000	40,000	11,721	28,279
<i>Net Change in Fund Balance</i>	(23,000)	(23,000)	7,689	30,689
<i>Fund Balance Beginning of Year</i>	99,405	99,405	99,405	0
<i>Fund Balance End of Year</i>	<u>\$76,405</u>	<u>\$76,405</u>	<u>\$107,094</u>	<u>\$30,689</u>

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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$105,665	\$105,665	\$87,590	(\$18,075)
Interest	2,600	2,600	6,800	4,200
Other	1,360	1,360	561	(799)
<i>Total Revenues</i>	<u>109,625</u>	<u>109,625</u>	<u>94,951</u>	<u>(14,674)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Playgrounds:				
Personal Services	340,195	320,195	304,625	15,570
Capital Outlay	15,000	11,565	11,565	0
Other	149,265	197,700	182,429	15,271
Total Playgrounds	<u>504,460</u>	<u>529,460</u>	<u>498,619</u>	<u>30,841</u>
Swimming Pool:				
Personal Services	142,440	143,210	137,517	5,693
Capital Outlay	6,000	5,907	3,995	1,912
Other	51,400	55,493	50,708	4,785
Total Swimming Pool	<u>199,840</u>	<u>204,610</u>	<u>192,220</u>	<u>12,390</u>
Ellenwood Center:				
Personal Services	444,565	445,041	439,440	5,601
Capital Outlay	57,500	75,301	64,524	10,777
Other	102,785	113,984	109,206	4,778
Total Ellenwood Center	<u>604,850</u>	<u>634,326</u>	<u>613,170</u>	<u>21,156</u>
<i>Total Expenditures</i>	<u>1,309,150</u>	<u>1,368,396</u>	<u>1,304,009</u>	<u>64,387</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,199,525)</u>	<u>(1,258,771)</u>	<u>(1,209,058)</u>	<u>49,713</u>
Other Financing Sources				
Sale of Capital Assets	0	0	6,285	6,285
Transfers In	1,198,995	1,248,995	1,248,995	0
<i>Total Other Financing Sources</i>	<u>1,198,995</u>	<u>1,248,995</u>	<u>1,255,280</u>	<u>6,285</u>
<i>Net Change in Fund Balance</i>	(530)	(9,776)	46,222	55,998
<i>Fund Balance Beginning of Year</i>	109,792	109,792	109,792	0
Prior Year Encumbrances Appropriated	550	550	550	0
<i>Fund Balance End of Year</i>	<u>\$109,812</u>	<u>\$100,566</u>	<u>\$156,564</u>	<u>\$55,998</u>

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$235,210	\$235,210	\$222,178	(\$13,032)
Other	106,628	186,338	189,938	3,600
<i>Total Revenues</i>	<u>341,838</u>	<u>421,548</u>	<u>412,116</u>	<u>(9,432)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
SEAL Narcotics:				
Personal Services	54,457	216,735	208,821	7,914
Capital Outlay	28,644	264,917	121,899	143,018
Other	2,755	11,326	10,564	762
<i>Total Expenditures</i>	<u>85,856</u>	<u>492,978</u>	<u>341,284</u>	<u>151,694</u>
<i>Net Change in Fund Balance</i>	255,982	(71,430)	70,832	142,262
<i>Fund Balance Beginning of Year</i>	<u>71,430</u>	<u>71,430</u>	<u>71,430</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$327,412</u></u>	<u><u>\$0</u></u>	<u><u>\$142,262</u></u>	<u><u>\$142,262</u></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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$56,200	\$56,200	\$42,990	(\$13,210)
Interest	1,500	1,500	2,856	1,356
Other	250	250	95	(155)
<i>Total Revenues</i>	<i>57,950</i>	<i>57,950</i>	<i>45,941</i>	<i>(12,009)</i>
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Personal Services	93,560	93,560	82,296	11,264
Capital Outlay	2,200	900	649	251
Other	24,930	32,230	24,386	7,844
<i>Total Expenditures</i>	<i>120,690</i>	<i>126,690</i>	<i>107,331</i>	<i>19,359</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(62,740)</i>	<i>(68,740)</i>	<i>(61,390)</i>	<i>7,350</i>
Other Financing Sources				
Sale of Capital Assets	500	500	0	(500)
Transfers In	62,310	62,310	62,310	0
<i>Total Other Financing Sources</i>	<i>62,810</i>	<i>62,810</i>	<i>62,310</i>	<i>(500)</i>
<i>Net Change in Fund Balance</i>	<i>70</i>	<i>(5,930)</i>	<i>920</i>	<i>6,850</i>
<i>Fund Balance Beginning of Year</i>	<i>73,471</i>	<i>73,471</i>	<i>73,471</i>	<i>0</i>
Prior Year Encumbrances Appropriated	930	930	930	0
<i>Fund Balance End of Year</i>	<i>\$74,471</i>	<i>\$68,471</i>	<i>\$75,321</i>	<i>\$6,850</i>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,300	\$745	\$757	\$12
Interest	100	0	15	15
<i>Total Revenues</i>	1,400	745	772	27
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	1,000	250	50	200
<i>Net Change in Fund Balance</i>	400	495	722	227
<i>Fund Balance Beginning of Year</i>	25	25	25	0
<i>Fund Balance End of Year</i>	\$425	\$520	\$747	\$227

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$278,040	\$278,040	\$289,498	\$11,458
Interest	2,800	2,800	8,310	5,510
<i>Total Revenues</i>	280,840	280,840	297,808	16,968
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting:				
Other	290,500	290,500	279,450	11,050
<i>Net Change in Fund Balance</i>	(9,660)	(9,660)	18,358	28,018
<i>Fund Balance Beginning of Year</i>	236,466	236,466	236,466	0
<i>Fund Balance End of Year</i>	<u>\$226,806</u>	<u>\$226,806</u>	<u>\$254,824</u>	<u>\$28,018</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$452,000	\$498,000	\$521,142	\$23,142
Interest	15,000	25,000	32,164	7,164
Other	150	150	0	(150)
<i>Total Revenues</i>	467,150	523,150	553,306	30,156
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Personal Services	200,950	203,490	187,488	16,002
Capital Outlay	94,300	87,120	84,720	2,400
Other	861,272	866,353	818,939	47,414
<i>Total Expenditures</i>	1,156,522	1,156,963	1,091,147	65,816
<i>Excess of Revenues Under Expenditures</i>	(689,372)	(633,813)	(537,841)	95,972
Other Financing Sources				
Sale of Capital Assets	500	12,235	12,409	174
Transfers In	50,000	50,000	50,000	0
<i>Total Other Financing Sources</i>	50,500	62,235	62,409	174
<i>Net Change in Fund Balance</i>	(638,872)	(571,578)	(475,432)	96,146
<i>Fund Balance Beginning of Year</i>	437,889	437,889	437,889	0
Prior Year Encumbrances Appropriated	428,372	428,372	428,372	0
<i>Fund Balance End of Year</i>	\$227,389	\$294,683	\$390,829	\$96,146

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, 2006

	<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	\$1,000	\$0	\$0	\$0
Interest	150	150	665	515
<i>Total Revenues</i>	<u>1,150</u>	<u>150</u>	<u>665</u>	<u>515</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Capital Outlay	3,037	3,037	3,037	0
Other	1,652	1,652	852	800
<i>Total Expenditures</i>	<u>4,689</u>	<u>4,689</u>	<u>3,889</u>	<u>800</u>
<i>Net Change in Fund Balance</i>	(3,539)	(4,539)	(3,224)	1,315
<i>Fund Balance Beginning of Year</i>	15,765	15,765	15,765	0
Prior Year Encumbrances Appropriated	3,189	3,189	3,189	0
<i>Fund Balance End of Year</i>	<u><u>\$15,415</u></u>	<u><u>\$14,415</u></u>	<u><u>\$15,730</u></u>	<u><u>\$1,315</u></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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$92,000	\$92,000	\$86,594	(\$5,406)
Interest	2,500	2,500	7,264	4,764
<i>Total Revenues</i>	94,500	94,500	93,858	(642)
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	191,356	191,356	191,356	0
<i>Net Change in Fund Balance</i>	(96,856)	(96,856)	(97,498)	(642)
<i>Fund Balance Beginning of Year</i>	31,586	31,586	31,586	0
Prior Year Encumbrances Appropriated	96,856	96,856	96,856	0
<i>Fund Balance End of Year</i>	<u>\$31,586</u>	<u>\$31,586</u>	<u>\$30,944</u>	<u>(\$642)</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$150,000	\$150,000	\$158,187	\$8,187
Interest	4,200	4,200	17,438	13,238
<i>Total Revenues</i>	154,200	154,200	175,625	21,425
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Equipment:				
Capital Outlay	6,793	6,793	6,793	0
Other	108,100	108,100	108,080	20
<i>Total Expenditures</i>	114,893	114,893	114,873	20
<i>Net Change in Fund Balance</i>	39,307	39,307	60,752	21,445
<i>Fund Balance Beginning of Year</i>	418,939	418,939	418,939	0
Prior Year Encumbrances Appropriated	6,793	6,793	6,793	0
<i>Fund Balance End of Year</i>	\$465,039	\$465,039	\$486,484	\$21,445

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$725	\$725	\$825	\$100
Intergovernmental	62,336	58,698	58,496	(202)
Other	0	40,150	40,150	0
<i>Total Revenues</i>	<u>63,061</u>	<u>99,573</u>	<u>99,471</u>	<u>(102)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Police Department:				
Other	10,776	31,526	9,260	22,266
Purdue/Ben Venue Grant				
Capital Outlay	588	588	0	588
Community Diversion:				
Personal Services	0	20,000	14,354	5,646
Other	323	1,998	626	1,372
Total Community Diversion	<u>323</u>	<u>21,998</u>	<u>14,980</u>	<u>7,018</u>
Third Grade Seatbelts				
Personal Services	578	578	578	0
Violence Against Women:				
Personal Services	741	34,899	33,762	1,137
Other	0	201	151	50
Total Violence Against Women	<u>741</u>	<u>35,100</u>	<u>33,913</u>	<u>1,187</u>
DARE Enforcement:				
Personal Services	567	567	152	415
Other	796	796	697	99
Total DARE Enforcement	<u>1,363</u>	<u>1,363</u>	<u>849</u>	<u>514</u>
Target Grant:				
Other	300	300	0	300
Total Police	<u>\$14,669</u>	<u>\$91,453</u>	<u>\$59,580</u>	<u>\$31,873</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire:				
Fire Department:				
Other	\$16,593	\$36,743	\$16,593	\$20,150
Total Security of Persons and Property	31,262	128,196	76,173	52,023
Leisure Time Activities:				
Food bank - Recreation:				
Other	4,500	12,000	10,543	1,457
Municipal Elderly Friendly:				
Personal Services	5,188	4,745	4,268	477
Other	12,893	9,322	6,907	2,415
Total Municipal Elderly Friendly	18,081	14,067	11,175	2,892
Total Leisure Time Activities	22,581	26,067	21,718	4,349
Basic Utility Services:				
Service Department:				
Other	460	460	460	0
<i>Total Expenditures</i>	54,303	154,723	98,351	56,372
<i>Excess of Revenues Over (Under) Expenditures</i>	8,758	(55,150)	1,120	56,270
Other Financing Sources				
Transfers In	4,500	4,500	4,500	0
<i>Net Change in Fund Balance</i>	13,258	(50,650)	5,620	56,270
<i>Fund Balance Beginning of Year</i>	57,092	57,092	57,092	0
Prior Year Encumbrances Appropriated	10,189	10,189	10,189	0
<i>Fund Balance End of Year</i>	\$80,539	\$16,631	\$72,901	\$56,270

