

**CITY OF BEREA**

CLEVELAND REGION, CUYAHOGA COUNTY

**SINGLE AUDIT**

JANUARY 1, 2005 THROUGH DECEMBER 31, 2006





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Berea, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 29, 2006

**This Page is Intentionally Left Blank.**

**CITY OF BEREA**  
**AUDIT REPORT LETTERS**  
**DECEMBER 31, 2005**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	1-2
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards .....	5
Schedule of Findings and Questioned Costs .....	6



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 25, 2006

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Berea as of and for the year ended December 31, 2005, which collectively comprise the City of Berea's basic financial statements and have issued our report thereon dated September 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Berea's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Berea in a separate letter dated September 25, 2006.

Compliance and Other Matters

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

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

*Kea & Associates, Inc.*

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 25, 2006

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

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE OMB CIRCULAR A-133**

### Compliance

We have audited the compliance of the City of Berea with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to the City's major program for the year ended December 31, 2005. The City's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Berea's management. Our responsibility is to express an opinion on the City of Berea's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Berea's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Berea's compliance with those requirements.

In our opinion, City of Berea complied, in all material respects, with the requirements referred to above that are applicable to its major program for the year ended December 31, 2005. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the City of Berea is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Berea's internal control over compliance with requirements that could have a direct and material effect on its major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Expenditures of Federal Awards – Non GAAP Budgetary Basis

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Berea as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 25, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management, and the federal awarding agencies and pass through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

**CITY OF BEREA, OHIO**

*Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2005*

<b>Federal Grantor/Pass Through Grantor Program Title</b>	<b>Agency or Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b><u>U.S. Department of Transportation</u></b>			
Pass through the Ohio Department of Transportation:			
Highway Planning and Construction	PID21273	20.205	530,606
Highway Planning and Construction	PID75858	20.205	<u>361,788</u>
<b>Total U.S. Department of Transportation</b>			<u>892,394</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$892,394</u></u>

See Accompanying notes to the Schedule of Expenditures of Federal Awards

**CITY OF BEREA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 , Section .505**  
**DECEMBER 31, 2005**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Highway Planning and Construction CFDA #20.205
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted



# City of Berea, Ohio

Mayor Joseph W. Biddlecombe



## Comprehensive Annual Financial Report

For the Year Ended December 31, 2005



# INTRODUCTORY SECTION



**CITY OF BEREA, OHIO**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT FOR  
THE YEAR ENDED  
DECEMBER 31, 2005**

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

CITY OF BEREA, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

	<u>PAGE</u>
<b><u>I. Introductory Section</u></b>	
Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
GFOA Certificate of Achievement	xiv
List of Principal Officials	xv
Organization Chart	xvi
<b><u>II. Financial Section</u></b>	
Independent Auditor's Report	1-2
Basic Financial Statements:	
Management's Discussion and Analysis	3-13
Statement of Net Assets	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Assets 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 Net Assets - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Statement of Fiduciary Net Assets - Fiduciary Funds	25

CITY OF BEREA, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

	<u>PAGE</u>
<b>II. <u>Financial Section</u> (Continued)</b>	
Notes to the Basic Financial Statements	26-69
Combining and Individual Fund Statements and Schedules:	
Description of Funds	71-73
Combining Balance Sheet - Nonmajor Governmental Funds	74
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	75
Combining Balance Sheet - Nonmajor Special Revenue Funds	76-79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	80-83
Combining Balance Sheet - Nonmajor Capital Projects Fund	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Fund	85
Individual Fund Schedules of Revenues, Expenditures/ Expenses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Fund	86-88
General Bond Retirement Fund	89
Railroad Capital Improvement Fund	90
Court Capital Improvement Fund	91
Recreation Fund	92
Municipal Income Tax Fund	93
State Highway Fund	94
Street Maintenance Fund	95
Fire Pension Fund	96
Police Pension Fund	97
DARE Grant Fund	98

CITY OF BEREA, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2005

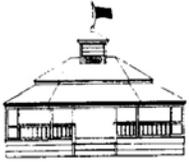
TABLE OF CONTENTS

	<u>PAGE</u>
<b>II. <u>Financial Section</u> (Continued)</b>	
Street Lighting Fund	99
Tri-City Senior Center Fund	100
Community Hospital Fund	101
Community Development Block Grant Fund	102
Municipal Vehicle Tax Levy Fund	103
Law Enforcement Fund	104
First Offenders Diversion Fund	105
Probation Fund	106
Indigent Drivers Alcohol Treatment Fund	107
DUI Education Fund	108
Indigent Driving School Fund	109
DUS Diversion Fund	110
Court Computer Fund	111
Court Computer Research Fund	112
State Highway Patrol Fund	113
Taxable Bond Retirement Fund	114
General Improvement Fund	115
Safety Capital Improvement Fund	116
Recreation Capital Improvement Fund	117
 Internal Service Fund:	
Description of Funds	118
Combining Assets and Liabilities - Nonmajor Internal Service Funds	119
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Internal Service Funds	120
Combining Statement of Cash Flows - Nonmajor Internal Service Funds	121
 Agency Funds:	
Description of Funds	122
Combining Statement of Asset & Liabilities - Agency Funds	123-124
Combining Statement of Changes in Assets and Liabilities - Agency Funds	125-126

CITY OF BEREA, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

	<u>PAGE</u>
<b>III. <u>Statistical Section</u></b>	
General Governmental - Expenses/Expenditures by Function - Last Ten Years	S2-S3
General Governmental - Revenues By Source - Last Ten Years	S4-S5
Property Tax Levies and Collections - Last Ten Years	S6
Assessed Valuation and Estimated True Values - Last Ten Calendar Years	S7
Property Tax Rates - Direct and Overlapping Governments - Last Ten Calendar Years	S8
Special Assessment Collections - Last Ten Years	S9
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years	S10
Computation of Legal Debt Margin	S11
Computation of Direct and Overlapping Debt	S12
Ratio of Annual Debt Service Expenditures for General Bonded Debt to General Governmental Expenditures - Last Ten Years	S13
Demographic Statistics - Last Ten Years	S14
Construction and Bank Deposits - Last Ten Years	S15
Principal Taxpayers -	S16
Miscellaneous Statistics	S17-18



# CITY OF BEREA

*"The Grindstone City"*

**Joseph W. Biddlecombe**  
*Mayor*  
September 25, 2006

11 Berea Commons  
Berea, Ohio 44017  
(440) 826-5800  
Fax: (440) 826-1446  
website: [www.bereaohio.com](http://www.bereaohio.com)

Honorable Mayor Joseph W. Biddlecombe  
Members of City Council  
Citizens of Berea, Ohio

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Berea, Ohio (the "City") for the year ended December 31, 2005. We believe this report, prepared by the Department of Finance, presents comprehensive financial and operating information about the City's activities during 2005 that is useful to the citizens and taxpayers. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and the results of operations of the City; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

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

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

## **History of Berea**

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

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

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



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

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

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

## **Form of Government**

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

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

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

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

The Police Department enforces local, state, and federal laws in addition to protecting citizens and their property. Most recently, the department has taken a more community oriented policing approach, which has been met with great success. Numerous programs are offered to citizens and

students. The department, which is headed by the Chief of Police, consists of three bureaus: the Patrol Division, the Services Operational Division, and the Detective Bureau. The Patrol Division oversees the staff of patrol officers. The Services Operational Division oversees the dispatch, Drug Abuse Resistance Education, Animal Control, Parking Control, Auxiliary, School Guards, Jail operations, and firearms training. The Detective Bureau oversees the City's investigative services, the Youth Diversion program, and the County's diversion program's satellite office at City hall.

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

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

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

The Finance Department is responsible for the accurate recording of all receipts and disbursement. The department issues bi-weekly payroll and maintains the capital asset system. The department compiles the annual budget, the tax budget, the annual financial report, and assists the Mayor in all financial decisions. The department also handles the billing and collection for the City's water department and the Northeast Ohio Regional Sewer District. The City's computer operations are

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

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

## **Reporting Entity**

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

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

The City participates in several jointly governed organizations, including the Southwest General Health Center, Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, and the Southwest Suburban Airport Council of Governments. Note 17 to the basic financial statements describes the City's relationship to these entities.

## **Economic Condition and Outlook**

### **Summary of Local Economy**

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

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

The Cleveland Browns returned to Berea in 1999. The City owns a \$28 million full training facility and administrative offices used by the team. The Cleveland Browns continue to play a vital role in our community.

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

The City of Berea annexed 123 acres of land in 2002 for a new housing development. This development is anticipated to add more than 600 homes to Berea. Construction began in 2004 and 209 homes have been built through 2005. The homes range from \$200,000 up to \$400,000. Approximately 100 homes will be built in 2006 and the entire project will not be complete until 2010.

Another housing development, Trailhead Village, is planned in the Nobottom Road/Barrett Road area. This development has sold 8 homes in 2005. It is expected to sell an additional 8 in 2006. There are plans for approximately 47 homes ranging in price from \$300,000 and up.

An upscale apartment complex is planned on Grayton Road with 141 units. Water, sewer lines, site development, and construction have begun.

### **Future Economic Outlook**

The future economic outlook for the City of Berea is promising. Despite the sagging economic condition nationwide, and an older community, most thought the City could not expand and grow, the City has seen significant changes. The annexation for housing development along with another smaller development, will help bring higher tax bracket taxpayers that Berea has been seeking. An upscale apartment complex will also entice new residents to our community.

During 2005 the City developed the Berea Community Development Corporation (BCDC). The goal of this corporation is to assist the City with improvements to the housing stock. In addition, this corporation will work with area businesses to insure a successful union between taxpayers, businesses and the City. The BCDC is involved in exterior maintenance, grants, and working with downtown businesses to revitalize our downtown area. This includes coordinating home exterior improvements for qualifying taxpayers and seniors, grants for streetscape improvements, and special events held in the downtown area.

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

## **Major Initiatives**

### **Current Year Projects**

The largest projects in the history of the City of Berea are the two railroad overpass and underpass projects on the two main roads in the City. During 1998, CSX Corporation (CSX) and Norfolk Southern Corporation (NS) entered into an operations plan for the purchase of the Conrail Corporation operations. Part of the plan involved routing and re-routing train traffic in the Cleveland area. Berea is the crossing point of both major railroad lines, thus causing a significant increase in train traffic through two of Berea's main thoroughfares. As a result, the City of Berea, CSX Corporation and NS Corporation entered into an agreement in June 1998. The agreement secured \$47.25 million in federal, state and railroad funds to construct an underpass on West Bagley Road and an underpass on Front Street in Berea. In 2001, the initial design phase was completed and plan implementation began. This phase saw the beginning of land acquisition surrounding the West Bagley Road underpass and the Front Street railroad project began site development in 2003.

The West Bagley Road Underpass Project was completed in 2005. The Front Street Project has been reconsidered and it has been determined that the City will construct an overpass rather than an underpass at this location. During 2005, the City began land acquisition in the Front Street area with construction planned to begin in 2007.

In 2005, the City completed the construction of a boulevard down East Bagley Road and onto Front Street towards the City's downtown district of Berea. The \$1.8 million project was funded fully by grants. This project was done to enhance the Baldwin Wallace College area. Baldwin Wallace College also created entrance signage with sandstone walls to also beautify their campus entrances. In addition the Berea Children's Home also enhanced their campus by installing brick and sandstone entrance signs with wrought iron fencing along Bagley Road.

The Prospect/West Street water and sewer line improvement project was completed in 2005. The City received \$1.2 million in grant funds to pay approximately half of this major project. The South Rocky River sanitary sewer project was also completed in 2005. The City replaced the sanitary sewer main line and replaced the roadway, sidewalks and curbs.

### **Future Projects**

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

The City is planning two water line projects in 2006. The Whitehall area water line project will involve new water lines, catch basins, manholes, and storm sewers along with new sidewalks, curbs and roadways. The Daisy Avenue/Adelbert Street project is a major reconstruction of the water main, sidewalk, curbs and roads.

In the fall of 2006 the County will be repairing a portion of Bagley Road between Lindberg Drive and North Rocky River Drive. This County project is scheduled to last several months.

The City is completing the new Heritage Park during the summer of 2006. This project involved new sandstone and brick walls with the annual Grindstone Award winners and the Posthumous Award winners names engraved in sandstone. Landscaping and plantings and walkways are planned.

The City's water plant is undergoing a major study to determine it's future needs to insure quality water at the best price of our residents. Engineers are currently evaluating a timeline of improvements that will be needed over the next several years. Plans include a new water tank, a new water purification process, and building improvements.

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

A Urban Renewal Downtown CDBG Project will include repaving roads, streetscape, street lighting, sidewalk improvements, and parking lots in the City's downtown area. This will be a joint project with CDBG, area businesses and the City to improve this area.

The Berea Municipal Court hopes to construct a new municipal court in the near future. The facility is currently in the planning stage. The Court instituted a per case charge that is deposited into the Court Construction Fund to help offset some costs.

## **Risk Management**

The City is self-insured for its property and liability insurance. The Property/Liability Insurance Internal Service Fund accounts for the operation of the City's property and liability self-insurance program. The City contracts with St. Paul Insurance Company to provide self-insured administration and claims handling for the City. Revenues of the fund consist of payments from other City funds

based on estimates of the amounts needed to pay the claims. Property valuations are revised annually to provide insurance companies and the City with an accurate inventory of insurable property and replacement cost values.

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

A Health Maintenance Organization (HMO) is also offered to the employees. All covered HMO employees also receive prescription, vision and dental benefits.

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

## **Other Information**

### **Independent Audit**

In accordance with Ohio law, annual independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Included in this report is an unqualified audit opinion regarding the City's financial statements for the year ended December 31, 2005. Rea & Associates, Inc. conducted this year's audit. Their report is presented in the financial section.

## **GFOA Certificate of Achievement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Berea, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgments**

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

In closing, I would like to thank the Mayor, City Council and the citizens of our fine community, for without your continued support, the preparation of this report would have been possible.

Respectfully submitted,



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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Berea,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

**CITY OF BEREA, OHIO  
PRINCIPAL OFFICIALS  
DECEMBER 31, 2005**

**ELECTED OFFICIALS**

Mayor  
President of Council  
Council Member-at-Large  
Council Member-at-Large  
Council Member - Ward 1  
Council Member - Ward 2  
Council Member - Ward 3  
Council Member - Ward 4  
Council Member - Ward 5

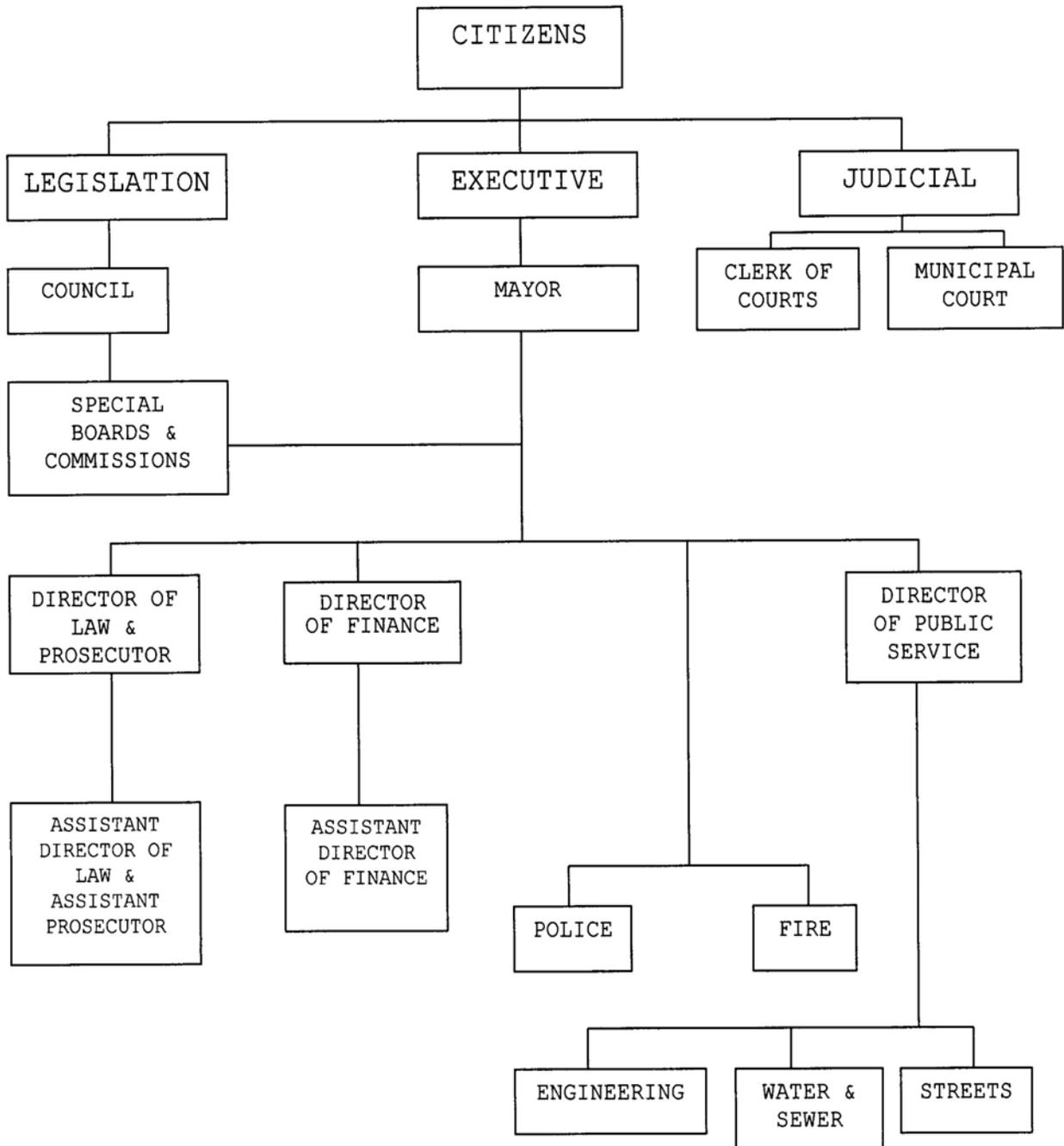
Joseph W. Biddlecombe  
Richard T. Malott  
Dale A. Lange  
James Walters  
Adrian Maldonado  
Kathey S. Brown  
Jim Maxwell  
George Capellas  
James M. Baker

**APPOINTED OFFICIALS**

Director of Finance  
Director of Law  
Director of Public Service

Dana J. Kavander  
Gregory M. Sponseller  
R. James Brown

CITY OF BEREA, OHIO  
 ORGANIZATIONAL CHART



# FINANCIAL SECTION



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 25, 2006

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berea, Cuyahoga County, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Berea's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berea, Cuyahoga County, Ohio, as of December 31, 2005 and the respective changes in financial position and the cash flows where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2006 on our consideration of the City of Berea's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Kea & Associates, Inc.*

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

The discussion and analysis of the City of Berea's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements, and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- Total assets of the City of Berea exceeded its liabilities at the close of the most recent year by \$67,633,106 (net assets).
- Total assets increased by \$3,856,404 or 4.1 percent from 2004.
- Total liabilities decreased by \$1,169,545 or 3.7 percent from 2004.
- Total net assets increased by \$5,025,949 or 8.0 percent from 2004.
- Total capital assets increased by \$6,343,401 or 8.5 percent over 2004.
- Total outstanding long-term liabilities at 2005 were \$1,017,849 less than year 2004 or 4.1 percent decrease.

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

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

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

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

*Reporting the City as a Whole*

*Statement of Net Assets and Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

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

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Berea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The presentation of the City's major funds begins on page 16. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds, which account for the multitude of services, facilities, and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Berea, our major funds are the general fund, general bond retirement fund, railroad capital improvement fund, court capital improvement fund, water revenue fund, and sewer revenue fund.

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

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

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

**The City as a Whole**

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

Table 1 provides a summary of the City's net assets for 2005 compared to 2004:

**Table 1 - Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004 as Restated	2005	2004 as Restated	2005	2004 as Restated
<b>Assets</b>						
Current and Other Assets	\$ 14,796,796	\$ 16,425,608	\$ 2,013,015	\$ 2,871,200	\$ 16,809,811	\$ 19,296,808
Capital Assets, Net	<u>59,275,607</u>	<u>56,585,765</u>	<u>21,922,752</u>	<u>18,269,193</u>	<u>81,198,359</u>	<u>74,854,958</u>
<b>Total Assets</b>	<u>74,072,403</u>	<u>73,011,373</u>	<u>23,935,767</u>	<u>21,140,393</u>	<u>98,008,170</u>	<u>94,151,766</u>
<b>Liabilities</b>						
Current and Other Liabilities	6,313,599	6,710,663	536,882	291,514	6,850,481	7,002,177
Long-Term Liabilities:						
Due Within One Year	6,997,575	7,224,725	298,317	1,902,577	7,295,892	9,127,302
Due in More than One Year	<u>11,260,583</u>	<u>12,077,520</u>	<u>4,968,108</u>	<u>3,337,610</u>	<u>16,228,691</u>	<u>15,415,130</u>
<b>Total Liabilities</b>	<u>24,571,757</u>	<u>26,012,908</u>	<u>5,803,307</u>	<u>5,531,701</u>	<u>30,375,064</u>	<u>31,544,609</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Debt	42,381,980	38,590,302	16,754,484	14,769,084	59,136,464	53,359,386
Restricted for :						
Capital Projects	3,264,410	4,515,207	0	0	3,264,410	4,515,207
Debt Service	643,931	657,684	0	0	643,931	657,684
Other Purposes	2,460,328	2,031,958	0	0	2,460,328	2,031,958
Unrestricted (Deficit)	<u>749,997</u>	<u>1,203,314</u>	<u>1,377,976</u>	<u>839,608</u>	<u>2,127,973</u>	<u>2,042,922</u>
<b>Total Net Assets</b>	<u>\$49,500,646</u>	<u>\$46,998,465</u>	<u>\$18,132,460</u>	<u>\$15,608,692</u>	<u>\$67,633,106</u>	<u>\$62,607,157</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Berea, assets exceeded liabilities by \$67,633,106 at year end 2005. By far the largest portion of the City of Berea's net assets (approximately 87 percent) reflects its investment in capital assets including land and land improvements, construction in progress, buildings and building improvements, equipment and machinery, furniture and fixtures, and infrastructure. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Berea's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets increased by \$3,856,404 from 2004 to 2005. The increase was due mainly to the City reporting construction in progress for the railroad projects, which are contracted at approximately \$48 million.

