

# **City of Bedford Heights, Ohio**

## **Comprehensive Annual Financial Report**

**December 31, 2007**

**Issued by: Finance Department  
Mark A. Cegelka, Director of Finance**





Mary Taylor, CPA  
Auditor of State

Honorable Mayor and Members of Council  
City of Bedford Heights  
5661 Perkins Road  
Bedford Heights, Ohio 44146-2597

We have reviewed the *Independent Auditors' Report* of the City of Bedford Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 15, 2008

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# City of Bedford Heights, Ohio

## Comprehensive Annual Financial Report For The Year Ended December 31, 2007

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# The City of Bedford Heights



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MARK A. CEGELKA  
DIRECTOR OF FINANCE / TAX ADMINISTRATOR

June 23, 2008

Honorable Mayor, Citizens of Bedford Heights  
and Members of City Council  
Bedford Heights, Ohio

## **Transmittal of the Comprehensive Annual Financial Report**

The City of Bedford Heights, Ohio (City) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2007. The CAFR is a more extensive report than the basic financial statements and it is believed that it demonstrates the City's ongoing commitment to be accountable not only to its citizenry but also to excellence in financial reporting. While no single report can be all things to all people, the goal in presenting this report is to provide any person or entity interested in the City with information needed to gain a fair understanding of the City's financial position, results of operations and cash flows.

The State of Ohio requires that all cities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America. The City issues this Comprehensive Annual Financial Report for the year ended December 31, 2007 therefore.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements of the City have been audited by Ciuni & Panichi, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of the CAFR.

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

## **Profile of the City**

The City of Bedford Heights, Ohio is located in the eastern portion of Cuyahoga County, approximately 14 miles southeast of downtown Cleveland. According to the most recent data from the United States Census Bureau, the City's 2007 population was 11,375.

Bedford Heights is a home rule municipal corporation operating under the laws of the State of Ohio. Bedford Heights was incorporated as a Village in 1951, and became a City in 1960. The City Charter was adopted and became effective on January 1, 1960, and can be amended only by a majority vote. In matters where the charter is silent or in conflict with the state constitution, the laws of the State of Ohio prevail.

Bedford Heights operates under and is governed by the laws of the State of Ohio and the City Charter, which provides for a mayor-council form of government. Legislative authority is vested in a seven-member council. The Council consists of three council members elected at large and four council members elected from wards. Council members are elected for a four-year term. Each member of Council has a right to vote. The Council fixes compensation of the City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriations and indebtedness, licensing of regulated businesses and trades, and other municipal purposes.

The Mayor, designated by the charter as the chief executive and administrative officer of the City, is elected to serve a four-year term. The Mayor has the power to appoint, promote, discipline, transfer, reduce or remove any employee of the City. The Mayor may veto any legislation passed by Council. A veto may be overridden by a vote of five or more members of council.

## **Economic Conditions**

### ***Local Economy***

The City of Bedford Heights is a mature suburban community located approximately fourteen miles southeast of the City of Cleveland. The City is a second ring suburban community that experienced a build-out between the 1970 and 1990 period. This boom period was driven mainly as a result of the community's excellent location along the I-271, I-490, and U.S. 422 corridors. Bedford Heights has immediate freeway access to all of these interstates and the commercial and industrial development that happened during the twenty year period has left the City with the fifth largest industrial/commercial property valuation in the suburban Cuyahoga County.

As a result of the twenty-year development, several important industrial clusters have developed within the City's industrial area along Miles, Richmond, Fargo and Aurora Roads. These clusters include automobile parts manufacturing (including die casting), machine parts and fasteners, steel fabricating/distribution, paint manufacturing, commercial and residential construction supplies/services, food manufacturing, and wholesale food distribution operations.

In 2007, the City worked with Ceramic Dental Arts, SEEP Industrial, Insight, Commerce Plumbing and Carson Specialty Products to negotiate high-speed internet access with Time Warner Cable. By gaining internet access for this area, the City solidified 38 jobs and an approximate \$1,000,000 payroll in the community.

Trade Sources is a national company that offers temporary staffing in the construction industry. Although the five new jobs with \$200,000 payroll is small, to the community, Trade Source offers a service that will be helpful to our business in the construction industry.

Hi-Heat Concepts purchased a 19,000 square foot building in the back of Roth Signs. In the past five years the building was used for storage. Hi-Heat made a \$425,000 investment in repairing and renovating the building. Hi-Heat employs seven administrative and an average of 15 union employees throughout the year with an approximate \$1,000,000 payroll.

Earle M. Jorgensen experienced electrical power quality problems, which created safety issues for employees, and numerous production problems. In addition, a private investor recently purchased EMJ and wanted to merge the Bedford Heights and Twinsburg facility into a new building in Streetsboro. To build credibility and buy time, a meeting was organized to have the CEI industrial representatives and the EMJ plant manager to discuss the companies concerns. CEI and EMJ were able to determine the electrical service problem and design appropriate improvements. As a result, EMJ invested approximately \$2,700,000 in building improvements and equipment. EMJ is committed to retaining 42 jobs and a \$3,000,000 plus payroll.

Bass Securities employs 42 full-time and 9 part-time skilled employees. Bass Securities has needed to expand for the past few years and was pursued by several adjoining communities to relocate. Fortunately, the adjacent property became available. With the help of the 10 year 50 percent job Creation Tax Grant the City was able to retain the company and the agreed to create 27 new jobs. This project resulted in a projected payroll of \$3,800,000 for the community.

Innovative Containers, headquartered in South Carolina, needed to expand to northeast Ohio. IC's broker was looking for an appropriate site. We worked with them and the broker of the property to encourage Innovative Containers to grow into Bedford Heights. They will employ 20 employees with an anticipate payroll of \$450,000.

Tavens Container purchased the former Weyerhaeuser Plant late last year. Their move was completed in February, resulting in 45 new manufacturing jobs to the community with a \$1,500,000 annual payroll. Presently, we are working with them to obtain funding for energy improvements.

Madison electric, owned by the same entity that owns Tavens Container, leased the former Broeder Brothers building on Fargo Road. This project resulted in 45 sales and marketing jobs and a \$1,600,000 annual payroll new to the community.

Erico International announced their intentions to lease the balance of the Liberty Glove building on Fargo Road. They completed their move in January and relocated 50 sales, marketing, and distribution employees and a \$2,250,000 payroll to the community.

Giant Eagle hired approximately 115 additional employees to accommodate the growth resulting from the closure of the Tops Grocery Chain. The additional employees resulted in a payroll increase of \$2,500,000. Assistance came in the form of new sources of employment and improvements in public transportation.

### ***Long-Term Financial Planning***

The City's leaders continue to use the City's Master Plan as a guide for redeveloping two important areas of the City. The first was formerly known as the "City Center Area" but is now call the "Gateway Triangle". This area consists of the triangle formed by Rockside and Aurora Roads. At that time the Owners of Trinity Towers Apartment complex completed a large scale remodeling project of the 499 unit complex. Since that time the City has secured over \$450,000 in grant funds to build streetscape improvements along both thoroughfares. Further, aggressive city code enforcement caused Carrols Corporation to make a major re-investment in their Burger King restaurant. Also, Marathon Oil razed their Speedway Gas Station and

constructed a new gasoline station convenience store combination. The store's brick walls were designed to match the new streetscape design and blend into the commercial area. The City recently contracted with Cleveland State University to provide an Economic Development Master Plan that will address job retention and creation.

Another focus identified in the City's Master Plan is development of vacant commercial property at the southern portion of the City. This property was rezoned to a light industrial classification in FY 2001. The City is currently pursuing a new small industrial park on an eighteen acre parcel off of Solon Road. Approximately three potential companies have been identified and have interest in building on site.

Although not identified in the Master Plan, the City is also working with the owner of a vacant thirty-five acre parcel along Miles Road. The City's Department of Economic & Community Development is working with the property owners and is optimistic that it can pursue alternate sources of funding to help develop the site for new commercial/industrial users.

### ***Major Initiatives***

*Current year* –The City continues to implement revenue-generating fees to offset increased operating costs. In 1994, the City implemented a fee for ambulance service. This fee is projected to generate approximately \$200,000 annually and is designated for use within a Special Revenue Fund, specifically for capital improvements (equipment) in the Police and Fire Departments.

The City has implemented a rate structure that has increased residential and commercial sewer rates by \$6-\$9/MCF over three years with the bulk of the increase in 2006. The new rate structure is expected to generate the following estimated increases over three years: 2006 – \$300,000; 2007 – \$125,000 over 2006; 2008 – \$125,000 over 2007. Additionally, the City has agreements with neighboring communities to promote the utilization of the City sewage treatment facility for new developments and growth areas that are contiguous with the City. This plan would, of course, provide a larger customer base for the City's sewerage treatment facility. Finally, the City has become active in the treatment of nonhazardous ground water on a contract basis.

*Future years* – The City plans on spending over \$600,000 in 2008 on road resurfacing and construction projects that are planned for various streets throughout the City. In November 2004, the City passed a renewal 2-mill, 10-year Street Improvement Levy. This levy will generate approximately \$600,000. The proceeds of the levy are dedicated to street improvements. This renewal funding will allow the City to aggressively maintain the quality of street improvements for the next eight years.

The City's Charter allows for millage to be set at 13 mills per tax collection year. For the 2001 and 2002 tax collection years, the millage was levied at 12 mills. In the 2004 and 2003 tax collection years, the City levied the additional 1.0 mills of authorized millage. This millage generated approximately \$300,000 in fiscal 2003 and approximately \$320,000 in 2004, 2005 and 2006. The Fund Balance in the Contingency Fund for 2007 is approximately \$2,300,000 and is projected to be approximately \$2,700,000 at the end of fiscal year 2008.

The City completed construction of the 2<sup>nd</sup> floor to the Correction Facility in May of 2004. The City received a grant from the U.S. Department of Justice in the amount of \$1,530,000 to offset the cost of the \$2,000,000 additions. The City contracts with Federal, County and local agencies to house prisoners. The City had an outstanding note in the amount of \$400,000 from the construction of the addition on the 2<sup>nd</sup> floor. The City reduced the note to approximately \$225,000 in 2005, \$175,000 in 2006 and \$125,000 in 2007. The City plans to issue a long-term bond in 2008 and use the proceeds to pay the remaining balance on the note.

## **Awards and Acknowledgements**

### ***Certificate of Achievement***

For the seventeenth time, the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

### ***Acknowledgements***

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors, but especially to those employees in the Department of Finance which contributed significantly to the preparation of this report. Sincere appreciation to Allison Chance, Assistant Director of Finance and the firm of Ciuni & Panichi, Inc. who worked diligently in completion of the audit. Finally, the City Administration wants to extend its appreciation to the Mayor and City Council for their support and commitment to responsible fiscal reporting.

Respectfully submitted,



Mark A. Cegelka  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bedford Heights  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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



President

Executive Director

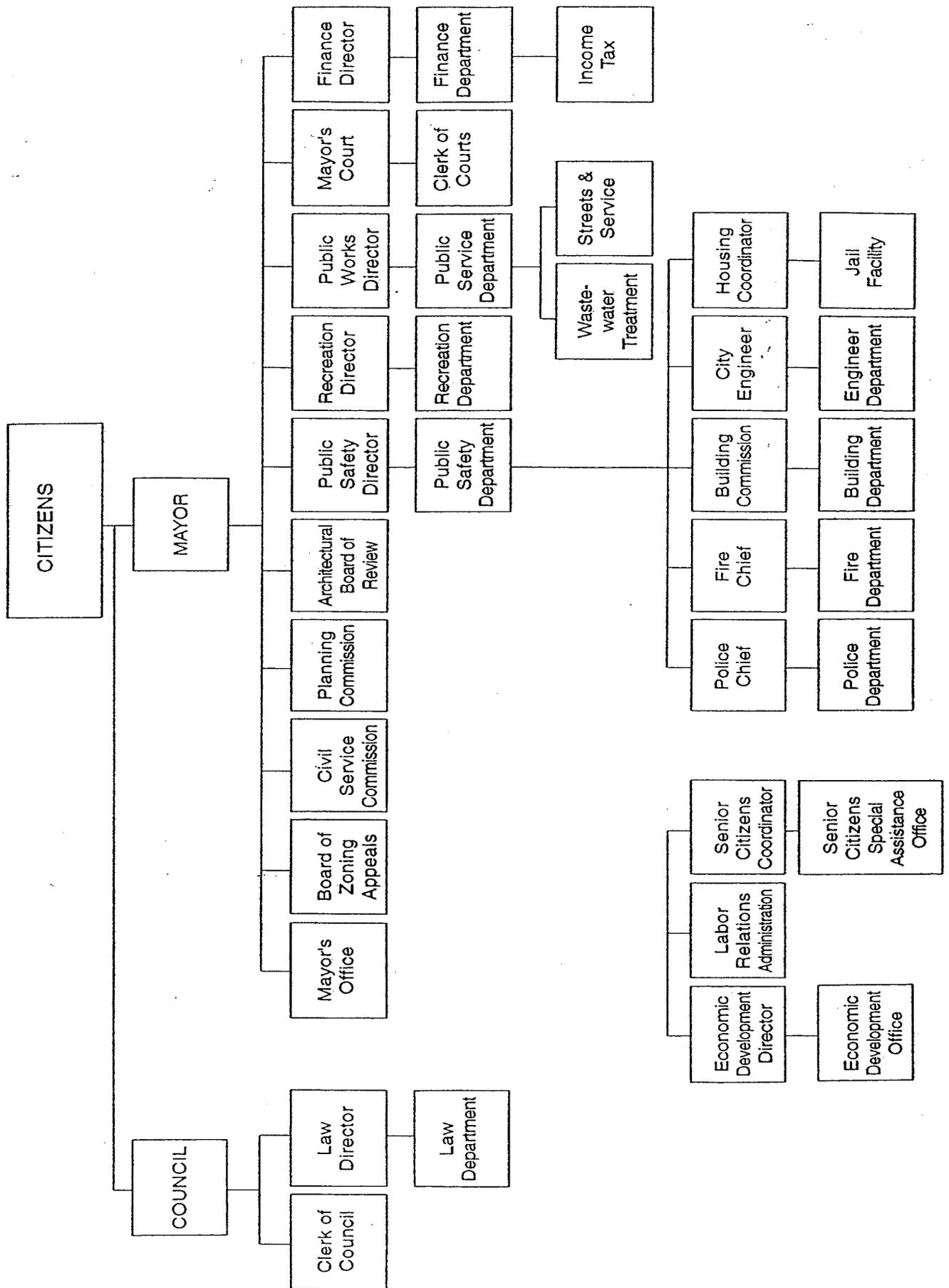
# City of Bedford Heights, Ohio

## List of Principal Officials

**December 31, 2007**

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<u>Title</u>	<u>Name</u>
Mayor/Director of Public Safety	Debora Mallin
Council Member – President-At-Large	Phillip D. Saunders
Council Member – At-Large	Fletcher Berger
Council Member – At-Large	James Cody
Council Member – Ward 1	Barbara MacKenzie
Council Member – Ward 2	Harvey Brown
Council Member – Ward 3	Alton Tinker
Council Member – Ward 4	Karen Gilliam
Clerk of Council	Patricia Stahl
Director of Law	Katharine Lang Bettaso
Director of Finance/Tax Administrator	Mark A. Cegelka
Director of Public Service	Nick Bauccho
Director of Water Reclamation	Dave Pocaro
Police Chief	Timothy Kalavsky
Corrections Administrator	Cmdr. William Schultz
Fire Chief	Ken Ledford
Director of Community Life	Ruth Gray
City Engineer	Joseph Ciuni
City Architect	Norman Casini
Building Commissioner	Paul Konys
Director of Economic Development and Community	Martine Divito
Clerk of Courts	Nancy Catalano



## Independent Auditors' Report

Honorable Mayor and  
Members of the City Council  
Bedford Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights, Ohio as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Bedford Heights, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights as of December 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Fire Levy Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, during the year ended December 31, 2007, the City of Bedford Heights, Ohio implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans* and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008 on our consideration of the City of Bedford Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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.

Honorable Mayor and  
Members of the City Council  
Bedford Heights, Ohio

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bedford Heights' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 23, 2008

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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The discussion and analysis of the City of Bedford Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

**Financial Highlights**

Key financial highlights for 2007 are as follows:

- ◆ The assets of, the City of Bedford Heights exceeded its liabilities at the close of the most recent fiscal year by \$28,877,278. Of this amount, \$5,238,026 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$732,819, which represents a decrease of approximately two percent from 2006. The two largest decreases were taxes receivable of \$550,147 and capital assets of \$367,507, mainly due to depreciation expense. These changes were offset by an increase in cash and cash equivalents of \$193,698.
- ◆ Total liabilities increased by \$84,156, which represents an increase of approximately one-half percent over 2006. The main factors contributing to this increase was an increase of \$668,713 in long-term liabilities specifically the payment of debt principal offset by a decrease in unearned revenue of \$693,054.
- ◆ In total, net assets in governmental activities decreased by \$769,402 during 2007. This represents a 3.5 percent decrease from 2006.

**Using this Annual Financial Report**

This discussion and analysis are intended to serve as an introduction to the City of Bedford Heights' basic financial statements. The City of Bedford Heights' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-wide financial statements – Reporting the City of Bedford Heights as a Whole***

*Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets presents information on all the City of Bedford Heights' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increase or decrease in net assets may serve as a useful indicator of whether the financial position of the City of Bedford Heights is improving or deteriorating. However, in evaluating the overall position of the City, nonfinancial factors such as the City's tax base, change in property and income tax laws, and the condition of the capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Income tax, state and county taxes, licenses, permits and charges for services finance most of these activities.
- Business-type activities: the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer system is reported here.

***Fund Financial Statements - Reporting the City of Bedford Heights' 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 objects. The City of Bedford Heights, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bedford Heights can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all *other financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

The City of Bedford Heights maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the general fund, fire levy special revenue fund, debt service and the capital improvements capital projects fund, all of which are considered to be major funds.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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*Proprietary Funds*

The City of Bedford Heights maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found starting on page 27 of this report.

*Notes to the Financial Statements*

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 31 of this report.

**Government-wide Financial Analysis - City of Bedford Heights as a Whole**

As noted earlier, the Statement of Net Assets looks at the City as a Whole and can prove to be a useful indicator of the City's financial position.

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

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

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

Table 1 provides a summary of the City's net assets for 2007 as compared to 2006.

Table 1  
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>						
Current and Other Assets	\$ 11,783,284	\$ 12,421,138	\$ 1,287,295	\$ 1,014,753	\$ 13,070,579	\$ 13,435,891
Capital Assets, Net	<u>21,857,789</u>	<u>22,241,791</u>	<u>7,533,354</u>	<u>7,516,859</u>	<u>29,391,143</u>	<u>29,758,650</u>
<b>Total Assets</b>	<u>33,641,073</u>	<u>34,662,929</u>	<u>8,820,649</u>	<u>8,531,612</u>	<u>42,461,722</u>	<u>43,194,541</u>
<b>Liabilities</b>						
<b>Current Liabilities and Other Liabilities</b>						
Liabilities	4,649,764	5,227,741	177,898	184,478	4,827,662	5,412,219
<b>Long-term Liabilities</b>						
Due Within One Year	1,539,273	1,458,778	360,655	322,115	1,899,928	1,780,893
Due In More Than One Year	<u>6,164,348</u>	<u>5,919,320</u>	<u>692,506</u>	<u>387,856</u>	<u>6,856,854</u>	<u>6,307,176</u>
<b>Total Liabilities</b>	<u>12,353,385</u>	<u>12,605,839</u>	<u>1,231,059</u>	<u>894,449</u>	<u>13,584,444</u>	<u>13,500,288</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	16,375,015	16,117,270	6,987,345	7,045,595	23,362,360	23,162,865
<b>Restricted for:</b>						
Debt Service	142,615	192,468	-	-	142,615	192,468
Capital Projects	-	116,253	-	-	-	116,253
Other Purposes	134,277	123,929	-	-	134,277	123,929
Unrestricted	<u>4,635,781</u>	<u>5,507,170</u>	<u>602,245</u>	<u>591,568</u>	<u>5,238,026</u>	<u>6,098,738</u>
<b>Total Net Assets</b>	<u>\$ 21,287,688</u>	<u>\$ 22,057,090</u>	<u>\$ 7,589,590</u>	<u>\$ 7,637,163</u>	<u>\$ 28,877,278</u>	<u>\$ 29,694,253</u>

Total assets decreased \$732,819. Even though the cash and cash equivalents increased by \$193,698, decreases in taxes receivable of \$550,147 and in capital assets of \$367,507 offset this increase. The decrease in taxes receivable is mainly due to the reduction in personal property taxes and the decrease in capital assets is mainly due to depreciation expense.

