

City of Bedford Heights, Ohio

Comprehensive Annual Financial Report

December 31, 2008

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



Mary Taylor, CPA
Auditor of State

City Council
City of Bedford Heights
5661 Perkins Road
Bedford Heights, Ohio 44146

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, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 21, 2009

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City of Bedford Heights, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2008

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The City of Bedford Heights



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MAYOR FLETCHER BERGER

MARK A. CEGELKA

DIRECTOR OF FINANCE / TAX ADMINISTRATOR

August 31, 2009

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, 2008. 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, 2008 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, 2008 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 2008 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 2008, the City received a \$100,000 grant from Cuyahoga County's Community Development Block Grant program. The grant will enable the city to continue ADA improvements within municipal buildings. Previously the city received a grant in to make ADA improvements to the municipal buildings. The additional funding will enable the City to relocate the existing lift in city hall to the police department, retrofit two existing entrance doors and nine existing interior doors and two sets of entrance doors with automatic openers in the community center.

The City assisted property owners and businesses to obtain approximately \$70,000 in grants to make storefront improvements to their buildings. The grants leveraged approximately \$225,000 worth of improvements to properties in our community. The projects included improvements such as parking lot resurfacing, window and door replacement, roof repairs, landscaping and signage.

Babin Building Products acquired a west side company that sold and repaired kitchen and bath appliances and cabinetry. The acquisition resulted in 30 full time employees with an approximate \$1,000,000 in new payroll to the City of Bedford Heights.

Candor Logistics signed a five-year lease for the building at 26601 Richmond Road. Candor employees 14 full time people and have an approximate \$550,000 annual payroll.

With the help of Richard King, property owner, the City was able to retain Dental Care Partners. This project helped retain DCP's 60 employees and hire an additional 30 people with an annual payroll of \$2,400,000.

Star Leasing submitted plans to construct a facility on the former Walker China property. The developer cleaned the contaminated property to meet standards established under the Voluntary Action Plan. Within two years of completion of this project Star Leasing will employ 42 full time employees with a \$1,700,000 new payroll to the City of Bedford Heights.

KLM Engineering purchased 5475 Perkins Road and spent approximately \$250,000 in renovations. When KLM moves into the city, they will bring five full-time professional jobs with a \$250,000 new payroll to the City of Bedford Heights.

Mayfield Collision Center recently purchased 260001 Aurora Road, one of the most aesthetically challenged properties in the community. Working with Sherwin Williams Paints, MCC will be one of the first auto body shops in the mid-west that use water-based paint in their spray booths. Not only does this project improve the aesthetics of Aurora Road but also it will result in the creation of 15 full time positions with an \$800,000 new payroll to the City of Bedford Heights.

By offering job creation tax credit, the City was able to retain Erico's 39 full time employees and their \$1,500,000 payroll. This lease is for five years with options.

The former Red Rock Inn transferred ownership and was renamed the Bedford Heights Hotel. The new owners will reopen the 140-seat restaurant and will seek a major hotel chain to fly their flag on their property. The new owners project employment levels to increase to 25 employees.

Southeast Harley Davidson purchased the former adjacent Consumer Plumbing Building. Southeast Harley invested over \$100,000 in exterior improvements to the property. They are pursuing several related opportunities for this site.

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 fiscal year 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 \$240,000 annually and is designated for use within a Special Revenue Fund, specifically for capital improvements (equipment) in the Police and Fire Departments.

In January of 2009, the City has implemented a rate structure that will increase residential and commercial sewer rates by \$3/MCF over three years. The new rate structure is expected to generate the following estimated increases over three years: 2009 – \$198,000; 2010 – \$210,000 over 2009; 2011 – \$242,000 over 2010. 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 2009 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 2003 and 2004 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 2008 is approximately \$2,700,000 and is projected to be approximately \$3,000,000 at the end of fiscal year 2009.

The City completed construction of the 2nd 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 2nd floor. The City reduced the note to approximately \$225,000 in 2005, \$175,000 in 2006, \$125,000 in 2007, and \$50,000 in 2008. The City plans to retire the \$50,000 note in 2009.

Awards and Acknowledgements

Certificate of Achievement

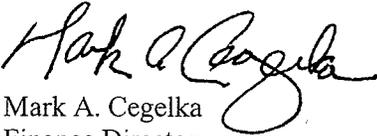
For the nineteenth time, the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. In order to be awarded a Certificate of Achievement, the 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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

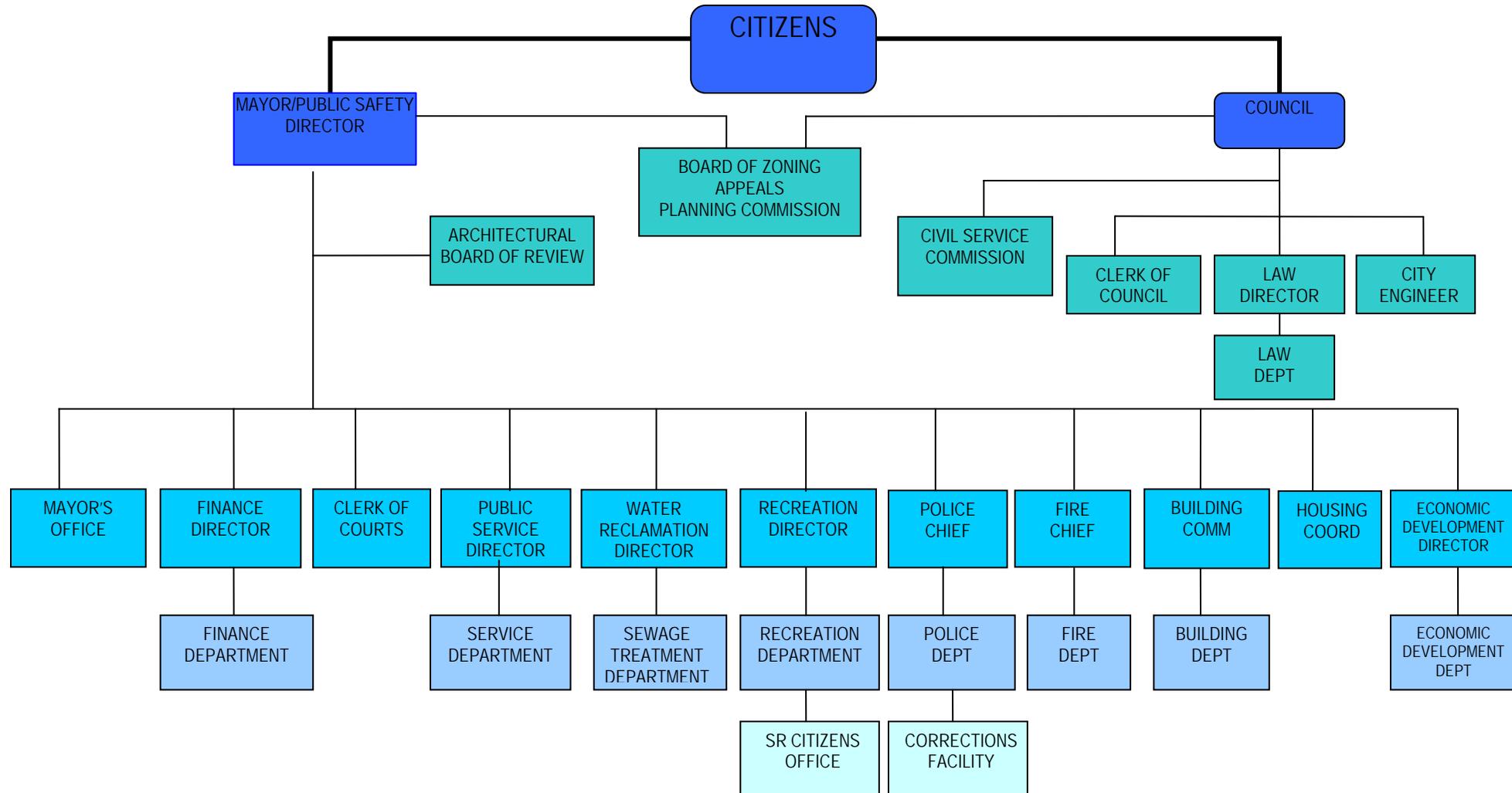
City of Bedford Heights, Ohio

List of Principal Officials

December 31, 2008

<u>Title</u>	<u>Name</u>
Mayor/Director of Public Safety	Fletcher Berger
Council Member – President-At-Large	Phillip D. Saunders
Council Member – At-Large	Wendolyn J. Grant
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	Ross Cirincione
Director of Finance/Tax Administrator	Mark A. Cegelka
Director of Public Service	Nick Baucco
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	Don Bierut
City Architect	Robert Madison
Building Commissioner	Paul Konys
Director of Economic Development and Community	Martine Divito
Clerk of Courts	Nancy Catalano

City of Bedford Heights Organizational Chart December 31, 2008



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 (the "City") as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 as of December 31, 2008, and the respective changes in financial position and cash flows where applicable, 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, 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 50, *Pension Disclosures* and SFAS 157, *Fair Value Measurements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2009 on our consideration of the City's 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

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's 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
August 31, 2009

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2008

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, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights

Key financial highlights for 2008 are as follows:

- ◆ The assets of, the City of Bedford Heights exceeded its liabilities at the close of the most recent fiscal year by \$30,370,689. Of this amount, \$5,806,790 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets increased by \$1,739,447, which represents an increase of approximately 4.1 percent from 2007. The two largest increases were cash and cash equivalents of \$1,107,163 and accounts receivable of \$464,481. These changes were offset by a decrease in capital assets of \$161,661.
- ◆ Total liabilities increased by \$246,036, which represents an increase of approximately 1.8 percent over 2007. The main factors contributing to this increase was an increase of \$530,670 in long-term liabilities offset by a decrease in the intergovernmental payable of \$111,877.
- ◆ In total, net assets in governmental activities increased by \$1,429,580 during 2008. This represents a 6.7 percent increase from 2007.

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, increases or decreases 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, 2008

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, 2008

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, 2008

Table 1 provides a summary of the City's net assets for 2008 as compared to 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$ 13,390,330	\$ 11,783,284	\$ 1,581,357	\$ 1,287,295	\$ 14,971,687	\$ 13,070,579
Capital Assets, Net	<u>21,527,653</u>	<u>21,857,789</u>	<u>7,701,829</u>	<u>7,533,354</u>	<u>29,229,482</u>	<u>29,391,143</u>
Total Assets	<u>34,917,983</u>	<u>33,641,073</u>	<u>9,283,186</u>	<u>8,820,649</u>	<u>44,201,169</u>	<u>42,461,722</u>
Liabilities						
Current Liabilities and Other Liabilities	4,374,196	4,649,764	168,832	177,898	4,543,028	4,827,662
Long-term Liabilities						
Due Within One Year	1,410,235	1,539,273	158,083	360,655	1,568,318	1,899,928
Due In More Than One Year	<u>6,416,284</u>	<u>6,164,348</u>	<u>1,302,850</u>	<u>692,506</u>	<u>7,719,134</u>	<u>6,856,854</u>
Total Liabilities	<u>12,200,715</u>	<u>12,353,385</u>	<u>1,629,765</u>	<u>1,231,059</u>	<u>13,830,480</u>	<u>13,584,444</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	16,474,336	16,375,015	7,106,450	6,987,345	23,580,786	23,362,360
Restricted for:						
Debt Service	90,950	142,615	-	-	90,950	142,615
Capital Projects	787,465	-	-	-	787,465	-
Public Safety	104,698	134,277	-	-	104,698	134,277
Unrestricted	<u>5,259,819</u>	<u>4,635,781</u>	<u>546,971</u>	<u>602,245</u>	<u>5,806,790</u>	<u>5,238,026</u>
Total Net Assets	<u>\$ 22,717,268</u>	<u>\$ 21,287,688</u>	<u>\$ 7,653,421</u>	<u>\$ 7,589,590</u>	<u>\$ 30,370,689</u>	<u>\$ 28,877,278</u>

Total assets increased \$1,739,447. Even though capital assets decreased by \$161,661, increases in cash and cash equivalents of \$1,107,163 and in accounts receivable of \$464,481 offset this decrease. The increase in cash and cash equivalents is mainly due to the increase in STAROhio investments and the increase in accounts receivable is mainly due to an increase in prisoner housing receivables as well as the Great Lakes Billing receivable which relates to ambulance runs.

The total net assets of the City increased by \$1,493,411. The following factors were responsible for this increase:

- An increase in cash and cash equivalents of \$1,107,163.
- A decrease in capital assets of \$161,661.
- An increase in accounts receivable of \$464,481.
- An increase in taxes receivable of \$301,264.
- An increase in long-term liabilities of \$530,670.

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2008

The City makes concerted efforts to maximize the return on investments of its cash and cash equivalents and uses these funds to provide liquidity for planned future capital purchases. Due to the interest rates in the past, the investments have remained in Certificates of Deposits and liquid money market accounts, i.e. STAROhio and Huntington National Bank. 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 a member 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 increased by approximately 0.84 percent in 2008. The City generally can only use these net assets to finance the continuing operations of the sewer system. The increase was mainly due to a decrease in personal services and contractual services expenses offset by the decrease in contributed capital.

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, 2008

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Revenues						
Charges for Services	\$ 5,993,085	\$ 5,644,617	\$ 3,220,868	\$ 3,037,885	\$ 9,213,953	\$ 8,682,502
Operating Grants	67,427	34,948	-	-	67,427	34,948
Capital Grants and Contributions	-	-	-	448,732	-	448,732
Total Program Revenues	<u>6,060,512</u>	<u>5,679,565</u>	<u>3,220,868</u>	<u>3,486,617</u>	<u>9,281,380</u>	<u>9,166,182</u>
General Revenues						
Property Taxes	3,653,579	3,882,388	-	-	3,653,579	3,882,388
Income Taxes	9,951,407	8,811,924	-	-	9,951,407	8,811,924
Grants and Entitlements	2,087,754	1,898,417	-	-	2,087,754	1,898,417
Investment Earnings	213,843	306,428	5,598	19,355	219,441	325,783
Miscellaneous	65,378	118,356	15,818	10,583	81,196	128,939
Total Revenues	<u>22,032,473</u>	<u>20,697,078</u>	<u>3,242,284</u>	<u>3,516,555</u>	<u>25,274,757</u>	<u>24,213,633</u>
Program Expenses						
General Government	4,149,257	4,602,015	-	-	4,149,257	4,602,015
Security of						
Persons and Property	11,186,209	11,237,785	-	-	11,186,209	11,237,785
Public Health and Welfare	412,760	393,631	-	-	412,760	393,631
Leisure Time Activities	1,678,454	1,888,063	-	-	1,678,454	1,888,063
Community Development	399,975	323,997	-	-	399,975	323,997
Basic Utility Services	784,933	890,125	-	-	784,933	890,125
Transportation	1,902,672	1,975,432	-	-	1,902,672	1,975,432
Interest and Fiscal Charges	274,677	217,832	-	-	274,677	217,832
Sewer	-	-	2,992,409	3,501,728	2,992,409	3,501,728
Total Program Expenses	<u>20,788,937</u>	<u>21,528,880</u>	<u>2,992,409</u>	<u>3,501,728</u>	<u>23,781,346</u>	<u>25,030,608</u>
Increase (Decrease)						
in Net Assets before Transfers	1,243,536	(831,802)	249,875	14,827	1,493,411	(816,975)
Transfers	186,044	62,400	(186,044)	(62,400)	-	-
Change in Net Assets	<u>1,429,580</u>	<u>(769,402)</u>	<u>63,831</u>	<u>(47,573)</u>	<u>1,493,411</u>	<u>(816,975)</u>
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	\$ <u>22,717,268</u>	\$ <u>21,287,688</u>	\$ <u>7,653,421</u>	\$ <u>7,589,590</u>	\$ <u>30,370,689</u>	\$ <u>28,877,278</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 2008, the revenues generated from this tax amounted to \$9,951,407. The City continues to enforce a delinquent letter program and the subpoena program to ensure compliance with the local tax laws.