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

In addition, total liabilities decreased by \$1,169,545, also in relation to the railroad projects, and the City's net assets increased by \$5,025,949.

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

Table 2 shows the changes in net assets for fiscal year 2005 compared to 2004.

**Table 2 - Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004 as Restated	2005	2004 as Restated	2005	2004 as Restated
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,996,240	\$ 7,270,247	\$ 3,319,108	\$ 2,500,693	\$ 7,315,348	\$ 9,770,940
Operating Grants and Contributions	986,712	673,728	0	0	986,712	673,728
Capital Grants and Contributions	5,325,266	9,632,097	2,989,672	0	8,314,938	9,632,097
<b>Total Program Revenues</b>	<b>10,308,218</b>	<b>17,576,072</b>	<b>6,308,780</b>	<b>2,500,693</b>	<b>16,616,998</b>	<b>20,076,765</b>
<b>General Revenues:</b>						
Property and Other Local Taxes	4,451,970	5,936,331	0	0	4,451,970	5,936,331
Income Tax	9,488,012	8,902,933	0	0	9,488,012	8,902,933
Grants and Entitlements	1,180,922	1,878,981	0	0	1,180,922	1,878,981
Investment Earnings	195,954	58,412	0	0	195,954	58,412
Miscellaneous	78,228	0	0	0	78,228	0
<b>Total General Revenues</b>	<b>15,395,086</b>	<b>16,776,657</b>	<b>0</b>	<b>0</b>	<b>15,395,086</b>	<b>16,776,657</b>
<b>Total Revenues</b>	<b>25,703,304</b>	<b>34,352,729</b>	<b>6,308,780</b>	<b>2,500,693</b>	<b>32,012,084</b>	<b>36,853,422</b>
<b>Program Expenses</b>						
Security of Persons and Property	5,845,715	5,512,773	0	0	5,845,715	5,512,773
Public Health	130,574	120,860	0	0	130,574	120,860
Leisure Time Activities	3,869,281	3,511,371	0	0	3,869,281	3,511,371
Community Development	501,952	374,633	0	0	501,952	374,633
Public Works	889,213	1,446,006	0	0	889,213	1,446,006
Transportation	2,160,819	2,670,581	0	0	2,160,819	2,670,581
General Government	8,413,294	8,374,370	0	0	8,413,294	8,374,370
Interest and Fiscal Charges	1,085,275	1,561,094	0	0	1,085,275	1,561,094
Water	0	0	2,603,840	4,000,488	2,603,840	4,000,488
Sewer	0	0	1,486,172	1,138,198	1,486,172	1,138,198
<b>Total Program Expenses</b>	<b>22,896,123</b>	<b>23,571,688</b>	<b>4,090,012</b>	<b>5,138,686</b>	<b>26,986,135</b>	<b>28,710,374</b>
Increase (Decreases) in Net Assets	2,807,181	10,781,041	2,218,768	(2,637,993)	5,025,949	8,143,048
<b>Transfers</b>	<b>(305,000)</b>	<b>(1,054,943)</b>	<b>305,000</b>	<b>1,054,943</b>	<b>0</b>	<b>0</b>
Increase (Decrease) in Net Assets	2,502,181	9,726,098	2,523,768	(1,583,050)	5,025,949	8,143,048
Net Assets Beginning of Year, As Restated	46,998,465	37,272,367	15,608,692	17,191,742	62,607,157	54,464,109
<b>Net Assets End of Year</b>	<b>\$ 49,500,646</b>	<b>\$ 46,998,465</b>	<b>\$ 18,132,460</b>	<b>\$ 15,608,692</b>	<b>\$ 67,633,106</b>	<b>\$ 62,607,157</b>

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

*Governmental Activities*

Governmental activities increased the City's net assets by \$2,502,181, thereby accounting for 5 percent growth in total net assets. The primary reason for the increase in net assets relates to a decrease in both governmental revenues and expenses from the prior year.

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The income tax rate of 2 percent was created by City Charter and became effective January 1992. This tax created by a City Charter and became effective January 1992. This tax created by a Charter amendment will remain until such time as the City's electorate changes the rate, which is not anticipated. The income tax revenue amount for 2005 was \$9,488,012. General revenues from grants and entitlements, such as local government funds, are also sources of revenue.

Income tax collections in 2005 were 6.57 percent higher than in 2004. Of the \$25,703,304 in total governmental revenue, income tax accounts for 37 percent of that total. Property taxes of \$4,451,970 accounts for 17 percent, with program revenues accounting for 40 percent of governmental activities. Grants and entitlements, investment earnings and miscellaneous income account for the remaining 6 percent.

For the most part, decreases in expenses relate to the reduction in capital expenditures. While the City continues to expend significant money towards its improvements to its infrastructure, it fluctuates annually. The railroad underpass projects' funding varies annually. Expenses were reduced in 2005. The largest program function of the City was for general government. During 2005, 37 percent of program expenses related to general government. The next largest program function relates to security of persons and property. This includes the police and fire departments which accounted for program expenses of \$5,845,715. During 2005, 26 percent of program expenses related to security of persons and property. Our Police and Fire Departments continue to add to their equipment to better serve our community and at the same time provide extra safety for our officers. We continue to strive to provide better police and fire service at a lower cost per man-hour.

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

***Business-Type Activities***

The business type activities of the City, which include the City's water and sewer operations, increased the City's net assets by \$2,523,768. Net program revenues exceeded program expenses in the amount of \$2,070,476 for the water operations for 2005. This was the result from the City receiving capital contributions of \$2,121,365 from contractors of the Sandstone Ridge Housing Development. Revenues exceeded expenses in the sewer revenue activity in the amount of \$148,292 for 2005.

**The City's Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2005, the City's governmental funds reported combined ending fund balances of \$5,941,877. Of that amount, \$5,795,099 constitutes unreserved fund balances, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period of \$146,778.

All governmental funds had total revenue of \$23,459,484 and expenditures of \$31,695,151 leaving a deficit of \$8,235,667. While the City did achieve some revenue growth in 2005, it was out paced by increases in salaries and benefits. Other significant items contributing to the shortfall included expenditures of \$7,600,000 for issuance of Bond Anticipated notes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance for the general fund was \$954,843, of which \$928,138 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to the sum of total fund expenditures and other financing uses. Unreserved fund balance represents 7.0 percent of total general fund expenditures and other financing uses, while total fund balance represents 7.2 percent of that same amount. These numbers are a representation of the City's financial performance and condition.

The City's general bond retirement fund experienced an increase in fund balance of \$27,743 due to additional proceeds.

The balance in the railroad capital improvement fund increased slightly due to contributions made by CSX Corporation and Norfolk Southern Corporation towards the railroad projects.

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

The balance in the court capital improvement fund decreased due to the expenditures towards the planning phase of the Court construction.

***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2005, the City amended its general fund budget, but not significantly. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund, and within major category, the major categories being "Personal Services" and "Other". The general fund supports many of our major activities including the Police Department, the Fire Department, the Municipal Court, and most legislative and executive activities. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the general fund, original budgeted revenues were \$13,215,443. The final budgeted amount was \$13,337,275. The City's ending unencumbered cash balance in the general fund was \$316,717 above the final budgeted amount.

The differences between the general fund's original budget and the final amended budget were minor, amounting to less than 1 percent. The actual expenditures were 2 percent less than the budgeted amount mostly due to decreases in capital expenditures.

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

**Capital Assets and Debt Administration**

*Capital Assets*

**Table 3 - Capital Assets at December 31 - Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004 Restated	2005	2004 Restated	2005	2004 Restated
	Land	\$ 4,949,799	\$ 4,949,799	\$ 93,181	\$ 93,181	\$ 5,042,980
Construction in Progress	4,915,943	20,078,379	0	7,432,667	4,915,943	27,511,046
Buildings	8,564,991	8,762,740	1,369,488	1,436,312	9,934,479	10,199,052
Land Improvements	3,452,568	3,847,117	566,825	589,822	4,019,393	4,436,939
Building Improvements	8,579,913	8,373,985	0	0	8,579,913	8,373,985
Machinery and Equipment	1,326,791	1,350,721	754,371	504,372	2,081,162	1,855,093
Furniture and Fixtures	151,676	202,163	0	0	151,676	202,163
Vehicles	433,308	3,360	7,044	10,410	440,352	13,770
Infrastructure:						
Bridges	7,843,235	994,884	0	0	7,843,235	994,884
Roads	17,385,030	6,375,431	0	0	17,385,030	6,375,431
Sidewalks	157,986	150,605	0	0	157,986	150,605
Traffic Signals	1,514,367	1,496,581	0	0	1,514,367	1,496,581
Water Lines	0	0	2,866,119	2,317,320	2,866,119	2,317,320
Storm Sewers	0	0	9,538,594	2,396,578	9,538,594	2,396,578
Sanitary Sewers	0	0	6,727,130	3,488,531	6,727,130	3,488,531
<b>Totals</b>	<u>\$ 59,275,607</u>	<u>\$ 56,585,765</u>	<u>\$21,922,752</u>	<u>\$18,269,193</u>	<u>\$81,198,359</u>	<u>\$74,854,958</u>

Total capital assets for the City of Berea as of December 31, 2005 were \$81,198,359, a \$6,343,401 increase over 2004. The most significant increases in capital assets are a result of various capital projects such as the South Rocky River water line project, Prospect and West Street sewer project, planning for the Berea Municipal Court facility, and the Bagley Road and Front Street Railroad projects. The City has received approximately \$48 million from federal, state, and railroad funds to construct an overpass and underpass on two of Berea's main thoroughfares. The City completed the Bagley Road Underpass Project in 2005. The Front Street Overpass Project is in the engineering and right-of-way acquisition phase. Construction is scheduled to begin in 2007. The City is committed to a long-term goal of rebuilding its infrastructure and facilities. A capital plan is in place providing for rebuilding major residential streets, water, sewer and storm sewer lines, and adding additional facilities to complement our current structures. See Note 9 for additional information on capital assets.

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

**Debt**

On December 31, 2005, the City of Berea had \$23,524,583 in bonds, loans, compensated absences, and police and fire liability outstanding.

**Table 4 - Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ 9,528,023	\$ 10,373,346	\$ 0	\$ 0	\$ 9,528,023	\$ 10,373,346
Urban Renewal Bonds	1,395,000	1,520,000	0	0	1,395,000	1,520,000
Taxable Bonds City Portion	0	322,333	0	0	0	322,333
Taxable Bonds Cleveland Browns Portion	0	0	0	1,673,666	0	1,673,666
Capital Lease	170,604	0	256,731	0	427,335	0
Notes	5,800,000	5,800,000	0	0	5,800,000	5,800,000
OWDA Loans	0	0	4,541,468	3,479,864	4,541,468	3,479,864
OPWC Loan	0	0	370,069	0	370,069	0
<b>Total</b>	<u>\$16,893,627</u>	<u>\$18,015,679</u>	<u>\$ 5,168,268</u>	<u>\$ 5,153,530</u>	<u>\$22,061,895</u>	<u>\$23,169,209</u>

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

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

The taxable bonds were used for the construction of an office and training facility, which is owned by the City and leased to the Cleveland Browns. The Cleveland Browns and the City's final portion of taxable bonds were paid in 2005.

Of the \$5,800,000 in notes, all are general obligation notes. \$700,000 was for improvements to North Rocky River Drive, \$600,000 was for improvements to the outdoor pool, \$1,450,000 was for road improvements, \$50,000 was for equipment for the recreation center, and \$3,000,000 is for the construction of the municipal court.

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

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

**CITY OF BEREA, OHIO**  
**Management's Discussion and Analysis**  
**for the Year Ended December 31, 2005**  
**Unaudited**

---

---

**Current Financial Related Activities**

The City of Berea is financially strong. Over the past fifteen years we have enjoyed strong growth in revenues and at the same time adopted a strong, fiscally responsible financial plan to live within our means. In 1992, we increased our income tax from 1.5 percent to 2 percent promising our constituents that the City of Berea would improve its facilities and infrastructure, and increase its level of services without the need for additional taxes. Since that time, we built our Recreation Center, acquired 162 acres of annexed property, expanded our recreational playing fields and completed numerous building improvements.

For many years, the City had reduced its health care costs, by operating a self-funded insurance program. While the cost increases for medical insurance are unavoidable in today's environment, the City is working diligently to maintain a high level of coverage for its employees at the lowest cost possible.

The Director of Finance, Mayor and City Council work extremely hard at keeping debt low. We plan our finances so that we can pay cash for many of the facility improvements and acquisitions, and continue to pay cash for all equipment and other major purchases necessary to maintain our level of services. We live within our means and plan ahead knowing that our budget enables us to spend less than the revenues we receive.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and demonstrate the City's accountability for all money it receives, spends, and invests. Please direct any questions about this report or financial information inquiries to the Director of Finance, Dana J. Kavander, CPA, CPFA, CFE, CIA, City of Berea, 11 Berea Commons, Berea, Ohio 44017, or telephone 440-826-5800. We also offer information regarding our City on our web site, [www.bereaohio.com](http://www.bereaohio.com).

**CITY OF BEREA, OHIO**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,069,041	\$ 537,542	\$ 5,606,583
Materials and Supplies Inventory	83,519	36,130	119,649
Accounts Receivable	148,092	1,031,914	1,180,006
Intergovernmental Receivable	1,437,651	153,044	1,590,695
Prepays Items	8,498	0	8,498
Taxes Receivable	7,447,510	0	7,447,510
Special Assessments Receivable	602,485	254,385	856,870
Nondrepreciable Capital Assets	9,865,742	93,181	9,958,923
Depreciable Capital Assets, Net	<u>49,409,865</u>	<u>21,829,571</u>	<u>71,239,436</u>
<b>Total Assets</b>	<u>74,072,403</u>	<u>23,935,767</u>	<u>98,008,170</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 501,214	\$ 313,727	\$ 814,941
Accrued Wages and Benefits Payable	286,135	44,460	330,595
Intergovernmental Payable	588,770	72,929	661,699
Claims Payable	269,274	0	269,274
Accrued Interest Payable	58,337	105,766	164,103
Unearned Revenue	4,609,869	0	4,609,869
Long-Term Liabilities:			
Due Within One Year	6,997,575	298,317	7,295,892
Due In More than One Year	<u>11,260,583</u>	<u>4,968,108</u>	<u>16,228,691</u>
<b>Total Liabilities</b>	<u>24,571,757</u>	<u>5,803,307</u>	<u>30,375,064</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	42,381,980	16,754,484	59,136,464
Restricted for:			
Capital Projects	3,264,410	0	3,264,410
Debt Service	643,931	0	643,931
Special Revenue	2,460,328	0	2,460,328
Unrestricted (Deficit)	<u>749,997</u>	<u>1,377,976</u>	<u>2,127,973</u>
<b>Total Net Assets</b>	<u>\$ 49,500,646</u>	<u>\$ 18,132,460</u>	<u>\$ 67,633,106</u>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants, Interest, & Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<i>Primary Government</i>							
<b><u>Governmental Activities</u></b>							
Security of Persons and Property	\$ 5,845,715	\$ 391,611	\$ 24,068	\$ 0	\$ (5,430,036)	\$ 0	\$ (5,430,036)
Public Health	130,574	0	0	0	(130,574)	0	(130,574)
Leisure Time Activities	3,869,281	317,031	0	0	(3,552,250)	0	(3,552,250)
Community Development	501,952	660,539	0	0	158,587	0	158,587
Public Works	889,213	128,455	0	0	(760,758)	0	(760,758)
Transportation	2,160,819	41	961,694	4,064,393	2,865,309	0	2,865,309
General Government	8,413,294	2,498,563	950	1,260,873	(4,652,908)	0	(4,652,908)
Interest and Fiscal Charges	1,085,275	0	0	0	(1,085,275)	0	(1,085,275)
<b>Total Governmental Activities</b>	<b>22,896,123</b>	<b>3,996,240</b>	<b>986,712</b>	<b>5,325,266</b>	<b>(12,587,905)</b>	<b>0</b>	<b>(12,587,905)</b>
<b><u>Business-Type Activities</u></b>							
Water	2,603,840	2,552,951	0	2,121,365	0	2,070,476	2,070,476
Sewer	1,486,172	766,157	0	868,307	0	148,292	148,292
<b>Total Business-Type Activities</b>	<b>4,090,012</b>	<b>3,319,108</b>	<b>0</b>	<b>2,989,672</b>	<b>0</b>	<b>2,218,768</b>	<b>2,218,768</b>
<b>Total Primary Government</b>	<b>\$ 26,986,135</b>	<b>\$ 7,315,348</b>	<b>\$ 986,712</b>	<b>\$ 8,314,938</b>	<b>(12,587,905)</b>	<b>2,218,768</b>	<b>(10,369,137)</b>
<b><u>General Revenues</u></b>							
Property Taxes Levied for:							
General Purposes					1,976,838	0	1,976,838
Special Revenue					746,932	0	746,932
Debt Service					1,709,714	0	1,709,714
Income Tax Levied for:							
General Purposes					7,116,009	0	7,116,009
Special Revenue					2,372,003	0	2,372,003
Other Taxes					18,486	0	18,486
Grants and Entitlements not Restricted to Specific Programs					1,180,922	0	1,180,922
Investment Earnings					195,954	0	195,954
Miscellaneous					78,228	0	78,228
<b>Total General Revenues</b>					<b>15,395,086</b>	<b>0</b>	<b>15,395,086</b>
Transfers					(305,000)	305,000	0
<b>Total General Revenues and Transfers</b>					<b>15,090,086</b>	<b>305,000</b>	<b>15,395,086</b>
Change in Net Assets					2,502,181	2,523,768	5,025,949
Net Assets Beginning of Year, as Restated					46,998,465	15,608,692	62,607,157
<b>Net Assets End of Year</b>					<b>\$ 49,500,646</b>	<b>\$18,132,460</b>	<b>\$ 67,633,106</b>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	<u>General</u>	<u>General Bond Retirement</u>	<u>Railroad Capital Improvement</u>	<u>Court Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 642,365	\$ 357,954	\$ 123,540	\$ 2,737,286	\$ 1,183,469	\$ 5,044,614
Materials and Supplies Inventory	11,567	0	0	0	71,952	83,519
Accounts Receivable	113,894	0	0	9,131	25,067	148,092
Intergovernmental Receivable	519,506	103,183	88,315	0	726,647	1,437,651
Prepaid Items	5,823	0	0	0	474	6,297
Taxes Receivable	4,100,441	1,880,304	0	0	1,466,765	7,447,510
Special Assessments Receivable	<u>0</u>	<u>19,173</u>	<u>0</u>	<u>0</u>	<u>583,312</u>	<u>602,485</u>
<b>Total Assets</b>	<b><u>\$ 5,393,596</u></b>	<b><u>\$ 2,360,614</u></b>	<b><u>\$ 211,855</u></b>	<b><u>\$ 2,746,417</u></b>	<b><u>\$ 4,057,686</u></b>	<b><u>\$14,770,168</u></b>
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 173,956	\$ 0	\$ 55,932	\$ 0	\$ 266,346	\$ 496,234
Accrued Wages and Benefits Payable	254,216	0	0	0	31,919	286,135
Intergovernmental Payable	539,333	0	0	0	49,437	588,770
Deferred Revenue	<u>3,471,248</u>	<u>1,986,075</u>	<u>0</u>	<u>0</u>	<u>1,999,829</u>	<u>7,457,152</u>
<b>Total Liabilities</b>	<b><u>4,438,753</u></b>	<b><u>1,986,075</u></b>	<b><u>55,932</u></b>	<b><u>0</u></b>	<b><u>2,347,531</u></b>	<b><u>8,828,291</u></b>
<b><u>Fund Balances</u></b>						
Reserved for Encumbrances	9,315	0	5,497	0	42,150	56,962
Reserved for Inventory	11,567	0	0	0	71,952	83,519
Reserved for Prepays	5,823	0	0	0	474	6,297
Unreserved, Undesignated, Reported in:						
General Fund	928,138	0	0	0	0	928,138
Special Revenue Fund	0	0	0	0	1,219,959	1,219,959
Debt Service Funds	0	374,539	0	0	0	374,539
Capital Project Funds	<u>0</u>	<u>0</u>	<u>150,426</u>	<u>2,746,417</u>	<u>375,620</u>	<u>3,272,463</u>
<b>Total Fund Balances</b>	<b><u>954,843</u></b>	<b><u>374,539</u></b>	<b><u>155,923</u></b>	<b><u>2,746,417</u></b>	<b><u>1,710,155</u></b>	<b><u>5,941,877</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 5,393,596</u></b>	<b><u>\$ 2,360,614</u></b>	<b><u>\$ 211,855</u></b>	<b><u>\$ 2,746,417</u></b>	<b><u>\$ 4,057,686</u></b>	<b><u>\$14,770,168</u></b>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2005**