The total net assets of the City decreased by \$816,975. The following factors were responsible for this decrease:

- An increase in cash and cash equivalents of \$193,698.
- A decrease in capital assets of \$367,507.
- A decrease in accounts receivable of \$550,147.
- A decrease in unearned revenue of \$693,054.
- An increase in long-term liabilities of \$668,713.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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The City makes concerted efforts to maximize the return on investments of its cash and cash equivalents and use these funds to provide liquidity for planned future capital purchases. Due to the interest rates in the past year, the investments have shifted from short and longer-term federal government agency issues short term to CD's. However, even though the State code allows for investments with maturities of five years or less, the City has not invested in any instrument with a maturity of more than two years.

Another tool used by the City to reduce its long-term liability is to pay off accumulated sick leave for police and fire employees. Upon the request of a police or fire employee with over ten years of service, accumulated sick time may be paid out on an annual basis. This allows the City to pay accumulated sick hours at the current hourly rate as opposed to paying for it at a higher rate in the future at the time of retirement. The employees benefit by having funds available to them currently with the opportunity to invest them and potentially gain a higher rate of return as opposed to receiving payment at a future date.

The City of Bedford Heights is also part of N.O.R.M.A. Self Insurance Pool, Inc. for liability insurance and workers compensation. Significant savings in premiums have resulted from being a member of the above referenced insurance pool. In addition the City conducts random drug testing of employees with CDL licenses which aids in reducing workers compensation premiums.

The net assets of our business-type activities decreased by approximately one-half percent in 2007. The City generally can only use these net assets to finance the continuing operations of the sewer system. The decrease was mainly due to an increase in depreciation expense.

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.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

Table 2  
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues						
Charges for Services	\$ 5,644,617	\$ 5,663,272	\$ 3,037,885	\$ 2,783,791	\$ 8,682,502	\$ 8,447,063
Operating Grants	34,948	68,464	-	-	34,948	68,464
Capital Grants and Contributions	-	-	448,732	-	448,732	-
Total Program Revenues	5,679,565	5,731,736	3,486,617	2,783,791	9,166,182	8,515,527
General Revenues						
Property Taxes	3,882,388	3,890,975	-	-	3,882,388	3,890,975
Income Taxes	8,811,924	8,648,965	-	-	8,811,924	8,648,965
Grants and Entitlements	1,898,417	1,657,800	-	-	1,898,417	1,657,800
Investment Earnings	306,428	258,859	19,355	5,677	325,783	264,536
Miscellaneous	118,356	52,792	10,583	11,208	128,939	64,000
Total Revenues	20,697,078	20,241,127	3,516,555	2,800,676	24,213,633	23,041,803
Program Expenses						
General Government	4,602,015	4,093,698	-	-	4,602,015	4,093,698
Security of Persons and Property	11,237,785	10,519,118	-	-	11,237,785	10,519,118
Public Health and Welfare	393,631	329,303	-	-	393,631	329,303
Leisure Time Activities	1,888,063	1,922,742	-	-	1,888,063	1,922,742
Community Development	323,997	331,212	-	-	323,997	331,212
Basic Utility Services	890,125	600,410	-	-	890,125	600,410
Transportation	1,975,432	1,842,203	-	-	1,975,432	1,842,203
Interest and Fiscal Charges	217,832	236,810	-	-	217,832	236,810
Sewer	-	-	3,501,728	2,874,995	3,501,728	2,874,995
Total Program Expenses	21,528,880	19,875,496	3,501,728	2,874,995	25,030,608	22,750,491
Increase (Decrease) in Net Assets before Transfers	(831,802)	365,631	14,827	(74,319)	(816,975)	291,312
Transfers	62,400	58,500	(62,400)	(58,500)	-	-
Change in Net Assets	\$ <u>(769,402)</u>	\$ <u>424,131</u>	\$ <u>(47,573)</u>	\$ <u>(132,819)</u>	\$ <u>(816,975)</u>	\$ <u>291,312</u>

*Governmental Activities*

Several revenue sources fund our governmental activities with the City's property and income tax being the largest contributors. The City's income tax revenue source is the largest contributor with a rate of two percent on gross income which has not changed since 1982. Residents of the City who work in another community and pay the withholding tax for that community receive a 100 percent tax credit on their City tax for 100 percent, the credit limit being two percent. During 2007, the revenues generated from this tax amounted to \$8,811,924. The City continues to enforce a delinquent letter program and the subpoena

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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program to ensure compliance with the local tax laws. Investment earnings increased as the Federal Reserve Board raised the Fed Funds Rate three times in 2007.

Security of Persons and Property and General Government are the major activities of the City generating 74 percent of the governmental expenses. Currently, there are 33 full-time sworn officers in the police department. During 2007, the department continued to place strong emphasis on the training of its employees to keep up with the rapidly changing laws, practices and technology. The City has made a concerted effort to monitor expenses. The major increase in expenses during the year was due to depreciation on capital assets.

The fire department normally consists of 29 full-time fire fighters, including the Chief and Assistant Chief. All but four of these fire fighters are fully trained paramedics. Again, training plays a crucial role in the day-to-day operation of the fire department. Techniques such as live practice burn-downs, continuing education classes, practice drills and watching training videos help keep the firefighters updated to perform their jobs most efficiently. The department handled 1,857 calls for assistance of which approximately 1,413 were for EMS and the rest for fire and fire related incidents. The total amount spent on overtime expenses during 2007 was \$71,517 as compared to \$96,327 during 2006. The total cost of operating the Fire and EMS department during 2007 was \$2,581,598 within the Fire Levy Fund. The City annually transfers into the Fire Levy Fund the difference between the revenue generated from the 3 mill fire levy and the operating expenses incurred. In 2007, the transfer from the General Fund was \$1,500,000.

The City also has an annual road program entailing major and minor resurfacing of the various streets in Bedford Heights. The reconstruction of various streets totaling approximately \$550,000 was spent during 2007. The annual road program is funded from the 2 mill Street Construction Levy.

*Business-Type Activities*

The Business-Type activities of the City, which include the City's sewer operations, decreased the City's net assets by \$47,573.

Net program expense exceeded program revenue in the amount of \$15,111 for the sewer operations for 2007. This is mainly due to an increase in depreciation charged to capital assets during the year.

**The City's Funds**

*Governmental Funds*

Information about the City's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$23,735,659 and expenditures and other financing uses of \$24,084,890. The net change in fund balance for the year was most significant in the Capital Improvements Fund showing a decrease in fund balance of \$143,070 which decreased the fund balance to \$(26,817). The decrease in fund balance was mainly due to an increase in contractual services due to renovations made to the community center and council chambers.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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Furthermore, major repairs were needed for a gas line in City Hall. The Fire Levy Special Revenue Fund, General Fund and Debt Service Fund also had a decrease in fund balance. The Fire Levy Fund reflected a decrease in fund balance of \$98,948, which decreased the fund balance to \$(130,123). The decrease in fund balance was mainly due to an increase in account salaries and wages caused by two new firefighters added in the last quarter of 2006. In 2007, a full year's worth of wages was expended. The General Fund exhibited a decrease in fund balance of \$69,968, which was mainly due to an increase in general government expenditures. The cause of the increase in the general government expenditures was salaries and wages due to an influx of seasonal employees in 2007 compared to 2006. Property taxes and municipal income taxes also decreased significantly. The Debt Service Fund showed a decrease in fund balance of \$49,853, which was mainly due to an increase in debt retirement in 2007 compared to 2006. The total non-major governmental funds remained fairly consistent from the prior year.

Overall the revenue base continues to meet City obligations and reflects the current solid financial condition of the City as a whole.

*General Fund Budgeting Highlights*

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at a regularly held council meeting, which is open to the public; the budget is adopted by City council. Council must approve legislation for any revisions in the budget that alter totals or the total appropriations for any department or fund. The finance department watches all the departmental budgets closely to monitor compliance with allocated budgets and provides monthly reports to City Council depicting monthly and year-to-date activity.

For the General Fund, final budget basis revenue and other financing sources of \$16,700,673 was higher than the original budget estimates of \$15,944,299. The original appropriations for the general fund were \$16,197,262, including other financing uses. The final appropriations, including other financing uses, were \$16,336,005. The City historically budgets to expend nearly 100 percent of their available resources, when actually only 98.5 percent of available resources were expended in 2007. The City's actual expenditures ended \$250,355 below the final budgeted amount.

The City's ending unobligated budgetary fund balance was \$56,283 lower than the final budgeted amount mostly due to lower than anticipated municipal tax revenue and charges for services.

*Business-Type Funds*

The City's major Enterprise funds consist of the Sewer Treatment Fund. The basic financial statements for the major funds are included in this report.

Proprietary Funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Sewer Treatment Fund. The basic proprietary fund financial statements can be found on page 27 through 29 of this report.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2007, the City of Bedford Heights had \$29,391,143 invested in land, buildings, equipment, vehicles and infrastructure.

Table 3 shows fiscal 2007 balances of Capital Assets as compared to 2006:

Table 3  
 Capital Assets at December 31

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land	\$ 1,716,387	\$ 1,716,387	\$ 99,200	\$ 99,200	\$ 1,815,587	\$ 1,815,587
Buildings and improvements	17,431,319	17,087,740	3,348,265	3,339,965	20,779,584	20,427,705
Machinery and equipment	1,386,986	1,348,726	7,418,748	7,131,748	8,805,734	8,480,474
Furniture and fixtures	997,124	1,004,673	24,862	24,862	1,021,986	1,029,535
Vehicles	3,258,322	3,083,662	387,181	387,181	3,645,503	3,470,843
Infrastructure	15,783,251	15,783,251	6,008,193	5,854,761	21,791,444	21,638,012
Construction in progress	762,079	225,843	-	-	762,079	225,843
Less: accumulated depreciation	(19,477,679)	(18,008,491)	(9,753,095)	(9,320,858)	(29,230,774)	(27,329,349)
<b>Total capital assets</b>	<b>\$ 21,857,789</b>	<b>\$ 22,241,791</b>	<b>\$ 7,533,354</b>	<b>\$ 7,516,859</b>	<b>\$ 29,391,143</b>	<b>\$ 29,758,650</b>

The City has an aggressive stance on maintaining its assets, including infrastructure, in excellent condition. Vehicles such as fire trucks and ambulances are planned for well in advance by the respective department heads and a scheduled maintenance and replacement timetable is followed to provide peak performance for the maximum time frame (5 to 6 years). Police cars are replaced every 12 to 24 months. The older vehicles are either traded in to the dealers or sold to the highest bidder at auction.

With regards to the infrastructure, the City's engineering, public works and water reclamation departments maintain a comprehensive listing of all the streets, bridges, culverts and sewer lines in the City. As part of the City's annual road maintenance program, the Engineer evaluates the condition of each street after each winter and prepares a list of streets to be either resurfaced or cracksealed and in the case of concrete roads, either replaced or repaired. After approval from council, the projects are bid in early to late spring to get the best possible pricing from contractors. This program is paid for out of the street construction levy fund and capital improvements fund of the City. Capital assets for business-type activities increased \$16,495, due to the City's increase in asset purchases.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

The City is committed to a long-term goal of meeting the needs of its infrastructure and facilities. We have a five-year capital plan in place that provides for street, sanitary and storm improvements and maintaining our current structures. See Note 6 for more information on capital assets.

*Debt*

At December 31, 2007, the City of Bedford Heights had \$8,756,782 in outstanding debt and compensated absences, of which \$4,235,000 was in general obligation bonds. Table 4 summarizes the outstanding obligations of the City.

Table 4  
 Outstanding Debt at Year End

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 4,005,000	\$ 4,690,000	\$ 230,000	\$ 440,000	\$ 4,235,000	\$ 5,130,000
Long-term notes payable	\$ 450,000	\$ 250,000	\$ 300,000	\$ -	\$ 750,000	\$ 250,000
Special assessment bonds	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ 9,000
Capital leases payable	\$ 902,774	\$ 1,000,522	\$ 16,009	\$ 31,264	\$ 918,783	\$ 1,031,786
Compensated absences	\$ 2,345,847	\$ 1,428,576	\$ 507,152	\$ 238,707	\$ 2,852,999	\$ 1,667,283
<i>Total</i>	<u>\$ 7,703,621</u>	<u>\$ 7,378,098</u>	<u>\$ 1,053,161</u>	<u>\$ 709,971</u>	<u>\$ 8,756,782</u>	<u>\$ 8,088,069</u>

At December 31, 2007, the City's overall legal debt margin was \$26,260,270. At year-end, the outstanding general obligation debt was \$4,235,000. Other obligations include capital leases, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 8 of the basic financial statements.

**Current Related Financial Activities**

The City of Bedford Heights is strong financially. In addition, the City of Bedford Heights' systems of budgeting and internal controls are well regarded and the City is well prepared to meet the challenges of the future. In conclusion, management has been committed to provide the residents of the City of Bedford Heights with full disclosure of the financial position of the City.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2007*

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**Contacting the City of Bedford Heights' Finance Department**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact Director of Finance, Mark Cegelka, City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio 44146, telephone (440) 786-3227.

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# City of Bedford Heights, Ohio

## Statement of Net Assets

**December 31, 2007**

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,113,475	\$ 387,583	\$ 5,501,058
Accounts receivable, net of allowance for doubtful accounts	521,398	814,309	1,335,707
Accrued interest receivable	17,401	-	17,401
Intergovernmental receivable	865,666	-	865,666
Supplies and materials inventory	98,613	63,000	161,613
Prepaid assets	43,239	22,403	65,642
Taxes receivable	5,081,511	-	5,081,511
Special assessments receivable	41,981	-	41,981
Non-depreciable capital assets	2,478,466	99,200	2,577,666
Depreciable assets, net	<u>19,379,323</u>	<u>7,434,154</u>	<u>26,813,477</u>
<b>Total assets</b>	<u><b>33,641,073</b></u>	<u><b>8,820,649</b></u>	<u><b>42,461,722</b></u>
<b>Liabilities:</b>			
Accounts payable	320,153	50,758	370,911
Accrued wages and benefits	861,473	82,224	943,697
Intergovernmental payable	271,085	33,315	304,400
Unearned revenue	3,020,659	-	3,020,659
Accrued interest payable	44,527	11,601	56,128
Notes payable	125,000	-	125,000
Matured compensated absences	6,867	-	6,867
Long term liabilities:			
Due within one year	1,539,273	360,655	1,899,928
Due in more than one year	<u>6,164,348</u>	<u>692,506</u>	<u>6,856,854</u>
<b>Total liabilities</b>	<u><b>12,353,385</b></u>	<u><b>1,231,059</b></u>	<u><b>13,584,444</b></u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	16,375,015	6,987,345	23,362,360
Restricted for:			
Debt service	142,615	-	142,615
Other purposes	134,277	-	134,277
Unrestricted	<u>4,635,781</u>	<u>602,245</u>	<u>5,238,026</u>
<b>Total net assets</b>	<u><b>\$ 21,287,688</b></u>	<u><b>\$ 7,589,590</b></u>	<u><b>\$ 28,877,278</b></u>

See Accompanying Notes to the Basic Financial Statements

# City of Bedford Heights, Ohio

## Statement of Activities

### For The Year Ended December 31, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Government activities:				
General government	\$ 4,602,015	\$ 748,121	\$ -	\$ -
Security of persons and property	11,237,785	370,578	34,948	-
Public health and welfare	393,631	4,070,525	-	-
Leisure time activities	1,888,063	203,696	-	-
Community development	323,997	251,697	-	-
Basic utility services	890,125	-	-	-
Transportation	1,975,432	-	-	-
Interest and fiscal charges	217,832	-	-	-
Total governmental activities	<u>21,528,880</u>	<u>5,644,617</u>	<u>34,948</u>	<u>-</u>
Business-type activities:				
Sewer	<u>3,501,728</u>	<u>3,037,885</u>	<u>-</u>	<u>448,732</u>
Total	\$ <u>25,030,608</u>	\$ <u>8,682,502</u>	\$ <u>34,948</u>	\$ <u>448,732</u>

General revenues:

- Property taxes and other local taxes levied for:
  - General purposes
  - Special revenues
  - Debt service
  - Capital projects
- Income taxes levied for:
  - General purposes
- Grants and entitlements not restricted to specific programs
- Investment income
- Miscellaneous income
- Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (3,853,894)	\$ -	\$ (3,853,894)
(10,832,259)	-	(10,832,259)
3,676,894	-	3,676,894
(1,684,367)	-	(1,684,367)
(72,300)	-	(72,300)
(890,125)	-	(890,125)
(1,975,432)	-	(1,975,432)
<u>(217,832)</u>	<u>-</u>	<u>(217,832)</u>
<u>(15,849,315)</u>	<u>-</u>	<u>(15,849,315)</u>
-	<u>(15,111)</u>	<u>(15,111)</u>
<u>(15,849,315)</u>	<u>(15,111)</u>	<u>(15,864,426)</u>
1,629,561	-	1,629,561
1,067,042	-	1,067,042
592,985	-	592,985
592,800	-	592,800
8,811,924	-	8,811,924
1,898,417	-	1,898,417
306,428	19,355	325,783
118,356	10,583	128,939
<u>62,400</u>	<u>(62,400)</u>	<u>-</u>
<u>15,079,913</u>	<u>(32,462)</u>	<u>15,047,451</u>
(769,402)	(47,573)	(816,975)
<u>22,057,090</u>	<u>7,637,163</u>	<u>29,694,253</u>
\$ <u>21,287,688</u>	\$ <u>7,589,590</u>	\$ <u>28,877,278</u>

# City of Bedford Heights, Ohio

## Balance Sheet Governmental Funds

**December 31, 2007**

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	<u>General</u>	<u>Fire Levy</u>
Assets:		
Cash and cash equivalents	\$ 4,148,655	\$ 27,947
Accounts receivable, net of allowance for doubtful accounts	511,638	-
Accrued interest receivable	17,401	-
Intergovernmental receivable	458,178	43,426
Supplies and materials inventory	23,682	-
Prepaid assets	43,239	-
Taxes receivable	3,041,141	805,407
Special assessments receivable	<u>-</u>	<u>-</u>
Total assets	\$ <u>8,243,934</u>	\$ <u>876,780</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 225,554	\$ 12,921
Accrued wages and benefits	424,143	88,386
Intergovernmental payable	202,979	56,763
Deferred revenue	1,987,423	848,833
Accrued interest payable	-	-
Notes payable	-	-
Matured compensated absences	<u>6,867</u>	<u>-</u>
Total liabilities	<u>2,846,966</u>	<u>1,006,903</u>
Fund balances:		
Reserved for encumbrances	47,222	9,962
Reserved for inventory	23,682	-
Reserve for prepaids	43,239	-
Unreserved: undesignated (deficits), reported in:		
General fund	5,282,825	-
Special revenue funds	-	(140,085)
Debt service fund	-	-
Capital projects fund	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>5,396,968</u>	<u>(130,123)</u>
Total liabilities and fund balances	\$ <u>8,243,934</u>	\$ <u>876,780</u>

See Accompanying Notes to the Basic Financial Statements

<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 142,617	\$ 158,488	\$ 635,768	\$ 5,113,475
-	-	9,760	521,398
-	-	-	17,401
26,829	28,951	308,282	865,666
-	-	74,931	98,613
-	-	-	43,239
536,940	536,941	161,082	5,081,511
<u>41,981</u>	<u>-</u>	<u>-</u>	<u>41,981</u>
\$ <u>748,367</u>	\$ <u>724,380</u>	\$ <u>1,189,823</u>	\$ <u>11,783,284</u>
\$ -	\$ 59,009	\$ 22,669	\$ 320,153
-	-	348,944	861,473
-	-	11,343	271,085
605,752	565,891	375,485	4,383,384
-	1,297	-	1,297
-	125,000	-	125,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,867</u>
<u>605,752</u>	<u>751,197</u>	<u>758,441</u>	<u>5,969,259</u>
-	26,107	55,042	138,333
-	-	74,931	98,613
-	-	-	43,239
-	-	-	5,282,825
-	-	301,409	161,324
142,615	-	-	142,615
<u>-</u>	<u>(52,924)</u>	<u>-</u>	<u>(52,924)</u>
<u>142,615</u>	<u>(26,817)</u>	<u>431,382</u>	<u>5,814,025</u>
\$ <u>748,367</u>	\$ <u>724,380</u>	\$ <u>1,189,823</u>	\$ <u>11,783,284</u>

# City of Bedford Heights, Ohio

## Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

**December 31, 2007**

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Total Governmental fund balances \$ 5,814,025

*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. 21,857,789

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

Property and other taxes	\$ 469,446
Municipal income taxes	213,780
Special assessments	41,981
Intergovernmental	<u>637,518</u>