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, 2006

	<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	\$170,000	\$170,000	\$170,532	\$532
Interest	7,000	7,000	27,644	20,644
<i>Total Revenues</i>	177,000	177,000	198,176	21,176
Expenditures				
Current:				
General Government:				
Municipal Court Special Programs				
Capital Outlay	0	23,819	23,819	0
<i>Excess of Revenues Over Expenditures</i>	177,000	153,181	174,357	21,176
Other Financing Uses				
Transfers Out	(138,775)	(138,775)	(138,775)	0
<i>Net Change in Fund Balance</i>	38,225	14,406	35,582	21,176
<i>Fund Balance Beginning of Year</i>	496,933	496,933	496,933	0
<i>Fund Balance End of Year</i>	<u>\$535,158</u>	<u>\$511,339</u>	<u>\$532,515</u>	<u>\$21,176</u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Housing Rehabilitation				
Capital Outlay	80,000	117,042	25,898	91,144
<i>Excess of Revenues Under Expenditures</i>	(80,000)	(117,042)	(25,898)	91,144
Other Financing Sources				
Transfers In	80,000	80,000	80,000	0
<i>Net Change in Fund Balance</i>	0	(37,042)	54,102	91,144
<i>Fund Balance Beginning of Year</i>	45,142	45,142	45,142	0
<i>Fund Balance End of Year</i>	<u>\$45,142</u>	<u>\$8,100</u>	<u>\$99,244</u>	<u>\$91,144</u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$80,730	\$80,730	\$78,109	(\$2,621)
Intergovernmental	9,006	9,006	9,650	644
<i>Total Revenues</i>	89,736	89,736	87,759	(1,977)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	432,720	432,720	423,404	9,316
<i>Excess of Revenues Under Expenditures</i>	(342,984)	(342,984)	(335,645)	7,339
Other Financing Sources				
Transfers In	335,700	335,700	335,700	0
<i>Net Change in Fund Balance</i>	(7,284)	(7,284)	55	7,339
<i>Fund Balance Beginning of Year</i>	50,607	50,607	50,607	0
<i>Fund Balance End of Year</i>	\$43,323	\$43,323	\$50,662	\$7,339

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$80,730	\$80,730	\$78,109	(\$2,621)
Intergovernmental	9,006	9,006	9,651	645
<i>Total Revenues</i>	89,736	89,736	87,760	(1,976)
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Department:				
Personal Services	466,185	466,185	471,555	(5,370)
<i>Excess of Revenues Under Expenditures</i>	(376,449)	(376,449)	(383,795)	(7,346)
Other Financing Sources				
Transfers In	377,785	377,785	377,785	0
<i>Net Change in Fund Balance</i>	1,336	1,336	(6,010)	(7,346)
<i>Fund Balance Beginning of Year</i>	28,867	28,867	28,867	0
<i>Fund Balance End of Year</i>	\$30,203	\$30,203	\$22,857	(\$7,346)

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$1,500	\$1,500	\$1,841	\$341
Other	50	50	50	0
<i>Total Revenues</i>	1,550	1,550	1,891	341
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery Trust:				
Other	2,000	2,000	0	2,000
<i>Net Change in Fund Balance</i>	(450)	(450)	1,891	2,341
<i>Fund Balance Beginning of Year</i>	37,671	37,671	37,671	0
<i>Fund Balance End of Year</i>	<u>\$37,221</u>	<u>\$37,221</u>	<u>\$39,562</u>	<u>\$2,341</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$780,520	\$780,520	\$870,902	\$90,382
Interest	3,500	3,500	17,493	13,993
<i>Total Revenues</i>	<u>784,020</u>	<u>784,020</u>	<u>888,395</u>	<u>104,375</u>
Expenditures				
Debt Service:				
Principal Retirement	448,190	448,190	448,189	1
Interest and Fiscal Charges	514,220	514,220	335,227	178,993
<i>Total Expenditures</i>	<u>962,410</u>	<u>962,410</u>	<u>783,416</u>	<u>178,994</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(178,390)</u>	<u>(178,390)</u>	<u>104,979</u>	<u>283,369</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	0	7,501,400	7,501,400
Payment to Refunded Bond Escrow Agent	0	0	(7,501,400)	(7,501,400)
Transfers In	181,890	181,890	181,890	0
<i>Total Other Financing Sources (Uses)</i>	<u>181,890</u>	<u>181,890</u>	<u>181,890</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	3,500	3,500	286,869	283,369
<i>Fund Balance Beginning of Year</i>	<u>47,794</u>	<u>47,794</u>	<u>47,794</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$51,294</u>	<u>\$51,294</u>	<u>\$334,663</u>	<u>\$283,369</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$103,855	\$103,855	\$109,589	\$5,734
Interest	3,750	3,750	5,852	2,102
<i>Total Revenues</i>	<u>107,605</u>	<u>107,605</u>	<u>115,441</u>	<u>7,836</u>
Expenditures				
Debt Service:				
Principal Retirement	65,000	65,000	65,000	0
Interest and Fiscal Charges	38,855	38,855	38,853	2
<i>Total Expenditures</i>	<u>103,855</u>	<u>103,855</u>	<u>103,853</u>	<u>2</u>
<i>Net Change in Fund Balance</i>	3,750	3,750	11,588	7,838
<i>Fund Balance Beginning of Year</i>	<u>190,441</u>	<u>190,441</u>	<u>190,441</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$194,191</u></u>	<u><u>\$194,191</u></u>	<u><u>\$202,029</u></u>	<u><u>\$7,838</u></u>

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, 2006

	<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	\$124,000	\$124,000	\$138,518	\$14,518
Interest	2,500	2,500	6,928	4,428
<i>Total Revenues</i>	126,500	126,500	145,446	18,946
Expenditures				
Capital Outlay	175,000	175,000	54,085	120,915
<i>Net Change in Fund Balance</i>	(48,500)	(48,500)	91,361	139,861
<i>Fund Balance Beginning of Year</i>	207,624	207,624	207,624	0
<i>Fund Balance End of Year</i>	<u>\$159,124</u>	<u>\$159,124</u>	<u>\$298,985</u>	<u>\$139,861</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Pool Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	830,000	830,000	800,474	29,526
<i>Excess of Revenues Under Expenditures</i>	(830,000)	(830,000)	(800,474)	29,526
Other Financing Sources				
General Obligation Bonds Issued	657,551	657,551	657,551	0
Transfers In	172,449	172,449	172,449	0
<i>Total Other Financing Sources</i>	830,000	830,000	830,000	0
<i>Net Change in Fund Balance</i>	0	0	29,526	29,526
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$29,526	\$29,526

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$25,000	\$0	(\$25,000)
Interest	10,000	32,000	39,874	7,874
<i>Total Revenues</i>	10,000	57,000	39,874	(17,126)
Expenditures				
Capital Outlay	325,361	740,082	660,979	79,103
<i>Excess of Revenues Under Expenditures</i>	(315,361)	(683,082)	(621,105)	61,977
Other Financing Sources				
Transfers In	0	30,000	30,000	0
<i>Net Change in Fund Balance</i>	(315,361)	(653,082)	(591,105)	61,977
<i>Fund Balance Beginning of Year</i>	1,043,850	1,043,850	1,043,850	0
Prior Year Encumbrances Appropriated	110,361	110,361	110,361	0
<i>Fund Balance End of Year</i>	<u>\$838,850</u>	<u>\$501,129</u>	<u>\$563,106</u>	<u>\$61,977</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tinkers Creek Commerce Park Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$850,000	\$850,000	\$850,000	\$0
Expenditures				
Capital Outlay	418,602	418,602	418,602	0
<i>Excess of Revenues Over Expenditures</i>	431,398	431,398	431,398	0
Other Financing Uses				
Advances Out	(770,313)	(770,313)	(770,313)	0
<i>Net Change in Fund Balance</i>	(338,915)	(338,915)	(338,915)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	338,915	338,915	338,915	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, 2006

	<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	\$2,230,000	\$2,230,000	\$2,241,322	\$11,322
Interest	750	11,000	13,167	2,167
<i>Total Revenues</i>	<u>2,230,750</u>	<u>2,241,000</u>	<u>2,254,489</u>	<u>13,489</u>
Expenses				
Contractual Services	720,750	720,750	662,719	58,031
Claims	1,484,250	1,484,250	1,220,887	263,363
<i>Total Expenses</i>	<u>2,205,000</u>	<u>2,205,000</u>	<u>1,883,606</u>	<u>321,394</u>
<i>Net Change in Fund Equity</i>	25,750	36,000	370,883	334,883
<i>Fund Equity Beginning of Year</i>	<u>91,960</u>	<u>91,960</u>	<u>91,960</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$117,710</u>	<u>\$127,960</u>	<u>\$462,843</u>	<u>\$334,883</u>

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 – S9</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>S10 – 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 – S24</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>S25 – S27</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>S28 – 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 Five Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$27,242,739	\$29,561,437	\$29,950,309	\$30,244,755	\$27,844,368
Restricted:					
Capital Projects	1,171,756	1,356,429	1,719,410	3,057,559	4,707,736
Debt Service	1,321,616	1,143,792	1,247,181	1,176,626	1,366,567
Fire	522,030	423,999	362,312	97,233	32,999
Streets	1,162,070	1,294,088	1,371,972	1,183,863	1,143,523
Other Purposes	1,746,159	701,410	1,317,826	1,270,059	1,331,643
Unrestricted	11,720,851	10,220,472	8,236,154	9,350,789	10,243,418
<i>Total Governmental Activities</i> <i>Net Assets</i>	44,887,221	44,701,627	44,205,164	46,380,884	46,670,254
Business Type - Activities					
Invested in Capital Assets, Net of Related Debt	3,285,261	2,842,724	2,638,318	1,356,691	1,185,779
Restricted:					
Renewal and Replacement	0	0	0	0	1,196,296
Unrestricted	4,145,274	4,335,387	3,961,305	4,260,063	2,369,303
<i>Total Business-Type Activities</i> <i>Net Assets</i>	7,430,535	7,178,111	6,599,623	5,616,754	4,751,378
Primary Government					
Invested in Capital Assets, Net of Related Debt	30,528,000	32,404,161	32,588,627	31,601,446	29,030,147
Restricted	5,923,631	4,919,718	6,018,701	6,785,340	9,778,764
Unrestricted	15,866,125	14,555,859	12,197,459	13,610,852	12,612,721
<i>Total Primary Government</i> <i>Net Assets</i>	\$52,317,756	\$51,879,738	\$50,804,787	\$51,997,638	\$51,421,632

