

Mary Taylor, CPA
Auditor of State

CITY OF BEACHWOOD
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Beachwood
Cuyahoga County
25325 Fairmount Boulevard
Beachwood, Ohio 44122

To the Members of City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 26, 2009.

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

June 26, 2009



Mary Taylor, CPA
Auditor of State

City of Beachwood, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008
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CITY OF *Beachwood*

25325 FAIRMOUNT BLVD • BEACHWOOD • OHIO 44122

MAYOR
MERLE S. GORDEN

June 26, 2009

Members of Beachwood City Council and
The Citizens of Beachwood, Ohio

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2008, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. 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 unaudited annual report with the Auditor of State within 150 days of year end.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the entire presentation, including all disclosures, rests with the City of Beachwood. We believe the data presented is accurate in all material respects and it is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City of Beachwood's activities have been included.

Through the use of a computerized financial accounting and reporting system, the City has implemented a series of strong internal controls which provide a reasonable, but not absolute, assurance with respect to the safeguarding of City assets against losses resulting from unauthorized use or disposal. Such assurances also pertain to the reliability of the financial records utilized to prepare financial statements and maintain accountability of assets. The framework of the City's internal control system was structured using the concept of reasonable assurance, a concept that recognizes that the cost of a control should not exceed the expected benefits likely to be derived from its implementation.

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Beachwood City Council selected the Auditor of State's Office to perform these services for the year 2008. The independent accountant's report is presented in 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. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

FINANCE DEPARTMENT
DAVID A. PFAFF, CPA, FINANCE DIRECTOR
PHONE (216) 292-1913 • FAX (216) 595-5463

Profile of the Government

The City of Beachwood gained formal status as a City in 1960 with an estimated census of approximately 6,100 residents. Previously, the City was incorporated as a village in 1915. Beachwood is located in the county of Cuyahoga in northeastern Ohio approximately 13.5 miles east of downtown Cleveland.

The City of Beachwood covers approximately 5.25 square miles, and serves a population of 12,186. Due to factors attracting commercial interests to Beachwood it is estimated that approximately 100,000 people come to Beachwood daily to work, shop, or visit.

Voters first adopted the City Charter on November 3, 1959. It was extensively revised and re-adopted in its entirety at the general election of November 8, 1994. The Charter governs operations of the City of Beachwood and provides for a Mayor-Council form of municipal government. All legislative authority is vested in a seven-member Council. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years, and serve staggered terms commencing on the first day of January after the election.

Pursuant to the revised Charter, the Mayor is to be elected every fourth year - the first election under the revised Charter being held in 1997, for a term of four years. The Mayor is considered to be the Chief Executive Officer of the City, and is responsible for all contracts, conveyances, evidences of indebtedness and other instruments to which the City is a party. The Mayor serves as the official and ceremonial head of the City government.

Beachwood residents receive water services from the City of Cleveland and sewer services from the Northeast Ohio Regional Sewer District. Beachwood safety forces are partners with other local municipalities for joint response fire and police services.

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 Beachwood, the primary government, and its potential component units.

The Beachwood City School District and the (Cleveland) Regional Transit Authority have not been included in the accompanying financial statements. Boards of both entities are not appointed by the City, nor is either fiscally dependent on the City of Beachwood.

The City has contracted with the Regional Income Tax Agency for municipal income tax administration and collection services.

In accordance with State law, all funds, with the exception of agency funds, are legally required to be budgeted and appropriated. The legal level of control has been established by Council at the personal services and other object level within each fund. Modifications or amendments to control levels in the Appropriation Ordinance require Council approval; internal City financial policies permit fund transfers within control levels with approval by the Mayor and Finance Director.

Annual appropriations for the current year are determined by Council action on or before January 15.

Local Economy

City Council and the Administration are committed to protecting the level of services afforded all of the commercial and residential citizenry of the City and to implement projects and programs designed to improve the economic and operational efficiency of the City Government. Through effective financial management, the City is striving to maintain tax rates at current levels, an action that should continue to draw new businesses and homebuyers to the City.

The City currently maintains an Aa1 rating with Moody's Investor Service and a AAA rating with Fitch Investors Service, two of the three largest recognized rating agencies of municipal debt. These ratings demonstrate the City's high level of performance as it relates to management and administration of government resources, effective debt management with moderate low levels, vibrant and diverse local economy, and strong finances. Some factors noted by the rating agencies included the City's expanding tax base, high personal wealth levels, consistent strong financial performance, superior financial flexibility and low debt burden. The City is very proud of these ratings and will strive to continue at the level of excellence required to maintain them.

The City has consistently enjoyed the benefits of a strong commercial employment base that has provided for a consistent level of withholding tax collections. This strong commercial base allows the City of Beachwood to be one of the few communities in northeast Ohio that gives a 100 percent income tax credit to its residents and has a tax rate of 1.5 percent or less. Initially implemented as a temporary measure for 1997-1998, the credit was extended indefinitely in the year 2000. This credit allows residents working in locations outside Beachwood to receive 100 percent credit for all income taxes paid to other taxing districts. This credit, in addition to the low property tax rates levied by the City, has continued to make Beachwood an attractive alternative to new homebuyers and proved to be a factor in the overall stability of the City's residential population. Over the last ten years income tax collections have increased 55 percent.

The area of Beachwood known as Chagrin Highlands is the largest area of future commercial development in the City. Commercial development in this area promises to deliver a blend of custom designed corporate headquarters, multi-tenant buildings, hotels, restaurants and business service enterprises that will add to the tax base of the City. Of this 630-acre site, 408.25 acres are located in the City, the remaining acres are located in the following entities: Village of Highland Hills, Village of Orange and City of Warrensville Heights.

The Chagrin Highlands will be a focal point of future economic growth for the City. Employment projections for the next twenty years indicate that potentially 20,000 individuals will obtain jobs in Chagrin Highlands businesses. To date two buildings have been completed with Penske Truck Leasing, UBS Financial Services, and Ancora Capital Incorporated as the major employers.

In 2006 University Hospitals announced that they will be developing a 53-acre site in the Chagrin Highlands. This development will be a state of the art campus featuring a 200 bed hospital, an ambulatory surgery center, physician offices, and community outreach and education capabilities. Construction of this facility began in 2008 and is expected to be completed by 2010.

Bank of America is presently the City's largest employer. Bank of America is the nation's largest credit and debit card provider, the largest provider of checking and saving services and the leading home equity lender. However, the Cleveland Clinic Foundation has purchased the campus of five buildings previously owned by Bank of America. Bank of America continues to occupy two of these buildings and remains the City's largest employer. The Cleveland Clinic is currently the City's second largest employer and combined these two entities employed over 3,000 people in the City during 2008.

In 2008 the City began negotiating a tax incentive package with Eaton Corporation to build their world headquarters in the City of Beachwood. This development will take place on approximately 50 acres of land in the west side of the Chargin Highlands. It is anticipated that construction of the roadway in this area will begin in 2009, and that construction of the world headquarters will be completed sometime during 2012 in celebration of Eaton's 100th anniversary. It is anticipated that Eaton will initially employ approximately 500 people at this site and eventually grow to over 1,000 people at this site. The City feels very strongly that this development will spur other substantial development with the Chargin Highlands.

In an effort to maintain the City's strong commercial base the City has a contractual agreement with the Beachwood Chamber of Commerce to provide economic development services. Under this agreement the Beachwood Chamber of Commerce is focusing on: Technology, International Business Recruitment, Business Retention and Acquisition, and Marketing/Communication for the City on Economic Development.

In addition to attracting new business, the Beachwood Chamber of Commerce operates the Beachwood Business Development Center. The Center, which is a partnership between the Beachwood Chamber of Commerce, the City of Beachwood, and Cleveland State University, is an integral part of the City's economic development program. The Center's mission is to attract new businesses to the City and provide a comprehensive plan to help grow and nurture those businesses. Recognizing that the first year of operation is critical to small and medium-sized businesses, the Center offers support to both foreign and domestic start-up firms as well as more mature companies looking to enter the Beachwood market. The Center offers support services and resources that help accelerate the growth and success of entrepreneurial and co-located companies. Its goal is to produce successful firms that will leave the Center financially viable and freestanding. As a result, successful companies will emerge. This will create jobs, commercialize new technologies and enhance the stability of the City.

In an effort to provide the highest level of services to its residential and business community the City has spent over \$75,000,000 over the past ten years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; only \$16,655,000 in general obligation debt was issued to finance these improvements.

The combination of good government and a superlative public school system make the City of Beachwood an attractive place to live, work and play. Because of this attractiveness, the City will be able to continually attract new residents and businesses, which will protect the City's income stream for years to come.

Long-term financial planning and relevant financial policies

Cooperative efforts by the Mayor and Council led to a variety of major initiatives being implemented, continued, or completed in 2008. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents.

A measure of the City's commitment to future growth was the City Master Plan, a joint effort of Council and the Administration designed to appropriately provide facility expansion. Since 2001, residents have benefited from construction of a new fire station, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, and the expansion and remodeling of the existing Municipal Service Center and Community Center. The City plans on conducting a study which identifies the issues the City needs to address due to general growth of the City and the development of the Chargin Highlands area. From the initial results of this study the City purchased an approximately 300,000 square foot building in the Commerce Park area. This building will be

renovated and become the location of the City's Service Department. In addition to the Service Department this building may eventual become the home to the Business Development Center.

Annually, the City budgets for road improvement projects. These projects are generally funded out of the Capital Improvement Fund. The Capital Improvement Fund is funded by excess reserves accumulated in the General Fund that are transferred to the Capital Improvement Fund on a periodic basis.

As an informal policy, the City attempts to maintain a General Fund balance of approximately 50 percent of General Fund revenues.

Major initiatives

As mentioned above, the City recently purchased a building in the Commerce Park area that will become the future location of the Service Department. In addition to this building the City will continue studying its future needs to determine what issues the City faces. Based on this the City will develop a new Master Plan. Part of this plan will include potential uses for three additional sites owned north of Chagrin Boulevard. Two of these sites contain existing buildings and one is a vacant parcel of land. These sites were all purchased in anticipation of the City's future needs to adequately service the area of Chagrin Highlands. With the proposed development in Chagrin Highlands by the University Hospital Systems and Eaton Corporation the use of these sites will become a priority for the City.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the year ended December 31, 2007. This was the tenth consecutive year that the City has achieved this prestigious award.

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). This report must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

GFOA Outstanding Achievement in Popular Annual Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Beachwood for its Popular Annual Financial Report for the year ended December 31, 2007. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. This was the seventh consecutive year that the City has achieved this prestigious award.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding

Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

GFOA Distinguished Budget Presentation Award

The Government Finance Officer Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Beachwood, Ohio for its annual budget for the year beginning January 1, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the fifth year the City achieved the award.

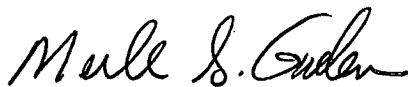
ACKNOWLEDGMENTS

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 who have spent their time and energy on various parts of the project and to Local Government Services for their assistance in helping the City prepare this report in conformity with generally accepted accounting principles (GAAP) and the requirements of the Government Finance Officers Association.

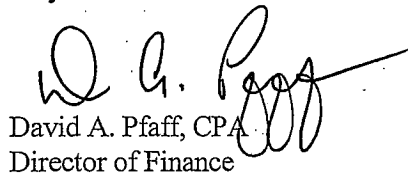
In addition, we would like to thank Beachwood City Council, without whose positive leadership and encouragement, the preparation of this report would not have been possible.

In closing, we would like to thank the residents and taxpayers of the City of Beachwood for entrusting us with the administration of their local government.

Respectfully submitted,



Merle S. Gorden
Mayor



David A. Pfaff, CPA
Director of Finance

City of Beachwood, Ohio

City Officials - as of December 31, 2008

ELECTED OFFICIALS

Mayor-Safety Director Merle S. Gorden
President of Council Mark I. Wachter

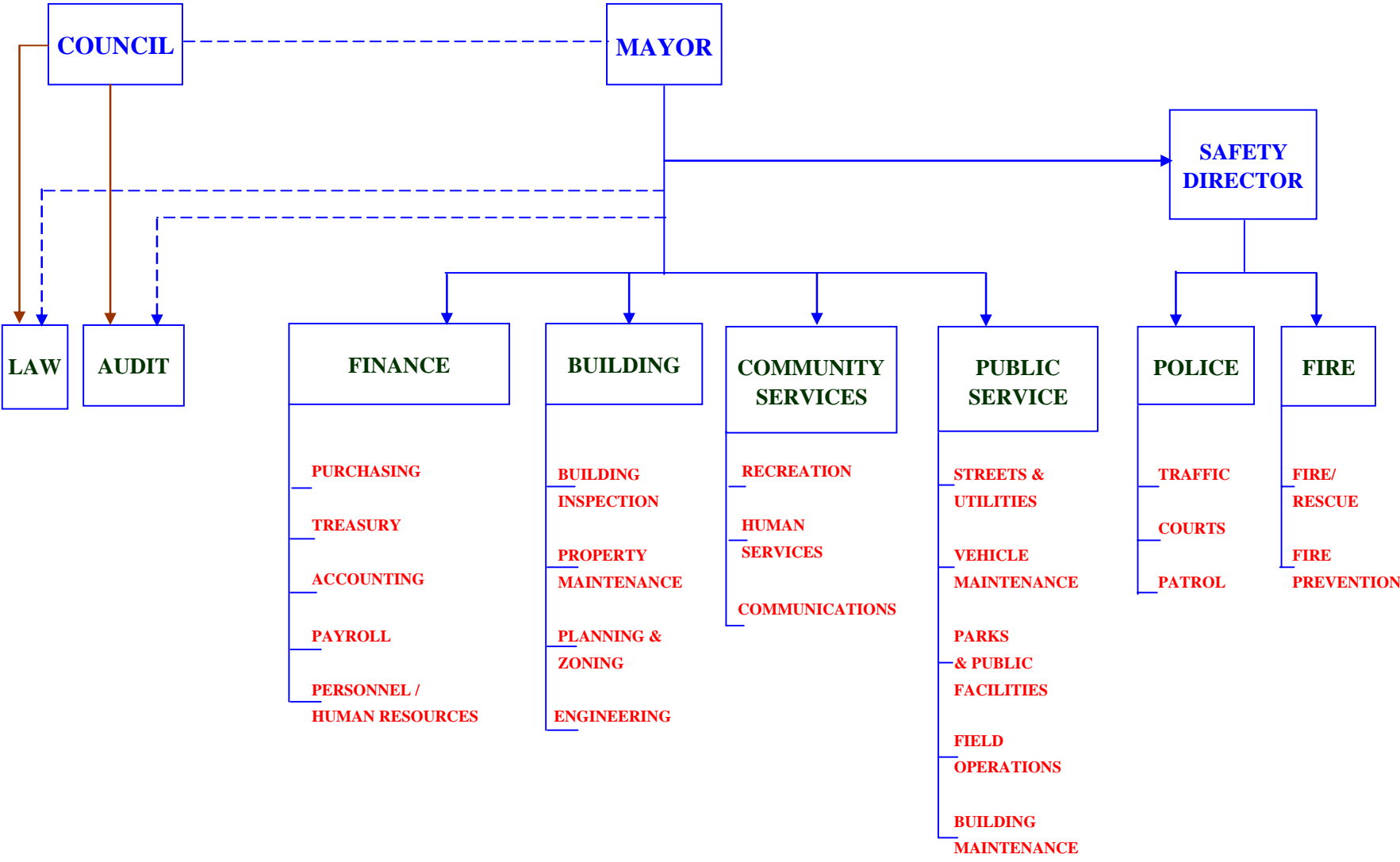
Council Member Martin D. Arsham
Council Member Saul Eisen
Council Member Fredric S. Goodman
Council Member Melvin M. Jacobs
Council Member Kenneth W. Kleinman
Council Member Mark Mintz