Total 1,362,725

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (43,230)

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

General obligation bonds	(4,005,000)
Long-term notes payable	(450,000)
Capital lease payable	(902,774)
Compensated absences	<u>(2,345,847)</u>

Total (7,703,621)

*Net assets of governmental activities* \$ 21,287,688

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# City of Bedford Heights, Ohio

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

**For the Year Ended December 31, 2007**

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	<u>General</u>	<u>Fire Levy</u>
Revenues:		
Property taxes	\$ 1,548,544	\$ 847,100
Municipal income taxes	8,638,315	-
Other local taxes	5,235	-
Intergovernmental	860,327	117,116
Charges for services	4,163,791	-
Licenses and permits	240,075	-
Fines and forfeitures	158,684	-
Special assessments	-	-
Investment income	114,509	-
Miscellaneous income	<u>336,108</u>	<u>18,393</u>
Total revenues	<u>16,065,588</u>	<u>982,609</u>
Expenditures:		
Current operations and maintenance:		
Security of persons and property	6,643,112	2,581,598
Public health and welfare	411,908	-
Leisure time activities	1,409,534	-
Community development	327,473	-
Basic utility services	629,455	-
Transportation	22,583	-
General government	3,969,476	-
Capital outlay	137,015	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>
Total expenditures	<u>13,550,556</u>	<u>2,581,598</u>
Excess of revenues over (under) expenditures	<u>2,515,032</u>	<u>(1,598,989)</u>
Other financing sources (uses):		
Inception of capital leases	-	-
Issuance of notes	-	-
Sale of capital assets	-	41
Transfers – in	-	1,500,000
Transfers – out	<u>(2,585,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,585,000)</u>	<u>1,500,041</u>
Net change in fund balances	(69,968)	(98,948)
Fund balances (deficits) at beginning of year	<u>5,466,936</u>	<u>(31,175)</u>
Fund balances (deficits) at end of year	\$ <u><u>5,396,968</u></u>	\$ <u><u>(130,123)</u></u>

See Accompanying Notes to the Basic Financial Statements

<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 564,918	\$ 564,733	\$ 169,420	\$ 3,694,715
-	150,000	-	8,788,315
-	-	-	5,235
59,971	70,554	733,158	1,841,126
-	-	-	4,163,791
-	142,997	283,788	666,860
-	-	7,232	165,916
18,441	-	-	18,441
26,610	165,309	-	306,428
<u>-</u>	<u>5,600</u>	<u>304,353</u>	<u>664,454</u>
<u>669,940</u>	<u>1,099,193</u>	<u>1,497,951</u>	<u>20,315,281</u>
-	-	1,569,282	10,793,992
-	16,987	-	428,895
-	324,918	-	1,734,452
-	-	6,510	333,983
-	153,541	-	782,996
-	-	1,031,006	1,053,589
-	172,013	46,383	4,187,872
-	872,567	-	1,009,582
694,000	250,000	-	944,000
<u>188,193</u>	<u>27,336</u>	<u>-</u>	<u>215,529</u>
<u>882,193</u>	<u>1,817,362</u>	<u>2,653,181</u>	<u>21,484,890</u>
<u>(212,253)</u>	<u>(718,169)</u>	<u>(1,155,230)</u>	<u>(1,169,609)</u>
-	-	217,838	217,838
-	450,000	-	450,000
-	90,099	-	90,140
162,400	50,000	950,000	2,662,400
<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(2,600,000)</u>
<u>162,400</u>	<u>575,099</u>	<u>1,167,838</u>	<u>820,378</u>
(49,853)	(143,070)	12,608	(349,231)
<u>192,468</u>	<u>116,253</u>	<u>418,774</u>	<u>6,163,256</u>
\$ <u><u>142,615</u></u>	\$ <u><u>(26,817)</u></u>	\$ <u><u>431,382</u></u>	\$ <u><u>5,814,025</u></u>

# City of Bedford Heights, Ohio

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

### For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds \$ (349,231)

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlay 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 depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 1,092,735	
Depreciation	<u>(1,473,906)</u>	
Total		(381,171)

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. (2,831)

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

Property and other taxes	182,438	
Municipal income taxes	23,609	
Special assessments	(14,914)	
Intergovernmental	<u>100,524</u>	
Total		291,657

Issuance of notes is an other financing source in the funds, but increase long term liabilities in the Statement of Net Assets (450,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 694,000

Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the inception of capital leases (217,838)

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

Compensated absences	(917,271)	
Long-term notes payable	250,000	
Capital leases payable	315,586	
Accrued interest payable	<u>(2,303)</u>	
Total		<u>(353,988)</u>

Change in net assets of governmental activities \$ (769,402)

# City of Bedford Heights, Ohio

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**For the Year Ended December 31, 2007**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,698,714	\$ 1,575,000	\$ 1,548,544	\$ (26,456)
Municipal income taxes	8,450,000	8,970,000	8,766,969	(203,031)
Other local taxes	18,000	10,000	5,235	(4,765)
Intergovernmental	895,580	900,400	893,098	(7,302)
Charges for services	4,097,355	4,347,042	4,273,927	(73,115)
Licenses and permits	258,450	252,455	236,757	(15,698)
Fines and forfeitures	178,000	164,000	159,502	(4,498)
Investment income	90,000	112,000	97,882	(14,118)
Miscellaneous income	258,200	369,776	345,893	(23,883)
Total revenues	<u>15,944,299</u>	<u>16,700,673</u>	<u>16,327,807</u>	<u>(372,866)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	6,731,055	6,659,005	6,605,529	53,476
Public health and welfare	400,950	418,500	410,090	8,410
Leisure time activities	1,474,320	1,478,363	1,436,626	41,737
Community development	379,955	327,035	321,555	5,480
Basic utility services	622,941	637,041	613,558	23,483
Transportation	23,250	23,650	22,686	964
General government	3,849,521	4,054,181	3,948,803	105,378
Capital outlay	160,270	153,230	141,803	11,427
Total expenditures	<u>13,642,262</u>	<u>13,751,005</u>	<u>13,500,650</u>	<u>250,355</u>
Excess of revenues over (under) expenditures	<u>2,302,037</u>	<u>2,949,668</u>	<u>2,827,157</u>	<u>(122,511)</u>
Other financing sources (uses):				
Transfers – out	<u>(2,555,000)</u>	<u>(2,585,000)</u>	<u>(2,585,000)</u>	<u>-</u>
Net change in fund balance	(252,963)	364,668	242,157	(122,511)
Fund balance at beginning of year	3,840,270	3,840,270	3,840,270	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>66,228</u>	<u>66,228</u>
Fund balance at end of year	\$ <u>3,587,307</u>	\$ <u>4,204,938</u>	\$ <u>4,148,655</u>	\$ <u>(56,283)</u>

See Accompanying Notes to the Basic Financial Statements

# City of Bedford Heights, Ohio

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Fire Levy

### For the Year Ended December 31, 2007

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 902,000	\$ 875,000	\$ 847,100	\$ (27,900)
Intergovernmental	105,831	117,131	117,116	(15)
Miscellaneous income	<u>18,500</u>	<u>20,500</u>	<u>18,393</u>	<u>(2,107)</u>
Total revenues	<u>1,026,331</u>	<u>1,012,631</u>	<u>982,609</u>	<u>(30,022)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	<u>2,564,350</u>	<u>2,592,000</u>	<u>2,577,142</u>	<u>14,858</u>
Excess of revenues over (under) expenditures	(1,538,019)	(1,579,369)	(1,594,533)	(15,164)
Other financing sources (uses):				
Sale of capital assets	-	50	41	(9)
Transfers – in	<u>1,470,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,470,000</u>	<u>1,500,050</u>	<u>1,500,041</u>	<u>(9)</u>
Net change in fund balance	(68,019)	(79,319)	(94,492)	(15,173)
Fund balance at beginning of year	113,978	113,978	113,978	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>8,461</u>	<u>8,461</u>
Fund balance at end of year	\$ <u>45,959</u>	\$ <u>34,659</u>	\$ <u>27,947</u>	\$ <u>(6,712)</u>

# City Of Bedford Heights, Ohio

## Statement of Fund Net Assets Proprietary Funds

**December 31, 2007**

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	<u>Business-Type Activities Sewer Treatment Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 387,583
Accounts receivable, net of allowance for doubtful accounts	814,309
Supplies and materials inventory	63,000
Prepaid assets	<u>22,403</u>
Total current assets	<u>1,287,295</u>
Noncurrent assets:	
Non-depreciable capital assets	99,200
Depreciable capital assets, net	<u>7,434,154</u>
Total noncurrent assets	<u>7,533,354</u>
Total assets	<u>8,820,649</u>
Liabilities:	
Current liabilities:	
Accounts payable	50,758
Accrued wages and benefits	82,224
Intergovernmental payable	33,315
Accrued interest payable	11,601
Capital leases payable	16,009
Accrued compensated absences	114,646
General obligation bond payable	<u>230,000</u>
Total current liabilities	<u>538,553</u>
Long-term liabilities (net of current portion):	
Accrued compensated absences	392,506
Notes payable	<u>300,000</u>
Total long-term liabilities	<u>692,506</u>
Total liabilities	<u>1,231,059</u>
Net assets:	
Invested in capital assets, net of related debt	6,987,345
Unrestricted	<u>602,245</u>
Total net assets	<u>\$ 7,589,590</u>

See Accompanying Notes to the Basic Financial Statements

# City Of Bedford Heights, Ohio

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

**For the Year Ended December 31, 2007**

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	<u>Business-Type Activities Sewer Treatment Fund</u>
Operating revenues:	
Charges for services	\$ 3,037,885
Reimbursements	<u>10,583</u>
Total operating revenues	<u>3,048,468</u>
Operating expenses:	
Personal services	1,899,935
Travel and education	8,538
Contractual services	959,516
Supplies and materials	167,461
Depreciation	<u>432,237</u>
Total operating expenses	<u>3,467,687</u>
Operating loss	<u>(419,219)</u>
Non-operating revenues (expenses):	
Investment income	19,355
Interest and fiscal charges	<u>(34,041)</u>
Total non-operating revenues (expenses)	<u>(14,686)</u>
Loss before transfers and contributions	(433,905)
Transfers – out	(62,400)
Capital contributions	<u>448,732</u>
Change in net assets	(47,573)
Net assets at beginning of year	<u>7,637,163</u>
Net assets at end of year	\$ <u><u>7,589,590</u></u>

See Accompanying Notes to the Basic Financial Statements

# City Of Bedford Heights, Ohio

## Statement of Cash Flows Proprietary Fund Types

**For the Year Ended December 31, 2007**

	Business-Type Activities Sewer Treatment Fund
Cash flows from operating activities	
Cash received from customers	\$ 2,933,482
Cash payments for goods and services	(996,300)
Cash payments to employees for services and benefits	(1,615,301)
Cash payments for materials and supplies	(174,513)
Cash received for other operating activities	<u>10,583</u>
Net cash provided by operating activities	<u>157,951</u>
Cash flows from capital and related financing activities	
Principal paid on capital leases	(15,255)
Principal paid	(210,000)
Long-term notes	300,000
Interest paid	<u>(24,860)</u>
Net provided by for capital and related financing activities	<u>49,885</u>
Cash flows from investing activities	
Interest received	<u>19,355</u>
Cash flows from non-capital financing activities:	
Transfers-out	<u>(62,400)</u>
Net increase in cash and cash equivalents	164,791
Cash and cash equivalents at beginning of year	<u>222,792</u>
Cash and cash equivalents at end of year	\$ <u><u>387,583</u></u>
<i>Reconciliation of operating loss to net cash provided by operating activities:</i>	
Operating loss	\$ (419,219)
Adjustments:	
Depreciation	432,237
Changes in assets/liabilities	
Increase in accounts receivable	(104,403)
Decrease in supplies and materials inventory	(3,797)
Decrease in prepaid assets	449
Increase in accounts payable	(31,950)
Increase in accrued wages and benefits	8,704
Increase in accrued compensated absences	268,445
Increase in intergovernmental payable	<u>7,485</u>
Net cash provided by operating activities	\$ <u><u>157,951</u></u>
Non-cash capital investing activities – contributions of capital assets	\$ <u><u>448,732</u></u>

See Accompanying Notes to the Basic Financial Statements

**City Of Bedford Heights, Ohio**

Statement of Fiduciary Net Assets  
Agency Funds

**December 31, 2007**

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	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ <u>26,031</u>
Liabilities:	
Intergovernmental payable	\$ <u>26,031</u>

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements

## **For the Year Ended December 31, 2007**

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### **Note 1: The Reporting Entity**

The City of Bedford Heights is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted January 1, 1960.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Bedford Heights this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

The Mayor's Court (the Court), which provides judicial services, is responsible for the levying and collecting of fines and forfeitures under state and local laws, and their subsequent distribution to various government agencies. The City budgets and appropriates funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court, along with its share of the Court's administrative and operating costs, are recorded in the City's General Fund. Due to this relationship, the Court is not considered a component unit of the City but rather as part of the primary government unit itself. Monies held by the Court in a fiduciary capacity are recorded as an agency fund in the accompanying financial statements.

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. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

#### *Jointly Governed Organizations*

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

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 1: The Reporting Entity (continued)**

#### *Jointly Governed Organizations (continued)*

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 Bedford Heights did not contribute to NOPEC during 2007. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

### **Note 2: Summary of Significant Accounting Policies**

The financial statements of the City of Bedford Heights have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its governmental and business-type activities and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The most 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 statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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 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 function or business activity is self-financing or draws from the general revenues of the City.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **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 enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-Major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

#### **B. Fund Accounting**

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

*Governmental Funds* - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

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

*Fire Levy Fund* - Accounts for three (3) mills for each one dollar of assessed valuation for the purpose of operating, equipping and housing the City's own division of fire.

*Debt Service Fund* - Accounts for the transfers in and tax levies that are utilized for the repayment of general obligation debt.

*Capital Improvements Fund* - This fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***B. Fund Accounting (continued)***

*Proprietary Funds* - The 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. The City has no Internal Service funds.

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

*Sewer Treatment Fund* - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

*Fiduciary Funds* - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds are for the Glenwillow Sanitary Sewer Maintenance and Repair and the Mayor's Court.

#### ***C. Measurement Focus***

##### *Government-Wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets, except for fiduciary funds.

##### *Fund Financial Statements*

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

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***D. Basis of Accounting***

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

#### *Revenues – Exchange and Non-Exchange Transactions*

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned.

Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 5).

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

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

#### *Deferred Revenue*

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***D. Basis of Accounting (continued)***

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

#### *Expenses/Expenditures*

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

#### ***E. Budgetary Process***

An annual appropriated budget is legally required to be prepared for all funds of the City other than Agency funds. Council passes appropriations at the object and function level. Line item appropriations may be transferred between the accounts with the approval of the Mayor, Finance Director, and respective department head. Council must approve any revisions in the budget that alter total fund appropriations.

The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

#### *Tax Budget*

A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

#### *Estimated Resources*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for annual appropriations measure.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***E. Budgetary Process (continued)***

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments are made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission finds the revised estimates to be reasonable, the amounts reported in the budgetary statements as original represent the amounts in the first official certificate of estimated resources issued during 2007. The amounts reported in the budgetary as final reflect the amounts in the final amended official certificate of estimated resources issued during 2007.

#### *Annual Estimate*

The Mayor, with the assistance of the Finance Director, is required by Charter to submit to Council, on or before December 1 of each fiscal year, an estimate of the revenues and expenditures of each fund of the City for the next succeeding fiscal year. The annual estimate serves as the basis for appropriations (the appropriated budget) in each fund.

#### *Appropriations*

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the official Amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. During the year, several supplemental appropriation measures were necessary. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for each fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

#### *Lapsing of Appropriations*

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is reappropriated.

#### *Budgeted Level of Expenditure*

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made to personal services, travel and education, contractual services, supplies and materials, capital outlay, debt principal and interest payments, and transfer accounts for each department. The appropriations set by Council must remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the Finance Director as long as the allocations are within Council's appropriated amount.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***E. Budgetary Process (continued)***

##### *Encumbrances*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures of governmental funds.

#### ***F. Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2007, the City invested in STAROhio, certificates of deposit, money market accounts and obligations of other United States governmental agencies.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2007. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

Following Ohio statutes, City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Individual investments are specifically identified as to which fund or funds the investment relates, and which funds are to be credited with the related interest earnings.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### **G. Inventory**

Inventories for all governmental funds are valued using the first-in/first out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued using the first-in/first-out method and expensed when used rather than when purchased.

#### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the allocation method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

#### **I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These 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's capitalization threshold is five thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines. 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 capital assets is also capitalized.

In the case of the initial capitalization of general infrastructure the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets by estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

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

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***I. Capital Assets (continued)***

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	6 to 50 years
Machinery and equipment	3 to 40 years
Furniture and fixtures	10 to 40 years
Vehicles	5 to 15 years
Infrastructure:	
Streets and water lines	15 to 100 years
Sewer lines	50 to 75 years

#### ***J. 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.

#### ***K. Compensated Absences***

The City reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City’s termination policy. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

The entire compensated absence liability is reported on the government-wide financial statements.

#### ***L. Accrued Liabilities and Long-Term Obligations***

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

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

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 2: Summary of Significant Accounting Policies (continued)**

#### ***M. 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.

#### ***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$276,892 of restricted net assets, none of which is restricted by enabling legislation.

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

#### ***O. 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 reimbursements for the sewer-treatment plant. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

#### ***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. Repayments 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 occurred in 2007.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

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### Note 2: Summary of Significant Accounting Policies (continued)

#### 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.

### Note 3: Budgetary Basis of Accounting

While 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 and disbursements.

The Statements of Revenue, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are identified as follows:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) Encumbrances are treated as expenditures (budget basis) rather than a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Fire Levy Fund.

	<u>Net Change in Fund Balances</u>	
	<u>General</u>	<u>Fire Levy</u>
GAAP basis	\$ (69,968)	\$ (98,948)
<u>Increase (Decrease) due to:</u>		
Revenue accruals	262,219	-
Expenditure accruals	116,134	12,917
Encumbrances	<u>(66,228)</u>	<u>(8,461)</u>
Budget basis	\$ <u>242,157</u>	\$ <u>(94,492)</u>

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 4: Deposits and Investments**

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

Active deposits are public deposits necessary to meet 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 monies identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim 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 monies may be deposited or invested in the following securities:

1. United States Treasury notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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;
4. Investment grade obligations of state and local governments, and public authorities;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

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### **Note 4: Deposits and Investments (continued)**

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.

#### ***Deposits***

*Custodial credit risk* is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge as security for repayment of all public moneys.

At year-end, the carrying amount of the City's deposits was \$5,357,022 and the bank balance was \$5,687,790. Of the bank balance, \$214,058 was covered by Federal depository insurance and \$5,473,732 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the City's name.

#### ***Investments***

The City has a formal investment policy. The City follows GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools", and reports all its investments at fair value. As of December 31, 2007, the city had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
STAROhio	\$ <u>170,067</u>	<u>N/A</u>

*Interest Rate Risk* arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring 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, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than one year.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 4: Deposits and Investments (continued)**

*Custodial Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

*Credit Risk* is addressed by the City's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. All investments of the city are registered and carry a rating AAA by Standard & Poor's.

*Concentration of Credit Risk* is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the City's allocation as of December 31, 2007:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
STAROhio	100%

### **Note 5: Receivables**

Receivables at December 31, 2007 consisted primarily of taxes, intergovernmental receivables arising from grants, special assessments, charges for sewer treatment services, and charges for prisoner housing. All receivables are considered fully collectible.

#### **A. 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 state statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2003. Real property taxes are payable annually or semiannually. The first payment is due January 20, 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. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

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### **Note 5: Receivables (continued)**

#### **A. Property Taxes (continued)**

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 50 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 Bedford Heights. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2007, was \$13.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Category	
Real estate	\$ 247,730,140
Tangible personal	60,648,750
Public utility	<u>6,197,820</u>
Total	<u>\$ 314,576,710</u>

#### **B. Income Tax**

The City levies and collects an income tax of two 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 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 to the City at least monthly. 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 Capital Improvements Fund.

