



Dave Yost • Auditor of State

CITY OF BEACHWOOD
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

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

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2011, wherein we noted the City implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, City Council, and others within the City. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

June 30, 2011



THE CITY OF BEACHWOOD OHIO
Comprehensive Annual Financial Report

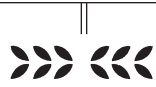
THE CITY OF BEACHWOOD OHIO

Comprehensive Annual Financial Report
for the year ended December 31, 2010



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

INTRODUCTORY SECTION



City of Beachwood, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010
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MAYOR
MERLE S. GORDEN

June 30, 2011

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

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2010, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

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

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

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Beachwood City Council selected the Auditor of State's Office to perform these services for the year 2010. The independent accountant's report is presented in the Financial Section of this report.

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

Profile of the Government

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

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

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

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

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

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

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

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

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

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

Local Economy

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

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

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

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

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

In early 2010 LifeTime Fitness opened a new state of the art fitness center in the Chagrin Highlands. The 112,000 square foot facility has over 400 pieces of exercise equipment, a rock climbing area, two gyms, two indoor pools, an outdoor pool with tube slides, a child center and much more.

In early 2011, University Hospitals opened their brand new medical center. This state of the art center features a 200 bed hospital, an ambulatory surgery center and physician offices.

In 2009 the City approved a tax incentive package with Eaton Corporation to build their world headquarters in the City of Beachwood. This development will take place on approximately 50 acres of land in the west side of the Chagrin Highlands. Construction of the roadway and world headquarters began in 2010. It is anticipated that construction of the world headquarters will be completed sometime during 2012 in celebration of Eaton's 100th anniversary. Expectations are that Eaton will initially employ approximately 500 people at this site and eventually grow to over 1,000 people at this site. The City feels very strongly that this development will spur other substantial development within the Chagrin Highlands.

Bank of America is presently the City's largest employer. Bank of America is the nation's largest credit and debit card provider, the largest provider of checking and saving services and the leading home equity lender. However, the Cleveland Clinic Foundation has purchased the campus of five buildings previously owned by Bank of America. Bank of America continues to occupy two of these buildings and remains the City's largest employer. The Cleveland Clinic is currently the City's second largest employer and combined these two entities employed over 3,000 people in the City during 2010.

At the end of 2010, the City decided to reorganize the Economic Development Department to focus its efforts on an aggressive business visitation program; on attraction strategies in concert with our regional economic development partners; and on reinvesting in our historically successful business areas, the 200 acre Commerce Park and Chagrin Boulevard areas. This shift in strategy will continue to create the highest value for our business and residential taxpayers.

In an effort to provide the highest level of services to its residential and business community the City has spent approximately \$77,800,000 over the past ten years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; only \$21,625,000 in general obligation debt was issued to finance these improvements and \$18,740,000 is still outstanding.

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

Long-term financial planning and relevant financial policies

For the past 12 years the City has focused on an extensive Master Plan to meet the future growth of the City. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents. Since 2001, residents have benefited from construction of a new fire station, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, and the expansion and remodeling of the existing Municipal Building and Community Center.

Currently the City is in the process of renovating an approximately 300,000 square foot building purchased in 2008. This building will become the new home of the City's Service Department. We anticipate the Service Department will occupy the building in the summer of 2011.

The City plans to study the future needs of the City due to general growth of the City and the development of the Chagrin Highlands area.

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

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

Major initiatives

In addition to the renovation of the building in the Commerce Park area that will become the future location of the Service Department, the City will continue studying its future needs to determine what issues the City faces. Based on this the City will develop a new Master Plan. Part of this plan will include potential uses for three additional sites owned north of Chagrin Boulevard. Two of these sites contain existing buildings and one is a vacant parcel of land. These sites were all purchased in anticipation of the City's future needs to adequately service the area of Chagrin Highlands. With the opening of the University Hospital and proposed future world headquarters of Eaton Corporation the use of these sites will become a priority for the City.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the year ended December 31, 2009. This was the twelfth consecutive year that the City has achieved this prestigious award.

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

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

GFOA Outstanding Achievement in Popular Annual Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Beachwood for its Popular Annual Financial Report for the year ended December 31, 2009. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. This was the ninth consecutive year that the City has achieved this prestigious award.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

GFOA Distinguished Budget Presentation Award

The Government Finance Officer Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Beachwood, Ohio for its annual budget for the year beginning January 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the seventh year the City achieved the award.

