



Dave Yost • Auditor of State

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1

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Dave Yost • Auditor of State

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

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

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2013, wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting and Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report


This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 28, 2013



THE CITY OF BEACHWOOD OHIO
Comprehensive Annual Financial Report

C A F R

for the year ended

DECEMBER 31, 2012

CITY OF
Beachwood

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THE CITY OF BEACHWOOD OHIO

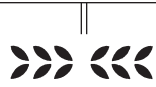
Comprehensive Annual Financial Report
for the year ended December 31, 2012



PREPARED BY : *Office of the Finance Director*
David A. Pfaff, CPA
Finance Director

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INTRODUCTORY SECTION



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City of Beachwood, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
Table of Contents

	Page
I. Introductory Section	
Table of Contents	i
Letter of Transmittal	iv
City Officials.....	x
Organizational Chart.....	xi
GFOA Certificate of Achievement	xii
II. Financial Section	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	20
Statement of Fund Net Position – Proprietary Funds	21
Statement of Revenues, Expenditures and Changes In Fund Net Position – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Net Position – Fiduciary Funds	24

Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	25
Notes to the Basic Financial Statements	26
Combining and Individual Fund Statements and Schedules:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions	51
Combining Balance Sheet – Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	54
Combining Statement – Fiduciary Funds:	
Fund Descriptions	56
Combining Statement of Changes in Assets and Liabilities – Agency Funds	57
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balance/Equity – Budget (Non-GAAP Basis) and Actual	
General Fund.....	59
Bond Retirement Fund.....	63
Capital Improvements Fund.....	64
Street Construction, Maintenance and Repair Fund	65
State Highway Fund.....	66
Mayor’s Court Improvement Fund	67
Law Enforcement Trust Fund	68
Police Pension Fund.....	69
Street Lights Fund.....	70
Northeast Ohio Public Energy Council (NOPEC) Grant Fund.....	71
Municipal Energy Program (MEP) Grant Fund.....	72
Self-Insurance Fund	73
Leo Weiss Trust Fund.....	74
III. Statistical Section	
Contents	S1
Net Position by Component - Last Ten Years	S2
Changes in Net Position - Last Ten Years	S4
Fund Balances, Governmental Funds - Last Ten Years.....	S6
Changes in Fund Balances, Governmental Funds - Last Ten Years.....	S8
Income Tax Revenue Base and Collections - Last Ten Years	S10
Income Tax Statistics - Current Year and Seven Years Ago	S12
Principal Income Taxpayers - Current Year and Ten Years Ago	S13
Legal Debt Margin - Last Ten Years	S14

Computation of Direct and Overlapping Governmental Activities Debt	S16
Ratio of General Bonded Debt to Assessed Property Values and Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita - Last Ten Years	S18
Demographic and Economic Statistics – Last Ten Years	S20
Principal Employers Current Year and Seven Years Ago	S22
Capital Assets Statistics by Function/Program – Last Ten Years	S24
Operating Indicators by Function/Program - Last Ten Years	S26
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Years	S28

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MAYOR
MERLE S. GORDEN

June 28, 2013

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

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2012, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

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

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

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State's Office performed these services for the year 2012. The independent auditor's report is presented in the Financial Section of this report.

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

Profile of the Government

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

The City of Beachwood covers approximately 5.25 square miles, and serves a population of 11,953. Due to factors attracting commercial interests to Beachwood it is estimated that approximately 100,000 people come to Beachwood daily to work, shop, or visit.

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

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

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

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

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

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

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

Annual appropriations for the current year are determined by Council action on or before December 31.

Local Economy

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

The City currently maintains a Aaa rating with Moody's Investor Service and a AAA rating with Fitch Investors Service, two of the three largest recognized rating agencies of municipal debt. These ratings demonstrate the City's high level of performance as it relates to management and administration of government resources, effective debt management with moderate low levels, vibrant and diverse local economy, and strong finances. The City is very proud of these ratings and will strive to continue at the level of excellence required to maintain them.

The City has consistently enjoyed the benefits of a strong commercial employment base that has provided for a consistent level of withholding tax collections. This strong commercial base allows the City of Beachwood to be one of the few communities in northeast Ohio that gives a 100 percent income tax credit to its residents. Initially implemented as a temporary measure for 1997-1998, the credit was extended indefinitely in the year 2000. This credit allows residents working in locations outside Beachwood to receive 100 percent credit for all income taxes paid to other taxing districts. This credit, in addition to the low property tax rates levied by the City, has continued to make Beachwood an attractive alternative to new homebuyers and proved to be a factor in the overall stability of the City's residential population. However, in 2009 the City was not immune to the prolonged economic downturn of the entire country. Based upon the declining revenue generated by the City's withholding tax, the City was forced in 2010 to ask our residents to approve the first income tax increase in 20 years. This ½ percent increase to 2 percent was approved by our residents in November of 2010 and became effective January 1, 2011. This increase resulted in an increase in income tax collections of over 46 percent in 2011 and 62 percent in 2012. This increase along with the opening of the University Hospital Ahuja Medical Center, and the Eaton world headquarters should provide the City with funds to continue to provide the extraordinary level of services our residents have come to expect for several years to come. This increase should also enable the City to adsorb the loss and/or reduction of various revenue sources from the State of Ohio, including the loss of the Estate Tax which is estimated to be approximately \$2,500,000 to \$3,000,000 annually.

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

The Chagrin Highlands will be a focal point of future economic growth for the City. Employment projections for the next twenty years indicate that potentially 20,000 individuals will obtain jobs in Chagrin Highlands businesses.

In early 2011, University Hospitals opened their brand new medical center. This state of the art center features a 200 bed hospital, an ambulatory surgery center and physician offices. During 2012 the Hospital began construction of a rehabilitation center within Chagrin Highlands.

In 2009 the City approved a tax incentive package with Eaton Corporation to build their world headquarters in the City of Beachwood. Eaton moved into their new building in early 2013. The building is on approximately 50 acres of land in the west side of the Chagrin Highlands. Eaton currently has approximately 700 employees at this site and expects to eventually grow to over 1,000 people. The City feels very strongly that this development will spur other substantial development within the Chagrin Highlands.

Currently new projects within the Chagrin Highlands in addition to the University Hospital Rehabilitation Center include an Aloft Hotel and a Alzheimer Special Memory Care Center.

The Cleveland Clinic is presently the City's largest employer. DDR Corporation and Bank of America are the next two largest employers; combined these three companies employ over 3,000 people. These companies along with the addition of University Hospitals in 2011 and Eaton Corporation in 2013 should provide the City with a strong core employment base for years to come.

Currently other projects within the City include the renovation of three of the hotels within the City, an addition to Menorah Park Center for Senior Living, and proposed 343 unit high end luxury apartment complex. During 2012 the NRP Group purchased three under-utilized office buildings which have been demolished to make room for the new apartment complex.

In an effort to provide the highest level of services to its residential and business community the City has spent over \$78,000,000 over the past several years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; only \$21,625,000 in general obligation debt was issued to finance these improvements and \$17,130,000 is still outstanding. During 2012 the City issued Refunding Bonds for a portion of this debt, resulting in a net present value savings to the City of approximately \$743,000.

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

Long-term financial planning and relevant financial policies

For the past 14 years the City has focused on an extensive Master Plan to meet the future growth of the City. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents. Since 2001, residents have benefited from construction of a new fire station, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, the expansion and remodeling of the existing Municipal Building and Community Center, and the renovation of and approximately 300,000 square foot building purchased in 2008 into the City's new Service Center, the Service Department moved into their new home in the summer of 2011.

The City plans to study the future needs of the City due to general growth of the City and the development of the Chagrin Highlands area. Presently the City is looking at construction of a new Fire Station to replace the existing Fire Station No. 2, it is anticipated that this project will take place in either 2014 or 2015.

Additionally, on an annual basis, the City budgets for road improvement projects. These projects are generally funded out of the capital improvement fund. The capital improvement fund is funded by excess reserves accumulated in the general fund that are transferred to the capital improvement fund on a periodic basis.

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

Major initiatives

In addition to the review of the need to replace Fire Station No. 2, the City will continue studying its future needs to determine what issues the City faces. Based on this the City will develop a new Master Plan. Part of this plan will include potential uses for three additional sites owned north of Chagrin Boulevard, one of which could become the home of the new Fire Station. Two of these sites contain existing buildings and one is a vacant parcel of land. These sites were all purchased in anticipation of the City's future needs to adequately service the area of Chagrin Highlands. With the opening of the University Hospital and the world headquarters for Eaton Corporation the use of these sites will become a priority for the City.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the year ended December 31, 2011. This was the fourteenth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting standards and applicable legal requirements.

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

GFOA Distinguished Budget Presentation Award

The Government Finance Officer Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Beachwood, Ohio for its annual budget for the year beginning January 1, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the ninth year the City achieved the award.

ACKNOWLEDGMENTS

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors but especially to those employees in the Department of Finance who have spent their time and energy on various parts of the project and to the Local Government Services section of the Auditor of State's office for their assistance in helping the City prepare this report in conformity with generally accepted accounting principles (GAAP) and the requirements of the Government Finance Officers Association.

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

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

Respectfully submitted,



Merle S. Gorden
Mayor



David A. Pfaff, CPA
Director of Finance

City of Beachwood, Ohio

City Officials - as of December 31, 2012

ELECTED OFFICIALS

Mayor-Safety Director Merle S. Gorden
President of Council Saul Eisen

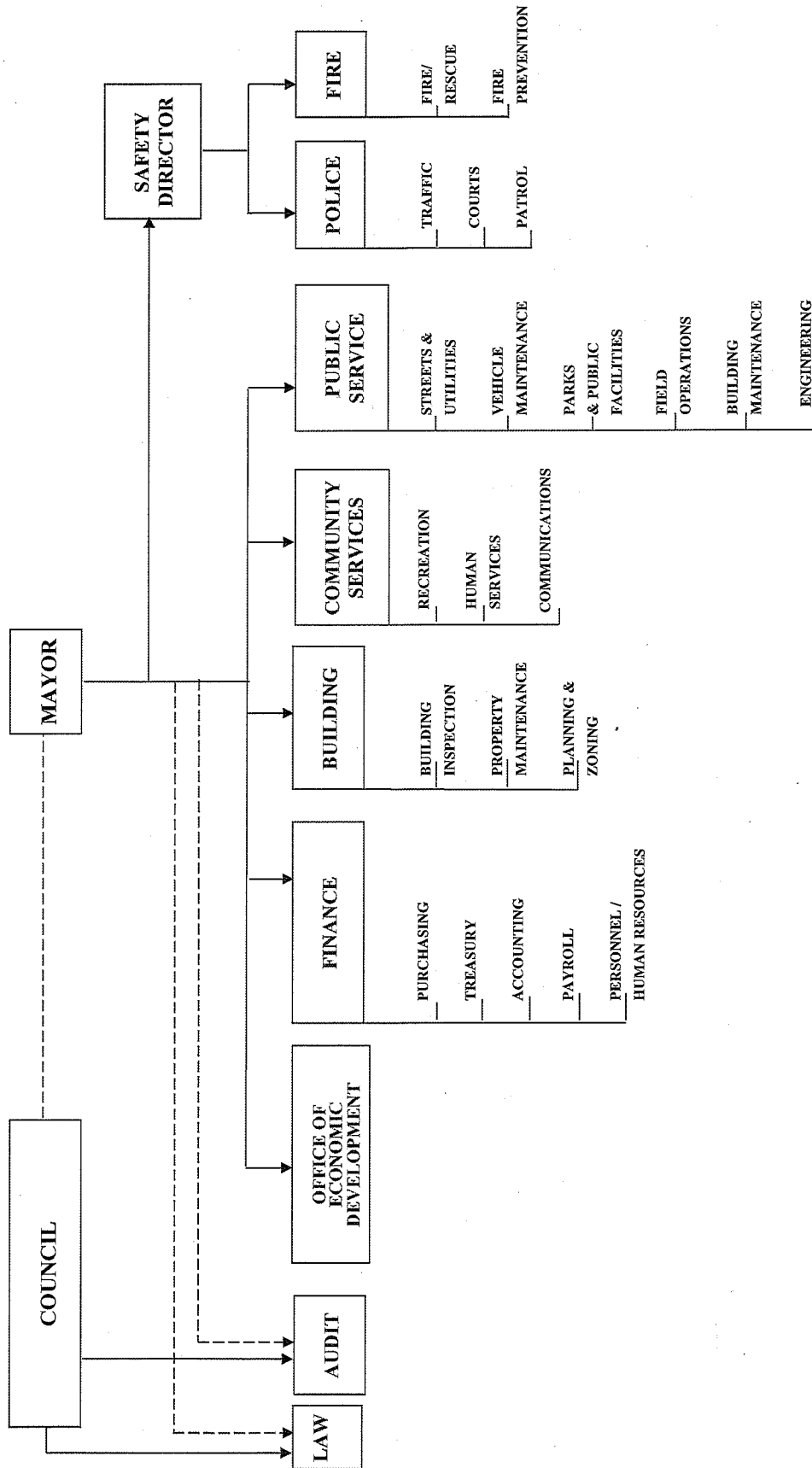
Council Member Fredric S. Goodman
Council Member Martin S. Horwitz
Council Member Melvin M. Jacobs
Council Member Brian H. Linick
Council Member Mark Mintz
Council Member Mark I. Wachter

APPOINTED OFFICIALS

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

CITY OF BEACHWOOD

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beachwood
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emery

Executive Director

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FINANCIAL SECTION



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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 18 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules, are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2013

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City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In 2012, the City issued \$5,200,000 in bond anticipation notes for the construction of Eaton Boulevard.
- In 2012, the City issued \$6,250,000 in bonds to refund outstanding general obligation bonds. The City was able to save over \$743,000 with this refunding.
- Income taxes increased by \$2,767,038 or 10.8 percent.
- Governmental activities revenues of \$41,461,372 exceeded expenses of \$37,551,909 consequently increasing net position by \$3,909,463.

