

**City of Berea**  
**Cuyahoga County, Ohio**

**Report Letter**  
**December 31, 2008**





Mary Taylor, CPA  
Auditor of State

City Council  
City of Berea  
11 Berea Commons  
Berea, Ohio 44017

We have reviewed the *Independent Auditor's Report* of the City of Berea, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 20, 2009

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**CITY OF BERA**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

June 12, 2009

To the Honorable Mayor and City Council  
City of Berea  
Cuyahoga County, Ohio

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berea as of and for the year ended December 31, 2008, which collectively comprise the City of Berea's basic financial statements and have issued our report thereon dated June 12, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Berea's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Berea's internal control over financial reporting.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Berea in a separate letter dated June 12, 2009.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, Members of the City Council, and management, and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*



# City of Berea, Ohio

## Comprehensive Annual Financial Report For the Year Ended December 31, 2008



Mayor Cyril M. Kleem



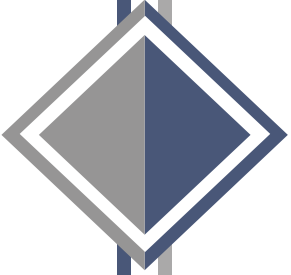
**CITY OF BEREA, OHIO**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT FOR  
THE YEAR ENDED  
DECEMBER 31, 2008**

**ISSUED BY: DEPARTMENT OF FINANCE  
DANA J. KAVANDER, CPA, CPFA, CFE, CIA  
DIRECTOR OF FINANCE**

The City's Grindstone Festival, held annually over the July 4<sup>th</sup> weekend, returned in 2008 after a 10 year hiatus. The festival was held in downtown Berea at Coe Lake, the original site, with a parade through town, games, amusement rides and a fireworks display over the lake.





# INTRODUCTORY SECTION



**City of Berea**  
**Cuyahoga County, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2008*

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# CITY OF BEREA

*"The Grindstone City"*

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June 12, 2009

Honorable Mayor Cyril M. Kleem  
Members of City Council  
Citizens of Berea, Ohio

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Berea, Ohio (the "City") for the year ended December 31, 2008. We believe this report, prepared by the Department of Finance, presents comprehensive financial and operating information about the City's activities during 2008 that is useful to the citizens and taxpayers. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and the results of operations of the City; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements.

This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the Independent Auditors. The Basic Financial Statements and Notes provide an overview of the City's financial position and information relative to the basic financial statements.

## **History of Berea**

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

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

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

The City is also served by the Cleveland Hopkins International Airport, located within three miles of the City, and by Burke Lakefront Airport, located within 15 miles of the City. The proximity makes Berea a desirable location for residents and commercial enterprises.

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

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

## **Form of Government**

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

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

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

Established by charter, the municipal government consists of six departments. The Mayor has appointed five directors, a police chief, and a fire chief who oversee these departments. All directors work closely with the Mayor in providing the citizens of Berea with the highest quality of services while maintaining efficiency and cost effectiveness.

The Police Department enforces local, state, and federal laws in addition to protecting citizens and their property. Most recently, the department has taken a more community oriented policing approach, which has been met with great success. Numerous programs are offered to citizens and students. The department, which is headed by the Chief of Police, consists of three bureaus: the Patrol Division, the

Services Operational Division, and the Detective Bureau. The Patrol Division oversees the staff of patrol officers. The Services Operational Division oversees the dispatch, Drug Abuse Resistance Education, Animal Control, Parking Control, Auxiliary, School Guards, Jail operations, and firearms training. The Detective Bureau oversees the City's investigative services, the Youth Diversion program, and the County's diversion program's satellite office at City hall.

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

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

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

The Finance Department is responsible for the accurate recording of all receipts and disbursement. The department issues bi-weekly payroll and maintains the capital asset system.

The department compiles the annual budget, the tax budget, the annual financial report, and assists the Mayor in all financial decisions. The City's computer operations are also managed through the Finance Department. This includes the City's web page and the maintenance of all City computer and electronic equipment. This department also handles all purchasing needed to maintain operations for all departments. In addition to overseeing these duties, the Director of Finance is also the City's Tax Administrator and utilizes the Regional Income Tax Agency to oversee the collection and distribution of the City's income tax.

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

## **Reporting Entity**

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

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

The City participates in several jointly governed organizations, including the Southwest General Health Center, Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, and the Southwest Suburban Airport Council of Governments. Note 18 to the basic financial statements describe the City's relationship to these entities.

## **Economic Condition and Outlook**

### **Summary of Local Economy**

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

### **Major Industries Affecting the City Economy**

The City owns a \$28 million training facility and administrative offices which is the headquarters for the Cleveland Browns. The Cleveland Browns continue to play a vital role in our community.

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

The City of Berea annexed 123 acres of land in 2002 for a new housing development. This development is anticipated to add more than 600 homes to Berea. Construction began in 2004 and 404 homes have been built through 2008. The homes range from \$200,000 up to \$400,000. Approximately 80 homes will be built in 2009 and the entire project will not be completed until 2011.

Another housing development, Trailhead Village, in the Nobottom Road/Barrett Road area, has sold 14 homes through 2008, with prices ranging from \$300,000 and up.

Despite the recession, the City of Berea was a leader in new home construction in Cuyahoga County for 2008.

## **Future Economic Outlook**

The future economic outlook for the City of Berea is promising. Despite the sagging economic condition nationwide, and Berea being an older community, most thought the City could not expand and grow. However, the City has seen significant changes. The annexation for housing development along with another smaller development has helped bring higher tax bracket taxpayers that Berea has been seeking.

One of two major railroad underpass/overpass projects has been completed. The Bagley Road underpass area has seen significant economic growth with the improvement and expansion of existing businesses as well as the development of new business opportunities. The second project has begun construction on the City's north end. This approximately \$25 million project will not only ease traffic congestion due to two major rail systems, but also present the opportunity for economic development that will help revitalize this section of the City and bring in additional tax revenues. The City is currently developing a North End Revitalization Plan to assist in the planning for the anticipated growth in this area.

The City implemented improved exterior maintenance and leasing ordinances. This has resulted in encouraging residents to make exterior improvements throughout the City and has assisted the City in offsetting some of the effects from the decline in countywide property values due to the depressed economy. The City has also initiated several grant programs to assist seniors and low-income residents make the necessary improvements to their homes.

Moody's Investors Service confirmed this assessment of the City. In 2006, the City of Berea has its bond rating reviewed. Moody's reaffirmed the City of Berea's Aa3 bond rating.

Moody's stated:

- That this rating is based on the City's stable suburban tax base experiencing modest new construction activity; narrowed financial flexibility; and manageable debt profile.
- That Moody's expects the City's tax base to continue to grow modestly as recently annexed land is developed and the City continues to take advantage of development opportunities.
- The City's 1.9% debt burden is moderate and below state and national medians.

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

## **Major Initiatives**

### **Current Year Projects**

The largest projects in the history of the City of Berea are the two railroad overpass and underpass projects on the two main roads in the City. During 1998, CSX Corporation (CSX) and Norfolk Southern Corporation (NS) entered into an operations plan for the purchase of the Conrail Corporation operations. Part of the plan involved routing and re-routing train traffic in the Cleveland area. Berea is the crossing point of both major railroad lines, thus causing a significant increase in train traffic through two of Berea's main thoroughfares. As a result, the City of Berea, CSX Corporation and NS Corporation entered into an agreement that secured \$47.25 million in federal, state and railroad funds in June 1998 to construct underpasses on two main thoroughfares in the City.

The West Bagley Road Underpass Project was completed in 2005. The Front Street Project has been reconsidered and due to rising costs and improved bridge alternatives, it has been determined that the City will construct an overpass rather than an underpass at this location. During 2008, the City continued the land acquisition in the Front Street area and construction began in early 2009.

In 2008, the City once again was extremely busy with capital projects. The City completed a \$700,000 waterline project in the Milton/Edwards area. The City's road program totaled \$600,000 and included the following roads: Buckeye, Edgewood, Fifth Street, Laurel Drive, Sunset and a portion of Prospect Street. Sidewalk improvements were also made as needed. The City's \$743,000 project replaced sanitary sewer lines and roads in the Barberrry/Eastland/Wendy area. The City also replaced sidewalk ramps along Prospect Street in anticipation of the County replacing Prospect Street in 2009.

The City completed Phase I in its \$6.5 million water plant improvement project. This project includes improvements to the building, its water treatment processing and the replacement of its water storage tank. The project is expected to be completed in 2010.

The City entered into a joint project with the City of Olmsted Falls for improvements to water lines in the Lindberg/Westlawn area and will create a water line loop for residents in this area.

The Coe Lake Nature Trail and Pedestrian Bridge CDBG project was completed in 2008. The project includes a nature trail and a friendly pedestrian bridge which is ADA accessible. The Berea City School District uses this area to teach their students about the environment and have created many outdoor labs which are used by students and residents to learn about the trees and plants in the area. Additions to the Coe Lake Nature Trail are continuing and a Butterfly Sanctuary is planned for 2009.

## **Future Projects**

The City's two railroad projects continue to be the largest undertaking in the City's history. In addition to the railroad projects, the City is active in several other projects.

The City is developing a North End Revitalization Plan to analyze developmental options upon the completion of the Front Street Railroad Project. The north end is the north gateway to the City and its options are endless. The City is looking at future development opportunities that may include a hotel, residential and retail businesses as well as other ventures.

The Berea Municipal Court hopes to construct a new municipal court in the near future. The project is currently in the planning stage.

The Seminary Street Urban Renewal Downtown CDBG Project will include repaving Seminar Street, streetscape, street lighting, sidewalk improvements, and parking lots in the City's downtown area. This will be a joint project with CDBG, area businesses and the City to improve this area that includes Baldwin Wallace College.

A joint Issue II project is planned for Eastland Road between the cities of Berea, Brook Park and Middleburg Heights. The total cost for the road reconstruction project for the three cities is approximately \$2 million and will involve improving the roadway for safer travel through this three-way intersection. The City of Berea is also replacing the water lines under its portion of Eastland Road.

The City and County are also replacing Prospect Street that begins at Bagley Road (also called Mulberry and Henry Streets) through the south end of the City. This project is expected to be completed in 2009.



## **Risk Management**

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

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

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

## **Other Information**

### **Independent Audit**

In accordance with Ohio law, annual independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Included in this report is an unqualified audit opinion regarding the City's financial statements for the year ended December 31, 2008. Rea & Associates, Inc. conducted this year's audit. Their report is presented in the financial section.

### **GFOA Certificate of Achievement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Berea, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2007. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **Acknowledgments**

This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff and with the assistance of Rea & Associates, Inc. I appreciate their expertise and assistance. Appreciation is also expressed to all City departments for their cooperation and assistance. I would also like to acknowledge the cooperation of the team from Rea and Associates, Inc., who conducted a thorough audit of our finances.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Dana J. Kavander". The signature is written in a cursive style with a large, sweeping initial "D".

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

**CITY OF BEREА, OHIO  
PRINCIPAL OFFICIALS  
DECEMBER 31, 2008**

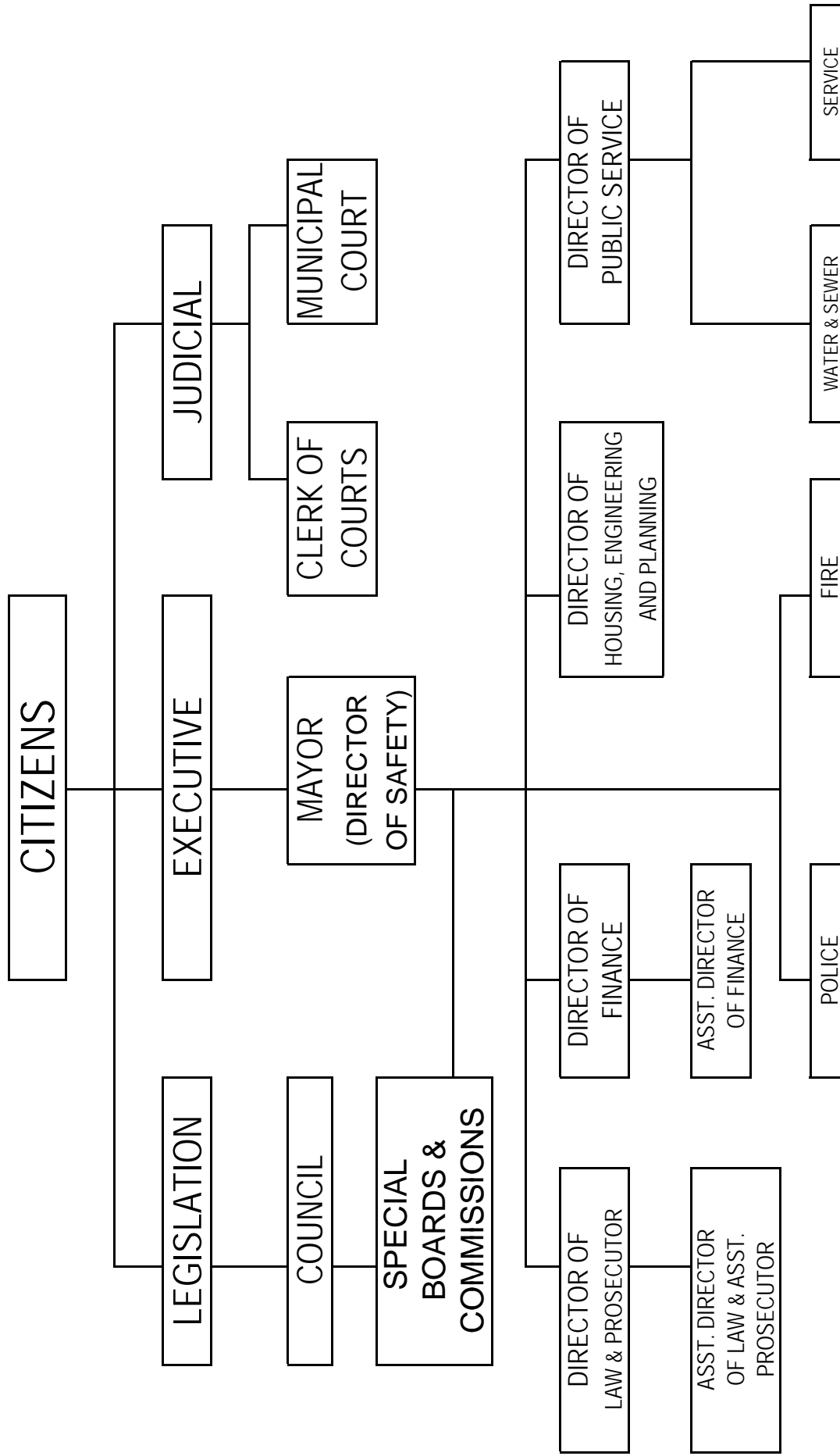
**ELECTED OFFICIALS**

Mayor	Cyril M. Kleem
President of Council	James J. Brown
Council Member-at-Large	Dale Lange
Council Member-at-Large	Dean W. Van Dress
Council Member - Ward 1	Margarette S. Key
Council Member - Ward 2	Nick Haschka
Council Member - Ward 3	Jim Maxwell
Council Member - Ward 4	George Capellas
Council Member - Ward 5	Mary K. Brown

**APPOINTED OFFICIALS**

Director of Finance	Dana J. Kavander
Director of Law	Gregory M. Sponseller
Director of Public Service	R. James Brown
Director of Housing, Engineering, and Planning	Matthew J. Madzy

CITY OF BEREA, OHIO  
ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Berea  
Ohio

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

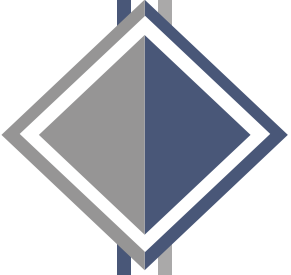
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

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# FINANCIAL SECTION







# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

June 12, 2009

To The Honorable Mayor and City Council  
City of Berea  
Cuyahoga County, Ohio

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berea, Cuyahoga County, Ohio, 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 of Berea's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berea, Cuyahoga County, Ohio, as of December 31, 2008 and the respective changes in financial position and the cash flows where applicable, thereof, and the respective 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 12, 2009 on our consideration of the City of Berea'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berea, Cuyahoga County, Ohio's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rea & Associates, Inc.*

**City of Berea**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

The discussion and analysis of the City of Berea's (the City) financial performance provides an overall review of the City's financial activities for the 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 should also review the transmittal letter, the basic financial statements, and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- Total assets of the City exceeded its liabilities at the close of 2008 by \$82.7 million (net assets). The net assets of the governmental activities are \$60.3 million and the business-type activities are \$22.4 million.
- Total assets increased by \$8.3 million or 7.5 percent from 2007 made up mostly from the increase in capital assets.
- Total liabilities increased by \$4.4 million or 14.3 percent from 2007 due, in part, to some bond anticipation notes and additional OWDA loans.
- Total net assets of the City increased by \$3.9 million or 4.9 percent from 2007.
- Total capital assets increased from \$93.0 million in 2007 to \$98.9 million in 2008 through railroad, water and sewer improvement projects.
- Principal payments decreased the debt obligations in the governmental activities less than \$.1 million, while additional debt increased the business-type long term obligations by \$2.6 million over 2007.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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 finances. 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.

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***Reporting the City as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

***Reporting the City's Most Significant Funds***

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The presentation of the City's major funds begins on page 18. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds, which account for the multitude of services, facilities, and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, our major funds are the general fund, general bond retirement fund, railroad capital improvement fund, court capital improvement fund, water revenue fund, and sewer revenue fund.

**City of Berea**  
**Cuyahoga County, Ohio**  
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*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. All City activities are reported in the governmental funds focusing on how money flows into and out of those funds and balances left at year end available for spending in future periods. Our funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

**The City as a Whole**

You may recall that the Statement of Net Assets pictures the City as a whole.

**City of Berea**  
**Cuyahoga County, Ohio**  
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Table 1 provides a summary of the City's net assets for 2008 compared to 2007:

**Table 1 - Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<i>Assets</i>						
Current and Other Assets	\$ 15,755,804	\$ 13,657,455	\$ 3,106,480	\$ 2,881,448	\$ 18,862,284	\$ 16,538,903
Capital Assets	68,343,788	65,377,836	30,605,962	27,642,940	98,949,750	93,020,776
<i>Total Assets</i>	<u>84,099,592</u>	<u>79,035,291</u>	<u>33,712,442</u>	<u>30,524,388</u>	<u>117,812,034</u>	<u>109,559,679</u>
<i>Liabilities</i>						
Current and Other Liabilities	10,206,743	8,106,191	826,798	1,147,758	11,033,541	9,253,949
Long-Term Liabilities:						
Due Within One Year	2,389,232	1,238,412	716,286	623,180	3,105,518	1,861,592
Due in More than One Year	11,164,936	12,390,631	9,774,093	7,187,212	20,939,029	19,577,843
<i>Total Liabilities</i>	<u>23,760,911</u>	<u>21,735,234</u>	<u>11,317,177</u>	<u>8,958,150</u>	<u>35,078,088</u>	<u>30,693,384</u>
<i>Net Assets</i>						
Invested in Capital Assets						
Net of Related Debt	53,046,881	53,184,519	20,232,663	19,953,368	73,279,544	73,137,887
Restricted for:						
Capital Outlay	301,374	0	0	0	301,374	0
Debt Service	905,303	680,940	0	0	905,303	680,940
Other Purposes	1,764,245	2,096,437	0	0	1,764,245	2,096,437
Unrestricted	4,320,878	1,338,161	2,162,602	1,612,870	6,483,480	2,951,031
<i>Total Net Assets</i>	<u>\$ 60,338,681</u>	<u>\$ 57,300,057</u>	<u>\$22,395,265</u>	<u>\$21,566,238</u>	<u>\$ 82,733,946</u>	<u>\$ 78,866,295</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by 82.7 million at year end 2008. By far the largest portion of the City's net assets (approximately 88.6 percent) reflects its investment in capital assets including land and land improvements, construction in progress, buildings and building improvements, equipment and machinery, furniture and fixtures, and infrastructure. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets increased by \$8.3 million from 2007 to 2008. The increase was due mainly to the City reporting construction in progress for the railroad projects and water plant and sewer improvements.

In addition, total liabilities increased by \$4.4 million, partially due to the bond anticipation notes, and the City's net assets increased by \$3.9 million.

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In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year.

Table 2 shows the changes in net assets for fiscal year 2008 compared to 2007.

**Table 2 - Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 3,982,180	\$ 4,135,123	\$ 3,365,217	\$ 3,877,526	\$ 7,347,397	\$ 8,012,649
Operating Grants and Contributions	1,280,017	849,915	0	0	1,280,017	849,915
Capital Grants and Contributions	237,222	4,860,546	1,437,068	1,765,871	1,674,290	6,626,417
<i>General Revenues:</i>						
Property and Other Local Taxes	4,506,623	4,934,190	486,477	51,425	4,993,100	4,985,615
Income Tax	11,126,645	9,723,119	0	0	11,126,645	9,723,119
Grants and Entitlements	2,856,375	2,072,711	0	25,441	2,856,375	2,098,152
Investment Earnings	199,120	252,034	0	0	199,120	252,034
Miscellaneous	104,854	184,150	63,936	0	168,790	184,150
<b>Total Revenues</b>	<b>24,293,036</b>	<b>27,011,788</b>	<b>5,352,698</b>	<b>5,720,263</b>	<b>29,645,734</b>	<b>32,732,051</b>
<b>Program Expenses</b>						
Security of Persons and Property	6,756,475	6,438,828	0	0	6,756,475	6,438,828
Public Health	122,080	120,472	0	0	122,080	120,472
Leisure Time Activities	3,207,018	3,373,362	0	0	3,207,018	3,373,362
Community Development	502,423	542,237	0	0	502,423	542,237
Public Works	1,265,014	1,262,949	0	0	1,265,014	1,262,949
Transportation	2,631,003	2,548,409	0	0	2,631,003	2,548,409
General Government	6,075,079	7,354,994	0	0	6,075,079	7,354,994
Interest and Fiscal Charges	563,320	1,070,332	0	0	563,320	1,070,332
Water	0	0	3,650,419	3,048,752	3,650,419	3,048,752
Sewer	0	0	1,005,252	914,222	1,005,252	914,222
<b>Total Program Expenses</b>	<b>21,122,412</b>	<b>22,711,583</b>	<b>4,655,671</b>	<b>3,962,974</b>	<b>25,778,083</b>	<b>26,674,557</b>
<b>Change in Net Assets Before Transfers</b>	<b>3,170,624</b>	<b>4,300,205</b>	<b>697,027</b>	<b>1,757,289</b>	<b>3,867,651</b>	<b>6,057,494</b>
Transfers	(132,000)	(75,000)	132,000	75,000	0	0
<b>Total Change in Net Assets</b>	<b>\$ 3,038,624</b>	<b>\$ 4,225,205</b>	<b>\$ 829,027</b>	<b>\$ 1,832,289</b>	<b>\$ 3,867,651</b>	<b>\$ 6,057,494</b>

**City of Berea**  
**Cuyahoga County, Ohio**  
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***Governmental Activities***

Governmental activities increased the City's net assets by \$3.0 million, thereby accounting for 5.3 percent growth in total net assets. The primary reason for the increase in net assets relates to an increase in income tax and intergovernmental revenues and expenses decreased from the prior year.

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The income tax rate of 2 percent was created by City Charter and became effective January 1992. This tax created by a Charter amendment will remain until such time as the City's electorate changes the rate, which is not anticipated. The income tax revenue amount for 2008 was \$11.1 million. General revenues from grants and entitlements, such as local government funds, are also sources of revenue.

Income tax collections in 2008 were 14.4 percent higher than in 2007, due, in part, to the increase in homes within the City as a result of new development. Of the \$24.3 million in total governmental revenue, income tax accounts for 45.8 percent of that total. Property taxes of \$4.2 million accounts for 17.5 percent, with program revenues accounting for 22.6 percent of governmental activities. Grants and entitlements, investment earnings and miscellaneous income account for the remaining 14.1 percent.

For the most part, decreases in expenses relate to the reduction in capital expenditures. While the City continues to expend significant money towards its improvements to its infrastructure, it fluctuates annually. The railroad underpass project's funding varies annually. The Front Street Overpass project has been in the engineering and design, and acquisition phase. In addition, the City has been aggressively working on improving the City's infrastructure by installing new water, sewer and storm lines as well as road improvements. The largest program function of the City was for security of persons and property, which includes the police and fire departments and represents approximately 32.0 percent of program expenses in 2008. The next largest program function relates to general government, which represents approximately 28.8 percent of program expenses in 2008.

***Business-Type Activities***

The business type activities of the City, which include the City's water and sewer operations, increased the City's net assets by \$.8 million. Net program revenues exceeded program expenses in the amount of \$.1 million for the water operations for 2008. Revenues exceeded expenses in the sewer revenue activity in the amount of \$.04 million for 2008.



**City of Berea**  
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**The City's Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2008, the City's governmental funds reported combined ending fund balances of \$2.7 million. Of that amount, \$2.4 million constitutes unreserved fund balances, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period of \$.3 million.

All governmental funds had total revenue of \$26.9 million and expenditures of \$27.1 leaving a deficit of \$.2 million. Revenues and expenses decreased from 2007 at a similar rate.

The general fund is the chief operating fund of the City. After reviewing the activity in the municipal income tax fund, the City decided that it should be combined with the general fund for financial statement purposes. The restatement of the fund balance is detailed in Note 3. The general fund had an increase in fund balance of \$1.3 million. There was reduction in expenses, mainly general government, combined with the additional income tax revenues that contributed to this increase. At the end of the current fiscal year, total fund balance for the general fund was \$3.6 million, of which \$3.5 million was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to the sum of total fund expenditures and other financing uses. Unreserved fund balance represents 22.2 percent of total general fund expenditures and other financing uses, while total fund balance represents 23.2 percent of that same amount. These numbers are a representation of the City's financial performance and condition.

The City's general bond retirement fund had an increase in fund balance of \$.2 million which is consistent with 2007.

The balance in the railroad capital improvement fund decreased \$2.4 million due to expenditures towards the projects. The fund issued a \$4.1 million bond anticipation note in 2008.

The balance in the court capital improvement fund increased slightly due to the revenues and expenditures almost offsetting each other as the project is currently in the planning phase.