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

	2006	2005	2004	2003	2002
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$1,797,782	\$1,687,566	\$1,935,330	\$1,649,919	\$1,336,960
Security of Persons and Property:					
Police	57,998	56,734	35,648	48,104	18,465
Fire	160,839	293,200	106,118	212,339	162,956
Public Health and Welfare	43,580	43,443	66,437	49,584	36,818
Leisure Time Activities	87,771	95,355	75,441	90,675	93,993
Community Development	151,920	136,304	18,569	114,584	139,293
Basic Utility Services	292,023	229,705	394,613	270,348	259,105
Subtotal - Charges for Services	<u>2,591,913</u>	<u>2,542,307</u>	<u>2,632,156</u>	<u>2,435,553</u>	<u>2,047,590</u>
Operating Grants and Contributions:					
General Government	0	0	2,245	533,316	0
Security of Persons and Property:					
Police	283,602	140,902	166,920	160,110	122,208
Fire	8,413	3,724	97,744	75,022	1,440
Public Health and Welfare	10,680	15,066	19,818	12,812	24,404
Leisure Time Activities	12,370	27,865	2,065	5,044	3,600
Community Development	167,843	373,911	257,363	154,524	0
Basic Utility Services	274	6,008	4,148	16,390	12,500
Transportation	667,025	626,063	555,554	612,340	428,560
Subtotal - Operating Grants and Contributions	<u>1,150,207</u>	<u>1,193,539</u>	<u>1,105,857</u>	<u>1,569,558</u>	<u>592,712</u>
Capital Grants and Contributions:					
Community Development	0	0	0	0	238,144
Transportation	431,974	425,995	383,865	630	350,054
Basic Utility Services	0	0	0	0	84,928
Subtotal - Capital Grants and Contributions	<u>431,974</u>	<u>425,995</u>	<u>383,865</u>	<u>630</u>	<u>673,126</u>
<i>Total Governmental Activities Program Revenues</i>	<u>4,174,094</u>	<u>4,161,841</u>	<u>4,121,878</u>	<u>4,005,741</u>	<u>3,313,428</u>
Business-Type Activities:					
Charges for Services:					
Water	3,237,446	3,395,893	3,199,611	3,028,854	3,257,031
Wastewater	1,943,800	2,154,552	2,073,569	2,077,765	2,170,295
Capital Grants and Contributions					
Wastewater	32,508	8,646	714,635	140,141	345,871
<i>Total Business-Type Activities Program Revenues</i>	<u>5,213,754</u>	<u>5,559,091</u>	<u>5,987,815</u>	<u>5,246,760</u>	<u>5,773,197</u>
<i>Total Primary Government Program Revenues</i>	<u>\$9,387,848</u>	<u>\$9,720,932</u>	<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 Five Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Expenses					
Governmental Activities:					
General Government	\$4,871,530	\$4,513,961	\$4,843,345	\$4,516,277	\$4,060,361
Security of Persons and Property:					
Police	4,847,966	4,696,595	4,719,423	4,099,951	3,849,577
Fire	3,338,007	3,264,023	3,391,320	3,026,454	2,880,439
Public Health and Welfare	164,391	165,278	209,642	243,755	45,199
Leisure Time Activities	1,615,332	1,515,957	1,394,766	1,249,546	1,311,478
Community Development	1,042,659	711,271	976,913	613,461	1,019,191
Basic Utility Services	850,077	746,633	763,373	915,928	3,954,442
Transportation	4,727,888	4,815,778	4,263,114	3,786,962	787,321
Interest and Fiscal Charges	469,373	610,370	605,446	720,371	364,581
<i>Total Governmental Activities Expenses</i>	<u>21,927,223</u>	<u>21,039,866</u>	<u>21,167,342</u>	<u>19,172,705</u>	<u>18,272,589</u>
Business-Type Activities					
Water	3,155,757	3,277,619	3,171,606	3,105,244	3,396,720
Wastewater	2,326,613	2,249,871	2,278,779	1,704,107	2,423,832
<i>Total Business-Type Activities Expenses</i>	<u>5,482,370</u>	<u>5,527,490</u>	<u>5,450,385</u>	<u>4,809,351</u>	<u>5,820,552</u>
<i>Total Primary Government Program Expenses</i>	<u>27,409,593</u>	<u>26,567,356</u>	<u>26,617,727</u>	<u>23,982,056</u>	<u>24,093,141</u>
Net (Expense)/Revenue					
Governmental Activities	(17,753,129)	(16,878,025)	(17,045,464)	(15,166,964)	(14,959,161)
Business-Type Activities	(268,616)	31,601	537,430	437,409	(47,355)
<i>Total Primary Government Net Expense</i>	<u>(\$18,021,745)</u>	<u>(\$16,846,424)</u>	<u>(\$16,508,034)</u>	<u>(\$14,729,555)</u>	<u>(\$15,006,516)</u>

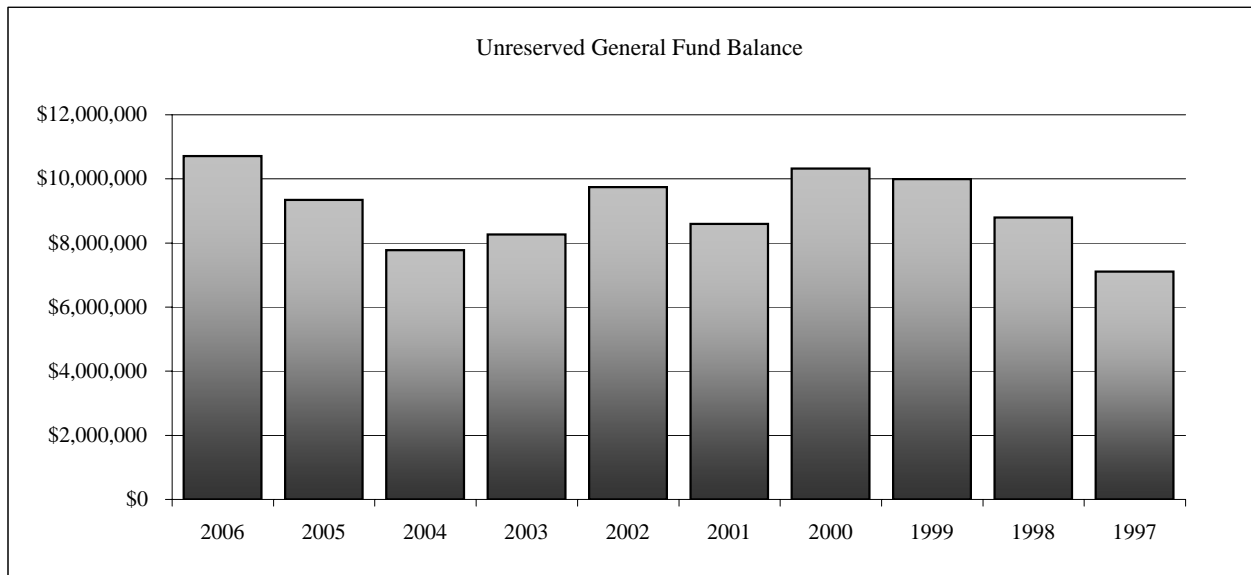
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City of Bedford, Ohio
Changes in Net Assets (continued)
Last Five Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
General Revenues and Other					
Changes in Net Assets					
Governmental Activities					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	\$2,435,575	\$2,548,372	\$2,499,866	\$2,306,655	\$2,379,963
Other Purposes	880,516	885,180	903,784	820,713	848,405
Municipal Income Taxes levied for:					
General Purposes	10,834,317	10,625,798	8,661,875	8,749,253	9,420,817
Debt Service	870,902	653,673	0	0	0
Capital Outlay	0	0	588,120	566,714	802,473
Grants and Entitlements not Restricted to					
Specific Programs	1,940,740	1,925,920	1,743,683	1,310,787	1,697,045
Investment Income	648,078	255,900	150,677	202,952	455,414
Gain on Sale of Capital Assets	27,503	80,398	1,900	632,343	3,000
Miscellaneous	301,092	399,247	319,839	288,177	227,074
<i>Total Governmental Activities</i>	<u>17,938,723</u>	<u>17,374,488</u>	<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	373,551	435,782	392,079	377,810	0
Investment Income	140,178	87,679	47,286	43,442	78,400
Gain on Sale of Capital Assets	3,903	0	0	2,834	0
Miscellaneous	3,408	23,426	6,074	3,881	0
<i>Total Business-Type Activities Expenses</i>	<u>521,040</u>	<u>546,887</u>	<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>18,459,763</u>	<u>17,921,375</u>	<u>15,315,183</u>	<u>15,305,561</u>	<u>15,912,591</u>
Change in Net Assets					
Governmental Activities	185,594	496,463	(2,175,720)	(289,370)	875,030
Business-Type Activities	252,424	578,488	982,869	865,376	31,045
<i>Total Primary Government Change in Net Assets</i>	<u>\$438,018</u>	<u>\$1,074,951</u>	<u>(\$1,192,851)</u>	<u>\$576,006</u>	<u>\$906,075</u>

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

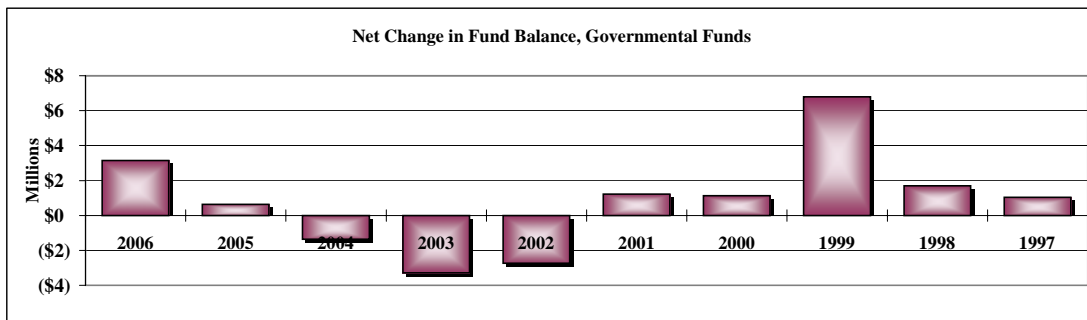
	2006	2005	2004	2003
General Fund				
Reserved	\$123,858	\$125,743	\$183,862	\$93,979
Unreserved	10,708,438	9,341,622	7,780,251	8,266,852
Total General Fund	10,832,296	9,467,365	7,964,113	8,360,831
All Other Governmental Funds				
Reserved	1,713,841	1,070,584	1,118,261	1,671,140
Unreserved, Undesignated, Reported in:				
Special Revenue funds	2,536,991	1,706,315	1,982,268	1,851,040
Debt Service funds	536,692	238,235	240,837	301,642
Capital Projects funds	915,568	908,542	1,445,177	1,931,071
Total All Other Governmental Funds	5,703,092	3,923,676	4,786,543	5,754,893
Total Governmental Funds	\$16,535,388	\$13,391,041	\$12,750,656	\$14,115,724



2002	2001	2000	1999	1998	1997
\$111,332	\$311,581	\$121,578	\$126,961	\$155,188	\$156,026
9,742,716	8,598,221	10,323,310	9,996,436	8,796,540	7,110,065
9,854,048	8,909,802	10,444,888	10,123,397	8,951,728	7,266,091
3,501,721	10,728,155	2,165,397	532,040	417,776	383,734
1,939,063	1,854,500	1,506,578	1,334,808	808,069	961,918
330,600	424,372	375,887	348,721	421,603	425,545
1,778,295	(1,785,344)	4,411,400	5,426,364	366,878	223,669
7,549,679	11,221,683	8,459,262	7,641,933	2,014,326	1,994,866
<u>\$17,403,727</u>	<u>\$20,131,485</u>	<u>\$18,904,150</u>	<u>\$17,765,330</u>	<u>\$10,966,054</u>	<u>\$9,260,957</u>