Using this Annual Financial Report

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

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

Reporting the City of Beachwood as a Whole

Statement of Net Position and the Statement of Activities

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

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

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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

Reporting on the Most Significant Funds of the City of Beachwood

Fund Financial Statements

The fund financial statements which begin on page 16, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Beachwood, the most significant governmental funds are the general fund, bond retirement fund and capital improvements fund.

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

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund accounts for revenues used to provide for workers' compensation. The proprietary fund uses the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City of Beachwood as a Whole

Statement of Net Position

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2012 and 2011.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 1
Net Position

	Governmental Activities		
	2012	2011	Change
Assets			
Total Current and Other Assets	\$49,313,754	\$48,060,892	\$1,252,862
Nondepreciable Capital Assets, Net	14,235,641	18,907,840	(4,672,199)
Depreciable Capital Assets, Net	79,716,176	74,626,917	5,089,259
Total Assets	143,265,571	141,595,649	1,669,922
Deferred Outflows of Resources			
Deferred Charge on Refunding	630,992	14,695	616,297
Liabilities			
Total Current & Other Liabilities	7,469,066	8,499,534	(1,030,468)
Long-Term Liabilities:			
Due Within One Year	2,689,592	2,639,993	49,599
Due Within More Than One Year	19,224,413	19,982,288	(757,875)
Total Liabilities	29,383,071	31,121,815	(1,738,744)
Deferred Inflows of Resources			
Property Taxes	2,542,085	2,426,585	115,500
Net Position			
Net Investment in Capital Assets	69,977,360	67,950,971	2,026,389
Restricted for:			
Debt Service	3,103,538	3,482,295	(378,757)
Unclaimed Monies	20,368	9,229	11,139
Streets	730,504	805,591	(75,087)
Other Purposes	550,698	455,375	95,323
Unrestricted	37,588,939	35,358,483	2,230,456
Total Net Position	\$111,971,407	\$108,061,944	\$3,909,463

The largest portion of the City's net position (62.5 percent) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The City's financial position increased from 2011 to 2012 as indicated by the increase in total net position for governmental activities of \$3,909,463.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2 shows the changes in net position for 2012 and 2011 and corresponds to the Statement of Activities.

Table 2
Change in Net Position

	Governmental Activities		
	2012	2011	Change
Revenues			
Program Revenues			
Charges for Services	\$3,567,097	\$4,401,623	(\$834,526)
Operating Grants, Contributions and Interest	695,557	807,577	(112,020)
Capital Grants and Assessments	0	1,250,000	(1,250,000)
General Revenues			
Property Taxes	2,890,921	2,772,965	117,956
Municipal Income Tax	28,447,634	25,680,596	2,767,038
Admission, Lodging and Franchise Taxes	1,336,222	1,264,247	71,975
Estate Taxes	3,115,899	3,107,091	8,808
Grants and Entitlements	496,054	670,301	(174,247)
Investment Earnings	145,983	235,120	(89,137)
Health Care Reimbursements	479,070	0	479,070
Other	286,935	342,389	(55,454)
Total Revenues	<u>41,461,372</u>	<u>40,531,909</u>	<u>929,463</u>
Program Expenses			
General Government	5,383,560	4,533,871	849,689
Public Safety:			
Police	8,513,081	8,038,163	474,918
Fire	6,609,326	5,955,042	654,284
Public Services	11,927,501	10,348,729	1,578,772
Health and Welfare	583,900	549,513	34,387
Culture and Recreation	2,828,722	2,608,014	220,708
Building and Community Development	959,081	968,373	(9,292)
Interest and Fiscal Charges	746,738	925,241	(178,503)
Total Expenses	<u>37,551,909</u>	<u>33,926,946</u>	<u>3,624,963</u>
Change in Net Position	3,909,463	6,604,963	(2,695,500)
Net Position Beginning of Year	<u>108,061,944</u>	<u>101,456,981</u>	<u>6,604,963</u>
Net Position End of Year	<u>\$111,971,407</u>	<u>\$108,061,944</u>	<u>\$3,909,463</u>

The increase in revenues is due to an increase in income tax collections. The increase is partially due to an increase in income tax revenue in the JEDD area and a significant estimated net profit payment. We will more than likely have to refund this payment back to the company in 2013. This increase is offset by a decrease in capital grants. In 2011, we received a one-time grant of \$1,250,000 as part of the Eaton TIF agreement.

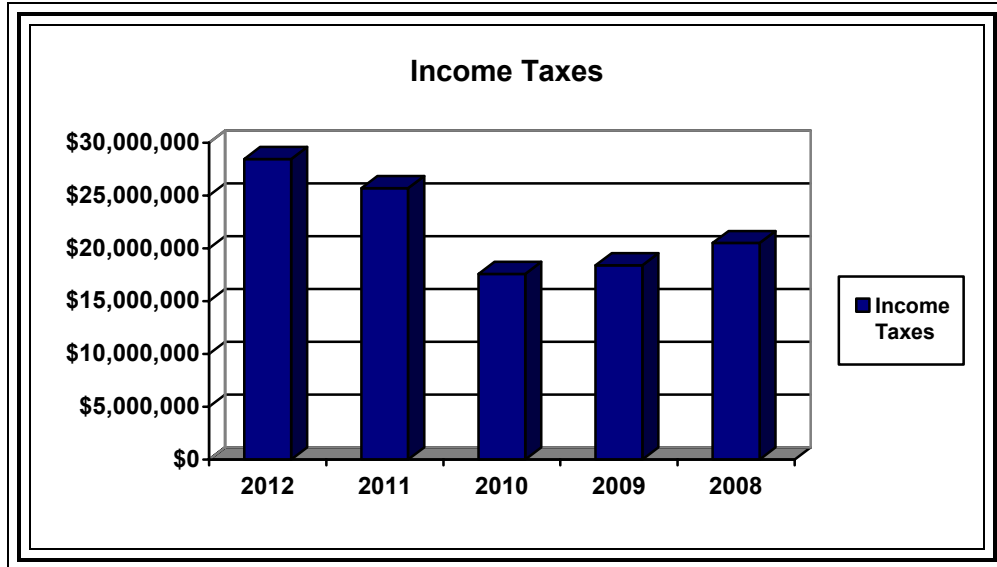
Total program expenses increased by 10.7 percent from 2011. This increase is mainly due to an increase in capital asset maintenance.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$28,447,634 in income tax collections or 68.6 percent of total 2012 revenue. Other significant sources of revenue include property taxes and estate taxes of which the City received \$2,890,921 and \$3,115,899 respectively in 2012.

In 2012, the City experienced an increase in income taxes. The chart below identifies income tax receipts for the last five years.



City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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

Table 3
Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General Government	\$5,383,560	(\$5,029,052)	\$4,533,871	(\$4,138,526)
Public Safety				
Police	8,513,081	(8,100,851)	8,038,163	(7,702,238)
Fire	6,609,326	(5,693,215)	5,955,042	(4,871,306)
Public Services	11,927,501	(11,246,925)	10,348,729	(8,499,445)
Health and Welfare	583,900	(426,519)	549,513	(398,366)
Culture and Recreation	2,828,722	(1,964,685)	2,608,014	(1,719,273)
Building and				
Community Development	959,081	(81,270)	968,373	786,649
Interest and Fiscal Charges	746,738	(746,738)	925,241	(925,241)
Total	\$37,551,909	(\$33,289,255)	\$33,926,946	(\$27,467,746)

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services increased in 2012.

Public safety expenses account for approximately 40.3 percent of total 2012 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. As of December 31, 2012, the City employed 39 full time police officers and 38 full time firefighters. Other significant expenses include public service expenses which make up approximately 31.8 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

The City's Funds

Information about the City's major governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting.

The general fund is the chief operating fund of the City. The total fund balance at December 31, 2012 and 2011 was \$28,861,166 and \$23,899,882 respectively. The increase is largely due the increase in income tax revenue.

The bond retirement fund is used to account for the accumulation of resources for, and the payment of, various types of debt principal, interest and related costs. The fund balance at December 31, 2012 and 2011 was \$423,590 and \$583,425 respectively. The bond retirement fund receives revenue through special

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund.

The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. This fund is funded with excess revenue from the general fund. The City strives to maintain a general fund balance which is 50 percent of general fund revenues. Any excess may be transferred to the capital improvements fund. The fund balance at December 31, 2012 and 2011 was \$893,307 and \$3,760,472 respectively. The decrease is largely due to expenditures for road improvements. In early 2013, \$6,000,000 was transferred from the general fund to the capital improvements fund.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of control has been established by Council at the personal services and other object level within each fund. Any budgetary modifications at this level may only be made by ordinance of City Council. During the course of the year, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Finance Director closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

For the general fund, original and final budgeted revenues were \$35,426,206; and actual revenue collections were \$39,064,782. Final budgeted appropriations were \$37,065,089 and actual expenditures were \$33,900,784. Appropriations are always conservatively budgeted on the high side. Additionally, several vacant positions budgeted for were not filled when budgeted which accounts for the difference between budgeted appropriations and actual expenditures.

Debt Administration and Capital Assets

Debt

Table 4 summarizes outstanding debt at December 31, 2012 compared to December 31, 2011.

The general obligation bonds will be paid out of the debt service fund with funds transferred from the general fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In 2012 the City issued \$6,250,000 in bonds in order to refund some outstanding general obligation bonds. In addition, the City refinanced \$5,200,000 in bond anticipation notes for the construction of Eaton Boulevard. See Notes 11 and 16 to the basic financial statements for more information regarding the City's outstanding debt.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 4
Outstanding Debt at Year End

	Governmental Activities	
	2012	2011
General Obligation Bonds	\$18,680,266	\$19,599,539
Special Assessment Bonds	445,000	615,000
General Obligation Notes	5,200,000	6,039,126
<i>Totals</i>	\$24,325,266	\$26,253,665

Capital Assets

Table 5 compares capital assets as of December 31, 2012 to balances at December 31, 2011.

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

	Governmental Activities	
	2012	2011
Land	\$14,235,641	\$14,235,641
Land Improvements	4,057,967	4,423,249
Buildings and Improvements	37,304,739	38,193,856
Furniture and Equipment	1,665,458	1,704,803
Vehicles	2,843,262	2,279,524
Construction in Progress	0	4,672,199
Infrastructure		
Streets	27,137,579	22,466,771
Water Lines	2,930,050	2,556,054
Sanitary Sewers	1,648,258	1,519,527
Storm Sewers	1,514,555	1,381,817
I-Net Fiber	99,290	101,316
Traffic Signals	515,018	0
<i>Totals</i>	\$93,951,817	\$93,534,757

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Significant capital asset additions mainly include road improvements.

With regards to the City's infrastructure, the City engineer maintains a comprehensive listing of all streets, waterlines and sanitary and storm sewer lines. As part of the annual road maintenance program, the Engineer and the Service Director evaluate the condition of the streets and identify which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$3.0 million a year for the road maintenance program.

See Note 10 to the basic financial statements for additional information on the City's capital assets.

Current Financial Related Activities

The City of Beachwood is strong financially and well managed, as evidenced by the Aaa bond rating awarded the City by Moody's Investor Service and the AAA rating awarded by Fitch Investors Service. The City has continued to maintain the highest standards of service to the Citizens of Beachwood while diligently planning expenses, to stay within the City's revenues. The City is well prepared to meet the challenges of the future.

Contacting the City's Finance Department

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

City of Beachwood, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$33,045,764
Cash and Cash Equivalents in Segregated Accounts	2,375
Accounts Receivable	106,605
Estate Taxes Receivable	907,720
Admission Taxes Receivable	32,511
Lodging Taxes Receivable	46,855
Franchise Taxes Receivable	32,999
Intergovernmental Receivable	399,125
Materials and Supplies Inventory	863,943
Prepaid Items	173,386
Property Taxes Receivable	4,165,634
Income Taxes Receivable	6,429,504
Special Assessments Receivable	3,078,471
Accrued Interest Receivable	28,862
Nondepreciable Capital Assets	14,235,641
Depreciable Capital Assets, Net	79,716,176
<i>Total Assets</i>	143,265,571
Deferred Outflows of Resources	
Deferred Charge on Refunding	630,992
Liabilities	
Accounts Payable	407,209
Retainage Payable	417,305
Accrued Wages	679,393
Compensated Absences Payable	74,939
Intergovernmental Payable	564,555
Accrued Interest Payable	62,671
Contracts Payable	37,719
Claims Payable	25,275
Notes Payable	5,200,000
Long-Term Liabilities:	
Due Within One Year	2,689,592
Due In More Than One Year	19,224,413
<i>Total Liabilities</i>	29,383,071
Deferred Inflows of Resources	
Property Taxes	2,542,085
Net Position	
Net Investment in Capital Assets	69,977,360
Restricted for:	
Debt Service	3,103,538
Unclaimed Monies	20,368
Streets	730,504
Other Purposes	550,698
Unrestricted	37,588,939
<i>Total Net Position</i>	\$111,971,407