**City of Berea**  
**Cuyahoga County, Ohio**  
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***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2008, the City amended its general fund budget, but not significantly. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund, and within major category, the key categories being "Personal Services" and "Other". The general fund supports many of our major activities including the Police Department, the Fire Department, the Municipal Court, and most legislative and executive activities. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the general fund, original budgeted revenues were \$16.3 million. The final budgeted amount was \$16.7 million. The City's ending unencumbered cash balance in the general fund was \$.2 above the final budgeted amount.

The differences between the general fund's original budget and the final amended budget were minor, amounting to 2 percent. The actual expenditures were 1.3 percent less than the budgeted amount mostly due to decreases in capital expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2008, the City had \$ 98.9 million (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles and infrastructure. Of this total, \$68.3 million was reported in governmental activities and \$30.6 million was reported in business-type activities. Table 3 shows 2008 balances compared to 2007:

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**Table 3 - Capital Assets at December 31**

	Governmental Activities		Business-Type Activities Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 5,182,207	\$ 7,377,787	\$ 93,181	\$ 93,181	\$ 5,275,388	\$ 7,470,968
Construction in Progress	12,787,004	6,577,248	3,517,440	1,499,560	16,304,444	8,076,808
Buildings	8,009,727	7,900,185	1,208,214	1,276,056	9,217,941	9,176,241
Land Improvements	3,131,882	3,422,070	405,049	468,481	3,536,931	3,890,551
Building Improvements	7,072,303	7,717,669	0	0	7,072,303	7,717,669
Machinery and Equipment	1,409,236	1,377,104	805,265	863,600	2,214,501	2,240,704
Furniture and Fixtures	142,299	179,527	25,316	29,919	167,615	209,446
Vehicles	789,476	700,444	48,020	45,955	837,496	746,399
Infrastructure:						
Bridges	7,220,035	7,322,159	0	0	7,220,035	7,322,159
Roads	20,041,081	20,284,439	0	0	20,041,081	20,284,439
Sidewalks	1,193,373	1,098,582	0	0	1,193,373	1,098,582
Traffic Signals	1,365,165	1,420,622	0	0	1,365,165	1,420,622
Water Lines	0	0	5,096,119	4,828,350	5,096,119	4,828,350
Storm Sewers	0	0	11,499,129	11,209,742	11,499,129	11,209,742
Santariy Sewers	0	0	7,908,229	7,328,096	7,908,229	7,328,096
<b>Totals</b>	<b>\$ 68,343,788</b>	<b>\$ 65,377,836</b>	<b>\$ 30,605,962</b>	<b>\$ 27,642,940</b>	<b>\$ 98,949,750</b>	<b>\$ 93,020,776</b>

Total capital assets for the City as of December 31, 2008 were \$98.9 million, a \$5.9 million increase over 2007. The most significant increases in capital assets are a result of various capital projects, some of which are various road improvements, engineering fees, railroad underpass, Eastland and Linberg/Westlawn waterlines, water plant construction and sanitary sewer projects. The City has received approximately \$5 million from federal and state funds to pay for the right of way acquisition and engineering of the Front Street Railroad Project. Construction began in late 2008. The City is committed to a long-term goal of rebuilding its infrastructure and facilities. A capital plan is in place providing for rebuilding major residential streets, water, sewer and storm sewer lines, and adding additional facilities to complement our current structures. See Note 9 for additional information on capital assets.

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**Cuyahoga County, Ohio**  
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***Debt***

At December 31, 2008, the City had \$9.9 million in general obligation bonds, \$.9 million in urban renewal bonds, \$.5 million in capital leases, \$8.8 million in OWDA loans, \$1.4 million in OPWC loans and \$1 million in bond anticipation notes. Of this total \$3.1 million is due within one year and \$20.9 million is due in more than one year. Table 4 summarized the bonds and loans outstanding at December 31:

**Table 4 - Outstanding Debt at December 31**

	Governmental Activities		Business-Type Activities Activities		Total	
	2008	2007	2008	2007	2008	2007
<i>General Obligation Bonds:</i>						
1993 Various Purpose Bonds	\$ 620,000	\$ 785,000	\$ 0	\$ 0	\$ 620,000	\$ 785,000
1999 Various Purpose Bonds	845,000	1,125,000	0	0	845,000	1,125,000
2004 Library Refunding Bonds	400,000	485,000	0	0	400,000	485,000
2004 Various Purpose Refunding Bonds	945,000	1,160,000	0	0	945,000	1,160,000
2006 Various Purpose Bonds	7,065,000	7,215,000	0	0	7,065,000	7,215,000
<i>Other Obligations:</i>						
Urban Renewal Bonds	870,000	1,050,000	0	0	870,000	1,050,000
OWDA Loans	0	0	8,813,046	6,575,269	8,813,046	6,575,269
OPWC Loans	0	0	1,348,048	853,078	1,348,048	853,078
Bond Anticipation Notes	975,000	0	25,000	0	1,000,000	0
Capital Leases	274,940	367,330	187,205	261,225	462,145	628,555
Totals	<u>\$ 11,994,940</u>	<u>\$ 12,187,330</u>	<u>\$ 10,373,299</u>	<u>\$ 7,689,572</u>	<u>\$ 22,368,239</u>	<u>\$ 19,876,902</u>

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

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

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

The bond anticipation notes were refinanced in March, 2009 and will be paid from the general capital improvement, safety capital improvement and water funds.

See Notes 13 and 14 for additional information on outstanding debt and long-term liabilities. Also see Note 15 for additional information on capital leases.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

**Current Financial Related Activities**

The City is financially stable despite the national economic situation. Over the past fifteen years we have enjoyed steady growth in revenues and at the same time adopted a strong, fiscally responsible financial plan to live within our means. In 1992, we increased our income tax from 1.5 percent to 2 percent promising our constituents that the City would improve its facilities and infrastructure, and increase services to the residents. Since that time, the City built a Recreation Center, acquired 162 acres of annexed property, expanded our recreational playing fields, completing the final stage on improvements to the Water Plant processing system, facility and storage tanks, as well as several major water and sewer line replacements throughout the City.

While the cost increases for medical insurance are unavoidable in today's environment, the City is working diligently to maintain a high level of coverage for its employees at the lowest cost possible. Several years ago, the City developed a self-funded insurance program and has been able to minimize its cost increases and reduce its health care costs.

The Director of Finance, Mayor and City Council work extremely hard at keeping debt low. The City secured \$48 million in federal, state and railroad funds to construct an overpass and underpass at the railroad crossing within the City. The Bagley Road underpass was completed and has spurred economic development opportunities in the surrounding area. The Front Street overpass is currently underway and the City is developing a North End Revitalization Plan to assist in the overall plan for economic development at the City's north end gateway.

The City is developing a Fund Balance Policy to establish criteria for growing its General Fund Balance and support future retirements. This policy fits well into the City's overall plan for fiscal responsibility and financial management.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and demonstrate the City's accountability for all money it receives, spends, and invests. Please direct any questions about this report or financial information inquiries to the Director of Finance, Dana J. Kavander, CPA, CPFA, CFE, CIA, City of Berea, 11 Berea Commons, Berea, Ohio 44017, or telephone 440-826-5889. We also offer information regarding our City on our web site, [www.bereaohio.com](http://www.bereaohio.com).

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**City of Berea**  
**Cuyahoga County, Ohio**  
*Statement of Net Assets*  
*December 31, 2008*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,222,045	\$ 717,616	\$ 6,939,661
Receivables:			
Taxes	6,880,794	492,043	7,372,837
Accounts	319,662	1,416,415	1,736,077
Special Assessments	716,815	414,652	1,131,467
Intergovernmental	1,426,474	32,413	1,458,887
Materials and Supplies Inventory	104,605	24,104	128,709
Unamortized Bond Issuance Costs	52,509	0	52,509
Prepaid Items	32,900	9,237	42,137
Land and Construction in Progress	17,969,211	3,610,621	21,579,832
Depreciable Capital Assets, Net	50,374,577	26,995,341	77,369,918
<i>Total Assets</i>	<u>84,099,592</u>	<u>33,712,442</u>	<u>117,812,034</u>
<b>Liabilities</b>			
Accounts Payable	389,289	36,967	426,256
Accrued Wages and Benefits	144,219	17,836	162,055
Intergovernmental Payable	644,345	72,117	716,462
Claims Payable	157,345	0	157,345
Accrued Interest Payable	98,708	208,612	307,320
Matured Compensated Absences	0	34,219	34,219
Unearned Revenue	3,922,837	457,047	4,379,884
Notes Payable	4,850,000	0	4,850,000
Long Term Liabilities:			
Due Within One Year	2,389,232	716,286	3,105,518
Due In More Than One Year	11,164,936	9,774,093	20,939,029
<i>Total Liabilities</i>	<u>23,760,911</u>	<u>11,317,177</u>	<u>35,078,088</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	53,046,881	20,232,663	73,279,544
Restricted for:			
Capital Outlay	301,374	0	301,374
Debt Service	905,303	0	905,303
Other Purposes	1,764,245	0	1,764,245
Unrestricted	4,320,878	2,162,602	6,483,480
<i>Total Net Assets</i>	<u>\$ 60,338,681</u>	<u>\$ 22,395,265</u>	<u>\$ 82,733,946</u>

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Security of Persons and Property	\$ 6,756,475	\$ 459,051	\$ 21,521	\$ 0
Public Health	122,080	0	0	0
Lesiure Time Activities	3,207,018	424,726	0	0
Community Development	502,423	27,237	0	0
Public Works	1,265,014	0	225,000	0
Transportation	2,631,003	679,167	1,029,496	237,222
General Government	6,075,079	2,391,999	4,000	0
Interest and Fiscal Charges	563,320	0	0	0
<i>Total Governmental Activities</i>	<u>21,122,412</u>	<u>3,982,180</u>	<u>1,280,017</u>	<u>237,222</u>
<b>Business-Type Activities</b>				
Water	3,650,419	2,593,904	0	1,165,457
Sewer	1,005,252	771,313	0	271,611
<i>Total Business-Type Activities</i>	<u>4,655,671</u>	<u>3,365,217</u>	<u>0</u>	<u>1,437,068</u>
<i>Totals</i>	<u>\$ 25,778,083</u>	<u>\$ 7,347,397</u>	<u>\$ 1,280,017</u>	<u>\$ 1,674,290</u>

**General Revenues:**

Property Taxes Levied for:

General Purposes

Other Purposes

Debt Service

Water Improvements

Municipal Income Taxes Levied for:

General Purposes

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest and Investment Earnings

Other

*Total General Revenues*

Net Transfers

*Total General Revenues and Transfers*

*Change in Net Assets*

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements.



Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (6,275,903)	\$ 0	\$ (6,275,903)
(122,080)	0	(122,080)
(2,782,292)	0	(2,782,292)
(475,186)	0	(475,186)
(1,040,014)	0	(1,040,014)
(685,118)	0	(685,118)
(3,679,080)	0	(3,679,080)
(563,320)	0	(563,320)
<u>(15,622,993)</u>	<u>0</u>	<u>(15,622,993)</u>
0	108,942	108,942
<u>0</u>	<u>37,672</u>	<u>37,672</u>
0	146,614	146,614
<u>(15,622,993)</u>	<u>146,614</u>	<u>(15,476,379)</u>
1,948,775	0	1,948,775
797,586	0	797,586
1,493,031	0	1,493,031
0	486,477	486,477
11,126,645	0	11,126,645
267,231	0	267,231
2,856,375	0	2,856,375
199,120	0	199,120
<u>104,854</u>	<u>63,936</u>	<u>168,790</u>
18,793,617	550,413	19,344,030
<u>(132,000)</u>	<u>132,000</u>	<u>0</u>
<u>18,661,617</u>	<u>682,413</u>	<u>19,344,030</u>
3,038,624	829,027	3,867,651
<u>57,300,057</u>	<u>21,566,238</u>	<u>78,866,295</u>
<u>\$ 60,338,681</u>	<u>\$ 22,395,265</u>	<u>\$ 82,733,946</u>

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2008*

	General Fund	General Bond Retirement Fund	Railroad Capital Improvement Fund	Court Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,863,570	\$ 676,822	\$ 1,699,738	\$ 76,841	\$ 1,802,919	\$ 6,119,890
Receivables:						
Taxes	4,419,749	1,667,322	0	0	793,723	6,880,794
Accounts	262,914	0	0	19,680	37,068	319,662
Special Assessments	2,712	12,332	0	0	701,771	716,815
Interfund	112,000	0	0	0	0	112,000
Intergovernmental	783,986	98,938	2,200	0	541,350	1,426,474
Materials and Supplies Inventory	7,453	0	0	0	97,152	104,605
Advances To Other Funds	150,000	0	0	0	0	150,000
Prepaid Items	3,229	0	0	0	1,639	4,868
<i>Total Assets</i>	<u>\$ 7,605,613</u>	<u>\$ 2,455,414</u>	<u>\$ 1,701,938</u>	<u>\$ 96,521</u>	<u>\$ 3,975,622</u>	<u>\$ 15,835,108</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 230,961	\$ 0	\$ 0	\$ 0	\$ 155,492	\$ 386,453
Intergovernmental Payable	339,276	0	0	0	305,069	644,345
Interfund Payable	0	0	0	112,000	0	112,000
Accrued Wages and Benefits	129,941	0	0	0	14,278	144,219
Accrued Interest Payable	0	0	38,068	0	9,349	47,417
Advances From Other Funds	0	0	150,000	0	0	150,000
Deferred Revenue	3,292,571	1,776,130	2,200	0	1,756,920	6,827,821
Notes Payable	0	0	4,100,000	0	750,000	4,850,000
<i>Total Liabilities</i>	<u>3,992,749</u>	<u>1,776,130</u>	<u>4,290,268</u>	<u>112,000</u>	<u>2,991,108</u>	<u>13,162,255</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	10,007	0	0	0	124,821	134,828
Reserved for Advances	150,000	0	0	0	0	150,000
Unreserved, Undesignated, Reported In:						
General Fund	3,452,857	0	0	0	0	3,452,857
Special Revenue Funds	0	0	0	0	703,632	703,632
Debt Service Fund	0	679,284	0	0	0	679,284
Capital Projects Funds	0	0	(2,588,330)	(15,479)	156,061	(2,447,748)
<i>Total Fund Balances</i>	<u>3,612,864</u>	<u>679,284</u>	<u>(2,588,330)</u>	<u>(15,479)</u>	<u>984,514</u>	<u>2,672,853</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 7,605,613</u>	<u>\$ 2,455,414</u>	<u>\$ 1,701,938</u>	<u>\$ 96,521</u>	<u>\$ 3,975,622</u>	<u>\$ 15,835,108</u>

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balances	\$	2,672,853
 <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		68,343,788
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	\$ 299,643	
Municipal Income Tax	924,947	
Intergovernmental	1,133,358	
Special Assessments	547,036	2,904,984
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(29,994)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(51,291)
Unamortized Bond Issuance Costs		52,509
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(9,875,000)	
Urban Renewal Bonds	(870,000)	
Bond Anticipation Notes	(975,000)	
Unamortized Bond Premium	(104,476)	
Capital Leases	(274,940)	
Compensated Absences	(1,221,128)	
Police and Fire Pension Liability	(233,624)	(13,554,168)
 <i>Net Assets of Governmental Activities</i>	 <u>\$</u>	 <u><u>60,338,681</u></u>

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General Fund	General Bond Retirement Fund	Railroad Capital Improvement Fund	Court Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Income Taxes	\$ 10,928,016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,928,016
Property Taxes	2,023,386	1,532,583	0	0	824,007	4,379,976
Other Local Taxes	267,231	0	0	0	0	267,231
Intergovernmental Revenue	1,474,130	237,250	369,414	0	898,817	2,979,611
Special Assessments	10,520	11,461	0	0	823,012	844,993
Charges for Services	156,647	0	0	0	909,372	1,066,019
Fees, Licenses and Permits	252,075	0	0	0	22,570	274,645
Fines and Forfeitures	1,449,413	0	0	287,183	648,673	2,385,269
Interest Income	199,120	0	0	0	0	199,120
Contributions and Donations	0	0	0	0	200,000	200,000
Other	88,380	0	12,815	113	170,925	272,233
<b>Total Revenues</b>	<b>16,848,918</b>	<b>1,781,294</b>	<b>382,229</b>	<b>287,296</b>	<b>4,497,376</b>	<b>23,797,113</b>
<b>Expenditures</b>						
<b>Current:</b>						
Security of Persons and Property	5,010,657	0	0	0	1,408,772	6,419,429
Public Health	0	0	0	0	122,080	122,080
Leisure Time Activities	480,636	0	0	0	1,144,364	1,625,000
Community Development	534,163	0	0	0	0	534,163
Public Works	1,231,232	0	0	0	4,979	1,236,211
Transportation	0	0	0	0	833,147	833,147
General Government	6,055,291	18,204	0	0	514,821	6,588,316
Capital Outlay	0	0	2,763,757	267,984	2,773,139	5,804,880
Debt Service:						
Principal Retirement	0	1,075,000	0	0	97,101	1,172,101
Interest and Fiscal Charges	0	477,654	38,068	0	32,445	548,167
<b>Total Expenditures</b>	<b>13,311,979</b>	<b>1,570,858</b>	<b>2,801,825</b>	<b>267,984</b>	<b>6,930,848</b>	<b>24,883,494</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,536,939</b>	<b>210,436</b>	<b>(2,419,596)</b>	<b>19,312</b>	<b>(2,433,472)</b>	<b>(1,086,381)</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds of Notes	0	0	0	0	975,000	975,000
Proceeds on Sale of Capital Assets	4,160	0	0	0	0	4,160
Transfers In	0	0	0	0	2,104,000	2,104,000
Transfers Out	(2,236,000)	0	0	0	0	(2,236,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,231,840)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,079,000</b>	<b>847,160</b>
<b>Net Change in Fund Balance</b>	<b>1,305,099</b>	<b>210,436</b>	<b>(2,419,596)</b>	<b>19,312</b>	<b>645,528</b>	<b>(239,221)</b>
<b>Fund Balance Beginning of Year</b> <i>Restated, See Note 3</i>	<b>2,307,765</b>	<b>468,848</b>	<b>(168,734)</b>	<b>(34,791)</b>	<b>338,986</b>	<b>2,912,074</b>
<b>Fund Balance End of Year</b>	<b>\$ 3,612,864</b>	<b>\$ 679,284</b>	<b>\$ (2,588,330)</b>	<b>\$ (15,479)</b>	<b>\$ 984,514</b>	<b>\$ 2,672,853</b>

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Reconciliation of the 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 \$ (239,221)

*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	\$ 6,967,626	
Current Year Depreciation	<u>(3,803,601)</u>	3,164,025

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.

(198,073)

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

Delinquent Property Taxes	(140,586)	
Municipal Income Taxes	198,630	
Intergovernmental	361,220	
Special Assessments	<u>(198,366)</u>	220,898

The issuance of long term debt provides current financial resources to the governmental funds while the repayment of principal of long term debt consumes the current financial resources, but reduces long term liabilities in the statement of net assets.

Proceeds from Notes	(975,000)	
General Obligation Bond Principal	895,000	
Urban Renewal Bond Principal	180,000	
Police and Fire Pension Liability	4,711	
Capital Leases	<u>92,390</u>	197,101

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

30,827

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

Compensated Absences	(128,756)	
Bond Issuance Costs	(52,510)	
Amortization of Bond Premiums	<u>6,530</u>	(174,736)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported on the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

37,803

Change in Net Assets of Governmental Activities \$ 3,038,624

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, 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 Over (Under)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$ 10,066,666	\$ 10,718,263	\$ 10,718,263	\$ 0
Property Taxes	1,851,840	2,023,386	2,023,386	0
Other Local Taxes	263,000	211,222	211,222	0
Intergovernmental Revenue	1,249,785	1,512,013	1,512,013	0
Special Assessments	8,000	8,014	8,014	0
Charges for Services	442,500	133,009	133,009	0
Fees, Licenses and Permits	520,000	252,075	252,075	0
Fines and Forfeitures	1,718,926	1,524,429	1,524,429	0
Investment Income	180,000	188,798	188,798	0
Other	29,574	90,380	90,380	0
<i>Total Revenues</i>	<u>16,330,291</u>	<u>16,661,589</u>	<u>16,661,589</u>	<u>0</u>
<b>Expenditures</b>	5,149,066	5,153,066	5,084,509	
Current:				
Security of Persons and Property	5,149,066	5,153,066	5,094,755	58,311
Leisure Time Activities	539,578	528,738	523,377	5,361
Community Development	586,314	550,980	540,061	10,919
Public Works	1,117,019	1,302,779	1,269,430	33,349
General Government	6,670,792	6,341,704	6,225,807	115,897
<i>Total Expenditures</i>	<u>14,062,769</u>	<u>13,877,267</u>	<u>13,653,430</u>	<u>223,837</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,267,522	2,784,322	3,008,159	223,837
<b>Other Financing Sources (Uses)</b>				
Proceeds on Sale of Capital Assets	0	4,160	4,160	0
Advances Out	0	(112,000)	(112,000)	0
Transfers Out	(2,336,000)	(2,236,000)	(2,236,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,336,000)</u>	<u>(2,343,840)</u>	<u>(2,343,840)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(68,478)	440,482	664,319	223,837
<i>Fund Balance Beginning of Year</i> <i>Restated, See Note 3</i>	1,095,430	1,095,430	1,095,430	0
Prior Year Encumbrances Appropriated	44,654	44,654	44,654	0
<i>Fund Balance End of Year</i>	<u>\$ 1,071,606</u>	<u>\$ 1,580,566</u>	<u>\$ 1,804,403</u>	<u>\$ 223,837</u>

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2008*

	<u>Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Assets</b>				
<b>Current Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 546,611	\$ 171,005	\$ 717,616	\$ 102,155
Receivables				
Taxes	492,043	0	492,043	0
Accounts	1,110,743	305,672	1,416,415	0
Intergovernmental Receivable	32,413	0	32,413	0
Special Assessments	324,562	90,090	414,652	0
Materials and Supplies Inventory	24,104	0	24,104	0
Prepaid Items	9,237	0	9,237	28,032
<i>Total Current Assets</i>	<u>2,539,713</u>	<u>566,767</u>	<u>3,106,480</u>	<u>130,187</u>
<b>Non-Current Assets</b>				
<b>Capital Assets</b>				
Nondepreciable Capital Assets	3,121,512	489,109	3,610,621	0
Depreciable Capital Assets, Net	16,544,636	10,450,705	26,995,341	0
<i>Total Non-Current Assets</i>	<u>19,666,148</u>	<u>10,939,814</u>	<u>30,605,962</u>	<u>0</u>
<i>Total Assets</i>	<u>22,205,861</u>	<u>11,506,581</u>	<u>33,712,442</u>	<u>130,187</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	29,125	7,842	36,967	2,836
Accrued Wages and Benefits	15,492	2,344	17,836	0
Matured Compensated Absences	34,219	0	34,219	0
Due to Other Governmental	60,327	11,790	72,117	0
Claims Payable	0	0	0	157,345
Unearned Revenue	457,047	0	457,047	0
Accrued Interest Payable	135,903	72,709	208,612	0
Note Payable	25,000	0	25,000	0
Compensated Absences	1,624	0	1,624	0
OWDA Loans Payable	435,704	122,298	558,002	0
OPWC Loans Payable	0	53,504	53,504	0
Capital Lease Payable	23,814	54,342	78,156	0
<i>Total Current Liabilities</i>	<u>1,218,255</u>	<u>324,829</u>	<u>1,543,084</u>	<u>160,181</u>
<b>Non-Current Liabilities</b>				
Compensated Absences	115,456	0	115,456	0
OWDA Loans Payable	5,390,340	2,864,704	8,255,044	0
OPWC Loans Payable	0	1,294,544	1,294,544	0
Capital Lease Payable	51,660	57,389	109,049	0
<i>Total Non-Current Liabilities</i>	<u>5,557,456</u>	<u>4,216,637</u>	<u>9,774,093</u>	<u>0</u>
<i>Total Liabilities</i>	<u>6,775,711</u>	<u>4,541,466</u>	<u>11,317,177</u>	<u>160,181</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	13,739,630	6,493,033	20,232,663	0
Unrestricted	1,690,520	472,082	2,162,602	(29,994)
<i>Total Net Assets</i>	<u>\$ 15,430,150</u>	<u>\$ 6,965,115</u>	<u>\$ 22,395,265</u>	<u>\$ (29,994)</u>

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2008*

	<u>Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal</u>
	<u>Revenue</u>	<u>Revenue</u>	<u>Total</u>	<u>Service</u>
				<u>Funds</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 2,593,904	\$ 771,313	\$ 3,365,217	\$ 2,043,507
Miscellaneous	63,936	0	63,936	0
<i>Total Operating Revenues</i>	<u>2,657,840</u>	<u>771,313</u>	<u>3,429,153</u>	<u>2,043,507</u>
<b>Operating Expenses</b>				
Personal Services	1,693,923	312,051	2,005,974	0
Contractual Service	787,516	218,870	1,006,386	511,047
Claims	0	0	0	1,494,733
Materials and Supplies	329,026	56,250	385,276	0
Depreciation	606,259	256,378	862,637	0
Other	14,828	9,428	24,256	0
<i>Total Operating Expenses</i>	<u>3,431,552</u>	<u>852,977</u>	<u>4,284,529</u>	<u>2,005,780</u>
<i>Operating Income (Loss)</i>	<u>(773,712)</u>	<u>(81,664)</u>	<u>(855,376)</u>	<u>37,727</u>
<b>Non-Operating Revenues (Expenses)</b>				
Property Taxes	486,477	0	486,477	0
Intergovernmental Revenue	97,419	0	97,419	0
Special Assessments	258,927	66,729	325,656	0
Interest Income	0	0	0	76
Interest and Fiscal Charges	(218,867)	(152,275)	(371,142)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>623,956</u>	<u>(85,546)</u>	<u>538,410</u>	<u>76</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>(149,756)</u>	<u>(167,210)</u>	<u>(316,966)</u>	<u>37,803</u>
Capital Contributions	809,111	204,882	1,013,993	0
Transfers In	0	132,000	132,000	0
<i>Change in Net Assets</i>	<u>659,355</u>	<u>169,672</u>	<u>829,027</u>	<u>37,803</u>
<i>Net Assets Beginning of Year</i>	<u>14,770,795</u>	<u>6,795,443</u>	<u>21,566,238</u>	<u>(67,797)</u>
<i>Net Assets End of the Year</i>	<u>\$ 15,430,150</u>	<u>\$ 6,965,115</u>	<u>\$ 22,395,265</u>	<u>\$ (29,994)</u>

See accompanying notes to the basic financial statements.