APPOINTED OFFICIALS

Finance Director David A. Pfaff
Police Chief Mark S. Sechrist
Fire Chief Patrick J. Kearns
Service Director Dale H. Pekarek
Building Commissioner..... William B. Griswold
Clerk of Courts Gina M. Benadum
Community Service Director Karen A. Carmen
Law Director Margaret Anne Cannon
City Auditor Harvey S. Rose
Staff Engineer Thomas S. Kreczko
Clerk of Council Karen M. Navolanic

CITY OF BEACHWOOD

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beachwood
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Beachwood
Cuyahoga County
25325 Fairmount Boulevard
Beachwood, Ohio 44122

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

June 26, 2009

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The City purchased a building with the intent of housing the City Service department. With the planned development of the Chagrin Highlands area, this will enable the Service department to better serve the Beachwood community. The City issued \$3,000,000 in notes for this purchase.
- In addition to the new building, the City focused on replacing outdated equipment and trucks.
- Estate taxes were significantly higher than estimated. Due to the unpredictable nature of these taxes, estate taxes are always conservatively budgeted.
- Expenses increased largely due to an increase in salaries, health care and workers compensation.

Using this Annual Financial Report

This annual report consists of a series of financial statements some of which focus on the City as a whole (government-wide) and some of which focus on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

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

Reporting the City of Beachwood as a Whole

Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

From the Statement of Net Assets, you can determine the City's current financial position by subtracting total liabilities (what the City owes) from total assets (what the City owns). Over time, increases or decreases in the City's net assets are one indicator of whether the City's financial health is improving or deteriorating. From the Statement of Activities, you can determine what the cost of governmental services are and how much of that cost is financed by taxpayers, where the City gets its money and how it is used, whether the City is better or worse off financially and why and will the City be able to finance services in the future. Other non-financial factors such as changes in the City's property tax base, income tax base and the condition of the City's capital assets should be considered to assess the overall financial health of the City.

Reporting on the Most Significant Funds of the City of Beachwood

Fund Financial Statements

The fund financial statements which begin on page 14, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Beachwood, the most significant governmental funds are the General Fund, Bond Retirement Fund and Capital Improvements Fund.

All of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the fund financial statements.

The City of Beachwood as a Whole

Statement of Net Assets

As noted earlier, the Statement of Net Assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2008 and 2007.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 1
Net Assets

	Governmental Activities		
	2008	2007	Change
Assets			
Total Current and Other Assets	\$49,908,709	\$50,731,824	(\$823,115)
Nondepreciable Capital Assets, Net	13,180,236	9,880,236	3,300,000
Depreciable Capital Assets, Net	75,458,585	73,592,888	1,865,697
<i>Total Assets</i>	<u>138,547,530</u>	<u>134,204,948</u>	<u>4,342,582</u>
Liabilities			
Total Current & Other Liabilities	7,765,487	4,708,309	3,057,178
Long-Term Liabilities:			
Due Within One Year	2,095,911	1,999,495	96,416
Due Within More Than One Year	16,171,787	17,339,474	(1,167,687)
Total Liabilities	<u>26,033,185</u>	<u>24,047,278</u>	<u>1,985,907</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	72,898,821	66,483,124	6,415,697
Restricted for:			
Debt Service	5,618,839	6,615,438	(996,599)
Unclaimed Monies	14,063	14,538	(475)
Streets	828,200	1,344,430	(516,230)
Other Purposes	215,509	385,891	(170,382)
Unrestricted	32,938,913	35,314,249	(2,375,336)
Total Net Assets	<u>\$112,514,345</u>	<u>\$110,157,670</u>	<u>\$2,356,675</u>

The largest portion of the City's net assets (64.8 percent) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used 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.

The City's financial position improved from 2007 to 2008 as indicated by the increase in total net assets for governmental activities of \$2,356,675.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 shows the changes in net assets for fiscal year 2008 and 2007 and corresponds to the Statement of Activities.

Table 2
Change in Net Assets

	Governmental Activities		
	2008	2007	Change
Revenues			
Program Revenues			
Charges for Services	\$3,118,865	\$2,770,145	\$348,720
Operating Grants and Contributions	545,007	516,739	28,268
Capital Grants and Assessments	0	1,213,633	(1,213,633)
General Revenues			
Property Taxes	2,879,810	3,025,516	(145,706)
Municipal Income Tax	20,499,143	20,258,412	240,731
Admission, Lodging and Franchise Taxes	1,075,743	1,059,048	16,695
Estate Taxes	4,593,353	2,666,658	1,926,695
Grants and Entitlements	837,516	77,474	760,042
Investment Earnings	1,775,606	2,102,503	(326,897)
Gain on Sale of Capital Assets	7,508	0	7,508
Other	359,909	176,172	183,737
Total Revenues	35,692,460	33,866,300	1,826,160
Program Expenses			
General Government	4,447,184	4,362,750	84,434
Public Safety:			
Police	7,546,514	7,410,128	136,386
Fire	5,606,352	5,273,184	333,168
Public Services	10,634,883	9,630,170	1,004,713
Health and Welfare	637,802	557,151	80,651
Culture and Recreation	2,715,802	2,564,886	150,916
Building and Community Development	959,136	839,848	119,288
Interest and Fiscal Charges	788,112	836,927	(48,815)
Total Expenses	33,335,785	31,475,044	1,860,741
Change in Net Assets	2,356,675	2,391,256	(34,581)
Net Assets Beginning of Year	110,157,670	107,766,414	2,391,256
Net Assets End of Year	\$112,514,345	\$110,157,670	\$2,356,675

The increase in revenues is largely due to an increase in estate taxes. The decrease in capital grants and assessments is due to a one-time grant from the State of Ohio for road work.

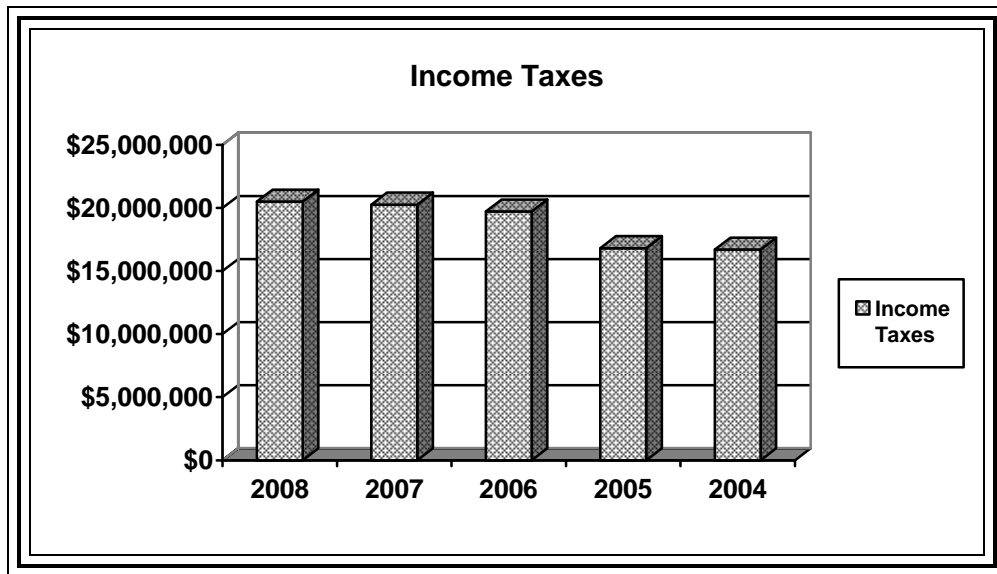
Total program expenses increased by 5.9 percent from 2007. This increase is mainly due to an increase in salaries, health benefits and workers compensation.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$20,499,143 in income tax collections or 57.4 percent of total 2008 revenue. Other significant sources of revenue include property taxes and estate taxes of which the City received \$2,879,810 and \$4,593,353 respectively in 2008.

The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong periods, while at the same time maintaining fairly level collections during economic downturns. The chart below identifies income tax receipts for the last five years.



City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 3 presents a summary of governmental activity expenses and the net cost of providing these services (excluding general revenues).

Table 3
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$4,447,184	(\$4,166,035)	\$4,362,750	(\$4,286,888)
Public Safety				
Police	7,546,514	(7,417,758)	7,410,128	(7,032,994)
Fire	5,606,352	(4,873,856)	5,273,184	(4,583,883)
Public Services	10,634,883	(10,105,952)	9,630,170	(7,899,798)
Health and Welfare	637,802	(460,467)	557,151	(557,151)
Culture and Recreation	2,715,802	(1,935,327)	2,564,886	(1,677,999)
Building and				
Community Development	959,136	75,594	839,848	(98,887)
Interest and Fiscal Charges	788,112	(788,112)	836,927	(836,927)
Total	\$33,335,785	(\$29,671,913)	\$31,475,044	(\$26,974,527)

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services increased in 2008.

Public safety expenses account for approximately 39.5 percent of total 2008 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. As of December 31, 2008, the City employed 42 full time police officers and 39 full time firefighters. Other significant expenses include public service expenses which make up approximately 31.9 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

The City's Funds

Information about the City's major governmental funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting.

The general fund is the chief operating fund of the City. The total fund balance at December 31, 2008 and 2007 was \$26,598,560 and \$26,452,900 respectively. While not a significant increase, this increase indicates the revenue base continues to meet City obligations and reflects the current solid financial condition of the

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

City as a whole. The ending fund balance of \$26,598,560 represents approximately 77.7 percent of 2008 general fund revenues.

The bond retirement fund is used to account for the accumulation of resources for, and the payment of, various types of debt principal, interest and related costs. The fund balance at December 31, 2008 and 2007 was \$522,545 and \$540,880 respectively. The bond retirement fund receives revenue through special assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund. Expenditures are for payment of debt principal, interest and debt related costs.

The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. This fund is funded with excess revenue from the general fund. The City strives to maintain a general fund balance which is 50 percent of general fund revenues. Any excess may be transferred to the capital improvements fund. The fund balance at December 31, 2008 and 2007 was \$6,126,910 and \$9,063,903 respectively. For 2008, the City purchased a new building in addition to road improvement projects resulting in a decrease in the fund balance.

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. The legal level of control has been established by Council at the personal services and other object level within each fund. Any budgetary modifications at this level may only be made by ordinance of City Council. During the course of 2008, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Finance Director closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

For the general fund, original budgeted revenues were \$30,172,584; final budget amounts were \$32,807,900; and actual revenue collections were \$33,849,750. The majority of the increase in actual revenue over the final budgeted amount is due to income taxes and estate taxes. Income taxes were higher than anticipated and due to the unpredictable nature of estate taxes; estate taxes are always conservatively budgeted. Final budgeted appropriations were \$34,114,164 and actual expenditures were \$31,121,632. Appropriations are always conservatively budgeted on the high side. Additionally, health care expenditures were not as high as originally budgeted for and four positions budgeted for were not filled which accounts for the difference between budgeted appropriations and actual expenditures.

Debt Administration and Capital Assets

Debt

Table 4 summarizes outstanding debt at December 31, 2008 compared to December 31, 2007.

The general obligation bonds will be paid out of the debt service fund with funds transferred from the general fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. The City issued notes in 2008 for the purchase of the new building. See Notes 14 and 15 to the basic financial statements for more information regarding the City's outstanding debt.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 4
Outstanding Debt at Year End

	Governmental Activities	
	2008	2007
General Obligation Bonds	\$11,454,116	\$11,993,748
Special Assessment Bonds	4,440,000	5,160,000
General Obligation Notes	3,000,000	0
<i>Totals</i>	\$18,894,116	\$17,153,748

Capital Assets

Table 5 compares capital assets as of December 31, 2008 to balances at December 31, 2007.

Table 5
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$13,180,236	\$9,880,236
Land Improvements	5,450,438	5,621,588
Buildings and Improvements	33,847,989	31,659,428
Furniture and Equipment	2,033,806	1,635,791
Vehicles	1,651,188	1,010,643
Infrastructure		
Streets	26,490,918	27,505,576
Water Lines	2,851,632	2,950,158
Sanitary Sewers	1,641,174	1,681,723
Storm Sewers	1,491,440	1,527,981
<i>Totals</i>	\$88,638,821	\$83,473,124

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Significant capital asset additions include the following:

- Purchased a new building with the intent of housing the City's Service department.
- Upgraded the MDT's in all police vehicles. The new system provides for live streaming video from the patrol car to the station, Global Positioning System (GPS) functionality to aid in officer safety and response to calls and streamlined management of the systems.
- Replaced several large pieces of equipment, vehicles and trucks. The Police department has a vehicle rotation schedule which the City adheres to. The Service department is in the process of developing a rotation schedule for trucks.
- Purchased a new rescue squad for the Fire department.
- Built a new salt dome.
- Replaced the City Hall roof.