---

Total Governmental Fund Balances \$ 5,941,877

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. 59,275,607

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

Property Taxes	\$ 426,267
Income Tax	1,283,622
Intergovernmental	630,225
Special Assessments	<u>507,174</u>

Total 2,847,288

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (247,631)

In the statement of activities, interest is accrued on outstanding bond, whereas in governmental funds, an interest expenditure is reported when due. (58,337)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	\$(9,528,023)
Urban Renewal Bonds	(1,395,000)
Notes Payable	(5,800,000)
Capital Lease	(170,604)
Compensated Absences	(1,117,323)
Police and Fire Pension Liability	<u>(247,208)</u>

Total (18,258,158)

Net Assets of Governmental Activities \$ 49,500,646

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>General Bond Retirement</u>	<u>Railroad Capital Improvement</u>	<u>Court Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Property Taxes	\$ 1,965,514	\$ 1,701,579	\$ 0	\$ 0	\$ 742,470	\$ 4,409,563
Income Taxes	6,968,296	0	0	0	2,322,765	9,291,061
Other Local Taxes	183,292	0	0	0	0	183,292
Special Assessments	0	24,674	0	0	551,042	575,716
Intergovernmental	1,286,835	242,326	1,722,811	0	1,239,060	4,491,032
Interest	130,323	8,515	11,645	45,456	41	195,980
Fees, Licenses and Permits	873,511	0	0	9,131	0	882,642
Fines and Forfeitures	1,324,050	0	0	202,011	490,951	2,017,012
Charges for Services	441,221	0	0	0	308,024	749,245
Other	116,786	0	161,526	0	385,629	663,941
<b>Total Revenues</b>	<u>13,289,828</u>	<u>1,977,094</u>	<u>1,895,982</u>	<u>256,598</u>	<u>6,039,982</u>	<u>23,459,484</u>
<b>Expenditures</b>						
Current:						
Security of Persons and Property	4,774,837	0	0	0	1,530,220	6,305,057
Public Health	0	0	0	0	130,574	130,574
Leisure Time Activities	1,036,832	0	0	0	914,279	1,951,111
Community Development	421,281	0	0	0	0	421,281
Public Works	826,085	0	0	0	0	826,085
Transportation	0	0	0	0	787,638	787,638
General Government	5,948,488	6,278	0	0	661,696	6,616,462
Capital Outlay	0	0	1,725,718	355,941	2,582,211	4,663,870
Debt Service:						
Principal Retirement	0	8,570,323	0	0	322,333	8,892,656
Interest and Fiscal Charges	0	1,072,750	0	0	27,667	1,100,417
<b>Total Expenditures</b>	<u>13,007,523</u>	<u>9,649,351</u>	<u>1,725,718</u>	<u>355,941</u>	<u>6,956,618</u>	<u>31,695,151</u>
Excess of Revenues Over (Under) Expenditures	<u>282,305</u>	<u>(7,672,257)</u>	<u>170,264</u>	<u>(99,343)</u>	<u>(916,636)</u>	<u>(8,235,667)</u>
<b>Other Financing Sources (Uses)</b>						
Capital Leases	0	0	0	0	170,604	170,604
Bond Anticipation Notes Issued	0	7,600,000	0	0	0	7,600,000
Transfers In	0	100,000	100,000	0	1,843,000	2,043,000
Transfers Out	<u>(225,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,123,000)</u>	<u>(2,348,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(225,000)</u>	<u>7,700,000</u>	<u>100,000</u>	<u>0</u>	<u>(109,396)</u>	<u>7,465,604</u>
Net Change in Fund Balances	57,305	27,743	270,264	(99,343)	(1,026,032)	(770,063)
Fund Balances (Deficits) Beginning of Year, Restated	<u>897,538</u>	<u>346,796</u>	<u>(114,341)</u>	<u>2,845,760</u>	<u>2,736,187</u>	<u>6,711,940</u>
<b>Fund Balances (Deficits)</b>						
<b>End of Year</b>	<u>\$ 954,843</u>	<u>\$ 374,539</u>	<u>\$ 155,923</u>	<u>\$ 2,746,417</u>	<u>\$ 1,710,155</u>	<u>\$ 5,941,877</u>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Net Change in Fund Balances - Total Governmental Funds \$ (770,063)

*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 outlay exceeded depreciation in the current period.

Capital Additions	6,213,686	
Current Year Depreciation	<u>(3,521,969)</u>	
Total		2,691,717

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. (1,875)

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

Delinquent Property Taxes	23,921	
Municipal Income Taxes	196,953	
Special Assessments	3,073	
Intergovernmental	<u>(588,953)</u>	
Total		(365,006)

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The notes transactions did not have any effect on net assets. However, repayment of bond principal reduces long-term liabilities in the statement of net assets. 1,292,656

Issuance of capital leases in the governmental funds increased long-term liabilities in the statement of net assets. (170,604)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 15,142

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(82,096)	
Police and Fire Pension Liability	<u>4,131</u>	
Total		(77,965)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (111,821)

Change in Net Assets of Governmental Activities. \$ 2,502,181

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b><u>Revenues</u></b>				
Property Taxes	\$ 2,012,723	\$ 1,965,514	\$ 1,965,514	\$ 0
Income Taxes	6,799,145	7,001,877	7,001,877	0
Other Local Taxes	234,500	240,544	240,539	(5)
Intergovernmental	1,354,199	1,327,601	1,327,604	3
Charges for Services	444,000	398,896	453,864	54,968
Fees, Licenses, and Permits	669,500	831,015	831,015	0
Fines and Forfeitures	1,564,376	1,349,826	1,349,826	0
Investment Income	45,000	109,216	130,349	21,133
Refunds and Reimbursements	7,000	1,149	1,149	0
Other	85,000	111,637	111,637	0
<b>Total Revenues</b>	<u>13,215,443</u>	<u>13,337,275</u>	<u>13,413,374</u>	<u>76,099</u>
<b><u>Expenditures</u></b>				
Current Operations and Maintenance:				
Security of Persons and Property	4,544,856	4,696,001	4,630,470	65,531
Leisure Time Activities	789,850	1,090,050	1,065,662	24,388
Community Development	418,758	422,757	417,107	5,650
Public Works	937,800	849,700	824,070	25,630
General Government	6,161,950	6,297,507	6,203,088	94,419
<b>Total Expenditures</b>	<u>12,853,214</u>	<u>13,356,015</u>	<u>13,140,397</u>	<u>215,618</u>
Excess of Revenues Over (Under)				
Expenditures	<u>362,229</u>	<u>(18,740)</u>	<u>272,977</u>	<u>291,717</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers Out	(430,000)	(250,000)	(225,000)	25,000
Sale of Capital Assets	0	4,000	4,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>(430,000)</u>	<u>(246,000)</u>	<u>(221,000)</u>	<u>25,000</u>
Net Change in Fund Balance	(67,771)	(264,740)	51,977	316,717
Fund Balance Beginning of Year	564,182	564,182	564,182	0
Prior Year Encumbrances Appropriated	<u>16,892</u>	<u>16,892</u>	<u>16,892</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 513,303</u>	<u>\$ 316,334</u>	<u>\$ 633,051</u>	<u>\$ 316,717</u>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2005**

	Enterprise Funds			Governmental Activities Internal Service Funds
	Water Revenue	Sewer Revenue	Total	
<b>Assets</b>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 109,072	\$ 428,470	\$ 537,542	\$ 24,427
Material and Supplies Inventory	36,130	0	36,130	0
Accounts Receivable	792,739	239,175	1,031,914	0
Intergovernmental	0	153,044	153,044	0
Special Assessments Receivable	190,930	63,455	254,385	0
Prepaid Items	0	0	0	2,196
<b>Total Current Assets</b>	<u>1,128,871</u>	<u>884,144</u>	<u>2,013,015</u>	<u>26,623</u>
<u>Noncurrent Assets</u>				
Capital Assets:				
Nondepreciable Capital Assets	0	93,181	93,181	0
Depreciable Capital Assets, Net	12,458,780	9,370,791	21,829,571	0
<b>Total Noncurrent Assets</b>	<u>12,458,780</u>	<u>9,463,972</u>	<u>21,922,752</u>	<u>0</u>
<b>Total Assets</b>	<u>\$13,587,651</u>	<u>\$10,348,116</u>	<u>\$23,935,767</u>	<u>\$ 26,623</u>
<b>Liabilities</b>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 103,261	\$ 210,466	\$ 313,727	\$ 4,980
Accrued Wages and Benefits Payable	35,406	9,054	44,460	0
Intergovernmental Payable	61,921	11,008	72,929	0
Claims Payable	0	0	0	269,274
Compensated Absences	3,810	0	3,810	0
Accrued Interest Payable	64,651	41,115	105,766	0
OWDA Loans Payable, Current Portion	122,229	118,206	240,435	0
OPWC Loans Payable	0	9,252	9,252	0
Capital Lease	0	44,820	44,820	0
<b>Total Current Liabilities</b>	<u>391,278</u>	<u>443,921</u>	<u>835,199</u>	<u>274,254</u>
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	94,347	0	94,347	0
OWDA Loans Payable	1,068,605	3,232,428	4,301,033	0
OPWC Loans Payable	0	360,817	360,817	0
Capital Leases	0	211,911	211,911	0
<b>Total Long-Term Liabilities</b>	<u>1,162,952</u>	<u>3,805,156</u>	<u>4,968,108</u>	<u>0</u>
<b>Total Liabilities</b>	<u>1,554,230</u>	<u>4,249,077</u>	<u>5,803,307</u>	<u>274,254</u>
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	11,267,947	5,486,537	16,754,484	0
Unrestricted	765,474	612,502	1,377,976	(247,631)
<b>Total Net Assets</b>	<u>\$12,033,421</u>	<u>\$ 6,099,039</u>	<u>\$18,132,460</u>	<u>\$ (247,631)</u>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Enterprise Funds			Governmental
	Water Revenue	Sewer Revenue	Total	Activities Internal Service Funds
<b><u>Operating Revenues</u></b>				
Charges for Services	\$ 2,489,346	\$ 751,040	\$ 3,240,386	\$ 1,949,129
Miscellaneous	<u>975</u>	<u>0</u>	<u>975</u>	<u>6,390</u>
<b>Total Operating Revenues</b>	<u>2,490,321</u>	<u>751,040</u>	<u>3,241,361</u>	<u>1,955,519</u>
<b><u>Operating Expenses</u></b>				
Personal Services	1,388,638	226,398	1,615,036	0
Contractual Services	495,990	859,523	1,355,513	416,226
Materials and Supplies	266,342	81,291	347,633	0
Travel	9,079	0	9,079	0
Claims	0	0	0	1,651,118
Depreciation	<u>367,126</u>	<u>178,746</u>	<u>545,872</u>	<u>0</u>
<b>Total Operating Expenses</b>	<u>2,527,175</u>	<u>1,345,958</u>	<u>3,873,133</u>	<u>2,067,344</u>
Operating Income (Loss)	<u>(36,854)</u>	<u>(594,918)</u>	<u>(631,772)</u>	<u>(111,825)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Special Assessments	62,630	15,117	77,747	0
Intergovernmental	0	868,307	868,307	0
Interest	0	0	0	4
Interest and Fiscal Charges	<u>(76,665)</u>	<u>(140,214)</u>	<u>(216,879)</u>	<u>0</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(14,035)</u>	<u>743,210</u>	<u>729,175</u>	<u>4</u>
Income (Loss) before Contributions and Transfers	(50,889)	148,292	97,403	(111,821)
Transfers In	185,000	120,000	305,000	0
Capital Contributions	<u>2,121,365</u>	<u>0</u>	<u>2,121,365</u>	<u>0</u>
Change in Net Assets	2,255,476	268,292	2,523,768	(111,821)
Net Assets Beginning of Year, Restated	<u>9,777,945</u>	<u>5,830,747</u>	<u>15,608,692</u>	<u>(135,810)</u>
<b>Net Assets End of Year</b>	<u>\$ 12,033,421</u>	<u>\$ 6,099,039</u>	<u>\$18,132,460</u>	<u>\$ (247,631)</u>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Enterprise Funds			Governmental Activities
	Water Revenue	Sewer Revenue	Total	Internal Service Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
<b><u>Cash Flows from Operating Activities</u></b>				
Cash Received from Customers	\$ 2,320,240	\$ 727,751	\$ 3,047,991	\$ 2,016,697
Cash Received from Refunds and Reimbursement	0	0	0	6,394
Cash Payments to Employees for Services and Benefits	(1,358,132)	(219,519)	(1,577,651)	0
Cash Payments for Contractual and Other Services	(457,561)	(757,196)	(1,214,757)	(225,126)
Cash Payments for Materials and Supplies	(255,341)	(81,728)	(337,069)	0
Cash Payments for Travel and Transportation	(10,341)	0	(10,341)	0
Cash Payments for Claims	0	0	0	(1,798,512)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>238,865</u>	<u>(330,692)</u>	<u>(91,827)</u>	<u>(547)</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers In	<u>185,000</u>	<u>120,000</u>	<u>305,000</u>	<u>0</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>185,000</u>	<u>120,000</u>	<u>305,000</u>	<u>0</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and Construction of Assets	(228,941)	(1,592,393)	(1,821,334)	0
Contributions from Grants	0	715,263	715,263	0
Principal Payments	(115,142)	(112,222)	(227,364)	0
Proceeds from Long-Term Debt	0	1,659,038	1,659,038	0
Interest and Fiscal Charges	(80,630)	(142,753)	(223,383)	0
<b>Net Cash Provided by (Used In) Capital and Related Financing Activities</b>	<u>(424,713)</u>	<u>526,933</u>	<u>102,220</u>	<u>0</u>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest on Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<b>Net Cash Provided from Investing Activities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(848)	316,241	315,393	(543)
Cash and Cash Equivalents Beginning of Year	<u>109,920</u>	<u>112,229</u>	<u>222,149</u>	<u>24,970</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 109,072</u>	<u>\$ 428,470</u>	<u>\$ 537,542</u>	<u>\$ 24,427</u>

**CITY OF BEREA, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)**

	Enterprise Funds			Governmental Activities
	Water Revenue	Sewer Revenue	Total	Internal Service Funds
<b><u>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used In) Operating Activities</u></b>				
Operating Gain (Loss)	\$ (36,854)	\$ (594,918)	\$ (631,772)	\$ (111,825)
Adjustment:				
Depreciation	367,126	178,746	545,872	0
(Increase) Decrease in Assets:				
Accounts Receivable	(170,081)	(23,289)	(193,370)	0
Prepaid Items	58	58	116	4,918
Materials and Supplies Inventory	(10,055)	0	(10,055)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	58,223	101,890	160,113	4,980
Accrued Wages and Benefits	6,521	1,183	7,704	0
Compensated Absences	11,499	0	11,499	0
Claims Payable	0	0	0	101,380
Due to Other Government	12,428	5,638	18,066	0
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b><u>\$ 238,865</u></b>	<b><u>\$ (330,692)</u></b>	<b><u>\$ (91,827)</u></b>	<b><u>\$ (547)</u></b>

**Schedule of Noncash Capital Financing Activities**

As of December 31, 2005, the Water Revenue Fund received capital assets from various sources in the amount of \$2,121,365. This amount is included in capital contributions. The Sewer Fund purchased a capital asset of \$256,731 through capital lease financing.

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2005**

---

---

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$ 902,613
Equity in Pooled Cash Segregated	382,958
Accounts Receivable	875,801
Special Assessments	<u>236,912</u>
<b>Total Assets</b>	<b><u>\$2,398,284</u></b>
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 494,103
Due to Other Governments	1,422,412
Deposits Held and Due to Others	<u>481,769</u>
<b>Total Liabilities</b>	<b><u>\$2,398,284</u></b>

See accompanying notes to the basic financial statements.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

---

---

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

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

**The Reporting Entity**

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

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

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

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

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

**Fund Financial Statements**

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

B. **Fund Accounting**

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

**Governmental Funds**

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

**General Fund** - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Berea and/or the general laws of Ohio.

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

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

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

**Proprietary Funds**

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

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

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

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

**Internal Service Funds**

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Fund Accounting** (Continued)

***Fiduciary Funds***

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for regional sewer collections, deposits held for contractors and developers, unclaimed monies, Ohio Board of Building Standards fees, dog license fees, and municipal court collections.

**C. Measurement Focus**

***Government-wide Financial Statements***

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

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial 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.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus** (Continued)

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

D. **Basis of Accounting**

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Revenue/Unearned Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Equity in Pooled Cash and Cash Equivalents**

Cash and cash equivalents include amounts in short-term certificates of deposit and the State Treasury Asset Reserve (STAROhio). STAROhio is a very liquid investment and is reported as a cash equivalent in the basic financial statements. The certificates of deposit are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purpose of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 6, "Cash, Cash Equivalents and Investments."

***Investments***

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Berea Municipal Code. Interest revenue credited to the general fund during 2005 amounted to \$130,323, which includes \$105,271 assigned from other City funds. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAROhio during 2005. STAROhio is an investment pool managed by the State Treasury's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2005.

**F. Materials and Supplies Inventory**

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Capital Assets**

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

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

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**I. Interfund Balances**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Compensated Absences**

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

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

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

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**L. Fund Balance Reserves**

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

**M. Net Assets**

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

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

**N. Operating Revenues and Expenses**

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

**O. Contributions of Capital**

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**P. Interfund Activity**

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

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type occurred in 2005.

**R. Estimates**

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

**S. Budgetary Data**

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

S. **Budgetary Data** (Continued)

funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2005.

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: **RESTATEMENT OF PRIOR YEAR FUND EQUITY**

A. **Changes in Accounting Principles**

For fiscal year 2005, the City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and Technical Bulletin No. 2004-2.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing, multiple-employer pension and other post-employment benefit plan (OPEB). The implementation of GASB Technical Bulletin had no effect on the financial statements of the City.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 3: RESTATEMENT OF PRIOR YEAR FUND EQUITY**  
(Continued)

**A. Changes in Accounting Principles** (Continued)

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks, credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This Statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. This Statement also clarifies and establishes accounting revenues for insurance recoveries.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the City, however additional note disclosure can be found in Note 6, "Cash, Cash Equivalents and Investments". The implementation of GASB Statement No. 42 did not have an effect on the financial statements of the City.

**B. Restatement of Fund Balance**

Fund balance of the capital project fund was adjusted due to reclassification of the water and sewer capital project funds from governmental funds to enterprise funds. The fund balances in the enterprise funds have also been restated due to the City inventory procedures, further discussed in Note 3 C.

	<u>Governmental Funds</u>			<u>Enterprise Funds</u>		
	<u>Sewer Capital Improvement Fund</u>	<u>Water Capital Improvement Fund</u>	<u>Total Governmental Funds</u>	<u>Sewer Revenue Fund</u>	<u>Water Revenue Fund</u>	<u>Total Enterprise Funds</u>
Fund Balances						
December 31, 2004	\$ (33,514)	\$ 13,268	\$ 6,691,694	\$ 5,996,868	\$ 3,660,900	\$ 9,657,768
Reclassification of Funds	33,514	(13,268)	20,246	(33,514)	13,268	(20,246)
Non-Depreciable Capital Assets	0	0	0	(132,607)	5,549,194	5,416,588
Depreciable Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>554,583</u>	<u>554,582</u>
Adjusted Fund Balances						
December 31, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,711,940</u>	<u>\$ 5,830,747</u>	<u>\$ 9,777,945</u>	<u>\$15,608,692</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

**NOTE 3: RESTATEMENT OF PRIOR YEAR FUND EQUITY**

**C. Restatement of Net Assets**

During the year, the City performed a thorough review of capital asset inventory and its classifications. As a result of these procedures, it was determined that the inventory listing required modifications such as reclassifications by activity type, from non-depreciable to depreciable, and assets that had been previously disposed.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets, December 31, 2004, as Reported	\$ 53,856,451	\$ 9,657,768
Restatement Adjustment:		
Non-Depreciable Capital Assets	(8,451,386)	5,416,588
Depreciable Capital Assets	1,573,154	554,582
Reclassification of Water and Sewer Capital Funds	<u>20,246</u>	<u>(20,246)</u>
Adjusted Net Assets December 31, 2004, as Restated	<u>\$ 46,998,465</u>	<u>\$ 15,608,692</u>

**NOTE 4: ACCOUNTABILITY**

**Special Revenue Funds**

The recreation fund has a deficit of \$34,035, caused by the application of generally accepted accounting principles. The general fund or the municipal income tax fund is liable for any deficit in the recreation fund and provides transfers when cash is needed, not when accruals occur.

**Internal Service Funds**

The medical benefits fund and property/liability insurance fund had deficits of \$244,845, and \$2,786, respectively, as a result of accumulated operating losses, and the application of generally accepted accounting principles. Funds are provided when cash is needed, not when accruals occur.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

**NOTE 5: BUDGETARY BASIS OF ACCOUNTING**

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

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

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

<u>Net Change in Fund Balance General Fund</u>	<u>General</u>
GAAP Basis	\$ 57,305
Net Adjustment for Revenue Accruals	127,546
Net Adjustment for Expenditure Accruals	(115,982)
Encumbrances	<u>(16,892)</u>
Budget Basis	<u>\$ 51,977</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

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

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

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

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

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

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

- United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 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;

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 6: **CASH, CASH EQUIVALENTS AND INVESTMENTS** (Continued)

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

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

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

***Cash on Hand*** - At December 31, 2005 the City had \$6,675 in undeposited cash on hand, which is included in the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

NOTE 6: **CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

**Deposits** - At year-end, the carrying amount of the City's deposits was \$6,136,079 and the bank balance was \$6,394,307. Of the bank balance:

1. \$553,599 was covered by Federal depository insurance, by collateral held by the City, or by collateral held by the City's agent in the name of the City; and
2. \$5,840,708 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.
3. The carrying amount of the Municipal Court Bond fund was \$382,958 and the bank balance was \$407,425. This fund is maintained separately and is fully insured.