ACKNOWLEDGMENTS

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


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

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

Respectfully submitted,



Merle S. Gorden
Mayor



David A. Pfaff, CPA
Director of Finance

City of Beachwood, Ohio

City Officials - as of December 31, 2010

ELECTED OFFICIALS

Mayor-Safety Director Merle S. Gorden
President of Council Mark Mintz

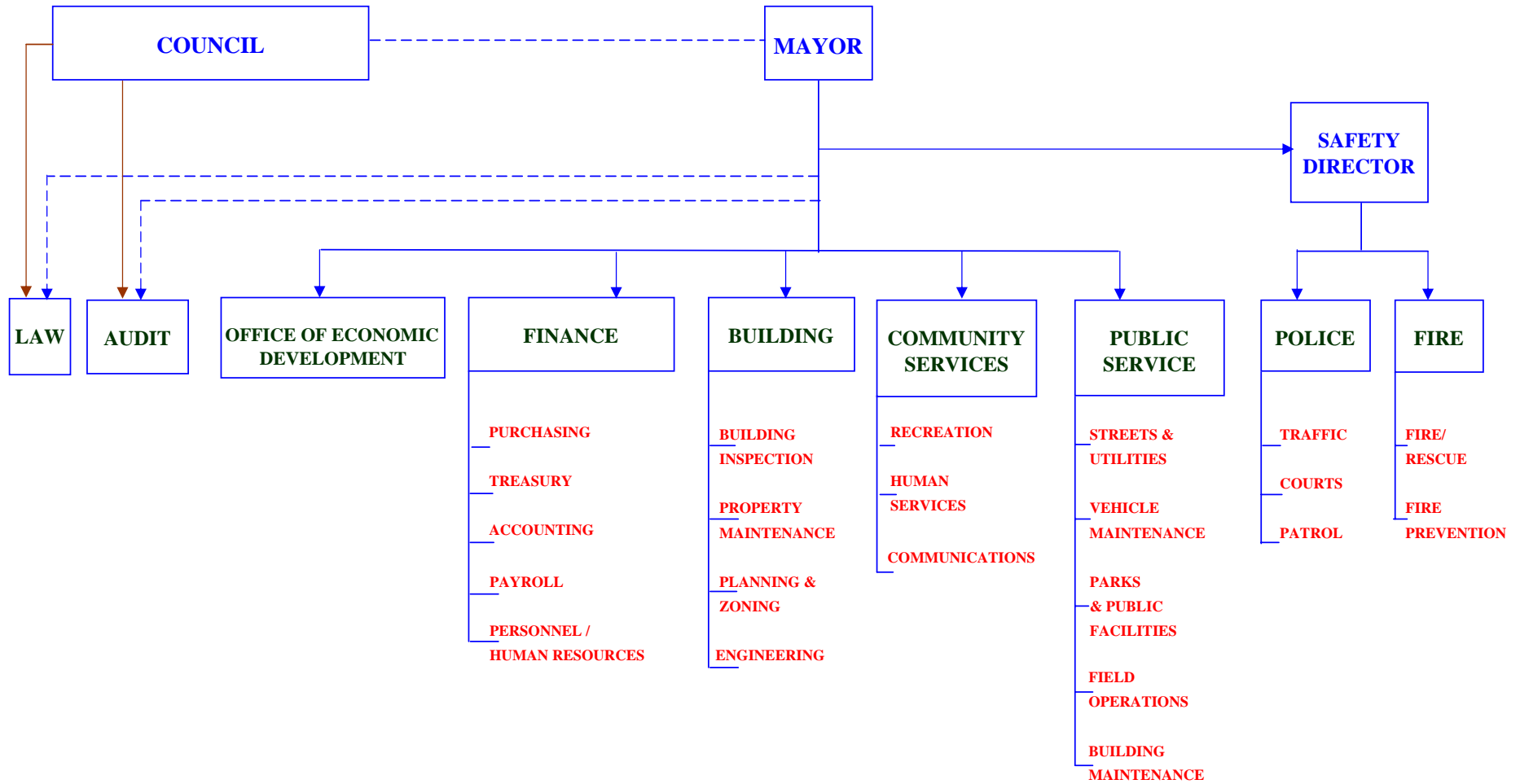
Council Member Justin Berns
Council Member Saul Eisen
Council Member Fredric S. Goodman
Council Member Melvin M. Jacobs
Council Member Brian H. Linick
Council Member Mark I. Wachter