#### **C. Intergovernmental**

A summary of intergovernmental receivables is as follows:

	<u>Amounts</u>
Governmental activities:	
Local governmental	\$ 335,521
Homestead and rollback	96,224
Public utility reimbursement	30,843
Gasoline tax	204,228
Motor vehicle license	88,794
CAT tax	91,953
Mayor's court	12,079
Permissive auto registration	<u>6,024</u>
Total	<u>\$ 865,666</u>

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

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### Note 6: Capital Assets

A summary of changes in capital assets during 2007 follows:

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/07</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,716,387	\$ -	\$ -	\$ 1,716,387
Construction in progress	<u>225,843</u>	<u>613,647</u>	<u>(77,411)</u>	<u>762,079</u>
Total non-depreciable assets	<u>1,942,230</u>	<u>613,647</u>	<u>(77,411)</u>	<u>2,478,466</u>
Depreciable assets:				
Buildings and improvements	17,087,740	343,579	-	17,431,319
Furniture and fixtures	1,004,673	-	(7,549)	997,124
Machinery and equipment	1,348,726	38,260	-	1,386,986
Vehicles	3,083,662	174,660	-	3,258,322
Infrastructure:				
Streets	12,910,712	-	-	12,910,712
Water lines	<u>2,872,539</u>	<u>-</u>	<u>-</u>	<u>2,872,539</u>
Total depreciable assets	<u>38,308,052</u>	<u>556,499</u>	<u>(7,549)</u>	<u>38,857,002</u>
Less accumulated depreciation:				
Buildings and improvements	(8,118,532)	(472,542)	-	(8,591,074)
Furniture and fixtures	(656,547)	(39,159)	4,718	(690,988)
Machinery and equipment	(896,250)	(87,086)	-	(983,336)
Vehicles	(1,378,988)	(268,593)	-	(1,647,581)
Infrastructure:				
Streets	(6,547,547)	(577,801)	-	(7,125,348)
Water lines	<u>(410,627)</u>	<u>(28,725)</u>	<u>-</u>	<u>(439,352)</u>
Total accumulated depreciation	<u>(18,008,491)</u>	<u>(1,473,906)</u>	<u>4,718</u>	<u>(19,477,679)</u>
Total depreciable assets, net	<u>20,299,561</u>	<u>(917,407)</u>	<u>(2,831)</u>	<u>19,379,323</u>
Governmental activities capital assets, net	\$ <u>22,241,791</u>	\$ <u>(303,760)</u>	\$ <u>(80,242)</u>	\$ <u>21,857,789</u>

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

### Note 6: Capital Assets (continued)

	Balance <u>12/31/06</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/07</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 99,200	\$ -	\$ -	\$ 99,200
Construction in progress	<u>-</u>	<u>153,432</u>	<u>(153,432)</u>	<u>-</u>
Total non-depreciable assets	<u>99,200</u>	<u>153,432</u>	<u>(153,432)</u>	<u>99,200</u>
Depreciable assets:				
Buildings and improvements	3,339,965	8,300	-	3,348,265
Furniture and fixtures	24,862	-	-	24,862
Machinery and equipment	7,131,748	287,000	-	7,418,748
Vehicles	387,181	-	-	387,181
Infrastructure:				
Sewers	<u>5,854,761</u>	<u>153,432</u>	<u>-</u>	<u>6,008,193</u>
Total depreciable assets	<u>16,738,517</u>	<u>448,732</u>	<u>-</u>	<u>17,187,249</u>
Less accumulated depreciation:				
Buildings and improvements	(2,464,767)	(83,087)	-	(2,547,854)
Furniture and fixtures	(13,751)	(1,195)	-	(14,946)
Machinery and equipment	(5,319,295)	(201,531)	-	(5,520,826)
Vehicles	(279,684)	(28,267)	-	(307,951)
Infrastructure:				
Sewers	<u>(1,243,361)</u>	<u>(118,157)</u>	<u>-</u>	<u>(1,361,518)</u>
Total accumulated depreciation	<u>(9,320,858)</u>	<u>(432,237)</u>	<u>-</u>	<u>(9,753,095)</u>
Total depreciable assets, net	<u>7,417,659</u>	<u>16,495</u>	<u>-</u>	<u>7,434,154</u>
Business-type capital assets, net	\$ <u>7,516,859</u>	\$ <u>169,927</u>	\$ <u>(153,432)</u>	\$ <u>7,533,354</u>

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

General government	\$ 198,558
Security of persons and property	291,377
Public health and welfare	6,425
Leisure time activities	270,908
Community development	14,972
Basic utility services	83,359
Transportation	<u>608,307</u>
Total	\$ <u>1,473,906</u>

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

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### Note 7: Notes Payable

Note debt activity for the year ended December 31, 2007, consisted of the following:

	<u>Balance</u> <u>12/31/06</u>	<u>(Retired)</u> <u>Issued</u>	<u>Balance</u> <u>12/31/07</u>
Governmental Activities:			
4.00% 2006 Corrections facility improvement	\$ 175,000	\$ (175,000)	\$ -
4.15% 2007 Corrections facility improvement	<u>-</u>	<u>125,000</u>	<u>125,000</u>
Total governmental activities notes	<u>\$ 175,000</u>	<u>\$ (50,000)</u>	<u>\$ 125,000</u>

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50% of anticipated revenue collections. There are also limitations on the number of times notes can be renewed.

### Note 8: Long-Term Debt

#### A. Original Issues

The original issue date, interest rates and original issuance amount for each of the City's bonds and long-term notes follows:

<u>Debt Issue</u>	<u>Original</u> <u>Issue Date</u>	<u>Interest Rate</u>	<u>Original</u> <u>Issue Amount</u>
General Obligation Bonds:			
Community Center Expansion	1994	4.90% - 6.00%	\$ 3,700,000
Various Purpose Bonds	1998	4.05% - 4.75%	750,000
Refunding Bond Issue	1994	4.50% - 6.00%	1,955,000
Jail Facilities	2004	2.00% - 4.00%	3,300,000
Special Assessment Bonds:			
N. Perkins Road Improvements	1986	7.375%	101,000
Long-term bond anticipation notes:			
Community Center	2007	4.25%	350,000
Various Purpose	2007	3.95%	100,000
Various Purpose	2007	3.95%	300,000

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

### Note 8: Long-Term Debt (continued)

#### B. Bonded Debt and Other Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2007 was as follows:

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/07</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
General obligation bonds:					
Community center expansion due through 2014	\$ 1,960,000	\$ -	\$ (200,000)	\$ 1,760,000	\$ 210,000
Various purpose bonds due through 2008	180,000	-	(90,000)	90,000	90,000
Refunded jail facilities improvement, due through 2018	<u>2,550,000</u>	<u>-</u>	<u>(395,000)</u>	<u>2,155,000</u>	<u>400,000</u>
Total general obligation bonds	<u>4,690,000</u>	<u>-</u>	<u>(685,000)</u>	<u>4,005,000</u>	<u>700,000</u>
Special assessment bonds:					
N. Perkins Road improvement due through 2007	<u>9,000</u>	<u>-</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>
Other long-term obligations:					
Long-term notes payable, maturing 2008	250,000	450,000	(250,000)	450,000	-
Capital leases payable	1,000,522	217,838	(315,586)	902,774	203,792
Accrued compensated absences	<u>1,428,576</u>	<u>1,432,540</u>	<u>(515,269)</u>	<u>2,345,847</u>	<u>635,481</u>
Total other long-term obligations	<u>2,679,098</u>	<u>2,100,378</u>	<u>(1,080,855)</u>	<u>3,698,621</u>	<u>839,273</u>
Total governmental activities long-term liabilities	\$ <u>7,378,098</u>	\$ <u>2,100,378</u>	\$ <u>(1,774,855)</u>	\$ <u>7,703,621</u>	\$ <u>1,539,273</u>
Business-type activities:					
General obligation bonds:					
Refunding bond issue due through 2008	\$ <u>440,000</u>	\$ -	\$ <u>(210,000)</u>	\$ <u>230,000</u>	\$ <u>230,000</u>
Other long-term obligations:					
Long-term notes payable, maturing 2008	-	300,000	-	300,000	-
Capital leases payable	31,264	-	(15,255)	16,009	16,009
Accrued compensated absences	<u>238,707</u>	<u>365,305</u>	<u>(96,860)</u>	<u>507,152</u>	<u>114,646</u>
Total other long-term obligations	<u>269,971</u>	<u>665,305</u>	<u>(112,115)</u>	<u>823,161</u>	<u>130,655</u>
Total business-type activities long-term liabilities	\$ <u>709,971</u>	\$ <u>665,305</u>	\$ <u>(322,115)</u>	\$ <u>1,053,161</u>	\$ <u>360,655</u>

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

### Note 8: Long-Term Debt (continued)

#### B. Bonded Debt and Other Long-Term Obligations (continued)

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2007 are as follows:

Year	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 700,000	\$ 163,915	\$ 230,000	\$ 12,994
2009	505,000	139,775	-	-
2010	525,000	120,063	-	-
2011	545,000	99,245	-	-
2012	575,000	76,860	-	-
2013-2017	1,135,000	84,175	-	-
2018	<u>20,000</u>	<u>800</u>	<u>-</u>	<u>-</u>
Totals	\$ <u>4,005,000</u>	\$ <u>684,833</u>	\$ <u>230,000</u>	\$ <u>12,994</u>

General obligation bonds and notes are direct obligations of the City for which its full faith and credit are pledged for repayment.

In the event that revenues are not sufficient to meet annual principal and interest requirements, the City has reserved the right to levy property tax millage in an amount necessary to retire principal and interest.

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefited from the project. Special assessment monies will be received in and the debt will be retired through the general bond retirement debt service fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

Compensated absences will be paid from the General Fund, Street Construction Maintenance and Repair Fund, Fire Pension Fund and Sewer Treatment Fund.

The City's overall legal debt margin was \$26,260,270 at December 31, 2007.

In 2004, the City issued a par amount of \$3,300,000 of Jail Facilities bonds with an average coupon rate of 2.518 percent to advance refund the portion of the 1995 Prior Issue stated to mature on December 1, 2018 in the aggregate principal amount of \$1,340,000 with an interest rate of 2.9 percent. The net proceeds from the issuances of the general obligation bonds and cash payment of \$49,496 were used to purchase U.S Government Securities in the amount of \$1,442,145 and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Jail Facilities bonds are called on December 1, 2014. The advance refunding met the requirements of an in-substance debt defeasance and the Jail Facilities bonds were removed from the City's government-wide financial statements. As of December 31, 2007, the amount of defeased debt outstanding but removed from the financial statements amounted to \$1,020,000.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

### Note 9: Capital Leases

The City has entered into lease agreements as lessee for financing which relate to various equipment and vehicles. These leases are long-term agreements which meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases." These amounts represent the present value of the minimum lease payments at the inception of the lease.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Assets:		
Machinery and equipment	\$ 185,884	\$ 6,491
Less: accumulated depreciation	<u>(29,864)</u>	<u>(617)</u>
Total	<u>\$ 156,020</u>	<u>\$ 5,874</u>
Vehicles	\$ 1,493,067	\$ 41,435
Less: accumulated depreciation	<u>(316,131)</u>	<u>(6,992)</u>
Total	<u>\$ 1,176,936</u>	<u>\$ 34,443</u>

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2008	\$ 245,476	\$ 16,773
2009	192,154	-
2010	134,035	-
2011	113,495	-
2012	92,845	-
2013-2015	<u>278,535</u>	<u>-</u>
Total minimum lease payments	1,056,540	16,773
Less: Amount representing interest	<u>(153,766)</u>	<u>(764)</u>
Present value of minimum lease payments	<u>\$ 902,774</u>	<u>\$ 16,009</u>

Lease payments are made from the General, Street Construction Maintenance and Repair, Ambulance Billing, Capital Improvements and Sewer Treatment Funds. The lease payments amount will be paid with current, available resources that have accumulated in the fund for payment early in the following year.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 10: Compensated Absences**

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2007. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

Vacation leave is earned at rates, which vary depending upon length of service and standard workweek. The City's current vacation policy specifies that accumulated vacation leave must be used prior to December 31 of the year following the year in which it is earned unless approved by Council by motion.

Each department earns sick leave at a negotiated rate per month. Each employee with the City is paid a portion of the employee's earned unused sick leave, with a maximum number of hours per department specifications, upon retirement from the City with 10 years of service. The Police and Fire Departments are able to accumulate compensatory time in lieu of being paid overtime, to be taken anytime or paid at time of separation.

### **Note 11: Pension Plans**

#### ***A. Ohio Public Employees Retirement System***

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

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 11: Pension Plans (continued)**

#### **A. *Ohio Public Employees Retirement System (continued)***

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

The Ohio Revised Code provides statutory authority for member employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The City contributed 13.85 percent of covered payroll, of which 5.0 to 6.0 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City of Bedford Heights's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$520,063, \$575,953, and \$575,778, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

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

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by state statute. The City of Bedford Heights's contributions to the Fund for police and firefighters were \$459,552 and \$470,153 for the year ended December 31, 2007, \$465,694 and \$455,948 for the year ended December 31, 2006, and \$440,273 and \$426,275 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 72 percent for police and 73 percent for firefighters has been contributed for 2007 with the remainder being reported as a liability.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 12: 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. 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 under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. 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. The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. The 2007 employer contribution rate was 13.85 percent of covered payroll; 5.0 percent from January 1 through June 30, 2007 and 6.0 percent from July 1 through December 31, 2007 were the portions that were used to fund health care.

Benefits are advance-funded on an actuarially determined basis. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 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 0.5 percent to 6.30 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 5.0 percent for the next eight years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.0 percent (the projected wage inflation rate).

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25.0 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12.0 percent corridor.

At December 31, 2007, the number of active contributing participants in the Traditional and Combined Plans totaled 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The City's actual contributions for 2007, which were used to fund postemployment benefits, were \$342,556. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarially accrued liability were \$30.7 billion and \$18.7 billion, respectively.

## City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

### **For the Year Ended December 31, 2007**

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#### **Note 12: Postemployment Benefits (continued)**

##### **A. Ohio Public Employees Retirement System (continued)**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2007, January 1, 2007 and January 1, 2008m which allowed 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 post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22, if attending school full-time or on a 2/3 basis.

The 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 that health care cost paid from the funds of OP&F shall be included in the employer’s contribution rate. The Ohio Revised Code provides the statutory authority allowing the OP&F’s Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24.0 percent of covered payroll, of which 7.75 percent and 6.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2007, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2006, the date of the last actuarial valuation available, was 14,120 for police and 10,563 for firefighters. The City’s actual contributions for 2007 that were used to fund post-employment benefits were \$159,076 for police and \$132,231 for firefighters. OP&F’s total health care expenses for the year ending December 31, 2006, the date of the last actuarial valuation available, was \$120,373,722, which was net of member contributions of \$58,532,848.

#### **Note 13: Risk Management**

The Northern Ohio Risk Management Association (NORMA) is jointly owned and operated by the Cities of Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, and South Euclid for the purpose of enabling its members to obtain maximum exposure protection at the least possible cost. The pool has a complete package of coverage, including property, general liability, automobile liability, employee dishonesty, boiler and machinery, and other coverages, supplemented by an umbrella liability policy. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of one representative from each of the participating members. Each entity must commit to the joint venture for terms of three years.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## For the Year Ended December 31, 2007

### **Note 13: Risk Management (continued)**

Each member provides operating resources to NORMA based on actuarially determined rates and shares in NORMA's residual equity based on the City's percentage of contributions. In the event of losses, the first \$1,000 to \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$150,000 per occurrence, will be paid from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool. As of December 31, 2007, NORMA had an aggregate stop loss ranging from \$400,000 to \$750,000 per policy year. Any losses over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment. This has not been necessary throughout the 20-year history of the pool.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance for other risks of loss, including employee health, dental and life insurance.

There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

### **Note 14: Interfund Transactions**

Interfund transfers for the year ended December 31, 2007, consisted of the following:

Transfer to	Transfer from			Total
	General Fund	Capital Improvements Fund	Sewer Treatment Fund	
Fire Levy Fund	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Debt Service Fund	100,000	-	62,400	162,400
Capital Improvements Fund	50,000	-	-	50,000
Non-Major Governmental Funds	<u>935,000</u>	<u>15,000</u>	<u>-</u>	<u>950,000</u>
	\$ <u>2,585,000</u>	\$ <u>15,000</u>	\$ <u>62,400</u>	\$ <u>2,662,400</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The City had no transfers that either did not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

# City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (Continued)

## **For the Year Ended December 31, 2007**

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### **Note 15: Contingencies/Pending Litigation**

The City is currently involved in a variety of litigation. It is the opinion of the City's management that the ultimate settlement of such litigation will not result in a material adverse effect on the City's financial position and results of operations.

### **Note 16: Accountability**

There are deficits in the Fire Levy, Capital Improvements, Police Pension, Fire Pension, and COPS Funds of \$130,123, \$26,817, \$108,887, \$152,488, and \$1,201, respectively, caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

### **Note 17: Change in Accounting Principles**

For fiscal year 2007, the City implemented GASB Statements No. 43, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" and No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*". GASB Statement No. 43 applies for other postemployment benefit (OPEB) trust funds included in the financial reports of plan sponsors or employers and provides requirements for reporting OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged and sold.

The implementation of GASB Statements No. 43 and No. 48 did not affect the presentation of the financial statements of the City.

### **Note 18: Subsequent Events**

In February 2008, the City issued a \$2,335,000 in various purpose bonds which includes \$1.56 million for energy conservation. The bond proceeds were used to pay off \$750,000 in bond anticipation notes that were due in February 2008 and are shown as long-term notes at Note 8.

# City of Bedford Heights, Ohio

Combining Statements  
Non-Major Governmental Funds

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## Non-Major Special Revenue Funds

### *State Highway Improvement Fund*

Required by the Ohio Revised code to account for that portion of the state gasoline tax and motor vehicle registration fees designed for maintenance of state highways within the City.

### *Street Maintenance and Repair Fund*

Accounts for revenues from state license and gasoline taxes which must be used for the repair, maintenance and construction of City streets.

### *Safety Department Equipment Fund*

Accounts for an enterprise zoning charge to be used for the Police and Fire Departments to purchase safety equipment.

### *Community Development Block Grant Fund*

Accounts for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.

### *Police Pension Fund*

Accumulates property taxes levied for the payment of the current employer's pension contributions.

### *Fire Pension Fund*

Accumulates property taxes levied for the payment of the current employer's pension contributions.

### *Law Enforcement Trust Fund*

Accounts for the proceeds from items sold that are confiscated by the City of Bedford Heights Police Department. These proceeds are restricted to the purchasing of law enforcement equipment, supplies or training materials.

### *D.U.I. Enforcement and Education Fund*

Accounts for fines from D.U.I. convictions to be used for educating the public of laws governing the operation of motor vehicles.

# City of Bedford Heights, Ohio

## Combining Statements Non-Major Governmental Funds (Continued)

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### **Non-Major Special Revenue Funds (continued)**

#### *Ambulance Service Fund*

Accounts for the proceeds received and payments made for ambulance services.

#### *COPS Fund*

Accounts for the proceeds and disbursements of a federal grant used for community police programs.

#### *Commissary Fund*

Accounts for the receipts in monies received from the inmates housed in the City's correction's facility for the purpose of purchasing commissary items.

#### *Mayor's Court Computer Fund*

Accounts for Mayor's Court costs imposed to finance the computerization, acquisition and maintenance of legal research services for the Mayor's Court.

#### *Local Law Enforcement Grant Fund*

Accounts for the proceeds and disbursements of a local grant used for the purchase of equipment for police personnel and vehicles.

#### *Juvenile Community Diversion Fund*

Accounts for reimbursements received from Cuyahoga County Juvenile Court to promote and develop a community diversion program to address juvenile misdemeanor and status offenders.

#### *Sobriety Checkpoint and Education Fund*

Accounts for Mayor's Court costs imposed to finance sobriety checkpoints throughout the City and the education of Police Officers regarding sobriety checkpoints.

#### *Cable TV and Programming Fund*

Accounts for cable television franchise fees.