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

	2006	2005	2004	2003	2002
Revenues					
Property and Other Taxes	\$3,333,834	\$3,540,788	\$3,349,741	\$3,052,678	\$3,220,330
Municipal Income Taxes	11,769,832	10,833,996	9,472,207	9,084,589	10,124,623
Charges for Services	592,280	694,247	652,848	652,253	574,762
Fees, Licenses and Permits	186,128	147,565	118,615	126,644	138,713
Fines and Forfeitures	1,512,922	1,470,857	1,463,728	1,422,916	1,043,171
Intergovernmental	3,556,398	3,503,173	3,306,031	2,692,894	3,087,774
Special Assessments	399,087	416,712	366,902	350,470	374,681
Interest	634,911	254,732	148,847	199,101	449,195
Rentals	8,563	0	0	0	0
Other	301,092	393,507	322,239	289,472	227,074
<i>Total Revenues</i>	<u>22,295,047</u>	<u>21,255,577</u>	<u>19,201,158</u>	<u>17,871,017</u>	<u>19,240,323</u>
Expenditures					
Current:					
General Government	4,533,556	4,151,780	4,143,464	4,203,294	3,588,172
Security of Persons and Property:					
Police	4,820,692	4,558,302	4,551,955	4,427,282	3,841,773
Fire	3,241,431	3,297,888	3,206,450	2,552,163	2,889,019
Public Health and Welfare	165,494	165,551	211,537	246,935	217,804
Leisure Time Activities	1,572,900	1,460,622	1,297,764	1,239,885	1,277,894
Community Development	1,043,168	1,876,405	970,143	1,117,917	1,072,361
Basic Utilities Services	839,357	735,683	752,653	856,764	729,050
Transportation	2,282,383	2,280,367	2,196,645	2,054,180	1,915,424
Capital Outlay	1,008,659	1,007,907	2,097,823	4,009,134	12,652,137
Debt Service:					
Principal Retirement	519,787	513,968	554,109	489,052	443,108
Interest and Fiscal Charges	401,043	584,173	597,783	733,594	319,422
Bond Issuance Costs	185,268	0	0	47,999	224,917
<i>Total Expenditures</i>	<u>20,613,738</u>	<u>20,632,646</u>	<u>20,580,326</u>	<u>21,978,199</u>	<u>29,171,081</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,681,309</u>	<u>622,931</u>	<u>(1,379,168)</u>	<u>(4,107,182)</u>	<u>(9,930,758)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	29,703	80,804	59,100	819,179	3,000
Proceeds from Hospital	0	0	0	0	0
Manuscript Bonds Issued	0	0	0	0	0
General Obligation Bonds Issued	8,929,000	0	0	0	7,200,000
Premium on Bonds Issued	60,111	0	0	0	0
Discount on Bonds Issued	(54,376)	0	0	0	0
Payment to Refunded Bond Escrow Agent	(7,501,400)	0	0	0	0
Inception of Capital Lease	0	16,650	0	0	0
Transfers In	4,847,314	4,551,897	6,810,084	6,627,043	5,364,594
Transfers Out	(4,847,314)	(4,631,897)	(6,855,084)	(6,627,043)	(5,364,594)
<i>Total Other Financing Sources (Uses)</i>	<u>1,463,038</u>	<u>17,454</u>	<u>14,100</u>	<u>819,179</u>	<u>7,203,000</u>
<i>Net Change in Fund Balances</i>	<u>\$3,144,347</u>	<u>\$640,385</u>	<u>(\$1,365,068)</u>	<u>(\$3,288,003)</u>	<u>(\$2,727,758)</u>
Debt Service as a Percentage of Noncapital Expenditures	5.7%	5.9%	6.6%	7.6%	6.4%



2001	2000	1999	1998	1997
\$5,414,988	\$4,896,615	\$5,048,953	\$4,467,966	\$4,549,481
8,936,404	9,098,951	7,760,303	7,993,477	6,588,094
470,216	450,995	443,085	432,307	371,513
119,478	127,469	137,676	89,822	90,057
1,159,891	818,085	1,058,403	971,021	928,764
2,476,698	1,192,488	992,445	1,021,359	779,666
423,688	357,317	635,299	368,230	408,438
1,099,035	1,094,591	696,567	573,467	577,087
0	0	0	0	0
491,427	235,550	178,568	164,525	44,446
20,591,825	18,272,061	16,951,299	16,082,174	14,337,546
3,526,175	3,478,323	3,290,867	2,968,997	2,863,973
3,883,783	3,811,647	3,306,215	3,366,810	3,235,048
2,053,176	2,013,174	1,929,366	1,786,583	1,772,621
232,125	195,743	189,367	163,662	159,606
1,010,467	1,072,776	1,003,178	951,743	939,397
615,877	403,115	279,060	269,188	212,156
761,940	258,135	271,079	270,861	269,635
1,719,426	1,730,093	1,750,178	1,524,296	1,601,997
4,800,947	3,308,034	2,728,905	2,145,683	1,355,210
328,189	192,260	372,260	357,260	347,260
529,909	382,241	89,393	99,961	120,285
0	0	0	0	0
19,462,014	16,845,541	15,209,868	13,905,044	12,877,188
1,129,811	1,426,520	1,741,431	2,177,130	1,460,358
0	21,296	0	0	0
87,500	0	26,765	0	0
0	200,000	0	0	0
0	0	5,000,000	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	499,303	0	0
7,201,348	6,052,255	4,511,602	3,233,322	3,578,605
(7,191,324)	(6,561,251)	(4,979,825)	(3,705,355)	(4,001,975)
97,524	(287,700)	5,057,845	(472,033)	(423,370)
\$1,227,335	\$1,138,820	\$6,799,276	\$1,705,097	\$1,036,988
6.2%	4.4%	3.8%	4.0%	4.2%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$152,499,920	\$89,128,130	\$690,365,857	\$8,552,600	\$9,718,864
2005	152,594,310	87,156,280	685,001,686	9,323,120	10,594,455
2004	152,563,070	90,476,710	694,399,371	9,568,670	10,873,489
2003	137,785,010	83,434,040	632,054,429	9,583,040	10,889,818
2002	137,816,380	81,783,120	627,427,143	10,282,780	11,684,977
2001	137,814,680	82,927,810	630,692,829	11,224,870	12,755,534
2000	120,510,280	73,536,000	554,417,943	12,821,650	14,570,057
1999	120,230,080	74,290,830	555,774,029	12,856,640	14,609,818
1998	120,066,310	72,248,380	549,470,543	13,137,450	14,928,920
1997	107,879,350	66,819,150	499,138,571	13,793,880	15,674,864

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

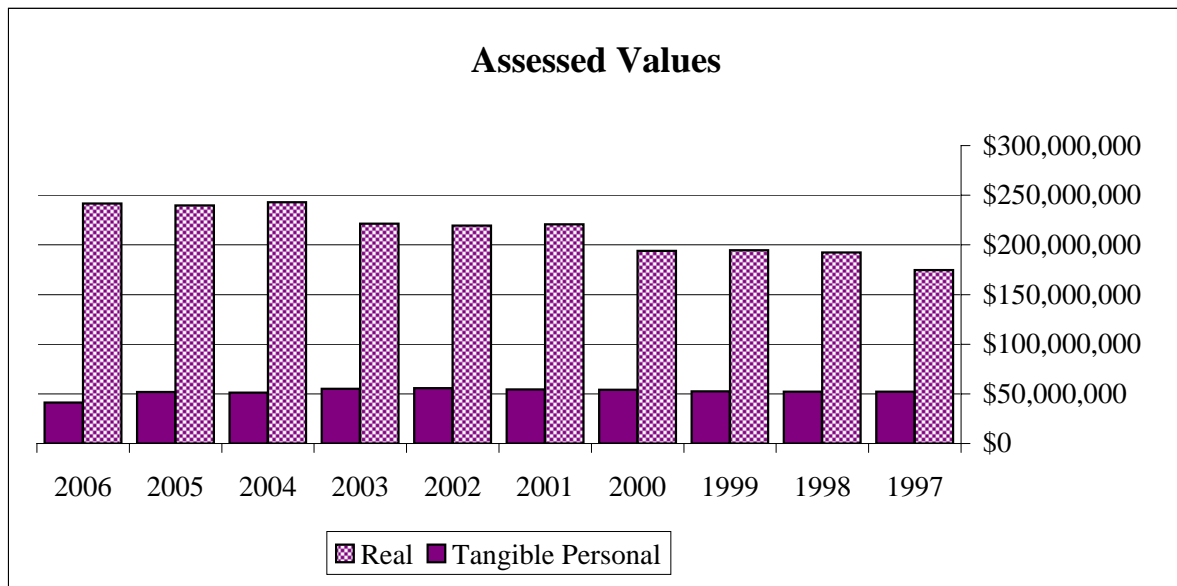
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Ohio Department of Taxation

Tangible Personal Property

General Business		Total		Ratio	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$32,629,086	\$174,021,792	\$282,809,736	\$874,106,513	32.35%	\$12.80
42,681,161	185,570,265	291,754,871	881,166,405	33.11	12.80
41,641,465	181,049,848	294,249,915	886,322,708	33.20	12.80
45,552,210	189,800,875	276,354,300	832,745,122	33.19	12.80
45,366,712	189,027,967	275,248,992	828,140,087	33.24	12.80
43,255,357	173,021,428	275,222,717	816,469,791	33.71	12.80
41,445,946	165,783,784	248,313,876	734,771,784	33.79	12.80
39,817,596	159,270,384	247,195,146	729,654,231	33.88	12.80
38,919,537	155,678,148	244,371,677	720,077,611	33.94	12.80
38,537,810	154,151,240	227,030,190	668,964,675	33.94	12.80



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

	2006	2005	2004	2003
Unvoted Millage				
Operating	\$3.2800	\$3.2800	\$3.2800	\$3.2800
Fire Pension	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>3.8800</u>	<u>3.8800</u>	<u>3.8800</u>	<u>3.8800</u>
Voted Millage - by levy				
1976 Charter/Current Expense	6.1200	6.1200	6.1200	6.1200
1994 Charter/Fire	2.8000	2.8000	2.8000	2.8000
<i>Total Voted Millage</i>	<u>8.9200</u>	<u>8.9200</u>	<u>8.9200</u>	<u>8.9200</u>
Total Millage	<u>\$12.8000</u>	<u>\$12.8000</u>	<u>\$12.8000</u>	<u>\$12.8000</u>
Overlapping Rates by Taxing District				
Bedford City School District				
Residential/Agricultural Real	\$31.0133	\$33.9158	\$33.8874	\$28.9913
Commerical/Industrial and Public Utility Real	43.1055	44.6558	44.6073	39.4438
General Business and Public Utility Personal	67.6000	67.4000	67.4000	62.5000
Cuyahoga County				
Residential/Agricultural Real	11.8655	11.7227	10.9754	10.9899
Commerical/Industrial and Public Utility Real	12.4941	12.5762	11.9846	12.0433
General Business and Public Utility Personal	13.4200	13.5200	13.5200	13.5200
Special Taxing Districts (1)				
Residential/Agricultural Real	5.9669	6.2900	6.2880	4.7783
Commerical/Industrial and Public Utility Real	6.2727	6.5552	6.5067	5.1811
General Business and Public Utility Personal	6.7800	6.7800	6.7800	5.8800

Source: Cuyahoga County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property as opposed to the voted levies of the overlapping taxing districts.