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2008

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 2008, 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 decrease in expenses during the year was due to a focused effort on cutting costs.

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 1,755 calls for assistance of which approximately 1,345 were for EMS and the rest for fire and fire related incidents. The total amount spent on overtime expenses during 2008 was \$64,717 as compared to \$71,517 during 2007. The total cost of operating the Fire and EMS department during 2008 was \$2,636,738 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 2008, the transfer from the General Fund was \$1,630,000.

The City spent approximately \$500,000 on its annual road program entailing major and minor resurfacing of the various streets in Bedford Heights. 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, increased the City's net assets by \$63,831.

Net program revenue exceeded program expenses in the amount of \$228,459 for the sewer operations for 2008. This is mainly due to a decrease in personal services expenses 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 \$26,073,974 and expenditures and other financing uses of \$24,472,597. The net change in fund balance for the year was most significant in the General Fund showing a growth in fund balance of \$945,759 which increased the fund balance to \$6,342,727. The increase in fund balance was mainly due to an increase in municipal income tax revenues which related to a net profit increase of approximately \$400,000 and a withholding increase of approximately \$150,000.

The Capital Improvements Fund also had an increase in fund balance. The Capital Improvements Fund reflected an increase in fund balance of \$814,282, which increased the fund balance to \$787,465. The

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2008

increase can be attributed to an increase in proceeds received from the sale of debt in 2008 compared to 2007.

The Debt Service Fund and the non-major governmental funds had a decrease in fund balance in the current year. The Debt Service Fund decreased \$51,665, which decreased the fund balance to \$90,950. The decrease was caused by an increase in debt service principal and interest payments. The non-major governmental funds decreased \$118,725, lowering the year-end fund balance to \$312,657. The main source of this decrease was the increase in the City's expenditures related to snow and ice removal during 2008. The fund balance in the Fire Levy Fund remained fairly consistent with the prior year.

Overall the revenue base continued to meet City obligations and reflects the current solid financial condition of the City as a whole. Future outlooks will certainly be affected by the global financial crisis that hit in late 2008. Revenue forecasting will become more difficult as estimates are more imprecise now than they have been in the recent past. The City's expectation is that it will lose property taxes due to the decrease in home values.

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 \$17,146,575 was higher than the original budget estimates of \$16,454,175. The original appropriations for the general fund were \$16,813,951, including other financing uses. The final appropriations, including other financing uses, were \$16,740,968. The City historically budgets to expend nearly 100 percent of their available resources, when actually only 97.2 percent of available resources were expended in 2008. The City's actual expenditures ended \$350,636 below the final budgeted amount.

The City's ending unobligated budgetary fund balance was \$102,970 higher than the final budgeted amount mostly due to lower than anticipated general government and security of persons and property expenditures.

Business-Type Funds

The City's major Enterprise fund consists of the Sewage Treatment Fund. The basic financial statements for the major fund 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 Sewage 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, 2008

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the City of Bedford Heights had \$29,229,482 invested in land, buildings, equipment, vehicles and infrastructure.

Table 3 shows fiscal 2008 balances of Capital Assets as compared to 2007:

Table 3
 Capital Assets at December 31

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 1,716,387	\$ 1,716,387	\$ 99,200	\$ 99,200	\$ 1,815,587	\$ 1,815,587
Buildings and improvements	18,253,961	17,431,319	3,909,669	3,348,265	22,163,630	20,779,584
Machinery and equipment	1,435,514	1,386,986	7,452,723	7,418,748	8,888,237	8,805,734
Furniture and fixtures	997,124	997,124	24,862	24,862	1,021,986	1,021,986
Vehicles	3,325,568	3,258,322	387,181	387,181	3,712,749	3,645,503
Infrastructure	16,698,456	15,783,251	6,008,193	6,008,193	22,706,649	21,791,444
Construction in progress	-	762,079	-	-	-	762,079
Less: accumulated depreciation	(20,899,357)	(19,477,679)	(10,179,999)	(9,753,095)	(31,079,356)	(29,230,774)
Total capital assets	\$ 21,527,653	\$ 21,857,789	\$ 7,701,829	\$ 7,533,354	\$ 29,229,482	\$ 29,391,143

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). The City's practice is to replace three-to-four police vehicles each year to replenish the safety fleet. 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 \$168,475, 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, 2008

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, 2008, the City of Bedford Heights had \$9,287,452 in outstanding debt and compensated absences, of which \$5,600,000 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			
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 4,637,800	\$ 4,005,000	\$ 962,200	\$ 230,000	\$ 5,600,000	\$ 4,235,000
Long-term notes payable	-	450,000	-	300,000	-	750,000
Capital leases payable	731,606	902,774	-	16,009	731,606	918,783
Compensated absences	2,457,113	2,345,847	498,733	507,152	2,955,846	2,852,999
<i>Total</i>	<u>\$ 7,826,519</u>	<u>\$ 7,703,621</u>	<u>\$ 1,460,933</u>	<u>\$ 1,053,161</u>	<u>\$ 9,287,452</u>	<u>\$ 8,756,782</u>

At December 31, 2008, the City's overall legal debt margin was \$23,759,022. At year-end, the outstanding general obligation debt was \$5,600,000. 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, 2008

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, 2008

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
Assets:			
Cash and cash equivalents	\$ 6,069,567	\$ 538,654	\$ 6,608,221
Accounts receivable, net of allowance for doubtful accounts	847,890	952,298	1,800,188
Accrued interest receivable	6,106	-	6,106
Intergovernmental receivable	938,399	-	938,399
Supplies and materials inventory	98,956	67,476	166,432
Prepaid assets	46,637	22,929	69,566
Taxes receivable	5,382,775	-	5,382,775
Non-depreciable capital assets	1,716,387	99,200	1,815,587
Depreciable assets, net	<u>19,811,266</u>	<u>7,602,629</u>	<u>27,413,895</u>
Total assets	<u>34,917,983</u>	<u>9,283,186</u>	<u>44,201,169</u>
Liabilities:			
Accounts payable	210,637	61,565	272,202
Accrued wages and benefits	930,662	83,691	1,014,353
Intergovernmental payable	171,526	20,997	192,523
Unearned revenue	2,975,848	-	2,975,848
Accrued interest payable	29,388	2,579	31,967
Notes payable	50,000	-	50,000
Matured compensated absences	6,135	-	6,135
Long term liabilities:			
Due within one year	1,410,235	158,083	1,568,318
Due in more than one year	<u>6,416,284</u>	<u>1,302,850</u>	<u>7,719,134</u>
Total liabilities	<u>12,200,715</u>	<u>1,629,765</u>	<u>13,830,480</u>
Net assets:			
Invested in capital assets, net of related debt	16,474,336	7,106,450	23,580,786
Restricted for:			
Debt service	90,950	-	90,950
Capital projects	787,465	-	787,465
Public safety	104,698	-	104,698
Unrestricted	<u>5,259,819</u>	<u>546,971</u>	<u>5,806,790</u>
Total net assets	\$ <u>22,717,268</u>	\$ <u>7,653,421</u>	\$ <u>30,370,689</u>

See Accompanying Notes to the Basic Financial Statements

City of Bedford Heights, Ohio

Statement of Activities

For The Year Ended December 31, 2008

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Government activities:			
General government	\$ 4,149,257	\$ 1,056,994	\$ -
Security of persons and property	11,186,209	339,269	67,427
Public health and welfare	412,760	4,067,809	-
Leisure time activities	1,678,454	243,236	-
Community development	399,975	285,777	-
Basic utility services	784,933	-	-
Transportation	1,902,672	-	-
Interest and fiscal charges	274,677	-	-
Total governmental activities	<u>20,788,937</u>	<u>5,993,085</u>	<u>67,427</u>
Business-type activities:			
Sewer	<u>2,992,409</u>	<u>3,220,868</u>	<u>-</u>
Total	<u>\$ 23,781,346</u>	<u>\$ 9,213,953</u>	<u>\$ 67,427</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
\$ (3,092,263)	\$ -	\$ (3,092,263)
(10,779,513)	-	(10,779,513)
3,655,049	-	3,655,049
(1,435,218)	-	(1,435,218)
(114,198)	-	(114,198)
(784,933)	-	(784,933)
(1,902,672)	-	(1,902,672)
<u>(274,677)</u>	<u>-</u>	<u>(274,677)</u>
<u>(14,728,425)</u>	<u>-</u>	<u>(14,728,425)</u>
-	<u>228,459</u>	<u>228,459</u>
<u>(14,728,425)</u>	<u>228,459</u>	<u>(14,499,966)</u>
1,550,032	-	1,550,032
996,328	-	996,328
553,703	-	553,703
553,516	-	553,516
9,951,407	-	9,951,407
2,087,754	-	2,087,754
213,843	5,598	219,441
65,378	15,818	81,196
<u>186,044</u>	<u>(186,044)</u>	<u>-</u>
<u>16,158,005</u>	<u>(164,628)</u>	<u>15,993,377</u>
1,429,580	63,831	1,493,411
<u>21,287,688</u>	<u>7,589,590</u>	<u>28,877,278</u>
\$ <u><u>22,717,268</u></u>	\$ <u><u>7,653,421</u></u>	\$ <u><u>30,370,689</u></u>

City of Bedford Heights, Ohio

Balance Sheet Governmental Funds

December 31, 2008

	<u>General</u>	<u>Fire Levy</u>
Assets:		
Cash and cash equivalents	\$ 4,657,232	\$ 30,437
Accounts receivable, net of allowance for doubtful accounts	691,877	-
Accrued interest receivable	-	-
Intergovernmental receivable	496,644	58,023
Supplies and materials inventory	22,839	-
Prepaid assets	46,637	-
Taxes receivable	<u>3,430,857</u>	<u>770,495</u>
 Total assets	 \$ <u>9,346,086</u>	 \$ <u>858,955</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 193,121	\$ -
Accrued wages and benefits	454,700	106,381
Intergovernmental payable	127,428	36,318
Deferred revenue	2,228,110	828,518
Accrued interest payable	-	-
Notes payable	-	-
Matured compensated absences	<u>-</u>	<u>6,135</u>
 Total liabilities	 <u>3,003,359</u>	 <u>977,352</u>
Fund balances:		
Reserved for encumbrances	31,964	3,050
Reserved for inventory	22,839	-
Reserve for prepaids	46,637	-
Unreserved: undesignated (deficits), reported in:		
General fund	6,241,287	-
Special revenue funds	-	(121,447)
Debt service fund	-	-
Capital projects fund	<u>-</u>	<u>-</u>
 Total fund balances (deficits)	 <u>6,342,727</u>	 <u>(118,397)</u>
 Total liabilities and fund balances	 \$ <u>9,346,086</u>	 \$ <u>858,955</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>
\$ 90,952	\$ 813,055	\$ 477,891	\$ 6,069,567
-	26,441	129,572	847,890
-	6,106	-	6,106
35,936	38,682	309,114	938,399
-	-	76,117	98,956
-	-	-	46,637
<u>513,662</u>	<u>513,663</u>	<u>154,098</u>	<u>5,382,775</u>
\$ <u><u>640,550</u></u>	\$ <u><u>1,397,947</u></u>	\$ <u><u>1,146,792</u></u>	\$ <u><u>13,390,330</u></u>
\$ -	\$ 7,750	\$ 9,766	\$ 210,637
-	-	369,581	930,662
-	-	7,780	171,526
549,600	552,344	447,008	4,605,580
-	388	-	388
-	50,000	-	50,000
-	-	-	6,135
<u>549,600</u>	<u>610,482</u>	<u>834,135</u>	<u>5,974,928</u>
-	150,866	9,639	195,519
-	-	76,117	98,956
-	-	-	46,637
-	-	-	6,241,287
-	-	226,901	105,454
90,950	-	-	90,950
-	<u>636,599</u>	-	<u>636,599</u>
<u>90,950</u>	<u>787,465</u>	<u>312,657</u>	<u>7,415,402</u>
\$ <u><u>640,550</u></u>	\$ <u><u>1,397,947</u></u>	\$ <u><u>1,146,792</u></u>	\$ <u><u>13,390,330</u></u>

City of Bedford Heights, Ohio

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

December 31, 2008

Total Governmental fund balances \$ 7,415,402

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. 21,527,653

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

Property and other taxes	\$ 388,506
Municipal income taxes	482,365
Charges for services	85,226
Intergovernmental	<u>673,635</u>

Total 1,629,732

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (29,000)

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

General obligation bonds	(4,637,800)
Capital lease payable	(731,606)
Compensated absences	<u>(2,457,113)</u>

Total (7,826,519)

Net assets of governmental activities \$ 22,717,268

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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, 2008