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants Contributions and Interest</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$5,383,560	\$339,527	\$14,981	(\$5,029,052)
Public Safety:				
Police	8,513,081	412,230	0	(8,100,851)
Fire	6,609,326	916,111	0	(5,693,215)
Public Services	11,927,501	0	680,576	(11,246,925)
Health and Welfare	583,900	157,381	0	(426,519)
Culture and Recreation	2,828,722	864,037	0	(1,964,685)
Building and				
Community Development	959,081	877,811	0	(81,270)
Interest and Fiscal Charges	746,738	0	0	(746,738)
<i>Total Governmental Activities</i>	<u>\$37,551,909</u>	<u>\$3,567,097</u>	<u>\$695,557</u>	<u>(33,289,255)</u>
 General Revenues				
Property Taxes Levied for				
General Purposes				2,674,494
Police Pension				216,427
Municipal Income Taxes Levied for				
General Purposes				28,447,634
Admission, Lodging and Franchise Taxes				1,336,222
Estate Taxes				3,115,899
Grants and Entitlements not Restricted to Specific Programs				496,054
Investment Earnings				145,983
Health Care Reimbursements				479,070
Other				286,935
<i>Total General Revenues</i>				<u>37,198,718</u>
Change in Net Position				3,909,463
<i>Net Position Beginning of Year</i>				<u>108,061,944</u>
<i>Net Position End of Year</i>				<u>\$111,971,407</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$23,567,780	\$423,590	\$6,497,312	\$1,036,714	\$31,525,396
Cash and Cash Equivalents					
In Segregated Accounts	2,375	0	0	0	2,375
Property Taxes Receivable	3,853,210	0	0	312,424	4,165,634
Income Taxes Receivable	6,429,504	0	0	0	6,429,504
Estate Taxes Receivable	907,720	0	0	0	907,720
Admission Taxes Receivable	32,511	0	0	0	32,511
Lodging Taxes Receivable	46,855	0	0	0	46,855
Franchise Taxes Receivable	32,999	0	0	0	32,999
Accounts Receivable	106,605	0	0	0	106,605
Intergovernmental Receivable	183,030	0	0	216,095	399,125
Accrued Interest Receivable	28,862	0	0	0	28,862
Materials and Supplies Inventory	863,943	0	0	0	863,943
Prepaid Items	173,386	0	0	0	173,386
Special Assessments Receivable	0	2,838,714	239,757	0	3,078,471
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	20,368	0	0	0	20,368
Total Assets	\$36,249,148	\$3,262,304	\$6,737,069	\$1,565,233	\$47,813,754
Liabilities					
Accounts Payable	\$392,548	\$0	\$10,126	\$4,535	\$407,209
Retainage Payable	10,895	0	372,210	34,200	417,305
Accrued Wages	679,393	0	0	0	679,393
Compensated Absences Payable	74,939	0	0	0	74,939
Intergovernmental Payable	547,055	0	0	17,500	564,555
Contracts Payable	0	0	580	37,139	37,719
Accrued Interest Payable	0	0	21,089	0	21,089
Notes Payable	0	0	5,200,000	0	5,200,000
Total Liabilities	1,704,830	0	5,604,005	93,374	7,402,209
Deferred Inflows of Resources					
Property Taxes	2,351,428	0	0	190,657	2,542,085
Unavailable Revenue	3,331,724	2,838,714	239,757	266,445	6,676,640
Total Deferred Inflows of Resources	5,683,152	2,838,714	239,757	457,102	9,218,725
Fund Balances					
Nonspendable	1,057,697	0	0	0	1,057,697
Restricted	0	423,590	0	1,014,757	1,438,347
Committed	233,569	0	385,869	0	619,438
Assigned	1,195,872	0	507,438	0	1,703,310
Unassigned	26,374,028	0	0	0	26,374,028
Total Fund Balances	28,861,166	423,590	893,307	1,014,757	31,192,820
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$36,249,148	\$3,262,304	\$6,737,069	\$1,565,233	\$47,813,754

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Fund Balances	\$31,192,820
 <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.	93,951,817
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Property Taxes	1,623,549
Intergovernmental	531,254
Special Assessments	3,078,471
Municipal Income Taxes	<u>1,443,366</u>
Total	6,676,640
An internal service fund is used by management to charge the cost of workers compensation to individual funds/departments. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,474,725
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(41,582)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Special Assessment Bonds	(445,000)
General Obligation Bonds	(18,680,266)
Deferred charge on Refunding	630,992
Compensated Absences	<u>(2,788,739)</u>
Total	<u>(21,283,013)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$111,971,407</u></u>
See accompanying notes to the basic financial statements	

City of Beachwood, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,377,630	\$0	\$0	\$192,356	\$2,569,986
Municipal Income Taxes	28,162,508	0	0	0	28,162,508
Charges for Services	2,109,663	0	0	0	2,109,663
Fines, Licenses and Permits	1,089,326	0	0	55,888	1,145,214
Intergovernmental	518,387	0	0	691,868	1,210,255
Estate Taxes	3,045,450	0	0	0	3,045,450
Admission Taxes	399,449	0	0	0	399,449
Lodging Taxes	805,323	0	0	0	805,323
Franchise Taxes	131,450	0	0	0	131,450
Rentals	302,336	0	0	0	302,336
Health Care Reimbursements	479,070	0	0	0	479,070
Special Assessments	0	423,885	23,083	9,884	456,852
Interest	115,130	30,028	0	3,882	149,040
Other	222,934	37,180	2,118	24,703	286,935
<i>Total Revenues</i>	<u>39,758,656</u>	<u>491,093</u>	<u>25,201</u>	<u>978,581</u>	<u>41,253,531</u>
Expenditures					
Current:					
General Government	4,699,104	0	0	11,916	4,711,020
Public Safety:					
Police	8,057,340	0	0	190,649	8,247,989
Fire	7,164,341	0	0	0	7,164,341
Public Services	8,236,284	0	0	796,928	9,033,212
Health and Welfare	578,073	0	0	0	578,073
Culture and Recreation	2,428,076	0	0	0	2,428,076
Building and Community Development	946,654	0	0	0	946,654
Capital Outlay	0	0	3,769,159	0	3,769,159
Debt Service:					
Principal Retirement	0	1,710,000	0	0	1,710,000
Interest and Fiscal Charges	0	566,173	35,463	0	601,636
Bond Issuance Costs	37,500	75,308	0	0	112,808
<i>Total Expenditures</i>	<u>32,147,372</u>	<u>2,351,481</u>	<u>3,804,622</u>	<u>999,493</u>	<u>39,302,968</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,611,284</u>	<u>(1,860,388)</u>	<u>(3,779,421)</u>	<u>(20,912)</u>	<u>1,950,563</u>
Other Financing Sources (Uses)					
General Obligation Bond Proceeds	0	6,250,000		0	6,250,000
Premium on Sale of General Obligation Bonds	0	290,092	0	0	290,092
Payment to Refunded Bond Escrow Account	0	(6,427,283)	0	0	(6,427,283)
Transfers In	0	1,587,744	912,256	150,000	2,650,000
Transfers Out	(2,650,000)	0	0	0	(2,650,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,650,000)</u>	<u>1,700,553</u>	<u>912,256</u>	<u>150,000</u>	<u>112,809</u>
<i>Net Change in Fund Balances</i>	4,961,284	(159,835)	(2,867,165)	129,088	2,063,372
<i>Fund Balances Beginning of Year</i>	<u>23,899,882</u>	<u>583,425</u>	<u>3,760,472</u>	<u>885,669</u>	<u>29,129,448</u>
<i>Fund Balances End of Year</i>	<u>\$28,861,166</u>	<u>\$423,590</u>	<u>\$893,307</u>	<u>\$1,014,757</u>	<u>\$31,192,820</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012*

Net Change in Fund Balances - Total Governmental Funds \$2,063,372

*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	5,451,185	
Capital Outlays	5,451,185	
Current Year Depreciation	(4,726,373)	
Total	724,812	724,812

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. (307,752)

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

Property Taxes	320,935	
Intergovernmental	(21,701)	
Special Assessments	(446,968)	
Estate Taxes	70,449	
Municipal Income Taxes	285,126	
Total	207,841	207,841

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 8,137,283

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

Accrued Interest on Bonds	(294,467)	
Amortization of Premium	149,365	
Total	(145,102)	(145,102)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (240,302)

The internal service fund used by management to charge the costs of workers' compensation to individual departments is not reported in the entity wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 9,403

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.

General Obligation Bonds Issued	(6,250,000)	
Premium on General Obligation Bonds Issued	(290,092)	
Total	(6,540,092)	(6,540,092)

Change in Net Position of Governmental Activities \$3,909,463

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,226,993	\$2,226,993	\$2,377,630	\$150,637
Municipal Income Taxes	24,968,468	24,968,468	27,640,038	2,671,570
Charges for Services	2,058,252	2,058,252	2,112,787	54,535
Fines, Licenses and Permits	995,375	995,375	1,097,170	101,795
Intergovernmental	453,111	453,111	530,080	76,969
Estate Taxes	2,200,000	2,200,000	2,834,101	634,101
Admission Taxes	448,000	448,000	399,565	(48,435)
Lodging Taxes	718,205	718,205	801,019	82,814
Franchise Taxes	115,000	115,000	130,043	15,043
Rentals	350,000	350,000	302,336	(47,664)
Health Care Reimbursements	463,500	463,500	479,070	15,570
Interest	225,000	225,000	137,464	(87,536)
Other	204,302	204,302	223,479	19,177
<i>Total Revenues</i>	<u>35,426,206</u>	<u>35,426,206</u>	<u>39,064,782</u>	<u>3,638,576</u>
Expenditures				
Current:				
General Government	5,285,943	5,943,443	5,070,099	873,344
Public Safety:				
Police	8,960,833	8,960,833	8,431,177	529,656
Fire	7,765,667	7,815,667	7,426,344	389,323
Public Services	9,711,429	9,721,429	8,820,126	901,303
Health and Welfare	646,655	646,655	591,846	54,809
Culture and Recreation	2,801,572	2,821,572	2,505,266	316,306
Building and Community Development	1,117,990	1,117,990	1,018,426	99,564
Debt Service:				
Bond Issuance Costs	0	37,500	37,500	0
<i>Total Expenditures</i>	<u>36,290,089</u>	<u>37,065,089</u>	<u>33,900,784</u>	<u>3,164,305</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(863,883)</u>	<u>(1,638,883)</u>	<u>5,163,998</u>	<u>6,802,881</u>
Other Financing Sources (Uses)				
Advances In	133,555	133,555	133,555	0
Transfers Out	(1,839,449)	(2,759,449)	(2,650,000)	109,449
<i>Total Other Financing Sources (Uses)</i>	<u>(1,705,894)</u>	<u>(2,625,894)</u>	<u>(2,516,445)</u>	<u>109,449</u>
<i>Net Change in Fund Balance</i>	<u>(2,569,777)</u>	<u>(4,264,777)</u>	<u>2,647,553</u>	<u>6,912,330</u>
<i>Fund Balance Beginning of Year</i>	16,252,249	16,252,249	16,252,249	0
Prior Year Encumbrances Appropriated	2,811,601	2,811,601	2,811,601	0
<i>Fund Balance End of Year</i>	<u>\$16,494,073</u>	<u>\$14,799,073</u>	<u>\$21,711,403</u>	<u>\$6,912,330</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2012

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,500,000
Liabilities	
Claims Payable	<u>25,275</u>
Net Position	
Unrestricted	<u><u>\$1,474,725</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2012

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	\$58,304
Operating Expenses	
Claims	48,901
<i>Change in Net Position</i>	9,403
<i>Net Position Beginning of Year</i>	1,465,322
<i>Net Position End of Year</i>	\$1,474,725

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2012

	<u>Internal Service</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$58,304
Cash Payments for Claims	(58,304)
<i>Increase in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	1,500,000
<i>Cash and Cash Equivalents End of Year</i>	\$1,500,000
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$9,403
Adjustments:	
Decrease in Claims Payable	(9,403)
<i>Net Cash Provided by Operating Activities</i>	\$0
See accompanying notes to the basic financial statements	

City of Beachwood, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,158	\$364,821
Liabilities		
Undistributed Monies	0	\$1,459
Deposits Held and Due to Others	0	363,362
<i>Total Liabilities</i>	0	\$364,821
Net Position		
Held in Trust for Recreation	\$1,158	

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Changes in Fund Net Position
Private Purpose Trust Fund
For the Year Ended December 31, 2012

	<u>Private Purpose Trust</u>
Additions	
Interest	\$5
Deductions	
	<u>0</u>
<i>Change in Net Position</i>	5
<i>Net Position Beginning of Year</i>	<u>1,153</u>
<i>Net Position End of Year</i>	<u><u>\$1,158</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

The City participates in one jointly governed organization, the Northeast Ohio Public Energy Council. This organization is described in Note 7 of the Basic Financial Statements.

The City’s management believes these financial statements present all activities for which the City is financially accountable.

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 more significant of the City’s accounting policies are described below.

A. Basis of Presentation

The City’s basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Government-wide Financial Statements The Statement of Net Position 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. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have any enterprise funds.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for workers' compensation.

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

C. Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 3.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, special assessments, municipal income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

E. Cash and Cash Equivalents

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

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

During fiscal year 2012, investments were limited to U.S. Treasury Notes, Certificate of Deposits and STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on December 31, 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amounted to \$115,130, which includes \$3,611 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

G. Inventory

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

H. Restricted Assets

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

I. Bond Premium

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

J. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding is amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

K. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Capital Assets

The City's only capital assets are general capital assets. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	5 - 50 years
Furniture and Equipment	7 - 10 years
Vehicles	3 - 25 years
Infrastructure	8 - 50 years

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

M. Compensated Absences

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

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

N. 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

O. Net Position

Net position represents the difference all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for police, street lights and improvements to the Mayor's court.

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

P. Internal Activity

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Q. Estimates

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

R. Budgetary Process

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

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

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

Note 3 - Receivables

Receivables at December 31, 2012, consisted primarily of municipal income taxes, property, estate, admissions, lodging, and franchise taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All receivables except property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$2,339,115 in the Bond Retirement Fund and \$213,885 in the Capital Improvement Fund. At December 31, 2012 the amount of delinquent special assessments was \$56,411.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

2012 real property taxes are levied after October 1, 2012 on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and collected in 2013 real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

Real Property	\$788,234,480
Public Utility Property	8,604,240
Total Valuation	<u>\$796,838,720</u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2012 and for which there is an enforceable legal claim. In the general and police pension funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unearned revenue.