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# City of Bedford Heights, Ohio

## Combining Balance Sheet Non-Major Governmental Funds

**December 31, 2007**

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	State Highway Improvement	Street Maintenance & Repair	Safety Department Equipment	Community Development Block Grant
Assets:				
Cash and cash equivalents	\$ 39,282	\$ 146,267	\$ 31,002	\$ 26,040
Accounts receivable	-	5,889	-	-
Intergovernmental receivable	21,977	277,069	-	-
Supplies and materials inventory	-	74,931	-	-
Taxes receivable	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>61,259</u>	\$ <u>504,156</u>	\$ <u>31,002</u>	\$ <u>26,040</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 1,663	\$ 21,006	\$ -	\$ -
Accrued wages and benefits	-	30,365	-	-
Intergovernmental payable	-	9,239	-	-
Deferred revenue	<u>15,429</u>	<u>190,290</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>17,092</u>	<u>250,900</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for encumbrances	-	12,838	-	20,550
Reserved for inventory	-	74,931	-	-
Unreserved (deficit); undesignated	<u>44,167</u>	<u>165,487</u>	<u>31,002</u>	<u>5,490</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>44,167</u>	<u>253,256</u>	<u>31,002</u>	<u>26,040</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>61,259</u>	\$ <u>504,156</u>	\$ <u>31,002</u>	\$ <u>26,040</u>

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<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement &amp; Education</u>	<u>Ambulance Service</u>	<u>COPS</u>
\$ 36,700	\$ 17,843	\$ 6,494	\$ 43,912	\$ 193,762	\$ 3,350
-	-	-	-	-	-
4,343	4,343	-	525	-	-
-	-	-	-	-	-
<u>80,541</u>	<u>80,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>121,584</u>	\$ <u>102,727</u>	\$ <u>6,494</u>	\$ <u>44,437</u>	\$ <u>193,762</u>	\$ <u>3,350</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
145,588	170,332	-	-	-	2,609
-	-	-	-	-	1,942
<u>84,883</u>	<u>84,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>230,471</u>	<u>255,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,551</u>
-	-	-	-	13,224	-
-	-	-	-	-	-
<u>(108,887)</u>	<u>(152,488)</u>	<u>6,494</u>	<u>44,437</u>	<u>180,538</u>	<u>(1,201)</u>
<u>(108,887)</u>	<u>(152,488)</u>	<u>6,494</u>	<u>44,437</u>	<u>193,762</u>	<u>(1,201)</u>
\$ <u>121,584</u>	\$ <u>102,727</u>	\$ <u>6,494</u>	\$ <u>44,437</u>	\$ <u>193,762</u>	\$ <u>3,350</u>

(continued)

# City Of Bedford Heights, Ohio

## Combining Balance Sheet Non-Major Governmental Funds (Continued)

**December 31, 2007**

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	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>Juvenile Community Diversion</u>
Assets:				
Cash and cash equivalents	\$ 70,224	\$ 5,275	\$ 5,152	\$ 5,128
Accounts receivable	3,871	-	-	-
Intergovernmental receivable	-	25	-	-
Supplies and materials inventory	-	-	-	-
Taxes receivable	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>74,095</u>	\$ <u>5,300</u>	\$ <u>5,152</u>	\$ <u>5,128</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	50
Intergovernmental payable	-	-	-	162
Deferred revenue	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>212</u>
Fund balances:				
Reserved for encumbrances	5,545	-	-	-
Reserved for inventory	-	-	-	-
Unreserved (deficit); undesignated	<u>68,550</u>	<u>5,300</u>	<u>5,152</u>	<u>4,916</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>74,095</u>	<u>5,300</u>	<u>5,152</u>	<u>4,916</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>74,095</u>	\$ <u>5,300</u>	\$ <u>5,152</u>	\$ <u>5,128</u>

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<u>Sobriety Checkpoint and Education</u>	<u>Cable TV and Programming</u>	<u>Total Non-Major Governmental Funds</u>
\$ 478	\$ 4,859	\$ 635,768
-	-	9,760
-	-	308,282
-	-	74,931
<u>-</u>	<u>-</u>	<u>161,082</u>
\$ <u>478</u>	\$ <u>4,859</u>	\$ <u>1,189,823</u>
\$ -	\$ -	\$ 22,669
-	-	348,944
-	-	11,343
<u>-</u>	<u>-</u>	<u>375,485</u>
<u>-</u>	<u>-</u>	<u>758,441</u>
-	2,885	55,042
-	-	74,931
<u>478</u>	<u>1,974</u>	<u>301,409</u>
<u>478</u>	<u>4,859</u>	<u>431,382</u>
\$ <u>478</u>	\$ <u>4,859</u>	\$ <u>1,189,823</u>

# City Of Bedford Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds

**For the Year Ended December 31, 2007**

	State Highway Improvement	Street Maintenance & Repair	Safety Department Equipment	Community Development Block Grant
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	45,573	644,342	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	45,254	20,000	12,880
Total revenues	<u>45,573</u>	<u>689,596</u>	<u>20,000</u>	<u>12,880</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	-	-	9,671	-
Community development	-	-	-	6,510
Basic utility services	-	-	-	-
Transportation	27,362	1,003,644	-	-
General government	-	-	-	-
Total expenditures	<u>27,362</u>	<u>1,003,644</u>	<u>9,671</u>	<u>6,510</u>
Excess of revenues (under) expenditures	<u>18,211</u>	<u>(314,048)</u>	<u>10,329</u>	<u>6,370</u>
Other financing sources (uses):				
Inception of capital leases	-	91,949	-	-
Transfers – in	-	175,000	-	15,000
Total other financing sources (uses)	<u>-</u>	<u>266,949</u>	<u>-</u>	<u>15,000</u>
Net change in fund balances	18,211	(47,099)	10,329	21,370
Fund balances (deficit) at beginning of year	<u>25,956</u>	<u>300,355</u>	<u>20,673</u>	<u>4,670</u>
Fund balances (deficit) at end of year	<u>\$ 44,167</u>	<u>\$ 253,256</u>	<u>\$ 31,002</u>	<u>\$ 26,040</u>

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<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement &amp; Education</u>	<u>Ambulance Service</u>	<u>COPS</u>
\$ 84,710	\$ 84,710	\$ -	\$ -	\$ -	\$ -
10,583	10,583	-	-	-	22,077
-	-	-	-	255,877	-
-	-	-	4,872	-	-
<u>-</u>	<u>-</u>	<u>1,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>95,293</u>	<u>95,293</u>	<u>1,125</u>	<u>4,872</u>	<u>255,877</u>	<u>22,077</u>
466,689	479,642	-	-	341,793	84,015
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>466,689</u>	<u>479,642</u>	<u>-</u>	<u>-</u>	<u>341,793</u>	<u>84,015</u>
<u>(371,396)</u>	<u>(384,349)</u>	<u>1,125</u>	<u>4,872</u>	<u>(85,916)</u>	<u>(61,938)</u>
-	-	-	-	125,889	-
<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>125,889</u>	<u>40,000</u>
(11,396)	(24,349)	1,125	4,872	39,973	(21,938)
<u>(97,491)</u>	<u>(128,139)</u>	<u>5,369</u>	<u>39,565</u>	<u>153,789</u>	<u>20,737</u>
\$ <u><u>(108,887)</u></u>	\$ <u><u>(152,488)</u></u>	\$ <u><u>6,494</u></u>	\$ <u><u>44,437</u></u>	\$ <u><u>193,762</u></u>	\$ <u><u>(1,201)</u></u>

(continued)

# City Of Bedford Heights, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds (Continued)

**For the Year Ended December 31, 2007**

	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>Juvenile Community Diversion</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	2,360	-	-
Miscellaneous income	<u>211,894</u>	<u>-</u>	<u>-</u>	<u>13,200</u>
Total revenues	<u>211,894</u>	<u>2,360</u>	<u>-</u>	<u>13,200</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	187,472	-	-	-
Community development	-	-	-	-
Basic utility services	-	-	-	-
Transportation	-	-	-	-
General government	<u>-</u>	<u>493</u>	<u>-</u>	<u>9,053</u>
Total expenditures	<u>187,472</u>	<u>493</u>	<u>-</u>	<u>9,053</u>
Excess of revenues (under) expenditures	<u>24,422</u>	<u>1,867</u>	<u>-</u>	<u>4,147</u>
Other financing sources (uses):				
Inception of capital leases	-	-	-	-
Transfers – in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	24,422	1,867	-	4,147
Fund balances (deficit) at beginning of year	<u>49,673</u>	<u>3,433</u>	<u>5,152</u>	<u>769</u>
Fund balances (deficit) at end of year	\$ <u>74,095</u>	\$ <u>5,300</u>	\$ <u>5,152</u>	\$ <u>4,916</u>

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<u>Sobriety Checkpoint and Education</u>	<u>Cable TV and Programming</u>	<u>Total Non- Major Governmental Funds</u>
\$ -	\$ -	\$ 169,420
-	-	733,158
-	27,911	283,788
-	-	7,232
<u>-</u>	<u>-</u>	<u>304,353</u>
<u>-</u>	<u>27,911</u>	<u>1,497,951</u>
-	-	1,569,282
-	-	6,510
-	-	-
-	-	1,031,006
<u>-</u>	<u>36,837</u>	<u>46,383</u>
<u>-</u>	<u>36,837</u>	<u>2,653,181</u>
<u>-</u>	<u>(8,926)</u>	<u>(1,155,230)</u>
-	-	217,838
<u>-</u>	<u>-</u>	<u>950,000</u>
<u>-</u>	<u>-</u>	<u>1,167,838</u>
-	(8,926)	12,608
<u>478</u>	<u>13,785</u>	<u>418,774</u>
\$ <u><u>478</u></u>	\$ <u><u>4,859</u></u>	\$ <u><u>431,382</u></u>

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

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**For the Year Ended December 31, 2007**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 1,698,714	\$ 1,575,000	\$ 1,548,544	\$ (26,456)
Municipal income taxes	8,450,000	8,970,000	8,766,969	(203,031)
Other local taxes	18,000	10,000	5,235	(4,765)
Intergovernmental	895,580	900,400	893,098	(7,302)
Charges for services	4,097,355	4,347,042	4,273,927	(73,115)
Licenses and permits	258,450	252,455	236,757	(15,698)
Fines and forfeitures	178,000	164,000	159,502	(4,498)
Investment income	90,000	112,000	97,882	(14,118)
Miscellaneous income	<u>258,200</u>	<u>369,776</u>	<u>345,893</u>	<u>(23,883)</u>
Total revenues	<u>15,944,299</u>	<u>16,700,673</u>	<u>16,327,807</u>	<u>(372,866)</u>
<b>Expenditures:</b>				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	2,869,300	2,837,900	2,830,344	7,556
Travel and education	53,000	54,000	52,529	1,471
Contractual services	87,500	107,900	102,002	5,898
Supplies and materials	143,000	166,500	162,289	4,211
Other expenditures	<u>700</u>	<u>400</u>	<u>379</u>	<u>21</u>
Total police law enforcement	<u>3,153,500</u>	<u>3,166,700</u>	<u>3,147,543</u>	<u>19,157</u>
Corrections facility				
Personal service	2,039,520	2,024,350	2,019,325	5,025
Travel and education	7,930	13,800	12,198	1,602
Contractual services	675,700	604,700	587,279	17,421
Supplies and materials	<u>108,300</u>	<u>106,000</u>	<u>102,059</u>	<u>3,941</u>
Total corrections facility	<u>2,831,450</u>	<u>2,748,850</u>	<u>2,720,861</u>	<u>27,989</u>
Police and fire communications				
Personal service	492,600	499,100	497,130	1,970
Travel and education	700	700	450	250
Contractual services	-	100	95	5
Supplies and materials	<u>2,500</u>	<u>1,600</u>	<u>1,474</u>	<u>126</u>
Total police and fire communications	<u>495,800</u>	<u>501,500</u>	<u>499,149</u>	<u>2,351</u>
Animal control				
Contractual services	36,500	31,000	30,854	146
Supplies and materials	<u>-</u>	<u>750</u>	<u>730</u>	<u>20</u>
Total animal control	<u>36,500</u>	<u>31,750</u>	<u>31,584</u>	<u>166</u>

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund (Continued)

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety director				
Personal service	<u>109,780</u>	<u>109,880</u>	<u>109,362</u>	<u>518</u>
Street lighting				
Contractual services	<u>77,500</u>	<u>75,000</u>	<u>73,690</u>	<u>1,310</u>
Traffic lights				
Personal service	<u>26,525</u>	<u>25,325</u>	<u>23,340</u>	<u>1,985</u>
Total security of persons and property	<u>6,731,055</u>	<u>6,659,005</u>	<u>6,605,529</u>	<u>53,476</u>
Public health and welfare				
Assistance to the needy and aged				
Personal service	180,750	189,600	187,593	2,007
Travel and education	-	100	72	28
Contractual services	152,700	147,700	142,817	4,883
Supplies and materials	<u>26,550</u>	<u>40,150</u>	<u>38,658</u>	<u>1,492</u>
Total assistance to the needy and aged	<u>360,000</u>	<u>377,550</u>	<u>369,140</u>	<u>8,410</u>
County health board				
Contractual services	<u>40,950</u>	<u>40,950</u>	<u>40,950</u>	<u>-</u>
Total public health and welfare	<u>400,950</u>	<u>418,500</u>	<u>410,090</u>	<u>8,410</u>
Leisure time activities				
Swimming facilities				
Personal service	12,421	9,826	9,190	636
Contractual services	285,852	302,207	298,587	3,620
Supplies and materials	19,500	24,750	23,804	946
Other expenditures	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total swimming facilities	<u>317,873</u>	<u>336,783</u>	<u>331,581</u>	<u>5,202</u>

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund (Continued)

**For the Year Ended December 31, 2007**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community center				
Personal service	571,865	504,365	493,953	10,412
Travel and education	500	1,740	1,333	407
Contractual services	196,550	231,100	222,559	8,541
Supplies and materials	76,500	81,370	78,296	3,074
Other expenditures	18,000	17,500	16,263	1,237
Total community center	<u>863,415</u>	<u>836,075</u>	<u>812,404</u>	<u>23,671</u>
Parks and playgrounds				
Personal service	36,430	36,735	36,064	671
Contractual services	3,000	1,100	1,032	68
Supplies and materials	4,300	5,050	4,926	124
Total parks and playgrounds	<u>43,730</u>	<u>42,885</u>	<u>42,022</u>	<u>863</u>
Public recreation				
Personal service	153,482	161,570	155,361	6,209
Contractual services	49,000	59,800	57,550	2,250
Supplies and materials	40,800	39,920	36,792	3,128
Other expenditures	6,020	1,330	916	414
Total public recreation	<u>249,302</u>	<u>262,620</u>	<u>250,619</u>	<u>12,001</u>
Total leisure time activities	<u>1,474,320</u>	<u>1,478,363</u>	<u>1,436,626</u>	<u>41,737</u>
Community development				
Building department				
Personal service	330,250	272,420	269,423	2,997
Travel and education	2,300	2,500	1,725	775
Contractual services	19,200	24,200	23,889	311
Supplies and materials	8,200	9,200	8,355	845
Total building department	<u>359,950</u>	<u>308,320</u>	<u>303,392</u>	<u>4,928</u>
Planning commission				
Personal service	9,050	7,835	7,418	417
Travel and education	-	100	85	15
Supplies and materials	75	-	-	-
Total planning commission	<u>9,125</u>	<u>7,935</u>	<u>7,503</u>	<u>432</u>

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund (Continued)

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Board of zoning appeals				
Personal service	10,680	10,680	10,575	105
Travel and education	100	100	85	15
Supplies and materials	100	-	-	-
Total board of zoning appeals	10,880	10,780	10,660	120
Total community development	379,955	327,035	321,555	5,480
Basic utility services				
Service director				
Personal service	176,785	180,285	179,154	1,131
Travel and education	7,300	8,300	8,096	204
Contractual services	1,100	3,700	3,544	156
Supplies and materials	550	150	59	91
Other expenditures	2,000	1,300	1,201	99
Total service director	187,735	193,735	192,054	1,681
Sanitary sewers and sewage disposal				
Personal service	85,850	58,100	51,682	6,418
Contractual services	3,000	3,000	2,208	792
Supplies and materials	10,500	10,500	8,267	2,233
Other expenditures	4,000	2,500	1,928	572
Total sanitary sewers and sewage disposal	103,350	74,100	64,085	10,015
Storm sewers and drains				
Personal service	12,006	15,006	8,620	6,386
Travel and education	9,400	8,200	7,457	743
Contractual services	250	6,000	5,077	923
Total storm sewers and drains	21,656	29,206	21,154	8,052
Refuse collection and disposal				
Contractual services	310,200	340,000	336,265	3,735
Total basic utility services	622,941	637,041	613,558	23,483

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund (Continued)

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Sidewalks				
Personal service	14,250	10,650	9,767	883
Supplies and materials	9,000	13,000	12,919	81
Total transportation	<u>23,250</u>	<u>23,650</u>	<u>22,686</u>	<u>964</u>
General government				
Mayor's court				
Personal service	132,910	132,910	131,598	1,312
Contractual services	133,000	101,500	94,985	6,515
Supplies and materials	500	500	469	31
Total mayor's court	<u>266,410</u>	<u>234,910</u>	<u>227,052</u>	<u>7,858</u>
Civil service commission				
Personal service	7,441	7,441	7,204	237
Travel and education	500	-	-	-
Contractual services	14,000	30,000	25,761	4,239
Supplies and materials	200	2,500	2,215	285
Total civil service commission	<u>22,141</u>	<u>39,941</u>	<u>35,180</u>	<u>4,761</u>
Mayor's office				
Personal service	172,180	201,830	196,951	4,879
Travel and education	12,100	9,000	8,016	984
Contractual services	9,000	6,900	6,378	522
Supplies and materials	6,300	8,900	8,862	38
Other expenditures	3,500	2,300	2,084	216
Total mayor's office	<u>203,080</u>	<u>228,930</u>	<u>222,291</u>	<u>6,639</u>
Legal administration				
Personal service	278,015	278,015	276,059	1,956
Travel and education	1,600	1,600	1,278	322
Contractual services	33,800	41,475	39,767	1,708
Supplies and materials	2,600	1,000	934	66
Other expenditure	2,500	-	-	-
Total legal administration	<u>318,515</u>	<u>322,090</u>	<u>318,038</u>	<u>4,052</u>

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund (Continued)

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance administration				
Personal service	376,770	371,170	368,344	2,826
Travel and education	12,850	13,700	13,583	117
Contractual services	19,000	23,000	22,331	669
Supplies and materials	7,000	10,200	10,067	133
Other expenditures	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total finance administration	<u>418,120</u>	<u>418,070</u>	<u>414,325</u>	<u>3,745</u>
Legislative activities				
Personal service	221,665	225,265	224,036	1,229
Travel and education	20,000	26,800	23,452	3,348
Contractual services	58,000	49,500	46,976	2,524
Supplies and materials	4,000	4,850	4,825	25
Other expenditures	<u>5,500</u>	<u>4,700</u>	<u>4,618</u>	<u>82</u>
Total legislative activities	<u>309,165</u>	<u>311,115</u>	<u>303,907</u>	<u>7,208</u>
Labor relations				
Contractual services	<u>60,000</u>	<u>60,000</u>	<u>56,625</u>	<u>3,375</u>
Engineering				
Personal service	47,515	47,515	47,486	29
Supplies and materials	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Total engineering	<u>47,815</u>	<u>47,815</u>	<u>47,786</u>	<u>29</u>
Land and buildings				
Personal service	955,470	1,041,120	1,038,674	2,446
Contractual services	444,350	491,300	463,932	27,368
Supplies and materials	<u>113,000</u>	<u>114,000</u>	<u>110,708</u>	<u>3,292</u>
Total land and buildings	<u>1,512,820</u>	<u>1,646,420</u>	<u>1,613,314</u>	<u>33,106</u>
Tax department				
Contractual services	<u>270,000</u>	<u>297,000</u>	<u>285,474</u>	<u>11,526</u>

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund (Continued)

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general government				
Personal service	140,405	97,465	95,464	2,001
Travel and education	1,700	1,000	739	261
Contractual services	144,350	173,275	159,375	13,900
Supplies and materials	23,800	18,550	16,407	2,143
Other expenditures	<u>111,200</u>	<u>157,600</u>	<u>152,826</u>	<u>4,774</u>
Total other general government	<u>421,455</u>	<u>447,890</u>	<u>424,811</u>	<u>23,079</u>
Total general government	<u>3,849,521</u>	<u>4,054,181</u>	<u>3,948,803</u>	<u>105,378</u>
Capital outlay:				
Miscellaneous equipment	<u>160,270</u>	<u>153,230</u>	<u>141,803</u>	<u>11,427</u>
Total expenditures	<u>13,642,262</u>	<u>13,751,005</u>	<u>13,500,650</u>	<u>250,355</u>
Excess of revenues over (under) expenditures	2,302,037	2,949,668	2,827,157	(122,511)
Other financing sources (uses):				
Transfers – out	<u>(2,555,000)</u>	<u>(2,585,000)</u>	<u>(2,585,000)</u>	<u>-</u>
Net change in fund balance	(252,963)	364,668	242,157	(122,511)
Fund balance at beginning of year	3,840,270	3,840,270	3,840,270	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>66,228</u>	<u>66,228</u>
Fund balance at end of year	\$ <u>3,587,307</u>	\$ <u>4,204,938</u>	\$ <u>4,148,655</u>	\$ <u>(56,283)</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Fire Levy Fund