APPOINTED OFFICIALS

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

CITY OF BEACHWOOD

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beachwood
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director

FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, the City implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 30, 2011

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In 2010, the City issued \$6,000,000 in bond anticipation notes for the construction of Eaton Boulevard.
- In 2010, the City issued \$12,810,000 in bonds. Of this amount, \$4,840,000 was used to refund outstanding special assessment debt and \$7,970,000 was used for the renovation of the new service center.
- Income taxes decreased for the second year in a row (4.5 percent) due to the state of the economy.
- Expenses increased largely due to an increase in salaries and workers compensation.

Using this Annual Financial Report

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

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

Reporting the City of Beachwood as a Whole

Statement of Net Assets and the Statement of Activities

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

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

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

Reporting on the Most Significant Funds of the City of Beachwood

Fund Financial Statements

The fund financial statements which begin on page 14, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Beachwood, the most significant governmental funds are the general fund, bond retirement fund and capital improvements fund.

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

The City of Beachwood as a Whole

Statement of Net Assets

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. Table 1 provides a summary of the City's net assets for 2010 and 2009.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 1
Net Assets

	Governmental Activities		
	2010	2009	Change
Assets			
Total Current and Other Assets	\$47,219,237	\$46,691,765	\$527,472
Nondepreciable Capital Assets, Net	20,850,988	13,476,757	7,374,231
Depreciable Capital Assets, Net	69,119,544	72,604,733	(3,485,189)
<i>Total Assets</i>	<u>137,189,769</u>	<u>132,773,255</u>	<u>4,416,514</u>
Liabilities			
Total Current & Other Liabilities	11,751,152	7,656,678	4,094,474
Long-Term Liabilities:			
Due Within One Year	2,575,967	2,275,087	300,880
Due Within More Than One Year	21,405,669	14,917,320	6,488,349
Total Liabilities	<u>35,732,788</u>	<u>24,849,085</u>	<u>10,883,703</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	63,035,089	71,402,619	(8,367,530)
Restricted for:			
Debt Service	3,958,363	4,923,226	(964,863)
Unclaimed Monies	4,493	13,504	(9,011)
Streets	541,367	998,845	(457,478)
Other Purposes	383,045	299,472	83,573
Unrestricted	33,534,624	30,286,504	3,248,120
Total Net Assets	<u>\$101,456,981</u>	<u>\$107,924,170</u>	<u>(\$6,467,189)</u>

The largest portion of the City's net assets (62.1 percent) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The City's financial position decreased from 2009 to 2010 as indicated by the decrease in total net assets for governmental activities of \$6,467,189.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 2 shows the changes in net assets for fiscal year 2010 and 2009 and corresponds to the Statement of Activities.

Table 2
Change in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services	\$3,487,660	\$3,450,764	\$36,896
Operating Grants and Contributions	610,933	597,827	13,106
General Revenues			
Property Taxes	2,876,814	3,086,326	(209,512)
Municipal Income Tax	17,577,324	18,401,803	(824,479)
Admission, Lodging and Franchise Taxes	1,132,370	843,488	288,882
Estate Taxes	2,008,052	2,643,793	(635,741)
Grants and Entitlements	672,345	112,837	559,508
Investment Earnings	518,573	486,690	31,883
Other	229,056	213,456	15,600
Total Revenues	29,113,127	29,836,984	(723,857)
Program Expenses			
General Government	4,987,961	4,875,105	112,856
Public Safety:			
Police	7,756,727	7,920,359	(163,632)
Fire	6,155,855	5,982,995	172,860
Public Services	11,749,819	10,531,157	1,218,662
Health and Welfare	587,883	539,326	48,557
Culture and Recreation	2,663,673	2,813,885	(150,212)
Building and Community Development	919,717	979,295	(59,578)
Interest and Fiscal Charges	758,681	785,037	(26,356)
Total Expenses	35,580,316	34,427,159	1,153,157
Change in Net Assets	(6,467,189)	(4,590,175)	(1,877,014)
Net Assets Beginning of Year	107,924,170	112,514,345	(4,590,175)
Net Assets End of Year	\$101,456,981	\$107,924,170	(\$6,467,189)

The decrease in revenues is largely due to a decrease in municipal income taxes and estate taxes.