	<u>General</u>	<u>Fire Levy</u>
Revenues:		
Property taxes	\$ 1,556,720	\$ 854,848
Municipal income taxes	9,492,578	-
Other local taxes	11,998	-
Intergovernmental	1,041,233	148,539
Charges for services	4,218,599	-
Licenses and permits	316,061	-
Fines and forfeitures	150,915	-
Investment income	77,965	-
Miscellaneous income	<u>340,709</u>	<u>15,077</u>
Total revenues	<u>17,206,778</u>	<u>1,018,464</u>
Expenditures:		
Current operations and maintenance:		
Security of persons and property	6,742,185	2,636,738
Public health and welfare	395,020	-
Leisure time activities	1,384,959	-
Community development	339,093	-
Basic utility services	728,050	-
Transportation	27,718	-
General government	3,840,660	-
Capital outlay	46,398	-
Debt service:		
Principal retirement	26,936	-
Interest and fiscal charges	<u>-</u>	<u>-</u>
Total expenditures	<u>13,531,019</u>	<u>2,636,738</u>
Excess of revenues over (under) expenditures	<u>3,675,759</u>	<u>(1,618,274)</u>
Other financing sources (uses):		
Inception of capital leases	-	-
Issuance of debt	-	-
Transfers – in	-	1,630,000
Transfers – out	<u>(2,730,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,730,000)</u>	<u>1,630,000</u>
Net change in fund balances	945,759	11,726
Fund balances (deficits) at beginning of year	<u>5,396,968</u>	<u>(130,123)</u>
Fund balances (deficits) at end of year	\$ <u>6,342,727</u>	\$ <u>(118,397)</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>
\$ 570,085	\$ 569,898	\$ 170,970	\$ 3,722,521
-	52,702	137,542	9,682,822
-	-	-	11,998
134,172	99,026	698,969	2,121,939
-	-	277,096	4,495,695
-	172,715	37,657	526,433
-	-	5,500	156,415
11,406	124,472	-	213,843
<u>-</u>	<u>235,148</u>	<u>242,866</u>	<u>833,800</u>
<u>715,663</u>	<u>1,253,961</u>	<u>1,570,600</u>	<u>21,765,466</u>
-	-	1,464,433	10,843,356
-	-	-	395,020
-	676,116	-	2,061,075
-	674	38,582	378,349
-	-	-	728,050
-	7,077	971,904	1,006,699
-	175,307	48,168	4,064,135
-	549,776	-	596,174
720,000	467,994	165,902	1,380,832
<u>206,128</u>	<u>82,779</u>	<u>-</u>	<u>288,907</u>
<u>926,128</u>	<u>1,959,723</u>	<u>2,688,989</u>	<u>21,742,597</u>
<u>(210,465)</u>	<u>(705,762)</u>	<u>(1,118,389)</u>	<u>22,869</u>
-	-	39,664	39,664
7,600	1,345,200	-	1,352,800
151,200	174,844	960,000	2,916,044
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,730,000)</u>
<u>158,800</u>	<u>1,520,044</u>	<u>999,664</u>	<u>1,578,508</u>
(51,665)	814,282	(118,725)	1,601,377
<u>142,615</u>	<u>(26,817)</u>	<u>431,382</u>	<u>5,814,025</u>
\$ <u>90,950</u>	\$ <u>787,465</u>	\$ <u>312,657</u>	\$ <u>7,415,402</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, 2008

Net change in fund balances - total governmental funds \$ 1,601,377

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	\$ 1,174,835	
Depreciation	<u>(1,495,842)</u>	
Total		(321,007)

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. (9,129)

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	(80,940)	
Municipal income taxes	268,585	
Special assessments	(41,981)	
Intergovernmental	36,117	
Charges for services	<u>85,226</u>	
Total		267,007

Issuance of notes is an other financing source in the funds, but increase long term liabilities in the Statement of Net Assets (1,352,800)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 720,000

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 (39,664)

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	(111,266)	
Long-term notes payable	450,000	
Capital leases payable	210,832	
Accrued interest payable	<u>14,230</u>	
Total		<u>563,796</u>

Change in net assets of governmental activities \$ 1,429,580

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 – General Fund

For the Year Ended December 31, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 1,490,000	\$ 1,562,000	\$ 1,556,720	\$ (5,280)
Municipal income taxes	8,605,000	9,395,000	9,334,151	(60,849)
Other local taxes	6,500	14,000	11,998	(2,002)
Intergovernmental	1,007,325	1,013,725	1,006,023	(7,702)
Charges for services	4,526,700	4,192,600	4,048,887	(143,713)
Licenses and permits	279,450	337,150	319,918	(17,232)
Fines and forfeitures	161,000	161,000	152,257	(8,743)
Investment income	110,000	110,000	95,366	(14,634)
Miscellaneous income	268,200	361,100	331,125	(29,975)
Total revenues	<u>16,454,175</u>	<u>17,146,575</u>	<u>16,856,445</u>	<u>(290,130)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	6,896,475	6,890,555	6,785,858	104,697
Public health and welfare	412,525	410,850	394,663	16,187
Leisure time activities	1,556,267	1,439,627	1,373,090	66,537
Community development	398,225	366,170	358,000	8,170
Basic utility services	736,573	761,410	729,186	32,224
Transportation	20,950	28,050	27,654	396
General government	4,034,936	4,061,406	3,940,127	121,279
Capital outlay	68,000	52,900	51,754	1,146
Total expenditures	<u>14,123,951</u>	<u>14,010,968</u>	<u>13,660,332</u>	<u>350,636</u>
Excess of revenues over (under) expenditures	2,330,224	3,135,607	3,196,113	60,506
Other financing sources (uses):				
Transfers – out	<u>(2,690,000)</u>	<u>(2,730,000)</u>	<u>(2,730,000)</u>	<u>-</u>
Net change in fund balance	(359,776)	405,607	466,113	60,506
Fund balance at beginning of year	4,148,655	4,148,655	4,148,655	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>42,464</u>	<u>42,464</u>
Fund balance at end of year	\$ <u>3,788,879</u>	\$ <u>4,554,262</u>	\$ <u>4,657,232</u>	\$ <u>102,970</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 800,000	\$ 860,000	\$ 854,848	\$ (5,152)
Intergovernmental	148,540	148,540	148,539	(1)
Miscellaneous income	<u>20,500</u>	<u>20,500</u>	<u>15,077</u>	<u>(5,423)</u>
Total revenues	<u>969,040</u>	<u>1,029,040</u>	<u>1,018,464</u>	<u>(10,576)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	<u>2,625,650</u>	<u>2,662,300</u>	<u>2,649,024</u>	<u>13,276</u>
Excess of revenues over (under) expenditures	(1,656,610)	(1,633,260)	(1,630,560)	2,700
Other financing sources (uses):				
Transfers – in	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,630,000</u>	<u>-</u>
Net change in fund balance	(26,610)	(3,260)	(560)	2,700
Fund balance at beginning of year	27,947	27,947	27,947	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>3,050</u>	<u>3,050</u>
Fund balance at end of year	\$ <u>1,337</u>	\$ <u>24,687</u>	\$ <u>30,437</u>	\$ <u>5,750</u>

City Of Bedford Heights, Ohio

Statement of Fund Net Assets Proprietary Funds

December 31, 2008

	<u>Business-Type Activities Sewer Treatment Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 538,654
Accounts receivable, net of allowance for doubtful accounts	952,298
Supplies and materials inventory	67,476
Prepaid assets	<u>22,929</u>
Total current assets	<u>1,581,357</u>
Noncurrent assets:	
Non-depreciable capital assets	99,200
Depreciable capital assets, net	<u>7,602,629</u>
Total noncurrent assets	<u>7,701,829</u>
Total assets	<u>9,283,186</u>
Liabilities:	
Current liabilities:	
Accounts payable	61,565
Accrued wages and benefits	83,691
Intergovernmental payable	20,997
Accrued interest payable	2,579
Accrued compensated absences	109,383
General obligation bond payable	<u>48,700</u>
Total current liabilities	<u>326,915</u>
Long-term liabilities (net of current portion):	
Accrued compensated absences	389,350
General obligation bond payable	<u>913,500</u>
Total long-term liabilities	<u>1,302,850</u>
Total liabilities	<u>1,629,765</u>
Net assets:	
Invested in capital assets, net of related debt	7,106,450
Unrestricted	<u>546,971</u>
Total net assets	<u>\$ 7,653,421</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, 2008

	<u>Business-Type Activities Sewer Treatment Fund</u>
Operating revenues:	
Charges for services	\$ 3,220,868
Reimbursements	<u>15,818</u>
Total operating revenues	<u>3,236,686</u>
Operating expenses:	
Personal services	1,614,524
Travel and education	5,987
Contractual services	731,506
Supplies and materials	166,262
Depreciation	<u>426,904</u>
Total operating expenses	<u>2,945,183</u>
Operating income	<u>291,503</u>
Non-operating revenues (expenses):	
Investment income	5,598
Interest and fiscal charges	<u>(47,226)</u>
Total non-operating revenues (expenses)	<u>(41,628)</u>
Income before transfers	249,875
Transfers – out	<u>(186,044)</u>
Change in net assets	63,831
Net assets at beginning of year	<u>7,589,590</u>
Net assets at end of year	<u>\$ 7,653,421</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, 2008

	<u>Business-Type Activities</u> Sewer Treatment Fund
Cash flows from operating activities	
Cash received from customers	\$ 3,082,879
Cash payments for goods and services	(679,975)
Cash payments to employees for services and benefits	(1,633,794)
Cash payments for materials and supplies	(217,975)
Cash received for other operating activities	<u>15,818</u>
Net cash provided by operating activities	<u>566,953</u>
Cash flows from capital and related financing activities	
Acquisition and construction of assets	(595,379)
Principal paid on capital leases	(16,009)
Principal paid	(550,000)
Sale of bonds	982,200
Interest paid	<u>(56,248)</u>
Net used for capital and related financing activities	<u>(235,436)</u>
Cash flows from investing activities	
Interest received	<u>5,598</u>
Cash flows from non-capital financing activities:	
Transfers-out	<u>(186,044)</u>
Net increase in cash and cash equivalents	151,071
Cash and cash equivalents at beginning of year	<u>387,583</u>
Cash and cash equivalents at end of year	\$ <u><u>538,654</u></u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income	\$ 291,503
Adjustments:	
Depreciation	426,904
Changes in assets/liabilities	
Increase in accounts receivable	(137,989)
Increase in supplies and materials inventory	(4,476)
Increase in prepaid assets	(526)
Increase in accounts payable	10,807
Increase in accrued wages and benefits	1,467
Decrease in accrued compensated absences	(8,419)
Decrease in intergovernmental payable	<u>(12,318)</u>
Net cash provided by operating activities	\$ <u><u>566,953</u></u>

See Accompanying Notes to the Basic Financial Statements

City Of Bedford Heights, Ohio

Statement of Fiduciary Net Assets
Agency Funds

December 31, 2008

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ <u>27,677</u>
Liabilities:	
Intergovernmental payable	\$ <u>27,677</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

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 department, 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, is 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, 2008

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 2008. 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, 2008

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, 2008

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 reconciliations 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 revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City’s finances meets the cash needs of its proprietary activities.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

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, 2008, but which were levied to finance year 2009 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, 2008

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, 2008

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 2008. The amounts reported in the budgetary as final reflect the amounts in the final amended official certificate of estimated resources issued during 2008.

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, 2008

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 2008, the City invested in STAR Ohio, certificates of deposit, money market accounts and municipal savings accounts.

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

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. During 2008, interest revenue credited to the Capital Improvements Fund amounted to \$124,472, of which, \$106,866 was from other funds.

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, 2008

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, 2008, 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, 2008

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, 2008

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 \$983,113 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 non-operating 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 2008.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

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	\$ 945,759	\$ 11,726
<u>Increase (Decrease) due to:</u>		
Revenue accruals	(350,333)	-
Expenditure accruals	(86,849)	(9,236)
Encumbrances	<u>(42,464)</u>	<u>(3,050)</u>
Budget basis	\$ <u>466,113</u>	\$ <u>(560)</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

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 (STAR Ohio).

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, 2008

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 \$2,847,203 and the bank balance was \$3,061,138. Of the bank balance, \$738,498 was covered by Federal depository insurance and \$2,322,640 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, 2008, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
STAR Ohio	\$ <u>3,788,695</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, 2008

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 AAAM 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, 2008:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
STAR Ohio	100%

Note 5: Receivables

Receivables at December 31, 2008 consisted primarily of taxes, intergovernmental receivables arising from grants, special assessments, charges for sewer treatment services, charges for ambulance 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. 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 2008 is 6.25 percent. This will be reduced to zero percent for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid 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, 2008

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, 2008, was \$13.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Category	
Real estate	\$ 249,772,040
Tangible personal	43,050,748
Public utility	<u>4,583,450</u>
Total	<u>\$ 297,406,238</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	\$ 326,592
Homestead and rollback	132,437
Gasoline tax	199,477
Motor vehicle license	82,277
CAT tax	118,996
Estate tax	52,679
Mayor's court	10,407
Permissive auto registration	6,439
Miscellaneous	<u>9,095</u>
Total	<u>\$ 938,399</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 6: Capital Assets

A summary of changes in capital assets during 2008 follows:

	Balance 12/31/07	Additions	Disposals	Balance 12/31/08
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,716,387	\$ -	\$ -	\$ 1,716,387
Construction in progress	<u>762,079</u>	<u>40,339</u>	<u>(802,418)</u>	<u>-</u>
Total non-depreciable assets	<u>2,478,466</u>	<u>40,339</u>	<u>(802,418)</u>	<u>1,716,387</u>
Depreciable assets:				
Buildings and improvements	17,431,319	822,642	-	18,253,961
Furniture and fixtures	997,124	-	-	997,124
Machinery and equipment	1,386,986	54,486	(5,958)	1,435,514
Vehicles	3,258,322	144,581	(77,335)	3,325,568
Infrastructure:				
Streets	12,910,712	915,205	-	13,825,917
Water lines	<u>2,872,539</u>	<u>-</u>	<u>-</u>	<u>2,872,539</u>
Total depreciable assets	<u>38,857,002</u>	<u>1,936,914</u>	<u>(83,293)</u>	<u>40,710,623</u>
Less accumulated depreciation:				
Buildings and improvements	(8,591,074)	(488,132)	-	(9,079,206)
Furniture and fixtures	(690,988)	(35,214)	-	(726,202)
Machinery and equipment	(983,336)	(82,344)	5,958	(1,059,722)
Vehicles	(1,647,581)	(257,368)	68,206	(1,836,743)
Infrastructure:				
Streets	(7,125,348)	(604,059)	-	(7,729,407)
Water lines	<u>(439,352)</u>	<u>(28,725)</u>	<u>-</u>	<u>(468,077)</u>
Total accumulated depreciation	<u>(19,477,679)</u>	<u>(1,495,842)</u>	<u>74,164</u>	<u>(20,899,357)</u>
Total depreciable assets, net	<u>19,379,323</u>	<u>441,072</u>	<u>(9,129)</u>	<u>19,811,266</u>
Governmental activities capital assets, net	\$ <u>21,857,789</u>	\$ <u>481,411</u>	\$ <u>(811,547)</u>	\$ <u>21,527,653</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 6: Capital Assets (continued)