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

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

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>	<u>Credit Rating (*)</u>	<u>Fair Value</u>
STAROhio	<1	AAAm	\$ 366,442
<b>Total Portfolio</b>			<b><u>\$ 366,442</u></b>

\*Credit rating was obtained from Standard and Poor for all investments.

**Interest Rate Risk** - As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within 5 years from the date of purchase, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

NOTE 6: **CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

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

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

***Concentration of Credit Risk*** - The City places no limit on the amount it may invest in any one issuer. The City's investment in STAROhio represents 100 percent of the City's total investments.

Reconciliation of cash, cash equivalents, and investments are as follows:

	<u>Cash &amp; Cash</u> <u>Equivalents*</u>	<u>Investments</u>
Per Combined Balance Sheet	\$ 6,870,005	\$ 22,149
Certificates of Deposit (with maturities of more than 3 months)	22,149	(22,149)
Investment:		
STAROhio	<u>(366,442)</u>	<u>366,442</u>
Per GASB Statement No. 3	<u>\$ 6,525,712</u>	<u>\$ 366,442</u>

\* Includes Petty Cash and Cash in segregated accounts.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

**NOTE 7: RECEIVABLES**

Receivables at December 31, 2005 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$19,173 in the general bond retirement fund and \$583,312 in other governmental funds. At December 31, 2005 the amount of delinquent special assessments was \$81,315.

**A. Income Taxes**

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

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general fund and the municipal income tax fund. The general fund receives three-fourths and the municipal income tax fund receives one-fourth of the total income tax revenue.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 7: **RECEIVABLES** (Continued)

**B. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value for capital assets and 23 percent of true value for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

NOTE 7: **RECEIVABLES** (Continued)

**B. Property Taxes** (Continued)

The full tax rate applied to real property for the year ended December 31, 2005 was \$17.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property, upon which 2005 property tax receipts were based, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$250,386,370
Public Utility Tangible Personal Property	11,175,430
Other Real Property	69,466,940
Tangible Personal	<u>27,861,498</u>
Total	<u><u>\$358,890,238</u></u>

**C. Intergovernmental Receivable**

A summary of the intergovernmental receivable follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$ 399,399
Grants	459,218
Homestead and Rollback	268,809
Gasoline Tax	249,774
Auto Registration	57,491
Permissive Tax	<u>2,960</u>
Total	<u><u>\$ 1,437,651</u></u>

NOTE 8: **INTERFUND TRANSFERS**

	<u>Transfers In</u>						<u>Total</u>
	<u>General Fund</u>	<u>General Bond Retirement</u>	<u>Railroad Capital Improvement</u>	<u>Nonmajor Government</u>	<u>Water Revenue Enterprise</u>	<u>Sewer Revenue Enterprise</u>	
<u>Transfers Out:</u>							
General Fund	\$ 0	\$ 0	\$ 0	\$ 225,000	\$ 0	\$ 0	\$ 225,000
Nonmajor Governmental Funds	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>1,618,000</u>	<u>185,000</u>	<u>120,000</u>	<u>2,123,000</u>
Total Transfers In	<u><u>\$ 0</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$1,843,000</u></u>	<u><u>\$ 185,000</u></u>	<u><u>\$ 120,000</u></u>	<u><u>\$ 2,348,000</u></u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 8: **INTERFUND TRANSFERS** (Continued)

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

Recreation Fund	\$ 625,000
Taxable Bond Retirement Fund	350,000
General Improvement Fund	345,000
Safety Capital Improvement Fund	298,000
Sewer Revenue Fund	120,000
Water Revenue Fund	185,000
Bond Retirement Fund	100,000
Railroad Improvement Fund	<u>100,000</u>
Total	<u>\$ 2,123,000</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 9: CAPITAL ASSETS**

A summary of changes in capital assets during 2005 follows:

	Balance 12/31/04 <u>as Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/05</u>
<b>Government Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 4,949,799	\$ 0	\$ 0	\$ 4,949,799
Construction in Progress	<u>20,078,379</u>	<u>2,514,643</u>	<u>(17,677,079)</u>	<u>4,915,943</u>
<i>Total Capital Not Being Depreciated</i>	<u>25,028,178</u>	<u>2,514,643</u>	<u>(17,677,079)</u>	<u>9,865,742</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	7,331,081	35,678	0	7,366,759
Buildings	14,096,789	140,069	0	14,236,858
Building Improvements	16,924,905	1,280,751	(7,500)	18,198,156
Machinery and Equipment	4,138,223	231,873	(315,401)	4,054,695
Furniture and Fixtures	791,721	0	0	791,721
Vehicles	720,605	516,873	(52,347)	1,185,131
Infrastructure:				
Bridges	1,263,496	6,992,350	0	8,255,846
Roads	15,683,170	12,089,617	0	27,772,787
Sidewalks	206,704	18,170	0	224,874
Traffic Signals	<u>1,575,348</u>	<u>70,741</u>	<u>0</u>	<u>1,646,089</u>
<i>Total Capital Assets Being Depreciated</i>	<u>62,732,042</u>	<u>21,376,122</u>	<u>(375,248)</u>	<u>83,732,916</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(3,483,964)	(430,227)	0	(3,914,191)
Buildings	(5,334,049)	(337,817)	0	(5,671,867)
Building Improvements	(8,550,920)	(1,072,948)	5,625	(9,618,243)
Machinery and Equipment	(2,787,502)	(255,803)	315,401	(2,727,904)
Furniture and Fixtures	(589,558)	(50,487)	0	(640,045)
Vehicles	(717,245)	(86,926)	52,347	(751,823)
Infrastructure:				
Bridges	(268,612)	(143,999)	0	(412,611)
Roads	(9,307,739)	(1,080,018)	0	(10,387,757)
Sidewalks	(56,099)	(10,789)	0	(66,888)
Traffic Signals	<u>(78,767)</u>	<u>(52,955)</u>	<u>0</u>	<u>(131,722)</u>
<i>Total Accumulated Depreciation</i>	<u>(31,174,455)</u>	<u>(3,521,969)</u>	<u>373,373</u>	<u>(34,323,051)</u>
<i>Total Capital Assets Being Depreciated, ,Net</i>	<u>31,557,587</u>	<u>17,854,153</u>	<u>(1,875)</u>	<u>49,409,865</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 56,585,765</u>	<u>\$ 20,368,796</u>	<u>\$(17,678,954)</u>	<u>\$59,275,607</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

NOTE 9: **CAPITAL ASSETS** (Continued)

	Balance 12/31/04 as Restated	Additions	Deletions	Balance 12/31/05
<b><u>Business-Type Activities</u></b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 93,181	\$ 0	\$ 0	\$ 93,181
Construction in Progress	<u>7,432,667</u>	<u>0</u>	<u>(7,432,667)</u>	<u>0</u>
<i>Total Capital Not Being Depreciated</i>	<u>7,525,848</u>	<u>0</u>	<u>(7,432,667)</u>	<u>93,181</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	855,664	36,730	0	892,394
Buildings	2,997,906	0	0	2,997,906
Building Improvements	36,180	0	0	36,180
Machinery and Equipment	1,738,356	311,061	(30,334)	2,019,083
Vehicles	23,559	0	0	23,559
Infrastructure:				
Water Lines	3,381,878	618,293	0	4,000,171
Storm Sewers	2,998,971	7,308,489	0	10,307,460
Sanitary Sewers	<u>4,451,156</u>	<u>3,357,525</u>	<u>0</u>	<u>7,808,681</u>
<i>Total Capital Assets Being Depreciated</i>	<u>16,483,670</u>	<u>11,632,098</u>	<u>(30,334)</u>	<u>28,085,434</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(265,842)	(59,727)	0	(325,569)
Buildings	(1,561,594)	(66,824)	0	(1,628,418)
Building Improvements	(36,180)	0	0	(36,180)
Machinery and Equipment	(1,233,984)	(61,062)	30,334	(1,264,712)
Vehicles	(13,149)	(3,366)	0	(16,515)
Infrastructure:				
Water Lines	(1,064,558)	(69,494)	0	(1,134,052)
Storm Sewers	(602,393)	(166,473)	0	(768,866)
Sanitary Sewers	<u>(962,625)</u>	<u>(118,926)</u>	<u>0</u>	<u>(1,081,551)</u>
<i>Total Accumulated Depreciation</i>	<u>(5,740,325)</u>	<u>(545,872)</u>	<u>30,334</u>	<u>(6,255,863)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>10,743,345</u>	<u>11,086,226</u>	<u>0</u>	<u>21,829,571</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$18,269,193</u>	<u>\$11,086,226</u>	<u>\$(7,432,667)</u>	<u>\$21,922,752</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

NOTE 9: **CAPITAL ASSETS** (Continued)

\*Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 240,824
Leisure Time Activities	1,894,363
Public Works	60,810
Transportation	1,286,342
General Government	<u>39,630</u>
Total Depreciation Expense	<u>\$3,521,969</u>

NOTE 10: **DEFINED BENEFIT PENSION PLANS**

A. **Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional and Combined Plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent, of their annual covered salaries. The City's contribution rate for 2005 was 13.55 percent of covered payroll, 9.55 percent to fund the pension and 4.0 percent to fund health care. The contribution rates are determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions to OPERS for the years ended December 31, 2005, 2004 and 2003 were \$832,561, \$780,607, and \$799,050 respectively, which were equal to the required contributions for each year.

B. **Ohio Police and Fire Pension Fund**

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

Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$394,388 and \$408,234 for the year ended December 31, 2005, \$280,246 and \$274,619 for the year ended December 31, 2004 and \$239,319 and \$256,961 for the year ended December 31, 2003, equal to the required contributions for each year. The full amount has been contributed for 2003. 75.3 percent and 100 percent has been contributed for 2005 and 2004 respectively with the remainder being reported as a liability.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

**NOTE 11: POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the Retirement System is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care through their contributions to OPERS. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investment of 8.0 percent. An annual increase of 4.0 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase between 1.0 and 6.0 percent annually for the next eight years and 4.0 percent annually after eight years. All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 11: **POSTEMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The City's actual contributions for 2005, which were used to fund postemployment benefits, were \$245,774. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability fund and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

B. **Ohio Police and Fire Pension Fund**

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 11: **POSTEMPLOYMENT BENEFITS** (Continued)

**B. Ohio Police and Fire Pension Fund** (Continued)

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$156,744 for police and \$131,826 for fire. The OP&F's total health care expenses for the year ended December 31, 2004, (the latest actuarial information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of participants eligible to receive health care benefits as of December 31, 2004, (the latest actuarial information available) was 13,812 for police and 10,528 for firefighters.

NOTE 12: **COMPENSATED ABSENCES**

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

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

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 13: LONG-TERM OBLIGATIONS**

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

	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
<b>General Obligation Bonds</b>				
Waterworks Bonds	1993	2007	4.68%	\$ 3,098,475
1993 Various Purpose Bonds	1993	2013	4.68%	2,878,603
1999 Various Purpose Bonds	1999	2018	5.35%	7,785,000
2004 Various Purpose Refunding Bonds	2004	2012	2.00%	3,025,000
<b>Urban Renewal Bonds</b>				
First Avenue Community Bonds	2004	2012	2.00%	1,205,000
First Avenue Community Bonds	1992	2013	4.68%	650,000
<b>OPWC Loans</b>				
Sewer	2005	2025	0%	370,069
<b>OWDA Loans</b>				
Sewer	1994	2014	4.56%	465,000
Water	1994	2014	6.72%	1,135,000
Sewer	1997	2022	6.11%	700,000
Sewer	1998	2008	5.78%	225,000
Water	1998	2008	5.76%	100,000
Sewer	1999	2019	5.58%	725,000
Water	2000	2014	5.50%	550,000
Water	2000	2009	5.50%	175,000
Sewer	2004	2034	4.66%	1,200,000
Sewer	2005	2036	3.75%	700,000

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 13: LONG-TERM OBLIGATIONS** (Continued)

A schedule of changes in long-term obligations of the City during 2005 follows:

	Balance at 12/31/04	Increase	Decrease	Balance at 12/31/05	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>General Obligation Bonds</i>					
Waterworks Bonds	\$ 293,346	\$ 0	\$ (110,323)	\$ 183,023	\$ 97,267
1993 Various Purpose Bonds	1,215,000	0	(135,000)	1,080,000	145,000
1999 Various Purpose Bonds	6,010,000	0	(205,000)	5,805,000	210,000
2004 Various Purpose Refunding Bonds	<u>2,855,000</u>	<u>0</u>	<u>(395,000)</u>	<u>2,460,000</u>	<u>400,000</u>
Total General Obligation Bonds	<u>10,373,346</u>	<u>0</u>	<u>(845,323)</u>	<u>9,528,023</u>	<u>852,267</u>
<i>Urban Renewal Bonds</i>					
First Avenue Community Bonds	1,145,000	0	(90,000)	1,055,000	135,000
First Avenue Community Bonds	<u>375,000</u>	<u>0</u>	<u>(35,000)</u>	<u>340,000</u>	<u>35,000</u>
Total Urban Renewal Bonds	<u>1,520,000</u>	<u>0</u>	<u>(125,000)</u>	<u>1,395,000</u>	<u>170,000</u>
<i>Taxable Bonds</i>					
Cleveland Browns City Portion	<u>322,333</u>	<u>0</u>	<u>(322,333)</u>	<u>0</u>	<u>0</u>
<i>Other Long-Term Liabilities</i>					
Notes Payable	5,800,000	7,600,000	(7,600,000)	5,800,000	5,800,000
Capital Lease Obligations:					
Street Sweeper	0	170,604	0	170,604	31,092
Compensated Absences	1,035,227	135,458	(53,362)	1,117,323	140,484
Police and Fire Pension Liability	<u>251,339</u>	<u>0</u>	<u>(4,131)</u>	<u>247,208</u>	<u>3,732</u>
Total	<u>7,086,566</u>	<u>7,906,062</u>	<u>(7,657,493)</u>	<u>7,335,135</u>	<u>5,975,308</u>
<b>Total Governmental Activities</b>	<u>19,302,245</u>	<u>7,906,062</u>	<u>(8,950,149)</u>	<u>18,258,158</u>	<u>6,997,575</u>
<i>Business-Type Activities</i>					
OWDA Loans:					
Sewer	284,049	0	(22,994)	261,055	24,055
Water	745,799	0	(54,698)	691,101	58,374
Sewer	594,202	0	(19,027)	575,175	20,189
Sewer	105,046	0	(24,134)	80,912	25,500
Water	46,687	0	(10,726)	35,961	11,333
Sewer	579,512	0	(27,100)	552,412	28,601
Water	414,067	0	(31,954)	382,113	33,755
Water	99,423	0	(17,765)	81,658	18,767
Sewer	611,079	588,969	(18,967)	1,181,081	19,861
Sewer	<u>0</u>	<u>700,000</u>	<u>0</u>	<u>700,000</u>	<u>0</u>
Total OWDA Loans	<u>3,479,864</u>	<u>1,288,969</u>	<u>(227,365)</u>	<u>4,541,468</u>	<u>240,435</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR DECEMBER 31, 2005**  
**(CONTINUED)**

NOTE 13: **LONG-TERM OBLIGATIONS** (Continued)

	<u>Balance</u> 12/31/04	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 12/31/05	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<i>Business-Type Activities:</i>					
Capital Lease Obligation:					
Sewer Cleaner	\$ 0	\$ 205,797	\$ 0	\$ 205,797	\$ 36,727
Bobcat	0	50,934	0	50,934	8,093
OPWC:					
Sewer	0	370,069	0	370,069	9,252
Taxable Bonds:					
Cleveland Browns -					
Cleveland Brown's Portion	1,673,666	0	(1,673,666)	0	0
Compensated Absences	<u>86,657</u>	<u>11,500</u>	<u>0</u>	<u>98,157</u>	<u>3,810</u>
<b>Total Business-Type Activities</b>	<u>5,240,187</u>	<u>1,927,269</u>	<u>(1,901,031)</u>	<u>5,266,425</u>	<u>298,317</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 24,542,432</u>	<u>\$ 9,833,331</u>	<u>\$(10,851,180)</u>	<u>\$ 23,524,583</u>	<u>\$ 7,295,892</u>

**General Obligation Bonds** - General obligations bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The general obligation bonds will be retired from the general obligation debt service fund. The general obligation bonds outstanding as of December 31, 2005 are to be repaid from both voted and unvoted property taxes levied on all taxable property located within the City, municipal income taxes, and transfers from the water revenue fund for exempt properties. Exempt properties include organizations exempt from taxation, such as colleges and churches, as well as property outside the City's jurisdiction who are provided water services from the City. The City assesses these exempt properties through a surcharge on their water bills to pay for the debt.

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

**Taxable Bonds** - The taxable municipal bonds were used for the construction of an office and training facility, which is owned by the City and leased to the Cleveland Browns. The Cleveland Browns are responsible for \$1,673,666 of the bonds, reported in the Cleveland Browns enterprise fund, and the City is responsible for \$322,333 of the bonds. The \$1,673,666 bond reduction was paid by the Cleveland Browns and was fully paid in 2005.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**  
**(CONTINUED)**

---

---

NOTE 13: **LONG-TERM OBLIGATIONS** (Continued)

***Bond Anticipation Notes Payable*** - All notes are backed by the full faith and credit of the City and mature within one year. Notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

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

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

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

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

The City's overall legal debt margin unused was \$22,729,991 at December 31, 2005. Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2005 are as follows:

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 13: LONG-TERM OBLIGATIONS** (Continued)

**Governmental Activities**

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Urban Renewal Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 852,267	\$ 845,076	\$ 170,000	\$ 51,525	\$ 1,022,267	\$ 896,601
2007	865,756	832,339	175,000	47,031	1,040,756	879,370
2008	745,000	380,134	180,000	42,088	925,000	422,222
2009	850,000	349,363	190,000	35,838	1,040,000	385,201
2010	880,000	313,306	200,000	28,538	1,080,000	341,844
2011-2015	3,545,000	969,487	480,000	34,907	4,025,000	1,004,394
2016-2020	<u>1,790,000</u>	<u>194,473</u>	<u>0</u>	<u>0</u>	<u>1,790,000</u>	<u>194,473</u>
Total	<u>\$ 9,528,023</u>	<u>\$ 3,884,178</u>	<u>\$ 1,395,000</u>	<u>\$ 239,927</u>	<u>\$ 10,923,023</u>	<u>\$ 4,124,105</u>

**Business-Type Activities**

<u>Year</u>	<u>OWDA</u>		<u>OPWC</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	
2006	\$ 240,435	\$ 155,504	\$ 9,252	\$ 249,687	\$ 155,504	
2007	267,204	142,643	18,504	285,708	142,643	
2008	282,335	128,948	18,504	300,839	128,948	
2009	254,886	114,481	18,504	273,390	114,481	
2010	245,982	101,936	18,504	264,486	101,936	
2011-2015	1,260,590	310,587	92,520	1,353,110	310,587	
2016-2020	660,304	94,011	92,520	752,824	94,011	
2021-2025	436,436	9,367	92,520	528,956	9,367	
2026-2030	415,502	0	9,241	424,743	0	
2031-2035	439,825	0	0	439,825	0	
2036	<u>37,969</u>	<u>0</u>	<u>0</u>	<u>37,969</u>	<u>0</u>	
Total	<u>\$ 4,541,468</u>	<u>\$ 1,057,477</u>	<u>\$ 370,069</u>	<u>\$ 4,911,537</u>	<u>\$ 1,057,477</u>	

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 14: CAPITAL LEASES**

In 2005, the City entered into a Capital Lease Agreement for a 2005 street sweeper, 2005 Sewer Jet and a 2005 Bobcat which requires monthly installments of principal and interest of \$39,025, \$48,457 and \$11,843 respectively through December 2010. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	Street Sweeper	Sewer Jet	Bobcat
Asset:			
Machinery and Equipment	\$ 195,125	\$ 242,285	\$ 59,215
Less: Accumulated Depreciation	<u>(4,878)</u>	<u>(6,057)</u>	<u>(1,480)</u>
Total	<u>\$ 190,247</u>	<u>\$ 236,228</u>	<u>\$ 57,735</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	Street Sweeper	Sewer Jet	Bobcat
Year Ending December 31:			
2006	\$ 39,025	\$ 48,457	\$ 11,843
2007	39,025	48,457	11,843
2008	39,025	48,457	11,843
2009	39,025	48,457	11,843
2010	<u>39,025</u>	<u>48,457</u>	<u>11,843</u>
Minimum Lease Payment	195,125	242,285	59,215
Less: Amount Representing Interest	<u>(24,521)</u>	<u>(36,488)</u>	<u>(8,281)</u>
Present Value of Net Lease Payments	<u>\$ 170,604</u>	<u>\$ 205,797</u>	<u>\$ 50,934</u>

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 15: OPERATING LEASES - LESSOR DISCLOSURE**

The City entered into a lease agreement in 1990 for the rental of an office and training facility with the Cleveland Browns, which for accounting purposes is reported as an operating lease. The Cleveland Browns are responsible under the lease to assume all cost of maintenance and liability insurance, including major repairs and improvements. The facility, constructed by the City on City-owned land, is the property of the City. The cost of land improvements were paid for by the Cleveland Browns, and the improvements are the property of the City.