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

- (1) Metro Parks, Port Authority, County Library, Community College

2002	2001	2000	1999	1998	1997
\$3.2800	\$3.2800	\$3.2800	\$3.2800	\$3.2800	\$3.2800
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
3.8800	3.8800	3.8800	3.8800	3.8800	3.8800
6.1200	6.1200	6.1200	6.1200	6.1200	6.1200
2.8000	2.8000	2.8000	2.8000	2.8000	2.8000
8.9200	8.9200	8.9200	8.9200	8.9200	8.9200
\$12.8000	\$12.8000	\$12.8000	\$12.8000	\$12.8000	\$12.8000

\$31.2275	\$31.2314	\$31.3060	\$35.1397	\$30.2561	\$30.1492
39.9366	39.9540	39.9684	43.7005	38.7054	38.6080
62.5000	62.5000	62.5000	62.6000	57.7000	57.6000

12.4609	11.3815	11.3967	11.4114	11.4230	9.6597
12.8764	12.0023	11.9298	12.3736	12.4065	11.7001
14.6500	14.6500	14.6500	13.7500	13.7500	15.0500

2.5323	2.5354	2.5422	2.8242	2.5610	2.5659
2.5497	2.5320	2.5253	2.8923	2.7580	2.7781
2.9500	2.9500	2.9500	2.9500	2.9500	2.9500

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)
2006	\$3,209,968	\$2,981,412	92.88%	\$112,965	\$3,094,376
2005	3,180,491	3,043,735	95.70	143,695	3,187,429
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

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.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
96.40%	\$304,742	9.49%
100.22	220,549	6.93
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

City of Bedford, Ohio
Principal Real Property Taxpayers
2006 and 1997

<u>2006</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Bear Creek Property Company	\$6,809,635	2.82 %
Cleveland Electric Illuminating Company	4,566,541	1.89
Bedford Colony Club Apartments	4,225,410	1.75
Ben Venue	3,995,320	1.65
Brandybrook LLC	3,963,785	1.64
Aspen Woodside Village LLC	3,199,805	1.32
HIN, LLC	2,746,940	1.14
Ohio Bell Telephone Company	2,606,202	1.08
University Hospitals Health Systems	2,433,480	1.01
Colony Club Apartments II	1,890,280	0.78
Total	\$36,437,398	15.08 %
Total Assessed Valuation	\$241,628,050	

<u>1997</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Meadowbrook Development Corporation	\$2,836,460	1.62 %
Cleveland Electric Illuminating Company	2,652,405	1.52
Bedford Colony Club Apartments	1,844,899	1.06
Ohio Bell Telephone Company	1,763,703	1.01
L.G.S Properties/Lee Seidman	672,648	0.39
Bedford Retirement, Inc.	606,375	0.35
Ben Venue Laboratories	538,622	0.31
Bedford Green	533,488	0.31
Bedford Place	467,705	0.25
East Ohio Gas Company	425,107	0.24
Total	\$12,341,412	7.06 %
Total Assessed Valuation	\$174,698,500	

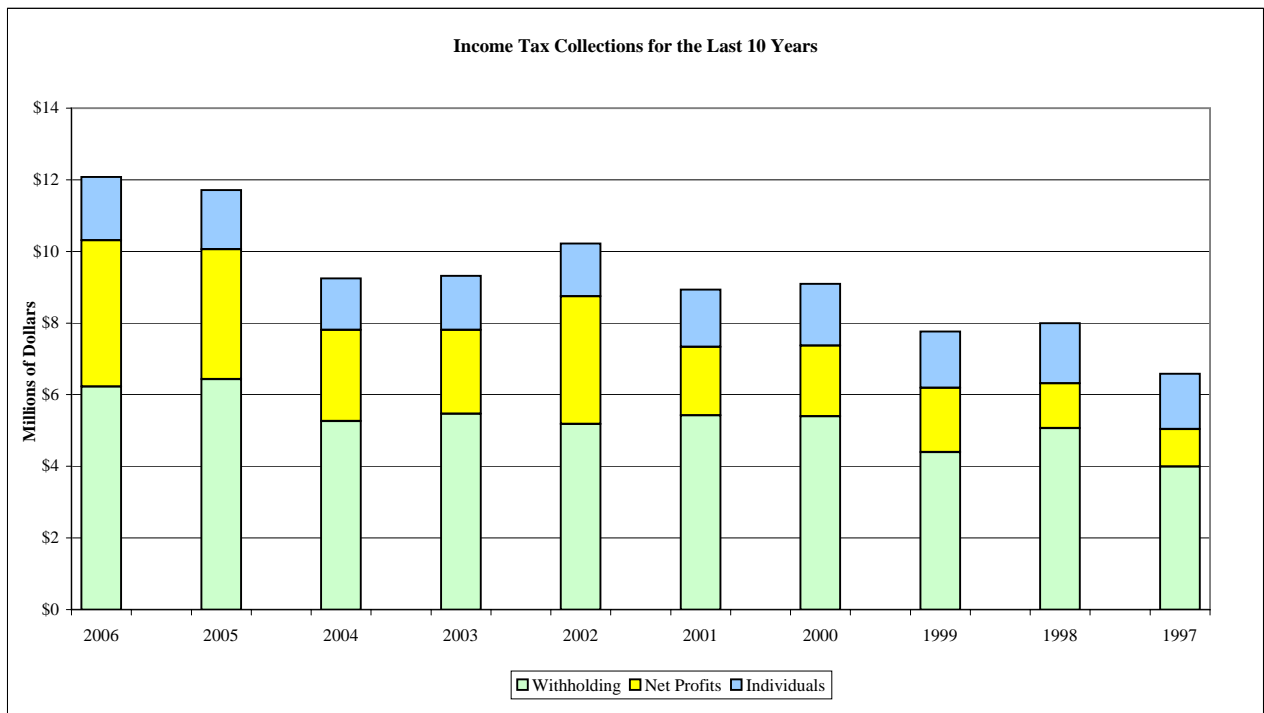
Source: Cuyahoga County Auditor

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
2006	2.25%	\$12,078,770	\$6,229,296	51.57%	\$4,082,128	33.80%	\$1,767,346	14.63%
2005	2.25	11,715,253	6,430,025	54.89	3,631,690	31.00	1,653,538	14.11
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

- (1) 2002 through 2006 are on an Accrual Basis and 1997 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.
- (3) The City is statutorily prohibited from presenting individual taxpayers.



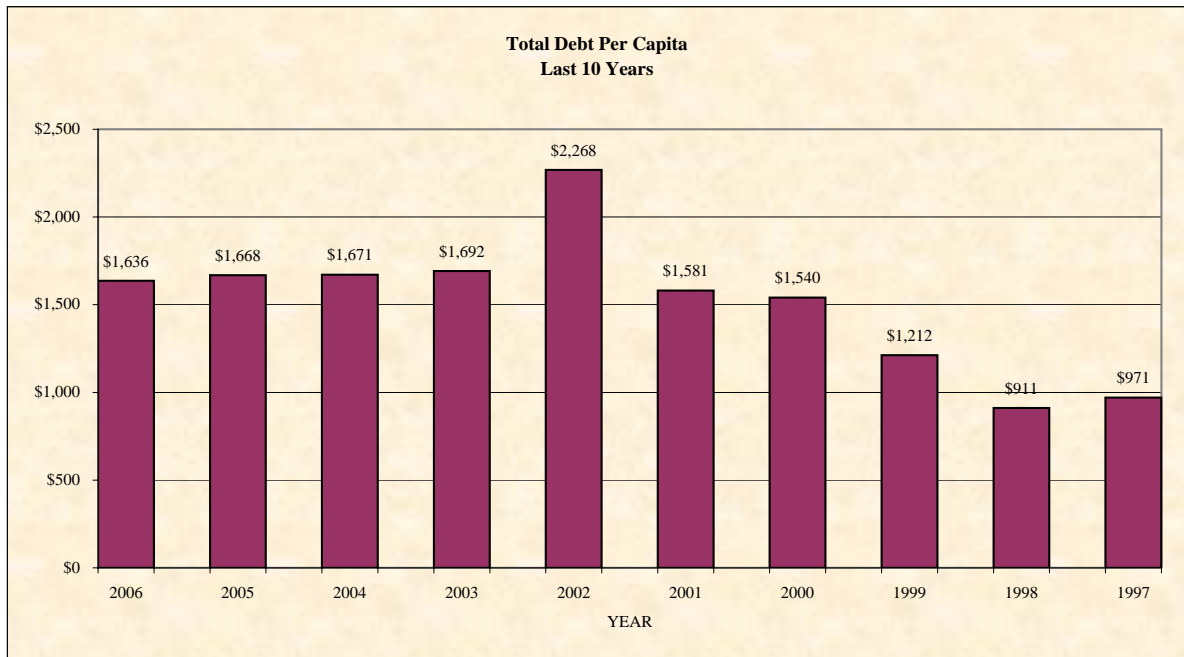
City of Bedford, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities						General Obligation Bonds
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Police Pension	Bond Anticipation Notes	
2006	\$11,816,833	\$570,000	\$529,955	\$12,458	\$201,888	\$0	\$2,563,095
2005	10,780,000	635,000	578,144	15,456	205,488	591,850	2,088,206
2004	11,165,000	710,000	626,333	1,133	208,940	0	2,261,551
2003	11,590,000	785,000	674,522	3,743	212,250	0	2,434,896
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

Note: Population and Personal Income data are presented on page S26.

Business-Type Activities

Special Assessment Bonds	Mortgage Revenue Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Total Debt	Percentage of Personal Income	Per Capita
\$0	\$0	\$6,765,264	\$793,921	\$0	\$23,253,414	8.15%	\$1,636
0	0	7,376,946	835,931	608,150	23,715,171	8.31	1,668
40,000	0	7,957,546	785,311	0	23,755,814	8.32	1,671
80,000	0	8,224,551	45,796	0	24,050,758	8.43	1,692
120,000	1,070,000	8,366,857	49,959	670,400	32,241,783	11.30	2,268
155,000	1,145,000	7,793,761	54,122	670,400	22,470,958	7.87	1,581
190,000	1,215,000	8,264,574	58,287	0	22,833,019	10.31	1,540
225,000	1,280,000	8,713,577	62,450	0	17,966,057	8.12	1,212
255,000	1,340,000	9,141,780	66,613	0	13,500,446	6.10	911
285,000	1,400,000	9,550,146	70,776	0	14,390,330	6.50	971



City of Bedford, Ohio
*Ratio of General Obligation Bonded Debt to Estimated True
 Values of Taxable Property and Bonded Debt Per Capita
 Last Ten Years*

<u>Year</u>	<u>Population (1)</u>		<u>Estimated True Values of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2006	14,214	b	\$874,106,513	\$11,816,833	1.35%	\$831.35
2005	14,214	b	881,166,405	10,780,000	0.01	758.41
2004	14,214	b	886,322,708	11,165,000	1.26	785.49
2003	14,214	b	840,997,333	11,590,000	1.38	815.39
2002	14,214	b	828,140,087	11,855,000	1.43	834.04
2001	14,214	b	816,469,791	5,535,000	0.68	389.40
2000	14,214	b	734,771,784	5,775,000	0.79	406.29
1999	14,822	a	729,654,231	5,705,000	0.78	384.90
1998	14,822	a	720,077,611	1,020,000	0.14	68.82
1997	14,822	a	668,964,675	1,315,000	0.20	88.72

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 with the exception of Special Assessment debt.