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/08</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ <u>99,200</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>99,200</u>
Depreciable assets:				
Buildings and improvements	3,348,265	561,404	-	3,909,669
Furniture and fixtures	24,862	-	-	24,862
Machinery and equipment	7,418,748	33,975	-	7,452,723
Vehicles	387,181	-	-	387,181
Infrastructure:				
Sewers	<u>6,008,193</u>	<u>-</u>	<u>-</u>	<u>6,008,193</u>
Total depreciable assets	<u>17,187,249</u>	<u>595,379</u>	<u>-</u>	<u>17,782,628</u>
Less accumulated depreciation:				
Buildings and improvements	(2,547,854)	(94,998)	-	(2,642,852)
Furniture and fixtures	(14,946)	(972)	-	(15,918)
Machinery and equipment	(5,520,826)	(199,365)	-	(5,720,191)
Vehicles	(307,951)	(13,411)	-	(321,362)
Infrastructure:				
Sewers	<u>(1,361,518)</u>	<u>(118,158)</u>	<u>-</u>	<u>(1,479,676)</u>
Total accumulated depreciation	<u>(9,753,095)</u>	<u>(426,904)</u>	<u>-</u>	<u>(10,179,999)</u>
Total depreciable assets, net	<u>7,434,154</u>	<u>168,475</u>	<u>-</u>	<u>7,602,629</u>
Business-type capital assets, net	\$ <u>7,533,354</u>	\$ <u>168,475</u>	\$ <u>-</u>	\$ <u>7,701,829</u>

*Depreciation expense was charged to governmental activities as follows:

General government	\$ 181,009
Security of persons and property	312,170
Public health and welfare	9,925
Leisure time activities	287,874
Community development	13,795
Basic utility services	53,510
Transportation	<u>637,559</u>
Total	\$ <u>1,495,842</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 7: Notes Payable

Note debt activity for the year ended December 31, 2008, consisted of the following:

	<u>Balance</u> <u>12/31/07</u>	<u>(Retired)</u> <u>Issued</u>	<u>Balance</u> <u>12/31/08</u>
Governmental Activities:			
4.15% 2007 Corrections facility improvement	\$ 125,000	\$ (125,000)	\$ -
3.10% 2008 Corrections facility improvement	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total governmental activities notes	\$ <u>125,000</u>	\$ <u>(75,000)</u>	\$ <u>50,000</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
Various Purpose Bonds	2008	3.00% - 3.63%	1,352,800
Various Purpose Bonds	2008	3.00% - 3.63%	982,200

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

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, 2008 was as follows:

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/08</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
General obligation bonds:					
Community center expansion due through 2014	\$ 1,760,000	\$ -	\$ (210,000)	\$ 1,550,000	\$ 225,000
Various purpose bonds due through 2008	90,000	-	(90,000)	-	-
Refunded jail facilities improvement, due through 2018	2,155,000	-	(400,000)	1,755,000	280,000
Various purpose bonds due through 2018	<u>-</u>	<u>1,352,800</u>	<u>(20,000)</u>	<u>1,332,800</u>	<u>76,300</u>
Total general obligation bonds	<u>4,005,000</u>	<u>1,352,800</u>	<u>(720,000)</u>	<u>4,637,800</u>	<u>581,300</u>
Other long-term obligations:					
Long-term notes payable, maturing 2008	450,000	-	(450,000)	-	-
Capital leases payable	902,774	39,664	(210,832)	731,606	172,331
Accrued compensated absences	<u>2,345,847</u>	<u>1,347,540</u>	<u>(1,236,274)</u>	<u>2,457,113</u>	<u>656,604</u>
Total other long-term obligations	<u>3,698,621</u>	<u>1,387,204</u>	<u>(1,897,106)</u>	<u>3,188,719</u>	<u>828,935</u>
Total governmental activities long-term liabilities	\$ <u>7,703,621</u>	\$ <u>2,740,004</u>	\$ <u>(2,617,106)</u>	\$ <u>7,826,519</u>	\$ <u>1,410,235</u>
Business-type activities:					
General obligation bonds:					
Refunding bond issue due through 2008	\$ 230,000	\$ -	\$ (230,000)	\$ -	\$ -
Various purpose due through 2018	<u>-</u>	<u>982,200</u>	<u>(20,000)</u>	<u>962,200</u>	<u>48,700</u>
Total general obligation bonds	<u>230,000</u>	<u>982,200</u>	<u>(250,000)</u>	<u>962,200</u>	<u>48,700</u>
Other long-term obligations:					
Long-term notes payable, maturing 2008	300,000	-	(300,000)	-	-
Capital leases payable	16,009	-	(16,009)	-	-
Accrued compensated absences	<u>507,152</u>	<u>353,305</u>	<u>(361,724)</u>	<u>498,733</u>	<u>109,383</u>
Total other long-term obligations	<u>823,161</u>	<u>353,305</u>	<u>(677,733)</u>	<u>498,733</u>	<u>109,383</u>
Total business-type activities long-term liabilities	\$ <u>1,053,161</u>	\$ <u>1,335,505</u>	\$ <u>(927,733)</u>	\$ <u>1,460,933</u>	\$ <u>158,083</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

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, 2008 are as follows:

Year	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 581,300	\$ 182,624	\$ 48,700	\$ 30,951
2010	646,950	160,622	88,050	29,490
2011	672,650	136,146	92,350	26,849
2012	705,500	109,932	94,500	24,078
2013	733,350	81,434	96,650	21,243
2014-2018	<u>1,298,050</u>	<u>112,153</u>	<u>541,950</u>	<u>57,807</u>
Totals	\$ <u>4,637,800</u>	\$ <u>782,911</u>	\$ <u>962,200</u>	\$ <u>190,418</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.

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 \$23,759,022 at December 31, 2008.

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, 2008, the amount of defeased debt outstanding but removed from the financial statements amounted to \$900,000.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

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	\$ 114,224	\$ 6,491
Less: accumulated depreciation	<u>(10,126)</u>	<u>(1,028)</u>
Total	<u>\$ 104,098</u>	<u>\$ 5,463</u>
Vehicles	\$ 1,377,573	\$ 41,435
Less: accumulated depreciation	<u>(412,249)</u>	<u>(11,653)</u>
Total	<u>\$ 965,324</u>	<u>\$ 29,782</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>
2009	\$ 206,304
2010	148,185
2011	120,570
2012	92,845
2013	92,845
2014-2015	<u>185,690</u>
Total minimum lease payments	846,439
Less: Amount representing interest	<u>(114,833)</u>
Present value of minimum lease payments	<u>\$ 731,606</u>

Lease payments are made from the General, Street Construction Maintenance and Repair, Ambulance Billing, and Capital Improvements. 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, 2008

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, 2008. 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.

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 the 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.

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) 222-5601.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 11: Pension Plans (continued)

A. Ohio Public Employees Retirement System (continued)

For 2008, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City contributed 14.0 percent of covered payroll, of which 7.0 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's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$447,101, \$520,063, and \$575,953, respectively; 92.1 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

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 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by state statute. The City's contributions to the Fund for police and firefighters were \$482,051 and \$497,810, respectively, for the year ended December 31, 2008, \$459,552 and \$470,153, respectively, for the year ended December 31, 2007, and \$465,694 and \$455,948, respectively, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. For 2008, 71.7 percent for police and 72.5 percent for firefighters has been contributed, with the remainder being reported as a liability.

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 12: Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in 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) 222-5601.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, the City contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of the post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care for the years ended December 31, 2008, 2007, and 2006 were \$447,101, \$342,556, and \$281,716, respectively; 92.1 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

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, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 12: Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

The Ohio Revised Code provides for contribution requirements of the participating employers and of the plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio revised Code states that the employer contribution may not exceed 19.5 percent of the covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 and 401(h).

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 12: Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The City's contributions to OP&F for police and fire for the years ending December 31, 2008, 2007, and 2006 were \$482,051 and \$497,810, \$459,552 and \$470,153, and \$465,694 and \$455,948, respectively, of which \$166,684 and \$140,009, \$159,076 and \$132,231, and \$185,084 and \$147,233, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2007 and 2006. For 2008, 71.7 percent for police and 72.5 percent for firefighters has been contributed, with the remainder being reported as a liability.

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.

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, 2008, 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.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 14: Interfund Transactions

Interfund transfers for the year ended December 31, 2008, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>		<u>Total</u>
	<u>General Fund</u>	<u>Sewer Treatment Fund</u>	
Fire Levy Fund	\$ 1,630,000	\$ -	\$ 1,630,000
Debt Service Fund	90,000	61,200	151,200
Capital Improvements Fund	50,000	124,844	174,844
Non-Major Governmental Funds	<u>960,000</u>	<u>-</u>	<u>960,000</u>
	<u>\$ 2,730,000</u>	<u>\$ 186,044</u>	<u>\$ 2,916,044</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.

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, Police Pension, and Fire Pension Funds of \$118,397, \$131,004, and \$172,185, 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 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 50, *Pension Disclosures*, and Financial Accounting Standards Board No. 157, *Fair Value Measurement*.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 17: Change in Accounting Principles (continued)

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The City has determined that the adoption of this statement did not have an impact on the City's financial statements; however, note disclosures related to post-employment benefits have been modified. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and OP&F post-employment healthcare plans in the amount of \$35,321 and \$85,725, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 49 provides guidance on how to calculate and report costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements.

Effective January 1, 2008, the City implemented FASB Statement No. 157 "Fair Value Measurements". The required disclosures are included in Note 18 to the financial statements.

Note 18: Fair Value Measurements

SFAS 157 defines fair value as the exit price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a framework for measuring fair value by creating a hierarchy of valuation inputs used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with FASB Staff Position (FSP) 157-2 the City has elected to not apply the provisions of SFAS 157 to non-financial assets and liabilities, except for those items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2008

Note 18: Fair Value Measurements (continued)

Financial assets consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>12/31/2008</u>
Certificates of deposit	\$ 700,000	\$ -	\$ -	\$ 700,000
STAROhio	3,788,695			3,788,695
Sweep/Money Market Accounts	<u>1,118,131</u>	<u>-</u>	<u>-</u>	<u>1,118,131</u>
	\$ <u>5,606,826</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,606,826</u>

City of Bedford Heights, Ohio

Combining Statements
Non-Major Governmental Funds

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)

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, 2008

	State Highway <u>Improvement</u>	Street Maintenance & <u>Repair</u>	Safety Department <u>Equipment</u>	Community Development <u>Block Grant</u>
Assets:				
Cash and cash equivalents	\$ 54,038	\$ 47,824	\$ 22,245	\$ -
Accounts receivable	-	-	-	-
Intergovernmental receivable	21,132	276,156	-	-
Supplies and materials inventory	-	76,117	-	-
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>75,170</u>	\$ <u>400,097</u>	\$ <u>22,245</u>	\$ <u>-</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ 539	\$ -	\$ -
Accrued wages and benefits	-	34,242	-	-
Intergovernmental payable	-	6,272	-	-
Deferred revenue	<u>14,706</u>	<u>181,374</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,706</u>	<u>222,427</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for encumbrances	-	9,218	-	-
Reserved for inventory	-	76,117	-	-
Unreserved (deficit); undesignated	<u>60,464</u>	<u>92,335</u>	<u>22,245</u>	<u>-</u>
Total fund balances (deficit)	<u>60,464</u>	<u>177,670</u>	<u>22,245</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>75,170</u>	\$ <u>400,097</u>	\$ <u>22,245</u>	\$ <u>-</u>

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement & Education</u>	<u>Ambulance Service</u>	<u>COPS</u>
\$ 20,900	\$ 8,102	\$ 2,444	\$ 1,606	\$ 197,022	\$ 11,261
-	-	-	-	120,758	-
5,803	5,803	-	25	-	-
-	-	-	-	-	-
<u>77,049</u>	<u>77,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>103,752</u>	\$ <u>90,954</u>	\$ <u>2,444</u>	\$ <u>1,631</u>	\$ <u>317,780</u>	\$ <u>11,261</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151,905	180,288	-	-	-	3,146
-	-	-	-	-	1,349
<u>82,851</u>	<u>82,851</u>	<u>-</u>	<u>-</u>	<u>85,226</u>	<u>-</u>
<u>234,756</u>	<u>263,139</u>	<u>-</u>	<u>-</u>	<u>85,226</u>	<u>4,495</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(131,004)</u>	<u>(172,185)</u>	<u>2,444</u>	<u>1,631</u>	<u>232,554</u>	<u>6,766</u>
<u>(131,004)</u>	<u>(172,185)</u>	<u>2,444</u>	<u>1,631</u>	<u>232,554</u>	<u>6,766</u>
\$ <u>103,752</u>	\$ <u>90,954</u>	\$ <u>2,444</u>	\$ <u>1,631</u>	\$ <u>317,780</u>	\$ <u>11,261</u>

(continued)

City Of Bedford Heights, Ohio

Combining Balance Sheet Non-Major Governmental Funds (Continued)

December 31, 2008

	<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	\$ 95,148	\$ 3,752	\$ 3,989	\$ 3,325
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	195	-	-
Supplies and materials inventory	-	-	-	-
Taxes receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>95,148</u>	\$ <u>3,947</u>	\$ <u>3,989</u>	\$ <u>3,325</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 9,227	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Intergovernmental payable	-	-	-	159
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,227</u>	<u>-</u>	<u>-</u>	<u>159</u>
Fund balances:				
Reserved for encumbrances	421	-	-	-
Reserved for inventory	-	-	-	-
Unreserved (deficit); undesignated	<u>85,500</u>	<u>3,947</u>	<u>3,989</u>	<u>3,166</u>
Total fund balances (deficit)	<u>85,921</u>	<u>3,947</u>	<u>3,989</u>	<u>3,166</u>
Total liabilities and fund balances	\$ <u>95,148</u>	\$ <u>3,947</u>	\$ <u>3,989</u>	\$ <u>3,325</u>

<u>Sobriety Checkpoint and Education</u>	<u>Cable TV and Programming</u>	<u>Total Non-Major Governmental Funds</u>
\$ 387	\$ 5,848	\$ 477,891
-	8,814	129,572
-	-	309,114
-	-	76,117
<u>-</u>	<u>-</u>	<u>154,098</u>
<u>\$ 387</u>	<u>\$ 14,662</u>	<u>\$ 1,146,792</u>
\$ -	\$ -	\$ 9,766
-	-	369,581
-	-	7,780
<u>-</u>	<u>-</u>	<u>447,008</u>
<u>-</u>	<u>-</u>	<u>834,135</u>
-	-	9,639
-	-	76,117
<u>387</u>	<u>14,662</u>	<u>226,901</u>
<u>387</u>	<u>14,662</u>	<u>312,657</u>
<u>\$ 387</u>	<u>\$ 14,662</u>	<u>\$ 1,146,792</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, 2008