**City of Berea**  
**Cuyahoga County, Ohio**

*Statement of Cash Flows*

*Proprietary Funds*

*For the Year Ended December 31, 2008*

	<b>Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Revenue</b>	<b>Sewer Revenue</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>				
Cash Received from Customers	\$ 2,716,580	\$ 775,409	\$ 3,491,989	\$ 2,020,593
Cash Received from Refunds and Reimbursement	0	0	0	22,914
Cash Payments to Employees for Services and Benefits	(1,719,691)	(329,967)	(2,049,658)	0
Cash Payments for Contractual and Other Services	(321,246)	(58,623)	(379,869)	(537,693)
Cash Payments for Materials and Supplies	(1,130,590)	(250,409)	(1,380,999)	0
Cash Payments for Claims	0	0	0	(1,456,303)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(454,947)</u>	<u>136,410</u>	<u>(318,537)</u>	<u>49,511</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Property Taxes	502,906	0	502,906	0
Grants	65,006	0	65,006	0
Transfers In	0	132,000	132,000	0
<i>Net Cash Provided By (Used For) Non-Capital Activities</i>	<u>567,912</u>	<u>132,000</u>	<u>699,912</u>	<u>0</u>
<b>Cash Flows From Capital and Related Activities</b>				
Proceeds from Notes	25,000	0	25,000	0
Proceeds from OPWC Loans	0	513,474	513,474	0
Proceeds from OWDA Loans	2,724,334	21,741	2,746,075	0
Proceeds from Special Assessments	241,956	70,029	311,985	0
Acquisition and Construction of Assets	(2,387,438)	(424,227)	(2,811,665)	0
Principal Payments on Capital Leases	(22,564)	(51,456)	(74,020)	0
Principal Payments on Debt	(368,769)	(163,359)	(532,128)	0
Interest and Fiscal Charges	(141,713)	(156,921)	(298,634)	0
<i>Net Cash Provided By (Used For) Capital and Related Financing Activities</i>	<u>70,806</u>	<u>(190,719)</u>	<u>(119,913)</u>	<u>0</u>
<b>Cash Flows From Investing Activities</b>				
Interest on Investments	0	0	0	76
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	183,771	77,691	261,462	49,587
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>362,840</u>	<u>93,314</u>	<u>456,154</u>	<u>52,568</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 546,611</u>	<u>\$ 171,005</u>	<u>\$ 717,616</u>	<u>\$ 102,155</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>				
Operating Income (Loss)	\$ (773,712)	\$ (81,664)	\$ (855,376)	\$ 37,727
Adjustments:				
Depreciation Expense	606,259	256,378	862,637	0
(Increase) Decrease in Assets:				
Accounts Receivable	33,299	4,096	37,395	0
Materials and Supplies Inventory	(43)	0	(43)	0
Intergovernmental Receivable	(6,972)	0	(6,972)	0
Prepays	(9,237)	0	(9,237)	(28,032)
Increase (Decrease) in Liabilities:				
Accounts Payable	9,769	(2,497)	7,272	1,386
Retainage Payable	(21,367)	(23,190)	(44,557)	0
Contracts Payable	(267,175)	0	(267,175)	0
Compensated Absences	30,479	0	30,479	0
Accrued Salaries, Wages and Benefits	(32,680)	(10,476)	(43,156)	0
Claims Payable	0	0	0	38,430
Intergovernmental Payable	(23,567)	(6,237)	(29,804)	0
<i>Total Adjustments</i>	<u>318,765</u>	<u>218,074</u>	<u>536,839</u>	<u>11,784</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (454,947)</u>	<u>\$ 136,410</u>	<u>\$ (318,537)</u>	<u>\$ 49,511</u>

**Schedule of Noncash Capital Financing Activities**

As of December 31, 2008, the Water and Sewer Revenue Funds received capital assets from various sources in the amount of \$809,111 and \$204,882, respectively. In addition, the Water and Sewer Revenue Funds recorded capitalized interest and OWDA fees as additions to OWDA loans in the amount of \$1,454 and \$3,873, respectively.

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2008*

	Agency Funds
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 954,888
Equity in Pooled Cash Segregated	370,609
Receivables:	
Accounts Receivable	1,118,704
Special Assessments Receivable	318,635
<i>Total Assets</i>	\$ 2,762,836
 <b>Liabilities</b>	
Accounts Payable	\$ 598,062
Due to Other Governments	1,876,957
Deposits Held and Due to Others	287,817
<i>Total Liabilities</i>	\$ 2,762,836

See accompanying notes to the basic financial statements.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 1 - DESCRIPTION OF THE CITY AND THE REPORTING ENTITY**

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

**The Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the City are not misleading. The City’s primary government consists of all funds and departments which are not legally separate from the City. For the City, this includes the departments that provide the following services: police and fire protection, emergency medical, street maintenance, sanitation, planning and zoning, parks and recreation, water treatment, and general administrative services.

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

The City participates in several jointly governed organizations, including the Northeast Ohio Public Energy Council, the Southwest Council of Governments, the Southwest General Health Center, the Southwest Suburban Airport Council of Governments, and the Woodvale Union Cemetery. A jointly governed organization is managed by representatives from each of the governments that create the organization, but there is no ongoing financial interest nor responsibility on the part of the participating governments. These organizations are presented in Note 18 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City’s accounting policies are described below.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**A. Basis of Presentation**

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

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

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

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

**B. Fund Accounting**

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

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

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

*General Fund* - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund also accounts for the activities related to the Issue 9 tax levy collections passed by ordinance in November, 1992. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Berea and/or the general laws of Ohio.

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

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

*Court Capital Improvement Fund* - The court capital improvement fund accounts for monies received and expended for the construction of a municipal court building.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose. The court capital improvement fund does not meet the criteria to be a major fund, however, the City exercises its right to treat it as one.

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

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

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

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

***Internal Service Funds*** - The internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's two internal service funds account for funds reserved to finance a self insurance program for hospitalization benefits and a self insurance program for property and liability losses.

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

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

account for regional sewer collections, deposits held for contractors and developers, unclaimed monies, Ohio Board of Building Standards fees, dog license fees, and municipal court collections.

**C. Measurement Focus**

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

***Fund Financial Statements*** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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

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

***Deferred Revenue/Unearned 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 unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have 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, Cash Equivalents and Investments**

To improve cash management cash received by the City is pooled. Each fund's pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purpose of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the Statement of Fiduciary Assets and Liabilities as "Equity in Pooled Cash Segregated" since they are not required to be deposited into the City's treasury.

Investments are reported at fair value which is based on quoted market prices.

During 2008, investments were limited to Federal Home Loans, mortgage bank notes and State Treasury Asset Reserve of Ohio (STAROhio).

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Berea Municipal Code. Interest revenue credited to the general fund during 2008 amounted to \$199,120, which includes \$159,627 assigned from other City funds. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See [Note 6](#), "Cash, Cash Equivalents and Investments."

#### **F. Materials and Supplies Inventory**

Inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

#### **G. 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 and reflecting the expenditure/expense in the year in which services are consumed.

#### **H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five-thousand dollars. The City's infrastructure consists of roads, storm sewers, sanitary sewers, water lines, bridges, traffic signals, and sidewalks and includes infrastructure acquired prior to December 31, 1980. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized. Interest incurred during the year was not material.

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



**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

	Years
Land Improvements	10 - 50
Buildings	40
Building Improvements	7 - 50
Machinery and Equipment	2 - 20
Furniture and Fixtures	7 - 10
Vehicles	3 - 20
Infrastructure	10 - 50

**I. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivables/Payables”.

In addition, outstanding interfund loans that are due in more than one year and unpaid amounts for interfund services are reported as “advance to/from other funds”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Compensated Absences**

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds reported as a liability in the fund financial statements only to the extent that they are

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due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

**L. Fund Balance Reserves**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City did not report any asset balance restricted by enabling legislation.

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

**N. Operating Revenues and Expenses**

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

**O. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. In the government-wide financial statements, capital contributions are recorded as capital grants and contributions.

**P. Interfund Activity**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

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Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type occurred in 2008.

**R. Estimates**

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

**S. Budgetary Data**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2008.

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.

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**T. Changes in Accounting Principles**

For 2008, the City has implemented GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers.

GASB Statement No. 49 provides guidance on calculating and reporting the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

The implementation of GASB Statement No. 45, No. 49, and No. 50 did not affect the presentation of the financial statements of the City.

**NOTE 3 – RESTATEMENT OF FUND BALANCE**

It was determined that the municipal income tax would be more appropriately classified as part of the general fund. Accordingly, effective January 1, 2008, the municipal income tax fund has been combined with the general fund. As a result, balances have been restated as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
<b>Balance Sheet</b>		
Fund Balance December 31, 2007	\$ 1,636,600	\$ 1,010,151
Reclassification of Municipal Income Tax Fund	671,165	(671,165)
Restated Fund Balance December 31, 2007	<u>\$ 2,307,765</u>	<u>\$ 338,986</u>
<b>Budgetary Fund Balance</b>		
Fund Balance December 31, 2007	\$ 975,263	
Reclassification of Municipal Income Tax Fund	120,167	
Restated Fund Balance December 31, 2007	<u>\$ 1,095,430</u>	

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**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY**

***Special Revenue Funds***

The recreation fund has a deficit of \$33,793, caused by the application of generally accepted accounting principles. The general fund or the municipal income tax fund is liable for any deficit in the recreation fund and provides transfers when cash is needed, not when accruals occur.

The fire pension fund has a deficit of \$94,441 and the police pension fund has a deficit of \$100,092, which resulted from accrued liabilities. The general fund is liable for the deficits in these funds and will provide transfers when cash is required, not when accruals occur.

***Capital Projects Funds***

The general capital improvement fund, railroad capital improvement fund, and court capital improvement fund had deficits of \$38,654, \$2,588,330 and \$15,479, respectively. The deficits were a result of acquisition of major repair of infrastructure or capital assets and the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

***Internal Service Funds***

The medical benefits fund had a deficit of \$29,994, as a result of accumulated operating losses and the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**Net Change in Fund Balance**

	General
GAAP Basis	\$ 1,305,099
Net Adjustment for Revenue Accruals	(187,329)
Advance Out	(112,000)
Net Adjustment for Expenditure Accruals	(322,019)
Encumbrances	(19,432)
Budget Basis	\$ 664,319

**NOTE 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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

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

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

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1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
6. The State Treasurer's investment pool (STAROhio).
7. Certain banker's acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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**Cash on Hand** - At December 31, 2008 the City had \$6,675 in undeposited cash on hand, which is included in the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** - At year-end, the carrying amount of the City's deposits was \$1,848,234 and the bank balance was \$2,186,419. Of the bank balance:

1. \$951,220 was covered by Federal depository insurance, by collateral held by the City, or by collateral held by the City's agent in the name of the City; and
2. \$1,235,199 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The carrying amount of the Municipal Court Bond fund was \$370,609 and the bank balance was \$408,283. This fund is maintained separately and is fully insured.

**Investments** - The City has a formal investment policy. The objective of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, and records all its investments at fair value. All investments are in an internal investment pool.

The City's investments at year end were as follows:

Standard & Poor's	Investment	Fair Value	Investment Maturities (in years)		% Total Investments
			less than 1	1 - 2	
AAAm	STAROhio	\$ 414,958	\$ 414,958	\$ 0	6.9%
AAAm	Calamos Money Market	3,521,954	3,521,954	0	58.3%
	U.S. Agency Notes				
AAA	Federal Home Loan Bank	552,430	376,009	176,421	9.1%
AAA	Federal Home Loan Mortgage	750,795	750,795	0	12.4%
	U.S. Agency Discount Notes				
AAA	Fannie Mae	99,754	99,754	0	1.7%
AAA	Federal Farm Credit	299,999	0	299,999	5.0%
AAA	Federal National Mortgage Assn.	399,750	0	399,750	6.6%
		<u>\$ 6,039,640</u>	<u>\$ 5,163,470</u>	<u>\$ 876,170</u>	<u>100.0%</u>

**Interest Rate Risk** - As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term



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investments maturing within 5 years from the date of purchase, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** - The credit risk of the City's investments is in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

**Custodial Credit Risk** - For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the City will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**Concentration of Credit Risk** - The City places no limit on the amount it may invest in any one issuer. The investment percentages are listed above.

#### **NOTE 7 – RECEIVABLES**

Receivables at December 31, 2008 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$206 in the general fund, \$9,870 in the general bond retirement fund and \$536,960 in other governmental funds. At December 31, 2008 the amount of delinquent special assessments was \$232,484.

#### **A. Income Taxes**

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

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general fund. There is currently \$739,380 in unencumbered funds within the general fund, for financial statement purposes, that will be allocated to other funds as approved by the Issue 9 tax levy.

#### **B. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien

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date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2006. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property assessments are being phased out over future periods. The assessed percentage for 2008 is 6.25 percent. This will be reduced to 0 percent for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

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

The full tax rate applied to real property for the year ended December 31, 2008 was \$17.20 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property, upon which 2008 property tax receipts were based, are as follows:

	<b>Assessed Values</b>
<i>Real Property</i>	
Residential/Agricultural	\$ 299,196,240
Commercial/Industrial/Mineral	84,228,300
Tangible Personal Property	16,798,744
<i>Public Utility</i>	
Real	57,090
Personal	5,884,150
	\$ 406,164,524

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**C. Intergovernmental Receivable**

A summary of the intergovernmental receivable follows:

	Amount
<b><i>Governmental Activities:</i></b>	
Homestead/Rollback	\$ 272,854
Estate Tax	187,811
Auto Registration	53,190
Gasoline Tax	262,681
Permissive Tax	3,011
Local Government	455,585
Grants	173,721
Court Fees	17,621
 Total	 \$ 1,426,474
 <b><i>Business-Type Activities</i></b>	
Water Fund:	
Homestead/Rollback	\$ 32,413

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**A. Interfund Transfers**

Transfers Out	Transfers In		Total
	Nonmajor Governmental	Sewer Revenue	
General	\$ 2,104,000	\$ 132,000	\$ 2,236,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed. In 1992, the voter's authorized the Issue 9 tax levy. Proceeds from the levy are recorded in the general fund, for financial statement purposes, and can be transferred out for various purposes. The following transfers out were made from the general fund:

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Fund	Amount
Recreation Fund	\$ 720,000
Recreation Capital Improvement Fund	57,000
General Improvement Fund	520,000
Safety Capital Improvement Fund	10,000
Neighborhood Capital Improvement Fund	452,000
Sewer Revenue Fund	132,000
 Total	 \$ 1,891,000

The general fund transferred \$110,000 to the Street Maintenance Fund, \$15,000 to the Fire Pension Fund, \$55,000 to the Police Pension Fund and \$165,000 to the Neighborhood Capital Improvement Fund for expenditures.

**B. Interfund Receivables/Payables**

Interfund Receivable/Payable	Receivables	Payables
<i>General Fund</i>	\$ 112,000	\$ 0
 <i>Capital Projects Fund</i>		
Court Capital Improvement	0	112,000
 Total	 \$ 112,000	 \$ 112,000

As of December 31, 2008 the interfund receivable and payable is a loan made by the General Fund to cover expenses in the Court Capital Improvement Fund and will be repaid within the next year.

**C. Advances from/to Other Funds**

Advances to/from Other Funds	Receivables	Payables
<i>General Fund</i>	\$ 150,000	\$ 0
 <i>Capital Projects Fund</i>		
Railroad Capital Improvement	0	150,000
 Total	 \$ 150,000	 \$ 150,000

As of December 31, 2008, the advances to and from other funds balance is made up of a working capital loan made to the Railroad Capital Improvement Fund for \$150,000 that the General Fund does not expect to collect until 2010 when the project is expected to be completed.

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**NOTE 9 - CAPITAL ASSETS**

A summary of changes in capital assets during 2008 follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 7,377,787	\$ 275,604	\$ (2,471,184) *	\$ 5,182,207
Construction in Progress	6,577,248	6,431,049	(221,293)	12,787,004
<i>Total Capital Assets Not Being Depreciated</i>	<u>13,955,035</u>	<u>6,706,653</u>	<u>(2,692,477)</u>	<u>17,969,211</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	8,082,304	60,846	0	8,143,150
Buildings	14,236,858	449,669	0	14,686,527
Building Improvements	19,010,261	175,522	0	19,185,783
Machinery and Equipment	4,490,765	232,775	0	4,723,540
Furniture and Fixtures	910,132	6,138	0	916,270
Vehicles	1,572,899	209,386	(173,796)	1,608,489
Infrastructure:				
Bridges	8,255,846	162,476	0	8,418,322
Roads	32,986,288	1,496,086	(293,574)	34,188,800
Sidewalks	1,255,885	160,552	0	1,416,437
Traffic Signals	1,663,700	0	0	1,663,700
<i>Total Capital Assets Being Depreciated</i>	<u>92,464,938</u>	<u>2,953,450</u>	<u>(467,370)</u>	<u>94,951,018</u>
<i>Accumulated Depreciation</i>				
Land Improvements	(4,660,234)	(351,034)	0	(5,011,268)
Buildings	(6,336,673)	(340,127)	0	(6,676,800)
Building Improvements	(11,292,592)	(820,888)	0	(12,113,480)
Machinery and Equipment	(3,113,661)	(200,643)	0	(3,314,304)
Furniture and Fixtures	(730,605)	(43,366)	0	(773,971)
Vehicles	(872,455)	(112,347)	165,789	(819,013)
Infrastructure:				
Bridges	(933,687)	(264,600)	0	(1,198,287)
Roads	(12,701,849)	(1,549,378)	103,508	(14,147,719)
Sidewalks	(157,303)	(65,761)	0	(223,064)
Traffic Signals	(243,078)	(55,457)	0	(298,535)
<i>Total Accumulated Depreciation</i>	<u>(41,042,137)</u>	<u>(3,803,601)</u>	<u>269,297</u>	<u>(44,576,441)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>51,422,801</u>	<u>(850,151)</u>	<u>(198,073)</u>	<u>50,374,577</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 65,377,836</u>	<u>\$ 5,856,502</u>	<u>\$ (2,890,550)</u>	<u>\$ 68,343,788</u>

\* This reduction represents a reclassification from land to construction in progress

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	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
<b>Business-Type Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 93,181	\$ 0	\$ 0	\$ 93,181
Construction in Progress	1,499,560	2,760,776	(742,896)	3,517,440
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,592,741</u>	<u>2,760,776</u>	<u>(742,896)</u>	<u>3,610,621</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	917,194	0	0	917,194
Buildings	3,038,631	0	0	3,038,631
Building Improvements	36,180	0	0	36,180
Machinery and Equipment	2,263,021	24,243	0	2,287,264
Furniture and Fixtures	32,220	0	0	32,220
Vehicles	79,175	13,532	0	92,707
Infrastructure:				
Water Lines	6,159,298	394,623	0	6,553,921
Storm Sewers	12,570,728	613,268	0	13,183,996
Sanitary Sewers	8,724,936	762,113	0	9,487,049
<i>Total Capital Assets Being Depreciated</i>	<u>33,821,383</u>	<u>1,807,779</u>	<u>0</u>	<u>35,629,162</u>
<i>Accumulated Depreciation</i>				
Land Improvements	(448,713)	(63,432)	0	(512,145)
Buildings	(1,762,575)	(67,842)	0	(1,830,417)
Building Improvements	(36,180)	0	0	(36,180)
Machinery and Equipment	(1,399,421)	(82,578)	0	(1,481,999)
Furniture and Fixtures	(2,301)	(4,603)	0	(6,904)
Vehicles	(33,220)	(11,467)	0	(44,687)
Infrastructure:				
Water Lines	(1,330,948)	(126,854)	0	(1,457,802)
Storm Sewers	(1,360,986)	(323,881)	0	(1,684,867)
Sanitary Sewers	(1,396,840)	(181,980)	0	(1,578,820)
<i>Total Accumulated Depreciation</i>	<u>(7,771,184)</u>	<u>(862,637)</u>	<u>0</u>	<u>(8,633,821)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>26,050,199</u>	<u>945,142</u>	<u>0</u>	<u>26,995,341</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 27,642,940</u>	<u>\$ 3,705,918</u>	<u>\$ (742,896)</u>	<u>\$ 30,605,962</u>

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Depreciation expense was charged to governmental activities as follows:

	Depreciation
Security of Persons and Property	\$ 244,073
Leisure Time Activities	1,540,782
Public Works	29,514
Transportation	1,871,200
General Government	118,032
Total Depreciation Expense	\$ 3,803,601

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

***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 plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 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, except for those plan members in law enforcement or public safety, for whom the City’s contribution was 17.4 percent of covered payroll. For 2008, a portion of the City’s contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a

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maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to OPERS for the years ended December 31, 2008, 2007 and 2006 were \$443,863, \$586,012 and \$574,631, respectively. 93.0 percent has been contributed for 2008 and 100 percent has been contributed for 2007 and 2006.

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

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by State statute. For 2008, a portion of the City's contribution 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 officers and firefighters were \$294,985 and \$302,965 for the year ended December 31, 2008, \$284,056 and \$301,545 for the year ended December 31, 2007 and \$259,050 and \$293,064 for the year ended December 31, 2006, equal to the required contributions for each year. The full amount has been contributed for 2007 and 2006. 72.0 percent has been contributed for 2008, with the remainder being reported as a liability.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

***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 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 the 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.



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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 postemployment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 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. The amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll for 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected. Active members do not make contributions to the post-employment health care plans.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007 and 2006 were \$443,863, \$331,081 and \$281,069 respectively; 93.0 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Ohio Police and Fire Pension Fund***

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

OP&F provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check, or is a spouse or eligible dependent child of such person.

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

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Funding Policy - OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension 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 OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of payroll of active pension plan members, currently, 19.5 percent and 24.0 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 into 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 adequate funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police officers and firefighters were \$156,168 and \$118,552 for the year ended December 31, 2008, \$150,383 and \$117,996 for the year ended December 31, 2007 and \$170,862 and \$139,769 for the year ended December 31, 2006. The full amount has been contribution for 2007 and 2006. 72% percent has been contributed for 2008.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave components are derived from negotiated agreements, City ordinances and State laws. Vacation leave is earned at rates vary depending upon length of service and standard work week. Vacation leave is vested in the employee on January 1 of each year. Accumulated vacation may be carried over into the following year, not to exceed more than one week of vacation.

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

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

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**NOTE 13 - NOTES PAYABLE**

A summary of the note transactions for the year ended December 31, 2008 follows:

	Outstanding 12/31/07	Increase	Decrease	Outstanding 12/31/08
4.00% Municipal Court Improvement Notes	\$ 1,750,000	\$ 0	\$ (1,750,000)	\$ 0
2.10% Property Acquisition Note	0	2,500,000	0	2,500,000
2.50% Various Purpose Notes	0	2,350,000	0	2,350,000
<b>Total</b>	<u>\$ 1,750,000</u>	<u>\$ 4,850,000</u>	<u>\$ (1,750,000)</u>	<u>\$ 4,850,000</u>

In 2008, the City issued \$2,500,000 in Property Acquisition Notes to finance the purchase of property to be used for the Service Department. The City also issued \$2,350,000 in Various Purpose Notes to refund the Municipal Court Improvement Notes and to finance the construction of a three bridge overpass on Front Street.

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<b>General Obligation Bonds</b>				
1993 Various Purpose Bonds	1993	2013	4.68%	2,878,603
1999 Various Purpose Bonds	1999	2018	5.35%	7,785,000
2004 Various Purpose Refunding Bonds	2004	2012	2.00%	3,025,000
2006 Various Purpose Refunding Bonds	2006	2026	3.75%	7,365,000
<b>Urban Renewal Bonds</b>				
First Avenue Community Bonds	2004	2012	2.00%	1,205,000
First Avenue Community Bonds	1992	2013	4.68%	650,000
<b>OPWC Loans</b>				
Sewer	2005	2025	0.00%	370,069
Sewer	2007	2027	0.00%	670,365 *
Sewer	2008	TBD	0.00%	353,874 *

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	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<b>OWDA Loans</b>				
Sewer	1994	2014	4.56%	\$ 465,000
Sewer	1997	2022	6.11%	700,000
Sewer	1998	2008	5.66%	225,000
Sewer	1999	2019	5.54%	705,173
Sewer	2004	2034	4.66%	1,200,000
Sewer	2005	2036	3.75%	713,940
Sewer	2008	2024	4.28%	345,251 *
Water	1994	2014	6.72%	1,135,000
Water	1998	2008	5.66%	100,000
Water	2000	2009	5.56%	175,000
Water	2000	2014	5.56%	550,000
Water	2006	2012	3.20%	859,153 *
Water	2006	2027	4.42%	1,156,254
Water	2007	2038	4.17%	1,109,436 *
Water	2007	2028	3.25%	1,930,593 *
Water	2008	2038	4.78%	1,105,020 *

\*The total loan (project) is not yet 100% complete.

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A schedule of changes in long-term obligations of the City during 2008 follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Due Within One Year
<b>Governmental Activities</b>					
<i>General Obligation Bonds</i>					
1993 Various Purpose Bonds	\$ 785,000	\$ 0	\$ (165,000)	\$ 620,000	\$ 110,000
1999 Various Purpose Bonds	1,125,000	0	(280,000)	845,000	420,000
2004 Library Bonds Refunded	485,000	0	(85,000)	400,000	95,000
2004 Various Purpose Bonds	1,160,000	0	(215,000)	945,000	225,000
2006 Various Purpose Bonds	7,215,000	0	(150,000)	7,065,000	150,000
<i>Total General Obligation Bonds</i>	<u>10,770,000</u>	<u>0</u>	<u>(895,000)</u>	<u>9,875,000</u>	<u>1,000,000</u>
<i>Urban Renewal Bonds</i>					
2004 First Avenue Community Bonds	780,000	0	(140,000)	640,000	150,000
1993 First Avenue Community Bonds	270,000	0	(40,000)	230,000	40,000
<i>Total Urban Renewal Bonds</i>	<u>1,050,000</u>	<u>0</u>	<u>(180,000)</u>	<u>870,000</u>	<u>190,000</u>
<i>Bond Anticipation Notes</i>					
2.45% Various Improvement Notes	0	975,000	0	975,000	975,000 *
<i>Other Long Term Obligations</i>					
<i>Capital Lease Obligations:</i>					
Street Sweeper	106,975	0	(34,050)	72,925	35,633
Aerial Truck	111,658	0	(26,088)	85,570	27,269
Tractor	7,968	0	(7,968)	0	0
Dump Truck	108,530	0	(19,586)	88,944	20,593
Roller	32,199	0	(4,698)	27,501	4,947
<i>Total Capital Lease Obligations</i>	<u>367,330</u>	<u>0</u>	<u>(92,390)</u>	<u>274,940</u>	<u>88,442</u>
Unamortized Bond Premium	111,006	0	(6,530)	104,476	6,530
Compensated Absences	1,092,372	195,016	(66,260)	1,221,128	124,511
Police and Fire Pension Liability	238,335	0	(4,711)	233,624	4,749
<i>Total Other Long Term Obligations</i>	<u>1,809,043</u>	<u>195,016</u>	<u>(169,891)</u>	<u>1,834,168</u>	<u>224,232</u>
<b>Total Governmental Activities</b>	<u>\$ 13,629,043</u>	<u>\$ 1,170,016</u>	<u>\$ (1,244,891)</u>	<u>\$ 13,554,168</u>	<u>\$ 2,389,232</u>

\* These notes were refinanced in March, 2009.