The facility and land improvements were funded through taxable urban renewal bonds for \$10,000,000 and approximately \$5,500,000 from the Cleveland Browns. The City's original portion of the \$10,000,000 taxable bonds is \$2,496,349 plus interest and is paid out of the General Fund's non-tax revenues. The Browns' original portion of the taxable bonds is \$7,503,651. As of December 31, 2005, the City's portion of the debt is paid off. The City is not responsible for repaying the Browns' portion of the debt; however, due to provisions in the office and training facility lease agreement, the City may pay on the debt if it chooses, although the City has no legal obligation to do so. The bond payments are to be paid to a trustee who is responsible for principal and interest payments to the holders of the bonds.

The City leases building space under leases that are considered cancelable by either party. A summary of the carrying value of each asset, and the amount of lease payments that came due during the period, including outstanding amounts is summarized below. Outstanding lease payments are reported as "Accounts Receivable" within the basic financial statements.

<u>Leased Asset</u>	<u>Asset Carrying Value</u>	<u>2005 Lease Payments Due</u>	<u>2005 Lease Payments Outstanding</u>
Rental Property Lou Groza Boulevard	\$ 66,245	\$ 6,900	\$ 0
Rental Property South Rocky River	<u>10,877</u>	<u>3,000</u>	<u>0</u>
Total	<u>\$ 77,122</u>	<u>\$ 9,900</u>	<u>\$ 0</u>

The City also leases space on its water tower for cellular antennae. The lease revenue due in 2005 amounted to \$76,000. \$1,500 was recorded as a lease payment outstanding as of December 31, 2005, and was recorded as "Accounts Receivable" within the basic financial statements.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

**NOTE 16: RISK MANAGEMENT**

**A. Property and Liability Insurance**

The City of Berea is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1993, the City established a property and liability insurance internal service fund to account for and finance its uninsured and insured risk of loss. Under this program, the property and liability insurance fund provides coverage up to a maximum of \$25,000 for each general liability claim, with stop loss of \$250,000. The City purchases commercial insurance for claims in excess of coverage provided by the fund for all risk of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The general fund, recreation and street maintenance special revenue funds and the water revenue and sewer revenue enterprise funds participate in the program and make payments to the property and liability insurance internal service fund based on estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$15,000 at December 31, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. Changes in the property and liability insurance internal service fund claims liability balance for the years ended 2003, 2004, and 2005 are as follows:

	Balance, January, 1	Current Years Claims	Claim Payments	Balance December 31
2003	\$ 20,572	\$ 34,184	\$ 18,256	\$ 36,500
2004	\$ 36,500	\$ 16,638	\$ 32,638	\$ 20,500
2005	\$ 20,500	\$ 15,772	\$ 21,272	\$ 15,000

**B. Medical Benefits**

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

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

NOTE 16: **RISK MANAGEMENT** (Continued)

**B. Medical Benefits** (Continued)

The City of Berea pays into the self-insurance internal service fund \$1,131 for family coverage and \$507 for single coverage per month. The premium is charged to the fund that records the salary expenditure of the covered employee. The premium is based upon historical cost data provided by the insurance carriers. The claims liability of \$254,274 reported in the medical benefits internal service fund at December 31, 2005 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the medical benefits internal service fund's claims liability amount in 2003, 2004, and 2005 were as follows:

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2003	\$ 140,373	\$ 1,190,721	\$ 1,183,565	\$ 147,529
2004	\$ 147,529	\$ 1,498,892	\$ 1,499,027	\$ 147,394
2005	\$ 147,394	\$ 1,816,900	\$ 1,710,020	\$ 254,274

**C. Workers' Compensation**

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

NOTE 17: **CONTRACTUAL COMMITMENTS**

As of December 31, 2005 the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Remaining On Contracts</u>	<u>Expected Date of Completion</u>
Bagley Road Median Project	\$ 370,901	January 2006
Railroad Underpass	22,174,360	September 2007
South Rocky River	<u>323,155</u>	June 2006
Total	<u>\$ 22,868,416</u>	

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

**NOTE 18: JOINTLY GOVERNED ORGANIZATIONS**

**A. Southwest Council of Governments**

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

The Council has established two subsidiary organizations, the Hazardous Material Response Team (HAZMAT), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2005, the City of Berea contributed \$7,500 to the Council. The Council's financial statements may be obtained by contacting Southwest Council of Governments, Parma Heights, Ohio 44130.

**B. Southwest General Health Center**

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

The Health Center is governed by a Board of Trustees consisting of the following: one member of the legislative body from each of the political subdivisions, one resident from each of the political subdivisions who is not a member of the legislative body, three persons who are residents of any of the participating political subdivisions, the president and the executive vice president of the corporations, and the president and the vice president of the medical staff. The legislative body of each political subdivision elect their own member to serve on the Board of Trustees of the Health Center. The Board exercises total control over the operation of the Health Center including budgeting, appropriating, contracting and designating management. Each City's control is limited to its representation on the Board. In 2005, the City of Berea contributed \$113,496 and \$17,078 of property tax levies to the Health Center and the Tri-City Center respectively.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

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

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

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

**D. Woodvale Union Cemetery**

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

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

The joint council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. Each City's control is limited to its representation on the Joint Council. In 2005 the City of Berea contributed \$7,500 to the Cemetery for operations. Woodvale Union Cemetery reimbursed the City \$25,000 toward the City's costs of renovating and constructing the addition to the cemetery administration building.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

E. **Northeast Ohio Public Energy Council**

The City is member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Berea did not contribute to NOPEC during 2005. Financial information can be obtained by contacting Joseph Migliorini, the Board Chairman, at 175 South Main Street, Akron, Ohio 44308 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

NOTE 19: **CONTINGENCIES**

A. **Litigation**

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

B. **Grants**

The disbursement of funds received under federal and state grants generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any potential disallowed claims resulting from such an audit could become a liability of the City. However, City management believes any such disallowed claims would be immaterial on the overall financial position of the City at December 31, 2005.

**CITY OF BEREA, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(CONTINUED)**

---

---

NOTE 20: **SUBSEQUENT EVENT**

The City entered into a loan agreement with the Ohio EPA and Ohio Water Development Authority for \$6,500,000 for the purpose of implementing capital improvements to the City's Water Plant on January 17, 2006.

**CITY OF BEREA, OHIO**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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

CITY OF BEREA, OHIO

COMBINING STATEMENTS - NONMAJOR FUNDS

---

---

*Nonmajor Special Revenue Funds*

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

**Recreation Fund** - to account for fees collected and income taxes levied for the purpose of paying the costs of acquiring, constructing, improving, operating or maintaining the City's recreational facilities and programs.

**Municipal Income Tax Fund** - to account for the accumulation of income taxes levied.

**State Highway Fund** - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

**Street Maintenance Fund** - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

**Fire Pension Fund** - to accumulate property taxes levied for the payment of current employer contributions for fire disability and pension benefits and the accrued liability.

**Police Pension Fund** - to accumulate property taxes levied for the payment of current employer contributions for police disability and pension benefits and the accrued liability.

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

**Street Lighting Fund** - to account for special assessments levied to pay the costs of street lighting in certain areas of the City.

**Tri-City Senior Center Fund** - to account for a special property tax levied to provide the City's contribution to the Tri-City Senior Center, a nonprofit organization serving the senior citizens of Berea, Brook Park, and Middleburg Heights.

**Community Hospital Fund** - to account for a special property tax levied to provide resources to support a health care facility.

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

**Municipal Vehicle Tax Levy Fund** - to account for the additional motor vehicle registration fees designated for maintenance and repair to streets within the City.

(Continued)

CITY OF BEREA, OHIO

COMBINING STATEMENTS - NONMAJOR FUNDS

---

---

*Nonmajor Special Revenue Funds*

(Continued)

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

**First Offenders Diversion Fund** - to account for court fees, restricted for the operation of the court's First Offenders Program.

**Probation Fund** - to account for court fees, restricted for the operation of the Court Probation Program.

**Indigent Drivers Alcohol Treatment Fund** - to account for the resources obtained from DUI fines and designated, by state statute, for a state approved alcohol treatment program.

**DUI Education Fund** - to account for court fees obtained from DUI cases and restricted by State statute, for expenditures that would enhance DUI education.

**Indigent Driving School Fund** - to account for court fees, restricted for the payment of driving school fees charged to indigent defendants.

**DUS Diversion Fund** - to account for court fees obtained from DUS cases restricted for the operation of the Court's DUS Diversion Program.

**Court Computer Fund** - to account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Clerk of Courts Office.

**Court Computer Research Fund** - to account for court fees, restricted for the use and maintenance of the computers within the Berea Municipal Court, Judge's Office.

**State Highway Patrol Fund** - to account for the resources obtained from state highway fines and designated, by state statute, for expenditures that would enhance the law library.

(Continued)

**CITY OF BEREA, OHIO**

**COMBINING STATEMENTS - NONMAJOR FUNDS**

---

---

***Nonmajor Debt Service Fund***

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

**Taxable Bond Retirement Fund** - to account for resources that are used for the payment of the City's portion of the principal and interest on the Cleveland Browns taxable bond.

***Nonmajor Capital Projects Funds***

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

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

**Safety Capital Improvement Fund** - to account for revenue earmarked for improvements to the Police and Fire Department and the acquisition of capital equipment.

**Recreation Capital Improvement Fund** - to account for monies borrowed or earmarked for capital improvements for recreational purposes.

**CITY OF BEREA, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 987,835	\$ 0	\$ 195,634	\$ 1,183,469
Receivables:				
Taxes	1,466,765	0	0	1,466,765
Accounts	25,067	0	0	25,067
Intergovernmental	355,745	0	370,902	726,647
Special Assessments	583,312	0	0	583,312
Prepaid Items	474	0	0	474
Materials and Supplies Inventory	71,952	0	0	71,952
<b>Total Assets</b>	<b><u>\$ 3,491,150</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 566,536</u></b>	<b><u>\$ 4,057,686</u></b>
<b><u>Liabilities</u></b>				
Accounts Payable	84,108	0	182,238	266,346
Accrued Wages and Benefits Payable	31,919	0	0	31,919
Intergovernmental Payable	49,437	0	0	49,437
Deferred Revenue	1,999,829	0	0	1,999,829
<b>Total Liabilities</b>	<b><u>2,165,293</u></b>	<b><u>0</u></b>	<b><u>182,238</u></b>	<b><u>2,347,531</u></b>
<b><u>Fund Balances</u></b>				
Reserved for Encumbrances	33,472	0	8,678	42,150
Reserved for Inventory	71,952	0	0	71,952
Reserved for Prepays	474	0	0	474
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,219,959	0	0	1,219,959
Capital Projects Funds	0	0	375,620	375,620
<b>Total Fund Balances</b>	<b><u>1,325,857</u></b>	<b><u>0</u></b>	<b><u>384,298</u></b>	<b><u>1,710,155</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,491,150</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 566,536</u></b>	<b><u>\$ 4,057,686</u></b>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 742,470	\$ 0	\$ 0	\$ 742,470
Income Taxes	2,322,765	0	0	2,322,765
Intergovernmental	687,379	0	551,681	1,239,060
Special Assessments	551,042	0	0	551,042
Charges for Services	306,124	0	1,900	308,024
Fines and Forfeitures	490,951	0	0	490,951
Interest	41	0	0	41
Miscellaneous	1,147	0	384,482	385,629
<b>Total Revenues</b>	<u>5,101,919</u>	<u>0</u>	<u>938,063</u>	<u>6,039,982</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,359,616	0	170,604	1,530,220
Public Health and Welfare	130,574	0	0	130,574
Leisure Time Activities	914,279	0	0	914,279
Transportation	787,638	0	0	787,638
General Government	661,696	0	0	661,696
Capital Outlay	0	0	2,582,211	2,582,211
Debt Service:				
Principal Retirement	0	322,333	0	322,333
Interest and Fiscal Charges	0	27,667	0	27,667
<b>Total Expenditures</b>	<u>3,853,803</u>	<u>350,000</u>	<u>2,752,815</u>	<u>6,956,618</u>
Excess of Revenues Over (Under) Expenditures	<u>1,248,116</u>	<u>(350,000)</u>	<u>(1,814,752)</u>	<u>(916,636)</u>
<b>Other Financing Sources (Uses)</b>				
Capital Leases	0	0	170,604	170,604
Transfers In	850,000	350,000	643,000	1,843,000
Transfers Out	<u>(2,123,000)</u>	<u>0</u>	<u>0</u>	<u>(2,123,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,273,000)</u>	<u>350,000</u>	<u>813,604</u>	<u>(109,396)</u>
Net Change in Fund Balances	(24,884)	0	(1,001,148)	(1,026,032)
Fund Balances Beginning of Year, Restated	<u>1,350,741</u>	<u>0</u>	<u>1,385,446</u>	<u>2,736,187</u>
<b>Fund Balances End of Year</b>	<u>\$ 1,325,857</u>	<u>\$ 0</u>	<u>\$ 384,298</u>	<u>\$ 1,710,155</u>

**CITY OF BEREA, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2005**

	<u>Recreation</u>	<u>Municipal Income Tax</u>	<u>State Highway</u>	<u>Street Maintenance</u>	<u>Fire Pension</u>	<u>Police Pension</u>
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 19,779	\$ 208,933	\$ 5,220	\$ 25,179	\$ 12,286	\$ 9,144
Receivables:						
Taxes	0	637,242	0	0	351,459	351,459
Accounts	0	0	0	0	0	0
Intergovernmental	0	0	23,045	284,220	19,286	19,286
Special Assessments	0	0	0	0	0	0
Prepaid Items	474	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	71,952	0	0
<b>Total Assets</b>	<b><u>\$ 20,253</u></b>	<b><u>\$ 846,175</u></b>	<b><u>\$ 28,265</u></b>	<b><u>\$ 381,351</u></b>	<b><u>\$ 383,031</u></b>	<b><u>\$ 379,889</u></b>
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 21,976	\$ 0	\$ 0	\$ 3,831	\$ 0	\$ 0
Accrued Wages and Benefits Payable	11,534	0	0	10,985	0	0
Intergovernmental Payable	20,778	0	0	19,041	0	0
Deferred Revenue	0	320,905	23,045	276,252	370,745	370,745
<b>Total Liabilities</b>	<b><u>54,288</u></b>	<b><u>320,905</u></b>	<b><u>23,045</u></b>	<b><u>310,109</u></b>	<b><u>370,745</u></b>	<b><u>370,745</u></b>
<b><u>Fund Balances</u></b>						
Reserved for Encumbrances	1,748	0	0	2,586	0	0
Reserved for Inventory	0	0	0	71,952	0	0
Reserved for Prepays	474	0	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>(36,257)</u>	<u>525,270</u>	<u>5,220</u>	<u>(3,296)</u>	<u>12,286</u>	<u>9,144</u>
<b>Total Fund Balances (Deficit)</b>	<b><u>(34,035)</u></b>	<b><u>525,270</u></b>	<b><u>5,220</u></b>	<b><u>71,242</u></b>	<b><u>12,286</u></b>	<b><u>9,144</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 20,253</u></b>	<b><u>\$ 846,175</u></b>	<b><u>\$ 28,265</u></b>	<b><u>\$ 381,351</u></b>	<b><u>\$ 383,031</u></b>	<b><u>\$ 379,889</u></b>

(Continued)

**CITY OF BEREA, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2005**

	<u>DARE Grant</u>	<u>Street Lighting</u>	<u>Tri-City Senior Center</u>	<u>Community Hospital</u>	<u>Community Development Block Grant</u>	<u>Municipal Vehicle Tax Levy</u>
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 19,368	\$ 283,799	\$ 1,100	\$ 7,155	\$ 3,671	\$ 2,568
Receivables:						
Taxes	0	0	17,095	109,510	0	0
Accounts	0	0	0	0	0	0
Intergovernmental	0	0	938	6,009	0	2,961
Special Assessments	0	583,312	0	0	0	0
Prepaid Items	0	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0	0
<b>Total Assets</b>	<u>\$ 19,368</u>	<u>\$ 867,111</u>	<u>\$ 19,133</u>	<u>\$ 122,674</u>	<u>\$ 3,671</u>	<u>\$ 5,529</u>
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 0	\$ 33,653	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0	0
Deferred Revenue	0	504,585	18,033	115,519	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>538,238</u>	<u>18,033</u>	<u>115,519</u>	<u>0</u>	<u>0</u>
<b><u>Fund Balances</u></b>						
Reserved for Encumbrances	0	0	0	0	0	0
Reserved for Inventory	0	0	0	0	0	0
Reserved for Prepaids	0	0	0	0	0	0
Unreserved, Undesignated (Deficit)	19,368	328,873	1,100	7,155	3,671	5,529
<b>Total Fund Balances (Deficit)</b>	<u>19,368</u>	<u>328,873</u>	<u>1,100</u>	<u>7,155</u>	<u>3,671</u>	<u>5,529</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 19,368</u>	<u>\$ 867,111</u>	<u>\$ 19,133</u>	<u>\$ 122,674</u>	<u>\$ 3,671</u>	<u>\$ 5,529</u>

(Continued)

**CITY OF BEREA, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2005**

	<u>Law Enforcement</u>	<u>First Offenders Diversion</u>	<u>Probation</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>DUI Education</u>
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 936	\$ 2,910	\$ 22,859	\$ 49,833	\$ 2,802
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	20,738	0	0
Intergovernmental	0	0	0	0	0
Special Assessments	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Materials and Supplies Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u>\$ 936</u>	<u>\$ 2,910</u>	<u>\$ 43,597</u>	<u>\$ 49,833</u>	<u>\$ 2,802</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 2,781	\$ 0
Accrued Wages and Benefits Payable	0	0	9,400	0	0
Intergovernmental Payable	0	0	9,618	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>19,018</u>	<u>2,781</u>	<u>0</u>
<b><u>Fund Balances</u></b>					
Reserved for Encumbrances	0	0	1,736	4,734	0
Reserved for Inventory	0	0	0	0	0
Reserved for Prepaids	0	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>936</u>	<u>2,910</u>	<u>22,843</u>	<u>42,318</u>	<u>2,802</u>
<b>Total Fund Balances (Deficit)</b>	<u>936</u>	<u>2,910</u>	<u>24,579</u>	<u>47,052</u>	<u>2,802</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 936</u>	<u>\$ 2,910</u>	<u>\$ 43,597</u>	<u>\$ 49,833</u>	<u>\$ 2,802</u>

(Continued)

**CITY OF BEREA, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**DECEMBER 31, 2005**

	<u>Indigent Driving School</u>	<u>DUS Diversion</u>	<u>Court Computer</u>	<u>Court Computer Research</u>	<u>State Highway Patrol</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 178	\$ 5,635	\$ 113,067	\$ 190,838	\$ 575	\$ 987,835
Receivables:						
Taxes	0	0	0	0	0	1,466,765
Accounts	0	0	4,329	0	0	25,067
Intergovernmental	0	0	0	0	0	355,745
Special Assessments	0	0	0	0	0	583,312
Prepaid Items	0	0	0	0	0	474
Materials and Supplies Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>71,952</u>
<b>Total Assets</b>	<u>\$ 178</u>	<u>\$ 5,635</u>	<u>\$ 117,396</u>	<u>\$ 190,838</u>	<u>\$ 575</u>	<u>\$ 3,491,150</u>
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 21,867	\$ 0	\$ 84,108
Accrued Wages and Benefits Payable	0	0	0	0	0	31,919
Intergovernmental Payable	0	0	0	0	0	49,437
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,999,829</u>
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,867</u>	<u>0</u>	<u>2,165,293</u>
<b><u>Fund Balances</u></b>						
Reserved for Encumbrances	0	0	4,314	18,354	0	33,472
Reserved for Inventory	0	0	0	0	0	71,952
Reserved for Prepaids	0	0	0	0	0	474
Unreserved, Undesignated (Deficit)	<u>178</u>	<u>5,635</u>	<u>113,082</u>	<u>150,617</u>	<u>575</u>	<u>1,219,959</u>
Total Fund Balances (Deficit)	<u>178</u>	<u>5,635</u>	<u>117,396</u>	<u>168,971</u>	<u>575</u>	<u>1,325,857</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 178</u>	<u>\$ 5,635</u>	<u>\$ 117,396</u>	<u>\$ 190,838</u>	<u>\$ 575</u>	<u>\$ 3,491,150</u>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Recreation</u>	<u>Municipal Income Tax</u>	<u>State Highway</u>	<u>Street Maintenance</u>	<u>Fire Pension</u>	<u>Police Pension</u>
<b>Revenues</b>						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312,216	\$ 312,217
Income Taxes	0	2,322,765	0	0	0	0
Intergovernmental	0	0	38,685	485,086	45,601	45,600
Charges for Services	306,124	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Other	1,147	0	0	0	0	0
<b>Total Revenues</b>	<u>307,271</u>	<u>2,322,765</u>	<u>38,685</u>	<u>485,086</u>	<u>357,817</u>	<u>357,817</u>
<b>Expenditures</b>						
Current:						
Security of Persons and Property	712	0	0	0	406,123	401,117
Public Health and Welfare	0	0	0	0	0	0
Leisure Time Activities	914,279	0	0	0	0	0
Transportation	0	0	48,000	704,638	0	0
General Government	0	68,307	0	0	0	0
<b>Total Expenditures</b>	<u>914,991</u>	<u>68,307</u>	<u>48,000</u>	<u>704,638</u>	<u>406,123</u>	<u>401,117</u>
Excess of Revenues Over (Under) Expenditures	<u>(607,720)</u>	<u>2,254,458</u>	<u>(9,315)</u>	<u>(219,552)</u>	<u>(48,306)</u>	<u>(43,300)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	625,000	0	0	125,000	50,000	50,000
Transfers Out	0	(2,123,000)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>625,000</u>	<u>(2,123,000)</u>	<u>0</u>	<u>125,000</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balances	17,280	131,458	(9,315)	(94,552)	1,694	6,700
Fund Balances (Deficit) Beginning of Year	<u>(51,315)</u>	<u>393,812</u>	<u>14,535</u>	<u>165,794</u>	<u>10,592</u>	<u>2,444</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ (34,035)</u>	<u>\$ 525,270</u>	<u>\$ 5,220</u>	<u>\$ 71,242</u>	<u>\$ 12,286</u>	<u>\$ 9,144</u>