**For the Year Ended December 31, 2007**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 902,000	\$ 875,000	\$ 847,100	\$ (27,900)
Intergovernmental	105,831	117,131	117,116	(15)
Miscellaneous income	<u>18,500</u>	<u>20,500</u>	<u>18,393</u>	<u>(2,107)</u>
Total revenues	<u>1,026,331</u>	<u>1,012,631</u>	<u>982,609</u>	<u>(30,022)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	2,449,450	2,450,100	2,447,532	2,568
Travel and education	11,900	14,900	12,644	2,256
Contractual services	21,000	26,900	21,637	5,263
Supplies and materials	48,000	77,900	75,382	2,518
Other expenditures	<u>34,000</u>	<u>22,200</u>	<u>19,947</u>	<u>2,253</u>
Total expenditures	<u>2,564,350</u>	<u>2,592,000</u>	<u>2,577,142</u>	<u>14,858</u>
Excess of revenues over (under) expenditures	<u>(1,538,019)</u>	<u>(1,579,369)</u>	<u>(1,594,533)</u>	<u>(15,164)</u>
Other financing sources (uses):				
Sale of capital assets	-	50	41	(9)
Transfers – in	<u>1,470,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total other financing sources	<u>1,470,000</u>	<u>1,500,050</u>	<u>1,500,041</u>	<u>(9)</u>
Net change in fund balance	(68,019)	(79,319)	(94,492)	(15,173)
Fund balance at beginning of year	113,978	113,978	113,978	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>8,461</u>	<u>8,461</u>
Fund balance at end of year	\$ <u>45,959</u>	\$ <u>34,659</u>	\$ <u>27,947</u>	\$ <u>(6,712)</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Debt Service Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 599,000	\$ 589,000	\$ 564,918	\$ (24,082)
Intergovernmental	59,971	59,971	59,971	-
Special assessments	18,000	19,000	18,441	(559)
Investment income	30,000	30,000	26,610	(3,390)
Total revenues	<u>706,971</u>	<u>697,971</u>	<u>669,940</u>	<u>(28,031)</u>
Expenditures:				
Debt service:				
Principal retirement	694,000	694,000	694,000	-
Interest and fiscal charges	<u>189,300</u>	<u>189,300</u>	<u>188,193</u>	<u>1,107</u>
Total expenditures	<u>883,300</u>	<u>883,300</u>	<u>882,193</u>	<u>1,107</u>
Excess of revenues over (under) expenditures	(176,329)	(185,329)	(212,253)	(26,924)
Other financing sources (uses):				
Transfers – in	<u>162,400</u>	<u>162,400</u>	<u>162,400</u>	<u>-</u>
Net change in fund balance	(13,929)	(22,929)	(49,853)	(26,924)
Fund balance at beginning of year	<u>192,470</u>	<u>192,470</u>	<u>192,470</u>	<u>-</u>
Fund balance at end of year	\$ <u>178,541</u>	\$ <u>169,541</u>	\$ <u>142,617</u>	\$ <u>(26,924)</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Capital Improvements Fund

**For the Year Ended December 31, 2007**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 599,000	\$ 586,000	\$ 564,733	\$ (21,267)
Municipal income taxes	70,000	150,000	150,000	-
Intergovernmental	70,554	70,554	70,554	-
Licenses and permits	147,200	147,200	142,997	(4,203)
Investment income	175,500	191,900	165,309	(26,591)
Miscellaneous income	-	4,850	5,600	750
Total revenues	<u>1,062,254</u>	<u>1,150,504</u>	<u>1,099,193</u>	<u>(51,311)</u>
Expenditures:				
Current operations and maintenance:				
Public health and welfare				
Senior citizens				
Contractual services	<u>17,000</u>	<u>17,000</u>	<u>16,987</u>	<u>13</u>
Leisure time activities				
Community center				
Contractual services	<u>367,000</u>	<u>354,800</u>	<u>338,061</u>	<u>16,739</u>
Basic utility services				
Storm sewers				
Contractual services	<u>108,000</u>	<u>145,000</u>	<u>142,311</u>	<u>2,689</u>
General government				
Land and buildings				
Contractual services	<u>140,000</u>	<u>208,500</u>	<u>199,461</u>	<u>9,039</u>
Capital outlay:				
Street paving and repair	425,000	600,000	594,731	5,269
Miscellaneous equipment	49,500	2,600	2,531	69
Land purchases	66,000	114,500	94,230	20,270
Transportation	<u>385,437</u>	<u>199,500</u>	<u>190,197</u>	<u>9,303</u>
Total capital outlay	<u>925,937</u>	<u>916,600</u>	<u>881,689</u>	<u>34,911</u>
Debt service:				
Principal retirement	425,000	425,000	425,000	-
Interest and fiscal charges	<u>30,500</u>	<u>27,900</u>	<u>27,789</u>	<u>111</u>
Total debt service	<u>455,500</u>	<u>452,900</u>	<u>452,789</u>	<u>111</u>
Total expenditures	<u>2,013,437</u>	<u>2,094,800</u>	<u>2,031,298</u>	<u>63,502</u>
Excess of revenues over (under) expenditures	<u>(951,183)</u>	<u>(944,296)</u>	<u>(932,105)</u>	<u>12,191</u>

(continued)

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Capital Improvements Fund (Continued)

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Issuance of notes	575,000	575,000	575,000	-
Sale of capital assets	90,000	90,099	90,099	-
Transfers – in	50,000	50,000	50,000	-
Transfers – out	-	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>715,000</u>	<u>700,099</u>	<u>700,099</u>	<u>-</u>
Net change in fund balance	(236,183)	(244,197)	(232,006)	12,191
Fund balance at beginning of year	342,388	342,388	342,388	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>48,106</u>	<u>48,106</u>
Fund balance at end of year	\$ <u>106,205</u>	\$ <u>98,191</u>	\$ <u>158,488</u>	\$ <u>60,297</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - State Highway Improvement Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>45,000</u>	\$ <u>48,000</u>	\$ <u>44,674</u>	\$ <u>(3,326)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Contractual services	2,000	2,000	1,467	533
Other expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total traffic control	2,500	2,500	1,467	1,033
Street construction, maintenance and repair				
Contractual services	20,700	40,700	13,399	27,301
Snow and ice removal				
Supplies and materials	<u>10,000</u>	<u>15,000</u>	<u>13,550</u>	<u>1,450</u>
Total expenditures	<u>33,200</u>	<u>58,200</u>	<u>28,416</u>	<u>29,784</u>
Net change in fund balance	11,800	(10,200)	16,258	26,458
Fund balance at beginning of year	21,373	21,373	21,373	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>1,651</u>	<u>1,651</u>
Fund balance at end of year	\$ <u><u>33,173</u></u>	\$ <u><u>11,173</u></u>	\$ <u><u>39,282</u></u>	\$ <u><u>28,109</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Street Construction Maintenance and Repair Fund

**For the Year Ended December 31, 2007**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 641,000	\$ 638,000	\$ 633,046	\$ (4,954)
Miscellaneous income	<u>22,500</u>	<u>41,500</u>	<u>39,365</u>	<u>(2,135)</u>
Total revenues	<u>663,500</u>	<u>679,500</u>	<u>672,411</u>	<u>(7,089)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Personal service	80,315	78,315	75,739	2,576
Contractual services	33,300	33,820	32,704	1,116
Supplies and materials	<u>8,700</u>	<u>7,300</u>	<u>6,455</u>	<u>845</u>
Total traffic control	<u>122,315</u>	<u>119,435</u>	<u>114,898</u>	<u>4,537</u>
Street construction, maintenance and repair				
Personal service	313,360	314,860	274,282	40,578
Contractual services	140,300	141,300	131,965	9,335
Supplies and materials	<u>90,800</u>	<u>115,925</u>	<u>97,130</u>	<u>18,795</u>
Total street construction, maintenance and repair	<u>544,460</u>	<u>572,085</u>	<u>503,377</u>	<u>68,708</u>
Snow and ice removal				
Personal service	58,950	90,150	82,731	7,419
Contractual services	14,000	22,000	18,842	3,158
Supplies and materials	150,000	214,000	210,788	3,212
Other expenditures	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total snow and ice removal	<u>230,450</u>	<u>326,150</u>	<u>312,361</u>	<u>13,789</u>
Total expenditures	<u>897,225</u>	<u>1,017,670</u>	<u>930,636</u>	<u>87,034</u>
Excess of revenues over (under) expenditures	(233,725)	(338,170)	(258,225)	79,945
Other financing sources (uses):				
Transfers – in	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Net change in fund balance	(58,725)	(163,170)	(83,225)	79,945
Fund balance at beginning of year	196,291	196,291	196,291	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>33,201</u>	<u>33,201</u>
Fund balance at end of year	\$ <u>137,566</u>	\$ <u>33,121</u>	\$ <u>146,267</u>	\$ <u>113,146</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Safety Department Equipment Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	<u>38,000</u>	<u>10,000</u>	<u>9,671</u>	<u>329</u>
Net change in fund balance	(18,000)	10,000	10,329	329
Fund balance at beginning of year	<u>20,673</u>	<u>20,673</u>	<u>20,673</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,673</u></u>	\$ <u><u>30,673</u></u>	\$ <u><u>31,002</u></u>	\$ <u><u>329</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Community Development Block Grant Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ 20,000	\$ 13,000	\$ 12,880	\$ (120)
Expenditures:				
Current operations and maintenance:				
Community development				
Contractual services	<u>7,500</u>	<u>31,000</u>	<u>27,060</u>	<u>3,940</u>
Excess of revenues over (under) expenditures	12,500	(18,000)	(14,180)	3,820
Other financing sources (uses):				
Transfers – in	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	12,500	(3,000)	820	3,820
Fund balance at beginning of year	4,670	4,670	4,670	-
Encumbrances at the end of the year	<u>-</u>	<u>-</u>	<u>20,550</u>	<u>20,550</u>
Fund balance at end of year	\$ <u>17,170</u>	\$ <u>1,670</u>	\$ <u>26,040</u>	\$ <u>24,370</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Police Pension Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 90,200	\$ 90,200	\$ 84,710	\$ (5,490)
Intergovernmental	<u>10,583</u>	<u>10,583</u>	<u>10,583</u>	<u>-</u>
Total revenues	<u>100,783</u>	<u>100,783</u>	<u>95,293</u>	<u>(5,490)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>485,000</u>	<u>475,000</u>	<u>459,553</u>	<u>15,447</u>
Excess of revenues over (under) expenditures	(384,217)	(374,217)	(364,260)	9,957
Other financing sources (uses):				
Transfers – in	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
Net change in fund balance	(24,217)	(14,217)	(4,260)	9,957
Fund balance at beginning of year	<u>40,960</u>	<u>40,960</u>	<u>40,960</u>	<u>-</u>
Fund balance at end of year	\$ <u>16,743</u>	\$ <u>26,743</u>	\$ <u>36,700</u>	\$ <u>9,957</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Fire Pension Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 90,200	\$ 90,200	\$ 84,710	\$ (5,490)
Intergovernmental	<u>10,583</u>	<u>10,583</u>	<u>10,583</u>	<u>-</u>
Total revenues	<u>100,783</u>	<u>100,783</u>	<u>95,293</u>	<u>(5,490)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	<u>480,000</u>	<u>471,000</u>	<u>470,154</u>	<u>846</u>
Excess of revenues over (under) expenditures	(379,217)	(370,217)	(374,861)	(4,644)
Other financing sources (uses):				
Transfers – in	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
Net change in fund balance	(19,217)	(10,217)	(14,861)	(4,644)
Fund balance at beginning of year	<u>32,704</u>	<u>32,704</u>	<u>32,704</u>	<u>-</u>
Fund balance at end of year	\$ <u>13,487</u>	\$ <u>22,487</u>	\$ <u>17,843</u>	\$ <u>(4,644)</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Law Enforcement Trust Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ -	\$ 1,125	\$ 1,125	\$ -
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	<u>4,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net change in fund balance	(4,000)	(875)	1,125	2,000
Fund balance at beginning of year	<u>5,369</u>	<u>5,369</u>	<u>5,369</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,369</u></u>	\$ <u><u>4,494</u></u>	\$ <u><u>6,494</u></u>	\$ <u><u>2,000</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - DUI Enforcement and Education Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 7,500	\$ 7,500	\$ 6,460	\$ (1,040)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Travel and education	<u>20,000</u>	<u>38,500</u>	<u>-</u>	<u>38,500</u>
Net change in fund balance	(12,500)	(31,000)	6,460	37,460
Fund balance at beginning of year	<u>37,452</u>	<u>37,452</u>	<u>37,452</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>24,952</u></u>	\$ <u><u>6,452</u></u>	\$ <u><u>43,912</u></u>	\$ <u><u>37,460</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Ambulance Service Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ <u>200,000</u>	\$ <u>270,000</u>	\$ <u>255,877</u>	\$ <u>(14,123)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	155,000	167,000	162,664	4,336
Other expenditures	<u>79,500</u>	<u>69,000</u>	<u>66,464</u>	<u>2,536</u>
Total expenditures	<u>234,500</u>	<u>236,000</u>	<u>229,128</u>	<u>6,872</u>
Net change in fund balance	(34,500)	34,000	26,749	(7,251)
Fund balance at beginning of year	153,789	153,789	153,789	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>13,224</u>	<u>13,224</u>
Fund balance at end of year	\$ <u><u>119,289</u></u>	\$ <u><u>187,789</u></u>	\$ <u><u>193,762</u></u>	\$ <u><u>5,973</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - COPS Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 43,200	\$ 43,800	\$ 43,629	\$ (171)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>80,505</u>	<u>85,580</u>	<u>83,439</u>	<u>2,141</u>
Excess of revenues over (under) expenditures	(37,305)	(41,780)	(39,810)	1,970
Other financing sources (uses):				
Transfers – in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balance	2,695	(1,780)	190	1,970
Fund balance at beginning of year	<u>3,160</u>	<u>3,160</u>	<u>3,160</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>5,855</u></u>	\$ <u><u>1,380</u></u>	\$ <u><u>3,350</u></u>	\$ <u><u>1,970</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Commissary Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ <u>144,000</u>	\$ <u>215,000</u>	\$ <u>208,023</u>	\$ <u>(6,977)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Support of prisoners				
Supplies and materials	80,000	101,000	88,259	12,741
Other expenditures	<u>65,000</u>	<u>115,000</u>	<u>110,096</u>	<u>4,904</u>
Total expenditures	<u>145,000</u>	<u>216,000</u>	<u>198,355</u>	<u>17,645</u>
Net change in fund balance	(1,000)	(1,000)	9,668	10,668
Fund balance at beginning of year	55,011	55,011	55,011	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>5,545</u>	<u>5,545</u>
Fund balance at end of year	\$ <u><u>54,011</u></u>	\$ <u><u>54,011</u></u>	\$ <u><u>70,224</u></u>	\$ <u><u>16,213</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Mayor's Court Computer Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 2,550	\$ (450)
Expenditures:				
Current operations and maintenance:				
General government				
Mayor's court				
Contractual services	<u>4,000</u>	<u>4,000</u>	<u>493</u>	<u>3,507</u>
Net change in fund balance	(1,000)	(1,000)	2,057	3,057
Fund balance at beginning of year	<u>3,218</u>	<u>3,218</u>	<u>3,218</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,218</u></u>	\$ <u><u>2,218</u></u>	\$ <u><u>5,275</u></u>	\$ <u><u>3,057</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Local Law Enforcement Grant Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	\$ <u>1,889</u>	\$ <u>3,000</u>	\$ <u>-</u>	\$ <u>3,000</u>
Net change in fund balance	(1,889)	(3,000)	-	3,000
Fund balance at beginning of year	<u>5,152</u>	<u>5,152</u>	<u>5,152</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>3,263</u></u>	\$ <u><u>2,152</u></u>	\$ <u><u>5,152</u></u>	\$ <u><u>3,000</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Juvenile Community Diversion Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ <u>13,200</u>	\$ <u>13,200</u>	\$ <u>13,200</u>	\$ <u>-</u>
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Personal service	9,766	7,376	6,136	1,240
Travel and education	1,300	4,000	3,283	717
Supplies and materials	<u>3,500</u>	<u>400</u>	<u>30</u>	<u>370</u>
Total expenditures	<u>14,566</u>	<u>11,776</u>	<u>9,449</u>	<u>2,327</u>
Net change in fund balance	(1,366)	1,424	3,751	2,327
Fund balance at beginning of year	<u>1,377</u>	<u>1,377</u>	<u>1,377</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>11</u></u>	\$ <u><u>2,801</u></u>	\$ <u><u>5,128</u></u>	\$ <u><u>2,327</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Sobriety Checkpoint and Education Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 400	\$ 400	\$ -	\$ (400)
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Supplies and materials	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>478</u>	<u>478</u>	<u>478</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>478</u></u>	\$ <u><u>478</u></u>	\$ <u><u>478</u></u>	\$ <u><u>-</u></u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Cable TV and Programming Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 27,000	\$ 28,000	\$ 27,911	\$ (89)
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Contractual services	<u>40,200</u>	<u>40,200</u>	<u>39,722</u>	<u>478</u>
Net change in fund balance	(13,200)	(12,200)	(11,811)	389
Fund balance at beginning of year	13,785	13,785	13,785	-
Encumbrance at end of year	<u>-</u>	<u>-</u>	<u>2,885</u>	<u>2,885</u>
Fund balance at end of year	\$ <u>585</u>	\$ <u>1,585</u>	\$ <u>4,859</u>	\$ <u>3,274</u>

# City of Bedford Heights, Ohio

## Schedule of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Budgetary Basis) and Actual - Sewer Treatment Fund

### For the Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,716,200	\$ 2,995,600	\$ 2,877,482	\$ (118,118)
Licenses and permits	43,000	68,000	56,000	(12,000)
Investment income	8,000	20,000	19,355	(645)
Miscellaneous income	<u>11,300</u>	<u>11,500</u>	<u>10,583</u>	<u>(917)</u>
Total revenues	<u>2,778,500</u>	<u>3,095,100</u>	<u>2,963,420</u>	<u>(131,680)</u>
Expenses:				
Current operations and maintenance:				
Personal service	1,651,640	1,668,650	1,616,051	52,599
Travel and education	16,250	18,950	14,545	4,405
Contractual services	1,061,750	1,133,850	1,074,738	59,112
Supplies and materials	164,950	189,550	182,849	6,701
Debt service:				
Principal	210,000	210,000	210,000	-
Interest and fiscal charges	<u>24,860</u>	<u>24,860</u>	<u>24,860</u>	<u>-</u>
Total expenses	<u>3,129,450</u>	<u>3,245,860</u>	<u>3,123,043</u>	<u>122,817</u>
Excess of revenues over (under) expenses	(350,950)	(150,760)	(159,623)	(8,863)
Other financing sources (uses):				
Issuance of long-term note	300,000	300,000	300,000	-
Transfers – out	<u>(62,400)</u>	<u>(62,400)</u>	<u>(62,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>237,600</u>	<u>237,600</u>	<u>237,600</u>	<u>-</u>
Net change in fund equity	(113,350)	86,840	77,977	(8,863)
Fund equity at beginning of year	222,792	222,792	222,792	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>86,814</u>	<u>86,814</u>
Fund equity at end of year	\$ <u>109,442</u>	\$ <u>309,632</u>	\$ <u>387,583</u>	\$ <u>77,951</u>

## **City of Bedford Heights, Ohio**

### Agency Funds

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#### *Glenwillow Sanitary Sewer Maintenance and Repair Fund*

To account for proceeds from Glenwillow Sewer user fees collected and used for maintenance and repair of Glenwillow Sanitary Sewers that are tied into the City of Bedford Heights' Waste Water System.

#### *Mayor's Court Fund*

To account for the collection and distribution of court fines and forfeitures.