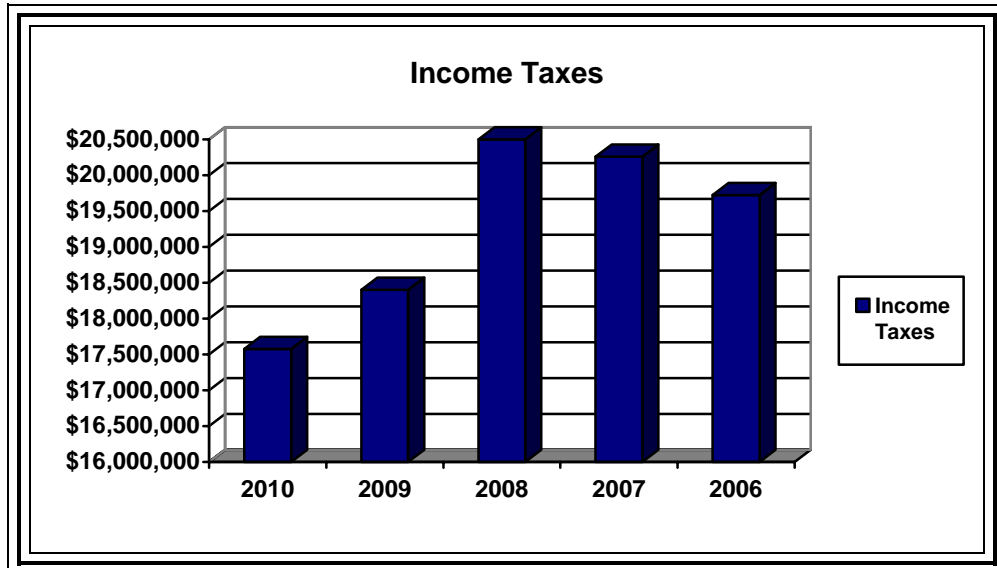
Total program expenses increased by 3.4 percent from 2009. This increase is mainly due to an increase in salaries and health benefits.

City of Beachwood, Ohio
Management's Discussion and Analysis
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Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 1.5 (effective January 1, 2011 that rate increased to 2.0 percent) percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$17,577,324 in income tax collections or 60.4 percent of total 2010 revenue. Other significant sources of revenue include property taxes and estate taxes of which the City received \$2,876,814 and \$2,008,052 respectively in 2010.

In 2010, the City experienced a decrease in income taxes for the second year in a row. The chart below identifies income tax receipts for the last five years.



City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

Table 3
Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$4,987,961	(\$4,369,941)	\$4,875,105	(\$4,216,487)
Public Safety				
Police	7,756,727	(7,357,545)	7,920,359	(7,589,985)
Fire	6,155,855	(5,318,648)	5,982,995	(5,205,913)
Public Services	11,749,819	(11,154,344)	10,531,157	(9,949,406)
Health and Welfare	587,883	(455,716)	539,326	(407,793)
Culture and Recreation	2,663,673	(1,801,015)	2,813,885	(1,976,898)
Building and				
Community Development	919,717	(265,833)	979,295	(247,049)
Interest and Fiscal Charges	758,681	(758,681)	785,037	(785,037)
Total	\$35,580,316	(\$31,481,723)	\$34,427,159	(\$30,378,568)

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services increased in 2010.

Public safety expenses account for approximately 39.1 percent of total 2010 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. As of December 31, 2010, the City employed 41 full time police officers and 38 full time firefighters. Other significant expenses include public service expenses which make up approximately 33.0 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

The City's Funds

Information about the City's major governmental funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting.

The general fund is the chief operating fund of the City. The total fund balance at December 31, 2010 and 2009 was \$18,210,399 and \$21,498,231 respectively. The decrease is largely due to a transfer to the Self-Insurance Fund and the decrease in income tax revenue.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The bond retirement fund is used to account for the accumulation of resources for, and the payment of, various types of debt principal, interest and related costs. The fund balance at December 31, 2010 and 2009 was \$619,113 and \$521,467 respectively. The bond retirement fund receives revenue through special assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund. Expenditures are for payment of debt principal, interest and debt related costs.