	State Highway <u>Improvement</u>	Street Maintenance & <u>Repair</u>	Safety Department <u>Equipment</u>	Community Development <u>Block Grant</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	-	125,000	-	12,542
Intergovernmental	41,250	577,612	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	15,512	20,000	-
Total revenues	<u>41,250</u>	<u>718,124</u>	<u>20,000</u>	<u>12,542</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	-	-	28,757	-
Community development	-	-	-	38,582
Transportation	24,953	946,951	-	-
General government	-	-	-	-
Principal retirement	-	61,423	-	-
Total expenditures	<u>24,953</u>	<u>1,008,374</u>	<u>28,757</u>	<u>38,582</u>
Excess of revenues (under) expenditures	<u>16,297</u>	<u>(290,250)</u>	<u>(8,757)</u>	<u>(26,040)</u>
Other financing sources (uses):				
Inception of capital leases	-	39,664	-	-
Transfers – in	-	175,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>214,664</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,297	(75,586)	(8,757)	(26,040)
Fund balances (deficit) at beginning of year	<u>44,167</u>	<u>253,256</u>	<u>31,002</u>	<u>26,040</u>
Fund balances (deficit) at end of year	\$ <u><u>60,464</u></u>	\$ <u><u>177,670</u></u>	\$ <u><u>22,245</u></u>	\$ <u><u>-</u></u>

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement & Education</u>	<u>Ambulance Service</u>	<u>COPS</u>
\$ 85,485	\$ 85,485	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
14,854	14,854	-	-	-	47,524
-	-	-	-	277,096	-
-	-	-	2,780	-	-
-	-	-	-	4,600	-
<u>100,339</u>	<u>100,339</u>	<u>-</u>	<u>2,780</u>	<u>281,696</u>	<u>47,524</u>
482,456	500,036	4,050	45,586	138,425	84,557
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	104,479	-
<u>482,456</u>	<u>500,036</u>	<u>4,050</u>	<u>45,586</u>	<u>242,904</u>	<u>84,557</u>
<u>(382,117)</u>	<u>(399,697)</u>	<u>(4,050)</u>	<u>(42,806)</u>	<u>38,792</u>	<u>(37,033)</u>
-	-	-	-	-	-
<u>360,000</u>	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
<u>360,000</u>	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
(22,117)	(19,697)	(4,050)	(42,806)	38,792	7,967
<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><u>(131,004)</u></u>	\$ <u><u>(172,185)</u></u>	\$ <u><u>2,444</u></u>	\$ <u><u>1,631</u></u>	\$ <u><u>232,554</u></u>	\$ <u><u>6,766</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, 2008

	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>Juvenile Community Diversion</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	-	-	-	-
Intergovernmental	-	-	2,875	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	2,720	-	-
Miscellaneous income	<u>188,354</u>	<u>-</u>	<u>-</u>	<u>14,400</u>
Total revenues	<u>188,354</u>	<u>2,720</u>	<u>2,875</u>	<u>14,400</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	176,528	-	4,038	-
Community development	-	-	-	-
Transportation	-	-	-	-
General government	-	4,073	-	16,150
Principal retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>176,528</u>	<u>4,073</u>	<u>4,038</u>	<u>16,150</u>
Excess of revenues (under) expenditures	<u>11,826</u>	<u>(1,353)</u>	<u>(1,163)</u>	<u>(1,750)</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	11,826	(1,353)	(1,163)	(1,750)
Fund balances (deficit) at beginning of year	<u>74,095</u>	<u>5,300</u>	<u>5,152</u>	<u>4,916</u>
Fund balances (deficit) at end of year	\$ <u><u>85,921</u></u>	\$ <u><u>3,947</u></u>	\$ <u><u>3,989</u></u>	\$ <u><u>3,166</u></u>

<u>Sobriety Checkpoint and Education</u>	<u>Cable TV and Programming</u>	<u>Total Non- Major Governmental Funds</u>
\$ -	\$ -	\$ 170,970
-	-	137,542
-	-	698,969
-	-	277,096
-	37,657	37,657
-	-	5,500
<u>-</u>	<u>-</u>	<u>242,866</u>
<u>-</u>	<u>37,657</u>	<u>1,570,600</u>
-	-	1,464,433
-	-	38,582
-	-	971,904
91	27,854	48,168
<u>-</u>	<u>-</u>	<u>165,902</u>
<u>91</u>	<u>27,854</u>	<u>2,688,989</u>
<u>(91)</u>	<u>9,803</u>	<u>(1,118,389)</u>
-	-	39,664
<u>-</u>	<u>-</u>	<u>960,000</u>
<u>-</u>	<u>-</u>	<u>999,664</u>
(91)	9,803	(118,725)
<u>478</u>	<u>4,859</u>	<u>431,382</u>
\$ <u><u>387</u></u>	\$ <u><u>14,662</u></u>	\$ <u><u>312,657</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,490,000	\$ 1,562,000	\$ 1,556,720	\$ (5,280)
Municipal income taxes	8,605,000	9,395,000	9,334,151	(60,849)
Other local taxes	6,500	14,000	11,998	(2,002)
Intergovernmental	1,007,325	1,013,725	1,006,023	(7,702)
Charges for services	4,526,700	4,192,600	4,048,887	(143,713)
Licenses and permits	279,450	337,150	319,918	(17,232)
Fines and forfeitures	161,000	161,000	152,257	(8,743)
Investment income	110,000	110,000	95,366	(14,634)
Miscellaneous income	268,200	361,100	331,125	(29,975)
Total revenues	<u>16,454,175</u>	<u>17,146,575</u>	<u>16,856,445</u>	<u>(290,130)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	2,979,000	3,008,770	3,003,280	5,490
Travel and education	52,000	46,300	40,492	5,808
Contractual services	92,700	104,700	94,681	10,019
Supplies and materials	159,000	178,000	162,652	15,348
Other expenditures	700	250	240	10
Total police law enforcement	<u>3,283,400</u>	<u>3,338,020</u>	<u>3,301,345</u>	<u>36,675</u>
Corrections facility				
Personal service	2,162,520	2,140,100	2,134,832	5,268
Travel and education	9,700	9,300	6,647	2,653
Contractual services	590,300	574,000	529,739	44,261
Supplies and materials	99,150	101,000	92,864	8,136
Other expenditures	-	630	630	-
Total corrections facility	<u>2,861,670</u>	<u>2,825,030</u>	<u>2,764,712</u>	<u>60,318</u>
Police and fire communications				
Personal service	508,500	482,200	478,186	4,014
Travel and education	700	700	-	700
Contractual services	98	250	162	88
Supplies and materials	2,500	600	375	225
Total police and fire communications	<u>511,798</u>	<u>483,750</u>	<u>478,723</u>	<u>5,027</u>
Animal control				
Contractual services	24,000	23,000	22,973	27
Supplies and materials	700	-	-	-
Total animal control	<u>24,700</u>	<u>23,000</u>	<u>22,973</u>	<u>27</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety director				
Personal service	<u>120,517</u>	<u>120,665</u>	<u>119,572</u>	<u>1,093</u>
Street lighting				
Contractual services	<u>74,000</u>	<u>78,000</u>	<u>77,101</u>	<u>899</u>
Traffic lights				
Personal service	<u>20,390</u>	<u>22,090</u>	<u>21,432</u>	<u>658</u>
Total security of persons and property	<u>6,896,475</u>	<u>6,890,555</u>	<u>6,785,858</u>	<u>104,697</u>
Public health and welfare				
Assistance to the needy and aged				
Personal service	190,450	190,650	186,803	3,847
Travel and education	75	50	50	-
Contractual services	147,600	144,800	134,806	9,994
Supplies and materials	<u>33,450</u>	<u>34,400</u>	<u>32,054</u>	<u>2,346</u>
Total assistance to the needy and aged	<u>371,575</u>	<u>369,900</u>	<u>353,713</u>	<u>16,187</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>412,525</u>	<u>410,850</u>	<u>394,663</u>	<u>16,187</u>
Leisure time activities				
Swimming facilities				
Personal service	12,905	17,065	16,293	772
Contractual services	246,412	256,357	250,303	6,054
Supplies and materials	19,500	20,000	18,980	1,020
Other expenditures	<u>100</u>	<u>45</u>	<u>45</u>	<u>-</u>
Total swimming facilities	<u>278,917</u>	<u>293,467</u>	<u>285,621</u>	<u>7,846</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community center				
Personal service	524,355	484,065	481,223	2,842
Travel and education	4,000	2,300	1,793	507
Contractual services	222,810	216,500	193,701	22,799
Supplies and materials	57,500	63,400	58,625	4,775
Other expenditures	12,980	14,900	14,286	614
Total community center	<u>821,645</u>	<u>781,165</u>	<u>749,628</u>	<u>31,537</u>
Parks and playgrounds				
Personal service	36,690	26,650	23,826	2,824
Contractual services	5,000	1,200	1,102	98
Supplies and materials	20,090	19,600	17,399	2,201
Total parks and playgrounds	<u>61,780</u>	<u>47,450</u>	<u>42,327</u>	<u>5,123</u>
Public recreation				
Personal service	253,869	203,358	195,702	7,656
Travel and education	350	200	185	15
Contractual services	32,008	27,108	23,550	3,558
Supplies and materials	62,764	56,770	47,409	9,361
Other expenditures	44,934	30,109	28,668	1,441
Total public recreation	<u>393,925</u>	<u>317,545</u>	<u>295,514</u>	<u>22,031</u>
Total leisure time activities	<u>1,556,267</u>	<u>1,439,627</u>	<u>1,373,090</u>	<u>66,537</u>
Community development				
Building department				
Personal service	293,180	287,250	285,307	1,943
Travel and education	1,300	1,300	205	1,095
Contractual services	10,200	14,400	13,804	596
Supplies and materials	8,200	5,400	3,872	1,528
Total building department	<u>312,880</u>	<u>308,350</u>	<u>303,188</u>	<u>5,162</u>
Planning commission				
Personal service	8,915	8,615	7,977	638
Supplies and materials	75	-	-	-
Total planning commission	<u>8,990</u>	<u>8,615</u>	<u>7,977</u>	<u>638</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Housing department				
Personal service	61,300	35,450	34,325	1,125
Travel and education	600	700	118	582
Contractual services	1,350	1,350	831	519
Supplies and materials	<u>2,200</u>	<u>1,000</u>	<u>922</u>	<u>78</u>
Total housing department	<u>65,450</u>	<u>38,500</u>	<u>36,196</u>	<u>2,304</u>
Board of zoning appeals				
Personal service	10,705	10,705	10,639	66
Travel and education	100	-	-	-
Supplies and materials	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total board of zoning appeals	<u>10,905</u>	<u>10,705</u>	<u>10,639</u>	<u>66</u>
Total community development	<u>398,225</u>	<u>366,170</u>	<u>358,000</u>	<u>8,170</u>
Basic utility services				
Service director				
Personal service	184,335	187,135	186,023	1,112
Travel and education	9,063	7,150	6,446	704
Contractual services	1,100	2,200	2,118	82
Supplies and materials	1,400	1,400	363	1,037
Other expenditures	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total service director	<u>196,898</u>	<u>197,885</u>	<u>194,950</u>	<u>2,935</u>
Sanitary sewers and sewage disposal				
Personal service	65,300	90,800	84,525	6,275
Contractual services	3,000	3,200	3,106	94
Supplies and materials	10,500	10,500	7,157	3,343
Other expenditures	<u>4,000</u>	<u>4,000</u>	<u>3,169</u>	<u>831</u>
Total sanitary sewers and sewage disposal	<u>82,800</u>	<u>108,500</u>	<u>97,957</u>	<u>10,543</u>
Storm sewers and drains				
Personal service	12,225	12,225	7,556	4,669
Travel and education	9,400	8,000	7,007	993
Contractual services	<u>250</u>	<u>700</u>	<u>688</u>	<u>12</u>
Total storm sewers and drains	<u>21,875</u>	<u>20,925</u>	<u>15,251</u>	<u>5,674</u>
Refuse collection and disposal				
Contractual services	<u>435,000</u>	<u>434,100</u>	<u>421,028</u>	<u>13,072</u>
Total basic utility services	<u>736,573</u>	<u>761,410</u>	<u>729,186</u>	<u>32,224</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Sidewalks				
Personal service	11,950	17,550	17,502	48
Supplies and materials	9,000	10,500	10,152	348
Total transportation	<u>20,950</u>	<u>28,050</u>	<u>27,654</u>	<u>396</u>
General government				
Mayor's court				
Personal service	138,100	138,100	137,211	889
Travel and education	-	500	368	132
Contractual services	103,500	104,000	100,792	3,208
Supplies and materials	600	600	209	391
Total mayor's court	<u>242,200</u>	<u>243,200</u>	<u>238,580</u>	<u>4,620</u>
Civil service commission				
Personal service	7,486	7,486	7,462	24
Travel and education	500	500	30	470
Contractual services	20,500	14,000	11,555	2,445
Supplies and materials	900	900	18	882
Total civil service commission	<u>29,386</u>	<u>22,886</u>	<u>19,065</u>	<u>3,821</u>
Mayor's office				
Personal service	146,380	150,080	149,353	727
Travel and education	11,050	10,250	7,884	2,366
Contractual services	14,100	7,650	5,920	1,730
Supplies and materials	6,300	6,700	6,578	122
Other expenditures	19,500	20,100	19,661	439
Total mayor's office	<u>197,330</u>	<u>194,780</u>	<u>189,396</u>	<u>5,384</u>
Legal administration				
Personal service	287,465	307,465	299,557	7,908
Travel and education	1,600	2,100	1,654	446
Contractual services	31,800	21,800	14,375	7,425
Supplies and materials	1,300	1,800	1,560	240
Other expenditure	2,500	970	969	1
Total legal administration	<u>324,665</u>	<u>334,135</u>	<u>318,115</u>	<u>16,020</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance administration				
Personal service	378,670	383,770	382,036	1,734
Travel and education	11,850	8,400	7,353	1,047
Contractual services	13,000	10,000	8,133	1,867
Supplies and materials	7,000	7,900	7,752	148
Other expenditures	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total finance administration	<u>413,020</u>	<u>410,070</u>	<u>405,274</u>	<u>4,796</u>
Legislative activities				
Personal service	230,665	230,665	229,216	1,449
Travel and education	24,000	29,900	28,514	1,386
Contractual services	48,500	50,000	47,370	2,630
Supplies and materials	4,000	5,000	4,676	324
Other expenditures	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total legislative activities	<u>312,665</u>	<u>315,565</u>	<u>309,776</u>	<u>5,789</u>
Labor relations				
Contractual services	<u>65,000</u>	<u>65,000</u>	<u>62,870</u>	<u>2,130</u>
Engineering				
Personal service	44,340	44,340	44,097	243
Supplies and materials	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Total engineering	<u>44,640</u>	<u>44,640</u>	<u>44,397</u>	<u>243</u>
Land and buildings				
Personal service	1,139,200	1,033,000	1,029,353	3,647
Contractual services	451,950	483,400	443,483	39,917
Supplies and materials	<u>109,000</u>	<u>112,000</u>	<u>99,836</u>	<u>12,164</u>
Total land and buildings	<u>1,700,150</u>	<u>1,628,400</u>	<u>1,572,672</u>	<u>55,728</u>
Tax department				
Contractual services	<u>270,000</u>	<u>300,000</u>	<u>295,963</u>	<u>4,037</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general government				
Personal service	136,430	128,930	125,991	2,939
Travel and education	1,700	1,700	1,554	146
Contractual services	165,350	150,500	144,946	5,554
Supplies and materials	19,200	15,400	11,926	3,474
Other expenditures	<u>113,200</u>	<u>206,200</u>	<u>199,602</u>	<u>6,598</u>
Total other general government	<u>435,880</u>	<u>502,730</u>	<u>484,019</u>	<u>18,711</u>
Total general government	<u>4,034,936</u>	<u>4,061,406</u>	<u>3,940,127</u>	<u>121,279</u>
Capital outlay:				
Miscellaneous equipment	<u>68,000</u>	<u>52,900</u>	<u>51,754</u>	<u>1,146</u>
Total expenditures	<u>14,123,951</u>	<u>14,010,968</u>	<u>13,660,332</u>	<u>350,636</u>
Excess of revenues over (under) expenditures	2,330,224	3,135,607	3,196,113	60,506
Other financing sources (uses):				
Transfers – out	<u>(2,690,000)</u>	<u>(2,730,000)</u>	<u>(2,730,000)</u>	<u>-</u>
Net change in fund balance	(359,776)	405,607	466,113	60,506
Fund balance at beginning of year	4,148,655	4,148,655	4,148,655	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>42,464</u>	<u>42,464</u>
Fund balance at end of year	\$ <u>3,788,879</u>	\$ <u>4,554,262</u>	\$ <u>4,657,232</u>	\$ <u>102,970</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 800,000	\$ 860,000	\$ 854,848	\$ (5,152)
Intergovernmental	148,540	148,540	148,539	(1)
Miscellaneous income	<u>20,500</u>	<u>20,500</u>	<u>15,077</u>	<u>(5,423)</u>
Total revenues	<u>969,040</u>	<u>1,029,040</u>	<u>1,018,464</u>	<u>(10,576)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	2,527,100	2,555,000	2,550,060	4,940
Travel and education	9,900	16,900	16,107	793
Contractual services	14,700	13,400	12,789	611
Supplies and materials	56,450	60,000	53,895	6,105
Other expenditures	<u>17,500</u>	<u>17,000</u>	<u>16,173</u>	<u>827</u>
Total expenditures	<u>2,625,650</u>	<u>2,662,300</u>	<u>2,649,024</u>	<u>13,276</u>
Excess of revenues over (under) expenditures	(1,656,610)	(1,633,260)	(1,630,560)	2,700
Other financing sources (uses):				
Transfers – in	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,630,000</u>	<u>-</u>
Net change in fund balance	(26,610)	(3,260)	(560)	2,700
Fund balance at beginning of year	27,947	27,947	27,947	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>3,050</u>	<u>3,050</u>
Fund balance at end of year	\$ <u>1,337</u>	\$ <u>24,687</u>	\$ <u>30,437</u>	\$ <u>5,750</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 560,000	\$ 571,000	\$ 570,085	\$ (915)
Intergovernmental	84,175	109,175	134,172	24,997
Special assessments	9,000	-	-	-
Investment income	30,000	13,000	11,406	(1,594)
Total revenues	<u>683,175</u>	<u>693,175</u>	<u>715,663</u>	<u>22,488</u>
Expenditures:				
Debt service:				
Principal retirement	730,000	720,000	720,000	-
Interest and fiscal charges	<u>208,400</u>	<u>208,400</u>	<u>206,128</u>	<u>2,272</u>
Total expenditures	<u>938,400</u>	<u>928,400</u>	<u>926,128</u>	<u>2,272</u>
Excess of revenues over (under) expenditures	<u>(255,225)</u>	<u>(235,225)</u>	<u>(210,465)</u>	<u>24,760</u>
Other financing sources (uses):				
Issuance of bonds	3,360	3,360	7,600	4,240
Transfers – in	<u>111,200</u>	<u>151,200</u>	<u>151,200</u>	<u>-</u>
Total other financing sources (uses)	<u>114,560</u>	<u>154,560</u>	<u>158,800</u>	<u>4,240</u>
Net change in fund balance	(140,665)	(80,665)	(51,665)	29,000
Fund balance at beginning of year	<u>142,617</u>	<u>142,617</u>	<u>142,617</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,952</u></u>	\$ <u><u>61,952</u></u>	\$ <u><u>90,952</u></u>	\$ <u><u>29,000</u></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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 520,000	\$ 574,000	\$ 569,898	\$ (4,102)
Municipal income taxes	-	52,702	52,702	-
Intergovernmental	99,027	99,027	99,026	(1)
Licenses and permits	147,200	147,200	146,274	(926)
Investment income	131,100	127,171	118,366	(8,805)
Miscellaneous income	-	-	235,148	235,148
Total revenues	<u>897,327</u>	<u>1,000,100</u>	<u>1,221,414</u>	<u>221,314</u>
Expenditures:				
Current operations and maintenance:				
Leisure time activities				
Community center				
Contractual services	<u>823,884</u>	<u>741,373</u>	<u>741,224</u>	<u>149</u>
Basic utility services				
Storm sewers				
Contractual services	<u>145,752</u>	<u>103,752</u>	<u>103,752</u>	<u>-</u>
General government				
Land and buildings				
Contractual services	<u>174,371</u>	<u>184,371</u>	<u>175,307</u>	<u>9,064</u>
Capital outlay:				
Street paving and repair	565,000	530,000	500,350	29,650
Miscellaneous equipment	39,500	38,000	36,074	1,926
Land purchases	66,000	26,000	12,390	13,610
Transportation	<u>116,366</u>	<u>68,566</u>	<u>59,972</u>	<u>8,594</u>
Total capital outlay	<u>786,866</u>	<u>662,566</u>	<u>608,786</u>	<u>53,780</u>
Debt service:				
Principal retirement	575,000	575,000	575,000	-
Interest and fiscal charges	<u>86,626</u>	<u>83,748</u>	<u>83,688</u>	<u>60</u>
Total debt service	<u>661,626</u>	<u>658,748</u>	<u>658,688</u>	<u>60</u>
Total expenditures	<u>2,592,499</u>	<u>2,350,810</u>	<u>2,287,757</u>	<u>63,053</u>
Excess of revenues over (under) expenditures	<u>(1,695,172)</u>	<u>(1,350,710)</u>	<u>(1,066,343)</u>	<u>284,367</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, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Other financing sources (uses):				
Issuance of notes	1,425,480	1,395,239	1,395,200	(39)
Transfers – in	<u>174,844</u>	<u>174,844</u>	<u>174,844</u>	-
Total other financing sources (uses)	<u>1,600,324</u>	<u>1,570,083</u>	<u>1,570,044</u>	<u>(39)</u>
Net change in fund balance	(94,848)	219,373	503,701	284,328
Fund balance at beginning of year	158,488	158,488	158,488	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>150,866</u>	<u>150,866</u>
Fund balance at end of year	\$ <u>63,640</u>	\$ <u>377,861</u>	\$ <u>813,055</u>	\$ <u>435,194</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>45,000</u>	\$ <u>45,000</u>	\$ <u>41,372</u>	\$ <u>(3,628)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Contractual services	2,000	-	-	-
Other expenditures	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total traffic control	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Street construction, maintenance and repair				
Contractual services	<u>20,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Snow and ice removal				
Supplies and materials	<u>12,000</u>	<u>40,000</u>	<u>26,616</u>	<u>13,384</u>
Total expenditures	<u>35,200</u>	<u>40,000</u>	<u>26,616</u>	<u>13,384</u>
Net change in fund balance	9,800	5,000	14,756	9,756
Fund balance at beginning of year	<u>39,282</u>	<u>39,282</u>	<u>39,282</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>49,082</u></u>	\$ <u><u>44,282</u></u>	\$ <u><u>54,038</u></u>	\$ <u><u>9,756</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ -	\$ 125,000	\$ 125,000	\$ -
Intergovernmental	656,000	656,000	578,704	(77,296)
Miscellaneous income	37,500	37,500	12,306	(25,194)
Total revenues	<u>693,500</u>	<u>818,500</u>	<u>716,010</u>	<u>(102,490)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Personal service	77,975	76,965	75,133	1,832
Contractual services	33,316	37,830	36,017	1,813
Supplies and materials	8,700	4,700	4,690	10
Total traffic control	<u>119,991</u>	<u>119,495</u>	<u>115,840</u>	<u>3,655</u>
Street construction, maintenance and repair				
Personal service	314,950	323,000	311,990	11,010
Contractual services	123,300	126,300	117,131	9,169
Supplies and materials	121,800	122,500	97,754	24,746
Total street construction, maintenance and repair	<u>560,050</u>	<u>571,800</u>	<u>526,875</u>	<u>44,925</u>
Snow and ice removal				
Personal service	81,790	97,590	93,150	4,440
Contractual services	14,000	13,000	10,412	2,588
Supplies and materials	185,000	255,000	246,393	8,607
Other expenditures	7,200	7,200	6,001	1,199
Total snow and ice removal	<u>287,990</u>	<u>372,790</u>	<u>355,956</u>	<u>16,834</u>
Total expenditures	<u>968,031</u>	<u>1,064,085</u>	<u>998,671</u>	<u>65,414</u>
Excess of revenues over (under) expenditures	(274,531)	(245,585)	(282,661)	(37,076)
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	(99,531)	(70,585)	(107,661)	(37,076)
Fund balance at beginning of year	146,267	146,267	146,267	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>9,218</u>	<u>9,218</u>
Fund balance at end of year	\$ <u>46,736</u>	\$ <u>75,682</u>	\$ <u>47,824</u>	\$ <u>(27,858)</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, 2008