With regards to the City's infrastructure, the City engineer maintains a comprehensive listing of all streets, waterlines and sanitary and sewer lines. As part of the annual road maintenance program, the Engineer and the Service Director evaluate the condition of the streets and identify which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$2.3 million a year for the road maintenance program.

See Note 6 to the basic financial statements for additional information on the City's capital assets.

Current Financial Related Activities

Due to current economic conditions, the Mayor and Council have asked each director to review their budget and delay all non-essential purchases while maintaining the excellent level of services provided to residents.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David A. Pfaff, CPA, Finance Director at the City of Beachwood, 25325 Fairmount Boulevard, Beachwood, Ohio 44122, 216-292-1913, or email at david.pfaff@beachwoodohio.com.

City of Beachwood, Ohio

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$33,144,714
Cash and Cash Equivalents in Segregated Accounts	20
Materials and Supplies Inventory	674,185
Accounts Receivable	105,156
Estate Taxes Receivable	2,142,421
Admission Taxes Receivable	11,476
Lodging Taxes Receivable	41,620
Franchise Taxes Receivable	25,421
Intergovernmental Receivable	445,566
Prepaid Items	158,920
Property Taxes Receivable	3,290,083
Income Taxes Receivable	4,205,682
Special Assessments Receivable	5,634,275
Accrued Interest Receivable	29,170
Nondepreciable Capital Assets	13,180,236
Depreciable Capital Assets, Net	<u>75,458,585</u>
<i>Total Assets</i>	<u>138,547,530</u>
Liabilities	
Accounts Payable	525,703
Retainage Payable	147,693
Accrued Wages	382,245
Intergovernmental Payable	1,051,125
Deferred Revenue	2,592,903
Accrued Interest Payable	65,818
Notes Payable	3,000,000
Long-Term Liabilities:	
Due Within One Year	2,095,911
Due In More Than One Year	<u>16,171,787</u>
<i>Total Liabilities</i>	<u>26,033,185</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	72,898,821
Restricted for:	
Debt Service	5,618,839
Unclaimed Monies	14,063
Streets	828,200
Other Purposes	215,509
Unrestricted	<u>32,938,913</u>
<i>Total Net Assets</i>	<u><u>\$112,514,345</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$4,447,184	\$281,149	\$0	(\$4,166,035)
Public Safety:				
Police	7,546,514	112,680	16,076	(7,417,758)
Fire	5,606,352	732,496	0	(4,873,856)
Public Services	10,634,883	0	528,931	(10,105,952)
Health and Welfare	637,802	177,335	0	(460,467)
Culture and Recreation	2,715,802	780,475	0	(1,935,327)
Building and				
Community Development	959,136	1,034,730	0	75,594
Interest and Fiscal Charges	788,112	0	0	(788,112)
<i>Total Governmental Activities</i>	<u>\$33,335,785</u>	<u>\$3,118,865</u>	<u>\$545,007</u>	<u>(29,671,913)</u>
General Revenues:				
Property Taxes Levied for				
General Purposes				2,715,452
Police Pension				164,358
Municipal Income Taxes Levied for				
General Purposes				20,499,143
Admission, Lodging and Franchise Taxes				1,075,743
Estate Taxes				4,593,353
Grants and Entitlements not Restricted to Specific Programs				837,516
Investment Earnings				1,775,606
Gain on Sale of Capital Assets				7,508
Other				359,909
<i>Total General Revenues</i>				<u>32,028,588</u>
Change in Net Assets				2,356,675
<i>Net Assets Beginning of Year</i>				<u>110,157,670</u>
<i>Net Assets End of Year</i>				<u>\$112,514,345</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$22,439,973	\$522,545	\$9,238,575	\$929,558	\$33,130,651
Cash and Cash Equivalents In Segregated Accounts	20	0	0	0	20
Property Taxes Receivable	3,088,860	0	0	201,223	3,290,083
Income Taxes Receivable	4,205,682	0	0	0	4,205,682
Estate Taxes Receivable	2,142,421	0	0	0	2,142,421
Admission Taxes Receivable	11,476	0	0	0	11,476
Lodging Taxes Receivable	41,620	0	0	0	41,620
Franchise Taxes Receivable	25,421	0	0	0	25,421
Accounts Receivable	105,156	0	0	0	105,156
Intergovernmental Receivable	227,070	0	0	218,496	445,566
Accrued Interest Receivable	29,170	0	0	0	29,170
Materials and Supplies Inventory	674,185	0	0	0	674,185
Prepaid Items	158,920	0	0	0	158,920
Special Assessments Receivable	0	5,310,978	323,297	0	5,634,275
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	14,063	0	0	0	14,063
Total Assets	\$33,164,037	\$5,833,523	\$9,561,872	\$1,349,277	\$49,908,709
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$525,218	\$0	\$485	\$0	\$525,703
Retainage Payable	0	0	105,930	41,763	147,693
Accrued Wages	382,245	0	0	0	382,245
Intergovernmental Payable	981,788	0	0	69,337	1,051,125
Deferred Revenue	4,676,226	5,310,978	323,297	343,837	10,654,338
Accrued Interest Payable	0	0	5,250	0	5,250
Notes Payable	0	0	3,000,000	0	3,000,000
Total Liabilities	6,565,477	5,310,978	3,434,962	454,937	15,766,354
Fund Balances					
Reserved for Encumbrances	1,187,490	0	299,550	46,083	1,533,123
Reserved for Unclaimed Monies	14,063	0	0	0	14,063
Unreserved					
Undesignated, Reported in:					
General Fund	25,397,007	0	0	0	25,397,007
Special Revenue Funds	0	0	0	848,257	848,257
Debt Service Fund	0	522,545	0	0	522,545
Capital Projects Fund	0	0	5,827,360	0	5,827,360
Total Fund Balances	26,598,560	522,545	6,126,910	894,340	34,142,355
Total Liabilities and Fund Balances	\$33,164,037	\$5,833,523	\$9,561,872	\$1,349,277	\$49,908,709

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008*

Total Governmental Fund Balances	\$34,142,355
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	88,638,821
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	697,180
Intergovernmental	856,910
Special Assessments	5,634,275
Municipal Income Taxes	<u>873,070</u>
Total	8,061,435
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(60,568)
Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Special Assessment Bonds	(4,440,000)
General Obligation Bonds	(11,300,000)
Premium on Bonds	(154,116)
Compensated Absences	<u>(2,373,582)</u>
Total	<u>(18,267,698)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$112,514,345</u></u>
See accompanying notes to the basic financial statements	

City of Beachwood, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,589,191	\$0	\$0	\$203,346	\$2,792,537
Municipal Income Taxes	20,440,036	0	0	0	20,440,036
Charges for Services	1,782,627	0	0	0	1,782,627
Fines, Licenses and Permits	1,261,349	0	0	62,864	1,324,213
Intergovernmental	398,475	0	0	541,393	939,868
Estate Taxes	4,593,353	0	0	0	4,593,353
Admission Taxes	143,979	0	0	0	143,979
Lodging Taxes	809,102	0	0	0	809,102
Franchise Taxes	122,662	0	0	0	122,662
Special Assessments	0	992,942	20,526	12,025	1,025,493
Interest	1,716,705	0	0	58,901	1,775,606
Other	358,439	0	1,470	0	359,909
<i>Total Revenues</i>	<u>34,215,918</u>	<u>992,942</u>	<u>21,996</u>	<u>878,529</u>	<u>36,109,385</u>
Expenditures					
Current:					
General Government	4,011,132	0	0	6,190	4,017,322
Public Safety:					
Police	7,366,330	0	0	441,048	7,807,378
Fire	5,648,187	0	0	0	5,648,187
Public Services	8,122,295	0	0	1,082,529	9,204,824
Health and Welfare	624,426	0	0	0	624,426
Culture and Recreation	2,301,474	0	0	0	2,301,474
Building and Community Development	960,151	0	0	0	960,151
Capital Outlay	0	0	6,953,739	0	6,953,739
Debt Service:					
Principal Retirement	0	1,250,000	0	0	1,250,000
Interest and Fiscal Charges	0	797,540	5,250	0	802,790
<i>Total Expenditures</i>	<u>29,033,995</u>	<u>2,047,540</u>	<u>6,958,989</u>	<u>1,529,767</u>	<u>39,570,291</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,181,923</u>	<u>(1,054,598)</u>	<u>(6,936,993)</u>	<u>(651,238)</u>	<u>(3,460,906)</u>
Other Financing Sources (Uses)					
Transfers In	0	1,036,263	4,000,000	0	5,036,263
Transfers Out	(5,036,263)	0	0	0	(5,036,263)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,036,263)</u>	<u>1,036,263</u>	<u>4,000,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	145,660	(18,335)	(2,936,993)	(651,238)	(3,460,906)
<i>Fund Balances Beginning of Year</i>	<u>26,452,900</u>	<u>540,880</u>	<u>9,063,903</u>	<u>1,545,578</u>	<u>37,603,261</u>
<i>Fund Balances End of Year</i>	<u>\$26,598,560</u>	<u>\$522,545</u>	<u>\$6,126,910</u>	<u>\$894,340</u>	<u>\$34,142,355</u>

See accompanying notes to the basic financial statements

City of Beachwood, 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, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$3,460,906)

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

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

Capital Asset Additions	9,803,806	
Capital Outlays	9,803,806	
Current Year Depreciation	(4,484,119)	
Total		5,319,687

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. (153,990)

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

Property Taxes	87,273	
Intergovernmental	442,655	
Special Assessments	(1,013,468)	
Municipal Income Taxes	59,107	
Total		(424,433)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,250,000

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	5,046	
Amortization of Premium	9,632	
Total		14,678

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (188,361)

Change in Net Assets of Governmental Activities \$2,356,675

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,651,397	\$2,521,397	\$2,659,896	\$138,499
Municipal Income Taxes	20,360,997	21,400,000	21,515,359	115,359
Charges for Services	1,713,325	1,707,600	1,769,117	61,517
Fines, Licenses and Permits	858,780	1,104,800	1,261,367	156,567
Intergovernmental	179,866	617,300	721,633	104,333
Estate Taxes	2,000,000	2,953,553	2,986,537	32,984
Admission Taxes	150,000	150,000	132,503	(17,497)
Lodgings Taxes	750,000	750,000	767,482	17,482
Franchise Taxes	120,000	120,000	97,241	(22,759)
Interest	1,241,166	1,355,000	1,600,269	245,269
Other	147,053	128,250	338,346	210,096
<i>Total Revenues</i>	<u>30,172,584</u>	<u>32,807,900</u>	<u>33,849,750</u>	<u>1,041,850</u>
Expenditures				
Current:				
General Government	5,016,797	5,252,297	4,758,231	494,066
Public Safety:				
Police	8,418,100	8,333,100	7,552,927	780,173
Fire	6,319,586	6,234,086	5,917,045	317,041
Public Services	9,247,907	9,631,307	8,856,049	775,258
Health and Welfare	705,138	710,938	609,522	101,416
Culture and Recreation	2,652,347	2,748,447	2,433,739	314,708
Building and Community Development	1,203,989	1,203,989	994,119	209,870
<i>Total Expenditures</i>	<u>33,563,864</u>	<u>34,114,164</u>	<u>31,121,632</u>	<u>2,992,532</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,391,280)	(1,306,264)	2,728,118	4,034,382
Other Financing Uses				
Transfers Out	(5,036,263)	(5,036,263)	(5,036,263)	0
<i>Net Change in Fund Balance</i>	(8,427,543)	(6,342,527)	(2,308,145)	4,034,382
<i>Fund Balance Beginning of Year</i>	19,764,135	19,764,135	19,764,135	0
Prior Year Encumbrances Appropriated	2,224,064	2,224,064	2,224,064	0
<i>Fund Balance End of Year</i>	<u>\$13,560,656</u>	<u>\$15,645,672</u>	<u>\$19,680,054</u>	<u>\$4,034,382</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,187	\$696,447
Liabilities		
Undistributed Monies	0	\$1,095
Deposits Held and Due to Others	0	695,352
<i>Total Liabilities</i>	0	\$696,447
Net Assets		
Held in Trust for Recreation	1,187	
<i>Total Net Assets</i>	\$1,187	

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2008

	<u>Private Purpose Trust</u>
Additions	
Interest	\$52
Deductions	
Materials and Supplies	<u>0</u>
<i>Change in Net Assets</i>	52
<i>Net Assets Beginning of Year</i>	<u>1,135</u>
<i>Net Assets End of Year</i>	<u><u>\$1,187</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 1 – Description of the City and Reporting Entity

The City was incorporated as a village in 1915 and became a city in 1960. The City of Beachwood (“The City”) is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a “Mayor-Council” form of government. Elected officials include seven council members and a mayor. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years and serve staggered terms commencing on the first day of January after the election. The Mayor is elected every four years.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

The Mayor is an elected official who has a fiduciary responsibility for the collection and disbursement of Mayor’s Court fees and fines.

In addition to Mayor’s Court, the City of Beachwood provides the following services: police, fire, emergency medical and ambulance, rubbish collection and street construction, maintenance and repair.

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

The City participates in one jointly governed organization, the Northeast Ohio Public Energy Council. This organization is described in Note 13 of the Basic Financial Statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The 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 Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically 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 Beachwood and/or the general laws of Ohio.

Bond Retirement Debt Service Fund The bond retirement debt service fund is used to account for transfers from the general fund and the collection of special assessments levied against benefited properties for the payment of special assessment and general obligation bond principal, interest and related costs.

Capital Improvements Fund The capital improvements fund accounts for transfers from the general fund and special assessments to be used for the acquisition, construction or improvement of major capital facilities.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's trust fund is a private purpose trust which accounts for donated monies to provide funds for the Beachwood Men's Softball League. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds account for construction deposits, commercial permit taxes paid to the State, and withholdings tax collections that are due to the cities of Warrensville Heights and Cleveland.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the 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.

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange 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.

Non-exchange 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 3.) Revenue from grants, entitlements and

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 a modified accrual basis, revenue from non-exchange 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, licenses and permits, interest, grants and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

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 fiscal year 2008, investments were limited to repurchase agreements, the Victory Federal Money Market Mutual Fund, federal national mortgage notes, U.S. Treasury Notes, federal home loan notes, federal farm credit bonds and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices or in the case of a mutual fund, the fund's current share price. Nonparticipating investment contracts such as non-negotiable certificate of deposits 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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$1,716,705, which includes \$514,055 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

G. Inventory

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

I. Bond Premium

On the government-wide financial statements, bond premiums 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 bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

J. Fund Balance Reserve

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and unclaimed monies. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation.