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	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Due Within One Year
<b>Business-Type Activities</b>					
<i>OWDA Loans</i>					
Sewer	\$ 211,836	\$ 0	\$ (26,325)	\$ 185,511	\$ 27,539
Sewer	533,563	0	(22,732)	510,831	24,120
Sewer	28,469	0	(28,469)	0	0
Sewer	493,626	0	(31,858)	461,768	33,623
Sewer	1,140,422	0	(21,778)	1,118,644	22,805
Sewer	700,747	0	(13,693)	687,054	14,211
Sewer	0	23,194	0	23,194	0
Water	43,066	0	(20,943)	22,123	22,123
Water	312,700	0	(37,667)	275,033	39,791
Water	570,430	0	(66,483)	503,947	70,951
Water	12,653	0	(12,653)	0	0
Water	680,106	178,200	(161,097)	697,209	164,974
Water	891,446	0	(25,837)	865,609	31,066
Water	929,745	179,690	(9,445)	1,099,990	19,485
Water	26,460	1,771,561	(34,644)	1,763,377	70,414
Water	0	598,755	0	598,755	16,900
<i>Total General Obligation Bonds</i>	<u>6,575,269</u>	<u>2,751,400</u>	<u>(513,624)</u>	<u>8,813,045</u>	<u>558,002</u>
<i>OPWC Loans</i>					
Sewer	342,313	0	(18,504)	323,809	18,504
Sewer	510,765	159,600	0	670,365	35,000
Sewer	0	353,874	0	353,874	0
<i>Total Urban Renewal Bonds</i>	<u>853,078</u>	<u>513,474</u>	<u>(18,504)</u>	<u>1,348,048</u>	<u>53,504</u>
<i>Bond Anticipation Note</i>					
2.45% Various Improvement Note	0	25,000	0	25,000	25,000 *
<i>Other Long Term Obligations</i>					
<i>Capital Lease Obligations:</i>					
Sewer Cleaner	130,250	0	(41,033)	89,217	43,372
Bobcat	32,937	0	(10,423)	22,514	10,970
Backhoe	98,038	0	(22,564)	75,474	23,814
<i>Total Capital Lease Obligations</i>	<u>261,225</u>	<u>0</u>	<u>(74,020)</u>	<u>187,205</u>	<u>78,156</u>
Compensated Absences	120,820	33,732	(37,472)	117,080	1,624
<i>Total Other Long Term Obligations</i>	<u>382,045</u>	<u>33,732</u>	<u>(111,492)</u>	<u>304,285</u>	<u>79,780</u>
<b>Total Business-Type Activities</b>	<u>\$ 7,810,392</u>	<u>\$ 3,323,606</u>	<u>\$ (643,620)</u>	<u>\$ 10,490,378</u>	<u>\$ 716,286</u>

\* This note was refinanced in March, 2009.

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**General Obligation Bonds** - General obligations bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The general obligation bonds will be retired from the general obligation debt service fund. The general obligation bonds outstanding as of December 31, 2008 are to be repaid from both voted and unvoted property taxes levied on all taxable property located within the City, municipal income taxes, and transfers from the water revenue fund for exempt properties. Exempt properties include organizations exempt from taxation, such as colleges and churches, as well as property outside the City's jurisdiction who are provided water services from the City. The City assesses these exempt properties through a surcharge on their water bills to pay for the debt.

**Urban Renewal Bonds** - Urban renewal bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. Urban renewal bonds are to be repaid from property taxes approved for that purpose, and will be retired from the general obligation debt service fund.

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

**OPWC Loan** - The Ohio Public Works Commission (OPWC) loans are a zero percent loan and paid from the enterprise fund.

**Notes Payable** - The Various Improvement Notes will be paid from the general capital improvement fund, the safety capital improvement fund and the water fund.

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

The police and fire pension liability will be paid from voted property taxes levied on all taxable property located within the City. The liability will be paid from the police pension and fire pension special revenue funds.

The City has the ability to issue \$12,168,333 of additional debt without obtaining voter approval.

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Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2008 are as follows:

**Governmental Activities**

Year	General Obligation Bonds		Urban Renewal Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,000,000	\$ 399,172	\$ 190,000	\$ 35,838	\$ 1,190,000	\$ 435,010
2010	1,055,000	357,490	200,000	28,537	1,255,000	386,027
2011	1,070,000	312,760	210,000	20,419	1,280,000	333,179
2012	1,110,000	270,169	220,000	11,925	1,330,000	282,094
2013	790,000	225,936	50,000	2,562	840,000	228,498
2014 - 2018	3,585,000	705,302	0	0	3,585,000	705,302
2019 - 2023	795,000	186,600	0	0	795,000	186,600
2024 - 2026	470,000	38,200	0	0	470,000	38,200
<b>Total</b>	<b>\$ 9,875,000</b>	<b>\$ 2,495,629</b>	<b>\$ 870,000</b>	<b>\$ 99,281</b>	<b>\$ 10,745,000</b>	<b>\$ 2,594,910</b>

**Business-Type Activities**

Year	OWDA (1)		OPWC (2)		Totals	
	Principal	Interest	Principal	Principal	Interest	
2009	\$ 558,002	\$ 412,345	\$ 53,504	\$ 611,506	\$ 412,345	
2010	299,028	258,202	53,504	352,532	258,202	
2011	315,335	242,895	53,504	368,839	242,895	
2012	332,558	225,673	53,504	386,062	225,673	
2013	350,751	207,482	53,504	404,255	207,482	
2014 - 2018	1,205,930	805,064	267,520	1,473,450	805,064	
2019 - 2023	952,151	539,041	267,520	1,219,671	539,041	
2024 - 2028	802,139	337,651	191,614	993,753	337,651	
2029 - 2033	717,882	180,454	0	717,882	180,454	
2034 - 2038	449,022	38,366	0	449,022	38,366	
<b>Total</b>	<b>\$ 5,982,798</b>	<b>\$ 3,247,173</b>	<b>\$ 994,174</b>	<b>\$ 6,976,972</b>	<b>\$ 3,247,173</b>	

(1) OWDA loans issued in 2008 have not been fully drawn down, thus there are no amortization schedules available. Some of these loans will have retirement payments in 2009 totaling \$252,288, and are reported as long term obligations due within one year. The balance of the loans drawn totaling \$2,577,960 are reported as long term obligations due in more than one year.

(2) OPWC project not completed, thus there is no amortization schedule available and no payment due in 2009. The amount drawn on the loan of \$353,874 is reported as a long term obligation due in more than one year.



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**NOTE 15 - CAPITAL LEASES**

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the capital assets and the long-term debt liabilities in the governmental and business-type activities, respectively. Capitalized assets acquired under capital leases are all classified as machinery and equipment. All items are long-term agreement leases, which meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*. The assets acquired through capital leases are as follows:

Asset	<b>Governmental Activities</b>				Total
	Street Sweeper	Aerial Truck	Dump Truck	Roller	
Machinery & Equipment	\$ 195,124	\$ 155,730	\$ 108,530	\$ 32,199	\$ 491,583
Less Accumulated Depreciation	(34,147)	(77,864)	(8,140)	(2,415)	(122,566)
<b>Total</b>	<b>\$ 160,977</b>	<b>\$ 77,866</b>	<b>\$ 100,390</b>	<b>\$ 29,784</b>	<b>\$ 369,017</b>

Asset	<b>Business-Type Activities</b>			Total
	Sewer Jet	Bobcat	Backhoe	
Machinery & Equipment	\$ 242,287	\$ 59,216	\$ 98,038	\$ 399,541
Less Accumulated Depreciation	(42,400)	(10,363)	(14,706)	(67,469)
<b>Total</b>	<b>\$ 199,887</b>	<b>\$ 48,853</b>	<b>\$ 83,332</b>	<b>\$ 332,072</b>

The future minimum lease payments required under capital leases are as follows:

Year Ending December 31,	<b>Governmental Activities</b>					Total
	Street Sweeper	Aerial Truck	Dump Truck	Roller		
2009	\$ 39,025	\$ 31,146	\$ 25,165	\$ 6,405		\$ 101,741
2010	39,025	31,146	25,165	6,405		101,741
2011	0	31,146	25,165	6,405		62,716
2012	0	0	25,165	6,405		31,570
2013	0	0	0	6,405		6,405
Minimum Lease Payments	78,050	93,438	100,660	32,025		304,173
Less Amount Representing Interest Present Value of Net Lease Payments	(5,125)	(7,868)	(11,716)	(4,524)		(29,233)
	<b>\$ 72,925</b>	<b>\$ 85,570</b>	<b>\$ 88,944</b>	<b>\$ 27,501</b>		<b>\$ 274,940</b>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**Business-Type Activities**

Year Ending December 31,	Sewer Jet	Bobcat	Backhoe	Total
2009	\$ 48,457	\$ 11,843	\$ 27,996	\$ 88,296
2010	48,457	11,843	27,996	88,296
2011	<u>0</u>	<u>0</u>	<u>27,996</u>	<u>27,996</u>
Minimum Lease Payments	96,914	23,686	83,988	204,588
Less Amount Representing Interest	<u>(7,697)</u>	<u>(1,172)</u>	<u>(8,514)</u>	<u>(17,383)</u>
Present Value of Net Lease Payments	<u>\$ 89,217</u>	<u>\$ 22,514</u>	<u>\$ 75,474</u>	<u>\$ 187,205</u>

**NOTE 16 - OPERATING LEASES - LESSOR DISCLOSURE**

The City leases space on its water tower for cellular antennae. The lease revenue due in 2008 amounted to \$112,433.

**NOTE 17 - RISK MANAGEMENT**

**A. Property and Liability Insurance**

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 fiscal year 1993, the City established a property and liability insurance internal service fund to account for and finance its uninsured and insured risk of loss. Under this program, the property and liability insurance fund provides coverage up to a maximum of \$25,000 for each general liability claim, with stop loss of \$250,000. The City purchases commercial insurance for claims in excess of coverage provided by the fund for all risk of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The general fund, recreation and street maintenance special revenue funds and the water revenue and sewer revenue enterprise funds participate in the program and make payments to the property and liability insurance internal service fund based on estimates of the amounts needed to pay prior year and current year claims.

The City has no claims liability at December 31, 2008.

	Balance January 1	Current Year Claims	Claim Payments	Balance December 31
2006	\$ 15,000	\$ 6,657	\$ 21,657	\$ 0
2007	\$ 0	\$ 42,871	\$ 42,871	\$ 0
2008	\$ 0	\$ 0	\$ 0	\$ 0

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**B. Medical Benefits**

The City has elected to provide employee medical, surgical, prescription drug, dental, and vision benefits. The City maintains a self-insurance internal services fund to account for this program. The plan provides medical/surgical coverage with certain deductibles, co-pays and maximum benefits as noted in the plan. The dental/vision benefits are also subject to certain deductibles, co-pays and maximum benefits as noted in the plan. The prescription drug plan utilizes a \$5 generic, \$10 brand name deductible per prescription. The plan is administered by Benefit Services, Inc. and overseen by The Fedeli Group. All claims are reviewed by Benefit Services, Inc. and the City before claims are paid by the City. All of the above limitations are subject to certain guidelines and restrictions.

The City pays into the self-insurance internal service fund \$1,131 for family coverage and \$507 for single coverage per month. The premium is charged to the fund that records the salary expenditure of the covered employee. The premium is based upon historical cost data provided by the insurance carriers. The claims liability of \$157,345 reported in the medical benefits internal service fund at December 31, 2008 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the medical benefits internal service fund's claims liability amount in 2006, 2007, and 2008 were as follows:

	<u>Balance</u> <u>January 1</u>	<u>Current</u> <u>Year Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>December 31</u>
2006	\$ 254,274	\$ 1,729,955	\$ 1,798,201	\$ 186,028
2007	\$ 186,028	\$ 1,426,167	\$ 1,493,280	\$ 118,915
2008	\$ 118,915	\$ 1,494,733	\$ 1,456,303	\$ 157,345

**C. Workers' Compensation**

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

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Southwest Council of Governments**

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

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

The Council has established two subsidiary organizations, the Hazardous Material Response Team (HAZMAT), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2008, the City of Berea contributed \$7,500 to the Council. The Council's financial statements may be obtained by contacting Southwest Council of Governments, Parma Heights, Ohio 44130.

**B. Southwest General Health Center**

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

The Health Center is governed by a Board of Trustees consisting of the following: one member of the legislative body from each of the political subdivisions, one resident from each of the political subdivisions who is not a member of the legislative body, three persons who are residents of any of the participating political subdivisions, the president and the executive vice president of the corporations, and the president and the vice president of the medical staff. The legislative body of each political subdivision elect their own member to serve on the Board of Trustees of the Health Center. The Board exercises total control over the operation of the Health Center including budgeting, appropriating, contracting and designating management. Each City's control is limited to its representation on the Board. In 2008, the City of Berea contributed \$120,308 to the Health Center.

**C. Southwest Suburban Airport Council of Governments**

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

The Council's Board is comprised of one member from each of the participating communities. The Board oversees and manages the operation of the Council. The degree of control exercised by each City is limited to its representation on the Board. Financial information can be obtained by contacting Timothy Pope, Treasurer, 15700 Bagley Road, Middleburg Heights, Ohio 44130.

**D. Woodvale Union Cemetery**

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

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

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

The joint council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. Each City's control is limited to its representation on the Joint Council. In 2008 the City of Berea contributed \$10,000 to the Cemetery for operations. Woodvale Union Cemetery reimbursed the City \$25,000 toward the City's costs of renovating and constructing the addition to the cemetery administration building.

**E. Northeast Ohio Public Energy Council**

The City is 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 over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of 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 Berea did not contribute to NOPEC during 2008. Financial information can be obtained by contacting Joseph Migliorini, the Board Chairman, at 175 South Main Street, Akron, Ohio 44308 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

**NOTE 19 – CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

The disbursement of funds received under federal and state grants generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any potential disallowed claims resulting from such an audit could become a liability of the City. However, City management believes any such disallowed claims would be immaterial on the overall financial position of the City at December 31, 2008.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 20 - SUBSEQUENT EVENT**

On March 19, 2009, the City issued \$1,000,000 in Bond Anticipation Notes (BANs) at an interest rate of 2.45 percent. These BANs will be used to finance various capital improvements and will mature on March 31, 2010.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**THE FOLLOWING COMBINING STATEMENTS  
AND SCHEDULES INCLUDE -  
MAJOR AND NON-MAJOR  
GOVERNMENTAL FUNDS,  
PROPRIETARY FUNDS AND  
FIDUCIARY FUNDS**

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**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statements - Nonmajor Funds*

**Nonmajor Special Revenue Funds**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Following is a description of the City's nonmajor special revenue funds.

***Recreation Fund***

To account for a percentage of the monies received from delinquent real estate tax assessment collections. Half of the money is to be distributed to the prosecutor and the other half to the treasurer to be used for the collection of delinquent property taxes and assessments.

***State Highway Fund***

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

***Street Maintenance Fund***

To account for that portion of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

***Fire Pension Fund***

To accumulate property taxes levied for the payment of current employer contributions for fire disability and pension benefits and the accrued liability.

***Police Pension Fund***

To accumulate property taxes levied for the payment of current employer contributions for police disability and pension benefits and the accrued liability.

***DARE Grant Fund***

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

***Animal Control Fund***

To account for revenues generated from animal control activities.

***Street Lighting Fund***

To account for special assessments levied to pay the costs of street lighting in certain areas of the City.

***Community Hospital Fund***

To account for a special property tax levied to provide resources to support a health care facility.

***Community Development Block Grant Fund***

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

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statements - Nonmajor Funds*

**Nonmajor Special Revenue Funds**

***Municipal Vehicle Tax Levy Fund***

To account for the additional motor vehicle registration fees designated for maintenance and repair to streets within the City.

***Law Enforcement Fund***

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

***Probation Fund***

To account for court fees, restricted for the operation of the Court Probation Program.

***Indigent Drivers Alcohol Treatment Fund***

To account for the resources obtained from DUI fines and designated, by state statute, for a state approved alcohol treatment program.

***DUI Education Fund***

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

***Indigent Driving School Fund***

To account for court fees, restricted for the payment of driving school fees charged to indigent defendants.

***DUS Diversion Fund***

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

***Court Computer Fund***

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

***Court Computer Research Fund***

To account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Judge's Office.

***Court Special Projects Fund***

To account for court fees, restricted for the use of special projects within the Berea Municipal Court.

***State Highway Patrol Fund***

To account for the resources obtained from state highway fines and designated, by state statute, for expenditures that would enhance the law library.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statements - Nonmajor Funds*

**Nonmajor Capital Projects Funds**

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

***General Capital Improvement Fund***

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

***Safety Capital Improvement Fund***

To account for revenue earmarked for improvements to the Police and Fire Department and the acquisition of capital equipment.

***Recreation Capital Improvement Fund***

To account for monies borrowed or earmarked for capital improvements for recreational purposes.

***Neighborhood Improvement Fund***

To collect revenues related to housing and building code inspections and expend the funds on improvements within the neighborhood for such things as sidewalks, signage, buildings, property improvements, etc.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2008*

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash, Cash Equivalents and Investments	\$ 747,518	\$ 1,055,401	\$ 1,802,919
Receivables:			
Taxes	793,723	0	793,723
Accounts	37,068	0	37,068
Special Assessments	701,771	0	701,771
Intergovernmental	541,350	0	541,350
Materials and Supplies Inventory	97,152	0	97,152
Prepaid Items	1,639	0	1,639
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 2,920,221</u>	<u>\$ 1,055,401</u>	<u>\$ 3,975,622</u>
 <b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 145,500	\$ 9,992	\$ 155,492
Intergovernmental Payable	292,362	12,707	305,069
Accrued Wages and Benefits	9,062	5,216	14,278
Accrued Interest Payable	0	9,349	9,349
Deferred Revenue	1,756,920	0	1,756,920
Notes Payable	0	750,000	750,000
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>2,203,844</u>	<u>787,264</u>	<u>2,991,108</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	12,745	112,076	124,821
Unreserved, Undesignated Reported In:			
General Fund			
Special Revenue Funds	703,632	0	703,632
Capital Projects Funds	0	156,061	156,061
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>716,377</u>	<u>268,137</u>	<u>984,514</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,920,221</u>	<u>\$ 1,055,401</u>	<u>\$ 3,975,622</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statements of Revenues, Expenditures and Changes in*  
*Fund Balances - Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Tax	\$ 824,007	\$ 0	\$ 824,007
Intergovernmental Revenue	898,817	0	898,817
Special Assessments	823,012	0	823,012
Charges for Services	371,448	537,924	909,372
Fees, Licenses and Permits	0	22,570	22,570
Fines and Forfeitures	588,283	60,390	648,673
Contributions and Donations	0	200,000	200,000
Other	61,350	109,575	170,925
<i>Total Revenues</i>	<u>3,566,917</u>	<u>930,459</u>	<u>4,497,376</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property	1,403,759	5,013	1,408,772
Public Health and Welfare	122,080	0	122,080
Leisure Time Activities	1,144,364	0	1,144,364
Public Works	0	4,979	4,979
Transportation	833,147	0	833,147
General Government	509,605	5,216	514,821
Capital Outlay	150,000	2,623,139	2,773,139
Debt Service:			
Principal Retirement	30,799	66,302	97,101
Interest and Fiscal Charges	15,138	17,307	32,445
<i>Total Expenditures</i>	<u>4,208,892</u>	<u>2,721,956</u>	<u>6,930,848</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(641,975)	(1,791,497)	(2,433,472)
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	975,000	975,000
Transfers In	900,000	1,204,000	2,104,000
<i>Total Other Financing Sources (Uses)</i>	<u>900,000</u>	<u>2,179,000</u>	<u>3,079,000</u>
<i>Net Change in Fund Balances</i>	258,025	387,503	645,528
<i>Fund Balances Beginning of Year</i>	<u>458,352</u>	<u>(119,366)</u>	<u>338,986</u>
<i>Fund Balances End of Year</i>	<u>\$ 716,377</u>	<u>\$ 268,137</u>	<u>\$ 984,514</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2008*

	Recreation Fund	State Highway Fund	Street Maintenance Fund	Fire Pension Fund	Police Pension Fund	D.A.R.E. Grant Fund
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 22,633	\$ 7,857	\$ 21,712	\$ 26,011	\$ 25,088	\$ 0
Receivables:						
Taxes	0	0	0	354,550	354,550	0
Accounts	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Intergovernmental	0	23,692	292,179	23,279	23,279	21,521
Materials and Supplies Inventory	339	0	96,813	0	0	0
Prepaid Items	1,639	0	0	0	0	0
	<u>1,639</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 24,611</u>	<u>\$ 31,549</u>	<u>\$ 410,704</u>	<u>\$ 403,840</u>	<u>\$ 402,917</u>	<u>\$ 21,521</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 28,388	\$ 0	\$ 6,990	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	25,205	0	19,854	120,452	125,180	0
Accrued Salaries, Wage and Benefits	4,811	0	2,520	0	0	0
Deferred Revenue	0	15,284	188,485	377,829	377,829	21,521
	<u>0</u>	<u>15,284</u>	<u>188,485</u>	<u>377,829</u>	<u>377,829</u>	<u>21,521</u>
<i>Total Liabilities</i>	<u>58,404</u>	<u>15,284</u>	<u>217,849</u>	<u>498,281</u>	<u>503,009</u>	<u>21,521</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	383	0	0	0	0	0
Unreserved, Undesignated Reported In:						
Special Revenue Funds	(34,176)	16,265	192,855	(94,441)	(100,092)	0
	<u>(34,176)</u>	<u>16,265</u>	<u>192,855</u>	<u>(94,441)</u>	<u>(100,092)</u>	<u>0</u>
<i>Total Fund Balances (Deficit)</i>	<u>(33,793)</u>	<u>16,265</u>	<u>192,855</u>	<u>(94,441)</u>	<u>(100,092)</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 24,611</u>	<u>\$ 31,549</u>	<u>\$ 410,704</u>	<u>\$ 403,840</u>	<u>\$ 402,917</u>	<u>\$ 21,521</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2008*

	Animal Control Fund	Street Lighting Fund	Community Hospital Fund	Community Development Block Grant Fund	Municipal Vehicle Tax Levy Fund	Law Enforcement Fund
<b>Assets</b>						
Cash, Cash Equivalents and Investments	\$ 130	\$ 154,228	\$ 896	\$ 3,671	5,918	\$ 10,642
Receivables:						
Taxes	0	0	84,623	0	0	0
Accounts	0	0	0	0	0	0
Special Assessments	0	701,771	0	0	0	0
Intergovernmental	0	0	4,389	150,000	3,011	0
Materials and Supplies Inventory	0	0	0	0	0	0
Prepaid Items	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 130</u>	<u>\$ 855,999</u>	<u>\$ 89,908</u>	<u>\$ 153,671</u>	<u>\$ 8,929</u>	<u>\$ 10,642</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 0	\$ 100,712	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	0	0	0	0	0	0
Accrued Salaries, Wage and Benefits	0	0	0	0	0	0
Deferred Revenue	0	536,960	89,012	150,000	0	0
	<u>0</u>	<u>637,672</u>	<u>89,012</u>	<u>150,000</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>637,672</u>	<u>89,012</u>	<u>150,000</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	0	0	0	0	0	0
Unreserved, Undesignated Reported In:						
Special Revenue Funds	130	218,327	896	3,671	8,929	10,642
	<u>130</u>	<u>218,327</u>	<u>896</u>	<u>3,671</u>	<u>8,929</u>	<u>10,642</u>
<i>Total Fund Balances (Deficit)</i>	<u>130</u>	<u>218,327</u>	<u>896</u>	<u>3,671</u>	<u>8,929</u>	<u>10,642</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 130</u>	<u>\$ 855,999</u>	<u>\$ 89,908</u>	<u>\$ 153,671</u>	<u>\$ 8,929</u>	<u>\$ 10,642</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2008*

	Probation Fund	Indigent Drivers Alcohol Treatment Fund	DUI Education Fund	Indigent Driving School Fund	DUS Diversion Fund	Court Computer Fund
<b>Assets</b>						
Cash, Cash Equivalents and Investments	\$ 12,482	\$ 71,865	\$ 7,157	\$ 753	\$ 0	\$ 120,003
Receivables:						
Taxes	0	0	0	0	0	0
Accounts	15,292	800	0	0	550	6,876
Special Assessments	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0	0
Prepaid Items	0	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 27,774</u>	<u>\$ 72,665</u>	<u>\$ 7,157</u>	<u>\$ 753</u>	<u>\$ 550</u>	<u>\$ 126,879</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	1,639	0	0	0	0	0
Accrued Salaries, Wage and Benefits	1,525	0	0	0	0	0
Deferred Revenue	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>3,164</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	0	5,000	0	0	0	0
Unreserved, Undesignated Reported In: Special Revenue Funds	<u>24,610</u>	<u>67,665</u>	<u>7,157</u>	<u>753</u>	<u>550</u>	<u>126,879</u>
<i>Total Fund Balances (Deficit)</i>	<u>24,610</u>	<u>72,665</u>	<u>7,157</u>	<u>753</u>	<u>550</u>	<u>126,879</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 27,774</u>	<u>\$ 72,665</u>	<u>\$ 7,157</u>	<u>\$ 753</u>	<u>\$ 550</u>	<u>\$ 126,879</u>