The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. This fund is funded with excess revenue from the general fund. The City strives to maintain a general fund balance which is 50 percent of general fund revenues. Any excess may be transferred to the capital improvements fund. The fund balance at December 31, 2010 and 2009 was \$8,098,273 and \$8,864,937 respectively.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues were \$29,394,034; final budget amounts were \$26,994,035; and actual revenue collections were \$27,462,771. Final budgeted appropriations were \$34,790,466 and actual expenditures were \$31,535,659. Appropriations are always conservatively budgeted on the high side. Additionally, health care expenditures were not as high as originally budgeted for and several vacant positions budgeted for were not filled which accounts for the difference between budgeted appropriations and actual expenditures.

Debt Administration and Capital Assets

Debt

Table 4 summarizes outstanding debt at December 31, 2010 compared to December 31, 2009.

The general obligation bonds will be paid out of the debt service fund with funds transferred from the general fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In 2010 the City issued bonds for the purchase and renovation of the new service center and bond anticipation notes for the construction of Eaton Boulevard. See Notes 15 and 16 to the basic financial statements for more information regarding the City's outstanding debt.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 4
Outstanding Debt at Year End

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$20,757,896	\$10,894,484
Special Assessment Bonds	770,000	3,735,000
General Obligation Notes	6,000,000	3,023,177
<i>Totals</i>	\$27,527,896	\$17,652,661

Capital Assets

Table 5 compares capital assets as of December 31, 2010 to balances at December 31, 2009.

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

	Governmental Activities	
	2010	2009
Land	\$14,235,641	\$13,180,236
Land Improvements	4,788,531	5,153,816
Buildings and Improvements	32,245,492	33,050,335
Furniture and Equipment	1,637,998	1,930,385
Vehicles	1,557,630	1,558,280
Construction in Progress	6,615,347	296,521
Infrastructure		
Streets	23,256,879	25,103,287
Water Lines	2,654,580	2,753,106
Sanitary Sewers	1,560,076	1,600,625
Storm Sewers	1,418,358	1,454,899
<i>Totals</i>	\$89,970,532	\$86,081,490

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Significant capital asset additions include the following:

- Road improvements.
- Renovations to the new service center building.

With regards to the City's infrastructure, the City engineer maintains a comprehensive listing of all streets, waterlines and sanitary and storm sewer lines. As part of the annual road maintenance program, the Engineer and the Service Director evaluate the condition of the streets and identify which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$2.6 million a year for the road maintenance program.

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

Current Financial Related Activities

These challenging economic times have made it difficult for the City to prepare and plan for the next few years. For the second year in a row, the City experienced a significant decrease in general fund revenue (\$3,568,547 or 11.5% - cash basis). With a projection of major revenue streams remaining flat at best, the potential elimination of estate taxes and the budget cuts already made, the City decided we could no longer provide the high level of services to our residents without an increase in income taxes. In November 2010, the citizens of the City voted to increase the income tax by a ½ %, going from a 1.5% rate to 2.0%. This increase was effective January 1, 2011.