K. Capital Assets

The City's only capital assets are general capital assets. 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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land. 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>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	5 - 50 years
Furniture and Equipment	7 - 10 years
Vehicles	3 - 25 years
Infrastructure	8 - 50 years

The City's infrastructure consists of streets, water lines, sanitary sewers, and storm sewers and includes infrastructure acquired prior to December 31, 1980.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service or for employees age 50 or over regardless of years of service.

M. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, 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 are recognized as a liability on the fund financial statements when due.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for police, street lights and improvements to the Mayor's court.

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

O. Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

P. 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.

Q. 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.

R. Budgetary Process

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

than personal services. Budgetary statements are presented beyond that legal level of control for information purposes only.

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 in 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 - Receivables

Receivables at December 31, 2008, consisted primarily of municipal income taxes, property, estate, admissions, lodging, and franchise taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All receivables except property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$4,452,048 in the Bond Retirement Fund and \$301,908 in the Capital Improvement Fund. At December 31, 2008 the amount of delinquent special assessments was \$32,013.

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 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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.

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. 2008 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2008, and collected in 2009 real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007 on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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, 2008, was \$4.00 per 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$748,712,190
Tangible Personal Property	15,602,279
Public Utility Property	<u>6,941,060</u>
Total Valuation	<u><u>\$771,255,529</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the general and police pension funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. Municipal Income Taxes

The City levies a municipal income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax on the income earned outside of 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 Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. Income tax revenue is credited entirely to the general fund.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Gasoline Tax	\$354,402
Homestead and Rollback	90,154
Other	<u>1,010</u>
Total	<u><u>\$445,566</u></u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 4 - Budgetary Basis of Accounting

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

The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).

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

Net Change in Fund Balance	
GAAP Basis	\$145,660
Net Adjustments for Revenue Accruals	(278,902)
Beginning Fair Value Adjustment for Investments	478,763
Ending Fair Value Adjustment for Investments	(566,029)
Net Adjustments for Expenditure Accruals	120,316
Encumbrances	<u>(2,207,953)</u>
Budget Basis	<u><u>(\$2,308,145)</u></u>

Note 5 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories:

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

Inactive deposits are public deposits that 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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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, \$4,000,000 of the City's bank balance of \$4,662,737 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.

Investments

Investments are reported at fair value. As of December 31, 2008, the City had the following investments:

	Fair Value	Maturity		
		Less Than 6 Months	6-12 Months	1-5 Years
Repurchase Agreements	\$384,846	\$384,846	\$0	\$0
Victory Federal Money Market Mutual Fund	2,161,535	2,161,535	0	0
Federal National Mortgage Notes	4,036,250	1,007,500	1,023,437	2,005,313
U.S. Treasury Notes	15,318,750	6,075,000	4,106,250	5,137,500
Federal Home Loan Notes	3,115,625	0	2,073,125	1,042,500
Federal Farm Credit Bonds	3,161,563	0	1,025,625	2,135,938
STAROhio	1,354,807	1,354,807	0	0
Total Investments	\$29,533,376	\$10,983,688	\$8,228,437	\$10,321,251

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 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 anticipated cash flow requirements.

Credit Risk The Victory Federal Money Market Mutual Fund and STAROhio carry 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 Federal National Mortgage Notes, the Federal Home Loan Notes, the Federal Farm Credit Bonds and the securities underlying the repurchase agreements are all rated Aaa by Moody's Investors Service. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 Federal National Mortgage Notes, the Federal Farm Credit Bonds and the securities underlying the repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City does not have an investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The City's investments in the Federal National Mortgage Notes, U.S. Treasury Notes, the Federal Home Loan Notes and the Federal Farm Credit Notes represents 13.7, 51.9, 10.6 and 10.7 percent respectively, of the City's total investments.

Note 6 – Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$9,880,236	\$3,300,000	\$0	\$13,180,236
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,093,729	184,619	0	7,278,348
Buildings and Improvements	36,737,032	2,924,864	0	39,661,896
Furniture and Equipment	4,173,757	680,316	(77,349)	4,776,724
Vehicles	5,564,374	999,219	(506,999)	6,056,594
Infrastructure				
Streets	52,449,840	1,714,788	(158,411)	54,006,217
Water Lines	3,785,505	0	0	3,785,505
Sanitary Sewers	2,027,430	0	0	2,027,430
Storm Sewers	1,827,042	0	0	1,827,042
<i>Total Capital Assets, being depreciated</i>	<u>\$113,658,709</u>	<u>\$6,503,806</u>	<u>(\$742,759)</u>	<u>\$119,419,756</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
Less Accumulated Depreciation				
Land Improvements	(\$1,472,141)	(\$355,769)	\$0	(\$1,827,910)
Buildings and Improvements	(5,077,604)	(736,303)	0	(5,813,907)
Furniture and Equipment	(2,537,966)	(277,658)	72,706	(2,742,918)
Vehicles	(4,553,731)	(291,701)	440,026	(4,405,406)
Infrastructure				
Streets	(24,944,264)	(2,647,072)	76,037	(27,515,299)
Water Lines	(835,347)	(98,526)	0	(933,873)
Sanitary Sewers	(345,707)	(40,549)	0	(386,256)
Storm Sewers	(299,061)	(36,541)	0	(335,602)
<i>Total Accumulated Depreciation</i>	<u>(40,065,821)</u>	<u>(4,484,119) *</u>	<u>588,769</u>	<u>(43,961,171)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>73,592,888</u>	<u>2,019,687</u>	<u>(153,990)</u>	<u>75,458,585</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$83,473,124</u></u>	<u><u>\$5,319,687</u></u>	<u><u>(\$153,990)</u></u>	<u><u>\$88,638,821</u></u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$524,760
Public Safety:	
Police	171,962
Fire	160,921
Public Services	3,186,728
Health and Welfare	7,919
Culture and Recreation	414,328
Building and Community Development	<u>17,501</u>
Total Depreciation Expense	<u><u>\$4,484,119</u></u>

Note 7 – Interfund Transfers

Transfers of \$1,036,263 and \$4,000,000 were made during calendar year 2008 from the general fund to the bond retirement fund and the capital improvement fund respectively. The transfer to the bond retirement fund was to move money for the payment of general obligation bonds. The transfer to the capital improvement fund was made to move unrestricted balances to support the capital projects of the City.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 8 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Vacation leave is earned at rates which vary depending upon length of service and standard work week. Vacation leave may be carried over from year to year in an amount up to 150 percent of the annual accrual. Employees are paid for earned, unused vacation leave at the time of termination.

City employees earn sick leave at the rate of 4.6 hours per pay period during which the employee is in active pay status, and do not accrue for additional overtime hours worked. Sick leave accrual is based on an 80 hour pay period; employees who do not record 80 hours of work, approved paid leave, or a combination thereof receive a sick leave accrual proportionate to the number of hours worked and approved paid leave hours recorded. Firefighters who are on a 103.4 hour pay period receive sick leave at a rate of 5.97 hours per pay period. Annually, any employee who has in excess of 1,500 sick leave hours will receive a lump sum cash payment of 33 1/3 percent of the hours in excess of 1,500 hours. Upon death or retirement, employees with accumulated service time of 20 years or more or who qualify for retirement, at date of termination, under the Public Employees Retirement System or the Ohio Police and Fire Pension Fund, are entitled to convert 50 percent of their unused sick leave balance into a lump sum cash payment to be included in the final payroll warrant issued to the employee.

Note 9 - 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, 2008.

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 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

plan benefit. Member contributions, the investment of which is self-directed by the members, 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 pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent. 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 year ended December 31, 2008, 2007, and 2006 were \$528,751, \$605,927, and \$657,641, respectively; 88.8 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$2,480 made by the City and \$1,771 made by plan members.

B. Ohio Police and Fire Pension Fund

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City's contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to OP&F for police and firefighters were \$427,444 and \$542,382 for the year ended December 31, 2008, \$423,393 and \$529,824 for the year ended December 31, 2007, and \$376,153 and \$477,762 for the year ended December 31, 2006. 83.2 percent for police and 73.2 percent for firefighters has been contributed for 2008. The full amount has been contributed for 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund are covered by Social Security. As of December 31, 2008, one member of Council is covered by Social Security. The City's liability is 6.2 percent of wages paid.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to the traditional and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$528,751, \$400,280, and \$321,672, respectively; 88.8 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

OP&F provides access to post-retirement health care coverage for 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.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F’s post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$226,294 and \$212,236 for the year ended December 31, 2008, \$224,149 and \$207,322 for the year ended December 31, 2007, and \$248,101 and \$227,856 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 83.2 percent has been contributed for police and 73.2 percent has been contributed for firefighters for 2008.

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2008, the City contracted with Argonaut Insurance Group for various types of insurance as follows:

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

<u>Type</u>	<u>Coverage</u>
Employee Dishonesty	\$100,000
Law Enforcement Liability	1,000,000
Automobile - Comprehensive	1,000,000
Blanket Coverage - All Property	47,009,656
General Liability	1,000,000
Public Officials	1,000,000
Comercial Excess	10,000,000

Settled claims have not exceeded this coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 13 - Jointly Governed Organization

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2008. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 14 - Long-Term Obligations

The changes in long-term obligations during the year were as follows:

	Outstanding 12/31/2007	Additions	(Reductions)	Outstanding 12/31/2008	Amounts Due In One Year
Special Assessment Bonds with Governmental Commitment					
\$670,000 1988 7.500%					
Blossom Lane Improvement	\$60,000	\$0	(\$60,000)	\$0	\$0
\$235,000 1989 7.150%					
Meadoway Drive Improvement	40,000	0	(20,000)	20,000	20,000
\$4,855,000 1990 7.000%					
Various Projects	1,230,000	0	(380,000)	850,000	410,000
\$610,000 1994 6.750%					
Various Projects	315,000	0	(30,000)	285,000	35,000
\$2,270,000 1994 4.900%					
George Zeigler Drive Improvements	1,340,000	0	(115,000)	1,225,000	125,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	435,000	0	(25,000)	410,000	25,000
\$2,150,000 2002 2.250%					
Various Projects	1,740,000	0	(90,000)	1,650,000	90,000
<i>Total Special Assessments Bonds</i>	<u>5,160,000</u>	<u>0</u>	<u>(720,000)</u>	<u>4,440,000</u>	<u>705,000</u>
General Obligation Bonds					
\$9,805,000 2004 4.600%					
City Hall Serial Bonds	2,925,000	0	(380,000)	2,545,000	390,000
City Hall Terms Bonds	5,770,000	0	0	5,770,000	0
Premium on City Hall Bonds	163,748	0	(9,632)	154,116	0
Total City Hall Bonds	8,858,748	0	(389,632)	8,469,116	390,000
\$3,850,000 2002 2.250%					
Fire Station	3,135,000	0	(150,000)	2,985,000	160,000
<i>Total General Obligation Bonds</i>	<u>11,993,748</u>	<u>0</u>	<u>(539,632)</u>	<u>11,454,116</u>	<u>550,000</u>
Compensated Absences	2,185,221	251,018	(62,657)	2,373,582	840,911
<i>Total General Long-term Obligations</i>	<u>\$19,338,969</u>	<u>\$251,018</u>	<u>(\$1,322,289)</u>	<u>\$18,267,698</u>	<u>\$2,095,911</u>

General obligation bonds will be paid from the bond retirement fund from transfers from the General Fund. The special assessment bonds are backed by the full faith and credit of the City and will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The compensated absences liability will be paid from the general fund.

In 2004, the City issued \$9,805,000 in general obligation bonds at interest rates varying from 2.00 percent to 5.00 percent. The bond issue included \$4,035,000 in serial bonds and \$5,770,000 in term bonds.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The term bonds maturing on December 1, 2016, December 1, 2019, and December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Year	Amount
2015	\$450,000
2016	475,000
2017	495,000
2018	520,000
2019	550,000
2020	600,000
2021	625,000
2022	655,000
2023	685,000
2024	715,000

The term bonds maturing on or after December 1, 2015 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2014, at 100 percent of par plus interest accrued to the redemption date.

The City's overall legal debt margin was \$67,204,376 at December 31, 2008. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2008, are as follows:

Year	General Obligation Bonds			
	Current Interest Serial Bonds		Current Interest Term Bonds	
	Principal	Interest	Principal	Interest
2009	\$550,000	\$490,062	\$0	\$0
2010	565,000	472,922	0	0
2011	590,000	454,983	0	0
2012	605,000	435,253	0	0
2013	625,000	414,237	0	0
2014-2018	1,535,000	701,655	1,940,000	961,770
2019-2023	1,060,000	131,678	3,115,000	611,470
2024	0	0	715,000	32,890
Total	\$5,530,000	\$3,100,790	\$5,770,000	\$1,606,130

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Year	Special Assessment Bonds	
	Principal	Interest
2009	\$705,000	\$236,758
2010	725,000	193,730
2011	295,000	149,363
2012	320,000	135,135
2013	335,000	119,340
2014-2018	1,395,000	342,615
2019-2022	665,000	78,585
Total	<u>\$4,440,000</u>	<u>\$1,255,526</u>

Note 15 – Note Debt

The City’s note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
2008 2.25% Building Acquisition Note	\$0	\$3,000,000	\$0	\$3,000,000

In 2008, the City issued \$3,000,000 in bond anticipation notes for the acquisition of the Commerce Park building. The notes are backed by the full faith and credit of the City and mature on December 3, 2009. The note liability is reflected in the Capital Improvements fund, which received the proceeds.

Note 16 - Change in Accounting Principles

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”. GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this Statement did not result in any change to the City’s financial statements.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

All nonmajor governmental funds are special revenue 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.

Street Construction, Maintenance and Repair Fund – This fund accounts for 92.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

State Highway Fund - This fund accounts for 7.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of State highways within the City.

Mayor’s Court Improvement Fund – This fund accounts for court fees and fines used for the purchase and maintenance of computers for the Mayor’s court.

Law Enforcement Trust Fund - This fund accounts for monies received from the sale or disposition of seized contraband.

Police Pension Fund - This fund accounts for property taxes collected to pay for a portion of the employer’s share of police pension benefits.