B. Municipal Income Taxes

The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. Income tax revenue is credited entirely to the general fund.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Gasoline Tax	\$297,475
Homestead and Rollback	<u>101,650</u>
Total	<u>\$399,125</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 4 - Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance	
GAAP Basis	\$4,961,284
Net Adjustments for Revenue Accruals	(719,242)
Beginning Fair Value Adjustment for Investments	81,461
Ending Fair Value Adjustment for Investments	(56,093)
Advances In	133,555
Net Adjustments for Expenditure Accruals	67,242
Encumbrances	<u>(1,820,654)</u>
Budget Basis	<u><u>\$2,647,553</u></u>

Note 5 – Interfund Transfers

A transfer of \$1,587,744 and \$912,256 was made during calendar year 2012 from the general fund to the bond retirement and capital projects funds and a transfer of \$150,000 was made from the general fund to the street, construction, and maintenance fund. The transfer to the bond retirement and capital projects funds was to move money for the payment of general obligation bonds and notes and the transfer to the street, construction, and maintenance fund was for the asphalt paving project.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 6 - Compensated Absences

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

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

Note 7 - Jointly Governed Organization

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2012. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

Note 8 - Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of 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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$12,206,955 of the City's bank balance of \$14,218,819 was uninsured and uncollateralized. Although

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

Investments are reported at fair value. As of December 31, 2012, the City had the following investments:

	Fair Value	Maturity		
		Less Than 6 Months	6-12 Months	1-5 Years
U.S. Treasury Notes	\$20,039,999	\$4,004,375	\$7,024,531	\$9,011,093
STAR Ohio	1,948	1,948	0	0
Total Investments	\$20,041,947	\$4,006,323	\$7,024,531	\$9,011,093

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet anticipated cash flow requirements.

Credit Risk STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The City's investments in the U.S. Treasury Notes represents 99.9 of the City's total investments.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 9 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2012.

B. Litigation

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

Note 10 – Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$14,235,641	\$0	\$0	\$14,235,641
Construction in Progress	4,672,199	528,771	(5,200,970)	0
<i>Total Capital Assets, not being depreciated</i>	<u>18,907,840</u>	<u>528,771</u>	<u>(5,200,970)</u>	<u>14,235,641</u>
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,344,873	0	0	7,344,873
Buildings and Improvements	46,422,651	111,141	0	46,533,792
Furniture and Equipment	5,428,894	279,456	(162,481)	5,545,869
Vehicles	7,229,260	1,021,955	(73,976)	8,177,239
Infrastructure				
Streets	55,805,819	7,380,741	(1,229,892)	61,956,668
Water Lines	3,785,505	472,522	0	4,258,027
Sanitary Sewers	2,027,430	169,280	0	2,196,710
Storm Sewers	1,827,042	169,279	0	1,996,321
I-Net Fiber	101,316	0	0	101,316
Traffic Signals	0	519,010	0	519,010
<i>Total Capital Assets, being depreciated</i>	<u>129,972,790</u>	<u>10,123,384</u>	<u>(1,466,349)</u>	<u>138,629,825</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Less Accumulated Depreciation				
Land Improvements	(\$2,921,624)	(\$365,282)	\$0	(\$3,286,906)
Buildings and Improvements	(8,228,795)	(1,000,258)	0	(9,229,053)
Furniture and Equipment	(3,724,091)	(314,665)	158,345	(3,880,411)
Vehicles	(4,949,736)	(458,217)	73,976	(5,333,977)
Infrastructure				
Streets	(33,339,048)	(2,406,317)	926,276	(34,819,089)
Water Lines	(1,229,451)	(98,526)	0	(1,327,977)
Sanitary Sewers	(507,903)	(40,549)	0	(548,452)
Storm Sewers	(445,225)	(36,541)	0	(481,766)
I-Net Fiber	0	(2,026)	0	(2,026)
Traffic Signals	0	(3,992)	0	(3,992)
<i>Total Accumulated Depreciation</i>	<u>(55,345,873)</u>	<u>(4,726,373) *</u>	<u>1,158,597</u>	<u>(58,913,649)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>74,626,917</u>	<u>5,397,011</u>	<u>(307,752)</u>	<u>79,716,176</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$93,534,757</u>	<u>\$5,925,782</u>	<u>(\$5,508,722)</u>	<u>\$93,951,817</u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$570,592
Public Safety:	
Police	199,399
Fire	305,806
Public Services	3,230,922
Health and Welfare	5,827
Culture and Recreation	400,646
Building and Community Development	13,181
Total Depreciation Expense	<u>\$4,726,373</u>

Note 11 – Note Debt

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

	Balance at 12/31/11	Additions	Reductions	Balance at 12/31/12
2012 1.00%				
Eaton Boulevard Construction Note	\$0	\$5,200,000	\$0	\$5,200,000
2011 1.50%				
Eaton Boulevard Construction Note	6,000,000	0	6,000,000	0
Premium on Note	39,126	0	39,126	0
Total 2011 Eaton Boulevard Note	<u>6,039,126</u>	<u>0</u>	<u>6,039,126</u>	<u>0</u>
Total Notes Payable	<u>\$6,039,126</u>	<u>\$5,200,000</u>	<u>\$6,039,126</u>	<u>\$5,200,000</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

The notes are backed by the full faith and credit of the City of Beachwood and mature within one year. The note liability is reflected in the fund which received the proceeds.

In 2012 the City issued \$5,200,000 in bond anticipation notes for the construction of Eaton Boulevard. These notes mature on August 8, 2013.

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Activities
Nonspendable:					
Prepays	\$173,386	\$0	\$0	\$0	\$173,386
Inventory	863,943	0	0	0	863,943
Unclaimed Funds	20,368	0	0	0	20,368
<i>Total Nonspendable</i>	<u>1,057,697</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,057,697</u>
Restricted for:					
Street Maintenance	0	0	0	593,450	593,450
Mayor's Court Computers	0	0	0	19,813	19,813
Drug and Alcohol Enforcement	0	0	0	240,984	240,984
Police Pension	0	0	0	44,009	44,009
Street Lighting	0	0	0	116,501	116,501
Bond Retirement	0	423,590	0	0	423,590
<i>Total Restricted</i>	<u>0</u>	<u>423,590</u>	<u>0</u>	<u>1,014,757</u>	<u>1,438,347</u>
Committed to:					
Road projects	0	0	368,712	0	368,712
Purchases on Order	233,569	0	17,157	0	250,726
<i>Total Committed</i>	<u>233,569</u>	<u>0</u>	<u>385,869</u>	<u>0</u>	<u>619,438</u>
Assigned to:					
Capital Improvement	0	0	507,438	0	507,438
Police and Fire Pension	363,281	0	0	0	363,281
Purchases on Order	832,591	0	0	0	832,591
<i>Total Assigned</i>	<u>1,195,872</u>	<u>0</u>	<u>507,438</u>	<u>0</u>	<u>1,703,310</u>
Unassigned (Deficit)	<u>26,374,028</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,374,028</u>
Total Fund Balances	<u>\$28,861,166</u>	<u>\$423,590</u>	<u>\$893,307</u>	<u>\$1,014,757</u>	<u>\$31,192,820</u>

Note 13 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$851,210, \$783,309, and \$717,267, respectively. For 2012, 67.8 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$2,186 made by the City and \$1,561 made by plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$470,159 and \$613,279 for the year ended December 31, 2012, \$458,044 and \$612,016 for the year ended December 31, 2011, and \$468,041 and \$594,825 for the year ended December 31, 2010, respectively. For 2012, 79.1 percent for police and 83.0 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund are covered by Social Security. As of December 31, 2012, one member of Council is covered by Social Security. The City's liability is 6.2 percent of wages paid.

Note 14 – Post-Employment Benefits

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$340,484, \$313,324, and \$410,298, respectively. For 2012, 67.8 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available of OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan. OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$248,908 and \$239,979 for the year ended December 31, 2012, \$242,494 and \$239,485 for the year ended December 31, 2011, and \$247,786 and \$232,758 for the year ended December 31, 2010. For 2012, 79.1 percent has been contributed for police and 83.0 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2012, the City contracted with Argonaut Insurance Group for various types of insurance as follows:

Type	Coverage
Employee Dishonesty	\$100,000
Law Enforcement Liability	1,000,000
Automobile - Comprehensive	1,000,000
Blanket Coverage - All Property	70,582,003
General Liability	1,000,000
Public Officials	1,000,000
Commercial Excess	10,000,000

Settled claims have not exceeded this coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

On July 1, 2010, the City elected to provide worker's compensation coverage through a self-insurance program. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). For 2012, KKSG & Associates was the City's third-party administrator. The retention point for excess insurance is \$400,000, which is through Safety National Casualty Corporation. The insurance will cover the City for each incident that goes beyond \$400,000. The claims liability of \$25,275 reported in the fund as December 31, 2012, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claim liability amount for 2011 and 2012 were:

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	Beginning of Year	Claims	Payments	End of Year
2011	\$5,896	\$76,316	\$47,534	\$34,678
2012	34,678	48,901	58,304	25,275

Note 16 - Long-Term Obligations

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

	Outstanding 12/31/2011	Additions	(Reductions)	Outstanding 12/31/2012	Amounts Due In One Year
Special Assessment Bonds with Governmental Commitment					
\$610,000 1994 6.750%					
Various Projects	\$180,000	\$0	(\$40,000)	\$140,000	\$45,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	335,000	0	(30,000)	305,000	30,000
\$2,150,000 2002 2.250%					
Various Projects	100,000	0	(100,000)	0	0
<i>Total Special Assessments Bonds</i>	<u>615,000</u>	<u>0</u>	<u>(170,000)</u>	<u>445,000</u>	<u>75,000</u>
General Obligation Bonds					
\$6,250,000 2012 1.500% - 3.750%					
Refunding Bonds	0	6,250,000	(100,000)	6,150,000	100,000
Premium on Refunding Bonds	0	290,092	(4,029)	286,063	0
Total Refunding Bonds	<u>0</u>	<u>6,540,092</u>	<u>(104,029)</u>	<u>6,436,063</u>	<u>100,000</u>
\$4,840,000 2010 1.500% - 3.750%					
Refunding Bonds	4,610,000	0	(235,000)	4,375,000	520,000
Premium on Refunding Bonds	75,318	0	(8,299)	67,019	0
Total Refunding Bonds	<u>4,685,318</u>	<u>0</u>	<u>(243,299)</u>	<u>4,442,019</u>	<u>520,000</u>
\$7,970,000 2010 1.500% - 3.750%					
Service Center Serial Bonds	7,380,000		(600,000)	6,780,000	610,000
Premium on Service Center Bonds	129,001		(11,817)	117,184	0
Total Service Center Bonds	<u>7,509,001</u>	<u>0</u>	<u>(611,817)</u>	<u>6,897,184</u>	<u>610,000</u>
\$9,805,000 2004 4.600%					
City Hall Serial Bonds	1,335,000	0	(430,000)	905,000	445,000
City Hall Term Bonds	5,770,000	0	(5,770,000)	0	0
Premium on City Hall Bonds	125,220	0	(125,220)	0	0
Total City Hall Bonds	<u>7,230,220</u>	<u>0</u>	<u>(6,325,220)</u>	<u>905,000</u>	<u>445,000</u>
\$3,850,000 2002 2.250%					
Fire Station	175,000	0	(175,000)	0	0
<i>Total General Obligation Bonds</i>	<u>19,599,539</u>	<u>6,540,092</u>	<u>(7,459,365)</u>	<u>18,680,266</u>	<u>1,675,000</u>
Compensated Absences	<u>2,548,437</u>	<u>427,544</u>	<u>(187,242)</u>	<u>2,788,739</u>	<u>939,592</u>
<i>Total General Long-term Obligations</i>	<u>\$22,762,976</u>	<u>\$6,967,636</u>	<u>(\$7,816,607)</u>	<u>\$21,914,005</u>	<u>\$2,689,592</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

On October 8, 2012, the City issued \$6,250,000 in general obligation bonds for the purpose of refunding a portion of general obligation issues in order to take advantage of lower interest rates. An analysis of the information follows:

	2004
	<u>City Hall</u>
Outstanding at December 31, 2011	\$7,105,000
Amount Refunded	(5,770,000)
Principal Payment on Non-Refunded Portion	<u>(430,000)</u>
Outstanding at December 31, 2012	<u>\$905,000</u>

The bonds were sold at a premium of \$290,092. Proceeds of \$6,427,284 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$5,770,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$743,416 as a result of the advanced refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$577,819.

The City's overall legal debt margin was \$60,681,656 at December 31, 2012. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2012, are as follows:

Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2013	\$1,675,000	\$473,066	\$75,000	\$25,920
2014	1,720,000	439,041	80,000	21,262
2015	1,700,000	400,681	85,000	16,335
2016	1,650,000	367,806	35,000	11,070
2017	1,595,000	326,632	40,000	9,180
2018-2022	8,555,000	947,475	130,000	14,310
2023-2024	1,315,000	44,438	0	0
Total	<u>\$18,210,000</u>	<u>\$2,999,139</u>	<u>\$445,000</u>	<u>\$98,077</u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 17 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Encumbrances at 12/31/2012
General	\$1,820,654
Capital Improvement	443,024
Other Governmental Funds	240,738
Total	\$2,504,416

Contractual Commitments

At December 31, 2012, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Eaton Boulevard	\$3,104,691	\$2,793,813	\$310,878
Chagrin Boulevard Traffic Signal	202,014	184,857	17,157
2012 Concrete Repairs	136,300	118,528	17,772
2011 Resurfacing	467,336	226,411	240,925
2012 Resurfacing	746,696	672,026	74,670
	\$4,657,037	\$3,995,635	\$661,402

Note 18 - Change in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession arrangements,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53” Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City’s financial statements.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

All nonmajor governmental funds are special revenue funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted or committed expenditures for specified purposes other than debt service or capital projects.