	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>27,000</u>	<u>30,300</u>	<u>28,757</u>	<u>1,543</u>
Net change in fund balance	(7,000)	(10,300)	(8,757)	1,543
Fund balance at beginning of year	<u>31,002</u>	<u>31,002</u>	<u>31,002</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>24,002</u></u>	\$ <u><u>20,702</u></u>	\$ <u><u>22,245</u></u>	\$ <u><u>1,543</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ -	\$ 12,542	\$ 12,542	\$ -
Miscellaneous income	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	150,000	12,542	12,542	-
Expenditures:				
Current operations and maintenance:				
Community development				
Contractual services	<u>330,000</u>	<u>38,582</u>	<u>38,582</u>	<u>-</u>
Excess of revenues over (under) expenditures	(180,000)	(26,040)	(26,040)	-
Other financing sources (uses):				
Issuance of notes	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,000)	(26,040)	(26,040)	-
Fund balance at beginning of year	<u>26,040</u>	<u>26,040</u>	<u>26,040</u>	<u>-</u>
Fund balance at end of year	\$ <u>21,040</u>	\$ <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 – Police Pension Fund

For the Year Ended December 31, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 83,200	\$ 86,000	\$ 85,485	\$ (515)
Intergovernmental	<u>14,855</u>	<u>14,855</u>	<u>14,854</u>	<u>(1)</u>
Total revenues	98,055	100,855	100,339	(516)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>485,000</u>	<u>485,000</u>	<u>476,139</u>	<u>8,861</u>
Excess of revenues over (under) expenditures	(386,945)	(384,145)	(375,800)	8,345
Other financing sources (uses):				
Transfers – in	<u>370,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
Net change in fund balance	(16,945)	(24,145)	(15,800)	8,345
Fund balance at beginning of year	<u>36,700</u>	<u>36,700</u>	<u>36,700</u>	<u>-</u>
Fund balance at end of year	\$ <u>19,755</u>	\$ <u>12,555</u>	\$ <u>20,900</u>	\$ <u>8,345</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 83,200	\$ 86,000	\$ 85,485	\$ (515)
Intergovernmental	<u>14,855</u>	<u>14,855</u>	<u>14,854</u>	<u>(1)</u>
Total revenues	98,055	100,855	100,339	(516)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	<u>485,000</u>	<u>495,000</u>	<u>490,080</u>	<u>4,920</u>
Excess of revenues over (under) expenditures	(386,945)	(394,145)	(389,741)	4,404
Other financing sources (uses):				
Transfers – in	<u>370,000</u>	<u>380,000</u>	<u>380,000</u>	<u>-</u>
Net change in fund balance	(16,945)	(14,145)	(9,741)	4,404
Fund balance at beginning of year	<u>17,843</u>	<u>17,843</u>	<u>17,843</u>	<u>-</u>
Fund balance at end of year	\$ <u>898</u>	\$ <u>3,698</u>	\$ <u>8,102</u>	\$ <u>4,404</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, 2008

	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>5,000</u>	\$ <u>5,000</u>	\$ <u>4,050</u>	\$ <u>950</u>
Net change in fund balance	(5,000)	(5,000)	(4,050)	950
Fund balance at beginning of year	<u>6,494</u>	<u>6,494</u>	<u>6,494</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,494</u></u>	\$ <u><u>1,494</u></u>	\$ <u><u>2,444</u></u>	\$ <u><u>950</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, 2008