**City of Bedford Heights, Ohio**

Combining Statement of Assets and Liabilities - All Agency Funds

**December 31, 2007**

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	Glenwillow Sanitary Sewer Maintenance and Repair	Mayor's Court	Total
Assets:			
Cash and cash equivalents	\$ <u>12,213</u>	\$ <u>13,818</u>	\$ <u>26,031</u>
Liabilities:			
Intergovernmental payable	\$ <u>12,213</u>	\$ <u>13,818</u>	\$ <u>26,031</u>

# City of Bedford Heights, Ohio

## Combining Statement of Changes in Assets and Liabilities - All Agency Funds

### For the Year Ended December 31, 2007

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	Beginning Balance <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/07</u>
<b>Glenwillow sanitary sewer maintenance and repair fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>5,867</u>	\$ <u>10,950</u>	\$ <u>(4,604)</u>	\$ <u>12,213</u>
Liabilities:				
Intergovernmental payable	\$ <u>5,867</u>	\$ <u>10,950</u>	\$ <u>(4,604)</u>	\$ <u>12,213</u>
<b>Mayor's court fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>15,046</u>	\$ <u>251,352</u>	\$ <u>(252,580)</u>	\$ <u>13,818</u>
Liabilities:				
Intergovernmental payable	\$ <u>15,046</u>	\$ <u>251,352</u>	\$ <u>(252,580)</u>	\$ <u>13,818</u>
<b>Total all agency funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>20,913</u>	\$ <u>262,302</u>	\$ <u>(257,184)</u>	\$ <u>26,031</u>
Liabilities:				
Intergovernmental payable	\$ <u>20,913</u>	\$ <u>262,302</u>	\$ <u>(257,184)</u>	\$ <u>26,031</u>

# City of Bedford Heights, Ohio

## Statistical Section

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This part of the City of Bedford Heights' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	103-107
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	108-113
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114-117
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	118-119
<b>Operating Information</b> These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	120-123

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

# City of Bedford Heights, Ohio

## Net Assets by Component - Last Five Years

### Last Five Years

### Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 15,356,140	\$ 15,452,858	\$ 16,145,732	\$ 16,117,270	\$ 16,375,015
Restricted for:					
Debt services	132,195	162,661	194,437	192,468	142,615
Capital projects	-	-	166,599	116,253	-
Other purposes	-	17,699	96,478	123,929	134,277
Unrestricted	<u>2,457,003</u>	<u>5,018,252</u>	<u>5,029,713</u>	<u>5,507,170</u>	<u>4,635,781</u>
Total net assets – governmental activities	<u>17,945,338</u>	<u>20,651,470</u>	<u>21,632,959</u>	<u>22,057,090</u>	<u>21,287,688</u>
Business-type activities:					
Invested in capital assets, net of related debt	5,680,342	7,444,582	7,251,253	7,045,595	6,987,345
Unrestricted	<u>597,241</u>	<u>518,501</u>	<u>518,729</u>	<u>591,568</u>	<u>602,245</u>
Total net assets – business-type activities	<u>6,277,583</u>	<u>7,963,083</u>	<u>7,769,982</u>	<u>7,637,163</u>	<u>7,589,590</u>
Primary government:					
Invested in capital assets, net of related debt	21,036,482	22,897,440	23,396,985	23,162,865	23,362,360
Restricted for:					
Debt services	132,195	162,661	194,437	192,468	142,615
Capital projects	-	-	166,599	116,253	-
Other purposes	-	17,699	96,478	123,929	134,277
Unrestricted	<u>3,054,244</u>	<u>5,536,753</u>	<u>5,548,442</u>	<u>6,098,738</u>	<u>5,238,026</u>
Total net assets – primary government	<u>\$ 24,222,921</u>	<u>\$ 28,614,553</u>	<u>\$ 29,402,941</u>	<u>\$ 29,694,253</u>	<u>\$ 28,877,278</u>

Source: City of Bedford Heights, Finance Department

# City of Bedford Heights, Ohio

## Changes in Net Assets - Accrual Basis of Accounting

### Last Five Years

**Table 2**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Program revenues:					
Governmental activities:					
Charges for services					
General government	\$ 312,242	\$ 203,089	\$ 667,423	\$ 837,676	\$ 748,121
Security of persons and property	366,210	481,451	214,941	315,640	370,578
Public health and welfare	2,246,708	2,884,981	3,751,040	4,029,482	4,070,525
Leisure time activities	188,565	161,365	174,966	197,542	203,696
Community development	<u>73,577</u>	<u>126,928</u>	<u>419,653</u>	<u>282,932</u>	<u>251,697</u>
Total charges for services	<u>3,187,302</u>	<u>3,857,814</u>	<u>5,228,023</u>	<u>5,663,272</u>	<u>5,644,617</u>
Operating grants and contributions					
General government	-	-	53,444	19,096	-
Security of persons and property	36,655	42,948	38,537	49,368	34,948
Community development	156,598	-	-	-	-
Transportation	<u>-</u>	<u>26,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating grants and contributions	<u>193,253</u>	<u>69,160</u>	<u>91,981</u>	<u>68,464</u>	<u>34,948</u>
Capital grants and contributions					
Security of persons and property	240,777	1,289,223	-	-	-
Community development	<u>38,438</u>	<u>10,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total grants and contributions	<u>279,215</u>	<u>1,299,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>3,659,770</u>	<u>5,226,547</u>	<u>5,320,004</u>	<u>5,731,736</u>	<u>5,679,565</u>
Business-type activities:					
Charges for services	2,497,061	2,522,827	2,558,829	2,783,791	3,037,885
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,732</u>
Total business-type activities	<u>2,497,061</u>	<u>2,522,827</u>	<u>2,558,829</u>	<u>2,783,791</u>	<u>3,486,617</u>
Total primary government program revenues	<u>6,156,831</u>	<u>7,749,374</u>	<u>7,878,833</u>	<u>8,515,527</u>	<u>9,166,182</u>
Expenses:					
Governmental activities:					
General government	3,706,046	3,457,529	4,242,177	4,093,698	4,602,015
Security of persons and property	9,011,478	9,114,502	10,151,220	10,519,118	11,237,785
Public health services	351,341	328,601	365,842	329,303	393,631
Leisure time activities	1,427,498	1,119,587	1,674,142	1,922,742	1,888,063
Community Development	675,173	1,082,921	545,634	331,212	323,997
Basic utility services	467,832	519,054	682,991	600,410	890,125
Transportation	1,935,912	1,131,751	730,428	1,842,203	1,975,432
Interest and fiscal charges	<u>322,093</u>	<u>465,715</u>	<u>248,915</u>	<u>236,810</u>	<u>217,832</u>
Total governmental activities expenses	<u>17,897,373</u>	<u>17,219,660</u>	<u>18,641,349</u>	<u>19,875,496</u>	<u>21,528,880</u>
Business-type activities:					
Sewer revenue	<u>2,878,175</u>	<u>1,070,626</u>	<u>2,706,430</u>	<u>2,874,995</u>	<u>3,501,728</u>
Total primary government expenses	<u>20,775,548</u>	<u>18,290,286</u>	<u>21,347,779</u>	<u>22,750,491</u>	<u>25,030,608</u>
Net (expense) revenue:					
Governmental activities	(14,237,603)	(11,993,113)	(13,321,345)	(14,143,760)	(15,849,315)
Business-type activities	<u>(381,114)</u>	<u>1,452,201</u>	<u>(147,601)</u>	<u>(91,204)</u>	<u>(15,111)</u>
Total primary government net expense	<u>(14,618,717)</u>	<u>(10,540,912)</u>	<u>(13,468,946)</u>	<u>(14,234,964)</u>	<u>(15,864,426)</u>

(Continued)

# City of Bedford Heights, Ohio

## Changes in Net Assets - Accrual Basis of Accounting (Continued)

### Last Five Years

**Table 2**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes and other local taxes	4,048,224	4,222,238	3,928,562	3,890,975	3,882,388
Municipal income taxes	8,088,759	8,747,883	8,793,132	8,648,965	8,811,924
Grants and entitlements	1,459,130	1,395,309	1,347,948	1,657,800	1,898,417
Investment earnings	45,097	58,789	148,505	258,859	306,428
Miscellaneous	144,217	494,516	25,087	52,792	118,356
Transfers	<u>-</u>	<u>(219,490)</u>	<u>59,600</u>	<u>58,500</u>	<u>62,400</u>
Total governmental activities general revenues and other changes in net assets	<u>13,785,427</u>	<u>14,699,245</u>	<u>14,302,834</u>	<u>14,567,891</u>	<u>15,079,913</u>
Business-type activities:					
Investment earnings	-	787	2,547	5,677	19,355
Miscellaneous	10,739	13,022	11,553	11,208	10,583
Transfers	<u>-</u>	<u>219,490</u>	<u>(59,600)</u>	<u>(58,500)</u>	<u>(62,400)</u>
Total business-type activities general revenues and other changes in net assets	<u>10,739</u>	<u>233,299</u>	<u>(45,500)</u>	<u>(41,615)</u>	<u>(32,462)</u>
Total primary government general revenues and other changes in net assets	<u>13,796,166</u>	<u>14,932,544</u>	<u>14,257,334</u>	<u>14,526,276</u>	<u>15,047,451</u>
Change in net assets:					
Governmental activities	(452,176)	2,706,132	981,489	424,131	(769,402)
Business-type activities	<u>(370,375)</u>	<u>1,685,500</u>	<u>(193,101)</u>	<u>(132,819)</u>	<u>(47,573)</u>
Total primary government changes in net assets	\$ <u>(822,551)</u>	\$ <u>4,391,632</u>	\$ <u>788,388</u>	\$ <u>291,312</u>	\$ <u>(816,975)</u>

Source: City of Bedford Heights, Finance Department

# City of Bedford Heights, Ohio

## Fund Balances, Governmental Funds - Modified Accrual Basis of Accounting

### Last Ten Years

**Table 3**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 60,461	\$ 73,893	\$ 99,757	\$ 151,676	\$ 90,745	\$ 113,428	\$ 140,790	\$ 105,256	\$ 154,626	\$ 114,143
Unreserved	<u>3,227,482</u>	<u>3,518,136</u>	<u>3,619,147</u>	<u>2,764,615</u>	<u>3,294,856</u>	<u>3,887,301</u>	<u>4,176,320</u>	<u>4,898,217</u>	<u>5,312,310</u>	<u>5,282,825</u>
Total general fund	<u>3,287,943</u>	<u>3,592,029</u>	<u>3,718,904</u>	<u>2,916,291</u>	<u>3,385,601</u>	<u>4,000,729</u>	<u>4,317,110</u>	<u>5,003,473</u>	<u>5,466,936</u>	<u>5,396,968</u>
All other governmental fun										
Reserved	509,530	181,449	186,818	680,016	177,676	83,626	260,494	192,556	144,478	166,042
Unreserved, undesignated										
Reported in:										
Special revenue funds	475,112	450,591	(50,373)	100,809	(10,832)	(287,780)	(49,307)	(122,762)	282,557	161,324
Debt service funds	473,370	366,698	37,196	81,197	59,115	132,195	162,661	194,437	192,468	142,615
Capital projects funds	<u>(11,874)</u>	<u>(249,761)</u>	<u>(514,650)</u>	<u>(1,072,964)</u>	<u>(1,257,796)</u>	<u>(1,596,733)</u>	<u>(211,583)</u>	<u>16,661</u>	<u>76,817</u>	<u>(52,924)</u>
Total all other governmental funds	<u>1,446,138</u>	<u>748,977</u>	<u>(341,009)</u>	<u>(210,942)</u>	<u>(1,031,837)</u>	<u>(1,668,692)</u>	<u>162,265</u>	<u>280,892</u>	<u>696,320</u>	<u>417,057</u>
Total governmental funds	\$ <u>4,734,081</u>	\$ <u>4,341,006</u>	\$ <u>3,377,895</u>	\$ <u>2,705,349</u>	\$ <u>1,992,745</u>	\$ <u>2,332,037</u>	\$ <u>4,479,375</u>	\$ <u>5,284,365</u>	\$ <u>6,163,256</u>	\$ <u>5,814,025</u>

Source: City of Bedford Heights, Finance Department

# City of Bedford Heights, Ohio

## Changes in Fund Balances, Governmental Funds - Modified Basis of Accounting

### Last Ten Years

### Table 4

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>										
Property taxes	\$ 3,160,109	\$ 3,249,110	\$ 2,970,567	\$ 3,576,428	\$ 3,542,764	\$ 3,959,669	\$ 4,077,069	\$ 4,048,378	\$ 4,046,045	\$ 3,694,715
Income taxes	8,524,195	8,566,389	8,877,355	8,721,195	8,221,839	8,382,406	8,387,988	9,083,275	8,885,353	8,788,315
Other local taxes	38,327	59,763	63,840	57,644	47,770	36,628	20,333	26,710	18,894	5,235
Intergovernmental	1,544,997	1,340,898	1,331,276	1,562,972	1,617,799	2,312,189	2,751,367	1,458,915	1,817,886	1,841,126
Charges for services	181,265	186,145	180,479	200,683	213,785	2,412,516	3,079,438	3,758,055	4,133,715	4,163,791
Licenses and permits	342,361	325,840	430,601	416,976	686,402	448,815	454,781	591,367	670,746	666,860
Fines and forfeitures	151,385	153,659	187,329	174,019	161,017	168,426	218,887	207,565	191,406	165,916
Special assessments	412,292	103,609	106,370	96,371	30,238	38,438	10,350	123,450	13,294	18,441
Investment income	212,218	237,207	317,823	237,736	96,895	45,097	58,789	148,505	258,859	306,428
Miscellaneous	905,579	700,335	622,575	493,068	464,980	605,338	685,538	623,073	722,658	664,454
<b>Total revenues</b>	<b>15,472,728</b>	<b>14,922,955</b>	<b>15,088,215</b>	<b>15,537,092</b>	<b>15,083,489</b>	<b>18,409,522</b>	<b>19,744,540</b>	<b>20,069,293</b>	<b>20,758,856</b>	<b>20,315,281</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Security of persons	5,572,926	6,572,585	6,238,277	6,292,833	6,929,512	8,676,087	9,075,578	9,987,413	11,320,885	10,793,992
Public health and welfare	312,783	344,962	291,131	368,465	398,598	353,262	327,778	400,997	358,521	428,895
Leisure time activities	926,855	1,016,682	1,206,713	1,266,381	1,193,662	1,236,545	1,257,821	1,456,808	1,678,665	1,734,452
Community development	408,187	417,625	449,488	480,879	449,551	675,173	1,088,902	584,070	354,193	333,983
Basic utility services	547,323	557,543	602,356	632,132	647,360	510,549	548,711	573,799	583,167	782,996
Transportation	2,212,457	1,796,990	1,068,529	1,059,464	1,404,293	1,267,914	1,230,116	1,031,746	887,927	1,053,589
General government	3,257,281	3,520,717	3,642,081	3,777,479	3,702,698	3,495,726	3,557,985	3,772,957	3,851,964	4,187,872
Capital outlay	29,211	934,360	1,469,223	1,741,834	683,252	1,290,015	1,602,374	936,614	1,254,903	1,009,582
<b>Debt service:</b>										
Principal retirement	596,000	455,000	385,000	403,000	403,000	338,000	1,769,000	569,000	654,000	944,000
Interest and fiscal charges	461,168	402,931	259,867	274,935	208,745	336,765	477,720	243,807	227,352	215,529
<b>Total expenditures</b>	<b>14,324,191</b>	<b>16,019,395</b>	<b>15,612,665</b>	<b>16,297,402</b>	<b>16,020,671</b>	<b>18,180,036</b>	<b>20,935,985</b>	<b>19,557,211</b>	<b>21,171,577</b>	<b>21,484,890</b>
Excess	1,148,537	(1,096,440)	(524,450)	(760,310)	(937,182)	229,486	(1,191,445)	512,082	(412,721)	(1,169,609)
<b>Other financing sources (uses)</b>										
Proceeds from sale of debt	750,000	-	-	-	-	-	3,300,000	-	250,000	450,000
Inception of capital leases	-	760,751	185,384	57,133	224,578	88,702	252,466	233,308	954,421	217,838
Sale of capital assets	146,508	-	-	30,631	-	21,104	5,807	-	28,691	90,140
Transfers in	3,846,273	10,963,755	11,915,317	3,738,110	2,849,225	2,948,131	2,724,868	2,750,270	2,896,470	2,662,400
Transfers out	(3,888,903)	(11,021,141)	(12,539,362)	(3,738,110)	(2,849,225)	(2,948,131)	(2,944,358)	(2,690,670)	(2,837,970)	(2,600,000)
<b>Total other financing sources (uses)</b>	<b>853,878</b>	<b>703,365</b>	<b>(438,661)</b>	<b>87,764</b>	<b>224,578</b>	<b>109,806</b>	<b>3,338,783</b>	<b>292,908</b>	<b>1,291,612</b>	<b>820,378</b>
<b>Change in fund balances</b>	<b>\$ 2,002,415</b>	<b>\$ (393,075)</b>	<b>\$ (963,111)</b>	<b>\$ (672,546)</b>	<b>\$ (712,604)</b>	<b>\$ 339,292</b>	<b>\$ 2,147,338</b>	<b>\$ 804,990</b>	<b>\$ 878,891</b>	<b>\$ (349,231)</b>
<b>Debt service as a % of noncapital expenditures</b>										
	4.13%	5.89%	4.27%	4.35%	4.00%	4.10%	12.08%	4.53%	4.57%	5.69%

Source: City of Bedford Heights, Finance Department

# City of Bedford Heights, Ohio

## Assessed Valuation and Estimated Actual Values of Taxable Property

### Last Ten Years

**Table 5**

Tax Year	Real Property (1)		Personal Property (2)		Public Utility Property (3)		Total Direct Tax Rate	Total	
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		Assessed Value	Estimated True Value
1998	\$ 183,750,270	\$ 525,000,771	\$ 71,709,659	\$ 286,838,636	\$ 9,580,620	\$ 10,887,068	\$ 12.00	\$ 265,040,549	\$ 822,726,475
1999	185,126,960	528,934,172	73,797,724	295,190,896	8,787,920	9,986,273	12.00	267,712,604	834,111,341
2000	211,862,770	605,322,200	70,762,821	238,051,284	8,597,150	9,769,489	12.00	291,222,741	898,142,973
2001	215,690,920	619,116,914	78,483,159	313,932,636	6,940,000	7,886,363	12.00	301,114,079	940,935,913
2002	222,206,660	634,876,171	71,767,144	287,068,576	6,422,520	7,298,318	12.00	300,396,324	954,205,549
2003	236,562,720	675,893,486	76,452,960	332,404,173	6,661,320	7,569,682	13.00	319,677,000	1,015,867,341
2004	237,163,630	677,610,371	77,135,490	335,371,696	6,671,780	7,581,568	13.00	320,970,900	1,020,563,625
2005	236,817,590	676,621,686	76,532,016	332,747,896	6,419,870	7,295,307	13.00	319,769,476	1,016,664,889
2006	247,730,140	707,800,400	60,648,750	485,190,000	6,197,820	7,042,977	13.00	314,576,710	1,200,033,377
2007	249,772,040	713,634,400	43,050,748	688,811,968	4,583,450	5,208,466	13.00	297,406,238	1,407,654,834

(1) Total real property assessed value is 35% of estimated true value.

(2) Total personal property assessed value was 25% for capital assets and 24% for inventory for tangible personal. For, 2006, personal property assessed value was 12.5%. For 2007, personal property assessed value was 6.25%

(3) Total public utility property assessed value is 88% of estimated true value.

# City of Bedford Heights, Ohio

## Income Tax Revenue Base and Collections (Cash Basis)

### Last Ten Years

**Table 6**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes from Individuals</u>	<u>Percentage of Taxes from Individuals</u>	<u>Taxes from Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>
1998	2.00%	\$ 8,453,554	\$ 6,777,140	80.17%	\$ 373,484	4.42%	\$ 1,302,930	15.41%
1999	2.00	8,552,299	7,003,960	81.99	358,258	4.19	1,190,081	13.92
2000	2.00	8,648,407	7,540,862	87.19	367,841	4.25	739,704	8.55
2001	2.00	9,256,245	7,385,679	79.79	394,930	4.27	1,475,636	15.94
2002	2.00	8,126,690	7,078,806	87.11	385,910	4.75	661,974	8.15
2003	2.00	8,312,165	7,047,115	84.78	339,208	4.08	925,842	11.14
2004	2.00	8,365,372	6,908,294	82.58	309,571	3.70	1,147,507	13.72
2005	2.00	8,915,969	6,745,265	75.65	337,041	3.78	1,833,663	20.57
2006	2.00	8,729,675	6,903,236	79.08	321,256	3.68	1,505,183	17.24
2007	2.00	8,801,666	7,157,632	81.32	270,881	3.08	1,373,153	15.60

# City of Bedford Heights, Ohio

## Property Tax Rates - Direct and Overlapping Governments

### Last Ten Years

**Table 7**

Fiscal Year	Total City Millage	Total County Millage	Total Bedford School Millage	Total Orange School Millage	Total City, County and Bedford School	Total City, County and Orange School
1998	\$ 12.00	\$ 13.75	\$ 57.70	\$ 71.50	\$ 83.45	\$ 97.25
1999	12.00	13.75	62.60	71.50	88.35	97.25
2000	12.00	14.65	62.50	81.10	92.10 (1)	110.70 (1)
2001	12.00	14.65	62.50	81.10	92.10 (1)	110.70 (1)
2002	12.00	14.65	62.50	81.10	92.10 (1)	110.70 (1)
2003	13.00	14.65	62.50	81.10	93.10 (1)	111.70 (1)
2004	13.00	13.52	62.50	81.10	91.97 (1)	110.57 (1)
2005	13.00	13.52	67.40	86.10	97.77 (2)	116.47 (2)
2006	13.00	13.52	67.40	86.10	97.77 (2)	116.47 (2)
2007	13.00	13.42	67.60	86.00	97.87 (2)	116.27 (2)

(1) Includes Metropark and Library Millage of 1.55 and 1.40, respectively.