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

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

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

Law Enforcement Trust Fund - This fund accounts for and reports monies received from the sale or disposition of seized contraband restricted for drug and alcohol enforcement.

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

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

Northeast Ohio Public Energy Council (NOPEC) Grant Fund – This fund accounts for and reports restricted grant money received from NOPEC to be used on energy efficiency projects. The City was approved to use this money as part of the Chagrin Boulevard ITS Project.

Municipal Energy Program (MEP) Grant Fund – This fund accounts for and reports restricted grant money received from the county energy savings projects. The City was approved to use this money for an energy efficiency study.

City of Beachwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
Assets				
Equity in Pooled Cash and Cash Equivalents	\$543,338	\$53,411	\$19,813	\$240,984
Property Taxes Receivable	0	0	0	0
Intergovernmental Receivable	192,806	15,665	0	0
<i>Total Assets</i>	<u>\$736,144</u>	<u>\$69,076</u>	<u>\$19,813</u>	<u>\$240,984</u>
Liabilities				
Accounts Payable	\$3,377	\$0	\$0	\$0
Retainage Payable	34,200	0	0	0
Intergovernmental Payable	0	0	0	0
Contracts Payable	37,139	0	0	0
<i>Total Liabilities</i>	<u>74,716</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	126,745	10,309	0	0
<i>Total Deferred Inflows of Resources</i>	<u>126,745</u>	<u>10,309</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	534,683	58,767	19,813	240,984
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$736,144</u>	<u>\$69,076</u>	<u>\$19,813</u>	<u>\$240,984</u>

Police Pension	Street Lights	Total Nonmajor Governmental Funds
\$61,509	\$117,659	\$1,036,714
312,424	0	312,424
7,624	0	216,095
<u>\$381,557</u>	<u>\$117,659</u>	<u>\$1,565,233</u>
\$0	\$1,158	\$4,535
0	0	34,200
17,500	0	17,500
0	0	37,139
<u>17,500</u>	<u>1,158</u>	<u>93,374</u>
190,657	0	190,657
129,391	0	266,445
<u>320,048</u>	<u>0</u>	<u>457,102</u>
<u>44,009</u>	<u>116,501</u>	<u>1,014,757</u>
<u>\$381,557</u>	<u>\$117,659</u>	<u>\$1,565,233</u>

City of Beachwood, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	10,768	45,120
Intergovernmental	502,547	40,748	0	0
Special Assessments	0	0	0	0
Interest	3,057	117	0	708
Other	24,703	0	0	0
<i>Total Revenues</i>	<u>530,307</u>	<u>40,865</u>	<u>10,768</u>	<u>45,828</u>
Expenditures				
Current:				
General Government	0	0	11,916	0
Public Safety:				
Police	0	0	0	603
Public Services	796,928	0	0	0
<i>Total Expenditures</i>	<u>796,928</u>	<u>0</u>	<u>11,916</u>	<u>603</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(266,621)	40,865	(1,148)	45,225
Other Financing Sources				
Transfers In	150,000	0	0	0
<i>Net Change in Fund Balances</i>	(116,621)	40,865	(1,148)	45,225
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>651,304</u>	<u>17,902</u>	<u>20,961</u>	<u>195,759</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$534,683</u>	<u>\$58,767</u>	<u>\$19,813</u>	<u>\$240,984</u>

Police Pension	Street Lights	NOPEC Grant	MEP Grant	Total Nonmajor Governmental Funds
\$192,356	\$0	\$0	\$0	\$192,356
0	0	0	0	55,888
15,018	0	100,710	32,845	691,868
0	9,884	0	0	9,884
0	0	0	0	3,882
0	0	0	0	24,703
<u>207,374</u>	<u>9,884</u>	<u>100,710</u>	<u>32,845</u>	<u>978,581</u>
0	0	0	0	11,916
174,857	15,189	0	0	190,649
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>796,928</u>
<u>174,857</u>	<u>15,189</u>	<u>0</u>	<u>0</u>	<u>999,493</u>
32,517	(5,305)	100,710	32,845	(20,912)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>
32,517	(5,305)	100,710	32,845	129,088
<u>11,492</u>	<u>121,806</u>	<u>(100,710)</u>	<u>(32,845)</u>	<u>885,669</u>
<u>\$44,009</u>	<u>\$116,501</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,014,757</u>

Combining Statement - Fiduciary Funds

Fiduciary Funds

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

Private Purpose Trust Fund

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

Agency Funds

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

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

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

Eaton Tax Increment Financing Fund – This fund accounts for the receipt and disbursement of monies related to the Eaton tax increment financing agreement.

City of Beachwood, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
Commercial Permits Tax				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,965	\$20,254	\$20,760	\$1,459
Liabilities				
Undistributed Monies	\$1,965	\$20,254	\$20,760	\$1,459
Special Trust and Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,877,680	\$1,877,680	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$1,877,680	\$1,877,680	\$0
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$447,163	\$309,444	\$403,464	\$353,143
Liabilities				
Deposits Held and Due to Others	\$447,163	\$309,444	\$403,464	\$353,143
Eaton Tax Increment Financing				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$104,495	\$382,113	\$476,389	\$10,219
Liabilities				
Deposits Held and Due to Others	\$104,495	\$382,113	\$476,389	\$10,219
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$553,623	\$2,589,491	\$2,778,293	\$364,821
Liabilities				
Undistributed Monies	\$1,965	\$20,254	\$20,760	\$1,459
Deposits Held and Due to Others	551,658	2,569,237	2,757,533	363,362
<i>Total Liabilities</i>	<u>\$553,623</u>	<u>\$2,589,491</u>	<u>\$2,778,293</u>	<u>\$364,821</u>

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

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,226,993	\$2,226,993	\$2,377,630	\$150,637
Municipal Income Taxes	24,968,468	24,968,468	27,640,038	2,671,570
Charges for Services	2,058,252	2,058,252	2,112,787	54,535
Fines, Licenses and Permits	995,375	995,375	1,097,170	101,795
Intergovernmental	453,111	453,111	530,080	76,969
Estate Taxes	2,200,000	2,200,000	2,834,101	634,101
Admission Taxes	448,000	448,000	399,565	(48,435)
Lodging Taxes	718,205	718,205	801,019	82,814
Franchise Taxes	115,000	115,000	130,043	15,043
Rentals	350,000	350,000	302,336	(47,664)
Health Care Reimbursements	463,500	463,500	479,070	15,570
Interest	225,000	225,000	137,464	(87,536)
Other	204,302	204,302	223,479	19,177
<i>Total Revenues</i>	35,426,206	35,426,206	39,064,782	3,638,576
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	103,190	103,190	100,925	2,265
Contractual Services	12,500	12,500	0	12,500
Materials and Supplies	1,760	1,760	1,538	222
Capital Outlay	2,000	2,000	0	2,000
Other	63,400	63,400	60,432	2,968
Total Council	182,850	182,850	162,895	19,955
Mayor:				
Personal Services	510,097	510,097	494,643	15,454
Contractual Services	18,715	18,715	15,441	3,274
Materials and Supplies	14,150	14,150	8,887	5,263
Capital Outlay	60,606	60,606	56,000	4,606
Other	24,857	24,857	21,575	3,282
Total Mayor	628,425	628,425	596,546	31,879
Economic Development:				
Personal Services	274,939	274,939	105,096	169,843
Contractual Services	262,922	262,922	183,771	79,151
Materials and Supplies	19,100	19,100	3,829	15,271
Capital Outlay	2,000	2,000	1,549	451
Other	53,344	53,344	15,297	38,047
Total Economic Development	\$612,305	\$612,305	\$309,542	\$302,763

(continued)

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance Director:				
Personal Services	\$1,247,874	\$1,247,874	\$1,215,377	\$32,497
Contractual Services	933,787	956,287	911,164	45,123
Materials and Supplies	36,797	36,797	27,355	9,442
Capital Outlay	91,199	126,199	107,852	18,347
Other	602,476	902,476	759,384	143,092
Total Finance Director	2,912,133	3,269,633	3,021,132	248,501
Law Department:				
Personal Services	277,052	277,052	259,499	17,553
Contractual Services	631,413	931,413	694,942	236,471
Materials and Supplies	11,935	11,935	7,973	3,962
Capital Outlay	4,000	4,000	0	4,000
Other	25,830	25,830	17,570	8,260
Total Law Department	950,230	1,250,230	979,984	270,246
Total General Government	5,285,943	5,943,443	5,070,099	873,344
Public Safety:				
Police Department:				
Personal Services	7,843,940	7,843,940	7,475,531	368,409
Contractual Services	525,921	525,921	480,252	45,669
Materials and Supplies	129,100	129,100	113,225	15,875
Capital Outlay	349,603	349,603	276,182	73,421
Other	112,269	112,269	85,987	26,282
Total Police Department	8,960,833	8,960,833	8,431,177	529,656
Fire Department:				
Personal Services	6,196,757	6,246,757	6,052,497	194,260
Contractual Services	367,818	367,818	227,653	140,165
Materials and Supplies	126,967	126,967	117,555	9,412
Capital Outlay	1,004,559	999,559	959,335	40,224
Other	69,566	74,566	69,304	5,262
Total Fire Department	7,765,667	7,815,667	7,426,344	389,323
Total Public Safety	16,726,500	16,776,500	15,857,521	918,979
Public Services:				
Service Department:				
Personal Services	5,262,384	5,272,384	5,130,136	142,248
Contractual Services	2,039,388	2,039,388	1,428,566	610,822
Materials and Supplies	1,852,494	1,852,494	1,763,962	88,532
Capital Outlay	516,437	516,437	467,197	49,240
Other	40,726	40,726	30,265	10,461
Total Public Services	\$9,711,429	\$9,721,429	\$8,820,126	\$901,303

(continued)

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Human Services Department:				
Personal Services	\$369,069	\$369,069	\$352,435	\$16,634
Contractual Services	183,707	178,707	158,285	20,422
Materials and Supplies	58,169	63,169	58,424	4,745
Capital Outlay	2,500	2,500	0	2,500
Other	33,210	33,210	22,702	10,508
Total Health and Welfare	646,655	646,655	591,846	54,809
Culture and Recreation				
Recreation Administration:				
Personal Services	681,544	681,544	663,913	17,631
Contractual Services	367,541	371,641	365,930	5,711
Materials and Supplies	61,846	63,646	59,573	4,073
Capital Outlay	9,000	9,700	9,696	4
Other	27,058	20,458	16,141	4,317
Total Recreation Administration	1,146,989	1,146,989	1,115,253	31,736
Recreation Camps:				
Personal Services	314,028	314,028	293,889	20,139
Contractual Services	140,834	155,924	137,281	18,643
Materials and Supplies	23,508	28,582	26,739	1,843
Other	3,193	3,029	2,857	172
Total Recreation Camps	481,563	501,563	460,766	40,797
Recreation Sports Programs:				
Personal Services	40,408	40,408	17,467	22,941
Contractual Services	103,764	103,764	76,272	27,492
Materials and Supplies	28,692	28,692	17,460	11,232
Capital Outlay	11,000	11,000	10,724	276
Other	2,800	2,800	2,539	261
Total Recreation Sports Programs	186,664	186,664	124,462	62,202
Recreation Other Programs:				
Personal Services	144,507	149,507	134,893	14,614
Contractual Services	96,863	92,363	83,212	9,151
Materials and Supplies	9,827	9,827	8,023	1,804
Other	6,600	6,100	5,287	813
Total Recreation Other Programs	\$257,797	\$257,797	\$231,415	\$26,382

(continued)

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$317,500	\$317,500	\$270,710	\$46,790
Contractual Services	331,460	279,460	215,688	63,772
Materials and Supplies	70,600	107,600	67,820	39,780
Capital Outlay	5,000	20,000	17,689	2,311
Other	3,999	3,999	1,463	2,536
Total Recreation Parks/Swimming Pools	728,559	728,559	573,370	155,189
Total Culture and Recreation	2,801,572	2,821,572	2,505,266	316,306
Building and Community Development:				
Building Development:				
Personal Services	1,000,766	950,766	895,519	55,247
Contractual Services	63,667	63,667	44,797	18,870
Materials and Supplies	20,539	20,539	9,710	10,829
Capital Outlay	10,000	60,000	56,366	3,634
Other	23,018	23,018	12,034	10,984
Total Building and Community Development	1,117,990	1,117,990	1,018,426	99,564
Debt Service:				
Bond Issuance Costs	0	37,500	37,500	0
<i>Total Expenditures</i>	36,290,089	37,065,089	33,900,784	3,164,305
<i>Excess of Revenues Over (Under) Expenditures</i>	(863,883)	(1,638,883)	5,163,998	6,802,881
Other Financing Sources (Uses)				
Advances In	133,555	133,555	133,555	0
Transfers Out	(1,839,449)	(2,759,449)	(2,650,000)	109,449
Total Other Financing Sources (Uses)	(1,705,894)	(2,625,894)	(2,516,445)	109,449
<i>Net Change in Fund Balance</i>	(2,569,777)	(4,264,777)	2,647,553	6,912,330
<i>Fund Balance Beginning of Year</i>	16,252,249	16,252,249	16,252,249	0
Prior Year Encumbrances Appropriated	2,811,601	2,811,601	2,811,601	0
<i>Fund Balance End of Year</i>	\$16,494,073	\$14,799,073	\$21,711,403	\$6,912,330