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 7,500	\$ 7,500	\$ 3,280	\$ (4,220)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Travel and education	<u>42,500</u>	<u>46,000</u>	<u>45,586</u>	<u>414</u>
Net change in fund balance	(35,000)	(38,500)	(42,306)	(3,806)
Fund balance at beginning of year	<u>43,912</u>	<u>43,912</u>	<u>43,912</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>8,912</u></u>	\$ <u><u>5,412</u></u>	\$ <u><u>1,606</u></u>	\$ <u><u>(3,806)</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 265,000	\$ 265,000	\$ 241,564	\$ (23,436)
Miscellaneous income	-	-	4,600	4,600
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>246,164</u>	<u>(18,836)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	211,500	211,500	204,997	6,503
Other expenditures	<u>67,000</u>	<u>67,000</u>	<u>37,907</u>	<u>29,093</u>
Total expenditures	<u>278,500</u>	<u>278,500</u>	<u>242,904</u>	<u>35,596</u>
Net change in fund balance	(13,500)	(13,500)	3,260	16,760
Fund balance at beginning of year	<u>193,762</u>	<u>193,762</u>	<u>193,762</u>	-
Fund balance at end of year	\$ <u><u>180,262</u></u>	\$ <u><u>180,262</u></u>	\$ <u><u>197,022</u></u>	\$ <u><u>16,760</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 45,000	\$ 47,700	\$ 47,524	\$ (176)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>85,005</u>	<u>86,765</u>	<u>84,613</u>	<u>2,152</u>
Excess of revenues over (under) expenditures	(40,005)	(39,065)	(37,089)	1,976
Other financing sources (uses):				
Transfers – in	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net change in fund balance	4,995	5,935	7,911	1,976
Fund balance at beginning of year	<u>3,350</u>	<u>3,350</u>	<u>3,350</u>	<u>-</u>
Fund balance at end of year	\$ <u>8,345</u>	\$ <u>9,285</u>	\$ <u>11,261</u>	\$ <u>1,976</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ <u>189,000</u>	\$ <u>207,000</u>	\$ <u>192,225</u>	\$ <u>(14,775)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Support of prisoners				
Supplies and materials	89,000	89,000	81,570	7,430
Other expenditures	<u>160,000</u>	<u>160,000</u>	<u>91,652</u>	<u>68,348</u>
Total expenditures	<u>249,000</u>	<u>249,000</u>	<u>173,222</u>	<u>75,778</u>
Net change in fund balance	(60,000)	(42,000)	19,003	61,003
Fund balance at beginning of year	70,224	70,224	70,224	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>5,921</u>	<u>5,921</u>
Fund balance at end of year	\$ <u><u>10,224</u></u>	\$ <u><u>28,224</u></u>	\$ <u><u>95,148</u></u>	\$ <u><u>66,924</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, 2008

	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>6,000</u>	<u>6,100</u>	<u>4,073</u>	<u>2,027</u>
Net change in fund balance	(3,000)	(3,100)	(1,523)	1,577
Fund balance at beginning of year	<u>5,275</u>	<u>5,275</u>	<u>5,275</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,275</u></u>	\$ <u><u>2,175</u></u>	\$ <u><u>3,752</u></u>	\$ <u><u>1,577</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, 2008

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 3,000	\$ 2,875	\$ (125)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	<u>4,000</u>	<u>4,100</u>	<u>4,038</u>	<u>62</u>
Net change in fund balance	(4,000)	(1,100)	(1,163)	(63)
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>1,152</u></u>	\$ <u><u>4,052</u></u>	\$ <u><u>3,989</u></u>	\$ <u><u>(63)</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, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Miscellaneous income	\$ <u>14,600</u>	\$ <u>14,600</u>	\$ <u>14,400</u>	\$ <u>(200)</u>
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Personal service	8,745	11,905	10,816	1,089
Travel and education	1,200	6,000	5,363	637
Supplies and materials	<u>3,000</u>	<u>100</u>	<u>24</u>	<u>76</u>
Total expenditures	<u>12,945</u>	<u>18,005</u>	<u>16,203</u>	<u>1,802</u>
Net change in fund balance	1,655	(3,405)	(1,803)	1,602
Fund balance at beginning of year	<u>5,128</u>	<u>5,128</u>	<u>5,128</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>6,783</u></u>	\$ <u><u>1,723</u></u>	\$ <u><u>3,325</u></u>	\$ <u><u>1,602</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, 2008

	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>91</u>	<u>309</u>
Net change in fund balance	-	-	(91)	(91)
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>387</u></u>	\$ <u><u>(91)</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 27,000	\$ 29,000	\$ 28,843	\$ (157)
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Contractual services	<u>31,000</u>	<u>33,500</u>	<u>27,854</u>	<u>5,646</u>
Net change in fund balance	(4,000)	(4,500)	989	5,489
Fund balance at beginning of year	<u>4,859</u>	<u>4,859</u>	<u>4,859</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>859</u></u>	\$ <u><u>359</u></u>	\$ <u><u>5,848</u></u>	\$ <u><u>5,489</u></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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,953,200	\$ 3,186,600	\$ 3,041,400	\$ (145,200)
Licenses and permits	60,000	50,000	41,479	(8,521)
Investment income	8,000	9,200	5,598	(3,602)
Miscellaneous income	<u>11,300</u>	<u>16,100</u>	<u>15,818</u>	<u>(282)</u>
Total revenues	<u>3,032,500</u>	<u>3,261,900</u>	<u>3,104,295</u>	<u>(157,605)</u>
Expenses:				
Current operations and maintenance:				
Personal service	1,663,830	1,672,130	1,634,494	37,636
Travel and education	16,250	16,250	5,987	10,263
Contractual services	863,508	906,640	763,840	142,800
Supplies and materials	813,092	813,992	768,843	45,149
Debt service:				
Principal	540,000	550,000	550,000	-
Interest and fiscal charges	<u>49,890</u>	<u>58,040</u>	<u>56,248</u>	<u>1,792</u>
Total expenses	<u>3,946,570</u>	<u>4,017,052</u>	<u>3,779,412</u>	<u>237,640</u>
Excess of revenues over (under) expenses	<u>(914,070)</u>	<u>(755,152)</u>	<u>(675,117)</u>	<u>80,035</u>
Other financing sources (uses):				
Issuance of long-term note	982,986	982,986	982,200	(786)
Transfers – out	<u>(186,044)</u>	<u>(186,044)</u>	<u>(186,044)</u>	<u>-</u>
Total other financing sources (uses)	<u>796,942</u>	<u>796,942</u>	<u>796,156</u>	<u>(786)</u>
Net change in fund equity	(117,128)	41,790	121,039	79,249
Fund equity at beginning of year	387,583	387,583	387,583	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>30,032</u>	<u>30,032</u>
Fund equity at end of year	\$ <u>270,455</u>	\$ <u>429,373</u>	\$ <u>538,654</u>	\$ <u>109,281</u>

City of Bedford Heights, Ohio

Agency Funds

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, 2008

	Glenwillow Sanitary Sewer Maintenance and Repair	Mayor's Court	Total
Assets:			
Cash and cash equivalents	\$ <u>15,385</u>	\$ <u>12,292</u>	\$ <u>27,677</u>
Liabilities:			
Intergovernmental payable	\$ <u>15,385</u>	\$ <u>12,292</u>	\$ <u>27,677</u>

City of Bedford Heights, Ohio

Combining Statement of Changes in Assets and Liabilities – All Agency Funds

December 31, 2008

	Beginning Balance <u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/08</u>
Glenwillow sanitary sewer maintenance and repair fund				
Assets:				
Cash and cash equivalents	\$ <u>12,213</u>	\$ <u>11,946</u>	\$ <u>(8,774)</u>	\$ <u>15,385</u>
Liabilities:				
Intergovernmental payable	\$ <u>12,213</u>	\$ <u>11,946</u>	\$ <u>(8,774)</u>	\$ <u>15,385</u>
Mayor's court fund				
Assets:				
Cash and cash equivalents	\$ <u>13,818</u>	\$ <u>234,770</u>	\$ <u>(236,296)</u>	\$ <u>12,292</u>
Liabilities:				
Intergovernmental payable	\$ <u>13,818</u>	\$ <u>234,770</u>	\$ <u>(236,296)</u>	\$ <u>12,292</u>
Total all agency funds				
Assets:				
Cash and cash equivalents	\$ <u>26,031</u>	\$ <u>246,716</u>	\$ <u>(245,070)</u>	\$ <u>27,677</u>
Liabilities:				
Intergovernmental payable	\$ <u>26,031</u>	\$ <u>246,716</u>	\$ <u>(245,070)</u>	\$ <u>27,677</u>

City of Bedford Heights, Ohio

Statistical Section

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>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105-110
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	111-116
Debt Capacity 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.	117-120
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	121-122
Operating Information 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.	123-126

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 Six Years

Last Six Years

Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</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	\$ 16,474,336
Restricted for:						
Debt services	132,195	162,661	194,437	192,468	142,615	90,950
Capital projects	-	-	166,599	116,253	-	787,465
Public safety	-	17,699	96,478	123,929	134,277	104,698
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>	<u>5,259,819</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>	<u>22,717,268</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	7,106,450
Unrestricted	<u>597,241</u>	<u>518,501</u>	<u>518,729</u>	<u>591,568</u>	<u>602,245</u>	<u>546,971</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>	<u>7,653,421</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	23,580,786
Restricted for:						
Debt services	132,195	162,661	194,437	192,468	142,615	90,950
Capital projects	-	-	166,599	116,253	-	787,465
Public safety	-	17,699	96,478	123,929	134,277	104,698
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>	<u>5,806,790</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>	<u>\$ 30,370,689</u>

Source: City of Bedford Heights, Finance Department

City of Bedford Heights, Ohio

Changes in Net Assets – Accrual Basis of Accounting

Last Six Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Program revenues:						
Governmental activities:						
Charges for services						
General government	\$ 312,242	\$ 203,089	\$ 667,423	\$ 837,676	\$ 748,121	\$ 1,056,994
Security of persons and property	366,210	481,451	214,941	315,640	370,578	339,269
Public health and welfare	2,246,708	2,884,981	3,751,040	4,029,482	4,070,525	4,067,809
Leisure time activities	188,565	161,365	174,966	197,542	203,696	243,236
Community development	<u>73,577</u>	<u>126,928</u>	<u>419,653</u>	<u>282,932</u>	<u>251,697</u>	<u>285,777</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>	<u>5,993,085</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	67,427
Community development	156,598	-	-	-	-	-
Transportation	<u>-</u>	<u>26,212</u>	<u>-</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>	<u>67,427</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>	<u>-</u>
Total grants and contributions	<u>279,215</u>	<u>1,299,573</u>	<u>-</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>	<u>6,060,512</u>
Business-type activities:						
Charges for services	2,497,061	2,522,827	2,558,829	2,783,791	3,037,885	3,220,868
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,732</u>	<u>-</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>	<u>3,220,868</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>	<u>9,281,380</u>

(Continued)

City of Bedford Heights, Ohio

Changes in Net Assets – Accrual Basis of Accounting (continued)

Last Six Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:						
Governmental activities:						
General government	3,706,046	3,457,529	4,242,177	4,093,698	4,602,015	4,149,257
Security of persons and property	9,011,478	9,114,502	10,151,220	10,519,118	11,237,785	11,186,209
Public health services	351,341	328,601	365,842	329,303	393,631	412,760
Leisure time activities	1,427,498	1,119,587	1,674,142	1,922,742	1,888,063	1,678,454
Community Development	675,173	1,082,921	545,634	331,212	323,997	399,975
Basic utility services	467,832	519,054	682,991	600,410	890,125	784,933
Transportation	1,935,912	1,131,751	730,428	1,842,203	1,975,432	1,902,672
Interest and fiscal charges	<u>322,093</u>	<u>465,715</u>	<u>248,915</u>	<u>236,810</u>	<u>217,832</u>	<u>274,677</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>	<u>20,788,937</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>	<u>2,992,409</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>	<u>23,781,346</u>
Net (expense) revenue:						
Governmental activities	(14,237,603)	(11,993,113)	(13,321,345)	(14,143,760)	(15,849,315)	(14,728,425)
Business-type activities	<u>(381,114)</u>	<u>1,452,201</u>	<u>(147,601)</u>	<u>(91,204)</u>	<u>(15,111)</u>	<u>228,459</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>	<u>(14,499,966)</u>

(Continued)

City of Bedford Heights, Ohio

Changes in Net Assets – Accrual Basis of Accounting (continued)

Last Six Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</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	3,653,579
Municipal income taxes	8,088,759	8,747,883	8,793,132	8,648,965	8,811,924	9,951,407
Grants and entitlements	1,459,130	1,395,309	1,347,948	1,657,800	1,898,417	2,087,754
Investment earnings	45,097	58,789	148,505	258,859	306,428	213,843
Miscellaneous	144,217	494,516	25,087	52,792	118,356	65,378
Transfers	-	(219,490)	59,600	58,500	62,400	186,044
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>	<u>16,158,005</u>
Business-type activities:						
Investment earnings	-	787	2,547	5,677	19,355	5,598
Miscellaneous	10,739	13,022	11,553	11,208	10,583	15,818
Transfers	-	219,490	(59,600)	(58,500)	(62,400)	(186,044)
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>	<u>(164,628)</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>	<u>15,993,377</u>
Change in net assets:						
Governmental activities	(452,176)	2,706,132	981,489	424,131	(769,402)	1,429,580
Business-type activities	(370,375)	1,685,500	(193,101)	(132,819)	(47,573)	63,831
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>	<u>\$ 1,493,411</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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 73,893	\$ 99,757	\$ 151,676	\$ 90,745	\$ 113,428	\$ 140,790	\$ 105,256	\$ 154,626	\$ 114,143	\$ 101,440
Unreserved	<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>	<u>6,241,287</u>
Total general fund	<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>	<u>6,342,727</u>
All other governmental fun										
Reserved	181,449	186,818	680,016	177,676	83,626	260,494	192,556	144,478	166,042	239,672
Unreserved, undesignated										
Reported in:										
Special revenue funds	450,591	(50,373)	100,809	(10,832)	(287,780)	(49,307)	(122,762)	282,557	161,324	105,454
Debt service funds	366,698	37,196	81,197	59,115	132,195	162,661	194,437	192,468	142,615	90,950
Capital projects funds	<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>	<u>636,599</u>
Total all other governmental funds	<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>	<u>1,072,675</u>
Total governmental funds	\$ <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>	\$ <u>7,415,402</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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Property taxes	\$ 3,249,110	\$ 2,970,567	\$ 3,576,428	\$ 3,542,764	\$ 3,959,669	\$ 4,077,069	\$ 4,048,378	\$ 4,046,045	\$ 3,694,714	\$ 3,722,521
Income taxes	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	9,682,822
Other local taxes	59,763	63,840	57,644	47,770	36,628	20,333	26,710	18,894	5,235	11,998
Intergovernmental	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	2,121,939
Charges for services	186,145	180,479	200,683	213,785	2,412,516	3,079,438	3,758,055	4,133,715	4,163,791	4,495,695
Licenses and permits	325,840	430,601	416,976	686,402	448,815	454,781	591,367	670,746	666,860	526,433
Fines and forfeitures	153,659	187,329	174,019	161,017	168,426	218,887	207,565	191,406	165,916	156,415
Special assessments	103,609	106,370	96,371	30,238	38,438	10,350	123,450	13,294	18,441	-
Investment income	237,207	317,823	237,736	96,895	45,097	58,789	148,505	258,859	306,428	213,843
Miscellaneous	700,335	622,575	493,068	464,980	605,338	685,538	623,073	722,658	664,454	833,800
Total revenues	14,922,955	15,088,215	15,537,092	15,083,489	18,409,522	19,744,540	20,069,293	20,758,856	20,315,281	21,765,466
Expenditures:										
Current:										
Security of persons	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	10,843,356
Public health and welfare	344,962	291,131	368,465	398,598	353,262	327,778	400,997	358,521	428,895	395,020
Leisure time activities	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	2,061,075
Community development	417,625	449,488	480,879	449,551	675,173	1,088,902	584,070	354,193	333,983	378,349
Basic utility services	557,543	602,356	632,132	647,360	510,549	548,711	573,799	583,167	782,996	728,050
Transportation	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	1,006,699
General government	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	4,064,135
Capital outlay	934,360	1,469,223	1,741,834	683,252	1,290,015	1,602,374	936,614	1,254,903	1,009,582	596,174
Debt service:										
Principal retirement	455,000	385,000	403,000	403,000	338,000	1,769,000	569,000	654,000	944,000	1,380,832
Interest and fiscal charges	402,931	259,867	274,935	208,745	336,765	477,720	243,807	227,352	215,529	288,907
Total expenditures	16,019,395	15,612,665	16,297,402	16,020,671	18,180,036	20,935,985	19,557,211	21,171,577	21,484,890	21,742,597
Excess	(1,096,440)	(524,450)	(760,310)	(937,182)	229,486	(1,191,445)	512,082	(412,721)	(1,169,609)	22,869
Other financing sources (uses)										
Proceeds from sale of debt	-	-	-	-	-	3,300,000	-	250,000	450,000	1,352,800
Inception of capital leases	760,751	185,384	57,133	224,578	88,702	252,466	233,308	954,421	217,838	39,664
Sale of capital assets	-	-	30,631	-	21,104	5,807	-	28,691	90,140	-
Transfers in	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	2,916,044
Transfers out	(11,021,141)	(12,539,362)	(3,738,110)	(2,849,225)	(2,948,131)	(2,944,358)	(2,690,670)	(2,837,970)	(2,660,000)	(2,730,000)
Total other financing sources (uses)	703,365	(438,661)	87,764	224,578	109,806	3,338,783	292,908	1,291,612	820,378	1,578,508
Change in fund balances	\$ (393,075)	\$ (963,111)	\$ (672,546)	\$ (712,604)	\$ 339,292	\$ 2,147,338	\$ 804,990	\$ 878,891	\$ (349,231)	\$ 1,601,377
Debt service as a % of noncapital expenditures										
	5.89%	4.27%	4.35%	4.00%	4.10%	12.08%	4.53%	4.57%	5.69%	7.09%