Contacting the City's Finance Department

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

City of Beachwood, Ohio

Statement of Net Assets

December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$33,126,021
Cash and Cash Equivalents in Segregated Accounts	6,401
Accounts Receivable	96,929
Estate Taxes Receivable	1,005,169
Admission Taxes Receivable	31,515
Lodging Taxes Receivable	37,328
Franchise Taxes Receivable	29,763
Intergovernmental Receivable	433,701
Materials and Supplies Inventory	660,286
Prepaid Items	146,438
Property Taxes Receivable	3,512,737
Income Taxes Receivable	3,997,950
Special Assessments Receivable	3,957,825
Accrued Interest Receivable	5,370
Unamortized Bond Issuance Costs	171,804
Nondepreciable Capital Assets	20,850,988
Depreciable Capital Assets, Net	69,119,544
<i>Total Assets</i>	<u>137,189,769</u>
Liabilities	
Accounts Payable	495,180
Retainage Payable	576,232
Accrued Wages	480,856
Intergovernmental Payable	825,310
Deferred Revenue	2,511,572
Accrued Interest Payable	95,271
Contracts Payable	760,835
Claims Payable	5,896
Notes Payable	6,000,000
Long-Term Liabilities:	
Due Within One Year	2,575,967
Due In More Than One Year	21,405,669
<i>Total Liabilities</i>	<u>35,732,788</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	63,035,089
Restricted for:	
Debt Service	3,958,363
Unclaimed Monies	4,493
Streets	541,367
Other Purposes	383,045
Unrestricted	33,534,624
<i>Total Net Assets</i>	<u><u>\$101,456,981</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services and Operating Assessments</u>	<u>Operating Grants Contributions and Interest</u>	<u>Governmental Activities</u>
Governmental Activities:				
General Government	\$4,987,961	\$602,562	\$15,458	(\$4,369,941)
Public Safety:				
Police	7,756,727	399,182	0	(7,357,545)
Fire	6,155,855	837,207	0	(5,318,648)
Public Services	11,749,819	0	595,475	(11,154,344)
Health and Welfare	587,883	132,167	0	(455,716)
Culture and Recreation	2,663,673	862,658	0	(1,801,015)
Building and Community Development	919,717	653,884	0	(265,833)
Interest and Fiscal Charges	758,681	0	0	(758,681)
<i>Total Governmental Activities</i>	<u>\$35,580,316</u>	<u>\$3,487,660</u>	<u>\$610,933</u>	<u>(31,481,723)</u>
General Revenues:				
Property Taxes Levied for				
General Purposes				2,677,944
Police Pension				198,870
Municipal Income Taxes Levied for				
General Purposes				17,577,324
Admission, Lodging and Franchise Taxes:				1,132,370
Estate Taxes				2,008,052
Grants and Entitlements not Restricted to Specific Programs				672,345
Investment Earnings				518,573
Other				229,056
<i>Total General Revenues</i>				<u>25,014,534</u>
Change in Net Assets				(6,467,189)
<i>Net Assets Beginning of Year</i>				<u>107,924,170</u>
<i>Net Assets End of Year</i>				<u>\$101,456,981</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$14,737,807	\$619,113	\$15,373,118	\$891,490	\$31,621,528
Cash and Cash Equivalents In Segregated Accounts	6,401	0	0	0	6,401
Property Taxes Receivable	3,249,283	0	0	263,454	3,512,737
Income Taxes Receivable	3,997,950	0	0	0	3,997,950
Estate Taxes Receivable	1,005,169	0	0	0	1,005,169
Admission Taxes Receivable	31,515	0	0	0	31,515
Lodging Taxes Receivable	37,328	0	0	0	37,328
Franchise Taxes Receivable	29,763	0	0	0	29,763
Accounts Receivable	96,929	0	0	0	96,929
Intergovernmental Receivable	216,601	0	0	217,100	433,701
Accrued Interest Receivable	5,370	0	0	0	5,370
Materials and Supplies Inventory	660,286	0	0	0	660,286
Prepaid Items	146,438	0	0	0	146,438
Special Assessments Receivable	0	3,674,441	283,384	0	3,957,825
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	4,493	0	0	0	4,493
Total Assets	\$24,225,333	\$4,293,554	\$15,656,502	\$1,372,044	\$45,547,433
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$436,160	\$0	\$58,616	\$404	\$495,180
Retainage Payable	0	0	460,461	115,771	576,232
Accrued Wages	480,856	0	0	0	480,856
Intergovernmental Payable	723,037	0	0	102,273	825,310
Contracts Payable	0	0	720,018	40,817	760,835
Deferred Revenue	4,374,881	3,674,441	283,384	405,408	8,738,114
Accrued Interest Payable	0	0	35,750	0	35,750
Notes Payable	0	0	6,000,000	0	6,000,000
Total Liabilities	6,014,934	3,674,441	7,558,229	664,673	17,912,277
Fund Balances					
Nonspendable	806,724	0	0	0	806,724
Restricted	4,493	619,113	144,979	707,371	1,475,956
Committed	985,486	0	2,821,695	0	3,807,181
Assigned	936,551	0	5,131,599	0	6,068,150
Unassigned	15,477,145	0	0	0	15,477,145
Total Fund Balances	18,210,399	619,113	8,098,273	707,371	27,635,156
Total Liabilities and Fund Balances	\$24,225,333	\$4,293,554	\$15,656,502	\$1,372,044	\$45,547,433