(Continued)

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>DARE Grant</u>	<u>Street Lighting</u>	<u>Tri-City Senior Center</u>	<u>Community Hospital</u>	<u>Community Development Block Grant</u>	<u>Municipal Vehicle Tax Levy</u>
<b>Revenues</b>						
Property Taxes	\$ 0	\$ 0	\$ 15,587	\$ 102,450	\$ 0	\$ 0
Income Taxes	0	0	0	0	0	0
Intergovernmental	19,368	0	2,317	15,464	0	33,983
Charges for Services	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Special Assessments	0	551,042	0	0	0	0
Interest	0	0	0	0	0	41
Other	0	0	0	0	0	0
<b>Total Revenues</b>	<u>19,368</u>	<u>551,042</u>	<u>17,904</u>	<u>117,914</u>	<u>0</u>	<u>34,024</u>
<b>Expenditures</b>						
Current:						
Security of Persons and Property	17,756	527,284	0	0	0	0
Public Health and Welfare	0	0	17,078	113,496	0	0
Leisure Time Activities	0	0	0	0	0	0
Transportation	0	0	0	0	0	35,000
General Government	0	0	0	0	0	0
<b>Total Expenditures</b>	<u>17,756</u>	<u>527,284</u>	<u>17,078</u>	<u>113,496</u>	<u>0</u>	<u>35,000</u>
Excess of Revenues Over (Under) Expenditures	<u>1,612</u>	<u>23,758</u>	<u>826</u>	<u>4,418</u>	<u>0</u>	<u>(976)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,612	23,758	826	4,418	0	(976)
Fund Balances (Deficit) Beginning of Year	<u>17,756</u>	<u>305,115</u>	<u>274</u>	<u>2,737</u>	<u>3,671</u>	<u>6,505</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 19,368</u>	<u>\$ 328,873</u>	<u>\$ 1,100</u>	<u>\$ 7,155</u>	<u>\$ 3,671</u>	<u>\$ 5,529</u>

(Continued)

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Law Enforcement	First Offenders Diversion	Probation	Indigent Drivers Alcohol Treatment	DUI Education
<b>Revenues</b>					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Income Taxes	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Charges for Services	0	0	0	0	0
Fines and Forfeitures	1,324	7,600	289,505	41,137	1,175
Special Assessments	0	0	0	0	0
Interest	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Revenues</b>	<u>1,324</u>	<u>7,600</u>	<u>289,505</u>	<u>41,137</u>	<u>1,175</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	6,522	0	0	0	102
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	20,000	299,210	25,694	0
<b>Total Expenditures</b>	<u>6,522</u>	<u>20,000</u>	<u>299,210</u>	<u>25,694</u>	<u>102</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,198)</u>	<u>(12,400)</u>	<u>(9,705)</u>	<u>15,443</u>	<u>1,073</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(5,198)	(12,400)	(9,705)	15,443	1,073
Fund Balances Beginning of Year	<u>6,134</u>	<u>15,310</u>	<u>34,284</u>	<u>31,609</u>	<u>1,729</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 936</u>	<u>\$ 2,910</u>	<u>\$ 24,579</u>	<u>\$ 47,052</u>	<u>\$ 2,802</u>

(Continued)

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Indigent Driver's School	DUS Diversion	Court Computer	Court Computer Research	State Highway Patrol	Total Nonmajor Special Revenue Funds
<b>Revenues</b>						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 742,470
Income Taxes	0	0	0	0	0	2,322,765
Intergovernmental	0	0	1,275	0	0	687,379
Charges for Services	0	0	0	0	0	306,124
Fines and Forfeitures	695	21,544	84,842	37,484	5,645	490,951
Special Assessments	0	0	0	0	0	551,042
Interest	0	0	0	0	0	41
Miscellaneous	0	0	0	0	0	1,147
<b>Total Revenues</b>	<u>695</u>	<u>21,544</u>	<u>86,117</u>	<u>37,484</u>	<u>5,645</u>	<u>5,101,919</u>
<b>Expenditures</b>						
Current:						
Security of Persons and Property	0	0	0	0	0	1,359,616
Public Health and Welfare	0	0	0	0	0	130,574
Leisure Time Activities	0	0	0	0	0	914,279
Transportation	0	0	0	0	0	787,638
General Government	3,430	20,000	117,695	101,622	5,738	661,696
<b>Total Expenditures</b>	<u>3,430</u>	<u>20,000</u>	<u>117,695</u>	<u>101,622</u>	<u>5,738</u>	<u>3,853,803</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,735)</u>	<u>1,544</u>	<u>(31,578)</u>	<u>(64,138)</u>	<u>(93)</u>	<u>1,248,116</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	0	850,000
Transfers Out	0	0	0	0	0	(2,123,000)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,273,000)</u>
Net Change in Fund Balances	(2,735)	1,544	(31,578)	(64,138)	(93)	(24,884)
Fund Balances (Deficit) Beginning of Year	<u>2,913</u>	<u>4,091</u>	<u>148,974</u>	<u>233,109</u>	<u>668</u>	<u>1,350,741</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 178</u>	<u>\$ 5,635</u>	<u>\$ 117,396</u>	<u>\$ 168,971</u>	<u>\$ 575</u>	<u>\$ 1,325,857</u>

**CITY OF BEREА, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2005**

	<u>General Improvement</u>	<u>Safety Capital Improvement</u>	<u>Recreation Capital Improvement</u>	<u>Total Nonmajor Capital Projects</u>
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 192,552	\$ 1,671	\$ 1,411	\$ 195,634
Receivables:				
Intergovernmental	<u>370,902</u>	<u>0</u>	<u>0</u>	<u>370,902</u>
<b>Total Assets</b>	<u>\$ 563,454</u>	<u>\$ 1,671</u>	<u>\$ 1,411</u>	<u>\$ 566,536</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 182,238	\$ 0	\$ 0	\$ 182,238
<b>Total Liabilities</b>	<u>182,238</u>	<u>0</u>	<u>0</u>	<u>182,238</u>
<b><u>Fund Balances</u></b>				
Reserved for Encumbrances	8,530	0	148	8,678
Unreserved, Undesignated	<u>372,686</u>	<u>1,671</u>	<u>1,263</u>	<u>375,620</u>
<b>Total Fund Balances (Deficit)</b>	<u>381,216</u>	<u>1,671</u>	<u>1,411</u>	<u>384,298</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 563,454</u>	<u>\$ 1,671</u>	<u>\$ 1,411</u>	<u>\$ 566,536</u>

**CITY OF BEREА, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General Improvement</u>	<u>Safety Capital Improvement</u>	<u>Recreation Capital Improvement</u>	<u>Total Nonmajor Capital Projects</u>
<b><u>Revenues</u></b>				
Intergovernmental	\$ 551,681	\$ 0	\$ 0	\$ 551,681
Charges for Services	0	1,900	0	1,900
Other	<u>376,877</u>	<u>0</u>	<u>7,605</u>	<u>384,482</u>
<b>Total Revenues</b>	<u>928,558</u>	<u>1,900</u>	<u>7,605</u>	<u>938,063</u>
<b><u>Expenditures</u></b>				
Security of Persons and Property	170,604	0	0	170,604
Capital Outlay	<u>2,171,009</u>	<u>343,471</u>	<u>67,731</u>	<u>2,582,211</u>
<b>Total Expenditures</b>	<u>2,341,613</u>	<u>343,471</u>	<u>67,731</u>	<u>2,752,815</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,413,055)</u>	<u>(341,571)</u>	<u>(60,126)</u>	<u>(1,814,752)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Capital Lease Proceeds	170,604	0	0	170,604
Transfers In	<u>345,000</u>	<u>298,000</u>	<u>0</u>	<u>643,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>515,604</u>	<u>298,000</u>	<u>0</u>	<u>813,604</u>
Net Change in Fund Balances	(897,451)	(43,571)	(60,126)	(1,001,148)
Fund Balances, Beginning of Year, Restated	<u>1,278,667</u>	<u>45,242</u>	<u>61,537</u>	<u>1,385,446</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 381,216</u>	<u>\$ 1,671</u>	<u>\$ 1,411</u>	<u>\$ 384,298</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**- BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property Taxes	\$ 2,012,723	\$ 1,965,514	\$ 1,965,514	\$ 0
Municipal Income Taxes	6,799,145	7,001,877	7,001,877	0
Other Local Taxes	234,500	240,544	240,539	(5)
Intergovernmental	1,354,199	1,327,601	1,327,604	3
Charges for Services	444,000	398,896	453,864	54,968
Licenses and Permits	669,500	831,015	831,015	0
Fines and Forfeitures	1,564,376	1,349,826	1,349,826	0
Investment Income	45,000	109,216	130,349	21,133
Refunds and Reimbursements	7,000	1,149	1,149	0
Other	<u>85,000</u>	<u>111,637</u>	<u>111,637</u>	<u>0</u>
<b>Total Revenues</b>	<u>13,215,443</u>	<u>13,337,275</u>	<u>13,413,374</u>	<u>76,099</u>
<b><u>Expenditures</u></b>				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Service	2,572,951	2,577,951	2,541,977	35,974
Other	<u>238,100</u>	<u>304,300</u>	<u>300,053</u>	<u>4,247</u>
Total Police Department	<u>2,811,051</u>	<u>2,882,251</u>	<u>2,842,030</u>	<u>40,221</u>
Fire Department:				
Personal Service	1,695,455	1,770,400	1,745,695	24,705
Other	<u>38,350</u>	<u>43,350</u>	<u>42,745</u>	<u>605</u>
Total Fire Department	<u>1,733,805</u>	<u>1,813,750</u>	<u>1,788,440</u>	<u>25,310</u>
Total Security of Persons and Property	<u>4,544,856</u>	<u>4,696,001</u>	<u>4,630,470</u>	<u>65,531</u>
Leisure Time Activities:				
Public Grounds:				
Personal Service	426,519	588,627	575,457	13,170
Other	<u>363,331</u>	<u>501,423</u>	<u>490,205</u>	<u>11,218</u>
Total Public Grounds	<u>789,850</u>	<u>1,090,050</u>	<u>1,065,662</u>	<u>24,388</u>
Total Leisure Time Activities	<u>789,850</u>	<u>1,090,050</u>	<u>1,065,662</u>	<u>24,388</u>
Community Development:				
Building Department:				
Personal Service	226,129	228,289	225,238	3,051
Other	<u>192,629</u>	<u>194,468</u>	<u>191,869</u>	<u>2,599</u>
Total Building Department	<u>418,758</u>	<u>422,757</u>	<u>417,107</u>	<u>5,650</u>
Total Community Development	<u>418,758</u>	<u>422,757</u>	<u>417,107</u>	<u>5,650</u>

(Continued)

**CITY OF BEREA, 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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Basic Utility Services:				
Storm Sewers and Drains:				
Personal Service	\$ 55,705	\$ 50,472	\$ 48,950	\$ 1,522
Other	<u>47,453</u>	<u>42,995</u>	<u>41,698</u>	<u>1,297</u>
Total Storm Sewers and Drains	<u>103,158</u>	<u>93,467</u>	<u>90,648</u>	<u>2,819</u>
Refuse Collection and Disposal:				
Personal Service	450,707	408,366	396,048	12,318
Other	<u>383,935</u>	<u>347,867</u>	<u>337,374</u>	<u>10,493</u>
Total Refuse Collection and Disposal	<u>834,642</u>	<u>756,233</u>	<u>733,422</u>	<u>22,811</u>
Total Basic Utility Services	<u>937,800</u>	<u>849,700</u>	<u>824,070</u>	<u>25,630</u>
General Government:				
Council:				
Personal Service	133,620	133,620	131,616	2,004
Other	<u>10,500</u>	<u>10,500</u>	<u>10,343</u>	<u>157</u>
Total Council	<u>144,120</u>	<u>144,120</u>	<u>141,959</u>	<u>2,161</u>
Mayor:				
Personal Service	160,878	169,000	166,466	2,534
Other	<u>1,950</u>	<u>2,450</u>	<u>2,413</u>	<u>37</u>
Total Mayor	<u>162,828</u>	<u>171,450</u>	<u>168,879</u>	<u>2,571</u>
Finance:				
Personal Service	281,903	283,982	279,724	4,258
Other	<u>9,100</u>	<u>11,000</u>	<u>10,835</u>	<u>165</u>
Total Finance	<u>291,003</u>	<u>294,982</u>	<u>290,559</u>	<u>4,423</u>
Law:				
Personal Service	225,357	225,357	221,978	3,379
Other	<u>12,600</u>	<u>12,600</u>	<u>12,411</u>	<u>189</u>
Total Law	<u>237,957</u>	<u>237,957</u>	<u>234,389</u>	<u>3,568</u>
Civil Service Commission:				
Personal Service	<u>6</u>	<u>6</u>	<u>6</u>	<u>0</u>
Total Civil Service Commission	<u>6</u>	<u>6</u>	<u>6</u>	<u>0</u>

(Continued)

**CITY OF BEREA, 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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Municipal Court:				
Personal Service	\$ 833,566	\$ 737,000	\$ 725,950	\$ 11,050
Other	<u>622,810</u>	<u>545,040</u>	<u>536,868</u>	<u>8,172</u>
Total Municipal Court	<u>1,456,376</u>	<u>1,282,040</u>	<u>1,262,818</u>	<u>19,222</u>
Planning and Development:				
Other	<u>15,700</u>	<u>15,700</u>	<u>15,465</u>	<u>235</u>
Total Planning and Development	<u>15,700</u>	<u>15,700</u>	<u>15,465</u>	<u>235</u>
Service Administration:				
Personal Service	549,420	597,591	588,631	8,960
Other	<u>468,025</u>	<u>509,059</u>	<u>501,427</u>	<u>7,632</u>
Total Service Administration	<u>1,017,445</u>	<u>1,106,650</u>	<u>1,090,058</u>	<u>16,592</u>
Administration:				
Personal Service	60,714	60,714	59,804	910
Other	<u>2,775,801</u>	<u>2,983,888</u>	<u>2,939,151</u>	<u>44,737</u>
Total Administration	<u>2,836,515</u>	<u>3,044,602</u>	<u>2,998,955</u>	<u>45,647</u>
Total General Government	<u>6,161,950</u>	<u>6,297,507</u>	<u>6,203,088</u>	<u>94,419</u>
<b>Total Expenditures</b>	<u>12,853,214</u>	<u>13,356,015</u>	<u>13,140,397</u>	<u>215,618</u>
Excess of Revenue Over (Under) Expenditures	<u>362,229</u>	<u>(18,740)</u>	<u>272,977</u>	<u>291,717</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers Out	(430,000)	(250,000)	(225,000)	25,000
Sale of Capital Assets	<u>0</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(430,000)</u>	<u>(246,000)</u>	<u>(221,000)</u>	<u>25,000</u>
Net Change in Fund Balance	(67,771)	(264,740)	51,977	316,717
Fund Balance Beginning of Year	564,182	564,182	564,182	0
Prior Year Encumbrances Appropriated	<u>16,892</u>	<u>16,892</u>	<u>16,892</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 513,303</u>	<u>\$ 316,334</u>	<u>\$ 633,051</u>	<u>\$ 316,717</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**GENERAL BOND RETIREMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property Taxes	\$ 1,701,579	\$ 1,701,579	\$ 0
Intergovernmental	242,326	242,326	0
Special Assessments	10,000	10,000	0
Investment Income	8,515	8,515	0
<b>Total Revenues</b>	<b>1,962,420</b>	<b>1,962,420</b>	<b>0</b>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	25,000	7,409	17,591
Debt Service:			
Note Principal Retirement	8,570,323	8,570,323	0
Interest and Fiscal Charges	1,097,258	1,072,750	24,508
Total Debt Service	9,667,581	9,643,073	24,508
<b>Total Expenditures</b>	<b>9,692,581</b>	<b>9,650,482</b>	<b>42,099</b>
Excess of Revenues Over (Under) Expenditures	(7,730,161)	(7,688,062)	42,099
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	0	100,000	100,000
Proceeds from Sale of Notes	7,600,000	7,600,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>7,600,000</b>	<b>7,700,000</b>	<b>100,000</b>
Net Change in Fund Balance	(130,161)	11,938	42,099
Fund Balance Beginning of Year	346,017	346,017	0
<b>Fund Balance End of Year</b>	<b>\$ 215,856</b>	<b>\$ 357,955</b>	<b>\$ 142,099</b>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**RAILROAD CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 1,768,100	\$ 1,768,100	\$ 0
Investment Income	11,645	11,645	0
Other	<u>161,526</u>	<u>161,526</u>	<u>0</u>
<b>Total Revenues</b>	<u>1,941,271</u>	<u>1,941,271</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Capital Outlay:			
Other	<u>1,951,312</u>	<u>1,951,312</u>	<u>0</u>
<b>Total Expenditures</b>	<u>1,951,312</u>	<u>1,951,312</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,041)</u>	<u>(10,041)</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	89,959	89,959	0
Fund Balance Beginning of Year	<u>28,084</u>	<u>28,084</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 118,043</u></u>	<u><u>\$ 118,043</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**COURT CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31,2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 206,354	\$ 206,354	\$ 0
Investment Income	<u>24,234</u>	<u>45,456</u>	<u>21,222</u>
<b>Total Revenues</b>	<u>230,588</u>	<u>251,810</u>	<u>21,222</u>
<b><u>Expenditures</u></b>			
Current:			
Capital Outlay:			
Other	<u>3,150,000</u>	<u>552,955</u>	<u>2,597,045</u>
<b>Total Expenditures</b>	<u>3,150,000</u>	<u>552,955</u>	<u>2,597,045</u>
Net Change in Fund Balance	(2,919,412)	(301,145)	2,618,267
Fund Balance Beginning of Year	3,022,970	3,022,970	0
Prior Year Encumbrances Appropriated	<u>15,463</u>	<u>15,463</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 119,021</u>	<u>\$ 2,737,288</u>	<u>\$ 2,618,267</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**RECREATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Charges for Services	\$ 301,853	\$ 306,124	\$ 4,271
Refund and Reimbursements	293	293	0
Other	854	854	0
<b>Total Revenues</b>	<b>303,000</b>	<b>307,271</b>	<b>4,271</b>
<b><u>Expenditures</u></b>			
Current:			
Leisure Time Activities:			
Personal Service	405,000	400,234	4,766
Other	535,374	532,419	2,955
<b>Total Expenditures</b>	<b>940,374</b>	<b>932,653</b>	<b>7,721</b>
Excess of Revenues Over (Under) Expenditures	(637,374)	(625,382)	11,992
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	625,000	625,000	0
Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>625,000</b>	<b>625,000</b>	<b>0</b>
Net Change in Fund Balance	(12,374)	(382)	11,992
Fund Balance Beginning of Year	13,117	13,117	0
Prior Year Encumbrances Appropriated	5,295	5,295	0
<b>Fund Balance End of Year</b>	<b>\$ 6,038</b>	<b>\$ 18,030</b>	<b>\$ 11,992</b>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**MUNICIPAL INCOME TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Municipal Income Tax	\$ 2,333,959	\$ 2,333,959	\$ 0
<b>Total Revenues</b>	<u>2,333,959</u>	<u>2,333,959</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>70,000</u>	<u>68,307</u>	<u>1,693</u>
<b>Total Expenditures</b>	<u>70,000</u>	<u>68,307</u>	<u>1,693</u>
Excess of Revenues Over (Under) Expenditures	<u>2,263,959</u>	<u>2,265,652</u>	<u>1,693</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers Out	<u>(2,168,000)</u>	<u>(2,123,000)</u>	<u>45,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,168,000)</u>	<u>(2,123,000)</u>	<u>45,000</u>
Net Change in Fund Balance	95,959	142,652	46,693
Fund Balance Beginning of Year	<u>66,208</u>	<u>66,208</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 162,167</u>	<u>\$ 208,860</u>	<u>\$ 46,693</u>

**CITY OF BEREA, 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, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 46,089	\$ 46,089	\$ 0
<b>Total Revenues</b>	<u>46,089</u>	<u>46,089</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Transportation:			
Other	<u>48,000</u>	<u>48,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>48,000</u>	<u>48,000</u>	<u>0</u>
Net Change in Fund Balance	(1,911)	(1,911)	0
Fund Balance Beginning of Year	<u>7,130</u>	<u>7,130</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 5,219</u></u>	<u><u>\$ 5,219</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**STREET MAINTENANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 543,000	\$ 568,439	\$ 25,439
<b>Total Revenues</b>	<u>543,000</u>	<u>568,439</u>	<u>25,439</u>
<b><u>Expenditures</u></b>			
Current:			
Transportation:			
Personal Service	350,900	348,039	2,861
Other	<u>362,193</u>	<u>352,101</u>	<u>10,092</u>
<b>Total Expenditures</b>	<u>713,093</u>	<u>700,140</u>	<u>12,953</u>
Excess of Revenues Over (Under) Expenditures	<u>(170,093)</u>	<u>(131,701)</u>	<u>38,392</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	150,000	125,000	(25,000)
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>150,000</u>	<u>125,000</u>	<u>(25,000)</u>
Net Change in Fund Balance	(20,093)	(6,701)	13,392
Fund Balance Beginning of Year	31,187	31,187	0
Prior Year Encumbrances Appropriated	<u>693</u>	<u>693</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 11,787</u>	<u>\$ 25,179</u>	<u>\$ 13,392</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**FIRE PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property Taxes	\$ 312,216	\$ 312,216	\$ 0
Intergovernmental	45,601	45,601	0
<b>Total Revenues</b>	<u>357,817</u>	<u>357,817</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property:			
Other	409,641	406,123	3,518
<b>Total Expenditures</b>	<u>409,641</u>	<u>406,123</u>	<u>3,518</u>
Excess of Revenues Over (Under) Expenditures	<u>(51,824)</u>	<u>(48,306)</u>	<u>3,518</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	50,000	50,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Net Change in Fund Balance	(1,824)	1,694	3,518
<b>Fund Balance Beginning of Year</b>	<u>10,591</u>	<u>10,591</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 8,767</u>	<u>\$ 12,285</u>	<u>\$ 3,518</u>