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$400,523	\$423,885	\$23,362
Interest	30,028	30,028	0
Other	0	37,180	37,180
<i>Total Revenues</i>	<u>430,551</u>	<u>491,093</u>	<u>60,542</u>
Expenditures			
Debt Service:			
Principal Retirement	7,722,717	7,710,000	12,717
Interest and Fiscal Charges	714,692	655,923	58,769
Bond Issuance Costs	75,308	75,308	0
<i>Total Expenditures</i>	<u>8,512,717</u>	<u>8,441,231</u>	<u>71,486</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(8,082,166)</u>	<u>(7,950,138)</u>	<u>132,028</u>
Other Financing Sources (Uses)			
General Obligation Bond Proceeds	6,250,000	6,250,000	0
General Obligation Note Proceeds	5,229,449	5,177,494	(51,955)
Premium on General Obligation Bonds	290,000	290,092	92
Payment to Refunded Bond Escrow	(6,427,283)	(6,427,283)	0
Transfers In	2,500,000	2,500,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>7,842,166</u>	<u>7,790,303</u>	<u>(51,863)</u>
<i>Net Change in Fund Balance</i>	(240,000)	(159,835)	80,165
<i>Fund Balance Beginning of Year</i>	<u>583,425</u>	<u>583,425</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$343,425</u>	<u>\$423,590</u>	<u>\$80,165</u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$0	\$23,083	\$23,083
Other	0	2,118	2,118
<i>Total Revenues</i>	<u>0</u>	<u>25,201</u>	<u>25,201</u>
Expenditures			
Capital Outlay:			
Contractual Services	458,173	327,402	130,771
Capital Outlay	4,269,665	3,997,555	272,110
<i>Total Expenditures</i>	<u>4,727,838</u>	<u>4,324,957</u>	<u>402,881</u>
<i>Excess of Revenues Under Expenditures</i>	(4,727,838)	(4,299,756)	428,082
Other Financing Sources			
General Obligation Note Proceeds	0	22,506	22,506
<i>Net Change in Fund Balance</i>	(4,727,838)	(4,277,250)	450,588
<i>Fund Balance Beginning of Year</i>	8,753,698	8,753,698	0
Prior Year Encumbrances Appropriated	1,577,838	1,577,838	0
<i>Fund Balance End of Year</i>	<u><u>\$5,603,698</u></u>	<u><u>\$6,054,286</u></u>	<u><u>\$450,588</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$630,000	\$504,994	(\$125,006)
Interest	20,000	3,057	(16,943)
Other	0	24,703	24,703
<i>Total Revenues</i>	<u>650,000</u>	<u>532,754</u>	<u>(117,246)</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	69,928	61,722	8,206
Capital Outlay	1,364,069	1,101,611	262,458
<i>Total Expenditures</i>	<u>1,433,997</u>	<u>1,163,333</u>	<u>270,664</u>
<i>Excess of Revenues Under Expenditures</i>	(783,997)	(630,579)	153,418
Other Financing Sources			
Transfers In	0	150,000	150,000
<i>Net Change in Fund Balance</i>	(783,997)	(480,579)	303,418
<i>Fund Balance Beginning of Year</i>	325,578	325,578	0
Prior Year Encumbrances Appropriated	483,997	483,997	0
<i>Fund Balance End of Year</i>	<u>\$25,578</u>	<u>\$328,996</u>	<u>\$303,418</u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$39,000	\$40,946	\$1,946
Interest	1,000	117	(883)
<i>Total Revenues</i>	<u>40,000</u>	<u>41,063</u>	<u>1,063</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	5,000	0	5,000
Capital Outlay	40,000	0	40,000
<i>Total Expenditures</i>	<u>45,000</u>	<u>0</u>	<u>45,000</u>
<i>Net Change in Fund Balance</i>	(5,000)	41,063	46,063
<i>Fund Balance Beginning of Year</i>	<u>12,348</u>	<u>12,348</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,348</u></u>	<u><u>\$53,411</u></u>	<u><u>\$46,063</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Improvement Fund
For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$10,000	\$10,768	\$768
Expenditures			
Current:			
General Government:			
Mayor:			
Contractual Services	5,000	0	5,000
Materials and Supplies	3,000	0	3,000
Capital Outlay	19,000	11,916	7,084
<i>Total Expenditures</i>	27,000	11,916	15,084
<i>Net Change in Fund Balance</i>	(17,000)	(1,148)	15,852
<i>Fund Balance Beginning of Year</i>	18,961	18,961	0
Prior Year Encumbrances Appropriated	2,000	2,000	0
<i>Fund Balance End of Year</i>	\$3,961	\$19,813	\$15,852

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$45,000	\$45,120	\$120
Interest	600	708	108
<i>Total Revenues</i>	<u>45,600</u>	<u>45,828</u>	<u>228</u>
Expenditures			
Current:			
Public Safety:			
Police Department:			
Materials and Supplies	2,000	603	1,397
Capital Outlay	233,000	0	233,000
Other	1,000	0	1,000
<i>Total Expenditures</i>	<u>236,000</u>	<u>603</u>	<u>235,397</u>
<i>Net Change in Fund Balance</i>	(190,400)	45,225	235,625
<i>Fund Balance Beginning of Year</i>	<u>195,759</u>	<u>195,759</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,359</u></u>	<u><u>\$240,984</u></u>	<u><u>\$235,625</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Property Taxes	\$185,601	\$192,356	\$6,755
Intergovernmental	10,000	15,018	5,018
<i>Total Revenues</i>	195,601	207,374	11,773
Expenditures			
Current:			
Public Safety:			
Police Department:			
Personal Services	188,813	188,670	143
<i>Net Changes in Fund Balance</i>	6,788	18,704	11,916
<i>Fund Balance Beginning of Year</i>	11,492	11,492	0
Prior Year Encumbrances Appropriated	13,813	13,813	0
<i>Fund Balance End of Year</i>	\$32,093	\$44,009	\$11,916

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lights Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$9,860	\$9,884	\$24
Expenditures			
Current:			
Public Safety:			
Police:			
Contractual Services	17,015	15,858	1,157
Other	220	98	122
<i>Total Expenditures</i>	17,235	15,956	1,279
<i>Net Change in Fund Balance</i>	(7,375)	(6,072)	1,303
<i>Fund Balance Beginning of Year</i>	121,785	121,785	0
Prior Year Encumbrances Appropriated	235	235	0
<i>Fund Balance End of Year</i>	\$114,645	\$115,948	\$1,303

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Northeast Ohio Public Energy Council (NOPEC) Grant Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$100,710	\$100,710	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	100,710	100,710	0
Other Financing Uses			
Advances Out	<u>(100,710)</u>	<u>(100,710)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Energy Program (MEP) Grant Fund
For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$32,845	\$32,845	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	32,845	32,845	0
Other Financing Uses			
Advances Out	<u>(32,845)</u>	<u>(32,845)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

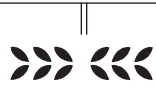
City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Charges for Services	\$43,000	\$58,304	\$15,304
Expenses			
Claims	<u>500,000</u>	<u>58,304</u>	<u>441,696</u>
<i>Net Change in Fund Equity</i>	(457,000)	0	457,000
<i>Fund Equity Beginning of Year</i>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,043,000</u></u>	<u><u>\$1,500,000</u></u>	<u><u>\$457,000</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Leo Weiss Trust Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest	\$50	\$5	(\$45)
Expenses			
Materials and Supplies	100	0	100
<i>Net Change in Fund Equity</i>	(50)	5	55
<i>Fund Equity Beginning of Year</i>	1,153	1,153	0
<i>Fund Equity End of Year</i>	<u>\$1,103</u>	<u>\$1,158</u>	<u>\$55</u>

STATISTICAL SECTION



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Statistical Section

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

Contents	Page(s)
Financial Trends	S2-S9
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S10-S13
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax.	
Debt Capacity	S14-S19
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
Economic and Demographic Information	S20-S22
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S24-S29
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Beachwood, Ohio
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Net Investment in Capital Assets	\$69,977,360	\$67,950,971	\$63,035,089	\$71,402,619
Restricted	4,405,108	4,752,490	4,887,268	6,235,047
Unrestricted	<u>37,588,939</u>	<u>35,358,483</u>	<u>33,534,624</u>	<u>30,286,504</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$111,971,407</u>	<u>\$108,061,944</u>	<u>\$101,456,981</u>	<u>\$107,924,170</u>

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

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

<u>2008</u>	<u>2007</u>	<u>2006 (1)</u>	<u>2005</u>	<u>2004 (2)</u>	<u>2003</u>
\$72,898,821	\$66,483,124	\$63,860,050	\$60,100,268	\$56,465,096	\$57,272,685
6,676,611	8,360,297	8,891,783	9,868,110	10,731,005	8,656,948
<u>32,938,913</u>	<u>35,314,249</u>	<u>35,014,581</u>	<u>36,479,619</u>	<u>40,762,268</u>	<u>40,861,854</u>
<u>\$112,514,345</u>	<u>\$110,157,670</u>	<u>\$107,766,414</u>	<u>\$106,447,997</u>	<u>\$107,958,369</u>	<u>\$106,791,487</u>

City of Beachwood, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2012	2011	2010	2009	2008
Program Revenues					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government (5)	\$339,527	\$380,073	\$602,562	\$658,618	\$281,149
Public Safety					
Police	412,230	335,925	399,182	314,298	112,680
Fire (3)	916,111	890,715	837,207	777,082	732,496
Public Services	0	0	0	0	0
Health and Welfare	157,381	151,147	132,167	131,533	177,335
Culture and Recreation	864,037	888,741	862,658	836,987	780,475
Building and Community Development	877,811	1,755,022	653,884	732,246	1,034,730
Operating Grants and Contributions	695,557	807,577	610,933	597,827	545,007
Capital Grants and Assessments	0	1,250,000	0	0	0
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>4,262,654</u>	<u>6,459,200</u>	<u>4,098,593</u>	<u>4,048,591</u>	<u>3,663,872</u>
Expenses					
Governmental Activities:					
General Government	5,383,560	4,533,871	4,987,961	4,875,105	4,447,184
Public Safety					
Police	8,513,081	8,038,163	7,756,727	7,920,359	7,546,514
Fire	6,609,326	5,955,042	6,155,855	5,982,995	5,606,352
Public Services	11,927,501	10,348,729	11,749,819	10,531,157	10,634,883
Health and Welfare	583,900	549,513	587,883	539,326	637,802
Culture and Recreation	2,828,722	2,608,014	2,663,673	2,813,885	2,715,802
Building and Community Development	959,081	968,373	919,717	979,295	959,136
Interest and Fiscal Charges	746,738	925,241	758,681	785,037	788,112
<i>Total Governmental Activities Expenses</i>	<u>37,551,909</u>	<u>33,926,946</u>	<u>35,580,316</u>	<u>34,427,159</u>	<u>33,335,785</u>
<i>Total Primary Government Net Expense</i>	<u>(33,289,255)</u>	<u>(27,467,746)</u>	<u>(31,481,723)</u>	<u>(30,378,568)</u>	<u>(29,671,913)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property and Other Local Taxes Levied For:					
General Purposes	2,674,494	2,563,866	2,677,944	2,829,210	2,715,452
Police Pension	216,427	209,099	198,870	257,116	164,358
Municipal Income Taxes Levied					
For General Purposes	28,447,634	25,680,596	17,577,324	18,401,803	20,499,143
Admission, Lodging, and Franchise Taxes (4)	1,336,222	1,264,247	1,132,370	843,488	1,075,743
Estate Taxes (4)	3,115,899	3,107,091	2,008,052	2,643,793	4,593,353
Grants and Entitlements not Restricted to					
Specific Programs	496,054	670,301	672,345	112,837	837,516
Investment Earnings	145,983	235,120	518,573	486,690	1,879,351
Health Care Reimbursements (6)	479,070	0	0	0	0
Gain on Sale of Capital Assets	0	0	0	0	7,508
Other	286,935	342,389	229,056	213,456	256,164
<i>Total Governmental Activities</i>	<u>37,198,718</u>	<u>34,072,709</u>	<u>25,014,534</u>	<u>25,788,393</u>	<u>32,028,588</u>
<i>Total Primary Government</i>					
<i>Change in Net Position</i>	<u>\$3,909,463</u>	<u>\$6,604,963</u>	<u>(\$6,467,189)</u>	<u>(\$4,590,175)</u>	<u>\$2,356,675</u>

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

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

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

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

(5) The increase in general government charges for services is due to rental income the City started receiving in 2009.

In December, 2008, the City purchased a building that had tenants in it. During the course of 2009, several tenants left the building. As of December 31, 2009, there are two tenants remaining.

(6) Starting in 2012, the City required employees to contribute towards health care premiums.

2007	2006 (1)	2005	2004 (2)	2003
\$75,862	\$35,719	\$15,762	\$10,670	\$95,684
377,134	335,521	208,424	270,094	239,440
689,301	628,159	643,882	0	0
0	0	0	0	0
0	0	0	0	0
886,887	913,943	909,491	785,183	758,189
740,961	610,309	563,345	505,957	514,950
516,739	515,601	488,834	429,669	408,346
1,213,633	14,950	572,750	20,287	505,530
4,500,517	3,054,202	3,402,488	2,021,860	2,522,139
4,362,750	4,459,785	3,748,490	2,511,715	4,028,788
7,410,128	6,955,837	6,833,161	6,225,921	6,009,450
5,273,184	4,993,303	4,893,094	4,453,299	4,531,561
9,630,170	9,862,993	9,522,260	10,242,815	9,264,750
557,151	558,952	548,302	474,014	513,502
2,564,886	2,193,222	2,182,972	2,128,733	1,010,747
839,848	878,959	1,018,644	1,043,557	1,031,733
836,927	882,345	930,269	709,870	610,840
31,475,044	30,785,396	29,677,192	27,789,924	27,001,371
(26,974,527)	(27,731,194)	(26,274,704)	(25,768,064)	(24,479,232)
3,859,866	3,682,048	3,550,016	3,357,014	3,241,615
224,698	210,604	204,686	190,840	190,773
20,258,412	19,722,442	16,810,393	16,689,510	15,489,199
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
2,744,132	3,378,904	3,029,826	3,193,163	6,155,914
2,102,503	1,767,181	1,016,236	562,074	1,012,572
0	0	0	0	0
0	0	0	0	2,500
176,172	288,432	153,175	149,053	245,565
29,365,783	29,049,611	24,764,332	24,141,654	26,338,138
\$2,391,256	\$1,318,417	(\$1,510,372)	(\$1,626,410)	\$1,858,906

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

	2012	2011	2010	2009
General Fund				
Nonspendable	\$1,057,697	\$991,572	\$806,724	\$886,564
Restricted	0	0	4,493	13,504
Committed	233,569	1,045,377	985,486	18,286
Assigned	1,195,872	1,302,093	936,551	1,432,489
Unassigned	26,374,028	20,560,840	15,477,145	19,147,388
Reserved	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A
<i>Total General Fund</i>	<u>28,861,166</u>	<u>23,899,882</u>	<u>18,210,399</u>	<u>21,498,231</u>
All Other Governmental Funds				
Restricted	1,438,347	1,602,649	1,471,463	4,561,898
Committed	385,869	1,278,616	2,821,695	142,401
Assigned	507,438	2,481,856	5,131,599	5,771,923
Unassigned (Deficit)	0	(133,555)	0	0
Reserved	N/A	N/A	N/A	N/A
Undesignated, Reported in:				
Special Revenue Funds	N/A	N/A	N/A	N/A
Debt Service Fund	N/A	N/A	N/A	N/A
Capital Projects Fund	N/A	N/A	N/A	N/A
<i>Total All Other Governmental Funds</i>	<u>2,331,654</u>	<u>5,229,566</u>	<u>9,424,757</u>	<u>10,476,222</u>
<i>Total Governmental Funds</i>	<u>\$31,192,820</u>	<u>\$29,129,448</u>	<u>\$27,635,156</u>	<u>\$31,974,453</u>

*Reflects restated amount due to reclassification of unclaimed monies.