Street Lights Fund - This fund accounts for the collection of special assessments to provide street lighting on Blossom Drive and George Zeigler Drive.

Paramedic Trust Fund - This fund accounts for monies given to the City by privately held “Beachwood Paramedic Trust Fund” to provide equipment and training for paramedics of the City.

City of Beachwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$613,710	\$44,518	\$20,297
Property Taxes Receivable	0	0	0
Intergovernmental Receivable	195,885	15,850	0
<i>Total Assets</i>	<u>\$809,595</u>	<u>\$60,368</u>	<u>\$20,297</u>
Liabilities and Fund Balances			
Liabilities			
Retainage Payable	\$18,932	\$22,831	\$0
Intergovernmental Payable	0	0	0
Deferred Revenue	125,695	10,158	0
<i>Total Liabilities</i>	<u>144,627</u>	<u>32,989</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	19,412	21,296	4,700
Unreserved, Undesignated, Reported in Special Revenue Funds	645,556	6,083	15,597
<i>Total Fund Balances</i>	<u>664,968</u>	<u>27,379</u>	<u>20,297</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$809,595</u>	<u>\$60,368</u>	<u>\$20,297</u>

Law Enforcement Trust	Police Pension	Street Lights	Paramedic Trust	Total Nonmajor Governmental Funds
\$44,448	\$93,531	\$106,324	\$6,730	\$929,558
0	201,223	0	0	201,223
0	6,761	0	0	218,496
<u>\$44,448</u>	<u>\$301,515</u>	<u>\$106,324</u>	<u>\$6,730</u>	<u>\$1,349,277</u>
\$0	\$0	\$0	\$0	\$41,763
0	69,337	0	0	69,337
0	207,984	0	0	343,837
<u>0</u>	<u>277,321</u>	<u>0</u>	<u>0</u>	<u>454,937</u>
675	0	0	0	46,083
<u>43,773</u>	<u>24,194</u>	<u>106,324</u>	<u>6,730</u>	<u>848,257</u>
<u>44,448</u>	<u>24,194</u>	<u>106,324</u>	<u>6,730</u>	<u>894,340</u>
<u>\$44,448</u>	<u>\$301,515</u>	<u>\$106,324</u>	<u>\$6,730</u>	<u>\$1,349,277</u>

City of Beachwood, Ohio

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2008

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement
Revenues			
Property Taxes	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	10,122
Intergovernmental	486,327	39,432	0
Special Assessments	0	0	0
Interest	45,380	8,353	0
<i>Total Revenues</i>	<u>531,707</u>	<u>47,785</u>	<u>10,122</u>
Expenditures			
Current:			
General Government	0	0	6,190
Public Safety:			
Police	0	0	0
Public Services	845,842	236,687	0
<i>Total Expenditures</i>	<u>845,842</u>	<u>236,687</u>	<u>6,190</u>
<i>Net Change in Fund Balances</i>	(314,135)	(188,902)	3,932
<i>Fund Balances Beginning of Year</i>	<u>979,103</u>	<u>216,281</u>	<u>16,365</u>
<i>Fund Balances End of Year</i>	<u><u>\$664,968</u></u>	<u><u>\$27,379</u></u>	<u><u>\$20,297</u></u>

Law Enforcement Trust	Police Pension	Street Lights	Paramedic Trust	Total Nonmajor Governmental Funds
\$0	\$203,346	\$0	\$0	\$203,346
52,742	0	0	0	62,864
0	15,634	0	0	541,393
0	0	12,025	0	12,025
5,168	0	0	0	58,901
<u>57,910</u>	<u>218,980</u>	<u>12,025</u>	<u>0</u>	<u>878,529</u>
0	0	0	0	6,190
186,631	239,534	14,883	0	441,048
0	0	0	0	1,082,529
<u>186,631</u>	<u>239,534</u>	<u>14,883</u>	<u>0</u>	<u>1,529,767</u>
(128,721)	(20,554)	(2,858)	0	(651,238)
<u>173,169</u>	<u>44,748</u>	<u>109,182</u>	<u>6,730</u>	<u>1,545,578</u>
<u>\$44,448</u>	<u>\$24,194</u>	<u>\$106,324</u>	<u>\$6,730</u>	<u>\$894,340</u>

Combining Statement - Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is the Leo Weiss Private Purpose Trust fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Private Purpose Trust Fund

Leo Weiss Trust Fund – This fund accounts for monies given to the City by the family of former City Councilman Leo Weiss. The interest earned on the donated monies is to provide funds for the annual Leo Weiss Good Sportsmanship award for the Beachwood Men's Softball League.

Agency Funds

Commercial Permits Tax Fund – This fund accounts for monies collected by the City in accordance with State Law and is remitted back to the State of Ohio.

Special Trust and Agency Fund – This fund is used to account for the receipt and disbursement of withholdings tax collections of businesses in the Chagrin Highlands development area. These taxes are distributed to the cities of Warrensville Heights and Cleveland.

Deposits Fund – This fund accounts for monies from planning, zoning, and street repairs put on deposit with the City in accordance with various City ordinances.

City of Beachwood, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

	Beginning Balance 1/1/08	Additions	Deductions	Ending Balance 12/31/08
Commercial Permits Tax				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$754	\$25,302	\$24,961	\$1,095
Liabilities				
Undistributed Monies	\$754	\$25,302	\$24,961	\$1,095
Special Trust and Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$522,478	\$522,478	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$522,478	\$522,478	\$0
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$427,441	\$592,146	\$324,235	\$695,352
Liabilities				
Deposits Held and Due to Others	\$427,441	\$592,146	\$324,235	\$695,352
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$428,195	\$1,139,926	\$871,674	\$696,447
Liabilities				
Undistributed Monies	\$754	\$25,302	\$24,961	\$1,095
Deposits Held and Due to Others	427,441	1,114,624	846,713	695,352
<i>Total Liabilities</i>	\$428,195	\$1,139,926	\$871,674	\$696,447

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

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,651,397	\$2,521,397	\$2,659,896	\$138,499
Municipal Income Taxes	20,360,997	21,400,000	21,515,359	115,359
Charges for Services	1,713,325	1,707,600	1,769,117	61,517
Fines, Licenses and Permits	858,780	1,104,800	1,261,367	156,567
Intergovernmental	179,866	617,300	721,633	104,333
Estate Taxes	2,000,000	2,953,553	2,986,537	32,984
Admission Taxes	150,000	150,000	132,503	(17,497)
Lodging Taxes	750,000	750,000	767,482	17,482
Franchise Taxes	120,000	120,000	97,241	(22,759)
Interest	1,241,166	1,355,000	1,600,269	245,269
Other	147,053	128,250	338,346	210,096
<i>Total Revenues</i>	30,172,584	32,807,900	33,849,750	1,041,850
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	112,046	112,046	109,072	2,974
Contractual Services	16,500	16,500	0	16,500
Materials and Supplies	1,600	1,600	263	1,337
Capital Outlay	500	25,500	0	25,500
Other	59,802	59,802	57,642	2,160
Total Council	190,448	215,448	166,977	48,471
Mayor:				
Personal Services	496,266	496,266	449,451	46,815
Contractual Services	23,140	23,140	9,585	13,555
Materials and Supplies	28,518	28,518	11,547	16,971
Capital Outlay	18,500	18,500	1,891	16,609
Other	46,518	46,518	14,784	31,734
Total Mayor	612,942	612,942	487,258	125,684
Finance Director:				
Personal Services	976,642	1,076,642	1,037,613	39,029
Contractual Services	1,557,725	1,609,725	1,577,412	32,313
Materials and Supplies	29,294	33,294	30,195	3,099
Capital Outlay	372,990	332,990	298,150	34,840
Other	447,172	530,172	419,299	110,873
Total Finance Director	\$3,383,823	\$3,582,823	\$3,362,669	\$220,154

(continued)

City of Beachwood, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Department:				
Personal Services	\$308,785	\$275,285	\$265,124	\$10,161
Contractual Services	441,301	486,301	432,730	53,571
Materials and Supplies	16,711	16,711	9,404	7,307
Capital Outlay	6,000	6,000	1,968	4,032
Other	56,787	56,787	32,101	24,686
Total Law Department	829,584	841,084	741,327	99,757
Total General Government	5,016,797	5,252,297	4,758,231	494,066
Public Safety:				
Police Department:				
Personal Services	7,175,728	7,090,728	6,499,755	590,973
Contractual Services	516,510	516,510	389,156	127,354
Materials and Supplies	82,880	87,880	82,691	5,189
Capital Outlay	516,131	516,131	495,662	20,469
Other	126,851	121,851	85,663	36,188
Total Police Department	8,418,100	8,333,100	7,552,927	780,173
Fire Department:				
Personal Services	5,486,299	5,400,799	5,196,752	204,047
Contractual Services	266,772	266,772	222,803	43,969
Materials and Supplies	99,846	99,846	73,677	26,169
Capital Outlay	392,209	397,209	388,750	8,459
Other	74,460	69,460	35,063	34,397
Total Fire Department	6,319,586	6,234,086	5,917,045	317,041
Total Public Safety	14,737,686	14,567,186	13,469,972	1,097,214
Public Services:				
Service Department:				
Personal Services	504,574	517,974	499,890	18,084
Contractual Services	9,731	9,731	1,438	8,293
Materials and Supplies	52,695	52,695	36,993	15,702
Capital Outlay	15,904	16,904	15,606	1,298
Other	16,901	15,901	9,279	6,622
Total Service Department	\$599,805	\$613,205	\$563,206	\$49,999

(continued)

City of Beachwood, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building and Grounds:				
Personal Services	\$1,067,565	\$1,067,565	\$1,017,803	\$49,762
Contractual Services	937,417	964,417	893,442	70,975
Materials and Supplies	219,410	219,410	202,999	16,411
Capital Outlay	85,496	188,496	184,227	4,269
Other	10,148	10,148	3,254	6,894
Total Building and Grounds	2,320,036	2,450,036	2,301,725	148,311
Fleet Maintenance:				
Personal Services	637,033	637,033	539,097	97,936
Contractual Services	257,948	257,948	220,278	37,670
Materials and Supplies	662,431	742,431	721,553	20,878
Capital Outlay	42,000	42,000	7,243	34,757
Total Fleet Maintenance	1,599,412	1,679,412	1,488,171	191,241
Streets, Sidewalks, and Sewers:				
Personal Services	1,635,630	1,665,630	1,611,462	54,168
Contractual Services	430,602	349,002	320,913	28,089
Materials and Supplies	581,546	818,146	759,739	58,407
Capital Outlay	590,348	565,348	560,111	5,237
Other	5,000	5,000	2,444	2,556
Total Streets, Sidewalks, and Sewers	3,243,126	3,403,126	3,254,669	148,457
Sanitation:				
Personal Services	668,769	668,769	590,876	77,893
Contractual Services	226,181	226,181	199,658	26,523
Materials and Supplies	10,000	10,000	9,950	50
Capital Outlay	225,000	225,000	207,561	17,439
Other	1,000	1,000	0	1,000
Total Sanitation	1,130,950	1,130,950	1,008,045	122,905
Engineering Department:				
Personal Services	223,912	223,912	157,171	66,741
Contractual Services	93,362	93,362	55,630	37,732
Materials and Supplies	4,400	4,400	236	4,164
Capital Outlay	27,266	27,266	24,798	2,468
Other	5,638	5,638	2,398	3,240
Total Engineering Department	354,578	354,578	240,233	114,345
Total Public Services	\$9,247,907	\$9,631,307	\$8,856,049	\$775,258

(continued)

City of Beachwood, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Human Services Department:				
Personal Services	\$342,338	\$351,138	\$336,338	\$14,800
Contractual Services	239,841	236,841	177,050	59,791
Materials and Supplies	70,518	70,518	58,533	11,985
Capital Outlay	7,648	7,648	4,706	2,942
Other	44,793	44,793	32,895	11,898
Total Health and Welfare	705,138	710,938	609,522	101,416
Culture and Recreation				
Recreation Administration:				
Personal Services	567,025	598,125	590,555	7,570
Contractual Services	365,262	379,062	359,860	19,202
Materials and Supplies	43,802	50,102	48,126	1,976
Capital Outlay	33,620	14,320	11,312	3,008
Other	33,567	32,767	21,640	11,127
Total Recreation Administration	1,043,276	1,074,376	1,031,493	42,883
Recreation Camps:				
Personal Services	272,164	272,164	250,858	21,306
Contractual Services	114,600	166,600	153,885	12,715
Materials and Supplies	21,501	20,501	15,291	5,210
Capital Outlay	790	790	288	502
Other	2,320	4,320	2,637	1,683
Total Recreation Camps	411,375	464,375	422,959	41,416
Recreation Sports Programs:				
Personal Services	37,800	37,800	30,576	7,224
Contractual Services	88,672	104,672	97,222	7,450
Materials and Supplies	37,542	33,542	25,898	7,644
Capital Outlay	4,000	1,439	597	842
Other	4,465	7,026	7,026	0
Total Recreation Sports Programs	172,479	184,479	161,319	23,160
Recreation Other Programs:				
Personal Services	120,122	120,122	117,780	2,342
Contractual Services	131,557	128,557	108,827	19,730
Materials and Supplies	10,850	13,250	11,646	1,604
Capital Outlay	0	600	580	20
Other	6,000	6,000	5,996	4
Total Recreation Other Programs	\$268,529	\$268,529	\$244,829	\$23,700

(continued)

City of Beachwood, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$342,100	\$342,100	\$279,814	\$62,286
Contractual Services	254,235	254,235	203,724	50,511
Materials and Supplies	78,845	77,845	51,392	26,453
Capital Outlay	78,679	78,679	35,493	43,186
Other	2,829	3,829	2,716	1,113
Total Recreation Parks/Swimming Pools	756,688	756,688	573,139	183,549
Total Culture and Recreation	2,652,347	2,748,447	2,433,739	314,708
Building and Community Development:				
Building Development:				
Personal Services	1,008,046	1,008,046	890,285	117,761
Contractual Services	51,385	93,385	40,284	53,101
Materials and Supplies	25,111	25,111	10,400	14,711
Capital Outlay	84,500	42,500	35,913	6,587
Other	34,947	34,947	17,237	17,710
Total Building and Community Development	1,203,989	1,203,989	994,119	209,870
<i>Total Expenditures</i>	33,563,864	34,114,164	31,121,632	2,992,532
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,391,280)	(1,306,264)	2,728,118	4,034,382
Other Financing Uses				
Transfers Out	(5,036,263)	(5,036,263)	(5,036,263)	0
<i>Net Change in Fund Balance</i>	(8,427,543)	(6,342,527)	(2,308,145)	4,034,382
<i>Fund Balance Beginning of Year</i>	19,764,135	19,764,135	19,764,135	0
Prior Year Encumbrances Appropriated	2,224,064	2,224,064	2,224,064	0
<i>Fund Balance End of Year</i>	\$13,560,656	\$15,645,672	\$19,680,054	\$4,034,382