*(continued)*



**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2008*

	Court Computer Research Fund	Court Special Projects Fund	State Highway Patrol Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>				
Cash, Cash Equivalents and Investments	\$ 131,309	\$ 124,507	\$ 656	\$ 747,518
Receivables:				
Taxes	0	0	0	793,723
Accounts	2,943	9,779	828	37,068
Special Assessments	0	0	0	701,771
Intergovernmental	0	0	0	541,350
Materials and Supplies Inventory	0	0	0	97,152
Prepaid Items	0	0	0	1,639
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 134,252</u>	<u>\$ 134,286</u>	<u>\$ 1,484</u>	<u>\$ 2,920,221</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 2,902	\$ 6,508	\$ 0	\$ 145,500
Intergovernmental Payable	32	0	0	292,362
Accrued Salaries, Wage and Benefits	206	0	0	9,062
Deferred Revenue	0	0	0	1,756,920
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>3,140</u>	<u>6,508</u>	<u>0</u>	<u>2,203,844</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	520	6,842	0	12,745
Unreserved, Undesignated Reported In: Special Revenue Funds	<hr/>	<hr/>	<hr/>	<hr/>
	130,592	120,936	1,484	703,632
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances (Deficit)</i>	<u>131,112</u>	<u>127,778</u>	<u>1,484</u>	<u>716,377</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 134,252</u>	<u>\$ 134,286</u>	<u>\$ 1,484</u>	<u>\$ 2,920,221</u>

**City of Berea**  
**Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2008*

	Recreation Fund	State Highway Fund	Street Maintenance Fund	Fire Pension Fund	Police Pension Fund	D.A.R.E. Grant Fund
<b>Revenues</b>						
Property Tax	\$ 0	\$ 0	\$ 0	\$ 360,608	\$ 360,608	\$ 0
Intergovernmental Revenue	0	55,368	680,105	55,414	55,414	0
Special Assessments	0	0	0	0	0	0
Charges for Services	370,565	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Other	61,055	0	295	0	0	0
<i>Total Revenues</i>	<u>431,620</u>	<u>55,368</u>	<u>680,400</u>	<u>416,022</u>	<u>416,022</u>	<u>0</u>
<b>Expenditures</b>						
Current:						
Security of Persons and Property	0	0	0	402,945	429,292	20,844
Leisure Time Activities	1,144,364	0	0	0	0	0
Public Works	0	0	0	0	0	0
Transportation	0	50,000	748,747	0	0	0
General Government	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	1,209	3,502	0
Interest and Fiscal Charges	0	0	0	2,588	7,492	0
<i>Total Expenditures</i>	<u>1,144,364</u>	<u>50,000</u>	<u>748,747</u>	<u>406,742</u>	<u>440,286</u>	<u>20,844</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(712,744)	5,368	(68,347)	9,280	(24,264)	(20,844)
<b>Other Financing Sources (Uses)</b>						
Transfers In	720,000	0	110,000	15,000	55,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>720,000</u>	<u>0</u>	<u>110,000</u>	<u>15,000</u>	<u>55,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	7,256	5,368	41,653	24,280	30,736	(20,844)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(41,049)</u>	<u>10,897</u>	<u>151,202</u>	<u>(118,721)</u>	<u>(130,828)</u>	<u>20,844</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ (33,793)</u>	<u>\$ 16,265</u>	<u>\$ 192,855</u>	<u>\$ (94,441)</u>	<u>\$ (100,092)</u>	<u>\$ 0</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2008*

	Animal Control Fund	Street Lighting Fund	Community Hospital Fund	Community Development Block Grant Fund	Municipal Vehicle Tax Levy Fund	Law Enforcement Fund
<b>Revenues</b>						
Property Tax	\$ 0	\$ 0	\$ 102,791	\$ 0	\$ 0	\$ 0
Intergovernmental Revenue	0	0	17,518	0	34,998	0
Special Assessments	0	823,012	0	0	0	0
Charges for Services	883	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	1,220
Other	0	0	0	0	0	0
<i>Total Revenues</i>	883	823,012	120,309	0	34,998	1,220
<b>Expenditures</b>						
Current:						
Security of Persons and Property	883	528,493	0	0		14,346
Leisure Time Activities	0	0	0	0	0	0
Public Works	0	0	122,080	0	0	0
Transportation	0	0	0	0	34,400	0
General Government	0	0	0	0	0	0
Capital Outlay	0	0	0	150,000	0	0
Debt Service:						
Principal Retirement	0	26,088	0	0	0	0
Interest and Fiscal Charges	0	5,058	0	0		0
<i>Total Expenditures</i>	883	559,639	122,080	150,000	34,400	14,346
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	0	263,373	(1,771)	(150,000)	598	(13,126)
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0	0	0
<i>Net Change in Fund Balances</i>	0	263,373	(1,771)	(150,000)	598	(13,126)
<i>Fund Balances (Deficit) Beginning of Year</i>	130	(45,046)	2,667	153,671	8,331	23,768
<i>Fund Balances (Deficit) End of Year</i>	\$ 130	\$ 218,327	\$ 896	\$ 3,671	\$ 8,929	\$ 10,642

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2008*

	Probation Fund	Indigent Drivers Alcohol Treatment Fund	DUI Education Fund	Indigent Driving School Fund	DUS Diversion Fund	Court Computer Fund
<b>Revenues</b>						
Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenue	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Fines and Forfeitures	253,620	43,757	1,783	0	550	99,421
Other	0	0	0	0	0	0
<i>Total Revenues</i>	<u>253,620</u>	<u>43,757</u>	<u>1,783</u>	<u>0</u>	<u>550</u>	<u>99,421</u>
<b>Expenditures</b>						
Current:						
Security of Persons and Property		0	448	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Public Works	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	229,010	25,054	0	0	0	90,765
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<i>Total Expenditures</i>	<u>229,010</u>	<u>25,054</u>	<u>448</u>	<u>0</u>	<u>0</u>	<u>90,765</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	24,610	18,703	1,335	0	550	8,656
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	24,610	18,703	1,335	0	550	8,656
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>0</u>	<u>53,962</u>	<u>5,822</u>	<u>753</u>	<u>0</u>	<u>118,223</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 24,610</u>	<u>\$ 72,665</u>	<u>\$ 7,157</u>	<u>\$ 753</u>	<u>\$ 550</u>	<u>\$ 126,879</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2008*

	Court Computer Research Fund	Court Special Projects Fund	State Highway Patrol Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Property Tax	\$ 0	\$ 0	\$ 0	\$ 824,007
Intergovernmental Revenue	0	0	0	898,817
Special Assessments	0	0	0	823,012
Charges for Services	0	0	0	371,448
Fines and Forfeitures	37,394	144,583	5,955	588,283
Other	0	0	0	61,350
<i>Total Revenues</i>	<u>37,394</u>	<u>144,583</u>	<u>5,955</u>	<u>3,566,917</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	0	6,508	0	1,403,759
Leisure Time Activities	0	0	0	1,144,364
Public Works	0	0	0	122,080
Transportation	0	0	0	833,147
General Government	75,034	85,271	4,471	509,605
Capital Outlay	0	0	0	150,000
Debt Service:				
Principal Retirement	0	0	0	30,799
Interest and Fiscal Charges	0	0	0	15,138
<i>Total Expenditures</i>	<u>75,034</u>	<u>91,779</u>	<u>4,471</u>	<u>4,208,892</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(37,640)	52,804	1,484	(641,975)
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>900,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>900,000</u>
<i>Net Change in Fund Balances</i>	(37,640)	52,804	1,484	258,025
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>168,752</u>	<u>74,974</u>	<u>0</u>	<u>458,352</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 131,112</u>	<u>\$ 127,778</u>	<u>\$ 1,484</u>	<u>\$ 716,377</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2008*

	General Capital Improvement Fund	Safety Capital Improvement Fund	Recreation Capital Improvement Fund	Neighborhood Improvement Fund	Totals
<b>Assets</b>					
Cash, Cash Equivalents and Investments	\$ 720,695	\$ 275,179	\$ 7,374	\$ 52,153	\$ 1,055,401
<i>Total Assets</i>	<u>\$ 720,695</u>	<u>\$ 275,179</u>	<u>\$ 7,374</u>	<u>\$ 52,153</u>	<u>\$ 1,055,401</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 0	\$ 5,013	\$ 0	\$ 4,979	\$ 9,992
Intergovernmental Payable	0	0	0	12,707	12,707
Accrued Wages and Benefits	0	0	0	5,216	5,216
Accrued Interest Payable	9,349	0	0	0	9,349
Notes Payable	750,000	0	0	0	750,000
<i>Total Liabilities</i>	<u>759,349</u>	<u>5,013</u>	<u>0</u>	<u>22,902</u>	<u>787,264</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	105,892	0	2,453	3,731	112,076
Unreserved, Undesignated (Deficit) Reported In: Capital Projects Funds	<u>(144,546)</u>	<u>270,166</u>	<u>4,921</u>	<u>25,520</u>	<u>156,061</u>
<i>Total Fund Balances</i>	<u>(38,654)</u>	<u>270,166</u>	<u>7,374</u>	<u>29,251</u>	<u>268,137</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 720,695</u>	<u>\$ 275,179</u>	<u>\$ 7,374</u>	<u>\$ 52,153</u>	<u>\$ 1,055,401</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*December 31, 2008*

	General Capital Improvement Fund	Safety Capital Improvement Fund	Recreation Capital Improvement Fund	Neighborhood Improvement Fund	Totals
<b>Revenues</b>					
Charges for Services	\$ 296,596	\$ 241,328	\$ 0	\$ 0	\$ 537,924
Fees, Licenses and Permits	0	0	0	22,570	22,570
Fines and Forfeitures	60,390	0	0	0	60,390
Contributions and Donations	200,000	0	0	0	200,000
Other	29,500	80,075	0	0	109,575
<i>Total Revenues</i>	<u>586,486</u>	<u>321,403</u>	<u>0</u>	<u>22,570</u>	<u>930,459</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	0	5,013	0	0	5,013
Public Works	0	0	0	4,979	4,979
General Government	0	0	0	5,216	5,216
Capital Outlay	1,767,630	207,067	45,248	603,194	2,623,139
Debt Service:					
Principal Retirement	58,334	0	7,968	0	66,302
Interest and Fiscal Charges	16,669	0	638	0	17,307
<i>Total Expenditures</i>	<u>1,842,633</u>	<u>212,080</u>	<u>53,854</u>	<u>613,389</u>	<u>2,721,956</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,256,147)</u>	<u>109,323</u>	<u>(53,854)</u>	<u>(590,819)</u>	<u>(1,791,497)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of Notes	830,000	145,000	0	0	975,000
Transfers In	520,000	10,000	57,000	617,000	1,204,000
<i>Total Other Financing Sources</i>	<u>1,350,000</u>	<u>155,000</u>	<u>57,000</u>	<u>617,000</u>	<u>2,179,000</u>
<i>Net Change in Fund Balances</i>	93,853	264,323	3,146	26,181	387,503
<i>Fund Balances Beginning of Year</i>	<u>(132,507)</u>	<u>5,843</u>	<u>4,228</u>	<u>3,070</u>	<u>(119,366)</u>
<i>Fund Balances End of Year</i>	<u>\$ (38,654)</u>	<u>\$ 270,166</u>	<u>\$ 7,374</u>	<u>\$ 29,251</u>	<u>\$ 268,137</u>

**City of Berea**  
**Cuyahoga County, 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*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$ 1,851,840	\$ 2,023,386	\$ 2,023,386	\$ 0
Municipal Income Taxes	10,066,666	10,718,263	10,718,263	0
Other Local Taxes	263,000	211,222	211,222	0
Special Assessments	8,000	8,014	8,014	0
Intergovernmental	1,249,785	1,512,013	1,512,013	0
Charges for Services	442,500	133,009	133,009	0
Fees, Licenses and Permits	520,000	252,075	252,075	0
Fines and Forfeitures	1,718,926	1,524,429	1,524,429	0
Investment Income	180,000	188,798	188,798	0
Other	29,574	90,380	90,380	0
<i>Total Revenues</i>	<u>16,330,291</u>	<u>16,661,589</u>	<u>16,661,589</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	2,915,976	2,925,976	2,914,602	11,374
Other	278,500	275,500	267,737	7,763
Total Police Department	<u>3,194,476</u>	<u>3,201,476</u>	<u>3,182,339</u>	<u>19,137</u>
Fire:				
Personal Services	1,895,748	1,895,748	1,856,611	39,137
Other	58,842	55,842	55,805	37
Total Police Department	<u>1,954,590</u>	<u>1,951,590</u>	<u>1,912,416</u>	<u>39,174</u>
Total Security of Persons and Property	<u>5,149,066</u>	<u>5,153,066</u>	<u>5,094,755</u>	<u>58,311</u>
Leisure Time Activities:				
Municipal Signage:				
Personal Services	78,888	83,888	83,087	801
Other	15,250	14,500	14,114	386
Total Municipal Signage	<u>94,138</u>	<u>98,388</u>	<u>97,201</u>	<u>1,187</u>
Public Grounds:				
Personal Services	403,090	388,000	385,089	2,911
Other	42,350	42,350	41,087	1,263
Total Public Grounds	<u>445,440</u>	<u>430,350</u>	<u>426,176</u>	<u>4,174</u>
Total Leisure Time Activities	<u>539,578</u>	<u>528,738</u>	<u>523,377</u>	<u>5,361</u>
Community Development:				
Building Department:				
Personal Services	315,024	311,441	309,010	2,431
Other	22,500	22,500	20,609	1,891
Total Building Department	<u>337,524</u>	<u>333,941</u>	<u>329,619</u>	<u>4,322</u>

*(continued)*



**City of Berea**  
**Cuyahoga County, 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*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineering Department:				
Personal Services	234,090	202,339	197,873	4,466
Other	14,700	14,700	12,569	2,131
Total Engineering Department	<u>248,790</u>	<u>217,039</u>	<u>210,442</u>	<u>6,597</u>
Total Community Development	<u>586,314</u>	<u>550,980</u>	<u>540,061</u>	<u>10,919</u>
Public Works:				
Storm Sewers and Drains:				
Personal Services	41,540	43,540	42,338	1,202
Other	25,100	26,100	25,554	546
Total Storm Sewers and Drains	<u>66,640</u>	<u>69,640</u>	<u>67,892</u>	<u>1,748</u>
Refuse Collection and Disposal:				
Other	775,000	846,000	842,813	3,187
Total Collections and Disposal	<u>775,000</u>	<u>846,000</u>	<u>842,813</u>	<u>3,187</u>
Recycling Collection:				
Personal Services	5,193	5,420	5,420	0
Total Recycling Collection	<u>5,193</u>	<u>5,420</u>	<u>5,420</u>	<u>0</u>
Leaf Collection:				
Personal Services	41,348	65,000	52,710	12,290
Other	5,950	5,950	5,192	758
Total Leaf Collection	<u>47,298</u>	<u>70,950</u>	<u>57,902</u>	<u>13,048</u>
Snow Removal:				
Personal Services	137,888	175,099	160,874	14,225
Other	85,000	135,670	134,529	1,141
Total Snow Removal	<u>222,888</u>	<u>310,769</u>	<u>295,403</u>	<u>15,366</u>
Total Public Works	<u>1,117,019</u>	<u>1,302,779</u>	<u>1,269,430</u>	<u>33,349</u>
General Government:				
Council:				
Personal Services	146,356	146,356	145,524	832
Other	15,495	5,495	4,094	1,401
Total Council	<u>161,851</u>	<u>151,851</u>	<u>149,618</u>	<u>2,233</u>
Mayor:				
Personal Services	220,967	220,967	216,972	3,995
Other	77,300	77,300	59,476	17,824
Total Mayor	<u>298,267</u>	<u>298,267</u>	<u>276,448</u>	<u>21,819</u>
Finance				
Personal Services	275,335	275,335	273,941	1,394
Other	11,400	11,400	9,821	1,579
Total Finance	<u>286,735</u>	<u>286,735</u>	<u>283,762</u>	<u>2,973</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, 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*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law:				
Personal Services	204,641	204,641	203,161	1,480
Other	12,635	12,635	11,943	692
Total Law	<u>217,276</u>	<u>217,276</u>	<u>215,104</u>	<u>2,172</u>
Civil Service Commission:				
Other	6,100	6,100	4,572	1,528
Total Civil Service Commission	<u>6,100</u>	<u>6,100</u>	<u>4,572</u>	<u>1,528</u>
Municipal Court:				
Personal Services	1,045,410	870,594	861,534	9,060
Other	773,550	651,251	637,560	13,691
Total Municipal Court	<u>1,818,960</u>	<u>1,521,845</u>	<u>1,499,094</u>	<u>22,751</u>
Administration:				
Personal Services	2,575	6,210	5,586	624
Other	2,816,197	2,780,509	2,725,715	54,794
Total Administration	<u>2,818,772</u>	<u>2,786,719</u>	<u>2,731,301</u>	<u>55,418</u>
Municipal Fleet and Equipment:				
Personal Services	185,005	186,201	186,201	0
Other	227,500	260,000	259,846	154
Total Municipal Fleet and Equipment	<u>412,505</u>	<u>446,201</u>	<u>446,047</u>	<u>154</u>
Municipal Building:				
Personal Services	1,000	0	0	0
Other	428,500	427,500	427,038	462
Total Municipal Building	<u>429,500</u>	<u>427,500</u>	<u>427,038</u>	<u>462</u>
Service Administration:				
Personal Services	188,406	165,210	160,334	4,876
Other	17,420	19,000	18,505	495
Total Service Administration	<u>205,826</u>	<u>184,210</u>	<u>178,839</u>	<u>5,371</u>
Planning and Development:				
Other	15,000	15,000	13,984	1,016
Total Planning and Development	<u>15,000</u>	<u>15,000</u>	<u>13,984</u>	<u>1,016</u>
Total General Government	<u>6,670,792</u>	<u>6,341,704</u>	<u>6,225,807</u>	<u>115,897</u>
<i>Total Expenditures</i>	<u>14,062,769</u>	<u>13,877,267</u>	<u>13,653,430</u>	<u>223,837</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,267,522</u>	<u>2,784,322</u>	<u>3,008,159</u>	<u>(223,837)</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, 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*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	0	4,160	4,160	0
Advances Out	0	(112,000)	(112,000)	0
Transfers Out	(2,336,000)	(2,236,000)	(2,236,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,336,000)</u>	<u>(2,343,840)</u>	<u>(2,343,840)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(68,478)	440,482	664,319	(223,837)
<i>Fund Balance (Deficit) Beginning of Year</i>	1,095,430	1,095,430	1,095,430	0
Prior Year Encumbrances Appropriated	44,654	44,654	44,654	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 1,071,606</u>	<u>\$ 1,580,566</u>	<u>\$ 1,804,403</u>	<u>\$ (223,837)</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$ 1,532,583	\$ 1,532,583	\$ 0
Intergovernmental	237,250	237,250	0
Special Assessments	8,999	8,999	0
<i>Total Revenues</i>	<u>1,778,832</u>	<u>1,778,832</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government			
Other	20,000	18,204	1,796
Total General Government	<u>20,000</u>	<u>18,204</u>	<u>1,796</u>
Debt Service			
Principal Retirement	1,081,919	1,081,919	0
Interest and Fiscal Charges	470,735	470,735	0
Total Debt Service	<u>1,552,654</u>	<u>1,552,654</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,572,654</u>	<u>1,570,858</u>	<u>1,796</u>
<i>Net Change in Fund Balance</i>	206,178	207,974	(1,796)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>468,848</u>	<u>468,848</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 675,026</u>	<u>\$ 676,822</u>	<u>\$ (1,796)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Railroad Capital Improvement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Intergovernmental	\$ 19,887,185	\$ 546,188	\$(19,340,997)
Other	8,567	8,567	0
	<u>19,895,752</u>	<u>554,755</u>	<u>(19,340,997)</u>
<i>Total Revenues</i>			
<b>Expenditures</b>			
Capital Outlay	24,000,000	3,355,268	20,644,732
	<u>24,000,000</u>	<u>3,355,268</u>	<u>20,644,732</u>
<i>Total Expenditures</i>			
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,104,248)</u>	<u>(2,800,513)</u>	<u>(39,985,729)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	4,104,248	4,104,248	0
	<u>4,104,248</u>	<u>4,104,248</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Net Change in Fund Balance</i>	0	1,303,735	(39,985,729)
<i>Fund Balance (Deficit) Beginning of Year</i>	48,917	48,917	0
Prior Year Encumbrances Appropriated	347,085	347,085	0
	<u>396,002</u>	<u>1,699,737</u>	<u>(39,985,729)</u>
<i>Fund Balance (Deficit) End of Year</i>			

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Court Capital Improvement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fees, Licenses and Permits	\$ 288,305	\$ 288,305	\$ 0
Investment Income	113	113	0
<i>Total Revenues</i>	<u>288,418</u>	<u>288,418</u>	<u>0</u>
<b>Expenditures</b>			
Capital Outlay	2,020,000	2,017,984	2,016
<i>Total Expenditures</i>	<u>2,020,000</u>	<u>2,017,984</u>	<u>2,016</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,731,582)</u>	<u>(1,729,566)</u>	<u>(2,016)</u>
<b>Other Financing Sources (Uses)</b>			
Advances In	112,000	112,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>112,000</u>	<u>112,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,619,582)	(1,617,566)	(2,016)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>1,694,407</u>	<u>1,694,407</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 74,825</u>	<u>\$ 76,841</u>	<u>\$ (2,016)</u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 375,028	\$ 375,028	\$ 0
Other	61,055	61,055	0
<i>Total Revenues</i>	<u>436,083</u>	<u>436,083</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Leisure Time Activities:			
Personal Services	574,377	570,271	4,106
Other	600,059	590,122	9,937
<i>Total Expenditures</i>	<u>1,174,436</u>	<u>1,160,393</u>	<u>14,043</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(738,353)</u>	<u>(724,310)</u>	<u>(14,043)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	720,000	720,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>720,000</u>	<u>720,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(18,353)	(4,310)	(14,043)
<i>Fund Balance (Deficit) Beginning of Year</i>	18,444	18,444	0
Prior Year Encumbrances Appropriated	5,266	5,266	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 5,357</u>	<u>\$ 19,400</u>	<u>\$ (14,043)</u>

**City of Berea**  
**Cuyahoga County, 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 with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 51,280	\$ 51,280	\$ 0
<i>Total Revenues</i>	<u>51,280</u>	<u>51,280</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Transportation			
Other	52,000	50,000	2,000
<i>Total Expenditures</i>	<u>52,000</u>	<u>50,000</u>	<u>2,000</u>
<i>Net Change in Fund Balance</i>	(720)	1,280	2,000
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>6,576</u>	<u>6,576</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 5,856</u></u>	<u><u>\$ 7,856</u></u>	<u><u>\$ 2,000</u></u>



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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 632,455	\$ 632,455	\$ 0
Other	295	295	0
<i>Total Revenues</i>	<u>632,750</u>	<u>632,750</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Transportation			
Personal Services	435,360	421,852	13,508
Other	353,700	352,655	1,045
<i>Total Expenditures</i>	<u>789,060</u>	<u>774,507</u>	<u>14,553</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(156,310)</u>	<u>(141,757)</u>	<u>(14,553)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	110,000	110,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>110,000</u>	<u>110,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(46,310)	(31,757)	(14,553)
<i>Fund Balance (Deficit) Beginning of Year</i>	52,579	52,579	0
Prior Year Encumbrances Appropriated	390	390	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 6,659</u>	<u>\$ 21,212</u>	<u>\$ (14,553)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Pension Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$ 360,608	\$ 360,608	\$ 0
Intergovernmental	55,414	55,414	0
<i>Total Revenues</i>	<u>416,022</u>	<u>416,022</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Personal Services	438,203	424,628	13,575
<i>Total Expenditures</i>	<u>438,203</u>	<u>424,628</u>	<u>13,575</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(22,181)</u>	<u>(8,606)</u>	<u>(13,575)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	15,000	15,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(7,181)	6,394	(13,575)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>19,616</u>	<u>19,616</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 12,435</u>	<u>\$ 26,010</u>	<u>\$ (13,575)</u>

**City of Berea**  
**Cuyahoga County, 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 with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$ 360,608	\$ 360,608	\$ 0
Intergovernmental	55,414	55,414	0
<i>Total Revenues</i>	<u>416,022</u>	<u>416,022</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Personal Services	464,584	460,030	4,554
<i>Total Expenditures</i>	<u>464,584</u>	<u>460,030</u>	<u>4,554</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(48,562)</u>	<u>(44,008)</u>	<u>(4,554)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	55,000	55,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	6,438	10,992	(4,554)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>14,096</u>	<u>14,096</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 20,534</u>	<u>\$ 25,088</u>	<u>\$ (4,554)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Dare Grant Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 20,844	\$ 20,844	\$ 0
<i>Total Revenues</i>	<u>20,844</u>	<u>20,844</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Other	20,844	20,844	0
<i>Total Expenditures</i>	<u>20,844</u>	<u>20,844</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Animal Control Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$ 883	\$ 883	\$ 0
<i>Total Revenues</i>	<u>883</u>	<u>883</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Other	912	883	29
<i>Total Expenditures</i>	<u>912</u>	<u>883</u>	<u>29</u>
<i>Net Change in Fund Balance</i>	(29)	0	29
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>130</u>	<u>130</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 101</u></u>	<u><u>\$ 130</u></u>	<u><u>\$ 29</u></u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$ 658,201	\$ 658,201	\$ 0
<i>Total Revenues</i>	<u>658,201</u>	<u>658,201</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Other	555,000	528,474	26,526
<i>Total Expenditures</i>	<u>555,000</u>	<u>528,474</u>	<u>26,526</u>
<i>Net Change in Fund Balance</i>	103,201	129,727	(26,526)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>24,456</u>	<u>24,456</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 127,657</u>	<u>\$ 154,183</u>	<u>\$ (26,526)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Hospital Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$ 102,791	\$ 102,791	\$ 0
Intergovernmental	17,518	17,518	0
<i>Total Revenues</i>	<u>120,309</u>	<u>120,309</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Public Health:			
Other	122,080	122,080	0
<i>Total Expenditures</i>	<u>122,080</u>	<u>122,080</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,771)	(1,771)	0
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>2,668</u>	<u>2,668</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 897</u></u>	<u><u>\$ 897</u></u>	<u><u>\$ 0</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Development Block Grant*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 150,000	\$ 150,000	\$ 0
<i>Total Revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Capital Outlay	150,000	150,000	0
<i>Net Change in Fund Balance</i>	150,000	150,000	0
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>3,671</u>	<u>3,671</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 153,671</u></u>	<u><u>\$ 153,671</u></u>	<u><u>\$ 0</u></u>