City of Bedford, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2006

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Bedford
Direct - City of Bedford			
General Obligation Bonds	\$11,816,833	100.00%	\$11,816,833
Special Assessment Bonds	570,000	100.00%	570,000
OPWC Loans	529,955	100.00%	529,955
Capital Leases	12,458	100.00%	12,458
Police Pension	201,888	100.00%	201,888
<i>Total Direct Debt</i>	<u>13,131,134</u> *		<u>13,131,134</u>
Overlapping			
Bedford School District			
General Obligation Bonds	11,119,864	34.10%	3,791,874
Loans	452,000	34.10%	154,132
Capital Leases	562,207	34.10%	191,713
Cuyahoga County			
General Obligation Bonds	208,194,000	0.95%	1,977,843
Capital Leases	6,529,000	0.95%	62,026
Revenue Bonds	106,015,000	0.95%	1,007,143
Loans	5,475,000	0.95%	52,013
Greater Cleveland Regional Transit Authority			
	<u>136,440,196</u>	0.95%	<u>1,296,182</u>
<i>Total Overlapping Debt</i>	<u>474,787,267</u>		<u>8,532,924</u>
Total	<u><u>\$487,918,401</u></u>		<u><u>\$21,664,058</u></u>

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.

* \$11,000,000 of the total \$11,816,833 of total outstanding general obligation debt is backed by two revenue sources.

\$8,700,420 of general obligation bonds for the construction of the Municipal Complex is backed by 1/4 percent municipal income tax, effective for collections on January 1, 2000.

\$1,861,559 of general obligation debt is backed by a municipal court fee which is added to court cases.

\$570,000 is the amount of Special Assessment debt outstanding and is predominantly paid by businesses on the main routes of the City.

A final source of revenue for the repayment of this debt is real estate taxes. We do not anticipate that any of the \$13,568,300 of outstanding debt will be subject to repayment from this resource.

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

	2006	2005	2004	2003
Population	14,214	14,214	14,214	14,214
Total Assessed Property Value	<u>\$282,809,736</u>	<u>\$291,754,871</u>	<u>\$294,249,915</u>	<u>\$276,354,300</u>
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$14,379,928	\$12,925,000	\$13,490,000	\$14,095,000
General Obligation Revenue Notes/Bonds	0	0	0	0
Special Assessment Bonds	570,000	635,000	750,000	865,000
Bond Anticipation Notes	0	1,200,000	0	0
OPWC Loans	1,323,876	615,614	667,965	720,318
OWDA Loans	<u>6,765,264</u>	<u>7,930,155</u>	<u>8,586,780</u>	<u>9,211,698</u>
Total Gross Indebtedness	23,039,068	23,305,769	23,494,745	24,892,016
Less:				
General Obligation Notes/Bonds	(4,351,000)	(7,040,000)	(7,355,000)	(2,505,000)
General Obligation Revenue Notes/Bonds	0	0	0	0
Special Assessment Bonds	(570,000)	(635,000)	(750,000)	(865,000)
OPWC Loans	(793,921)	(37,470)	(41,632)	(45,796)
OWDA Loans	(6,765,264)	(7,930,155)	(8,586,780)	(9,211,698)
General Obligation Bond Retirement Fund Balance	<u>(334,663)</u>	<u>(47,795)</u>	<u>(47,543)</u>	<u>(79,634)</u>
Total Net Debt Applicable to Debt Limit	<u>10,224,220</u>	<u>7,615,349</u>	<u>6,713,790</u>	<u>12,184,888</u>
Percentage of Estimated Actual				
Property Value	3.62%	2.61%	2.28%	4.41%
Total Net Debt per Capita*	719	536	472	857
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>29,695,022</u>	<u>30,634,261</u>	<u>30,896,241</u>	<u>29,017,202</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$19,470,802</u>	<u>\$23,018,912</u>	<u>\$24,182,451</u>	<u>\$16,832,314</u>
Legal Debt Margin as a Percentage of the Debt Limit	65.57%	75.14%	78.27%	58.01%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$15,554,535</u>	<u>\$16,046,518</u>	<u>\$16,183,745</u>	<u>\$15,199,487</u>
Total Gross Indebtedness	23,039,068	23,305,769	23,494,745	24,892,016
Less:				
General Obligation Notes/Bonds	(4,351,000)	(7,040,000)	(7,355,000)	(2,505,000)
General Obligation Revenue Notes/Bonds	0	0	0	0
Special Assessment Bonds	(570,000)	(635,000)	(750,000)	(865,000)
OPWC Loans	(793,921)	(37,470)	(41,632)	(45,796)
OWDA Loans	(6,765,264)	(7,930,155)	(8,586,780)	(9,211,698)
General Obligation Bond Retirement Fund Balance	<u>(334,663)</u>	<u>(47,795)</u>	<u>(47,543)</u>	<u>(79,634)</u>
Net Debt Within 5 ½ % Limitations	<u>10,224,220</u>	<u>7,615,349</u>	<u>6,713,790</u>	<u>12,184,888</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$5,330,315</u>	<u>\$8,431,169</u>	<u>\$9,469,955</u>	<u>\$3,014,599</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	34.27%	52.54%	58.52%	19.83%

Source: City Financial Records

2002	2001	2000	1999	1998	1997
14,214	14,214	14,214	14,822	14,822	14,822
<u>\$275,248,992</u>	<u>\$275,222,717</u>	<u>\$248,313,876</u>	<u>\$247,195,146</u>	<u>\$244,371,677</u>	<u>\$227,030,190</u>
\$15,065,000	\$5,545,714	\$5,775,000	\$5,705,000	\$1,020,000	\$1,315,000
1,070,000	1,145,000	1,215,000	1,280,000	1,340,000	1,400,000
970,000	1,070,000	1,170,000	1,270,000	1,360,000	1,450,000
0	5,000,000	5,000,000	0	0	0
772,670	1,430,586	819,091	322,770	345,030	367,290
<u>8,769,032</u>	<u>7,847,883</u>	<u>8,322,859</u>	<u>8,776,027</u>	<u>9,208,392</u>	<u>9,620,922</u>
26,646,702	22,039,183	22,301,950	17,353,797	13,273,422	14,153,212
(3,210,000)	(9,730,000)	(9,895,000)	0	0	0
(1,070,000)	(1,145,000)	(1,215,000)	(1,280,000)	(1,340,000)	(1,400,000)
(970,000)	(1,070,000)	(1,170,000)	(1,270,000)	(1,360,000)	(1,450,000)
(49,959)	(770,900)	(877,376)	(385,220)	(411,643)	(438,066)
(8,769,032)	(7,847,883)	(8,264,574)	(8,713,577)	(9,141,780)	(9,550,146)
<u>(84,136)</u>	<u>(473,223)</u>	<u>(424,738)</u>	<u>(397,572)</u>	<u>(470,454)</u>	<u>(474,396)</u>
<u>12,493,575</u>	<u>1,002,177</u>	<u>455,262</u>	<u>5,307,428</u>	<u>549,545</u>	<u>840,604</u>
4.54%	0.36%	0.18%	2.15%	0.22%	0.37%
879	71	32	358	37	57
<u>28,901,144</u>	<u>28,898,385</u>	<u>26,072,957</u>	<u>25,955,490</u>	<u>25,659,026</u>	<u>23,838,170</u>
<u>\$16,407,569</u>	<u>\$27,896,208</u>	<u>\$25,617,695</u>	<u>\$20,648,062</u>	<u>\$25,109,481</u>	<u>\$22,997,566</u>
56.77%	96.53%	98.25%	79.55%	97.86%	96.47%
<u>\$15,138,695</u>	<u>\$15,137,249</u>	<u>\$13,657,263</u>	<u>\$13,595,733</u>	<u>\$13,440,442</u>	<u>\$12,486,660</u>
26,646,702	22,039,183	22,301,950	17,353,797	13,273,422	14,153,212
(3,210,000)	(9,730,000)	(9,895,000)	0	0	0
(1,070,000)	(1,145,000)	(1,215,000)	(1,280,000)	(1,340,000)	(1,400,000)
(970,000)	(1,070,000)	(1,170,000)	(1,270,000)	(1,360,000)	(1,450,000)
(49,959)	(770,900)	(877,376)	(385,220)	(411,643)	(438,066)
(8,769,032)	(7,847,883)	(8,264,574)	(8,713,577)	(9,141,780)	(9,550,146)
<u>(84,136)</u>	<u>(473,223)</u>	<u>(424,738)</u>	<u>(397,572)</u>	<u>(470,454)</u>	<u>(474,396)</u>
<u>12,493,575</u>	<u>1,002,177</u>	<u>455,262</u>	<u>5,307,428</u>	<u>549,545</u>	<u>840,604</u>
<u>\$2,645,120</u>	<u>\$14,135,072</u>	<u>\$13,202,001</u>	<u>\$8,288,305</u>	<u>\$12,890,897</u>	<u>\$11,646,056</u>
17.47%	93.38%	96.67%	60.96%	95.91%	93.27%

City of Bedford, Ohio
Pledged Revenue Coverage
Mortgage Revenue Bonds - Business-Type Activities
Last Ten Years

Year	Water Service Charges and Interest	Direct Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$3,296,917	\$3,013,410	\$283,507	\$0	\$0	n/a
2005	3,434,611	3,079,704	354,907	0	0	n/a
2004	3,226,988	3,018,532	208,456	0	0	n/a
2003	3,054,900	3,013,467	41,433	80,000	70,835	0.27
2002	3,292,588	2,864,202	428,386	75,000	180,536	1.68
2001	3,033,056	2,606,282	426,774	70,000	187,706	1.66
2000	2,851,050	2,412,977	438,073	65,000	194,521	1.69
1999	2,787,451	2,457,104	330,347	60,000	196,259	1.29
1998	2,677,666	2,120,844	556,822	55,000	211,159	2.09
1997	2,450,308	2,148,872	301,436	50,000	140,699	1.58

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

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

(3) 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

2006		
Employer	Employees	Percentage of Total City Employment
Ben Venue Laboratories	1,133	7.15
University Hospitals Health Systems	941	5.94
Bedford Board of Education	571	3.61
City of Bedford	342	2.16
Target	278	1.76
US Bank Leader Mortgage	253	1.60
Riser Foods Company	205	1.29
Applebees	193	1.22
Jay Pontiac	163	1.03
Tim Lally Chevrolet	159	1.00
Total	4,238	26.76%
Total Employment within the City	15,836	

1997	
Employer	Employees
Bedford Board of Education	650
Ben Venue Laboratories	460
Bedford Medical Center	450
City of Bedford	310
International Motor Cars	155
Soft Lite Mintz	130
Hills Department Store	115
Reiders Stop-n-Shop	95
Production Pattern	90
Tim Lally	75
Total	2,530
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
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2006	14,214	\$285,360,264	\$20,076	\$36,943	39
2005	14,214	285,360,264	20,076	36,943	39
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