Note: The City implemented GASB 54 in 2010.

2008	2007	2006*	2005	2004	2003
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$1,201,553	\$1,357,644	\$898,602	\$1,494,421	\$995,081	\$1,079,978
25,397,007	25,095,256	21,718,004	16,226,771	17,489,029	20,150,935
26,598,560	26,452,900	22,616,606	17,721,192	18,484,110	21,230,913
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
345,633	897,851	1,755,138	4,510,983	2,989,800	11,499,399
848,257	1,508,792	983,548	1,146,771	957,874	508,767
522,545	540,880	473,828	513,283	479,498	504,219
5,827,360	8,202,838	10,794,608	14,135,185	19,295,899	8,234,572
7,543,795	11,150,361	14,007,122	20,306,222	23,723,071	20,746,957
\$34,142,355	\$37,603,261	\$36,623,728	\$38,027,414	\$42,207,181	\$41,977,870

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

	2012	2011	2010	2009	2008
Revenues					
Property and Other Taxes	\$2,569,986	\$2,471,516	\$2,763,319	\$2,895,836	\$2,792,537
Municipal Income Taxes	28,162,508	25,227,131	17,821,568	18,325,854	20,440,036
Charges for Services	2,109,663	1,994,018	2,051,510	1,856,303	1,782,627
Fines, Licenses, and Permits	1,145,214	2,018,317	1,027,705	995,331	1,324,213
Intergovernmental	1,210,255	2,709,877	1,269,519	1,240,557	939,868
Estate Taxes (1)	3,045,450	3,201,902	1,969,753	2,430,800	4,593,353
Admission Taxes (1)	399,449	414,334	342,934	130,552	143,979
Lodging Taxes (1)	805,323	729,988	677,536	607,839	809,102
Franchise Taxes (1)	131,450	119,925	111,900	105,097	122,662
Rentals (2)	302,336	358,037	395,509	585,813	n/a
Health Care Reimbursements (3)	479,070	n/a	n/a	n/a	n/a
Special Assessments	456,852	463,637	814,873	887,830	1,025,493
Interest	149,040	238,581	527,591	506,963	1,879,351
Other	286,935	342,389	229,056	213,456	256,164
<i>Total Revenues</i>	<u>41,253,531</u>	<u>40,289,652</u>	<u>30,002,773</u>	<u>30,782,231</u>	<u>36,109,385</u>
Expenditures					
Current:					
General Government	4,711,020	3,989,615	4,398,424	4,257,790	4,017,322
Public Safety					
Police	8,247,989	7,774,404	7,726,739	7,820,112	7,807,378
Fire	7,164,341	6,671,619	6,244,404	5,879,094	5,648,187
Public Services	9,033,212	8,598,504	8,067,990	7,776,652	8,122,295
Health and Welfare	578,073	560,421	583,933	535,376	624,426
Culture and Recreation	2,428,076	2,203,271	2,254,874	2,401,030	2,301,474
Building and Community Development	946,654	965,898	907,177	964,252	960,151
Capital Outlay	3,769,159	5,678,719	8,630,423	1,261,144	8,036,268
Debt Service:					
Principal Retirement	1,710,000	1,565,000	1,290,000	1,255,000	1,250,000
Interest and Fiscal Charges	601,636	787,909	729,137	799,683	802,790
Bond Issuance Costs	112,808	0	173,098	0	0
<i>Total Expenditures</i>	<u>39,302,968</u>	<u>38,795,360</u>	<u>41,006,199</u>	<u>32,950,133</u>	<u>39,570,291</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,950,563</u>	<u>1,494,292</u>	<u>(11,003,426)</u>	<u>(2,167,902)</u>	<u>(3,460,906)</u>
Other Financing Sources (Uses)					
Payment to Refunded Bond Escrow Account	(6,427,283)	0	(4,871,983)	0	0
Premium on Bonds	290,092	0	226,112	0	0
General Obligation Bonds Issued	6,250,000	0	12,810,000	0	0
Transfers In	2,650,000	1,841,363	1,037,923	5,107,562	5,036,263
Transfers Out	(2,650,000)	(1,841,363)	(2,537,923)	(5,107,562)	(5,036,263)
<i>Total Other Financing Sources (Uses)</i>	<u>112,809</u>	<u>0</u>	<u>6,664,129</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$2,063,372</u>	<u>\$1,494,292</u>	<u>(\$4,339,297)</u>	<u>(\$2,167,902)</u>	<u>(\$3,460,906)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.83%	7.79%	6.28%	8.52%	6.68%

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

(2) Starting in 2009, the City collected rental income from two tenants at the Commerce Park building. In 2010, the City also received rental income from the Beachwood Business Development Center.

(3) Starting in 2012, the City required employees to contribute towards health care premiums.

2007	2006	2005	2004	2003
\$3,952,150	\$3,740,957	\$3,617,531	\$3,556,398	\$3,376,597
20,277,253	19,773,905	16,546,653	16,952,888	15,889,265
1,643,737	1,605,704	1,551,729	857,811	841,764
1,113,312	885,269	764,600	754,228	762,430
3,532,681	3,904,940	3,760,230	3,668,755	6,592,396
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
1,060,132	984,691	1,080,198	936,559	997,060
2,102,503	1,767,181	1,016,236	562,074	1,012,572
176,172	239,406	153,175	149,053	245,565
<u>33,857,940</u>	<u>32,902,053</u>	<u>28,490,352</u>	<u>27,437,766</u>	<u>29,717,649</u>
3,879,282	4,016,348	3,583,744	3,392,026	3,021,551
7,202,251	6,864,212	6,483,602	6,318,172	6,059,303
5,113,246	4,762,553	4,664,119	4,460,482	4,267,579
7,456,227	7,144,377	6,616,107	5,897,243	6,385,038
547,248	584,270	535,182	460,894	508,654
2,154,243	1,871,385	1,855,756	1,812,889	1,603,876
893,314	865,529	1,005,214	1,024,899	1,037,271
3,581,446	6,188,929	5,866,548	12,438,315	12,499,069
1,200,000	1,161,000	1,116,000	721,000	676,000
851,150	896,162	943,847	680,179	620,910
0	0	0	0	0
<u>32,878,407</u>	<u>34,354,765</u>	<u>32,670,119</u>	<u>37,206,099</u>	<u>36,679,251</u>
<u>979,533</u>	<u>(1,452,712)</u>	<u>(4,179,767)</u>	<u>(9,768,333)</u>	<u>(6,961,602)</u>
0	0	0	0	0
0	0	0	192,644	0
0	0	0	9,805,000	0
1,044,988	1,051,258	3,046,720	5,389,130	2,839,783
<u>(1,044,988)</u>	<u>(1,051,258)</u>	<u>(3,046,720)</u>	<u>(5,389,130)</u>	<u>(2,839,783)</u>
0	0	0	9,997,644	0
<u>\$979,533</u>	<u>(\$1,452,712)</u>	<u>(\$4,179,767)</u>	<u>\$229,311</u>	<u>(\$6,961,602)</u>
8.54%	8.07%	8.65%	4.94%	4.66%

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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes From Withholding</u>	<u>Percentage of Taxes From Withholding</u>	<u>Taxes From Net Profits</u>
2012	2.00%	\$28,447,634	\$22,729,660	79.90%	\$3,698,192
2011	2.00	25,680,596	21,494,659	83.70	2,619,421
2010	1.50	17,577,324	14,940,725	85.00	1,581,959
2009	1.50	18,401,803	14,905,460	81.00	2,208,216
2008	1.50	20,499,143	16,255,820	79.30	2,254,906
2007	1.50	20,258,412	16,684,828	82.36	2,301,356
2006	1.50	19,722,442	15,817,398	80.20	2,169,469
2005	1.50	16,810,393	14,016,506	83.38	1,613,798
2004	1.50	16,689,510	13,937,410	83.51	1,625,558
2003	1.50	15,489,199	13,158,075	84.95	1,274,761

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents. In November 2010, the voters approved an increase to 2.0%, effective January 1, 2011.

(2) Total tax collected is on a full accrual basis.

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
13.00%	\$2,019,782	7.10%
10.20	1,566,516	6.10
9.00	1,054,639	6.00
12.00	1,288,126	7.00
11.00	1,988,417	9.70
11.36	1,272,228	6.28
11.00	1,735,575	8.80
9.60	1,180,089	7.02
9.74	1,126,542	6.75
8.23	1,056,363	6.82

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

2012				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,121	29.42%	\$9,782,533	2.36%
\$25,000-\$49,999	602	15.80	22,366,020	5.39
\$50,000-\$74,999	456	11.97	28,158,905	6.79
\$75,000-\$99,999	344	9.03	29,976,225	7.22
Over \$100,000	1,287	33.78	324,720,621	78.24
Total	<u>3,810</u>		<u>\$415,004,304</u>	

2005 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,402	36.30%	\$11,231,683	3.31%
\$25,000-\$49,999	607	15.72	22,371,620	6.59
\$50,000-\$74,999	448	11.60	27,961,074	8.24
\$75,000-\$99,999	342	8.86	29,648,426	8.74
Over \$100,000	1,063	27.52	248,106,254	73.12
Total	<u>3,862</u>		<u>\$339,319,057</u>	

(1) Information prior to 2005 is not available.

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

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

2012	
Taxpayer	Ranking
Cleveland Clinic Foundation	1
Developers Diversified	2
Bank of America	3
Aleris Ohio Management	4
Menorah Park Center	5
Tremco Inc.	6
BASF, Corporation	7
Beachwood Board of Education	8
City of Beachwood	9
Montefiore Home	10

2003	
Taxpayer	Ranking
MBNA Marketing Services Inc.	1
Menorah Park Center	2
Developers Difersified	3
Penske Truck	4
Beachwood Board of Education	5
Cleveland Clinic	6
Tremco Inc.	7
Allen Telecom	8
Medical Mutual of Ohio	9
Intuit	10

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

Source: Regional Income Tax Agency

City of Beachwood, Ohio

Legal Debt Margin

Last Ten Years

	2012	2011	2010	2009
Total Assessed Property Value	\$796,838,720	\$789,545,600	\$764,670,350	\$746,489,090
General Bonded Debt Outstanding:				
General Obligation Bonds	\$18,210,000	\$19,270,000	\$20,680,000	\$10,750,000
Bond Anticipation Notes	5,200,000	6,000,000	6,000,000	3,000,000
Special Assessment Bonds	445,000	615,000	770,000	3,735,000
Total Gross Indebtedness	23,855,000	25,885,000	27,450,000	17,485,000
Less:				
Special Assessment Bonds	(445,000)	(615,000)	(770,000)	(3,735,000)
Debt Service Fund Balance	(423,590)	(583,425)	(619,113)	(521,467)
Total Net Debt Applicable to Debt Limit	22,986,410	24,686,575	26,060,887	13,228,533
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	83,668,066	82,902,288	80,290,387	78,381,354
Legal Debt Margin within 10 1/2% Limitation	\$60,681,656	\$58,215,713	\$54,229,500	\$65,152,821
Legal Debt Margin as a Percentage of the Debt Limit	72.53%	70.22%	67.54%	83.12%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	\$43,826,130	\$43,425,008	\$42,056,869	\$41,056,900
Total Gross Indebtedness	23,855,000	25,885,000	27,450,000	17,485,000
Less:				
Special Assessment Bonds	(445,000)	(615,000)	(770,000)	(3,735,000)
Debt Service Fund Balance	(423,590)	(583,425)	(619,113)	(521,467)
Net Debt within 5 1/2% Limitation	22,986,410	24,686,575	26,060,887	13,228,533
Unvoted Legal Debt Margin within 5 1/2% Limitation	\$20,839,720	\$18,738,433	\$15,995,982	\$27,828,367
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	47.55%	43.15%	38.03%	67.78%