**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Municipal Vehicle Tax Levy*  
*For the Year Ended December 31, 2008*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 37,960	\$ 37,960	\$ 0
<i>Total Revenues</i>	<u>37,960</u>	<u>37,960</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Transportation:			
Other	37,000	34,400	2,600
<i>Total Expenditures</i>	<u>37,000</u>	<u>34,400</u>	<u>2,600</u>
<i>Net Change in Fund Balance</i>	960	3,560	(2,600)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>2,360</u>	<u>2,360</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 3,320</u></u>	<u><u>\$ 5,920</u></u>	<u><u>\$ (2,600)</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Fund*  
*For the Year Ended December 31, 2008*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 1,220	\$ 1,220	\$ 0
<i>Total Revenues</i>	<u>1,220</u>	<u>1,220</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Other	18,000	14,346	3,654
<i>Total Expenditures</i>	<u>18,000</u>	<u>14,346</u>	<u>3,654</u>
<i>Net Change in Fund Balance</i>	(16,780)	(13,126)	(3,654)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>23,768</u>	<u>23,768</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 6,988</u>	<u>\$ 10,642</u>	<u>\$ (3,654)</u>

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 238,328	\$ 238,328	\$ 0
<i>Total Revenues</i>	<u>238,328</u>	<u>238,328</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Personal Services	166,816	162,220	4,596
Other	<u>69,800</u>	<u>63,626</u>	<u>6,174</u>
<i>Total Expenditures</i>	<u>236,616</u>	<u>225,846</u>	<u>10,770</u>
<i>Net Change in Fund Balance</i>	1,712	12,482	(10,770)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 1,712</u></u>	<u><u>\$ 12,482</u></u>	<u><u>\$ (10,770)</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Indigent Drivers Alcohol Treatment Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$ 42,957	\$ 42,957	\$ 0
<i>Total Revenues</i>	<u>42,957</u>	<u>42,957</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Other	40,000	30,054	9,946
<i>Total Expenditures</i>	<u>40,000</u>	<u>30,054</u>	<u>9,946</u>
<i>Net Change in Fund Balance</i>	2,957	12,903	(9,946)
<i>Fund Balance (Deficit) Beginning of Year</i>	46,238	46,238	0
Prior Year Encumbrances Appropriated	<u>7,725</u>	<u>7,725</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 56,920</u></u>	<u><u>\$ 66,866</u></u>	<u><u>\$ (9,946)</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*DUI Education Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 1,783	\$ 1,783	\$ 0
<i>Total Revenues</i>	<u>1,783</u>	<u>1,783</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Other	1,000	448	552
<i>Total Expenditures</i>	<u>1,000</u>	<u>448</u>	<u>552</u>
<i>Net Change in Fund Balance</i>	783	1,335	(552)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>5,821</u>	<u>5,821</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 6,604</u>	<u>\$ 7,156</u>	<u>\$ (552)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Indigent Driving School Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Expenditures</b>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance (Deficit) Beginning of Year</i>	753	753	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 753</u>	<u>\$ 753</u>	<u>\$ 0</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*DUS Diversion Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Expenditures</b>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance (Deficit) Beginning of Year</i>	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Court Computer Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 97,992	\$ 97,992	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Revenues</i>	97,992	97,992	0
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures</b>			
Current:			
General Government:			
Other	85,000	74,453	10,547
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Expenditures</i>	85,000	74,453	10,547
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Net Change in Fund Balance</i>	12,992	23,539	(10,547)
<i>Fund Balance (Deficit) Beginning of Year</i>	94,347	94,347	0
Prior Year Encumbrances Appropriated	2,117	2,117	0
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 109,456</u>	<u>\$ 120,003</u>	<u>\$ (10,547)</u>



**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Court Computer Research Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 42,005	\$ 42,005	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Revenues</i>	42,005	42,005	0
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures</b>			
Current:			
General Government:			
Personal Services	12,000	10,994	1,006
Fringe Benefits	80,000	68,123	11,877
Total General Government	<u>92,000</u>	<u>79,117</u>	<u>12,883</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Expenditures</i>	92,000	79,117	12,883
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Net Change in Fund Balance</i>	(49,995)	(37,112)	(12,883)
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Fund Balance (Deficit) Beginning of Year</i>	161,788	161,788	0
Prior Year Encumbrances Appropriated	<u>3,211</u>	<u>3,211</u>	<u>0</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 115,004</u>	<u>\$ 127,887</u>	<u>\$ (12,883)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Court Special Projects Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Fines and Forfeitures	\$ 134,804	\$ 134,804	\$ 0
<i>Total Revenues</i>	<u>134,804</u>	<u>134,804</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Other	110,000	92,771	17,229
<i>Total Expenditures</i>	<u>110,000</u>	<u>92,771</u>	<u>17,229</u>
<i>Net Change in Fund Balance</i>	24,804	42,033	(17,229)
<i>Fund Balance (Deficit) Beginning of Year</i>	74,809	74,809	0
Prior Year Encumbrances Appropriated	<u>165</u>	<u>165</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 99,778</u></u>	<u><u>\$ 117,007</u></u>	<u><u>\$ (17,229)</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Patrol Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$ 5,127	\$ 5,127	\$ 0
<i>Total Revenues</i>	<u>5,127</u>	<u>5,127</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Other	4,471	4,471	0
<i>Total Expenditures</i>	<u>4,471</u>	<u>4,471</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	656	656	0
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 656</u></u>	<u><u>\$ 656</u></u>	<u><u>\$ 0</u></u>

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 296,596	\$ 296,596	0
Fines and Forfeitures	60,390	60,390	0
Contributions and Donations	200,000	200,000	0
Other	29,500	29,500	0
<i>Total Revenues</i>	<u>586,486</u>	<u>586,486</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Capital Outlay	2,084,795	1,959,006	125,789
<i>Total Expenditures</i>	<u>2,084,795</u>	<u>1,959,006</u>	<u>125,789</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,498,309)</u>	<u>(1,372,520)</u>	<u>(125,789)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	1,584,940	1,584,940	0
Transfers In	520,000	520,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,104,940</u>	<u>2,104,940</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	606,631	732,420	(125,789)
<i>Fund Balance (Deficit) Beginning of Year</i>	(118,827)	(118,827)	0
Prior Year Encumbrances Appropriated	1,209	1,209	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 489,013</u>	<u>\$ 614,802</u>	<u>\$ (125,789)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Safety Capital Improvement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 241,328	\$ 241,328	\$ 0
Other	80,075	80,075	0
<i>Total Revenues</i>	<u>321,403</u>	<u>321,403</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Capital Outlay	250,150	224,206	25,944
<i>Total Expenditures</i>	<u>250,150</u>	<u>224,206</u>	<u>25,944</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>71,253</u>	<u>97,197</u>	<u>(25,944)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	145,000	145,000	0
Transfers In	10,000	10,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>155,000</u>	<u>155,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	226,253	252,197	(25,944)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>20,359</u>	<u>20,359</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 246,612</u></u>	<u><u>\$ 272,556</u></u>	<u><u>\$ (25,944)</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Capital Improvement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Expenditures</b>			
Current:			
Capital Outlay	57,000	54,307	2,693
<i>Total Expenditures</i>	57,000	54,307	2,693
<i>Excess of Revenues Over (Under) Expenditures</i>	(57,000)	(54,307)	(2,693)
<b>Other Financing Sources (Uses)</b>			
Transfers In	57,000	57,000	0
<i>Total Other Financing Sources (Uses)</i>	57,000	57,000	0
<i>Net Change in Fund Balance</i>	0	2,693	(2,693)
<i>Fund Balance (Deficit) Beginning of Year</i>	2,227	2,227	0
<i>Fund Balance (Deficit) End of Year</i>	\$ 2,227	\$ 4,920	\$ (2,693)

**City of Berea**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Neighborhood Improvement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fees, Licenses and Permits	\$ 22,570	\$ 22,570	\$ 0
<i>Total Revenues</i>	<u>22,570</u>	<u>22,570</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Capital Outlay:			
Personal Services	234,626	234,201	425
Other	388,176	362,767	25,409
<i>Total Expenditures</i>	<u>622,802</u>	<u>596,968</u>	<u>25,834</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(600,232)</u>	<u>(574,398)</u>	<u>(25,834)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	617,000	617,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>617,000</u>	<u>617,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	16,768	42,602	(25,834)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>3,070</u>	<u>3,070</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$ 19,838</u></u>	<u><u>\$ 45,672</u></u>	<u><u>\$ (25,834)</u></u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statements – Internal Service Funds*

These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

***Medical Benefits Fund***

To account for the operation of the City's self-insurance program for employee health benefits.

***Property/Liability Insurance Fund***

To account for the operation of the City's self-insurance program for property and liability insurance.



**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Net Assets*  
*Internal Service Funds*  
*December 31, 2008*

	Medical Benefits	Proprietary/ Liability Insurance	Totals
<b>Assets</b>			
Current Assets:			
Cash, Cash Equivalents and Investments	\$ 88,965	13,190	\$ 102,155
Prepaid Items	28,032	0	28,032
<i>Total Assets</i>	<u>\$ 116,997</u>	<u>\$ 13,190</u>	<u>\$ 130,187</u>
 <b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	0	2,836	2,836
Claims Payable	157,345	0	157,345
<i>Total Current Liabilities</i>	157,345	2,836	160,181
 <b>Net Assets</b>			
Unrestricted (Deficit)	<u>\$ (40,348)</u>	<u>\$ 10,354</u>	<u>\$ (29,994)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Revenues, Expenses*  
*and Changes in Net Assets*  
*Internal Service Funds*  
*December 31, 2008*

	Medical Benefits	Proprietary/ Liability Insurance	Totals
<b>Operating Revenues</b>			
Charges for Services	\$ 1,806,093	\$ 214,500	\$ 2,020,593
Reimbursements	<u>0</u>	<u>22,914</u>	<u>22,914</u>
<i>Total Operating Revenues</i>	<u>1,806,093</u>	<u>237,414</u>	<u>2,043,507</u>
<b>Operating Expenses</b>			
Contractual Services	306,515	204,532	511,047
Claims	<u>1,469,703</u>	<u>25,030</u>	<u>1,494,733</u>
<i>Total Operating Expenses</i>	<u>1,776,218</u>	<u>229,562</u>	<u>2,005,780</u>
Operating Income	29,875	7,852	37,727
<b>Non-Operating Revenues (Expenses)</b>			
Interest	<u>76</u>	<u>0</u>	<u>76</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>76</u>	<u>0</u>	<u>76</u>
<i>Change in Net Assets</i>	29,951	7,852	37,803
<i>Net Assets Beginning of Year</i>	<u>(70,299)</u>	<u>2,502</u>	<u>(67,797)</u>
<i>Net Assets End of Year</i>	<u>\$ (40,348)</u>	<u>\$ 10,354</u>	<u>\$ (29,994)</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Cash Flows-*  
*Internal Service Funds*  
*December 31, 2008*

	<b>Medical Benefits</b>	<b>Property/ Liability Insurance</b>	<b>Total Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 1,806,093	\$ 214,500	\$ 2,020,593
Cash Received from Refunds and Reimbursement	0	22,914	22,914
Cash Payments for Contractual and Other Services	(335,997)	(201,696)	(537,693)
Cash Payments for Claims	(1,431,273)	(25,030)	(1,456,303)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>38,823</u>	<u>10,688</u>	<u>49,511</u>
<b>Cash Flows From Investing Activities</b>			
Interest on Investments	76	0	76
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>76</u>	<u>0</u>	<u>76</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	38,899	10,688	49,587
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>50,066</u>	<u>2,502</u>	<u>52,568</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 88,965</u>	<u>\$ 13,190</u>	<u>\$ 102,155</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>			
Operating Income (Loss)	\$ 29,875	\$ 7,852	\$ 37,727
Adjustments:			
(Increase) Decrease in Assets:			
Prepays	(28,032)	0	(28,032)
Increase (Decrease) in Liabilities:			
Accounts Payable	(1,450)	2,836	1,386
Claims Payable	38,430	0	38,430
<i>Total Adjustments</i>	<u>8,948</u>	<u>2,836</u>	<u>11,784</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ 38,823</u>	<u>\$ 10,688</u>	<u>\$ 49,511</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statements – Agency Funds*

***Fiduciary Funds***

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

***Agency Funds***

***Regional Sewer Agency Fund***

To account for the collection of revenues to be remitted to the Northeast Ohio Regional Sewer District.

***Unclaimed Monies Fund***

To account for monies which have been unclaimed.

***Contract Retainer Fund***

To account for monies withheld from payments on construction contracts, to insure compliance regarding the project with the City.

***Guarantee Deposits Fund***

To account for the deposits made by builders to insure compliance with building codes.

***Ohio Board of Building Standards Fund***

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

***Metroparks***

To account for the collection and distribution of revenue received from the municipal court for the Metroparks.

***Municipal Court Fund***

To account for the collection and distribution of revenue associated with the operations of the Berea Municipal Court.

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Assets and Liabilities*  
*Agency Funds*  
*December 31, 2008*

	<u>Regional Sewer</u>	<u>Unclaimed Monies</u>	<u>Contract Retainer</u>	<u>Guarantee Deposits</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 658,643	\$ 20,206	\$ 55,586	\$ 212,025
Equity in Pooled Cash Segregated	0	0	0	0
Receivables:				
Accounts	1,118,177	0	0	0
Special Assessments	<u>318,635</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 2,095,455</u>	<u>\$ 20,206</u>	<u>\$ 55,586</u>	<u>\$ 212,025</u>
 <b>Liabilities</b>				
Accounts Payable	\$ 598,062	\$ 0	\$ 0	\$ 0
Due to Other Governments	1,497,393	0	0	0
Deposits Held and Due to Others	<u>0</u>	<u>20,206</u>	<u>55,586</u>	<u>212,025</u>
<i>Total Liabilities</i>	<u>\$ 2,095,455</u>	<u>\$ 20,206</u>	<u>\$ 55,586</u>	<u>\$ 212,025</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Assets and Liabilities*  
*Agency Funds*  
*December 31, 2008*

	Ohio Board of Building Standards	Metroparks	Municipal Court	Totals
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,293	\$ 5,135	\$ 0	\$ 954,888
Equity in Pooled Cash Segregated	0	0	370,609	370,609
Receivables:				
Accounts	0	527	0	1,118,704
Special Assessments	0	0	0	318,635
<i>Total Assets</i>	<u>\$ 3,293</u>	<u>\$ 5,662</u>	<u>\$ 370,609</u>	<u>\$ 2,762,836</u>
 <b>Liabilities</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 598,062
Due to Other Governments	3,293	5,662	370,609	1,876,957
Deposits Held and Due to Others	0	0	0	287,817
<i>Total Liabilities</i>	<u>\$ 3,293</u>	<u>\$ 5,662</u>	<u>\$ 370,609</u>	<u>\$ 2,762,836</u>

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*December 31, 2008*

	Beginning Balance 12/31/07	Additions	Reductions	Ending Balance 12/31/08
<b>Regional Sewer</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 551,844	\$ 2,448,392	\$ 2,341,593	\$ 658,643
Receivables:				
Accounts	1,058,897	1,118,177	1,058,897	1,118,177
Special Assessments	317,997	318,635	317,997	318,635
<i>Total Assets</i>	<u>\$ 1,928,738</u>	<u>\$ 3,885,204</u>	<u>\$ 3,718,487</u>	<u>\$ 2,095,455</u>
<b>Liabilities</b>				
Accounts Payable	\$ 530,292	\$ 598,062	\$ 530,292	\$ 598,062
Intergovernmental Payable	1,398,446	0	1,398,446	0
Due to Other Governments	0	3,411,879	1,914,486	1,497,393
<i>Total Liabilities</i>	<u>\$ 1,928,738</u>	<u>\$ 4,009,941</u>	<u>\$ 3,843,224</u>	<u>\$ 2,095,455</u>
<b>Unclaimed Monies</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 19,606	\$ 600	\$ 0	\$ 20,206
<i>Total Assets</i>	<u>\$ 19,606</u>	<u>\$ 600</u>	<u>\$ 0</u>	<u>\$ 20,206</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 19,606	\$ 600	\$ 0	\$ 20,206
<i>Total Liabilities</i>	<u>\$ 19,606</u>	<u>\$ 600</u>	<u>\$ 0</u>	<u>\$ 20,206</u>
<b>Contract Retainer</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 228,809	\$ 105,948	\$ 279,171	\$ 55,586
<i>Total Assets</i>	<u>\$ 228,809</u>	<u>\$ 105,948</u>	<u>\$ 279,171</u>	<u>\$ 55,586</u>
<b>Liabilities</b>				
Retainage Payable	\$ 77,580	\$ 0	\$ 77,580	\$ 0
Deposits Held and Due to Others	151,229	77,580	173,223	55,586
<i>Total Liabilities</i>	<u>\$ 228,809</u>	<u>\$ 77,580</u>	<u>\$ 250,803</u>	<u>\$ 55,586</u>

*(continued)*

**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*December 31, 2008*

	Beginning Balance 12/31/07	Additions	Reductions	Ending Balance 12/31/08
<b>Guarantee Deposits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 211,301	\$ 89,796	\$ 89,072	\$ 212,025
<i>Total Assets</i>	<u>\$ 211,301</u>	<u>\$ 89,796</u>	<u>\$ 89,072</u>	<u>\$ 212,025</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 211,301	\$ 724	\$ 0	\$ 212,025
<i>Total Liabilities</i>	<u>\$ 211,301</u>	<u>\$ 724</u>	<u>\$ 0</u>	<u>\$ 212,025</u>
<b>Ohio Board of Building Standards</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,428	\$ 10,725	\$ 10,860	\$ 3,293
<i>Total Assets</i>	<u>\$ 3,428</u>	<u>\$ 10,725</u>	<u>\$ 10,860</u>	<u>\$ 3,293</u>
<b>Liabilities</b>				
Intergovernmental Payable	\$ 3,428	\$ 0	\$ 3,428	\$ 0
Due to Other Governments	0	3,428	135	3,293
<i>Total Liabilities</i>	<u>\$ 3,428</u>	<u>\$ 3,428</u>	<u>\$ 3,563</u>	<u>\$ 3,293</u>
<b>Metroparks</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 5,135	\$ 0	\$ 5,135
Accounts Receivable	0	527	0	527
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 5,662</u>	<u>\$ 0</u>	<u>\$ 5,662</u>
<b>Liabilities</b>				
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Governments	0	5,662	0	5,662
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 5,662</u>	<u>\$ 0</u>	<u>\$ 5,662</u>

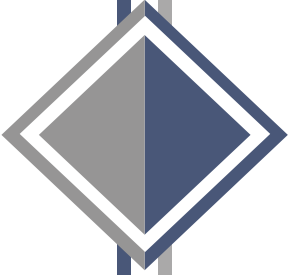
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**City of Berea**  
**Cuyahoga County, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*December 31, 2008*

	Beginning Balance 12/31/07	Additions	Reductions	Ending Balance 12/31/08
<b>Municipal Court</b>				
<b>Assets</b>				
Equity in Pooled Cash Segregated	\$ 286,998	\$ 370,609	\$ 286,998	\$ 370,609
<i>Total Assets</i>	<u>\$ 286,998</u>	<u>\$ 370,609</u>	<u>\$ 286,998</u>	<u>\$ 370,609</u>
<b>Liabilities</b>				
Intergovernmental Payable	\$ 190,395	\$ 0	\$ 190,395	\$ 0
Due to Other Governments	0	370,609	0	370,609
Deposits Held and Due to Others	96,603	0	96,603	0
<i>Total Liabilities</i>	<u>\$ 286,998</u>	<u>\$ 370,609</u>	<u>\$ 286,998</u>	<u>\$ 370,609</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,014,988	\$ 2,660,596	\$ 2,720,696	\$ 954,888
Equity in Pooled Cash Segregated	286,998	370,609	286,998	370,609
Receivables:				
Accounts	1,058,897	1,118,704	1,058,897	1,118,704
Special Assessments	317,997	318,635	317,997	318,635
<i>Total Assets</i>	<u>\$ 2,678,880</u>	<u>\$ 4,468,544</u>	<u>\$ 4,384,588</u>	<u>\$ 2,762,836</u>
<b>Liabilities</b>				
Accounts Payable	\$ 530,292	\$ 598,062	\$ 530,292	\$ 598,062
Intergovernmental Payable	1,592,269	0	1,592,269	0
Due to Other Governments	0	3,791,578	1,914,621	1,876,957
Deposits Held and Due to Others	478,739	78,904	269,826	287,817
Retainage Payable	77,580	0	77,580	0
<i>Total Liabilities</i>	<u>\$ 2,678,880</u>	<u>\$ 4,468,544</u>	<u>\$ 4,384,588</u>	<u>\$ 2,762,836</u>

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# STATISTICAL SECTION



## Statistical Section

This part of the City of Berea, 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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	S3 - S7
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax, and the municipal income tax.	S8 - S18
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	S20 - S25
<b>Economic and Demographic Information</b>	
These schedules offer economic and demographic indicators 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.	S25 - S26
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the service the city provides and the activities it performs.	S28 - S34

**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 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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**City of Berea, Ohio**  
*Net Assets By Component*  
*Last Six Years*  
*(Accrual Basis of Accounting)*

	2008	2007	2006	2005	2004	2003
<b>Governmental Activities</b>						
Invested in Capital Assets,						
Net of Related Debt	\$ 53,046,881	\$ 53,184,519	\$ 48,121,514	\$ 42,381,980	\$ 45,448,288	\$ 32,753,184
Restricted:						
Capital Projects	301,374	0	232,205	3,264,410	4,515,207	5,088,512
Debt Service	905,303	680,940	670,019	643,931	657,684	306,605
Other Purposes	1,764,245	2,096,437	2,053,168	2,460,328	2,031,958	1,675,371
Unrestricted	<u>4,320,878</u>	<u>1,338,161</u>	<u>1,997,946</u>	<u>749,997</u>	<u>1,203,314</u>	<u>440,214</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$ 60,338,681</u>	<u>\$ 57,300,057</u>	<u>\$ 53,074,852</u>	<u>\$ 49,500,646</u>	<u>\$ 53,856,451</u>	<u>\$ 40,263,886</u>
<b>Business Type - Activities</b>						
Invested in Capital Assets,						
Net of Related Debt	\$ 20,232,663	\$ 19,953,368	\$ 18,647,776	\$ 16,754,484	\$ 8,818,160	\$ 8,272,544
Restricted:						
Renewal and Replacement						
Unrestricted	<u>2,162,602</u>	<u>1,612,870</u>	<u>1,086,173</u>	<u>1,377,976</u>	<u>839,608</u>	<u>463,839</u>
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 22,395,265</u>	<u>\$ 21,566,238</u>	<u>\$ 19,733,949</u>	<u>\$ 18,132,460</u>	<u>\$ 9,657,768</u>	<u>\$ 8,736,383</u>
<b>Primary Government</b>						
Invested in Capital Assets,						
Net of Related Debt	\$ 73,279,544	\$ 73,137,887	\$ 66,769,290	\$ 59,136,464	\$ 54,266,448	\$ 41,025,728
Restricted	2,970,922	2,777,377	2,955,392	6,368,669	7,204,849	7,070,488
Unrestricted	<u>6,483,480</u>	<u>2,951,031</u>	<u>3,084,119</u>	<u>2,127,973</u>	<u>2,042,922</u>	<u>904,053</u>
<i>Total Primary Government Net Assets</i>	<u>\$ 82,733,946</u>	<u>\$ 78,866,295</u>	<u>\$ 72,808,801</u>	<u>\$ 67,633,106</u>	<u>\$ 63,514,219</u>	<u>\$ 49,000,269</u>

**City of Berea, Ohio**  
*Changes in Net Assets*  
*Last Six Years*  
*(Accrual Basis of Accounting)*

	2008	2007	2006	2005	2004	2003
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
Charges for Services:						
General Government	\$ 2,391,999	\$ 2,743,431	\$ 2,757,377	\$ 2,498,563	\$ 2,149,876	\$ 2,520,426
Security of Persons and Property	459,051	510,215	428,927	391,611	477,761	540,091
Public Health and Welfare	0	0	0	0	0	0
Leisure Time Activities	424,726	413,284	381,189	317,031	280,562	450,076
Community Development	27,237	461,435	967,225	660,539	449,421	180,031
Public Works	0	6,715	2,696	128,455	295,098	90,015
Basic Utility	0	43	0	0	0	0
Transportation	679,167	0	0	41	3,617,529	5,220,882
Subtotal - Charges for Services	<u>3,982,180</u>	<u>4,135,123</u>	<u>4,537,414</u>	<u>3,996,240</u>	<u>7,270,247</u>	<u>9,001,521</u>
Operating Grants and Contributions:						
General Government	4,000	0	447	950	0	0
Security of Persons and Property:	21,521	120,903	20,239	24,068	17,756	17,278
Public Health and Welfare	0	0	0	0	0	0
Leisure Time Activities	0	500	1,250	0	0	0
Community Development	0	0	0	0	0	0
Public Works	225,000	0	0	0	0	0
Transportation	1,029,496	728,512	736,799	961,694	655,972	539,059
Subtotal - Operating Grants and Contributions	<u>1,280,017</u>	<u>849,915</u>	<u>758,735</u>	<u>986,712</u>	<u>673,728</u>	<u>556,337</u>
Capital Grants and Contributions:						
Security of Persons and Property:	0	0	220,893	0	0	0
Leisure Time Activities	0	0	473,648	0	0	258,160
Community Development	0	0	150,000	0	0	175,804
Basic Utility	0	0	0	0	613,294	0
Transportation	237,222	4,860,546	2,382,193	4,064,393	9,018,803	3,748,743
General Government	0	0	0	1,260,873	0	0
Subtotal - Capital Grants and Contributions	<u>237,222</u>	<u>4,860,546</u>	<u>3,226,734</u>	<u>5,325,266</u>	<u>9,632,097</u>	<u>4,182,707</u>
<i>Total Governmental Activities Program Revenues</i>	<u>5,499,419</u>	<u>9,845,584</u>	<u>8,522,883</u>	<u>10,308,218</u>	<u>17,576,072</u>	<u>13,740,565</u>
<b>Business-Type Activities:</b>						
Charges for Services:						
Water	2,593,904	3,039,350	2,716,951	2,552,951	1,941,215	1,180,637
Sewer	771,313	838,176	792,902	766,157	559,478	491,000
Capital Grants and Contributions						
Water	1,165,457	1,459,661	1,670,964	2,121,365	0	0
Sewer	271,611	306,210	588,366	868,307	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>4,802,285</u>	<u>5,643,397</u>	<u>5,769,183</u>	<u>6,308,780</u>	<u>2,500,693</u>	<u>1,671,637</u>
<i>Total Primary Government Program Revenues</i>	<u>\$ 10,301,704</u>	<u>\$ 15,488,981</u>	<u>\$ 14,292,066</u>	<u>\$ 16,616,998</u>	<u>\$ 20,076,765</u>	<u>\$ 15,412,202</u>
<b>Expenses</b>						
<b>Governmental Activities:</b>						
General Government	\$ 6,075,079	\$ 7,354,994	\$ 7,798,798	\$ 8,413,294	\$ 6,007,892	\$ 6,002,685
Security of Persons and Property:	6,756,475	6,438,828	6,639,568	5,845,715	5,512,773	4,478,817
Public Health and Welfare	122,080	120,472	144,833	130,574	120,860	119,042
Leisure Time Activities	3,207,018	3,373,362	2,029,456	3,869,281	1,144,893	1,750,225
Community Development	502,423	542,237	638,547	501,952	374,633	254,795
Public Works	1,265,014	1,262,949	1,122,270	889,213	1,446,006	1,539,776
Transportation	2,631,003	2,548,409	2,535,627	2,160,819	2,670,581	899,290
Interest and Fiscal Charges	563,320	1,070,332	1,292,593	1,085,275	1,561,094	1,389,907
<i>Total Governmental Activities Expenses</i>	<u>21,122,412</u>	<u>22,711,583</u>	<u>22,201,692</u>	<u>22,896,123</u>	<u>18,838,732</u>	<u>16,434,537</u>