(1) Source: U. S. Census

(a) Years 2000 through 2004 - 2000 Federal Census

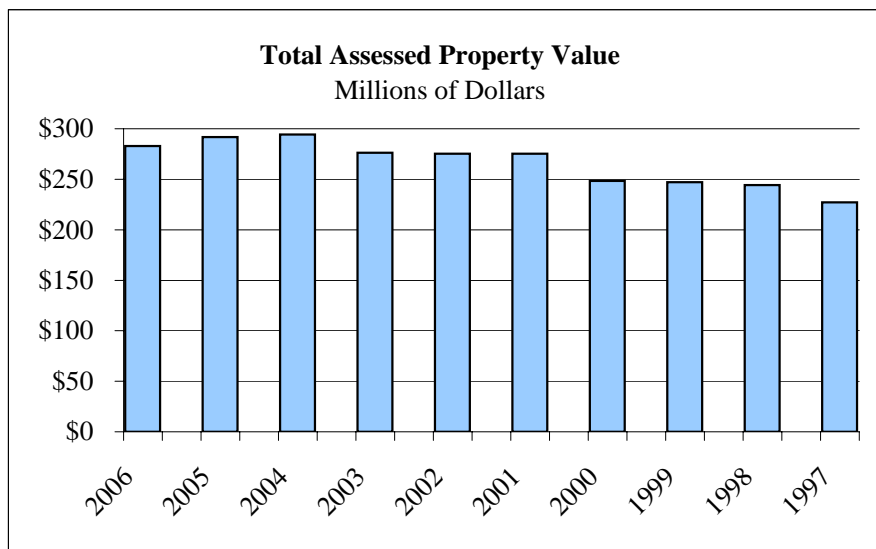
(b) Years 1995 through 1999 - 1990 Federal Census

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

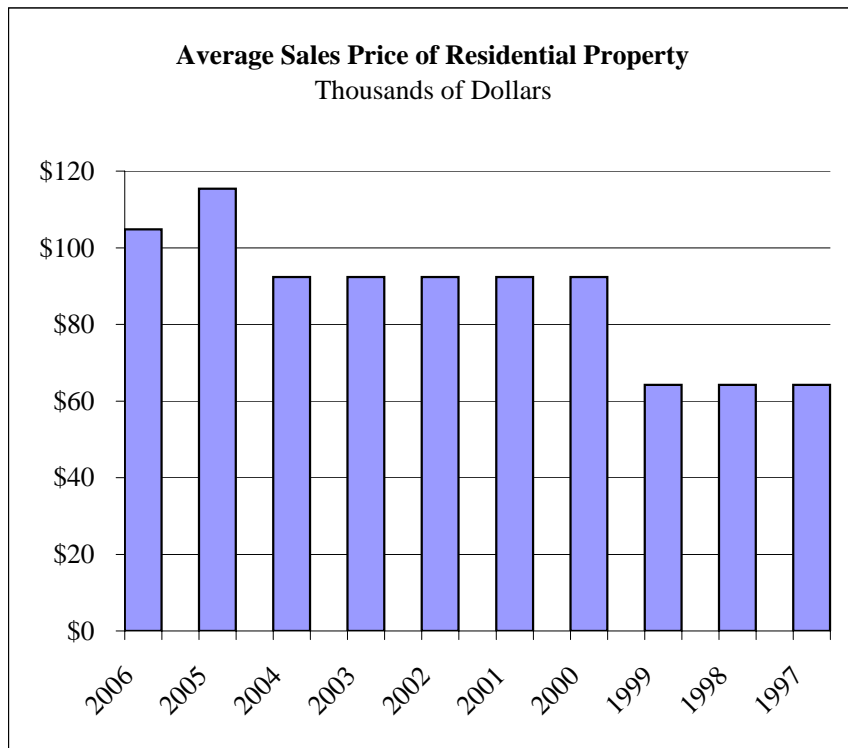
(3) Cuyahoga County Planning Commission

(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%	3,908	6.6%	\$104,772	\$282,809,736
18.2	3,680	6.6	115,395	291,754,871
18.2	3,912	6.6	92,400	294,249,915
18.2	3,637	6.2	92,400	276,354,300
18.2	3,720	6.6	92,400	275,248,992
18.2	3,842	4.6	92,400	275,222,717
18.2	3,866	4.5	92,400	248,313,876
11.5	3,883	4.5	64,200	247,195,146
11.5	3,869	4.5	64,200	244,371,677
11.5	3,854	4.5	64,200	227,030,190



City of Bedford, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government					
Council	8.00	8.00	8.00	8.00	8.00
Finance	5.50	5.50	5.00	5.50	5.50
Tax	3.50	3.00	3.50	3.00	3.00
City Manager	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.50	1.50	1.00
Administration	4.50	4.50	4.50	4.50	4.50
Engineer	0.50	0.50	0.50	0.50	0.50
Planning	1.50	1.50	1.50	1.50	1.50
Civil Service	2.00	2.00	2.00	2.00	2.00
Court	34.50	30.00	35.00	35.00	35.00
Public Building	5.00	5.00	4.00	4.00	2.00
Security of Persons and Property					
Police	33.00	32.00	32.00	30.00	30.00
Police - Auxiliary/Guards	17.50	12.50	12.50	13.00	13.00
Police - Dispatchers/Office/Other	10.00	12.50	12.50	13.50	13.50
Police - Jailers	3.00	2.00	3.00	2.00	2.00
Police - Animal Wardens	2.00	2.00	2.00	1.50	1.50
Fire	30.00	28.00	29.00	30.00	30.00
Fire - Secretary - Other	1.50	1.50	1.50	1.50	1.50
Public Health Services					
Cemetery	2.00	1.50	1.50	2.50	2.50
Leisure Time Activities					
Recreation	17.50	14.00	14.00	14.00	1.50
Municipal Pool	16.00	15.00	15.00	15.50	15.00
Ellenwood Center	5.00	6.50	6.50	5.50	4.50
Community Development					
Building	5.00	5.00	5.00	5.00	5.00
Economic Development	1.50	1.50	1.50	1.50	1.50
Transportation					
Service	20.50	24.50	24.50	21.00	23.00
Street M&R	6.50	4.50	4.50	5.00	4.00
Basic Utility Services					
Water	7.00	9.50	9.50	8.50	7.50
Wastewater	11.00	11.00	11.00	11.50	11.00
Totals:	<u>256.00</u>	<u>245.50</u>	<u>252.00</u>	<u>248.00</u>	<u>231.00</u>

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 at year end.

(1) Information prior to 2002 is not available

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

Function/Program	2006	2005	2004
General Government			
<i>Council & Clerk</i>			
Number of Ordinances Passed	90	117	90
Number of Resolutions Passed	9	20	27
<i>Finance Department</i>			
Number of checks/ vouchers issued	4,428	5,658	5,144
Amount of checks written	\$21,085,783	\$24,398,291	\$22,180,264
Interest earnings for fiscal year (cash basis)	\$710,467	\$416,804	\$221,336
Number of Receipts issued	1,628	1,717	1,672
Number of Journal Entries issued	826	808	701
Number of Budget Adjustments issued	122	136	163
Agency Ratings - Standard & Poors	AA-	A+	A+
Agency Ratings - Moody's Financial Services	A1	A1	A1
Health Insurance Costs vs General Fund Expenditures %	11.79%	12.01%	14.25%
General Fund Receipts (cash basis in thousands)	\$17,725	\$16,088	\$14,958
General Fund Expenditures (cash basis in thousands)	\$15,203	\$15,299	\$15,299
General Fund Cash Balances (in thousands)	10,214	7,613	7,316
<i>Income Tax Department</i>			
Number of Individual Returns	7,274	7,973	8,660
Number of Business Returns	2,700	2,575	2,693
Number of business withholding accounts	1,861	1,885	1,929
Amount of Penalties and Interest Collected	\$255,463	\$133,572	\$124,942
Annual number of Corporate withholding forms processed	10,076	10,372	10,772
Annual number of balance due statements forms processed	15,939	17,016	17,397
Annual number of estimated payment forms processed	12,385	12,619	12,646
Annual number of reconciliations of withholdings processed	1,884	1,910	1,941
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$572,572	\$2,582,246	\$2,130,797
<i>Municipal Court</i>			
Number of Civil Cases	4,577	4,378	4,074
Number of Criminal cases	10,289	10,521	11,254
<i>Vital Statistics</i>			
Certificates Filed			
Number of Births	2	2	436
Number of Deaths	255	261	196
Certificates Issued			
Number of Births	1,226	1,239	1,369
Number of Deaths	1,327	1,487	1,101
Burial Permits Issued	465	454	462
<i>Civil Service</i>			
Number of police entry tests administered	1	1	0
Number of fire entry tests administered	1	1	0
Number of police promotional tests administered	0	0	1
Number of fire promotional tests administered	0	0	0
Number of hires of Police Officers from certified lists	0	0	2
Number of hires of Fire/Medics from certified lists	0	0	0
Number of promotions from police certified lists	0	0	1
Number of promotions from fire certified lists	0	0	0

2003	2002	2001
56	84	105
17	22	20
4,701	4,844	5,029
\$24,678,378	\$33,169,166	\$31,699,956
\$263,675	\$738,521	\$1,498,727
1,716	1,981	1,878
697	684	628
134	110	121
A+	A+	A+
A1	A1	A1
9.85%	9.99%	8.37%
\$14,128	\$15,801	\$14,209
\$15,535	\$14,146	\$15,410
7,657	9,064	7,409
11,336	10,000	10,000
2,525	2,000	2,000
1,396	n/a	n/a
\$112,013	\$120,607	\$124,939
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
\$1,729,184	\$3,828,951	\$2,557,033
3,642	3,378	3,274
11,875	12,345	15,983
398	465	n/a
241	291	n/a
1,459	1,668	n/a
1,574	1,651	n/a
602	633	n/a
0	1	0
0	0	1
1	0	0
0	1	0
0	0	0
0	0	0
1	5	0
0	5	1

(continued)

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

Function/Program	2006	2005	2004
<i>Building Department Indicators</i>			
Construction Permits Issued	127	120	145
Estimated Value of Construction	\$5,260,975	\$36,405,800	\$6,370,050
Number of all permits issued	912	918	896
Amount of Revenue generated from permits	\$65,057	\$64,474	\$41,899
Number of contract registrations issued	605	453	441
Number of rental inspections performed	470	503	398
Number of point of sale inspections	347	342	335
Annual Apartment/Rooming House License Fees	\$31,550	\$7,560	\$8,495
Revenue generated from permits and inspections	\$92,712	\$59,803	\$56,620
Security of Persons & Property			
<i>Police</i>			
Total Calls for Services	15,000	10,536	10,042
Number of traffic citations issued	2,574	3,214	2,462
Number of parking citations issued	1,434	1,427	1,506
Number of criminal arrests	1,863	1,610	2,204
Number of accident reports completed	486	544	584
Part 1 Offenses (major offenses)	576	540	480
Animal Warden service calls responded to per annual report	1,732	1,566	2,186
Police Dept. Auxiliary hours worked	2,668	2,892	2,758
DUI Arrests	48	50	77
Prisoners	1,510	1,415	1,482
Prisoner meal costs	\$16,139	\$14,157	\$15,754
Juvenile Arrests	332	168	n/a
Different Juvenile Arrests	253	159	n/a
Juvenile Repeat Offenders	47	9	n/a
Motor Vehicle Accidents	486	526	584
Property damage accidents	422	452	501
Fatalities from Motor Vehicle Accidents	0	1	1
Gasoline costs of fleet	\$45,645	\$36,301	\$38,858
Community Diversion Program Youths	45	75	73
Community Diversion Program - community service hours	670	1,048	1,026
<i>Fire</i>			
EMS Calls	1,536	1,629	1,608
Ambulance Billing Collections (net)	\$348,187	\$390,749	\$282,012
Fire Calls	505	540	449
Fires with Loss	35	28	25
Fires with Losses exceeding \$10K	3	8	7
Fire Losses \$	\$251,950	\$459,700	\$401,150
Fire Safety Inspections	398	425	464
Number of times Mutual Aid given to Fire and EMS	168	115	133
Number of times Mutual Aid received for Fire and EMS	43	62	60
Public Health & Welfare			
Cemetery burials	42	35	38
Cemetery cremations	22	19	22
Cemetery sale of lots	28	46	90
Cemetery receipts	\$45,941	\$48,380	\$66,517