(2) Includes Metropark and Library Millage of 1.85 and 2.00, respectively.

Source: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Real Property Tax Levies and Collections

### Last Ten Years

**Table 8**

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Current Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Accumulated Delinquent Taxes</u>
1998	\$ 2,393,420	\$ 2,207,537	92.2%	\$ 51,154	\$ 2,258,691	.944%	\$ 62,477	\$ 103,209
1999	2,438,661	2,171,380	89.0	53,763	2,225,143	.912	73,454	119,606
2000	2,453,976	2,130,698	86.8	71,091	2,201,789	.897	94,588	140,893
2001	2,641,971	2,444,198	92.5	99,375	2,543,573	.962	141,624	200,927
2002	2,671,676	2,448,976	91.7	143,103	2,592,079	.970	217,690	320,479
2003	3,003,452	2,764,967	92.1	200,005	2,964,972	.987	230,987	413,103
2004	3,154,262	2,885,639	91.5	162,232	3,047,871	.966	296,254	445,198
2005	3,186,836	2,803,824	87.98	201,094	3,004,918	.943	233,928	352,758
2006	3,155,861	2,984,594	94.57	240,866	3,225,460	1.022	109,379	168,246
2007	3,313,087	2,971,853	89.7	138,001	3,109,855	.939	207,343	269,690

Source: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Principal Taxpayers - Real Estate Tax

**2002 and 2007**

**Table 9**

Name of Taxpayer	December 31, 2007	
	Assessed Value (1)	Percent of Total Assessed Value
Riser Foods Company	\$ 6,650,000	2.24%
Bear Creek Road, LLC	5,962,160	2.00%
Lowe's Home Center, Inc.	4,606,350	1.55%
South Pointe Towers, LTD	4,221,790	1.42%
Olympic Steel, Inc.	4,014,890	1.35%
A.M. Castle Co.	3,996,060	1.34%
Mayfred Co.	3,512,480	1.18%
Southgate Towers LLC	3,246,260	1.09%
Weston Inc.	2,849,670	0.96%
JE & MT Corporation	2,691,220	0.91%
Total	\$ 41,750,880	14.04%

Name of Taxpayer	December 31, 2002	
	Assessed Value (2)	Percent of Total Assessed Value
Riser Foods Company	\$ 7,595,000	2.52%
Bear Creek Inv. Co.	5,952,280	1.98%
Miles Road LLC	4,499,840	1.50%
Mayred Co.	3,960,960	1.32%
A.M. Castle Co.	3,933,400	1.31%
South Pointe Towers LTD	3,814,630	1.27%
Weston Inc.	3,577,460	1.19%
Southgate Towers LLC	3,325,210	1.11%
Sylvia Naiman Trust	3,056,730	1.02%
Marotta Glazer Realty Co.	3,056,280	1.02%
Total	\$ 42,771,790	14.24%

Source: Cuyahoga County Auditor  
 (1) Excludes Public Utilities

Source: Cuyahoga County Auditor  
 Information prior to 2002 is not available.

# City of Bedford Heights, Ohio

## Principal Taxpayers - Income Tax

**2005 and 2007**

**Table 10**

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**2005**

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<b>Rank</b>	<b>Taxpayer</b>
1	Riser Foods Company
2	Olympic Steel Inc.
3	American Spring Wire Corp.
4	Sherwin-Williams Company
5	City of Bedford Heights
6	Bedford Board of Education
7	Cleveland Coca-Cola Bottling Company
8	Majestic Steel USA Inc.
9	New York Frozen Foods Inc.
10	Northeast Ohio Electric

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**2007**

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<b>Rank</b>	<b>Taxpayer</b>
1	Riser Foods Company
2	Olympic Steel Inc.
3	American Spring Wire Corp.
4	City of Bedford Heights
5	Majestic Steel USA Inc.
6	Bedford Board of Education
7	Northeast Ohio Electric
8	Cleveland Coca-Cola Bottling Company
9	New York Frozen Foods Inc.
10	Sherwin-Williams Company

Information prior to 2005 is not available.

# City of Bedford Heights, Ohio

## Ratio of Outstanding Debt to Total Personal Income and Debt per Capita

**Last Ten Years**

**Table 11**

Year	Governmental Activities				Business-Type Activities			Total	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessments	Capital Leases	Long-term Notes	General Obligation Bonds	Capital Leases	Long-term Notes			
1998	\$ 6,420,000	\$ 195,000	\$ 84,698	\$ -	\$ 1,810,000	\$ -	\$ -	\$ 8,509,698	4.64%	\$ 701
1999	4,250,000	145,000	1,132,710	-	3,435,000	-	-	8,962,710	4.89	739
2000	3,910,000	100,000	1,103,064	-	321,000	-	-	8,323,064	3.36	732
2001	3,545,000	62,000	903,290	-	2,970,000	-	-	7,480,290	3.02	658
2002	3,155,000	49,000	908,912	-	2,720,000	-	-	6,832,912	2.76	601
2003	4,355,000	36,000	763,651	-	1,020,000	31,243	-	6,205,894	2.50	546
2004	5,895,000	27,000	756,978	-	835,000	5,074	-	7,519,052	3.03	661
2005	5,335,000	18,000	735,534	-	640,000	-	-	6,728,534	2.71	592
2006	4,690,000	9,000	1,000,522	250,000	440,000	31,264	-	6,420,786	2.59	564
2007	4,005,000	-	902,774	450,000	230,000	16,009	300,000	5,903,783	2.38	519

Note: Population and Personal Income data are presented on page 118.

## City of Bedford Heights, Ohio

### Ratio of Net General Obligation Debt to Assessed Value and Net Debt Per Capita

**Last Ten Years**

**Table 12**

<u>Tax Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Debt</u>	<u>Ratio of Net Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
1998	12,131	\$ 265,040,549	\$ 8,425,000	\$ 473,370	\$ 7,951,630	3.00%	\$ 666.33
1999	12,131	267,712,604	8,135,000	366,698	7,768,302	2.90	640.37
2000	11,375	291,222,741	7,520,000	176,313	7,343,687	2.52	645.60
2001	11,375	301,114,079	8,265,000	81,197	8,183,803	2.72	719.45
2002	11,375	300,396,324	7,565,000	59,115	7,505,885	2.50	659.86
2003	11,375	319,677,000	8,715,000	132,195	8,582,805	2.68	754.53
2004	11,375	320,970,900	7,157,000	162,661	6,994,339	2.18	614.88
2005	11,375	319,769,476	6,218,000	194,437	6,023,563	1.88	529.54
2006	11,375	314,576,710	5,389,000	192,468	5,196,532	1.65	456.84
2007	11,375	297,406,238	4,985,000	142,615	4,842,385	1.63	425.70

(1) – Source: U.S. Census Bureau

(2) – Source: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Computation of Direct and Overlapping Debt - General Obligation Debt

**December 31, 2007**

**Table 13**

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
<b>Direct:</b>			
City of Bedford Heights	\$ 4,842,385	100.00%	\$ 4,842,385
<b>Overlapping:</b>			
Cuyahoga County	194,593,691	0.95%	1,846,147
Regional Transit Authority	147,385,000	0.95%	1,398,270
Bedford School District	8,797,507	29.67%	2,610,349
Orange School District	<u>29,123,219</u>	4.99%	<u>1,453,781</u>
Total Overlapping Debt	<u>379,899,417</u>		<u>7,308,547</u>
<b>Total</b>	<b>\$ <u>384,741,802</u></b>		<b>\$ <u>12,150,932</u></b>

Source: Cuyahoga County Auditor

- (1) Net general obligation debt outstanding equals the amount of general obligation bonds and notes outstanding minus the debt service fund balance available to pay non-special assessment general obligation debt.

# City of Bedford Heights, Ohio

## Legal Debt Margin

### Last Ten Fiscal Years

**Table 14**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006<sup>(2)</sup></u>	<u>2007</u>
Assessed valuation	\$ <u>265,040,549</u>	\$ <u>267,712,604</u>	\$ <u>291,222,741</u>	\$ <u>301,114,079</u>	\$ <u>300,396,324</u>	\$ <u>319,677,000</u>	\$ <u>320,970,900</u>	\$ <u>319,769,476</u>	\$ <u>314,576,710</u>	\$ <u>297,406,238</u>
Debt Limit – 10.5% of assessed value	\$ <u>27,829,258</u>	\$ <u>28,109,823</u>	\$ <u>30,578,388</u>	\$ <u>31,616,978</u>	\$ <u>31,541,614</u>	\$ <u>33,566,085</u>	\$ <u>33,701,945</u>	\$ <u>33,575,795</u>	\$ <u>33,030,555</u>	\$ <u>31,227,655</u>
Gross indebtedness	8,423,000	8,280,000	7,620,000	8,327,000	7,614,000	8,751,000	7,157,000	6,218,000	5,564,000	5,110,000
Less: debt outside limitation	<u>-</u>	<u>(145,000)</u>	<u>(100,000)</u>	<u>(62,000)</u>	<u>(49,000)</u>	<u>(36,000)</u>	<u>(27,000)</u>	<u>(18,000)</u>	<u>(9,000)</u>	<u>-</u>
Debt within 10.5% limitation	8,423,000	8,135,000	7,520,000	8,265,000	7,565,000	8,715,000	7,130,000	6,200,000	5,555,000	5,110,000
Less: Amount available in debt service fund	<u>(473,370)</u>	<u>(366,698)</u>	<u>(176,313)</u>	<u>(81,197)</u>	<u>(59,115)</u>	<u>(132,195)</u>	<u>(162,661)</u>	<u>(194,437)</u>	<u>(192,468)</u>	<u>(142,615)</u>
Net debt within 10.5% limit	<u>7,951,630</u>	<u>7,768,302</u>	<u>7,343,687</u>	<u>8,183,808</u>	<u>7,505,885</u>	<u>8,582,805</u>	<u>6,967,339</u>	<u>6,005,563</u>	<u>5,362,532</u>	<u>4,967,385</u>
Legal debt margin	\$ <u>19,877,628</u>	\$ <u>20,341,521</u>	\$ <u>23,234,701</u>	\$ <u>23,433,175</u>	\$ <u>24,035,729</u>	\$ <u>24,983,280</u>	\$ <u>26,734,606</u>	\$ <u>27,570,232</u>	\$ <u>27,668,023</u>	\$ <u>26,260,270</u>
Debt limit – 5.5% of assessed value <sup>(1)</sup>	\$ <u>14,577,230</u>	\$ <u>14,724,193</u>	\$ <u>16,017,251</u>	\$ <u>16,561,274</u>	\$ <u>16,521,798</u>	\$ <u>17,582,235</u>	\$ <u>17,653,400</u>	\$ <u>17,587,321</u>	\$ <u>17,301,719</u>	\$ <u>16,357,343</u>
Gross indebtedness	8,423,000	8,280,000	7,620,000	8,327,000	7,614,000	8,751,000	7,157,000	6,218,000	5,564,000	5,110,000
Less: debt outside limitation	<u>-</u>	<u>(145,000)</u>	<u>(100,000)</u>	<u>(62,000)</u>	<u>(49,000)</u>	<u>(36,000)</u>	<u>(27,000)</u>	<u>(18,000)</u>	<u>(9,000)</u>	<u>-</u>
Debt within 5.5% limitation	8,423,000	8,135,000	7,520,000	8,265,000	7,565,000	8,715,000	7,130,000	6,200,000	5,555,000	5,110,000
Less: amount available in debt service fund	<u>(473,370)</u>	<u>(366,698)</u>	<u>(176,313)</u>	<u>(81,197)</u>	<u>(59,115)</u>	<u>(132,195)</u>	<u>(162,661)</u>	<u>(194,437)</u>	<u>(192,468)</u>	<u>(142,615)</u>
Net debt within 5.5% limit	<u>7,951,630</u>	<u>7,768,302</u>	<u>7,343,687</u>	<u>8,183,803</u>	<u>7,505,885</u>	<u>8,582,805</u>	<u>6,967,339</u>	<u>6,005,563</u>	<u>5,362,532</u>	<u>4,967,385</u>
Unvoted debt margin	\$ <u>6,625,600</u>	\$ <u>6,955,891</u>	\$ <u>8,673,564</u>	\$ <u>8,377,471</u>	\$ <u>9,015,913</u>	\$ <u>9,002,430</u>	\$ <u>10,686,061</u>	\$ <u>11,581,758</u>	\$ <u>11,939,187</u>	\$ <u>11,389,958</u>

Source: Cuyahoga County Auditor and City Financial Records.

# City of Bedford Heights, Ohio

## Demographic and Economic Statistics

### Last Ten Years

**Table 15**

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>
1998	12,131	\$ 183,425,742	\$ 15,120	\$ 37,861	N/A	4,004	4.9%
1999	12,131	185,425,742	15,120	37,861	N/A	4,151	4.6
2000	11,375	247,872,625	21,791	38,400	39	4,060	4.6
2001	11,375	247,872,625	21,791	38,400	39	4,049	6.8
2002	11,375	247,872,625	21,791	38,400	39	3,992	6.6
2003	11,375	247,872,625	21,791	38,400	39	3,826	6.2
2004	11,375	247,872,625	21,791	38,400	39	3,890	6.6
2005	11,375	247,872,625	21,791	38,400	39	3,840	6.5
2006	11,375	247,872,625	21,791	38,400	39	3,908	6.6
2007	11,375	247,872,625	21,791	38,400	39	3,925	6.1

(1) Source: U. S. Census

(a) Years 2000 through 2007 - 2000 Federal Census

(b) Years 1997 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website

(3) Source: Ohio Bureau of Employment Services, U.S. Department of Labor, Bureau of Labor Statistics for Cleveland

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

N/A – Information not available

# City of Bedford Heights, Ohio

## Principal Employers

**2005 and 2007**

**Table 16**

2005		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Riser Foods Company	N/A	N/A
American Spring Wire Corporation	N/A	N/A
Sherwin-Williams Company	N/A	N/A
City of Bedford Heights	254	2.82
New York Frozen Foods Inc.	253	2.81
Bedford Board of Education	N/A	N/A
Cleveland Coca-Cola Bottling Company	N/A	N/A
Majestic Steel USA Inc.	N/A	N/A
Olympic Steel Incorporated	182	2.02
Northeast Ohio Electric	N/A	N/A
<b>Total City Employment</b>	<b>8,999</b>	

2007		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Riser Foods Company	1,474	17.19
Olympic Steel Incorporated	N/A	N/A
American Spring Wire Corporation	N/A	N/A
City of Bedford Heights	253	2.95
New York Frozen Foods Incorporated	242	2.82
Majestic Steel USA Incorporated	211	2.46
Bedford Board of Education	N/A	N/A
Northeast Ohio Electric	N/A	N/A
Cleveland Coca-Cola Bottling Company	N/A	N/A
Sherwin-Williams Company	N/A	N/A
<b>Total City Employment</b>	<b>8,576</b>	

- (1) Source: Regional Income Tax Authority
  - (2) Information prior to 2005 is not available.
  - (3) Total information for top 10 employers not available.
- N/A – Information not available.

# City of Bedford Heights, Ohio

## Full Time City Employees by Function/Program

**December 31, 2007**

**Table 17**

	<u>2007</u>
Function/program:	
General government:	
Council	1
Finance	4
Law	3
Administration	2
Security of persons and property:	
Police (1)	70
Fire	29
Leisure time activities:	
Community center	9
Community development:	
Building	3
Economic development	1
Transportation:	
Service/streets	26
Basic utility services:	
Wastewater treatment plant	<u>22</u>
 Totals	 <u>170</u>

Source: City Payroll Records

(1) Includes dispatchers, safety director, corrections facility and clerk of courts.

(2) Information prior to 2007 is not available.

# City of Bedford Heights, Ohio

## Operating Indicators by Function/Program (1)

### Last Six Years

**Table 18**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function/program						
General government						
<i>Council and clerk</i>						
Number of ordinances and resolutions	163	212	218	215	269	260
<i>Finance department</i>						
Number of checks/ vouchers issued (excluding payroll)	4,189	4,702	4,814	4,936	4,772	4,889
Interest earnings for fiscal year (cash basis)	\$ 92,580	\$ 47,328	\$ 59,575	\$ 131,193	\$ 281,621	\$ 309,155
Number of receipts issued	N/A	2,698	2,724	3,893	4,234	4,822
Agency ratings – Moody’s Financial Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Civil service						
Number of exams given	2	4	3	4	2	5
Security of persons and property						
Police						
Number of traffic citations issued	3,553	3,642	4,826	5,005	2,792	2,547
Number of parking citations issued	496	522	250	297	376	365
Number of criminal arrests	520	728	683	1,449	263	286
Prisoners	2,036	3,147	2,177	5,017	2,130	3,932
Fire						
EMS calls	N/A	1,100	1,159	1,260	1,249	1,413
Fire and fire-related calls	N/A	540	451	600	426	444
Community development						
Grant monies received due to Economic Development Dept.	\$ 24,639	\$ 134,666	\$ 174,762	\$ 91,488	\$ 153,450	\$ 12,880

(Continued)

# City of Bedford Heights, Ohio

## Operating Indicators by Function/Program (1) (Continued)

### Last Six Years

**Table 18**

	2002	2003	2004	2005	2006	2007
<b>Basic utility services</b>						
Refuse disposal per year (in tons) August-July	3,327	3,042	4,000	3,267	3,183	3,017
Refuse disposal costs per year	\$ 287,418	\$ 270,772	\$ 272,855	\$ 288,997	\$ 296,990	\$ 336,265
Annual recycling tonnage	231	280	220	298	306	364
<b>Transportation</b>						
Snowfall in inches	69.8	98.60	95.80	108.40	34.60	75.7
Tons of salt used	4,050	4,256	4,100	4,759	4,700	3,850
Asphalt used in road maintenance (tons)	410	525	475	310	235	115
Concrete used in road maintenance (yards)	250	295	275	320	335	201
Number of trees planted per year	130	35	33	45	40	45
Number of trees removed per year	78	49	63	73	60	83
<b>Wastewater treatment plant</b>						
Wastewater rates per 1st 300 Cu ft of water used	0.913	0.913	0.913	0.913	0.913	0.913
Total flow of wastewater treatment plant (billions of gallons)	2.500	2.500	2.500	2.500	2.500	2.500

(1) Information prior to 2002 is not available.

# City of Bedford Heights, Ohio

## Capital Assets Statistics by Function/Program (1)

### Last Six Years

**Table 19**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function/program						
General government						
City Hall square footage	23,760	23,760	23,760	23,760	23,760	23,760
Administrative vehicles	1	1	1	2	2	2
Inspection vehicles	-	-	-	2	2	2
Security of persons and property						
<i>Police</i>						
Stations	1	1	1	1	1	1
Square footage of Police Station	18,822	18,822	18,822	18,822	18,822	18,822
Square footage of Jail Facilities	24,425	24,425	24,425	24,425	24,425	24,425
Vehicles	21	21	21	21	19	19
<i>Fire</i>						
Stations	1	1	1	1	1	1
Square footage of station	*	*	*	*	*	*
Vehicles	8	8	8	8	8	8
Leisure time activities						
Number of Parks	9	9	9	9	9	9
Number of Pools	2	2	2	2	2	2
Square Footage of Community Center	70,233	70,233	70,233	70,233	70,233	70,233
Vehicles (vans/buses)	3	3	3	3	3	3
Basic utility services						
<i>Public works</i>						
Streets (miles)	42	42	42	42	42	42
Service vehicles	28	28	28	28	29	29
<i>Wastewater treatment plant</i>						
Sanitary sewers (miles)	37	37	37	37	37	37
Storm sewers (miles)	37	37	37	37	37	37
Square footage of treatment plant	6,070	6,070	6,070	6,070	6,070	6,070
Vehicles	9	9	9	9	9	9

(1) Information prior to 2002 is not available

\* Square footage of fire station is included with square footage of City Hall.

**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***

Honorable Mayor and  
Members of City Council  
Bedford Heights, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights, Ohio (the “City”) as of and for the year ended December 31, 2007, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 23, 2008, wherein we noted the City adopted *Government Accounting Standards Board Statement No. 43 and 48*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

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

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

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

Honorable Mayor and  
Members of City Council  
Bedford Heights, Ohio

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City, in a separate letter dated June 23, 2008.

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

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 23, 2008





**Mary Taylor, CPA**  
Auditor of State

**CITY OF BEDFORD HEIGHTS**

**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  
JULY 29, 2008**