**CITY OF BEREA, 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, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property Taxes	\$ 312,217	\$ 312,217	\$ 0
Intergovernmental	45,600	45,600	0
<b>Total Revenues</b>	<u>357,817</u>	<u>357,817</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property:			
Other	405,004	401,117	3,887
<b>Total Expenditures</b>	<u>405,004</u>	<u>401,117</u>	<u>3,887</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(47,187)</u>	<u>(43,300)</u>	<u>3,887</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	50,000	50,000	0
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Net Change in Fund Balance	2,813	6,700	3,887
Fund Balance at Beginning of Year	<u>2,443</u>	<u>2,443</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 5,256</u>	<u>\$ 9,143</u>	<u>\$ 3,887</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**DARE GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 0	\$ 19,368	\$ 19,368
<b>Total Revenues</b>	<u>0</u>	<u>19,368</u>	<u>19,368</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property:			
Personal Services	<u>17,756</u>	<u>17,756</u>	<u>0</u>
<b>Total Expenditures</b>	<u>17,756</u>	<u>17,756</u>	<u>0</u>
Net Change in Fund Balance	(17,756)	1,612	19,368
Fund Balance Beginning of Year	<u>17,756</u>	<u>17,756</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 19,368</u></u>	<u><u>\$ 19,368</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**STREET LIGHTING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Special Assessments	\$ 558,276	\$ 558,276	\$ 0
<b>Total Revenues</b>	<u>558,276</u>	<u>558,276</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property:			
Other	<u>751,000</u>	<u>589,615</u>	<u>161,385</u>
<b>Total Expenditures</b>	<u>751,000</u>	<u>589,615</u>	<u>161,385</u>
Net Change in Fund Balance	(192,724)	(31,339)	161,385
Fund Balance Beginning of Year	291,349	291,349	0
Prior Year Encumbrances Appropriated	<u>23,788</u>	<u>23,788</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 122,413</u>	<u>\$ 283,798</u>	<u>\$ 161,385</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**TRI-CITY SENIOR CENTER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property Taxes	\$ 15,587	\$ 15,587	\$ 0
Intergovernmental	2,317	2,317	0
<b>Total Revenues</b>	<u>17,904</u>	<u>17,904</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Public Health and Welfare:			
Other	<u>17,466</u>	<u>17,078</u>	<u>388</u>
<b>Total Expenditures</b>	<u>17,466</u>	<u>17,078</u>	<u>388</u>
Net Change in Fund Balance	438	826	388
Fund Balance Beginning of Year	<u>274</u>	<u>274</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 712</u></u>	<u><u>\$ 1,100</u></u>	<u><u>\$ 388</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**COMMUNITY HOSPITAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property Taxes	\$ 102,450	\$ 102,450	\$ 0
Intergovernmental	<u>15,464</u>	<u>15,464</u>	<u>0</u>
<b>Total Revenues</b>	<u>117,914</u>	<u>117,914</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Public Health and Welfare:			
Other	<u>114,154</u>	<u>113,496</u>	<u>658</u>
<b>Total Expenditures</b>	<u>114,154</u>	<u>113,496</u>	<u>658</u>
Net Change in Fund Balance	3,760	4,418	658
Fund Balance at Beginning of Year	<u>2,737</u>	<u>2,737</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 6,497</u></u>	<u><u>\$ 7,155</u></u>	<u><u>\$ 658</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>	\$ 0	\$ 0	\$ 0
<b>Total Revenue</b>	0	0	0
<b><u>Expenditures</u></b>	0	0	0
<b>Total Expenditures</b>	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	3,671	3,671	0
<b>Fund Balance at End of Year</b>	<u>\$ 3,671</u>	<u>\$ 3,671</u>	<u>\$ 0</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**MUNICIPAL VEHICLE TAX LEVY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 36,940	\$ 36,940	\$ 0
Investment Income	<u>41</u>	<u>41</u>	<u>0</u>
<b>Total Revenues</b>	<u>36,981</u>	<u>36,981</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Transportation:			
Other	<u>35,000</u>	<u>35,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Excess of Revenues Over (Under)			
Expenditures	<u>1,981</u>	<u>1,981</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,981	1,981	0
Fund Balance Beginning of Year	<u>588</u>	<u>588</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 2,569</u>	<u>\$ 2,569</u>	<u>\$ 0</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**LAW ENFORCEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 1,324	\$ 1,324	\$ 0
<b>Total Revenues</b>	<u>1,324</u>	<u>1,324</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property:			
Other	<u>6,600</u>	<u>6,521</u>	<u>79</u>
<b>Total Expenditures</b>	<u>6,600</u>	<u>6,521</u>	<u>79</u>
Net Change in Fund Balance	(5,276)	(5,197)	79
Fund Balance Beginning of Year	<u>6,133</u>	<u>6,133</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 857</u></u>	<u><u>\$ 936</u></u>	<u><u>\$ 79</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**FIRST OFFENDERS DIVERSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 7,950	\$ 7,950	\$ 0
<b>Total Revenues</b>	<u>7,950</u>	<u>7,950</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Fund Balance	(12,050)	(12,050)	0
Fund Balance Beginning of Year	<u>14,960</u>	<u>14,960</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 2,910</u></u>	<u><u>\$ 2,910</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**PROBATION FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 287,161	\$ 287,161	\$ 0
<b>Total Revenues</b>	<u>287,161</u>	<u>287,161</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Personal Service	218,000	218,000	0
Other	<u>88,000</u>	<u>80,087</u>	<u>7,913</u>
<b>Total Expenditures</b>	<u>306,000</u>	<u>298,087</u>	<u>7,913</u>
Net Change in Fund Balance	(18,839)	(10,926)	7,913
Fund Balance Beginning of Year	<u>32,050</u>	<u>32,050</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 13,211</u></u>	<u><u>\$ 21,124</u></u>	<u><u>\$ 7,913</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**INDIGENT DRIVERS ALCOHOL TREATMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 41,862	\$ 41,862	\$ 0
<b>Total Revenues</b>	<u>41,862</u>	<u>41,862</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>41,000</u>	<u>30,382</u>	<u>10,618</u>
<b>Total Expenditures</b>	<u>41,000</u>	<u>30,382</u>	<u>10,618</u>
Net Change in Fund Balance	862	11,480	10,618
Fund Balance Beginning of Year	29,633	29,633	0
Prior Year Encumbrances Appropriated	<u>3,200</u>	<u>3,200</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 33,695</u></u>	<u><u>\$ 44,313</u></u>	<u><u>\$ 10,618</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**DUI EDUCATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 1,235	\$ 1,235	\$ 0
<b>Total Revenues</b>	<u>1,235</u>	<u>1,235</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property:			
Other	<u>2,300</u>	<u>102</u>	<u>2,198</u>
<b>Total Expenditures</b>	<u>2,300</u>	<u>102</u>	<u>2,198</u>
Net Change in Fund Balance	(1,065)	1,133	2,198
Fund Balance Beginning of Year	<u>1,669</u>	<u>1,669</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 604</u></u>	<u><u>\$ 2,802</u></u>	<u><u>\$ 2,198</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**INDIGENT DRIVING SCHOOL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 1,120	\$ 1,120	\$ 0
<b>Total Revenues</b>	<u>1,120</u>	<u>1,120</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>3,430</u>	<u>3,430</u>	<u>0</u>
<b>Total Expenditures</b>	<u>3,430</u>	<u>3,430</u>	<u>0</u>
Net Change in Fund Balance	(2,310)	(2,310)	0
Fund Balance Beginning of Year	1,033	1,033	0
Prior Year Encumbrances Appropriated	<u>1,455</u>	<u>1,455</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 178</u></u>	<u><u>\$ 178</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**DUS DIVERSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 22,364	\$ 22,364	\$ 0
<b>Total Revenues</b>	<u>22,364</u>	<u>22,364</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Fund Balance	2,364	2,364	0
Fund Balance Beginning of Year	<u>3,001</u>	<u>3,001</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 5,365</u></u>	<u><u>\$ 5,365</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**COURT COMPUTER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 1,275	\$ 1,275	\$ 0
Fines and Forfeitures	84,878	84,878	0
<b>Total Revenues</b>	<u>86,153</u>	<u>86,153</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>175,000</u>	<u>120,732</u>	<u>54,268</u>
<b>Total Expenditures</b>	<u>175,000</u>	<u>120,732</u>	<u>54,268</u>
Net Change in Fund Balance	(88,847)	(34,579)	54,268
Fund Balance Beginning of Year	139,016	139,016	0
Prior Year Encumbrances Appropriated	<u>4,316</u>	<u>4,316</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 54,485</u>	<u>\$ 108,753</u>	<u>\$ 54,268</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**COURT COMPUTER RESEARCH FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 41,796	\$ 41,796	\$ 0
<b>Total Revenues</b>	<u>41,796</u>	<u>41,796</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>150,000</u>	<u>123,083</u>	<u>26,917</u>
<b>Total Expenditures</b>	<u>150,000</u>	<u>123,083</u>	<u>26,917</u>
Net Change in Fund Balance	(108,204)	(81,287)	26,917
Fund Balance Beginning of Year	<u>228,797</u>	<u>228,797</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 120,593</u></u>	<u><u>\$ 147,510</u></u>	<u><u>\$ 26,917</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**STATE HIGHWAY PATROL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and Forfeitures	\$ 6,058	\$ 6,058	\$ 0
<b>Total Revenues</b>	<u>6,058</u>	<u>6,058</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
General Government:			
Other	<u>5,738</u>	<u>5,738</u>	<u>0</u>
<b>Total Expenditures</b>	<u>5,738</u>	<u>5,738</u>	<u>0</u>
Net Change in Fund Balance	320	320	0
Fund Balance Beginning of Year	<u>255</u>	<u>255</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 575</u></u>	<u><u>\$ 575</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**TAXABLE BOND RETIREMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Debt Service:			
Note Principal Retirement	288,670	288,670	0
Interest and Fiscal Charges	<u>61,330</u>	<u>61,330</u>	<u>0</u>
<b>Total Expenditures</b>	<u>350,000</u>	<u>350,000</u>	<u>0</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>350,000</u>	<u>350,000</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>350,000</u>	<u>350,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**GENERAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 335,691	\$ 335,691	\$ 0
Other	35,037	35,037	0
<b>Total Revenues</b>	<u>370,728</u>	<u>370,728</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Capital Outlay:			
Other	1,875,946	1,858,563	17,383
<b>Total Expenditures</b>	<u>1,875,946</u>	<u>1,858,563</u>	<u>17,383</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,505,218)</u>	<u>(1,487,835)</u>	<u>17,383</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	345,000	345,000	0
Sale of Capital Assets	4,272	6,148	1,876
<b>Total Other Financing Sources (Uses)</b>	<u>349,272</u>	<u>351,148</u>	<u>1,876</u>
Net Change in Fund Balance	(1,155,946)	(1,136,687)	19,259
Fund Balance Beginning of Year	1,221,210	1,221,210	0
Prior Year Encumbrances Appropriated	92,110	92,110	0
<b>Fund Balance End of Year</b>	<u>\$ 157,374</u>	<u>\$ 176,633</u>	<u>\$ 19,259</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**SAFETY CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Charges for Services	\$ 31,900	\$ 31,900	\$ 0
<b>Total Revenues</b>	<u>31,900</u>	<u>31,900</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Current:			
Capital Outlay:			
Other	<u>344,000</u>	<u>343,472</u>	<u>528</u>
<b>Total Expenditures</b>	<u>344,000</u>	<u>343,472</u>	<u>528</u>
Excess of Revenues Over (Under) Expenditures	<u>(312,100)</u>	<u>(311,572)</u>	<u>528</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	<u>298,000</u>	<u>298,000</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>298,000</u>	<u>298,000</u>	<u>0</u>
Net Change in Fund Balance	(14,100)	(13,572)	528
Fund Balance - Beginning of Year	12,087	12,087	0
Prior Year Encumbrances Appropriated	<u>3,155</u>	<u>3,155</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,142</u>	<u>\$ 1,670</u>	<u>\$ 528</u>

**CITY OF BEREA, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**RECREATION CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Other	\$ 7,586	\$ 7,605	\$ 19
<b>Total Revenues</b>	<u>7,586</u>	<u>7,605</u>	<u>19</u>
<b><u>Expenditures</u></b>			
Capital Outlay:			
Other	<u>67,950</u>	<u>67,880</u>	<u>70</u>
<b>Total Expenses</b>	<u>67,950</u>	<u>67,880</u>	<u>70</u>
Net Change in Fund Balance	(60,364)	(60,275)	89
Fund Balance Beginning of Year	<u>61,536</u>	<u>61,536</u>	<u>0</u>
<b>Fund Balance- End of Year</b>	<u><u>\$ 1,172</u></u>	<u><u>\$ 1,261</u></u>	<u><u>\$ 89</u></u>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENTS - INTERNAL SERVICE FUNDS**

---

---

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

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

**Property/Liability Insurance Fund** - To account for the operation of the City's self-insurance program for property and liability insurance.

**CITY OF BEREA, OHIO  
COMBINING NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2005**

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Total Internal Service</u>
<b><u>Assets</u></b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 9,429	\$ 14,998	\$ 24,427
Prepaid Items	<u>0</u>	<u>2,196</u>	<u>2,196</u>
Total Current Assets	<u>9,429</u>	<u>17,194</u>	<u>26,623</u>
<b>Total Assets</b>	<b><u>\$ 9,429</u></b>	<b><u>\$ 17,194</u></b>	<b><u>\$ 26,623</u></b>
<b><u>Liabilities</u></b>			
Current Liabilities:			
Accounts Payable	\$ 0	\$ 4,980	\$ 4,980
Claims Payable	<u>254,274</u>	<u>15,000</u>	<u>269,274</u>
Total Current Liabilities	<u>254,274</u>	<u>19,980</u>	<u>274,254</u>
<b><u>Net Assets</u></b>			
Unrestricted (Deficit)	<u>(244,845)</u>	<u>(2,786)</u>	<u>(247,631)</u>
<b>Total Net Assets</b>	<b><u>(244,845)</u></b>	<b><u>(2,786)</u></b>	<b><u>(247,631)</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,429</u></b>	<b><u>\$ 17,194</u></b>	<b><u>\$ 26,623</u></b>

**CITY OF BEREА, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Total Internal Service</u>
<b><u>Operating Revenues</u></b>			
Charges for Services	\$1,695,629	\$ 253,500	\$ 1,949,129
Other	<u>0</u>	<u>6,390</u>	<u>6,390</u>
<b>Total Operating Revenues</b>	<u>1,695,629</u>	<u>259,890</u>	<u>1,955,519</u>
<b><u>Operating Expenses</u></b>			
Contractual Services	187,053	229,173	416,226
Claims	<u>1,629,846</u>	<u>21,272</u>	<u>1,651,118</u>
<b>Total Operating Expenses</b>	<u>1,816,899</u>	<u>250,445</u>	<u>2,067,344</u>
Operating Income (Loss)	<u>(121,270)</u>	<u>9,445</u>	<u>(111,825)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>			
Interest	<u>4</u>	<u>0</u>	<u>4</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>4</u>	<u>0</u>	<u>4</u>
Net Income (Loss)	(121,266)	9,445	(111,821)
Net Assets (Deficit), Beginning of Year	<u>(123,579)</u>	<u>(12,231)</u>	<u>(135,810)</u>
<b>Total Net Assets (Deficit), End of Year</b>	<u>\$ (244,845)</u>	<u>\$ (2,786)</u>	<u>\$ (247,631)</u>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Medical Benefits</u>	<u>Property/ Liability Insurance</u>	<u>Total Internal Service Funds</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<b><u>Cash Flows from Operating Activities</u></b>			
Cash Received from Customers	\$ 1,763,197	\$ 253,500	\$ 2,016,697
Cash Refunds and Reimbursements	0	6,394	6,394
Cash Payments for Contractual and Other Services	(346)	(224,780)	(225,126)
Cash Payments for Claims	<u>(1,777,240)</u>	<u>(21,272)</u>	<u>(1,798,512)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(14,389)</u>	<u>13,842</u>	<u>(547)</u>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on Investments	<u>4</u>	<u>0</u>	<u>4</u>
<b>Net Cash Provided by Investing Activities</b>	<u>4</u>	<u>0</u>	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14,385)	13,842	(543)
Cash and Cash Equivalents Beginning of Year	<u>23,815</u>	<u>1,155</u>	<u>24,970</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 9,430</u>	<u>\$ 14,997</u>	<u>\$ 24,427</u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided by (Used for) Operating Activities</u></b>			
Operating Income (Loss)	\$ (121,270)	\$ 9,445	\$ (111,825)
(Increases) Decrease in Assets:			
Prepaid Items	0	4,918	4,918
Increase (Decrease in Liabilities:			
Accounts Payable	0	4,980	4,980
Claims Payable	<u>106,880</u>	<u>(5,500)</u>	<u>101,380</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (14,390)</u>	<u>\$ 13,843</u>	<u>\$ (547)</u>

**CITY OF BEREA, OHIO**

**COMBINING STATEMENTS - AGENCY FUNDS**

---

---

***Fiduciary Funds***

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

***Agency Funds***

**Regional Sewer Agency Fund** - to account for the collection of revenues to be remitted to the Northeast Ohio Regional Sewer District.

**Unclaimed Monies Fund** - to account for monies which have been unclaimed.

**Contract Retainer Fund** - to account for monies withheld from payments on construction contracts, to insure compliance regarding the project with the City.

**Guarantee Deposits Fund** - to account for the deposits made by builders to insure compliance with building codes.

**Ohio Board of Building Standards Fund** - to account for state building fees collected from builders and disbursed to the State Board of Building Standards.

**County Dog Licenses Fund** - to account for county dog license fees collected from residents and disbursed to the County.

**Municipal Court Fund**- to account for the collection and distribution of revenue associated with the operations of the Berea Municipal Court.