2003	2002	2001
155	181	161
\$3,594,730	\$42,117,927	\$4,372,017
851	1,021	968
\$40,099	\$62,639	\$53,520
441	551	545
397	344	355
300	270	319
\$9,375	\$8,345	\$7,275
\$60,690	\$55,780	\$57,420
9,858	10,421	10,055
3,602	4,070	3,086
1,648	1,903	2,002
1,546	1,663	1,724
573	571	601
407	564	485
1,478	1,470	1,381
2,345	2,276	2,375
71	59	80
1,338	1,393	1,214
\$15,019	\$11,988	\$5,388
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
573	563	603
491	472	467
0	0	0
\$31,231	\$26,256	\$29,327
49	70	147
820	956	870
1,397	1,483	1,534
\$252,084	\$254,885	\$270,238
417	382	359
30	25	25
5	4	4
\$365,400	\$135,510	\$217,100
343	296	n/a
144	117	106
41	43	48
50	29	52
20	16	14
57	46	57
\$46,207	\$35,553	\$50,177

(continued)

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

Function/Program	2006	2005	2004
Leisure Time Activities			
<i>Recreation</i>			
Recreation Swimming pool receipts	\$37,637	\$36,687	\$27,857
Recreation Mens & Womens Leagues receipts	15,513	18,962	18,979
Senior Van Fees	2,403	2,593	2,955
Playground Registration	17,833	10,750	2,390
Ellenwood Facilities rentals	21,050	26,274	23,237
	<u>\$94,436</u>	<u>\$95,266</u>	<u>\$75,418</u>
Community Development			
Grant amounts received due to Economic Development Dept.	\$1,109,423	\$269,071	\$195,472
Basic Utility Services			
Refuse disposal per year (in tons) August through July	5,955	5,751	5,909
Refuse disposal costs per year August through July	\$544,013	\$490,430	\$478,351
Cost per household per month	\$10	\$9	\$8
Annual recycling tonnage (excluding leaf, and compost items)	514	487	599
Percentage of waste recycled	7.95%	7.81%	9.20%
Transportation			
Street Improvements - asphalt overlay (linear feet)	0	16,400	6,650
Rejuvenating Spray on Streets (Miles)	1.15	1.15	2.26
Crackseal Coating Program (Miles)	7.20	7.20	7.20
Street Repair (Curbs, aprons, berms, asphalt) (hours)	4,508	3,941	3,844
Guardrail Repair (hours)	36	40	144
Paint Striping (hours)	1,439	1,668	1,012
Street Sweeper (hours)	760	832	1,004
Cold Patch (hours)	1,924	2,419	2,492
Snow & Ice Removal regular hours	316	608	760
Snow & Ice Removal overtime hours	473	1,807	1,349
Sewer and Sanitary calls for service	1,002	894	869
After hours Sewer Calls (hours)	1,765	1,865	1,727
Sewer Crew (hours)	3,690	3,806	3,481
Sewer jet, Vac-all, other services (hours)	3,483	411	2,226
Landscaping Stump-Chipper service (hours)	5,574	5,429	4,796
Leaf collection (hours)	2,310	2,136	2,566
Holiday lights setup (hours)	1,605	1,798	1,699
Downtown Square Repair after events (hours)	682	420	420
Equipment repair/body shop (hours)	7,574	7,658	6,824
Sign department (hours)	1,541	1,332	2,177
Number of Trees Planted per year	60-80	60-80	60-80
Tons of snow melting salt purchased (Nov-Mar)	6,132	6,578	6,900
Cost of salt purchased	\$230,080	\$218,854	\$193,980
Water Department			
Water Rates per 1st 300 Cu ft of water used	\$17	\$16	\$16
Avg. number of water accounts billed monthly (Cu. Ft.)	4,967	4,899	4,911
Total Water Collections Annually (Including P&I)	\$2,987,122	\$3,392,654	\$3,117,530
Payments to Cleveland for bulk water purchases	\$2,295,957	\$2,546,858	\$2,499,987
Wastewater Department			
Wastewater Rates per 1st 300 Cu ft of water used	\$13.18	\$13.18	\$13.18
Total flow of wastewater treatment plant (Billions of Gallons)	1.018	1.018	1.054
Average daily flow (Millions of gallons per day)	2.764	2.788	2.880
Tons of dry sludge removed	266.06	214.42	205.71

(1) Information prior to 2001 is not available

2003	2002	2001
\$34,556	\$42,043	\$36,570
25,217	22,282	23,880
3,056	3,050	3,580
2,210	1,785	1,930
25,792	26,767	31,447
<u>\$90,831</u>	<u>\$95,927</u>	<u>\$97,407</u>
\$551,560	\$219,277	\$357,368
5,878	6,090	6,519
\$462,900	\$508,996	\$500,653
\$8	\$9	\$9
735	593	615
11.11%	8.87%	8.62%
25,100	11,900	14,066
2.66	2.66	3.37
7.20	7.20	7.20
4,663	2,600	2,167
16	80	80
728	1,240	1,411
975	975	958
993	1,795	1,896
580	612	808
1,581	934	468
894	952	1,139
1,412	1,703	1,916
3,432	3,568	3,613
890	207	1,470
5,532	5,238	5,100
2,686	3,114	2,992
1,452	1,803	1,505
300	120	54
6,486	6,842	6,859
2,145	2,032	1,927
60-80	60-80	60-80
7,900	3,200	5,400
\$225,308	\$133,120	\$127,710
\$15	\$15	\$14
4,961	4,982	4,980
\$3,126,382	\$3,164,975	\$2,833,238
\$2,544,728	\$2,339,734	\$2,234,770
\$13.18	\$13.18	\$13.18
1.024	0.913	0.844
2.806	2.502	2.313
199.09	167.98	n/a

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

Function/Program	2006	2005	2004	2003
General Government				
Square Footage Occupied	44,035	44,035	44,035	44,035
Administrative Vehicles	2	2	2	1
Inspection Vehicles	3	3	3	3
Municipal Court Vehicles	2	2	2	2
Lands & Buildings Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Square Footage of Building	21,667	21,667	21,667	21,667
Vehicles	20	20	20	20
Fire				
Stations	1	1	1	1
Square Footage of Building	14,774	14,774	14,774	14,774
Vehicles	10	10	10	9
Recreation				
Number of Parks	4	4	4	4
Number of Pools	1	1	1	1
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	7	7	7	7
Number of Tot Lots	4	4	4	4
Number of Soccer Fields	1	1	1	1
Square Footage of Ellenwood Building	25,433	25,433	25,433	25,433
Vehicles	13	13	11	11
Other Public Works				
Streets (miles)	48	48	48	48
Service Vehicles	54	55	51	49
Wastewater				
Sanitary Sewers (miles)	41.80	41.80	41.80	41.80
Storm Sewers (miles)	48.70	48.70	48.70	48.70
Vehicles	6	6	6	6
Water Department				
Water Lines (miles)	100	100	100	100
Vehicles	4	4	4	4

2002	2001	2000	1999	1998	1997
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
19	18	16	16	16	16
1	1	1	1	1	1
3,652	3,652	3,652	3,652	3,652	3,652
9	9	9	9	9	9
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	0	0	0
7	4	4	4	4	4
4	9	9	8	8	8
1	1	1	1	1	1
25,433	25,433	25,433	25,433	25,433	25,433
10	9	9	9	9	9
48	48	48	48	48	48
49	50	48	47	47	45
41.80	41.80	41.80	41.80	41.80	41.80
48.70	48.70	48.70	48.70	48.70	48.70
5	5	4	4	4	4
100	100	100	100	100	100
4	4	4	4	4	4

City of Bedford, Ohio

Water Utility Statistics

Last Ten Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Water Purchased from Cleveland	89,658.00	102,694.70	101,437.20	106,665.40
Water Sold (Billed) to Users	67,949.50	75,840.80	71,942.10	75,071.30
Percent of Water Billed	75.79%	73.85%	70.92%	70.38%
Water Billings	\$2,932,256	\$3,369,868	\$3,080,348	\$3,083,091
Water Collections	\$2,987,122	\$3,392,654	\$3,117,530	\$3,126,382
Percentage Collected from Billings	101.87%	100.68%	101.21%	101.40%
Payments to City of Cleveland	\$2,295,957	\$2,546,858	\$2,499,987	\$2,554,728
Percentage of payments to the City of Cleveland compared to total water collections	76.86%	75.07%	80.19%	81.72%

Source: City of Bedford Water Department

2002	2001	2000	1999	1998	1997
101,389.20	100,084.60	92,267.30	92,843.20	92,668.40	96,700.00
79,344.80	72,249.40	71,872.70	74,438.80	76,645.00	75,892.30
78.26%	72.19%	77.90%	80.18%	82.71%	78.48%
\$3,116,242	\$2,769,579	\$2,652,814	\$2,567,483	\$2,440,326	\$2,258,400
\$3,164,975	\$2,833,238	\$2,640,467	\$2,622,742	\$2,485,012	\$2,318,566
101.56%	102.30%	99.53%	102.15%	101.83%	102.66%
\$2,339,734	\$2,234,770	\$1,982,641	\$1,918,360	\$1,755,173	\$1,719,497
73.93%	78.88%	75.09%	73.14%	70.63%	74.16%

City Of Bedford, Ohio

December 31, 2006

City of Bedford, Ohio

For The Year Ended December 31, 2006

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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 (the “City”), as of and for the year ended December 31, 2006, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 5, 2007, wherein we noted the City adopted *Government Accounting Standards Board Statement No. 47*. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Members of the City Council
Bedford, Ohio

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2007-01.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 5, 2007

City Of Bedford, Ohio

Schedule of Findings

December 31, 2006

1. Summary of Auditors' Results

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

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

2007-01 Ohio Revised Code 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2006 the following funds had expenditures plus encumbrances in excess of appropriations:

Expenditures Plus

	<u>Excess</u>
<i>Special Revenue Fund</i>	
Fire Pension	\$ 5,370
<i>Debt Service Fund</i>	
General Obligation Bond Retirement	7,322,406
<i>Enterprise Fund</i>	
Wastewater	25,723

Although these budgetary violations were not corrected by year end, management has indicated that appropriations will be closely monitored to prevent future violations.

3. Findings for Federal Awards

None.

City of Bedford, Ohio

Schedule of Prior Audit Findings

December 31, 2006

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, 2006

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-01	The City will monitor expenditures plus encumbrances as compared to appropriations more closely in the future.	12/31/07	Frank Gambosi, Director of Finance



Mary Taylor, CPA
Auditor of State

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 9, 2007**