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
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	929,243,065
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	1,020,563,635
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	323,460,000	6,197,820	7,042,977	13.00	314,576,710	1,038,303,377
2007	249,772,040	713,634,400	43,050,748	344,405,984	4,583,450	5,208,466	13.00	297,406,238	1,063,248,850
2008	250,367,170	715,334,771	21,139,183	338,226,928	4,713,280	5,356,000	13.00	276,219,633	1,058,917,699

(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 18.75%. For 2007, personal property assessed value was 12.5%. For 2008, personal property assessed value is 6.25%.

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

Source: Cuyahoga County Auditor

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>
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
2008	2.00	9,449,466	7,182,966	76.01	308,809	3.27	1,957,691	20.72

Source: Regional Income Tax Agency

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
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)
2008	13.00	13.32	67.60	86.00	101.20	(3) 119.60 (3)

(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.

(3) Includes Metropark, Library Millage, Cuyahoga Community College, and Cleveland-Cuyahoga Port Authority of 1.85, 2.50, 2.80, and 0.13, 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>
1999	\$ 2,438,661	\$ 2,171,380	89.0%	\$ 53,763	\$ 2,225,143	91.2%	\$ 73,454	\$ 119,606
2000	2,453,976	2,130,698	86.8	71,091	2,201,789	89.7	94,588	140,893
2001	2,641,971	2,444,198	92.5	99,375	2,543,573	96.2	141,624	200,927
2002	2,671,676	2,448,976	91.7	143,103	2,592,079	97.0	217,690	320,479
2003	3,003,452	2,764,967	92.1	200,005	2,964,972	98.7	230,987	413,103
2004	3,154,262	2,885,639	91.5	162,232	3,047,871	96.6	296,254	445,198
2005	3,186,836	2,803,824	88.0	201,094	3,004,918	94.3	233,928	352,758
2006	3,155,861	2,984,594	94.6	240,866	3,225,460	102.2	109,379	168,246
2007	3,313,087	2,971,853	89.7	138,001	3,109,855	93.9	207,343	269,690
2008	3,330,585	3,115,515	93.5	180,752	3,296,267	99.0	203,094	284,029

Source: Cuyahoga County Auditor

City of Bedford Heights, Ohio

Principal Taxpayers – Real Estate Tax

2002 and 2008

Table 9

Name of Taxpayer	December 31, 2008	
	Assessed Value (1)	Percent of Total Assessed Value
Riser Foods Company	\$ 6,650,000	2.38%
Bear Creek Road, LLC	5,962,160	2.14%
South Pointe Towers, LTD	4,221,790	1.51%
Olympic Steel, Inc.	4,014,890	1.44%
A.M. Castle Co.	3,996,060	1.43%
Mayfred Co.	3,512,480	1.26%
Southgate Towers LLC	3,246,260	1.16%
Lowe's Home Center, Inc.	2,975,010	1.07%
Weston Inc.	2,849,670	1.02%
JE & MT Corporation	2,691,220	0.96%
Total	\$ 40,119,540	14.37%

Name of Taxpayer	December 31, 2002	
	Assessed Value (1)	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%

Information prior to 2002 is not available.

Source: Cuyahoga County Auditor
 (1) Excludes Public Utilities

City of Bedford Heights, Ohio

Personal Income Tax Filers and Income Subject to Tax by Income Level

2005 and 2007

Table 10

2007					
<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>		<u>Personal Income Subject to Tax</u>	<u>Percentage of Total</u>
\$100,000 and higher	129	4.44%	\$	16,191,182	14.74%
\$75,000 – \$99,999	196	6.75		17,008,058	15.48
\$50,000 – \$74,999	456	15.69		27,798,075	25.30
\$25,000 – \$49,999	991	34.10		35,481,596	32.30
\$10,000 – \$24,999	626	21.54		11,005,292	10.02
\$9,999 and lower	508	17.48		2,376,846	2.16
Total	2,906	100.00%	\$	109,861,049	100.00%

2005					
<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>		<u>Personal Income Subject to Tax</u>	<u>Percentage of Total</u>
\$100,000 and higher	126	3.87%	\$	15,474,166	12.78%
\$75,000 – \$99,999	225	6.92		19,290,958	15.94
\$50,000 – \$74,999	507	15.58		31,013,637	25.62
\$25,000 – \$49,999	1081	33.23		39,303,161	32.47
\$10,000 – \$24,999	752	23.12		13,334,583	11.01
\$9,999 and lower	562	17.28		2,643,330	2.18
Total	3,253	100.00%	\$	121,059,835	100.00%

Information for 2008 not available as all tax forms may not be processed.
 Information prior to 2005 is not available.

Source: Regional Income Tax Agency

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			
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
2008	4,637,800	-	731,606	-	962,200	-	-	6,331,606	2.55	557

Note: Population and Personal Income data are presented in Table 15, on page 121.

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 General Obligation Debt</u>	<u>Less: Debt Service Funds</u>	<u>Net General Obligation Debt</u>	<u>Ratio of Net Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
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
2008	11,375	279,219,733	5,600,000	90,950	5,509,050	1.97	484.31

(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, 2008

Table 13

<u>Jurisdiction</u>	Net General Obligation Debt <u>Outstanding (1)</u>	Percentage Applicable to <u>Government</u>	Amount Applicable to <u>Government</u>
Direct:			
City of Bedford Heights	\$ 5,509,050	100.00%	\$ 5,509,050
Overlapping:			
Cuyahoga County	248,899,326	0.78%	1,949,814
Regional Transit Authority	172,765,000	0.78%	1,353,397
Bedford School District	7,451,998	28.96%	2,158,220
Orange School District	<u>27,678,219</u>	4.00%	<u>1,107,101</u>
Total Overlapping Debt	<u>456,794,543</u>		<u>6,568,532</u>
Total	\$ <u>462,303,593</u>		\$ <u>12,077,582</u>

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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed valuation ⁽¹⁾	\$ <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>	\$ <u>279,219,733</u>
Debt Limit – 10.5% of assessed value	\$ <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>	\$ <u>29,318,072</u>
Gross indebtedness	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	5,650,000
Less: debt outside limitation	<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>	<u>-</u>
Debt within 10.5% limitation	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	5,650,000
Less: Amount available in debt service fund	<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>	<u>(90,950)</u>
Net debt within 10.5% limit	<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>	<u>5,559,050</u>
Legal debt margin	\$ <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>	\$ <u>23,759,022</u>
Debt limit – 5.5% of assessed value	\$ <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>	\$ <u>15,357,085</u>
Gross indebtedness	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	5,650,000
Less: debt outside limitation	<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>	<u>-</u>
Debt within 5.5% limitation	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	5,650,000
Less: amount available in debt service fund	<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>	<u>(90,950)</u>
Net debt within 5.5% limit	<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>	<u>5,559,050</u>
Unvoted debt margin	\$ <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>	\$ <u>9,798,035</u>

(1) – Assessed valuations based upon the tax year.

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>
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
2008	11,375	247,872,625	21,791	38,400	39	3,883	6.8

(1) Source: U. S. Census

(a) Years 2000 through 2008 – 2000 Federal Census

(b) Years 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 2008

Table 16

2005		
<u>Employer</u>	<u>Employees</u>	Percentage of Total City <u>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
Total City Employment	8,999	
2008		
<u>Employer</u>	<u>Employees</u>	Percentage of Total City <u>Employment</u>
Riser Foods Company	958	11.09%
Northeast Ohio Electric	753	8.72
Bedford Board of Education	275	3.18
City of Bedford Heights	269	3.12
American Spring Wire Corporation	257	2.98
New York Frozen Foods Incorporated	255	2.95
Cleveland Coca-Cola Bottling Company	246	2.85
Majestic Steel USA Incorporated	218	2.52
Olympic Steel Incorporated	189	2.19
Gunton Corporation	141	1.63
Total City Employment	8,635	

- (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

Last Two Years

Table 17

	<u>2007</u>	<u>2008</u>
Function/program:		
General government:		
Council	1	1
Finance	4	4
Law	3	4
Administration	2	2
Security of persons and property:		
Police (1)	70	66
Fire	29	29
Leisure time activities:		
Community center	9	7
Community development:		
Building	3	4
Economic development	1	2
Transportation:		
Service/streets	26	22
Basic utility services:		
Wastewater treatment plant	<u>22</u>	<u>22</u>
Totals	<u>170</u>	<u>163</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 Seven Years

Table 18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function/program							
General government							
Council and clerk							
Number of ordinances and resolutions	163	212	218	215	269	260	241
Finance department							
Number of checks/ vouchers issued (excluding payroll)	4,189	4,702	4,814	4,936	4,772	4,889	4,882
Interest earnings for fiscal year (cash basis) \$	92,580	\$ 47,328	\$ 59,575	\$ 131,193	\$ 281,621	\$ 309,155	\$ 111,934
Number of receipts issued	N/A	2,698	2,724	3,893	4,234	4,822	5,293
Agency ratings – Moody’s Financial Services	Aaa						
Civil service							
Number of exams given	2	4	3	4	2	5	2
Security of persons and property							
Police							
Number of traffic citations issued	3,553	3,642	4,826	5,005	2,792	2,547	1,906
Number of parking citations issued	496	522	250	297	376	365	365
Number of criminal arrests	520	728	683	1,449	263	286	293
Prisoners	2,036	3,147	2,177	5,017	2,130	3,932	3,913
Fire							
EMS calls	N/A	1,100	1,159	1,260	1,249	1,413	1,345
Fire and fire related calls	N/A	540	451	600	426	444	410
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 Seven Years

Table 18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Basic utility services							
Refuse disposal per year (in tons) August-July	3,327	3,042	4,000	3,267	3,183	3,017	2,972
Refuse disposal costs per year	\$ 287,418	\$ 270,772	\$ 272,855	\$ 288,997	\$ 296,990	\$ 336,265	\$ 421,028
Annual recycling tonnage	231	280	220	298	306	364	374
Transportation							
Snowfall in inches	69.80	98.60	95.80	108.40	34.60	75.70	83.70
Tons of salt used	4,050	4,256	4,100	4,759	4,700	3,850	4,199
Asphalt used in road maintenance (tons)	410	525	475	310	235	115	70
Concrete used in road maintenance (yards)	250	295	275	320	335	201	210
Number of trees planted per year	130	35	33	45	40	45	25
Number of trees removed per year	78	49	63	73	60	83	82
Wastewater treatment plant							
Wastewater rates per 1st 300 Cu ft of water used	0.913	0.913	0.913	0.913	0.913	0.913	0.913
Total flow of wastewater treatment plan (billions of gallons)	2.500	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 Seven Years

Table 19

	2002	2003	2004	2005	2006	2007	2008
Function/program							
General government							
City Hall square footage	23,760	23,760	23,760	23,760	23,760	23,760	23,760
Administrative vehicles	1	1	1	2	2	2	2
Inspection vehicles	-	-	-	2	2	2	2
Security of persons and property							
Police							
Stations	1	1	1	1	1	1	1
Square footage of Police Station	18,822	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	24,425
Vehicles	21	21	21	21	19	19	19
Fire							
Stations	1	1	1	1	1	1	1
Square footage of station	*	*	*	*	*	*	*
Vehicles	8	8	8	8	8	8	8
Leisure time activities							
Number of Parks	9	9	9	9	9	9	9
Number of Pools	2	2	2	2	2	2	2
Square Footage of Community Center	70,233	70,233	70,233	70,233	70,233	70,233	70,233
Vehicles (vans/buses)	3	3	3	3	3	3	3
Basic utility services							
Public works							
Streets (miles)	42	42	42	42	42	42	42
Service vehicles	28	28	28	28	29	29	29
Wastewater treatment plant							
Sanitary sewers (miles)	37	37	37	37	37	37	37
Storm sewers (miles)	37	37	37	37	37	37	37
Square footage of treatment plant	6,070	6,070	6,070	6,070	6,070	6,070	6,070
Vehicles	9	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, 2008, which collectively comprise the City’s basic financial statements and have issued our report thereon dated August 31, 2009, wherein we noted the City adopted *GASB Statements No. 45, 49, 50* and *SFAS 157*. 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 August 31, 2009.

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
August 31, 2009



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
NOVEMBER 5, 2009**