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2008

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$914,000	\$992,942	\$78,942
Expenditures			
Debt Service:			
Principal Retirement	1,250,000	1,250,000	0
Interest and Fiscal Charges	802,000	797,540	4,460
<i>Total Expenditures</i>	2,052,000	2,047,540	4,460
<i>Excess of Revenues Under Expenditures</i>	(1,138,000)	(1,054,598)	83,402
Other Financing Sources			
Transfers In	1,036,263	1,036,263	0
<i>Net Change in Fund Balance</i>	(101,737)	(18,335)	83,402
<i>Fund Balance Beginning of Year</i>	540,880	540,880	0
<i>Fund Balance End of Year</i>	\$439,143	\$522,545	\$83,402

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2008

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$0	\$20,526	\$20,526
Other	0	1,470	1,470
<i>Total Revenues</i>	<u>0</u>	<u>21,996</u>	<u>21,996</u>
Expenditures			
Capital Outlay:			
Contractual Services	214,040	156,870	57,170
Capital Outlay	8,990,584	7,347,534	1,643,050
Other	10,000	5,294	4,706
<i>Total Expenditures</i>	<u>9,214,624</u>	<u>7,509,698</u>	<u>1,704,926</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(9,214,624)</u>	<u>(7,487,702)</u>	<u>1,726,922</u>
Other Financing Sources			
General Obligation Notes Issued	3,000,000	3,000,000	0
Transfers In	4,000,000	4,000,000	0
<i>Total Other Financing Sources</i>	<u>7,000,000</u>	<u>7,000,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,214,624)	(487,702)	1,726,922
<i>Fund Balance Beginning of Year</i>	8,461,617	8,461,617	0
Prior Year Encumbrances Appropriated	964,624	964,624	0
<i>Fund Balance End of Year</i>	<u>\$7,211,617</u>	<u>\$8,938,539</u>	<u>\$1,726,922</u>

City of Beachwood, 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, 2008*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$475,000	\$486,132	\$11,132
Interest	25,000	45,380	20,380
<i>Total Revenues</i>	<u>500,000</u>	<u>531,512</u>	<u>31,512</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	50,000	32,130	17,870
Capital Outlay	1,355,275	833,124	522,151
<i>Total Expenditures</i>	<u>1,405,275</u>	<u>865,254</u>	<u>540,021</u>
<i>Net Change in Fund Balance</i>	(905,275)	(333,742)	571,533
<i>Fund Balance Beginning of Year</i>	873,833	873,833	0
Prior Year Encumbrances Appropriated	<u>35,275</u>	<u>35,275</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,833</u></u>	<u><u>\$575,366</u></u>	<u><u>\$571,533</u></u>

City of Beachwood, 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, 2008

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$42,000	\$39,416	(\$2,584)
Interest	6,000	8,353	2,353
<i>Total Revenues</i>	<u>48,000</u>	<u>47,769</u>	<u>(231)</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	17,000	13,980	3,020
Materials and Supplies	10,000	3,997	6,003
Capital Outlay	231,000	227,669	3,331
<i>Total Expenditures</i>	<u>258,000</u>	<u>245,646</u>	<u>12,354</u>
<i>Net Change in Fund Balance</i>	(210,000)	(197,877)	12,123
<i>Fund Balance Beginning of Year</i>	<u>210,605</u>	<u>210,605</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$605</u></u>	<u><u>\$12,728</u></u>	<u><u>\$12,123</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Improvement Fund
For the Year Ended December 31, 2008

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$9,500	\$10,122	\$622
Expenditures			
Current:			
General Government:			
Mayor:			
Materials and Supplies	300	140	160
Capital Outlay	25,533	10,750	14,783
<i>Total Expenditures</i>	25,833	10,890	\$14,943
<i>Net Change in Fund Balance</i>	(16,333)	(768)	15,565
<i>Fund Balance Beginning of Year</i>	7,332	7,332	0
Prior Year Encumbrances Appropriated	9,033	9,033	0
<i>Fund Balance End of Year</i>	\$32	\$15,597	\$15,565

City of Beachwood, 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, 2008*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$46,800	\$52,742	\$5,942
Interest	5,100	5,168	68
<i>Total Revenues</i>	<u>51,900</u>	<u>57,910</u>	<u>6,010</u>
Expenditures			
Current:			
Public Safety:			
Police Department:			
Capital Outlay	188,780	182,800	5,980
Other	7,200	4,506	2,694
<i>Total Expenditures</i>	<u>195,980</u>	<u>187,306</u>	<u>8,674</u>
<i>Net Change in Fund Balance</i>	(144,080)	(129,396)	14,684
<i>Fund Balance Beginning of Year</i>	169,190	169,190	0
Prior Year Encumbrances Appropriated	<u>3,980</u>	<u>3,980</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$29,090</u></u>	<u><u>\$43,774</u></u>	<u><u>\$14,684</u></u>

City of Beachwood, 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, 2008

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Property Taxes	\$202,477	\$203,346	\$869
Intergovernmental	12,500	15,634	3,134
<i>Total Revenues</i>	214,977	218,980	4,003
Expenditures			
Current:			
Public Safety:			
Police Department:			
Personal Services	312,785	302,319	10,466
<i>Net Change in Fund Balance</i>	(97,808)	(83,339)	14,469
<i>Fund Balance Beginning of Year</i>	44,748	44,748	0
Prior Year Encumbrances Appropriated	62,785	62,785	0
<i>Fund Balance End of Year</i>	\$9,725	\$24,194	\$14,469

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lights Fund
For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$11,600	\$12,025	\$425
Expenditures			
Current:			
Public Safety:			
Police:			
Contractual Services	15,250	14,763	487
Other	250	120	130
<i>Total Expenditures</i>	15,500	14,883	617
<i>Net Change in Fund Balance</i>	(3,900)	(2,858)	1,042
<i>Fund Balance Beginning of Year</i>	109,182	109,182	0
<i>Fund Balance End of Year</i>	\$105,282	\$106,324	\$1,042

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Paramedic Trust Fund
For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Public Safety:			
Fire Department:			
Capital Outlay	6,730	0	6,730
<i>Net Change in Fund Balance</i>	(6,730)	0	6,730
<i>Fund Balance Beginning of Year</i>	6,730	6,730	0
<i>Fund Balance End of Year</i>	\$0	\$6,730	\$6,730

City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Leo Weiss Trust Fund
For the Year Ended December 31, 2008

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest	\$20	\$52	\$32
Expenses			
Materials and Supplies	100	42	58
<i>Net Change in Fund Equity</i>	(80)	10	90
<i>Fund Equity Beginning of Year</i>	1,135	1,135	0
<i>Fund Equity End of Year</i>	\$1,055	\$1,145	\$90

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Statistical Section

This part of the City of Beachwood, 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	Page(s)
Financial Trends	S2-S9
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S10-S13
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax.	
Debt Capacity	S14-S19
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
Economic and Demographic Information	S20-S22
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S23-S27
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 2001; schedules presenting government-wide information begin in that year.

City of Beachwood, Ohio
Net Assets by Component
Last Eight Years
(Accrual Basis of Accounting)

	<u>2008</u>	<u>2007</u>	<u>2006 (1)</u>	<u>2005</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$72,898,821	\$66,483,124	\$63,860,050	\$60,100,268
Restricted	6,676,611	8,360,297	8,891,783	9,868,110
Unrestricted	<u>32,938,913</u>	<u>35,314,249</u>	<u>35,014,581</u>	<u>36,479,619</u>
<i>Total Governmental Activities</i> <i>Net Assets</i>	<u><u>\$112,514,345</u></u>	<u><u>\$110,157,670</u></u>	<u><u>\$107,766,414</u></u>	<u><u>\$106,447,997</u></u>

(1) Reflects restated amount due to reclassification of unclaimed monies.

(2) Reflects restated amount due to restatement of capital assets and special assessment receivables

<u>2004 (2)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$56,465,096	\$57,272,685	\$47,734,116	\$44,084,204
10,731,005	8,656,948	9,455,579	8,006,037
<u>40,762,268</u>	<u>40,861,854</u>	<u>47,742,886</u>	<u>48,303,428</u>
<u>\$107,958,369</u>	<u>\$106,791,487</u>	<u>\$104,932,581</u>	<u>\$100,393,669</u>

City of Beachwood, Ohio
Changes in Net Assets
Last Eight Years
(Accrual Basis of Accounting)

	2008	2007	2006 (1)	2005
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$281,149	\$75,862	\$35,719	\$15,762
Public Safety				
Police	112,680	377,134	335,521	208,424
Fire (3)	732,496	689,301	628,159	643,882
Public Services	0	0	0	0
Health and Welfare	177,335	0	0	0
Culture and Recreation	780,475	886,887	913,943	909,491
Building and Community Development	1,034,730	740,961	610,309	563,345
Operating Grants and Contributions	545,007	516,739	515,601	488,834
Capital Grants and Assessments	0	1,213,633	14,950	572,750
<i>Total Governmental Activities Program Revenues</i>	<u>3,663,872</u>	<u>4,500,517</u>	<u>3,054,202</u>	<u>3,402,488</u>
Expenses				
Governmental Activities:				
General Government	4,447,184	4,362,750	4,459,785	3,748,490
Public Safety				
Police	7,546,514	7,410,128	6,955,837	6,833,161
Fire	5,606,352	5,273,184	4,993,303	4,893,094
Public Services	10,634,883	9,630,170	9,862,993	9,522,260
Health and Welfare	637,802	557,151	558,952	548,302
Culture and Recreation	2,715,802	2,564,886	2,193,222	2,182,972
Building and Community Development	959,136	839,848	878,959	1,018,644
Interest and Fiscal Charges	788,112	836,927	882,345	930,269
<i>Total Governmental Activities Expenses</i>	<u>33,335,785</u>	<u>31,475,044</u>	<u>30,785,396</u>	<u>29,677,192</u>
<i>Total Primary Government Net Expense</i>	<u>(29,671,913)</u>	<u>(26,974,527)</u>	<u>(27,731,194)</u>	<u>(26,274,704)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property and Other Local Taxes Levied For:				
General Purposes	2,715,452	3,859,866	3,682,048	3,550,016
Police Pension	164,358	224,698	210,604	204,686
Municipal Income Taxes Levied				
For General Purposes	20,499,143	20,258,412	19,722,442	16,810,393
Admission, Lodging, and Franchise Taxes (4)	1,075,743	n/a	n/a	n/a
Estate Taxes (4)	4,593,353	n/a	n/a	n/a
Grants and Entitlements not Restricted to				
Specific Programs	837,516	2,744,132	3,378,904	3,029,826
Investment Earnings	1,879,351	2,102,503	1,767,181	1,016,236
Gain on Sale of Capital Assets	7,508	0	0	0
Other	256,164	176,172	288,432	153,175
<i>Total Governmental Activities</i>	<u>32,028,588</u>	<u>29,365,783</u>	<u>29,049,611</u>	<u>24,764,332</u>
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,356,675</u>	<u>\$2,391,256</u>	<u>\$1,318,417</u>	<u>(\$1,510,372)</u>

(1) Reflects restated amount due to reclassification of unclaimed monies.

(2) Reflects restated amount due to restatement of capital assets and special assessment receivables

(3) The increase in charges for services from 2004 to 2005 is due to the fact that the City starting charging fees for EMS services in 2005

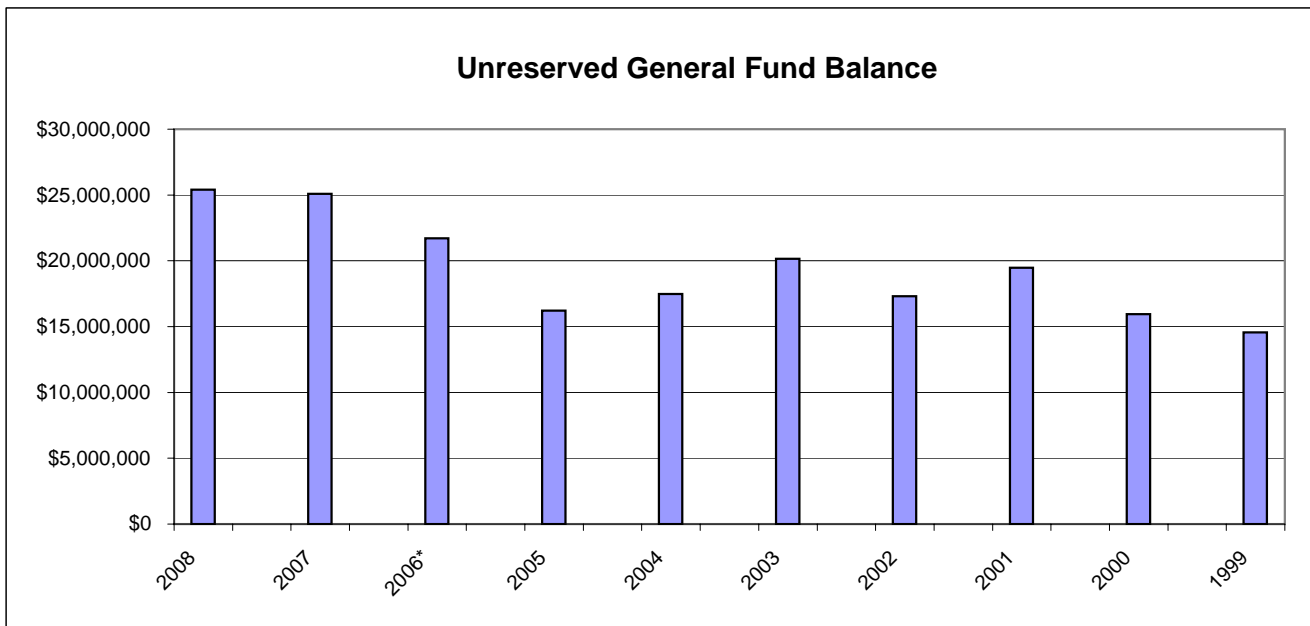
(4) 2008 was the first year that franchise, lodging, admission and estate taxes were broken out.