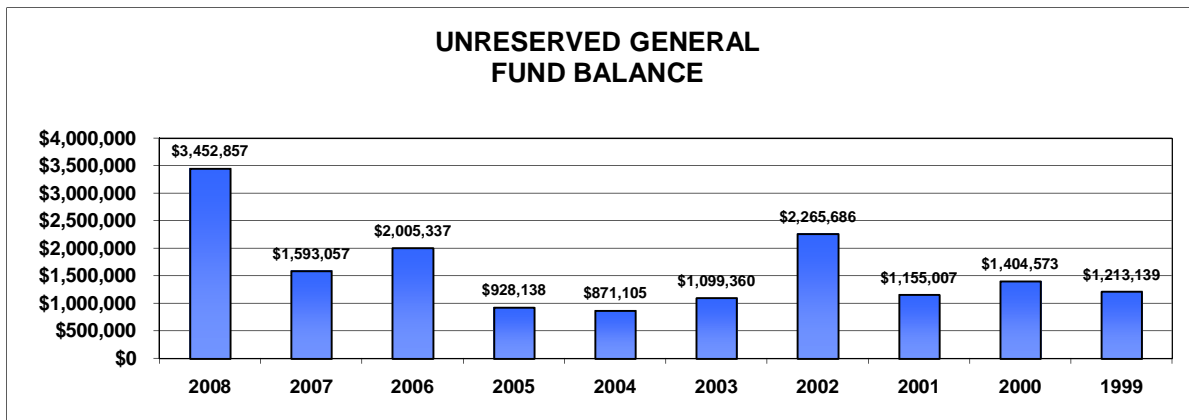


**City of Berea, Ohio**  
*Changes in Net Assets (continued)*  
*Last Six Years*  
*(Accrual Basis of Accounting)*

	2008	2007	2006	2005	2004	2003
<b>Business-Type Activities</b>						
Water	3,650,419	3,048,752	3,292,666	2,603,840	2,005,238	1,970,077
Sewer	1,005,252	914,222	1,000,028	1,486,172	575,435	526,892
<i>Total Business-Type Activities Expenses</i>	<u>4,655,671</u>	<u>3,962,974</u>	<u>4,292,694</u>	<u>4,090,012</u>	<u>2,580,673</u>	<u>2,496,969</u>
<i>Total Primary Government Program Expenses</i>	<u>25,778,083</u>	<u>26,674,557</u>	<u>26,494,386</u>	<u>26,986,135</u>	<u>21,419,405</u>	<u>18,931,506</u>
<b>Net (Expense)/Revenue</b>						
Governmental Activities	(15,622,993)	(12,865,999)	(13,678,809)	(12,587,905)	(1,262,660)	(2,693,972)
Business-Type Activities	146,614	1,680,423	1,476,489	2,218,768	(79,980)	(825,332)
<i>Total Primary Government Net Expense</i>	<u>(15,476,379)</u>	<u>(11,185,576)</u>	<u>(12,202,320)</u>	<u>(10,369,137)</u>	<u>(1,342,640)</u>	<u>(3,519,304)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities						
Taxes:						
Property and Other Local Taxes Levied For:						
General Purposes	\$ 1,948,775	\$ 2,161,447	\$ 2,088,896	\$ 1,976,838	\$ 3,634,820	\$ 2,052,840
Other Purposes	2,290,617	2,766,840	2,568,680	2,456,646	2,301,511	1,745,486
Municipal Income Taxes levied for:						
General Purposes	11,126,645	7,292,340	7,735,605	7,116,009	8,902,933	8,694,407
Special Revenue	0	2,430,779	2,578,536	2,372,003		
Grants and Entitlements not Restricted to						
Specific Programs	2,856,375	2,072,711	1,960,590	1,180,922	1,878,981	1,381,784
Investment Income	199,120	252,034	344,936	195,954	57,230	33,133
Other Taxes	267,231	5,903	13,476	18,486		
Miscellaneous	104,854	184,150	87,296	78,228	1,182	1,148
Transfers	(132,000)	(75,000)	(125,000)	(305,000)	(1,054,943)	(819,500)
<i>Total Governmental Activities</i>	<u>18,661,617</u>	<u>17,091,204</u>	<u>17,253,015</u>	<u>15,090,086</u>	<u>15,721,714</u>	<u>13,089,298</u>
Business-Type Activities						
Municipal Income Taxes levied for:						
Other Purpose - Debt Service	0	51,425	0	0	0	34,079
Property Taxes levied for:						
Water Improvements	486,477	0	0	0	0	0
Investment Income	0	25,441	0	0	0	0
Capital Contributions	0	0	0	0	0	257,348
Transfers	132,000	75,000	125,000	305,000	1,054,943	879,756
Miscellaneous	63,936	0	0	0	0	0
<i>Total Business-Type Activities Expenses</i>	<u>682,413</u>	<u>151,866</u>	<u>125,000</u>	<u>305,000</u>	<u>1,054,943</u>	<u>1,171,183</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>19,344,030</u>	<u>17,243,070</u>	<u>17,378,015</u>	<u>15,395,086</u>	<u>16,776,657</u>	<u>14,260,481</u>
<b>Change in Net Assets</b>						
Governmental Activities	3,038,624	4,225,205	3,574,206	2,502,181	14,459,054	10,395,326
Business-Type Activities	829,027	1,832,289	1,601,489	2,523,768	974,963	345,851
<i>Total Primary Government Change in Net Assets</i>	<u>\$ 3,867,651</u>	<u>\$ 6,057,494</u>	<u>\$ 5,175,695</u>	<u>\$ 5,025,949</u>	<u>\$ 15,434,017</u>	<u>\$ 10,741,177</u>

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

	2008	2007	2006	2005	2004	2003
<b>General Fund</b>						
Reserved	\$ 160,007	\$ 43,543	\$ 21,772	\$ 26,705	\$ 26,433	\$ 32,492
Unreserved	3,452,857	1,593,057	2,005,337	928,138	871,105	1,099,360
<b>Total General Fund</b>	<b>3,612,864</b>	<b>1,636,600</b>	<b>2,027,109</b>	<b>954,843</b>	<b>897,538</b>	<b>1,131,852</b>
<b>All Other Governmental Funds</b>						
Reserved	124,821	275,090	219,815	120,073	200,289	154,362
Unreserved, Undesignated, Reported in:						
Special Revenue funds	703,632	855,636	859,680	1,219,959	1,253,437	1,116,034
Debt Service funds	679,284	468,848	235,077	374,539	346,796	348,485
Capital Projects funds	(2,447,748)	(324,100)	133,043	3,272,463	3,993,634	4,804,724
Permanent funds	0	0	0	0	0	0
<b>Total All Other Governmental Funds</b>	<b>(940,011)</b>	<b>1,275,474</b>	<b>1,447,615</b>	<b>4,987,034</b>	<b>5,794,156</b>	<b>6,423,605</b>
<b>Total Governmental Funds</b>	<b>\$ 2,672,853</b>	<b>\$ 2,912,074</b>	<b>\$ 3,474,724</b>	<b>\$ 5,941,877</b>	<b>\$ 6,691,694</b>	<b>\$ 7,555,457</b>



2002	2001	2000	1999
\$ 33,691	\$ 6,760	\$ 6,913	\$ 40,537
2,265,686	1,155,007	1,404,573	1,213,139
2,299,377	1,161,767	1,411,486	1,253,676
562,559	549,394	56,880	56,806
1,062,659	340,639	630,908	678,858
0	129,492	219,133	216,705
968,239	795,068	267,238	400,807
0	4,605	4,320	0
2,593,457	1,819,198	1,178,479	1,353,176
\$ 4,892,834	\$ 2,980,965	\$ 2,589,965	\$ 2,606,852

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

	2008	2007	2006	2005	2004	2003
<b>Revenues</b>						
Property and Other Taxes	\$ 4,647,207	\$ 6,062,620	\$ 4,733,365	\$ 4,592,855	\$ 4,740,860	\$ 4,501,531
Municipal Income Taxes	10,928,016	8,828,219	10,563,354	9,291,061	8,891,029	8,180,722
Charges for Services	1,066,019	1,140,431	1,003,101	749,245	4,607,832	5,823,306
Fees, Licenses and Permits	274,645	599,923	998,953	882,642	600,031	214,274
Fines and Forfeitures	2,385,269	2,242,271	2,255,125	2,017,012	1,917,864	1,975,713
Intergovernmental	2,979,611	5,788,912	3,618,018	4,491,032	11,961,187	6,825,904
Special Assessments	844,993	607,345	495,358	575,716	548,532	600,987
Interest	199,120	252,079	344,936	195,980	57,230	33,133
Contributions and Donations	200,000	0	0	0	0	0
Other	272,233	139,107	199,684	663,941	113,319	129,433
<i>Total Revenues</i>	<u>23,797,113</u>	<u>25,660,907</u>	<u>24,211,894</u>	<u>23,459,484</u>	<u>33,437,884</u>	<u>28,285,003</u>
<b>Expenditures</b>						
Current:						
General Government	6,588,316	7,344,938	7,043,959	6,616,462	6,165,039	5,897,318
Security of Persons and Property:	6,419,429	6,199,605	6,613,828	6,305,057	5,645,043	5,583,442
Public Health and Welfare	122,080	120,472	144,833	130,574	120,860	119,042
Leisure Time Activities	1,625,000	1,772,479	1,693,868	1,951,111	1,787,729	1,817,903
Community Development	534,163	547,564	535,008	421,281	367,363	365,892
Public Works	1,236,211	1,241,619	1,019,438	826,085	753,301	826,385
Transportation	833,147	966,443	876,475	787,638	686,509	641,113
Capital Outlay	5,804,880	5,895,586	3,653,127	4,663,870	12,190,032	11,114,811
Debt Service:						
Principal Retirement	1,172,101	1,260,146	6,853,359	8,892,656	9,862,504	2,950,624
Interest and Fiscal Charges	548,167	958,072	1,113,234	1,100,417	1,804,223	1,136,832
Bond Issuance Costs						
<i>Total Expenditures</i>	<u>24,883,494</u>	<u>26,306,924</u>	<u>29,547,129</u>	<u>31,695,151</u>	<u>39,382,603</u>	<u>30,453,362</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,086,381)</u>	<u>(646,017)</u>	<u>(5,335,235)</u>	<u>(8,235,667)</u>	<u>(5,944,719)</u>	<u>(2,168,359)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	4,160	2,292	8,318	0	1,182	1,148
Special Assessment Bonds Issued	0	0	(210,039)	0	0	0
General Obligation Bonds Issued	0	0	0	0	4,173,956	4,454,742
General Obligation Bonds Refunded	0	0	7,365,000	0	(4,125,000)	0
Premium on Refunding Bonds	0	0	124,066	0	0	0
Payment to Refunding Bond Escrow Agent	0	0	(4,430,878)	0	0	0
Notes Issued	975,000	0	0	7,600,000	6,452,665	1,300,000
Capital Leases	0	156,075	136,615	170,604	0	0
Other	0	0	0	2,043,000	0	0
Transfers In	2,104,000	2,982,479	2,981,550	2,018,850	2,018,850	2,044,539
Transfers Out	(2,236,000)	(3,057,479)	(3,106,550)	(2,348,000)	(2,591,450)	(3,085,439)
<i>Total Other Financing Sources (Uses)</i>	<u>847,160</u>	<u>83,367</u>	<u>2,868,082</u>	<u>7,465,604</u>	<u>5,930,203</u>	<u>4,714,990</u>
<i>Net Change in Fund Balances</i>	<u>\$ (239,221)</u>	<u>\$ (562,650)</u>	<u>\$ (2,467,153)</u>	<u>\$ (770,063)</u>	<u>\$ (14,516)</u>	<u>\$ 2,546,631</u>
Debt Service as a Percentage of Noncapital Expenditures	0.10	0.12	0.32	0.39	0.43	0.75

	2002	2001	2000	1999
\$	3,723,187	\$ 3,926,380	\$ 3,606,641	\$ 3,602,643
	9,080,486	8,539,789	8,703,484	7,778,138
	563,878	765,401	617,349	479,029
	153,214	156,720	185,528	228,029
	1,928,362	1,303,073	996,218	845,397
	6,443,731	4,128,910	2,851,281	3,674,028
	542,375	499,868	487,866	472,079
	79,783	218,782	274,318	227,170
	0	0	0	0
	309,649	1,872,049	184,999	469,538
	<u>22,824,665</u>	<u>21,410,972</u>	<u>17,907,684</u>	<u>17,776,051</u>
	4,913,272	4,475,039	4,056,290	3,762,988
	5,522,321	5,585,523	4,906,022	4,948,047
	117,680	121,902	116,878	115,000
	1,321,802	1,305,615	1,266,473	1,206,623
	371,253	333,151	333,344	286,344
	889,504	1,022,764	967,290	997,618
	1,281,752	1,220,266	1,077,396	944,649
	8,204,525	5,002,077	2,085,193	3,672,364
	2,206,525	1,384,937	1,510,000	8,630,000
	1,075,925	1,074,103	854,457	949,971
	<u>25,904,559</u>	<u>21,525,377</u>	<u>17,173,343</u>	<u>25,513,604</u>
	<u>(3,079,894)</u>	<u>(114,405)</u>	<u>734,341</u>	<u>(7,737,553)</u>
	3,832	9,736	899	283,305
	0	0	0	0
	0	0	0	7,185,000
	0	0	0	0
	0	0	0	0
	0	0	0	0
	1,300,000	800,000	0	0
	0	0	0	0
	4,804,886	0	363,468	1,000,684
	2,528,693	3,278,169	2,882,644	2,418,580
	<u>(3,675,893)</u>	<u>(4,244,269)</u>	<u>(4,065,144)</u>	<u>(3,113,580)</u>
	<u>4,961,518</u>	<u>(156,364)</u>	<u>(818,133)</u>	<u>7,773,989</u>
\$	<u>1,881,624</u>	<u>\$ (270,769)</u>	<u>\$ (83,792)</u>	<u>\$ 36,436</u>
	0.19	0.15	0.16	0.44

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

<u>Year</u>	<u>City of Berea</u>					<u>Berea School District</u>	<u>Polaris JVSD</u>	<u>Cuyahoga Co &amp; Special Taxing Districts (1)</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Water Revenue (2)</u>	<u>Debt Service</u>	<u>Total</u>				
2008	8.55	3.00	1.40	5.65	18.60	74.90	2.40	20.20	116.10
2007	8.55	3.00	1.40	5.65	18.60	74.90	2.40	20.20	116.10
2006	8.95	3.10	N/A	5.35	17.50	69.70	2.40	20.30	109.90
2005	9.05	3.10	N/A	5.45	17.60	69.80	2.40	20.30	110.10
2004	7.95	3.10	N/A	6.45	17.50	69.80	2.40	19.40	109.10
2003	7.95	3.10	N/A	6.55	17.60	69.80	2.40	17.60	107.40
2002	7.95	3.10	N/A	6.45	17.50	63.80	2.40	17.60	101.30
2001	7.95	3.10	N/A	6.55	17.60	63.80	2.40	17.60	101.40
2000	7.95	3.10	N/A	6.65	17.70	63.90	2.40	16.70	100.70
1999	8.40	3.10	N/A	6.20	17.70	58.00	2.40	16.70	94.80

Source: Cuyahoga County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

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

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

(2) levy passed in 2007 for water plant capital improvements

**City of Berea, Ohio**  
**Olmsted Falls City School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*

<u>Year</u>	<u>City of Berea</u>					<u>Olmsted Falls</u>	<u>Polaris JVSD</u>	<u>Cuyahoga Co &amp; Special Taxing Districts (1)</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Water Revenue (2)</u>	<u>Debt Service</u>	<u>Total</u>	<u>School District</u>			
2008	8.55	3.00	1.40	4.25	17.20	91.80	2.40	20.20	131.60
2007	8.55	3.00	1.40	4.25	17.20	89.80	2.40	20.20	129.60
2006	9.05	3.10	N/A	4.35	16.50	89.70	2.40	20.30	128.90
2005	9.05	3.10	N/A	4.45	16.60	89.80	2.40	20.30	129.10
2004	7.95	3.10	N/A	5.45	16.50	90.00	2.40	19.40	128.30
2003	7.95	3.10	N/A	5.55	16.60	90.00	2.40	17.60	126.60
2002	7.95	3.10	N/A	5.45	16.50	90.00	2.40	17.60	126.50
2001	7.95	3.10	N/A	5.55	16.60	90.30	2.40	17.60	126.90
2000	7.95	3.10	N/A	5.65	16.70	91.70	2.40	16.70	127.50
1999	8.40	3.10	N/A	5.20	16.70	79.90	2.40	16.70	115.70

Source: Cuyahoga County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

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

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

(2) levy passed in 2007 for water plant capital improvements

**City of Berea, Ohio**  
*Assessed Valuation and Estimated Actual Values of Taxable Property*  
*Last Ten Years*

Collection Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2008	\$383,481,630	\$1,095,661,800	\$5,884,150	\$6,686,534
2007	\$373,920,320	\$1,068,343,771	\$9,363,610	\$10,640,466
2006	\$332,121,860	\$948,919,600	\$10,067,780	\$11,440,659
2005	\$319,853,310	\$913,866,600	\$11,175,430	\$12,699,352
2004	\$318,662,520	\$910,464,343	\$11,176,770	\$12,700,875
2003	\$297,914,120	\$851,183,200	\$10,255,400	\$11,653,864
2002	\$300,807,200	\$859,449,143	\$10,323,810	\$11,731,602
2001	\$297,018,160	\$848,623,314	\$12,663,290	\$14,390,102
2000	\$261,116,900	\$746,048,286	\$12,577,200	\$14,292,273
1999	\$259,376,610	\$741,076,029	\$13,773,550	\$15,651,761

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

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

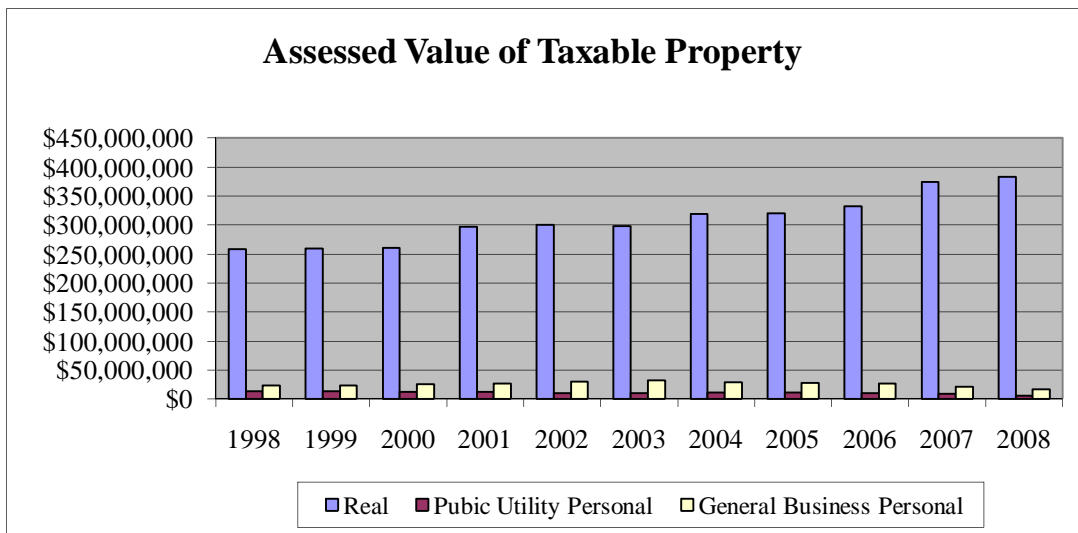
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

Source: Ohio Department of Taxation



Tangible Personal Property

General Business		Total		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio
\$16,798,744	\$89,593,301	\$406,164,524	\$1,191,941,635	34.08
\$21,763,047	\$116,069,584	\$405,046,977	\$1,195,053,821	33.89
\$27,069,592	\$144,371,157	\$369,259,232	\$1,104,731,416	33.43
\$27,861,498	\$111,445,992	\$358,890,238	\$1,038,011,944	34.57
\$28,773,884	\$115,095,536	\$358,613,174	\$1,038,260,754	34.54
\$32,207,409	\$128,829,636	\$340,376,929	\$991,666,700	34.32
\$30,531,818	\$122,127,272	\$341,662,828	\$993,308,017	34.40
\$27,221,866	\$108,887,464	\$336,903,316	\$971,900,881	34.66
\$26,081,201	\$104,324,804	\$299,775,301	\$864,665,362	34.67
\$24,088,592	\$96,354,368	\$297,238,752	\$853,082,158	34.84



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

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2008	\$5,225,363	\$4,997,094	95.63	\$205,661	\$5,687,504	108.85	\$334,638	6.40
2007	\$5,317,600	\$4,990,340	93.85	\$146,396	\$5,686,735	106.95	\$491,651	9.25
2006	\$6,498,219	\$5,700,609	87.73	\$316,167	\$6,016,776	92.59	\$491,707	7.57
2005	\$6,397,752	\$5,519,694	86.28	\$275,937	\$5,795,631	90.59	\$573,888	8.97
2004	\$5,402,046	\$4,835,331	89.51	\$210,845	\$5,046,176	93.41	\$402,346	7.45
2003	\$4,930,458	\$4,589,470	93.08	\$155,580	\$4,745,050	96.24	\$409,880	8.31
2002	\$5,113,482	\$4,584,946	89.66	\$182,474	\$4,767,420	93.23	\$318,128	6.22
2001	\$5,141,000	\$4,621,579	89.90	\$169,010	\$4,790,589	93.18	\$331,816	6.45
2000	\$4,592,422	\$4,230,158	92.11	\$129,836	\$4,359,994	94.94	\$112,887	2.46
1999	\$4,553,640	\$4,216,328	92.59	\$133,673	\$4,350,001	95.53	\$104,185	2.29

Source: Cuyahoga County Auditor

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

Note: The County does not identify delinquent collections by the year for which the tax was levied.