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2005**

	<u>Regional Sewer</u>	<u>Unclaimed Monies</u>	<u>Contract Retainer</u>	<u>Guarantee Deposits</u>
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 514,867	\$ 16,680	\$ 206,589	\$ 161,967
Equity In Pooled Cash Segregated	0	0	0	0
Receivables:				
Accounts	875,801	0	0	0
Special Assessment	<u>236,912</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 1,627,580</u></b>	<b><u>\$ 16,680</u></b>	<b><u>\$ 206,589</u></b>	<b><u>\$ 161,967</u></b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 487,603	\$ 0	\$ 0	\$ 6,500
Deposits Held and Due to Others	0	16,680	206,589	155,467
Due to Other Governments	<u>1,139,977</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<b><u>\$ 1,627,580</u></b>	<b><u>\$ 16,680</u></b>	<b><u>\$ 206,589</u></b>	<b><u>\$ 161,967</u></b>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2005**  
**(CONTINUED)**

	<u>Ohio Board of Building Standards</u>	<u>Municipal Court</u>	<u>Total All Agency Funds</u>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,510	\$ 0	\$ 902,613
Equity in Pooled Cash Segregated	0	382,958	382,958
Receivables:			
Accounts	0	0	875,801
Special Assessment	<u>0</u>	<u>0</u>	<u>236,912</u>
<b>Total Assets</b>	<b><u>\$ 2,510</u></b>	<b><u>\$ 382,958</u></b>	<b><u>\$ 2,398,284</u></b>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 0	\$ 0	\$ 494,103
Deposits Held and Due to Others	0	103,033	481,769
Due to Other Governments	<u>2,510</u>	<u>279,925</u>	<u>1,422,412</u>
<b>Total Liabilities</b>	<b><u>\$ 2,510</u></b>	<b><u>\$ 382,958</u></b>	<b><u>\$ 2,398,284</u></b>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/05</u>
<b><u>Regional Sewer</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 452,123	\$ 62,744	\$ 0	\$ 514,867
Receivables:				
Accounts	1,068,846	0	193,045	875,801
Special Assessment	<u>0</u>	<u>236,912</u>	<u>0</u>	<u>236,912</u>
<b>Total Assets</b>	<b><u>\$ 1,520,969</u></b>	<b><u>\$ 299,656</u></b>	<b><u>\$ 193,045</u></b>	<b><u>\$ 1,627,580</u></b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 416,085	\$ 71,518	\$ 0	\$ 487,603
Due to Other Governments	<u>1,104,884</u>	<u>35,093</u>	<u>0</u>	<u>1,139,977</u>
<b>Total Liabilities</b>	<b><u>\$ 1,520,969</u></b>	<b><u>\$ 106,611</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,627,580</u></b>
<b><u>Unclaimed Monies</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 15,427</u>	<u>\$ 1,253</u>	<u>\$ 0</u>	<u>\$ 16,680</u>
<b>Total Assets</b>	<b><u>\$ 15,427</u></b>	<b><u>\$ 1,253</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 16,680</u></b>
<b><u>Liabilities</u></b>				
Deposits Held and Due to Others	<u>\$ 15,427</u>	<u>\$ 1,253</u>	<u>\$ 0</u>	<u>\$ 16,680</u>
<b>Total Liabilities</b>	<b><u>\$ 15,427</u></b>	<b><u>\$ 1,253</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 16,680</u></b>
<b><u>Contract Retainer</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 896,325</u>	<u>\$ 0</u>	<u>\$ 689,736</u>	<u>\$ 206,589</u>
<b>Total Assets</b>	<b><u>\$ 896,325</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 689,736</u></b>	<b><u>\$ 206,589</u></b>
<b><u>Liabilities</u></b>				
Deposits Held and Due to Others	<u>\$ 896,325</u>	<u>\$ 0</u>	<u>\$ 689,736</u>	<u>\$ 206,589</u>
<b>Total Liabilities</b>	<b><u>\$ 896,325</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 689,736</u></b>	<b><u>\$ 206,589</u></b>
<b><u>Guarantee Deposits</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 158,867</u>	<u>\$ 3,100</u>	<u>\$ 0</u>	<u>\$ 161,967</u>
<b>Total Assets</b>	<b><u>\$ 158,867</u></b>	<b><u>\$ 3,100</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 161,967</u></b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 0	\$ 6,500	\$ 0	\$ 6,500
Deposits Held and Due to Others	<u>158,867</u>	<u>0</u>	<u>3,400</u>	<u>155,467</u>
<b>Total Liabilities</b>	<b><u>\$ 158,867</u></b>	<b><u>\$ 6,500</u></b>	<b><u>\$ 3,400</u></b>	<b><u>\$ 161,967</u></b>

**CITY OF BEREA, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance 12/31/04	Additions	Reductions	Balance 12/31/05
<b><i>Ohio Board of Building Standards</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,099	\$ 0	\$ 589	\$ 2,510
<b>Total Assets</b>	<b>\$ 3,099</b>	<b>\$ 0</b>	<b>\$ 589</b>	<b>\$ 2,510</b>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 3,099	\$ 0	\$ 589	\$ 2,510
<b>Total Liabilities</b>	<b>\$ 3,099</b>	<b>\$ 0</b>	<b>\$ 589</b>	<b>\$ 2,510</b>
<b><i>County Dog Licenses</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 30	\$ 0	\$ 30	\$ 0
<b>Total Assets</b>	<b>\$ 30</b>	<b>\$ 0</b>	<b>\$ 30</b>	<b>\$ 0</b>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 30	\$ 0	\$ 30	\$ 0
<b>Total Liabilities</b>	<b>\$ 30</b>	<b>\$ 0</b>	<b>\$ 30</b>	<b>\$ 0</b>
<b><i>Municipal Court</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash Segregated	\$ 356,256	\$ 26,702	\$ 0	\$ 382,958
<b>Total Assets</b>	<b>\$ 356,256</b>	<b>\$ 26,702</b>	<b>\$ 0</b>	<b>\$ 382,958</b>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 168,600	\$ 111,325	\$ 0	\$ 279,925
Deposits Held and Due to Others	187,656	0	84,623	103,033
<b>Total Liabilities</b>	<b>\$ 356,256</b>	<b>\$ 111,325</b>	<b>\$ 84,623</b>	<b>\$ 382,958</b>
<b><i>Total All Agency Funds</i></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,525,871	\$ 67,097	\$ 690,355	\$ 902,613
Equity in Pooled Cash Segregated	356,256	26,702	0	382,958
Receivables:				
Accounts	1,068,846	0	193,045	875,801
Special Assessment	0	236,912	0	236,912
<b>Total Assets</b>	<b>\$ 2,950,973</b>	<b>\$ 330,711</b>	<b>\$ 883,400</b>	<b>\$ 2,398,284</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 416,085	\$ 78,018	\$ 0	\$ 494,103
Due to Other Governments	1,276,613	146,418	619	1,422,412
Deposits Held and Due to Others	1,258,275	1,253	777,759	481,769
<b>Total Liabilities</b>	<b>\$ 2,950,973</b>	<b>\$ 225,689</b>	<b>\$ 778,378</b>	<b>\$ 2,398,284</b>

# STATISTICAL SECTION



**(This page intentionally left blank.)**

**CITY OF BEREA, OHIO  
GENERAL GOVERNMENTAL  
EXPENSES/EXPENDITURES BY FUNCTION (1)  
LAST TEN YEARS**

	<u>2005</u>	<u>2004 (2)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Security of Persons and Property	\$ 5,845,715	\$ 5,512,773	\$ 4,478,817	\$ 4,308,139	\$ 4,174,145
Public Health	130,574	120,860	119,042	0	0
Leisure Time Activities	3,869,281	1,144,893	1,750,225	287,739	241,687
Community Development	501,952	374,633	254,795	341,161	265,809
Public Works	889,213	1,446,006	1,539,776	889,504	1,036,364
Transportation	2,160,819	2,670,581	899,290	0	0
General Government	8,413,294	6,007,892	6,002,685	4,546,922	4,204,367
Interest and Fiscal Charges	<u>1,085,275</u>	<u>1,561,094</u>	<u>1,389,907</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 22,896,123</u>	<u>\$ 18,838,732</u>	<u>\$ 16,434,537</u>	<u>\$ 10,373,465</u>	<u>\$ 9,922,372</u>

Source: City of Berea Records

(1) Governmental Activities are presented for years 2005, 2004 and 2003 on full accrual basis. General Fund Expenditures are presented for years 1996-2002 on the modified accrual basis. Governmental Activities include the general fund, special revenue funds, debt service funds, and capital projects funds.

(2) Governmental activities expenditures for 2004 are prior to the restatement.

---

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$ 3,812,881	\$ 3,690,700	\$ 3,437,394	\$ 3,477,726	\$ 3,372,181
0	0	0	0	0
238,765	146,931	94,187	81,339	55,299
306,069	282,028	233,010	231,922	252,552
978,654	980,434	898,050	895,341	929,627
0	0	0	0	0
4,003,124	3,626,666	3,102,992	3,144,540	3,465,346
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 9,339,493</u>	<u>\$ 8,726,759</u>	<u>\$ 7,765,633</u>	<u>\$ 7,830,868</u>	<u>\$ 8,075,005</u>

**CITY OF BEREA, OHIO  
GENERAL FUND  
REVENUES BY SOURCE (1)  
LAST TEN YEARS**

	<u>2005</u>	<u>2004 (2)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Property Taxes	\$ 1,965,514	\$ 1,676,220	\$ 1,595,526	\$ 1,215,007	\$ 1,603,669
Income Taxes	6,968,296	6,668,271	6,135,542	6,810,365	6,387,988
Other Local Taxes	183,292	231,349	222,484	217,334	211,822
Intergovernmental	1,286,835	1,425,517	1,208,349	1,866,988	1,868,990
Charges for Services	441,221	464,755	334,937	84,614	33,669
Licenses and Permits	873,511	600,031	214,274	153,214	156,720
Fines and Forfeitures	1,324,050	1,281,566	1,244,142	1,303,693	948,028
Interest	130,323	38,954	30,785	71,046	157,963
Refunds and Reimbursements	0	0	0	4,370	0
Special Assessments	0	0	2,048	1,791	820
Other	<u>116,786</u>	<u>103,002</u>	<u>125,591</u>	<u>124,861</u>	<u>71,841</u>
Total	<u>\$ 13,289,828</u>	<u>\$ 12,489,665</u>	<u>\$ 11,113,678</u>	<u>\$ 11,853,283</u>	<u>\$ 11,441,510</u>

Source: City of Berea Records

(1) Information is based on modified accrual basis, information for the accrual basis for governmental activities will be presented when there are enough years of information to make comparisons.

(2) Governmental Activities expenditures for 2004 are prior to the restatement.

---

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$ 1,245,867	\$ 1,359,736	\$ 1,371,358	\$ 702,266	\$ 1,845,239
7,119,648	5,874,741	5,110,259	4,752,376	5,153,799
218,203	184,570	178,857	165,450	159,565
1,811,636	1,618,302	1,522,782	1,426,444	1,145,382
134,317	6,273	16,248	49,694	20,126
185,528	228,029	240,197	226,246	123,739
843,110	723,687	730,872	682,562	664,362
277,351	206,474	228,348	214,320	184,972
0	0	22,643	6,190	213,608
0	0	0	0	0
<u>38,898</u>	<u>63,341</u>	<u>1,889</u>	<u>17,727</u>	<u>6,194</u>
<u>\$ 11,874,558</u>	<u>\$ 10,265,153</u>	<u>\$ 9,423,453</u>	<u>\$ 8,243,275</u>	<u>\$ 9,516,986</u>

**CITY OF BEREA, OHIO  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	(1) Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2005	\$ 6,397,752	\$ 5,519,694	\$ 275,937	\$ 5,795,631	90.6%	\$ 573,888	9.0%
2004	5,402,046	4,835,331	210,845	5,046,176	93.4%	402,346	7.4%
2003	4,930,458	4,589,470	155,580	4,715,050	95.6%	409,880	8.3%
2002	5,113,482	4,584,946	182,474	4,767,420	93.2%	318,128	6.2%
2001	5,141,000	4,621,579	169,010	4,790,589	93.1%	331,816	6.4%
2000	4,592,422	4,230,158	129,836	4,359,994	94.9%	112,887	2.5%
1999	4,553,640	4,216,328	133,673	4,350,001	95.5%	104,185	2.3%
1998	4,493,534	4,194,818	87,437	4,282,255	95.3%	92,151	2.1%
1997	4,211,642	3,932,668	75,138	4,007,806	95.2%	112,699	2.7%
1996	4,227,073	3,936,751	130,576	4,067,327	96.2%	55,718	1.3%

Source: Cuyahoga County Auditor

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

**CITY OF BEREA, OHIO**  
**ASSESSED VALUATION AND ESTIMATED TRUE VALUES**  
**LAST TEN CALENDAR YEARS**

Collection Year	Real	Public Utility Tangible	Tangible Personal	Total Assessed Valuation	Total Estimated True Value
2005	\$ 319,853,310	\$ 11,175,430	\$ 27,861,498	\$ 358,890,238	\$ 1,049,386,661
2004	318,662,520	11,176,770	28,773,884	358,613,174	1,048,269,061
2003	297,914,120	10,255,400	32,207,409	340,376,929	1,002,869,277
2002	300,807,200	10,323,810	30,531,818	341,662,828	998,396,653
2001	297,018,160	12,663,290	27,221,866	336,903,316	971,900,881
2000	261,116,900	12,577,200	26,081,201	299,775,301	864,665,362
1999	259,376,610	13,773,550	24,088,592	297,238,752	853,082,158
1998	258,944,960	14,148,170	24,163,501	297,256,631	852,574,213
1997	237,398,710	13,703,410	22,177,711	273,279,831	782,564,929
1996	236,396,400	13,878,740	21,952,150	272,227,290	778,998,181

Source: Cuyahoga County Auditor

**CITY OF BEREHA, OHIO**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$1,000 ASSESSED VALUATION)**  
**LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>City of Bereha</u>			<u>Total</u>	<u>Berea School District</u>	<u>Polaris JVSD</u>	<u>Cuyahoga County &amp; Special Taxing Districts(1)</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>					
2005	7.95	3.10	6.55	17.60	69.80	2.40	20.30	110.10
2004	7.95	3.10	6.45	17.50	69.80	2.40	19.40	109.10
2003	7.95	3.10	6.55	17.60	69.80	2.40	17.60	107.40
2002	7.95	3.10	6.45	17.50	63.80	2.40	17.60	101.30
2001	7.95	3.10	6.55	17.60	63.80	2.40	17.60	101.40
2000	7.95	3.10	6.65	17.70	63.90	2.40	16.70	100.70
1999	8.40	3.10	6.20	17.70	58.00	2.40	16.70	94.80
1998	8.55	3.10	6.15	17.80	57.90	2.40	18.00	96.10
1997	8.67	3.10	6.03	17.80	57.90	2.40	18.00	96.10
1996	8.67	3.10	6.03	17.80	57.00	2.50	18.00	95.30

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

Source: Cuyahoga County Auditor

**CITY OF BEREA, OHIO  
SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN YEARS**

<u>Year</u>	<u>Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>	<u>Total Delinquent</u>
2005	\$ 850,981	\$ 766,648	90.10%	\$ 91,644
2004	712,165	649,157	91.15%	73,767
2003	728,241	645,514	88.64%	89,323
2002	711,300	641,759	90.22%	67,411
2001	651,025	593,260	91.13%	61,944
2000	612,737	557,586	91.00%	58,318
1999	619,959	579,588	93.49%	43,901
1998	560,150	522,906	93.35%	40,077
1997	578,388	542,232	93.75%	37,916
1996	568,972	546,499	96.05%	24,057

These figures represent only amounts certified to and collected by the Cuyahoga County Auditor and does not included prepayments paid directly to the City.

Source: Cuyahoga County Auditor

**CITY OF BEREA, OHIO**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN YEARS**

<u>Year</u>	<u>(1) Population</u>	<u>Assessed Valuation (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
2005	18,970	358,890,238	\$16,723,023	\$ 374,539	\$16,348,484	4.56%	\$ 861.81
2004	18,970	358,613,174	17,693,346	346,796	17,346,550	4.84%	914.42
2003	18,970	340,376,929	13,908,430	348,485	13,559,945	3.98%	714.82
2002	18,970	341,662,828	15,300,561	324,530	14,976,031	4.38%	789.46
2001	18,970	336,903,316	16,157,087	476,890	15,680,197	4.65%	826.58
2000	18,970	299,775,301	16,692,024	219,132	16,472,892	5.50%	868.37
1999	19,051	297,238,752	18,152,024	216,705	17,935,319	6.03%	941.44
1998	19,051	297,256,631	19,547,024	280,160	19,266,864	6.48%	1,011.33
1997	19,051	273,279,831	20,892,024	36,353	20,855,671	7.63%	1,094.73
1996	19,051	272,227,290	22,317,023	961,572	21,355,451	7.84%	1,120.96

(1) Source: U.S. Bureau of Census, Census of Population, conducted in 1990 and 2000.

(2) Source: Cuyahoga County Auditor

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

**CITY OF BEREA, OHIO**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**DECEMBER 31, 2005**

---

---

Assessed Valuation	<u>\$ 358,890,238</u>
Overall Debt Limitation (10 ½ percent of assessed valuation)	<u>\$ 37,683,475</u>
Total Bonds and Notes	16,723,023
Less: Urban Renewal Bonds	<u>(1,395,000)</u>
Net Voted and Unvoted Debt	15,328,023
Less: Amount Available in Debt Service Funds	<u>(374,539)</u>
Net Debt within 10 ½ percent limitation	<u>14,953,484</u>
Overall Debt Margin Unused	<u>\$ 22,729,991</u>
Unvoted Debt Limitation (5 ½ percent of assessed valuation)	\$ 19,738,963
Total Unvoted Bonds and Notes	14,500,000
Less: Amount Available in Debt Service Funds	<u>(374,539)</u>
Net Debt within 5 ½ percent limitation	<u>14,125,461</u>
Overall Unvoted Debt Margin Unused	<u>\$ 5,613,502</u>

Source: City of Berea Records

**CITY OF BEREA, OHIO  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF DECEMBER 31, 2005**

<u>Jurisdiction</u>	<u>Debt Outstanding (1)</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
<b>Direct</b>			
City of Berea	\$ 16,723,023	100.00%	\$ 16,723,023
<b>Total Direct</b>	<u>16,723,023</u>		<u>16,723,023</u>
<b>Overlapping</b>			
Berea School District	10,990,000	23.65%	2,599,658
Olmsted Falls School District	9,211,213	81.92%	7,545,878
Cuyahoga County	231,365,971	1.20%	2,787,770
Greater Cleveland Regional Transit Authority	<u>139,790,000</u>	1.20%	<u>1,684,355</u>
<b>Total Overlapping</b>			<u>14,617,661</u>
<b>Grand Total</b>			<u>\$ 31,340,685</u>

Source: Cuyahoga County Auditor

The percentage of gross indebtedness of the City's overlapping political Subdivisions was determined by dividing the overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(1) The debt outstanding includes general obligation bonded and note debt.

**CITY OF BEREА, OHIO**  
**RATIO OF ANNUAL DEBT PRINCIPAL EXPENDITURES FOR**  
**GENERAL BONDED DEBT TO TOTAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN YEARS**

---

<u>Year</u>	<u>Debt Principal (1)</u>	<u>Governmental Expenditures (2)</u>	<u>Ratio of Debt Principal to Governmental Expenditures</u>
2005	970,323	31,695,151	3.06%
2004	715,084	39,382,603	1.82%
2003	1,392,131	30,453,362	4.57%
2002	1,356,526	10,373,465	13.10%
2001	1,334,937	9,922,372	13.45%
2000	1,460,000	9,339,493	15.63%
1999	1,395,000	8,726,759	15.99%
1998	1,150,000	7,765,633	14.81%
1997	1,165,000	7,830,868	14.88%
1996	1,040,000	8,075,005	12.88%

(1) Includes principal paid on general obligation bonds, urban renewal bonds.

(2) Governmental Expenditures on modified basis are presented for 2005, 2004 and 2003.  
 General Fund Expenditures on modified basis are presented for years 1996-2002.

Source: City of Bereа records.

**CITY OF BEREA, OHIO  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

---

---

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>
2005	18,970	7,535
2004	18,970	7,801
2003	18,970	7,561
2002	18,970	7,737
2001	18,970	7,809
2000	18,970	7,814
1999	19,051	7,941
1998	19,051	7,946
1997	19,051	7,958
1996	19,051	7,997

(1) Source: U.S. Census, Census of Population, 1990 and 2000

(2) Source: Berea City School District

**CITY OF BEREA, OHIO  
CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS**

<u>Year</u>	<u>Number of Construction Permits Issued</u>	<u>Residential Construction Value (1)</u>	<u>Commercial Construction Value (1)</u>	<u>Domestic Bank Deposits in the County (2) (in Thousands)</u>	<u>Financial Institution Deposits in the City (3)</u>
2005	1,699	\$20,382,200	\$ 2,936,753	\$ 109,071,512	\$ 6,394,307
2004	1,705	20,250,000	11,873,873	101,838,959	2,608,897
2003	974	6,734,173	2,535,198	97,911,285	8,597,927
2002	1,557	1,152,000	1,402,500	95,761,917	1,662,823
2001	1,307	1,800,000	4,276,938	63,892,769	4,568,111
2000	1,098	6,076,565	4,286,299	61,942,764	4,174,823
1999	648	4,084,185	15,116,889	57,816,942	4,343,528
1998	611	4,018,575	19,073,381	58,904,596	4,136,396
1997	612	4,164,530	9,564,505	53,941,971	3,519,104
1996	623	3,677,715	3,227,882	27,068,211	3,814,845

(1) Source: City of Berea building department reports

(2) Source: Federal Reserve Bank of Cleveland

(3) Total balances per bank for all institutions receiving City of Berea deposits.

**CITY OF BEREA, OHIO  
PRINCIPAL TAXPAYERS  
DECEMBER 31, 2005**

---

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Assessed Valuation</u>
Tower in the Park Ltd.	\$ 11,856,700	3.3%
Cleveland Electric Illuminating	10,801,320	3.0%
Berea Properties Co.	7,529,100	2.0%
Ohio Bell Telephone Co.	6,578,550	1.8%
West Valley Plaza	6,213,000	1.7%
A & F Machines Products Co.	4,829,900	1.3%
Cleveland St. Adelbert	4,443,900	1.2%
Berea Square Co. LLC	4,350,300	1.2%
Berea Lake Towers	4,218,200	1.2%
Berea Parkway Shops	4,117,600	1.1%

Source: Cuyahoga County Auditor

**CITY OF BEREA, OHIO  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2005**

---

Date of Incorporation:	
As a Village	1850
As a City	1930
Date Charter Adopted	1960
Form of Government	Mayor/Council
Area in Square Miles	5.9
Miles of Streets	60
Number of Street Lights (per light bill)	3,613 in 2003
Number of Employees:	
Full-Time	158
Part-Time	91
Fire Protection:	
Number of Stations	1
Number of Firemen and Officers	23
Number of Calls Answered:	
Fire	242
Rescue Squad	1,514
Number of Formal Inspections Conducted	725
Police Protection:	
Number of Stations	1
Number of Police Personnel, Officers, and Dispatchers	53
Number of Patrol Units	16
Number of Law Violations:	
Physical Arrests	1,081
Traffic Violations	1,589
Parking Violations	1,707
Municipal Court:	
Number of Employees, Including Judge	33
Total Number of Traffic Cases Filed	6,723
Total Number of Criminal Cases Filed	2,867
Total Marriages Performed	78
Water System:	
Number of Water Plants	1
Miles Water Mains	60
Daily Average Consumption in Gallons	1.66 million
Maximum Daily Capacity in Gallons	3.6 million

**CITY OF BEREA, OHIO**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**DECEMBER 31, 2005**

---

---

Sewer System:	
Miles of Sanitary Sewers	60
Miles of Storm Sewers	60
Education: (within the City)	
Number of Elementary Schools	4
Number of Secondary Schools	2
Number of Parochial Schools (Elementary)	2
Number of University/Colleges	1
Culture and Recreation:	
Community Centers	2
Parks:	
Metro parks	1
City Parks	4
Park Acreage:	
Metro parks	370
City Parks	80
Municipal Swimming Pools:	
Outdoor	1
Indoor	1



**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF BEREA**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 12, 2006**