2004 (2)	2003	2002	2001
\$10,670	\$95,684	\$76,201	\$353,533
270,094	239,440	84,811	21,346
0	0	3,040	3,610
0	0	206,990	10,288
0	0	0	107,322
785,183	758,189	648,638	414,229
505,957	514,950	511,037	619,997
429,669	408,346	330,391	335,413
20,287	505,530	2,179,686	69,119
2,021,860	2,522,139	4,040,794	1,934,857
2,511,715	4,028,788	2,695,883	2,644,334
6,225,921	6,009,450	5,875,828	5,627,976
4,453,299	4,531,561	4,078,613	4,465,052
10,242,815	9,264,750	8,147,093	8,367,104
474,014	513,502	482,859	371,027
2,128,733	1,010,747	1,295,346	1,724,729
1,043,557	1,031,733	986,127	925,213
709,870	610,840	584,774	529,908
27,789,924	27,001,371	24,146,523	24,655,343
(25,768,064)	(24,479,232)	(20,105,729)	(22,720,486)
3,357,014	3,241,615	3,259,792	3,275,885
190,840	190,773	195,475	189,039
16,689,510	15,489,199	15,334,871	15,532,281
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
3,193,163	6,155,914	3,182,728	4,617,259
562,074	1,012,572	2,454,536	3,084,949
0	2,500	7,206	20,469
149,053	245,565	210,033	380,164
24,141,654	26,338,138	24,644,641	27,100,046
(\$1,626,410)	\$1,858,906	\$4,538,912	\$4,379,560

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

	2008	2007	2006*	2005
General Fund				
Reserved	\$1,201,553	\$1,357,644	\$898,602	\$1,494,421
Unreserved	25,397,007	25,095,256	21,718,004	16,226,771
<i>Total General Fund</i>	<u>26,598,560</u>	<u>26,452,900</u>	<u>22,616,606</u>	<u>17,721,192</u>
All Other Governmental Funds				
Reserved	345,633	897,851	1,755,138	4,510,983
Undesignated, Reported in:				
Special Revenue Funds	848,257	1,508,792	983,548	1,146,771
Debt Service Fund	522,545	540,880	473,828	513,283
Capital Projects Funds	5,827,360	8,202,838	10,794,608	14,135,185
<i>Total All Other Governmental Funds</i>	<u>7,543,795</u>	<u>11,150,361</u>	<u>14,007,122</u>	<u>20,306,222</u>
<i>Total Governmental Funds</i>	<u><u>\$34,142,355</u></u>	<u><u>\$37,603,261</u></u>	<u><u>\$36,623,728</u></u>	<u><u>\$38,027,414</u></u>

*Reflects restated amount due to reclassification of unclaimed monies.



2004	2003	2002	2001	2000	1999
\$995,081	\$1,079,978	\$1,200,590	\$877,051	\$700,286	\$850,923
17,489,029	20,150,935	17,302,884	19,461,647	15,941,298	14,564,461
18,484,110	21,230,913	18,503,474	20,338,698	16,641,584	15,415,384
2,989,800	11,499,399	7,330,762	3,205,668	3,690,544	1,680,769
957,874	508,767	387,982	653,809	710,186	906,479
479,498	504,219	456,726	644,905	712,680	713,027
19,295,899	8,234,572	22,260,528	20,648,932	20,671,838	24,709,796
23,723,071	20,746,957	30,435,998	25,153,314	25,785,248	28,010,071
\$42,207,181	\$41,977,870	\$48,939,472	\$45,492,012	\$42,426,832	\$43,425,455

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

	2008	2007	2006	2005	2004
Revenues					
Property and Other Taxes	\$2,792,537	\$3,952,150	\$3,740,957	\$3,617,531	\$3,556,398
Municipal Income Taxes	20,440,036	20,277,253	19,773,905	16,546,653	16,952,888
Charges for Services	1,782,627	1,643,737	1,605,704	1,551,729	857,811
Fines, Licenses, and Permits	1,324,213	1,113,312	885,269	764,600	754,228
Intergovernmental	939,868	3,532,681	3,904,940	3,760,230	3,668,755
Estate Taxes (1)	4,593,353	n/a	n/a	n/a	n/a
Admission Taxes (1)	143,979	n/a	n/a	n/a	n/a
Lodging Taxes (1)	809,102	n/a	n/a	n/a	n/a
Franchise Taxes (1)	122,662	n/a	n/a	n/a	n/a
Special Assessments	1,025,493	1,060,132	984,691	1,080,198	936,559
Interest	1,879,351	2,102,503	1,767,181	1,016,236	562,074
Other	256,164	176,172	239,406	153,175	149,053
<i>Total Revenues</i>	<u>36,109,385</u>	<u>33,857,940</u>	<u>32,902,053</u>	<u>28,490,352</u>	<u>27,437,766</u>
Expenditures					
Current:					
General Government	4,017,322	3,879,282	4,016,348	3,583,744	3,392,026
Public Safety (2)					
Police	7,807,378	7,202,251	6,864,212	6,483,602	6,318,172
Fire	5,648,187	5,113,246	4,762,553	4,664,119	4,460,482
Public Services	8,122,295	7,456,227	7,144,377	6,616,107	5,897,243
Health and Welfare	624,426	547,248	584,270	535,182	460,894
Culture and Recreation	2,301,474	2,154,243	1,871,385	1,855,756	1,812,889
Building and Community Development	960,151	893,314	865,529	1,005,214	1,024,899
Capital Outlay	8,036,268	3,581,446	6,188,929	5,866,548	12,438,315
Debt Service:					
Principal Retirement	1,250,000	1,200,000	1,161,000	1,116,000	721,000
Interest and Fiscal Charges	802,790	851,150	896,162	943,847	680,179
<i>Total Expenditures</i>	<u>39,570,291</u>	<u>32,878,407</u>	<u>34,354,765</u>	<u>32,670,119</u>	<u>37,206,099</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,460,906)</u>	<u>979,533</u>	<u>(1,452,712)</u>	<u>(4,179,767)</u>	<u>(9,768,333)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
Premium on Notes	0	0	0	0	0
General Obligation Bonds Issued	0	0	0	0	9,805,000
Special Assessment Bonds Issued	0	0	0	0	0
Premium on Bonds	0	0	0	0	192,644
Transfers In	5,036,263	1,044,988	1,051,258	3,046,720	5,389,130
Transfers Out	(5,036,263)	(1,044,988)	(1,051,258)	(3,046,720)	(5,389,130)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,997,644</u>
<i>Net Change in Fund Balances</i>	<u>(\$3,460,906)</u>	<u>\$979,533</u>	<u>(\$1,452,712)</u>	<u>(\$4,179,767)</u>	<u>\$229,311</u>
Debt Service as a Percentage of					
Noncapital Expenditures	6.90%	7.18%	7.42%	7.68%	5.66%

(1) Starting in 2008, Admission, Lodging and Franchise Taxes were broken out of Property Taxes and Estate Taxes were broken out from Intergovernmental revenues.

(2) Starting in 2001, Public Safety expenditures were broken out between Police and Fire.

2003	2002	2001	2000	1999
\$3,376,597	\$3,447,868	\$3,439,087	\$3,337,248	\$3,274,191
15,889,265	15,456,366	15,805,371	15,733,023	14,035,958
841,764	715,656	684,746	556,452	599,805
762,430	732,896	845,579	637,602	635,959
6,592,396	3,346,547	4,927,390	4,369,859	3,073,641
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
997,060	463,543	500,461	1,085,235	974,751
1,012,572	2,454,536	3,084,949	3,052,504	1,895,120
245,565	210,033	380,164	68,649	195,892
29,717,649	26,827,445	29,667,747	28,840,572	24,685,317
3,021,551	2,447,651	2,360,436	2,280,102	2,254,477
6,059,303	5,761,739	5,390,781	8,672,783	8,464,810
4,267,579	3,788,238	3,834,322	n/a	n/a
6,385,038	6,146,724	5,931,831	n/a	n/a
508,654	461,467	412,988	6,333,048	5,596,884
1,603,876	461,467	412,988	338,744	297,133
1,037,271	1,386,484	1,277,910	1,175,955	1,135,689
12,499,069	939,157	903,246	909,417	862,872
676,000	5,371,032	5,533,568	9,746,101	7,299,746
620,910	446,000	2,461,000	2,431,000	430,000
36,679,251	574,025	542,799	531,908	498,298
(6,961,602)	27,322,517	28,648,881	32,419,058	26,839,909
0	(495,072)	1,018,866	(3,578,486)	(2,154,592)
0	0	20,469	22,150	14,900
0	0	2,000,000	2,000,000	2,000,000
0	0	12,620	0	0
0	3,850,000	0	0	0
0	2,150,000	0	555,000	0
0	0	0	0	0
2,839,783	7,000,000	5,000,000	7,000,000	10,823,038
(2,839,783)	(7,000,000)	(5,000,000)	(7,000,000)	(10,823,038)
0	6,000,000	2,033,089	2,577,150	2,014,900
(\$6,961,602)	\$5,504,928	\$3,051,955	(\$1,001,336)	(\$139,692)
5.36%	4.65%	12.99%	13.07%	4.75%

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

Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits
2008	1.50%	\$20,499,143	\$16,255,820	79.30%	\$2,254,906
2007	1.50	20,258,412	16,684,828	82.36	2,301,356
2006	1.50	19,722,442	15,817,398	80.20	2,169,469
2005	1.50	16,810,393	14,016,506	83.38	1,613,798
2004	1.50	16,689,510	13,937,410	83.51	1,625,558
2003	1.50	15,489,199	13,158,075	84.95	1,274,761
2002	1.50	15,334,871	12,464,183	81.28	1,768,111
2001	1.50	15,532,281	12,927,517	83.23	1,539,249
2000	1.50	15,733,023	12,831,854	81.56	1,785,698
1999	1.50	14,035,958	11,625,984	82.83	1,319,380

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents.

(2) Total tax collected is on a full accrual basis from 2001 - 2007. 1998 - 2000 is on a modified accrual basis.

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
11.00%	\$1,988,417	9.70%
11.36	1,272,228	6.28
11.00	1,735,575	8.80
9.60	1,180,089	7.02
9.74	1,126,542	6.75
8.23	1,056,363	6.82
11.53	1,102,577	7.19
9.91	1,065,515	6.86
11.35	1,115,471	7.09
9.40	1,090,594	7.77

City of Beachwood, Ohio
Income Tax Statistics
Current Year and Seven Years Ago

2008

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,290	33.81%	\$4,893,583	1.17%
\$25,000-\$49,999	608	15.93	22,105,359	5.29
\$50,000-\$74,999	443	11.61	27,583,090	6.60
\$75,000-\$99,999	325	8.51	28,191,227	6.75
Over \$100,000	1,150	30.14	334,971,816	80.19
Total	3,816		\$417,745,075	

2001 (1)

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,371	35.17%	\$8,868,213	2.71%
\$25,000-\$49,999	646	16.57	23,585,757	7.20
\$50,000-\$74,999	451	11.57	27,986,180	8.55
\$75,000-\$99,999	382	9.80	31,211,150	9.53
Over \$100,000	1,048	26.89	235,788,580	72.01
Total	3,898		\$327,439,880	

(1) Information prior to 2001 is not available.

City of Beachwood, Ohio
Principal Income Taxpayers
Current Year and Eight Years Ago (Cash Basis)

The following are the principal income taxpayers in the City, ranked in order of payroll withholding.

2008	
Taxpayer	Ranking
Bank of America	1
Cleveland Clinic Foundation	2
Developers Diversified	3
Lamson & Sessions	4
Menorah Park Center	5
Brulant Incorporated	6
Termco Incorporated	7
Aleris Ohio Management	8
Hexagram Inc.	9
Beachwood Board of Education	10

2000 (1)	
Taxpayer	Ranking
MBNA Marketing Services Inc.	1
Menorah Park Center	2
Beachwood Board of Education	3
Christian and Timbers Inc.	4
Imperial Home Decor Group	5
Lamson & Sessions Company	6
Tremco Inc.	7
Penske Logistics Inc.	8
Montefire Home	9
Credit General Insurance Company	10

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

Source: Regional Income Tax Agency

(1) Information prior to 2000 is not available.