**City of Berea, Ohio**  
*Principal Taxpayers - Real Estate Tax*  
 2008 and 1999

<u>2008</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
Cleveland Electric Illuminating Co.	4,453,140	1.191%
Tower in the Park LTD	3,710,010	0.992%
OHI Asset II LLC	2,795,210	0.748%
Berea Properties Company	2,763,990	0.739%
West Valley Plaza	2,726,580	0.729%
A&F Machine Products Co.	2,029,130	0.543%
Berea Square Co., LLC	1,873,380	0.501%
Tuthill Corp.	1,713,600	0.458%
680 North LLC	1,662,500	0.445%
Berea Lake Towers	<u>1,490,660</u>	<u>0.399%</u>
Total	<u>\$ 25,218,200</u>	<u>6.744%</u>
Total Assessed Valuation	<u>\$ 373,920,320</u>	

<u>1999</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
Cleveland Electric Illuminating Co.	\$5,796,830	2.239%
Ohio Bell Telephone Co.	3,851,830	1.488%
Tower in the Park LTD	3,606,330	1.393%
Columbia Gas of Ohio Inc.	2,902,170	1.121%
Berea Properties Company	2,146,310	0.829%
Cleveland Senior Care Corp.	1,820,000	0.703%
A&F Machine Products Co.	1,612,120	0.623%
RR Donnelley Ohio LLC	1,589,000	0.614%
West Valley Plaza	1,305,150	0.504%
Thi of Ohio Real Estate	<u>980,000</u>	<u>0.378%</u>
Total	<u>\$ 25,609,740</u>	<u>9.890%</u>
Total Assessed Valuation	<u>\$ 258,944,960</u>	

Source: County Auditor

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

**City of Berea, Ohio**  
*Principal Taxpayers - Municipal Tax*  
 2008 and 1999\*

<i>2008</i>		
Taxpayer	Tax	Percentage of Tax Collected
Cleveland Browns Football	\$ 2,346,238	21.671%
Baldwin Wallace College	765,761	7.073%
Berea City School District	548,784	5.069%
City of Berea	219,393	2.026%
Berea Childrens Home	196,053	1.811%
ABNF LLC	174,966	1.616%
Ohio Turnpike Commission	154,882	1.431%
ColorMatrix Corp.	149,918	1.385%
Standby Screw Machine Products	127,601	1.179%
Tuthill Corporation	108,798	1.005%
Total	\$ 4,792,394	44.265%
Total Tax Collected	\$ 10,826,647	

<i>1999*</i>		
Taxpayer	Tax	Percentage of Tax Collected
Total Tax Collected	\$ 7,832,987	

\*1999 Principle Taxpayers not available

Source: Regional Income Tax Agency

**City of Berea, Ohio**  
Principal Employers  
Current Year

<b>2008</b>		
Employer	Number of Employees	Percentage of Total City Employment
Baldwin Wallace College	1958	14.168%
Berea City School District	970	7.019%
Berea Childrens Home	537	3.886%
ABNF LLC	449	3.249%
Cleveland Browns Football	369	2.670%
City of Berea	342	2.475%
Amerimark Direct LLC	298	2.156%
Standby Screw Machine Products	239	1.729%
Royal Color Inc.	191	1.382%
ColorMatrix Corp.	154	1.114%
<b>Total</b>	<b>5,507</b>	<b>39.85%</b>
<b>Total Employment within the City</b>	<b>13,820</b>	

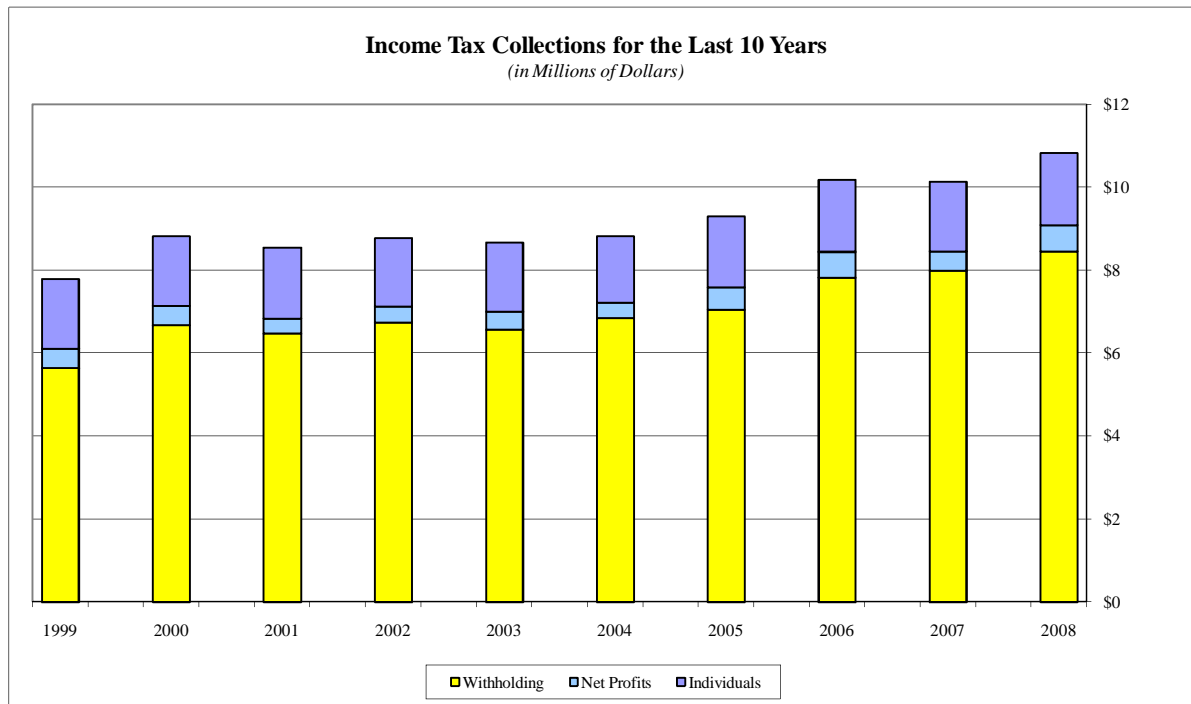
Source: Regional Income Tax Agency

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

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2008	2.00%	\$ 10,826,647	\$ 8,454,463	78.09%	\$ 633,225	5.85%	\$1,738,959	16.06%
2007	2.00%	10,132,495	7,987,336	78.83	466,872	4.61	1,678,287	16.56
2006	2.00%	10,178,273	7,821,123	76.84	626,093	6.15	1,731,057	17.01
2005	2.00%	9,304,978	7,054,038	75.81	535,723	5.76	1,715,217	18.43
2004	2.00%	8,821,879	6,844,373	77.58	364,126	4.13	1,613,380	18.29
2003	2.00%	8,664,989	6,568,754	75.81	434,830	5.02	1,661,405	19.17
2002	2.00%	8,775,247	6,746,299	76.88	385,470	4.39	1,643,478	18.73
2001	2.00%	8,551,169	6,475,930	75.73	366,038	4.28	1,709,201	19.99
2000	2.00%	8,816,777	6,675,153	75.71	467,274	5.30	1,674,350	18.99
1999	2.00%	7,783,943	5,642,319	72.49	467,274	6.00	1,674,350	21.51

(1)

Note:



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**City of Berea, Ohio**  
*Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Six Years\**

Year	Governmental Activities					
	General Obligation Debt	Urban Renewal Bond	Capital Lease	Notes Payable	Taxable Bond City Portion	SIB Loan
2008	9,875,000	870,000	274,940	5,825,000	0	0
2007	10,770,000	1,050,000	367,330	1,750,000	0	0
2006	11,785,756	1,225,000	276,127	200,000	0	0
2005	9,528,023	1,395,000	170,604	5,800,000	0	0
2004	10,373,346	1,520,000	0	5,800,000	322,333	0
2003	11,038,430	1,570,000	0	1,300,000	611,033	7,369,300

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

(1) See the schedule of Demographic and Economic Statistics for personal income and population data.

\*Information prior to 2003 is not available.



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Business-Type Activities

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Capital Lease	Note Payable	OWDA and OPWC	Taxable Bond Browns Portion	Total Primary Government	Total Personal Income	Percentage of Personal Income(1)	Per Capital(1)
187,205	25,000	10,161,094	0	27,218,239	406,709,550	6.69%	\$ 1,449
261,225	261,225	7,428,347	0	21,626,902	406,709,550	5.32%	999
211,911	211,911	5,560,271	0	19,259,065	406,709,550	4.74%	1,015
256,731	256,731	4,911,537	0	22,061,895	406,709,550	5.42%	1,163
0	0	3,479,864	1,673,666	23,169,209	406,709,550	5.70%	1,221
0	0	3,065,686	2,626,996	27,581,445	406,709,550	6.78%	1,454

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

Year	(1) Population	Assessed Valuation(2)	Gross Bonded Debt(3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2008	18,970	\$406,164,524	\$11,720,000	\$679,284	\$11,040,716	2.72%	\$582.01
2007	18,970	405,046,977	13,570,000	468,848	13,101,152	3.23%	697.24
2006	18,970	369,259,232	13,010,756	235,077	12,775,679	3.46%	673.47
2005	18,970	358,890,238	16,723,023	374,539	16,348,484	4.56%	861.81
2004	18,970	358,613,174	17,693,346	346,796	17,346,550	4.84%	914.42
2003	18,970	340,376,929	13,908,430	348,485	13,559,945	3.98%	714.81
2002	18,970	341,662,828	15,300,561	324,530	14,976,031	4.38%	789.46
2001	18,970	336,903,316	16,157,087	476,890	15,680,197	4.65%	826.58
2000	18,970	299,775,301	16,692,024	219,132	16,472,892	5.50%	868.37
1999	19,051	297,238,752	18,152,024	216,705	17,935,319	6.03%	941.44

(1) Source: U.S. Bureau of Census

(2) Source: Cuyahoga County Auditor

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

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

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct</b>			
City of Berea	\$ 11,720,000	100.00%	\$ 11,720,000
<i>Total Direct Debt</i>	<u>11,720,000</u>		<u>11,720,000</u>
<b>Overlapping</b>			
Berea City School District	17,140,000	24.48%	4,196,647
Olmsted Falls School District	24,374,329	4.18%	1,018,508
Cuyahoga County	248,899,326	1.25%	3,105,759
Greater Cleveland Regional Transit Authority	172,765,000	1.25%	2,155,757
<i>Total Overlapping Debt</i>	<u>463,178,655</u>		<u>10,476,671</u>
Grand Total	<u>\$ 474,898,655</u>		<u>\$ 22,196,671</u>

Source: Cuyahoga County Auditor

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

**City of Berea, Ohio**

*Legal Debt Margin*

*Last Nine Years*

	2008	2007	2006	2005
Total Assessed Property Value	\$ 406,164,524	\$ 405,046,977	\$ 369,259,232	\$ 358,890,238
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	42,647,275	42,529,933	38,772,219	37,683,475
Debt Outstanding:				
General Obligation Bonds	11,720,000	13,570,000	13,010,756	16,723,023
Total Gross Indebtedness	11,720,000	13,570,000	13,010,756	16,723,023
Less:				
General Obligation Bonds	(870,000)	(1,050,000)	(1,225,000)	(1,395,000)
OPWC Loans	0	0	0	0
Amount Available in Debt Service Fund	(679,284)	(468,848)	0	0
Total Net Debt Applicable to Debt Limit	10,170,716	12,051,152	11,785,756	15,328,023
Legal Debt Margin Within 10 ½ % Limitations	\$32,476,559	\$30,478,781	\$26,986,463	\$22,355,452
Legal Debt Margin as a Percentage of the Debt Limit	76.15%	71.66%	69.60%	59.32%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	22,339,049	22,277,584	20,309,258	19,738,963
Total Gross Indebtedness	11,720,000	13,570,000	13,010,756	16,723,023
Less:				
General Obligation Bonds	(870,000)	(1,050,000)	(1,225,000)	(1,395,000)
OPWC Loans	0	0	0	0
Amount Available in Debt Service Fund	(679,284)	(468,848)		
Net Debt Within 5 ½ % Limitations	10,170,716	12,051,152	11,785,756	15,328,023
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$ 12,168,333	\$ 10,226,432	\$ 8,523,502	\$ 4,410,940
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	54.47%	45.90%	41.97%	22.35%

Source: City Financial Records

Note: 1999 Information Not available

2004	2003	2002	2001	2000
<u>\$ 358,613,174</u>	<u>\$ 340,375,929</u>	<u>\$ 341,662,828</u>	<u>\$ 336,903,848</u>	<u>\$ 299,775,301</u>
<u>37,654,383</u>	<u>35,739,473</u>	<u>35,874,597</u>	<u>35,374,904</u>	<u>31,476,407</u>
<u>18,015,679</u>	<u>14,519,463</u>	<u>16,170,087</u>	<u>17,258,137</u>	<u>18,000,418</u>
<u>18,015,679</u>	<u>14,519,463</u>	<u>16,170,087</u>	<u>17,258,137</u>	<u>18,000,418</u>
<u>(322,333)</u>	<u>(611,033)</u>	<u>(869,526)</u>	<u>(1,101,050)</u>	<u>(1,308,394)</u>
<u>(1,520,000)</u>	<u>(1,570,000)</u>	<u>(1,695,000)</u>	<u>(1,815,000)</u>	<u>(1,925,000)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>16,173,346</u>	<u>12,338,430</u>	<u>13,605,561</u>	<u>14,342,087</u>	<u>14,767,024</u>
<u>\$21,481,037</u>	<u>\$23,401,043</u>	<u>\$22,269,036</u>	<u>\$21,032,817</u>	<u>\$16,709,383</u>
57.05%	65.48%	62.07%	59.46%	53.09%
<u>19,723,725</u>	<u>18,720,676</u>	<u>18,791,456</u>	<u>18,529,712</u>	<u>16,487,642</u>
<u>18,015,679</u>	<u>14,519,463</u>	<u>16,170,087</u>	<u>17,258,137</u>	<u>18,000,418</u>
<u>(322,333)</u>	<u>(611,033)</u>	<u>(869,526)</u>	<u>(1,101,050)</u>	<u>(1,308,394)</u>
<u>(1,520,000)</u>	<u>(1,570,000)</u>	<u>(1,695,000)</u>	<u>(1,815,000)</u>	<u>(1,925,000)</u>
<u>16,173,346</u>	<u>12,338,430</u>	<u>13,605,561</u>	<u>14,342,087</u>	<u>14,767,024</u>
<u>\$ 3,550,379</u>	<u>\$ 6,382,246</u>	<u>\$ 5,185,895</u>	<u>\$ 4,187,625</u>	<u>\$ 1,720,618</u>
18.00%	34.09%	27.60%	22.60%	10.44%

**City of Berea, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2008	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2007	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2006	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2005	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2004	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2003	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2002	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2001	18,790	\$406,709,550	\$21,645	\$45,615	36.1
2000	18,790	\$406,709,550	\$21,645	\$45,615	36.1
1999	19,051	N/A	N/A	N/A	N/A

(1) Source: U. S. Census

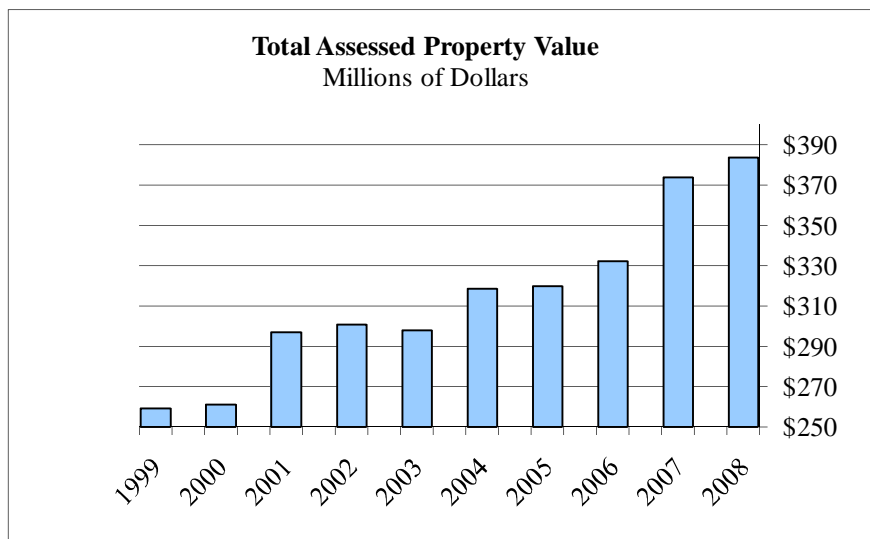
(a) Years 2000 through 2008 - 2000 Federal Census

(2) Source: Ohio Department of Education

(3) Source: Bureau of Labor Statistics

(4) Source: Cuyahoga County Auditor

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
3,365	7,500	7.1	\$123,603	\$383,481,630
3,365	7,713	6.2	\$142,614	\$373,920,320
3,365	7,418	5.4	\$130,645	\$332,121,860
3,365	7,535	5.6	\$139,071	\$319,853,310
3,365	7,801	5.9	\$129,206	\$318,662,520
3,365	7,561	6.0	\$127,289	\$297,914,120
3,365	7,737	5.4	\$124,053	\$300,807,200
3,365	7,809	4.4	\$120,519	\$297,018,160
3,365	7,814	3.9	\$116,500	\$261,116,900
N/A	7,941	4.2	\$111,800	\$259,376,610



**City of Berea, Ohio**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Six Years*

Function/Program	2008	2007	2006	2005
General Government				
Council	7.0	5.0	5.0	5.0
Finance	5.0	7.0	5.5	5.0
Law	2.0	4.0	4.0	4.0
Administration	4.5	5.0	4.0	5.5
Engineer	2.0	3.0	3.0	3.0
Civil Service	0.0	0.0	2.5	2.5
Court	29.5	27.0	29.0	30.5
Public Building	15.5	5.5	5.0	3.0
Security of Persons and Property				
Police	33.0	32.0	31.0	31.0
Police - Auxiliary	4.0	4.5	4.5	4.5
Police - Dispatchers/Office	8.5	9.0	8.5	8.5
Police - Animal Wardens	1.0	1.0	1.0	1.0
Police - School guards/Parking Control	3.0	3.5	3.5	4.0
Fire	24.0	22.0	22.0	23.0
Fire - Secretary - Other	0.0	0.0	0.0	1.0
Leisure Time Activities				
Recreation - Admin	16.5	15.0	14.0	5.0
Recreation - Programs	14.0	14.0	7.0	13.0
Recreation - Pools	21.0	23.0	15.0	17.0
Jitney	2.0	2.0	2.0	1.0
Transportation				
Service	35.5	41.0	34.0	35.0
Basic Utility Services				
Water	21.0	17.5	19.0	18.0
Totals:	249.0	241.0	219.5	220.5

**Source:** City Payroll Department W2 Audit Listing

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

Information prior to 2003 is not available.



2004	2003
5.0	5.0
5.0	5.5
4.0	5.0
6.5	6.0
2.0	2.0
3.0	3.0
31.0	26.5
2.5	3.5
31.0	32.0
5.5	3.0
8.0	8.5
1.0	1.0
4.0	3.5
21.0	23.0
0.5	0.5
6.0	8.0
11.0	13.5
14.5	11.5
1.0	1.0
36.0	33.0
18.5	17.0
217.0	212.0

**City of Berea, Ohio**  
*Operating Indicators by Function/Program*  
*Last Six Years*

Function/Program	2008	2007	2006
<b>General Government</b>			
<i>Council and Clerk(1)</i>			
Number of Ordinances Passed	61	62	59
Number of Resolutions Passed	17	15	25
<i>Finance Department(2)</i>			
Number of checks/ vouchers issued	4,951	3,404	3,398
Amount of checks written (Accounts Payable - in thousands)	\$ 18,700	\$ 28,113	\$ 15,455
General Fund Interest earnings (cash basis)	\$ 188,798	\$ 178,482	\$ 236,248
Number of Journal Entries issued	295	244	207
Number of Budget Adjustments issued	6	5	4
Agency Ratings - Moody's Financial Services	AA3	AA3	AA3
General Fund Receipts (cash basis in thousands)	\$ 13,986	\$ 40,747	\$ 14,321
General Fund Expenditures (cash basis in thousands)	\$ 13,922	\$ 38,785	\$ 13,994
General Fund Cash Balances (in thousands)	1,084	5,702	969
<i>Municipal Court(3)</i>			
Total Civil/Small claims cases filed	4,245	3,802	3,288
Number of Berea civil/small claims cases	882	871	779
Total Criminal cases filed	1,992	2,175	2,303
Number of Berea felony cases	61	57	52
Number of Berea misdemeanor cases	557	507	616
<i>Civil Service(4)</i>			
Number of police entry tests administered	104	0	120
Number of fire entry tests administered	118	0	139
Number of police promotional tests administered	0	0	0
Number of fire promotional tests administered	0	0	0
Number of hires of Police Officers from certified lists	1	1	1
Number of hires of Fire/Medics from certified lists	2	0	0
Number of promotions from police certified lists	0	0	2
Number of promotions from fire certified lists	0	0	0
<b>Security of Persons &amp; Property</b>			
<i>Police(5)</i>			
Total Calls for Services	31,970	31,904	33,430
Number of traffic citations issued	2,520	2,548	2,632
Number of parking citations issued	2,343	2,515	2,371
Number of criminal arrests	1,623	1,497	1,847
Animal Warden service calls responded to per annual report	702	341	380
Police Dept. Auxiliary hours worked	2,209	3,473	3,412
DUI Arrests	113	113	209
Motor Vehicle Accidents	363	338	306
Property damage accidents/Self reported traffic accidents	110	175	100
<i>Fire(6)</i>			
EMS Calls	1,550	1,539	1,594
Ambulance Billing Collections (net)	\$ 292,052	\$ 318,208	\$ 230,416
Fire Calls	243	262	226
Fires with Loss	8	10	15
Fires with Losses exceeding \$10K	4	6	7
Fire Losses \$	\$ 193,500	\$ 390,095	\$ 193,598
Fire Safety Inspections	748	756	758

	2005	2004	2003
	62	71	47
	22	25	12
	3,246	2,969	3,128
\$	16,519	N/A	N/A
\$	130,350	\$ 38,953	\$ 30,791
	200	198	193
	5	5	4
	AA3	AA3	AA3
\$	13,417	\$ 12,426	\$ 11,581
\$	13,356	\$ 12,171	\$ 12,082
	642	581	327
	3,012	3,220	N/A
	741	818	N/A
	2,837	2,074	N/A
	48	39	N/A
	656	626	N/A
	0	162	0
	0	166	0
	12	0	0
	0	0	0
	2	0	0
	2	0	0
	1	0	0
	0	0	0
	30,329	35,470	36,688
	1,589	2,304	2,728
	1,707	2,380	2,199
	1,371	1,705	1,746
	N/A	N/A	N/A
	N/A	N/A	N/A
	162	208	188
	348	385	401
	133	134	154
	1,514	1,412	1,330
\$	276,472	\$ 280,390	\$ 251,067
	242	209	198
	19	19	28
	6	7	5
\$	692,734	\$ 623,582	\$ 785,145
	762	753	735

(continued)

**City of Berea, Ohio**  
*Operating Indicators by Function/Program*  
*Last Six Years*

Function/Program	2008	2007	2006
<b>Leisure Time Activities</b>			
<i>Recreation(2)</i>			
Outdoor swimming pool receipts	\$ 84,039	\$ 76,324	\$ 65,482
Membership receipts	157,699	157,693	157,280
Program fees	62,162	44,416	45,933
(Includes indoor and outdoor rec programs)			
<i>Building Department(7)</i>			
Construction Permits Issued	1,738	1,533	1,853
Estimated Value of Construction	\$ 25,573,472	\$ 9,901,081	\$ 23,586,423
Amount of Revenue generated from permits	\$ 739,580	\$ 618,813	\$ 1,185,594
Number of contract registrations issued	534	543	536
Amount of Revenue generated from contract registrations	\$ 53,400	\$ 54,300	\$ 53,600
Number of rental inspections performed*	674	245	98
Number of point of sale inspections	224	241	267
<i>Engineer Contracted Services(8)</i>			
Dollar amount of Construction overseen by Engineer	\$ 5,149,826	\$ 6,427,990	\$ 7,372,177
<b>Transportation(8,10)</b>			
Street Improvements - asphalt overlay (linear feet)	6,434	17,108	26,558
Street Repair (Curbs, aprons, berms, asphalt) (hours)	16,122	20,005	14,150
Municipal Signs (hours)	3,518	3,597	2,491
Paint Striping (hours)	977	1,580	1,302
Street Cleaning (hours)	1,375	1,662	1,778
Snow & Ice Removal regular hours	4,722	3,324	1,207
Snow & Ice Removal overtime hours	1,563	1,771	660
Sewer Crew (hours)	7,642	6,990	3,684
Leaf collection (hours)	2,365	2,226	1,443
Number of Trees Planted per year	37	173	0
Tons of snow melting salt purchased (Nov-Mar)	4,895	3,980	2,812
Cost of salt purchased	\$ 193,940	\$ 164,208	\$ 118,454
<b>Water Department(9)</b>			
Average Water Rate per 1000 gallons of water used	\$ 4.09	\$ 4.09	\$ 3.72
<b>Wastewater Department(9)</b>			
Average Wastewater Rates per 1000 gallons of water used	\$ 5.06	\$ 4.35	\$ 4.35
Average daily flow (Millions of gallons per day)	2.10	2.15	2.00

- 1 Source: City of Berea Council
- 2 Source: City of Berea Finance Department
- 3 Source: Berea Municipal Court
- 4 Source: City of Berea Law Department
- 5 Source: Berea Police Department
- 6 Source: Berea Fire Department

- 7 Source: City of Berea Building Department  
\*2008 includes reinspections of single & multifamily homes
- 8 Source: City of Berea Service Department
- 9 Source: City of Berea Water Department  
Based on Regular Residential Minimum Consumption
- 10 Source: City of Berea Payroll Department

Information prior to 2003 is not available.

2005	2004	2003
\$ 67,002	\$ 56,600	\$ 48,231
104,487	102,184	85,220
26,294	33,105	34,102
1,727	1,728	1,365
\$ 21,510,741	\$ 29,758,263	\$ 9,269,370
\$ 741,419	\$ 707,419	\$ 122,329
571	589	546
\$ 57,100	\$ 58,900	\$ 43,680
16	4	N/A
259	266	135
\$ 6,076,671	\$ 6,547,293	\$ 10,673,732
32,525	17,266	24,446
8,316	12,180	13,119
1,538	1,541	1,235
1,581	987	975
1,688	1,431	1,609
5,654	4,148	3,971
2,842	1,635	2,898
4,226	3,388	3,886
1,785	2,917	2,590
72	89	0
4,120	4,352	6,395
\$ 166,526	\$ 164,040	\$ 232,003
\$ 3.38	\$ 2.56	\$ 1.68
\$ 4.13	\$ 3.93	\$ 0.92
2.15	2.02	1.83

**City of Berea, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Six Years*

Function/Program	2008	2007	2006	2005	2004	2003
<b>General Government</b>						
Number of Buildings	4	4	4	4	4	4
Square footage of Buildings:						
City Hall/Municipal Court	14,500	14,500	14,500	14,500	14,500	14,500
Water Plant	2,075	2,075	2,075	2,075	2,075	2,075
Service Garage	3,000	3,000	3,000	3,000	3,000	3,000
Recreation Center	30,000	30,000	30,000	30,000	30,000	30,000
Administrative Vehicles	6	3	3	N/A	N/A	N/A
Inspection Vehicles	3	6	6	N/A	N/A	N/A
Municipal Court Vehicles	1	1	1	N/A	N/A	N/A
<b>Police</b>						
Stations	1	1	1	1	1	1
Square footage of station	9,700	9,700	9,700	9,700	9,700	9,700
Vehicles	24	N/A	N/A	N/A	N/A	N/A
<b>Fire</b>						
Stations	1	1	1	1	1	1
Square footage of station	5,000	5,000	5,000	5,000	5,000	5,000
Vehicles:						
Aerial Tower	1	1	1	1	1	1
Pumpers	2	2	2	2	2	2
Rescue Ambulances	2	2	2	2	2	2
Utility	1	1	1	1	1	1
Staff vehicles	2	2	2	2	2	2
<b>Recreation</b>						
Number of Parks	5	5	5	5	4	4
Number of Pools	2	2	2	2	2	2
Number of Raquetball Courts	2	2	2	2	2	2
Number of Basketball Courts	2	2	2	2	2	2
Number of Baseball Diamonds	4	4	4	4	4	4
Number of Soccer Fields	2	2	2	2	2	2
Number of Playground Areas	4	4	4	4	3	3
Number of Vehicles	6	5	5	N/A	N/A	N/A
<b>Other Public Works</b>						
Streets (miles)	89.8	86.00	82.50	82.50	82.50	82.50
Service Vehicles	38	25	25	N/A	N/A	N/A
<b>Wastewater</b>						
Sanitary Sewers (miles)	73.5	73.5	73.5	73.5	73.5	73.5
Storm Sewers (miles)	73.5	73.5	73.5	73.5	73.5	73.5
Vehicles	2	2	2	N/A	N/A	N/A
<b>Water Department</b>						
Water Lines (miles)	77	77	77	77	77	77
Vehicles	5	5	5	N/A	N/A	N/A

Source: City of Berea Service Department

Information prior to 2003 is not available.



Mary Taylor, CPA  
Auditor of State

**CITY OF BEREA**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 5, 2009**