Source: City Financial Records

2008	2007	2006	2005	2004	2003
<u>\$771,255,529</u>	<u>\$788,302,216</u>	<u>\$797,623,826</u>	<u>\$755,070,022</u>	<u>\$749,966,828</u>	<u>\$755,137,685</u>
\$11,300,000	\$11,830,000	\$12,355,000	\$12,875,000	\$13,380,000	\$3,715,000
3,000,000	0	0	0	0	0
<u>4,440,000</u>	<u>5,160,000</u>	<u>5,835,000</u>	<u>6,476,000</u>	<u>7,087,000</u>	<u>7,668,000</u>
18,740,000	16,990,000	18,190,000	19,351,000	20,467,000	11,383,000
(4,440,000)	(5,160,000)	(5,835,000)	(6,476,000)	(7,087,000)	(7,668,000)
<u>(522,545)</u>	<u>(540,880)</u>	<u>(473,828)</u>	<u>(513,283)</u>	<u>(479,498)</u>	<u>(504,219)</u>
<u>13,777,455</u>	<u>11,289,120</u>	<u>11,881,172</u>	<u>12,361,717</u>	<u>12,900,502</u>	<u>3,210,781</u>
<u>80,981,831</u>	<u>82,771,733</u>	<u>83,750,502</u>	<u>79,282,352</u>	<u>78,746,517</u>	<u>79,289,457</u>
<u>\$67,204,376</u>	<u>\$71,482,613</u>	<u>\$71,869,330</u>	<u>\$66,920,635</u>	<u>\$65,846,015</u>	<u>\$76,078,676</u>
82.99%	86.36%	85.81%	84.41%	83.62%	95.95%
<u>\$42,419,054</u>	<u>\$43,356,622</u>	<u>\$43,869,310</u>	<u>\$41,528,851</u>	<u>\$41,248,176</u>	<u>\$41,532,573</u>
18,740,000	16,990,000	18,190,000	19,351,000	20,467,000	11,383,000
(4,440,000)	(5,160,000)	(5,835,000)	(6,476,000)	(7,087,000)	(7,668,000)
<u>(522,545)</u>	<u>(540,880)</u>	<u>(473,828)</u>	<u>(513,283)</u>	<u>(479,498)</u>	<u>(504,219)</u>
<u>13,777,455</u>	<u>11,289,120</u>	<u>11,881,172</u>	<u>12,361,717</u>	<u>12,900,502</u>	<u>3,210,781</u>
<u>\$28,641,599</u>	<u>\$32,067,502</u>	<u>\$31,988,138</u>	<u>\$29,167,134</u>	<u>\$28,347,674</u>	<u>\$38,321,792</u>
67.52%	73.96%	72.92%	70.23%	68.72%	92.27%

City of Beachwood, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2012

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Beachwood</u>
Direct - City of Beachwood, Ohio			
General Obligation Bonds	\$18,680,266	100.00%	\$18,680,266
Special Assessment Bonds	445,000	100.00%	445,000
	<u>19,125,266</u>		<u>19,125,266</u>
Overlapping			
Beachwood City Schools			
General Obligation Bonds	39,049,998	100.00%	39,049,998
Notes Payable	4,550,000	100.00%	4,550,000
Capital Leases	202,643	100.00%	202,643
Cuyahoga County			
General Obligation Bonds	352,896,785	2.88%	10,163,427
Revenue Bonds	441,559,586	2.88%	12,716,916
Loans Payable	7,269,902	2.88%	209,373
Notes Payable	7,200,000	2.88%	207,360
Regional Transit Authority			
General Obligation Bonds	134,123,371	2.88%	3,862,753
Capital Leases Payable	17,793,437	2.88%	512,451
	<u>960,843,081</u>		<u>27,672,281</u>
<i>Totals</i>	<u><u>\$979,968,347</u></u>		<u><u>\$46,797,547</u></u>

Source: Cuyahoga County, Ohio; Fiscal Officer

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

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

Year	General Bonded Debt	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (2)
2012	\$18,680,266	\$796,838,720	2.34%	\$1,563
2011	19,599,539	789,545,600	2.48	1,640
2010	20,757,896	764,670,350	2.71	1,737
2009	10,894,484	746,489,090	1.46	894
2008	11,454,116	771,255,529	1.49	940
2007	11,993,748	788,302,216	1.52	984
2006	12,528,380	797,623,826	1.57	1,028
2005	13,058,012	755,070,022	1.73	1,072
2004	13,572,644	749,966,828	1.81	1,114
2003	3,715,000	755,137,685	0.49	305

(1) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

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

Other Governmental
Activities Debt

Special Assessment Bonds	Total Debt	Percentage of Personal Income (2)	Per Capita (2)
\$445,000	\$19,125,266	3.33%	\$1,600
615,000	20,214,539	3.52	1,691
770,000	21,527,896	3.75	1,801
3,735,000	14,629,484	2.96	1,201
4,440,000	15,894,116	3.22	1,304
5,160,000	17,153,748	3.47	1,408
5,835,000	18,363,380	3.72	1,507
6,476,000	19,534,012	3.96	1,603
7,087,000	20,659,644	4.19	1,695
7,668,000	11,383,000	2.31	934

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (3)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2012	11,953	\$573,863,530	48,010	71,932	52.5
2011	11,953	573,863,530	48,010	71,932	52.5
2010	11,953	573,863,530	48,010	65,406	51.6
2009	12,186	493,642,674	40,509	65,406	51.6
2008	12,186	493,642,674	40,509	65,406	51.6
2007	12,186	493,642,674	40,509	65,406	51.6
2006	12,186	493,642,674	40,509	65,406	51.6
2005	12,186	493,642,674	40,509	65,406	51.6
2004	12,186	493,642,674	40,509	65,406	51.6
2003	12,186	493,642,674	40,509	65,406	51.6

- (1) Source: 2010 & 2000 U.S. Census.
(2) Source: Beachwood City School
(3) Computation of per capita personal income multiplied by populatio
(4) Ohio Labor Market Website: www.lmi.state.oh.us
(5) Source: Cuyahoga County Fiscal Office

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value
1,552	55.6%	6.6%	\$252,595	\$796,838,720
1,552	55.6	8.0	231,819	789,545,600
1,524	50.9	8.6	281,328	764,670,350
1,598	50.9	9.2	276,796	746,489,090
1,571	50.9	7.1	269,676	771,255,529
1,545	50.9	6.1	290,728	788,302,216
1,541	50.9	5.5	282,835	797,623,826
1,541	50.9	6.1	302,735	755,070,022
1,539	50.9	6.6	296,751	749,966,828
1,521	50.9	6.2	277,111	755,137,685

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

2012		
Employer	Employees	Percentage of Total
Cleveland Clinic Foundation	1,355	5.43%
Menorah Park Center	1,010	4.05
Nordstrom	747	2.99
Maxim Healthcare Services	664	2.66
Beachwood Board of Education	577	2.31
Montefire Home	543	2.18
Developers Diversified	521	2.09
City of Beachwood	482	1.93
Tremco Inc.	250	1.00
Aleris Ohio Management	239	0.96
Total	6,388	25.61%
Total Employment within the City	24,943	

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

Source: Regional Income Tax Agency
 (1) Information prior to 2005 is not available.

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

Function/Program	2012	2011	2010	2009
General Government				
Square Footage Occupied (1)	70,786	70,786	70,786	70,786
Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254
Vehicles	35	35	35	35
Fire Station				
Stations	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2	5,472	5,472	5,472	5,472
Vehicles	14	13	13	12
Public Service				
Streets (miles)	46	46	46	46
Vehicles	56	54	54	54
Square Footage of Building (3)	198,000	198,000	41,285	41,285
Health and Welfare				
Vehicles	3	3	2	2
Culture and Recreation				
Number of Parks	2	2	2	2
Number of Pools	1	1	1	1
Vehicles	2	2	2	2
Square Footage of Community Center (2)	14,000	14,000	14,000	14,000
Building and Community Development				
Vehicles	6	6	6	6

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

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

(3) In 2011, the Service department moved into the building at 23350 Commerce Park.

Source: City Hall records

2008	2007	2006	2005	2004	2003
70,786 2	70,786 2	70,786 2	70,786 2	37,206 2	37,206 2
1 72,254 35	1 72,254 33	1 72,254 32	1 72,254 31	1 68,170 30	1 68,170 30
2 21,970 5,472 12	2 21,970 5,472 11	2 21,970 5,472 11	2 21,970 5,472 10	2 21,970 5,472 10	2 21,970 5,472 10
46 56 41,285	46 56 41,285	46 55 41,285	46 55 41,285	46 55 41,285	46 55 41,285
3	3	3	2	2	2
2 1 2 14,000	2 1 2 14,000	2 1 1 14,000	2 1 1 8,000	2 1 1 8,000	1 1 1 8,000
7	8	8	7	7	7

City of Beachwood, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2012	2011	2010	2009
General Government				
Number of Ordinances and Resolutions	202	180	176	160
Number of non-payroll checks processed	4,417	4,299	4,269	4,693
Number of purchase orders issued	4,290	4,060	4,077	4,496
Public Safety				
Police				
Total arrests	723	496	729	650
Drug arrests	18	20	20	25
OVI arrests (formally DUI)	42	65	55	67
Warrants served	147	138	119	140
Total complaints	3,958	4,755	4,662	4,541
Fire				
Total EMS and Fire responses	4,514	4,589	4,209	4,087
Total Fire responses	1,365	1,445	1,189	1,138
Total EMS responses	3,149	3,144	3,020	2,949
Routine fire safety inspections	1,248	1,582	1,031	1,105
Re-inspections	1,045	1,232	707	860
New construction inspections	310	220	232	145
Public Services				
Tons of rubbish picked up	3,189	3,488	3,714	3,933
Tons of leaves collected for recycling	2,600	2,670	2,670	3,195
Number of trees planted	236	146	327	270
Number of catch basins cleaned and repaired	461	431	324	443
Tons of cold patch used	23	52	17	37
Yards of concrete poured and finished	1,381	678	740	450
Tons of salt purchased	3,908	13,659	10,363	7,178
Health and Welfare				
Number of senior trips taken	71	51	57	66
Culture and Recreation				
Total attendance at Aquatic Center	49,504	48,000	55,757	53,262
Building and Community Development				
Number of permits issued	334	309	189	167

Source: City records

2008	2007	2006	2005	2004	2003
186	183	160	149	172	171
5,321	4,937	4,962	4,823	4,901	5,092
4,787	4,253	4,225	4,278	4,158	4,338
631	666	609	576	633	636
14	16	11	21	36	30
71	73	71	53	86	69
153	154	160	243	236	288
4,925	4,634	3,654	3,725	3,832	3,903
4,038	3,832	3,613	3,701	3,495	3,240
1,068	1,132	1,049	1,150	1,088	1,031
2,970	2,700	2,564	2,551	2,407	2,209
1,403	1,169	881	908	711	1,174
942	581	725	481	388	396
203	207	182	103	27	115
4,208	4,946	4,843	4,836	5,192	5,085
3,564	3,447	3,007	2,588	1,631	1,404
201	329	353	251	198	505
374	373	297	381	347	312
55	40	24	66	26	29
507	565	279	423	606	794
12,712	11,229	4,695	13,908	8,803	9,648
64	53	50	48	59	56
54,001	58,588	56,855	76,526	67,561	46,536
210	292	264	248	265	245

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

	2012	2011	2010	2009
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	3.0	3.0	3.0
Economic Development (1)	1.5	0.0	2.0	0.0
Finance	11.5	12.5	12.5	15.0
Law	2.5	2.5	2.5	3.0
Public Safety				
Police Administration	3.0	3.0	3.0	3.0
Police Officers	39.0	42.0	41.0	43.0
Dispatchers	15.0	12.0	11.0	12.0
Police - Correction Officers	9.0	9.0	9.0	9.0
Police - Crossing Guards	6.5	6.5	7.0	7.0
Fire Administration	5.5	5.5	5.0	5.0
Fire Fighters	38.0	36.0	38.0	42.0
Public Service	59.5	56.5	53.5	56.5
Culture and Recreation				
Human Services	5.5	5.0	6.0	6.0
Recreation Administration	8.0	6.5	7.5	7.0
Recreation Camps	45.0	46.0	44.5	37.0
Recreation Sports	10.0	10.5	14.0	14.0
Recreation Other	9.5	10.5	8.5	15.0
Pool and Parks	37.0	38.0	39.0	41.0
Building and Community Development				
Building Department	9.5	9.0	11.0	11.0
Total	325.5	321.0	325.0	336.5

Source: City of Beachwood records

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

Counts are as of December 31 of each year.

(1) The Economic Development Department was created in 2010. In 2011, there were no employees as the City was restructuring the department. By the end of 2012, there was one full-time position and one part-time position.

2008	2007	2006	2005	2004	2003	2002
7.0	7.0	7.0	7.0	7.0	7.0	7.0
3.0	5.0	5.0	4.5	4.0	4.0	4.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
12.0	10.0	12.0	12.0	10.0	12.0	10.0
3.0	3.0	4.0	4.0	4.0	4.0	4.0
3.0	4.0	4.0	3.0	3.0	3.0	3.0
42.0	42.0	42.0	40.0	40.0	42.0	42.0
12.0	12.0	12.0	11.0	11.0	11.0	11.0
8.0	8.5	8.5	9.0	8.0	8.0	8.0
7.0	7.0	7.0	6.5	6.0	6.0	6.0
5.0	4.5	4.5	4.5	3.5	3.5	4.0
39.0	39.0	39.0	39.0	39.0	36.0	36.0
57.0	60.5	54.5	57.0	63.5	68.5	61.5
6.0	6.0	8.5	6.5	6.5	6.0	5.5
7.0	7.0	5.0	5.0	5.0	5.0	5.0
38.0	33.0	37.0	44.5	44.0	35.0	34.5
14.0	14.0	13.5	13.0	14.5	12.5	7.5
15.0	17.0	17.0	14.5	14.5	13.5	13.5
40.0	41.0	42.0	45.0	43.5	46.0	29.5
11.0	11.0	11.0	12.0	12.0	13.0	13.0
<u>329.0</u>	<u>331.5</u>	<u>333.5</u>	<u>338.0</u>	<u>339.0</u>	<u>336.0</u>	<u>305.0</u>

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Dave Yost • Auditor of State

CITY OF BEACHWOOD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 29, 2013**