City of Beachwood, Ohio

Legal Debt Margin

Last Ten Years

	2008	2007	2006	2005
Total Assessed Property Value	<u>\$771,255,529</u>	<u>\$788,302,216</u>	<u>\$797,623,826</u>	<u>\$755,070,022</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$11,300,000	\$11,830,000	\$12,355,000	\$12,875,000
Bond Anticipation Notes	3,000,000	0	0	0
Special Assessment Bonds	<u>4,440,000</u>	<u>5,160,000</u>	<u>5,835,000</u>	<u>6,476,000</u>
Total Gross Indebtedness	18,740,000	16,990,000	18,190,000	19,351,000
Less:				
Special Assessment Bonds	(4,440,000)	(5,160,000)	(5,835,000)	(6,476,000)
Debt Service Fund Balance	<u>(522,545)</u>	<u>(540,880)</u>	<u>(473,828)</u>	<u>(513,283)</u>
Total Net Debt Applicable to Debt Limit	<u>13,777,455</u>	<u>11,289,120</u>	<u>11,881,172</u>	<u>12,361,717</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>80,981,831</u>	<u>82,771,733</u>	<u>83,750,502</u>	<u>79,282,352</u>
Legal Debt Margin within 10 1/2% Limitation	<u>\$67,204,376</u>	<u>\$71,482,613</u>	<u>\$71,869,330</u>	<u>\$66,920,635</u>
Legal Debt Margin as a Percentage of the Debt Limit	82.99%	86.36%	85.81%	84.41%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$42,419,054</u>	<u>\$43,356,622</u>	<u>\$43,869,310</u>	<u>\$41,528,851</u>
Total Gross Indebtedness	18,740,000	16,990,000	18,190,000	19,351,000
Less:				
Special Assessment Bonds	(4,440,000)	(5,160,000)	(5,835,000)	(6,476,000)
Debt Service Fund Balance	<u>(522,545)</u>	<u>(540,880)</u>	<u>(473,828)</u>	<u>(513,283)</u>
Net Debt within 5 1/2% Limitation	<u>13,777,455</u>	<u>11,289,120</u>	<u>11,881,172</u>	<u>12,361,717</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$28,641,599</u>	<u>\$32,067,502</u>	<u>\$31,988,138</u>	<u>\$29,167,134</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	67.52%	73.96%	72.92%	70.23%

Source: City Financial Records

2004	2003	2002	2001	2000	1999
<u>\$749,966,828</u>	<u>\$755,137,685</u>	<u>\$716,923,271</u>	<u>\$713,817,941</u>	<u>\$704,187,234</u>	<u>\$625,979,001</u>
\$13,380,000	\$3,715,000	\$3,850,000	\$0	\$0	\$0
0	0	0	6,000,000	2,000,000	2,600,000
<u>7,087,000</u>	<u>7,668,000</u>	<u>8,209,000</u>	<u>6,505,000</u>	<u>6,966,000</u>	<u>6,842,000</u>
20,467,000	11,383,000	12,059,000	12,505,000	8,966,000	9,442,000
(7,087,000)	(7,668,000)	(8,209,000)	(6,505,000)	(6,966,000)	(6,842,000)
<u>(479,498)</u>	<u>(504,219)</u>	<u>(456,726)</u>	<u>0</u>	<u>(712,780)</u>	<u>(713,027)</u>
<u>12,900,502</u>	<u>3,210,781</u>	<u>3,393,274</u>	<u>6,000,000</u>	<u>1,287,220</u>	<u>1,886,973</u>
<u>78,746,517</u>	<u>79,289,457</u>	<u>75,276,943</u>	<u>74,950,884</u>	<u>73,939,660</u>	<u>65,727,795</u>
<u>\$65,846,015</u>	<u>\$76,078,676</u>	<u>\$71,883,669</u>	<u>\$68,950,884</u>	<u>\$72,652,440</u>	<u>\$63,840,822</u>
83.62%	95.95%	95.49%	91.99%	98.26%	97.13%
<u>\$41,248,176</u>	<u>\$41,532,573</u>	<u>\$39,430,780</u>	<u>\$39,259,987</u>	<u>\$38,730,298</u>	<u>\$34,428,845</u>
20,467,000	11,383,000	12,059,000	12,505,000	8,966,000	9,442,000
(7,087,000)	(7,668,000)	(8,209,000)	(6,505,000)	(6,966,000)	(6,842,000)
<u>(479,498)</u>	<u>(504,219)</u>	<u>(456,726)</u>	<u>0</u>	<u>(712,780)</u>	<u>(713,027)</u>
<u>12,900,502</u>	<u>3,210,781</u>	<u>3,393,274</u>	<u>6,000,000</u>	<u>1,287,220</u>	<u>1,886,973</u>
<u>\$28,347,674</u>	<u>\$38,321,792</u>	<u>\$36,037,506</u>	<u>\$33,259,987</u>	<u>\$37,443,078</u>	<u>\$32,541,872</u>
68.72%	92.27%	91.39%	84.72%	96.68%	94.52%

City of Beachwood, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2008

	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Beachwood
Direct - City of Beachwood, Ohio			
General Obligation Bonds	\$11,454,116	100.00%	11,454,116
Special Assessment Bonds	4,440,000	100.00%	4,440,000
Bond Anticipation Notes	3,000,000	100.00%	3,000,000
<i>Total Direct</i>	<u>18,894,116</u>		<u>18,894,116</u>
Overlapping			
Cuyahoga County			
General Obligation Bonds	248,899,326	2.42%	6,023,364
Loans Payable	5,475,000	2.42%	132,495
Capital Leases	6,529,000	2.42%	158,002
Revenue Bonds	106,015,000	2.42%	2,565,563
Beachwood City Schools			
General Obligation Bonds	13,694,239	100.00%	13,694,239
Notes Payable	2,165,000	100.00%	2,165,000
Capital Leases	137,520	100.00%	137,520
Regional Transit Authority			
General Obligation Bonds	140,250,729	2.42%	3,394,068
Loans Payable	3,575,318	2.42%	86,523
<i>Total Overlapping</i>	<u>526,741,132</u>		<u>28,356,773</u>
<i>Totals</i>	<u>\$545,635,248</u>		<u>\$47,250,889</u>

Source: Cuyahoga County, Ohio; County Auditor

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

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City of Beachwood, Ohio
*Ratio of General Bonded Debt to Assessed
Property Values and Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	General Bonded Debt	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (1)
2008	\$11,454,116	\$771,255,529	1.49%	\$940
2007	11,993,748	788,302,216	1.52	984
2006	12,528,380	797,623,826	1.57	1,028
2005	13,058,012	755,070,022	1.73	1,072
2004	13,572,644	749,966,828	1.81	1,114
2003	3,715,000	755,137,685	0.49	305
2002	3,850,000	716,923,271	0.54	316
2001	0	713,817,941	0.00	0
2000	0	704,187,234	0.00	0
1999	0	625,979,001	0.00	0

(1) See Schedule on S20 for personal income and population data.

Other Governmental Activities Debt				
Special Assessment Bonds	Bond Anticipation Notes	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$4,440,000	\$3,000,000	\$18,894,116	3.83%	\$1,550
5,160,000	0	17,153,748	3.47	1,408
5,835,000	0	18,363,380	3.72	1,507
6,476,000	0	19,534,012	3.96	1,603
7,087,000	0	20,659,644	4.19	1,695
7,668,000	0	11,383,000	2.31	934
8,209,000	0	12,059,000	2.44	990
6,505,000	2,000,000	8,505,000	1.72	698
6,966,000	2,000,000	8,966,000	1.82	736
6,842,000	2,000,000	8,842,000	2.77	828

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

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2008	12,186	\$493,642,674	\$40,509	\$65,406	51.6
2007	12,186	493,642,674	40,509	65,406	51.6
2006	12,186	493,642,674	40,509	65,406	51.6
2005	12,186	493,642,674	40,509	65,406	51.6
2004	12,186	493,642,674	40,509	65,406	51.6
2003	12,186	493,642,674	40,509	65,406	51.6
2002	12,186	493,642,674	40,509	65,406	51.6
2001	12,186	493,642,674	40,509	65,406	51.6
2000	12,186	493,642,674	40,509	65,406	51.6
1999	10,677	318,932,667	29,871	54,340	50.9

(1) Source: U.S. Census

(a) Years 2000 through 2005 - 2000 Federal Census

(b) Years 1998 through 1999 - 1990 Federal Census

(2) Source: Beachwood City Schools

(3) Computation of per capita personal income multiplied by population.

(4) Ohio Labor Market Website: www.lmi.state.oh.us

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property	Total Assessed Property Value
1,571	50.9%	6.1%	\$269,676	\$771,255,529
1,545	50.9	6.1	290,728	788,302,216
1,541	50.9	5.5	282,835	797,623,826
1,541	50.9	6.1	302,735	755,070,022
1,539	50.9	6.6	296,751	749,966,828
1,521	50.9	6.2	277,111	755,137,685
1,521	50.9	6.6	264,818	716,923,271
1,628	50.9	4.6	249,356	713,817,941
1,574	50.9	4.5	266,900	704,187,234
1,549	44.2	4.5	244,900	625,979,001

City of Beachwood, Ohio
Principal Employers
Current Year and Three Years Ago

2008		
Employer	Employees	Percentage of Total
Bank of America	2,301	9.28%
Cleveland Clinic Foundation	1,204	4.85
Menorah Park Center	998	4.02
Beachwood Board of Education	586	2.36
City of Beachwood	488	1.97
Developers Diversified	450	1.81
Brulant	295	1.19
Tremco Incorporated	288	1.16
Hexagram	225	0.91
Aleris Ohio Management	177	0.72
Total	7,012	28.27%
Total Employment within the City	24,805	

2005 (1)		
Employer	Employees	Percentage of Total
MBNA Marketing Services Inc.	3,061	13.47%
Menorah Park Center	1,407	6.19
Developers Diversified	539	2.37
Cleveland Clinic Foundation	479	2.11
Beachwood Board of Education	403	1.77
Tremco Inc.	293	1.29
Lamson & Sessions Company	196	0.86
Brulant Inc.	183	0.81
Medical Mutual of Ohio	181	0.80
National City Bank Corp	138	0.61
Total	6,880	30.28%
Total Employment within the City	22,720	

Source: Regional Income Tax Agency

(1) Information prior to 2005 is not available.

City of Beachwood, Ohio
Capital Assets Statistics by Function/Program
Last Seven Years (1)

Function/Program	2008	2007	2006	2005	2004	2003	2002
General Government							
Square Footage Occupied (2)	70,786	70,786	70,786	70,786	37,206	37,206	37,206
Vehicles	2	2	2	2	2	2	2
Police							
Stations	1	1	1	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254	68,170	68,170	68,170
Vehicles	31	31	32	31	30	30	29
Fire Station							
Stations	2	2	2	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2	5,472	5,472	5,472	5,472	5,472	5,472	5,472
Vehicles	11	11	11	10	10	10	11
Public Service							
Streets (miles)	46	46	46	46	46	46	46
Vehicles	56	56	55	55	55	55	52
Square Footage of Building	41,285	41,285	41,285	41,285	41,285	41,285	41,285
Health and Welfare							
Vehicles	3	3	3	2	2	2	2
Culture and Recreation							
Number of Parks	2	2	2	2	2	1	1
Number of Pools	1	1	1	1	1	1	1
Vehicles	2	2	1	1	1	1	1
Square Footage of Community Center (3)	14,000	14,000	14,000	8,000	8,000	8,000	8,000
Building and Community Development							
Vehicles	8	8	8	7	7	7	7

(1) Information prior to 2002 is not available.

(2) In 2005, the City completed a major remodel/expansion of City Hall.

(3) In 2006, the City completed a major remodel/expansion of the Community Center

Source: City Hall records

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

Function/Program	2008	2007	2006	2005
General Government				
Number of Ordinances and Resolutions	186	183	160	149
Number of non-payroll checks processed	5,321	4,937	4,962	4,823
Number of purchase orders issued	4,787	4,253	4,225	4,278
Public Safety				
Police				
Total arrests	631	666	609	576
Drug arrests	14	16	11	21
OVI arrests (formally DUI)	71	73	71	53
Warrants served	153	154	160	243
Total complaints	4,925	4,634	3,654	3,725
Fire				
Total EMS and Fire responses	4,038	3,832	3,613	3,701
Total Fire responses	1,068	1,132	1,049	1,150
Total EMS responses	2,970	2,700	2,564	2,551
Routine fire safety inspections	1,403	1,169	881	908
Re-inspections	942	581	725	481
New construction inspections	203	207	182	103
Public Services				
Tons of rubbish picked up	4,208	4,946	4,843	4,836
Tons of leaves collected for recycling	3,564	3,447	3,007	2,588
Number of trees planted	201	329	353	251
Number of catch basins cleaned and repaired	374	373	297	381
Tons of cold patch used	55	40	24	66
Tons of concrete poured and finished	507	565	279	423
Tons of salt purchased	12,712	11,229	4,695	13,908
Health and Welfare				
Number of senior trips taken	64	53	50	48
Culture and Recreation				
Total attendance at Aquatic Center (2)	54,001	58,588	56,855	76,526
Building and Community Development				
Number of permits issued	210	292	264	248

(1) Information prior to 2003 is not available.

(2) The Beachwood Family Aquatic Center opened in July of 2003

Source: City records

2004	2003
172	171
4,901	5,092
4,158	4,338
633	636
36	30
86	69
236	288
3,832	3,903
3,495	3,240
1,088	1,031
2,407	2,209
711	1,174
388	396
27	115
5,192	5,085
1,631	1,404
198	505
347	312
26	29
606	794
8,803	9,648
59	56
67,561	46,536
265	245

City of Beachwood, Ohio

Full-Time Equivalent City Government Employees by Function/Program

Last Seven Years (1)

	2008	2007	2006	2005
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	5.0	5.0	4.5
Finance	12.0	10.0	12.0	12.0
Law	3.0	3.0	4.0	4.0
Public Safety				
Police Administration	3.0	4.0	4.0	3.0
Police Officers	42.0	42.0	42.0	40.0
Dispatchers	12.0	12.0	12.0	11.0
Police - Correction Officers	8.0	8.5	8.5	9.0
Police - Crossing Guards	7.0	7.0	7.0	6.5
Fire Administration	5.0	4.5	4.5	4.5
Fire Fighters	39.0	39.0	39.0	39.0
Public Service				
Administration	11.0	11.0	11.0	10.0
Buildings and Grounds	11.5	13.5	11.5	11.0
Fleet Maintenance	5.0	6.0	5.0	6.0
Streets, Sidewalks & Sewers	17.0	18.0	16.0	17.0
Sanitation	12.5	12.0	11.0	13.0
Culture and Recreation				
Human Services	6.0	6.0	8.5	6.5
Recreation Administration	7.0	7.0	5.0	5.0
Recreation Camps	38.0	33.0	37.0	44.5
Recreation Sports	14.0	14.0	13.5	13.0
Recreation Other	15.0	17.0	17.0	14.5
Pool and Parks	40.0	41.0	42.0	45.0
Building and Community Development				
Building Department	11.0	11.0	11.0	12.0
Total	329.0	331.5	333.5	338.0

Source: City of Beachwood 2007 Annual Budget

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

Counts are as of December 31 of each year.

(1) Information prior to 2002 is not available

2004	2003	2002
7.0	7.0	7.0
4.0	4.0	4.0
10.0	12.0	10.0
4.0	4.0	4.0
3.0	3.0	3.0
40.0	42.0	42.0
11.0	11.0	11.0
8.0	8.0	8.0
6.0	6.0	6.0
3.5	3.5	4.0
39.0	36.0	36.0
13.0	13.0	13.0
12.0	16.0	15.0
7.0	7.0	7.0
17.0	15.0	15.0
14.5	17.5	11.5
6.5	6.0	5.5
5.0	5.0	5.0
44.0	35.0	34.5
14.5	12.5	7.5
14.5	13.5	13.5
43.5	46.0	29.5
12.0	13.0	13.0
339.0	336.0	305.0



Mary Taylor, CPA
Auditor of State

CITY OF BEACHWOOD

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
SEPTEMBER 1, 2009**