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2010*

Total Governmental Fund Balances		\$27,635,156
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		89,970,532
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	1,001,165	
Intergovernmental	562,777	
Special Assessments	3,957,825	
Municipal Income Taxes	704,775	
Total		6,226,542
An internal service fund is used by management to charge the cost of workers compensation to individual funds/departments. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,494,104
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		171,804
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(59,521)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Special Assessment Bonds	(770,000)	
General Obligation Bonds	(20,757,896)	
Compensated Absences	(2,453,740)	
Total		(23,981,636)
<i>Net Assets of Governmental Activities</i>		\$101,456,981

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,572,961	\$0	\$0	\$190,358	\$2,763,319
Municipal Income Taxes	17,821,568	0	0	0	17,821,568
Charges for Services	2,051,510	0	0	0	2,051,510
Fines, Licenses and Permits	895,602	0	0	132,103	1,027,705
Intergovernmental	667,634	0	0	601,885	1,269,519
Estate Taxes	1,969,753	0	0	0	1,969,753
Admission Taxes	342,934	0	0	0	342,934
Lodging Taxes	677,536	0	0	0	677,536
Franchise Taxes	111,900	0	0	0	111,900
Rentals	395,509	0	0	0	395,509
Special Assessments	0	782,872	19,065	12,936	814,873
Interest	423,879	93,011	0	10,701	527,591
Other	172,416	56,640	0	0	229,056
<i>Total Revenues</i>	<u>28,103,202</u>	<u>932,523</u>	<u>19,065</u>	<u>947,983</u>	<u>30,002,773</u>
Expenditures					
Current:					
General Government	4,373,874	0	0	24,550	4,398,424
Public Safety:					
Police	7,474,439	0	0	252,300	7,726,739
Fire	6,244,404	0	0	0	6,244,404
Public Services	7,014,410	0	0	1,053,580	8,067,990
Health and Welfare	583,933	0	0	0	583,933
Culture and Recreation	2,254,874	0	0	0	2,254,874
Building and					
Community Development	907,177	0	0	0	907,177
Capital Outlay	0	0	8,630,423	0	8,630,423
Debt Service:					
Principal Retirement	0	1,290,000	0	0	1,290,000
Interest and Fiscal Charges	0	675,314	53,823	0	729,137
Bond Issuance Costs	0	0	173,098	0	173,098
<i>Total Expenditures</i>	<u>28,853,111</u>	<u>1,965,314</u>	<u>8,857,344</u>	<u>1,330,430</u>	<u>41,006,199</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(749,909)</u>	<u>(1,032,791)</u>	<u>(8,838,279)</u>	<u>(382,447)</u>	<u>(11,003,426)</u>
Other Financing Sources (Uses)					
General Obligation Bonds Issued	0	4,738,385	8,071,615	0	12,810,000
Premium on General Obligation Bonds Issued	0	226,112	0	0	226,112
Payment to Refunded Bond Escrow Account	0	(4,871,983)	0	0	(4,871,983)
Transfers In	0	1,037,923	0	0	1,037,923
Transfers Out	(2,537,923)	0	0	0	(2,537,923)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,537,923)</u>	<u>1,130,437</u>	<u>8,071,615</u>	<u>0</u>	<u>6,664,129</u>
<i>Net Change in Fund Balances</i>	<u>(3,287,832)</u>	<u>97,646</u>	<u>(766,664)</u>	<u>(382,447)</u>	<u>(4,339,297)</u>
<i>Fund Balances Beginning of Year</i>	<u>21,498,231</u>	<u>521,467</u>	<u>8,864,937</u>	<u>1,089,818</u>	<u>31,974,453</u>
<i>Fund Balances End of Year</i>	<u>\$18,210,399</u>	<u>\$619,113</u>	<u>\$8,098,273</u>	<u>\$707,371</u>	<u>\$27,635,156</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds (\$4,339,297)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Asset Additions		
Capital Outlays	8,815,804	
Current Year Depreciation	(4,739,008)	
Total		4,076,796

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. (187,754)

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

Property Taxes	113,495	
Intergovernmental	4,741	
Special Assessments	(801,937)	
Estate Taxes	38,299	
Municipal Income Taxes	(244,244)	
Total		(889,646)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 6,161,983

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when the bonds are issued. 171,804

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

Accrued Interest on Bonds	(3,967)	
Amortization of Premium	11,309	
Amortization of Loss on Refunding	(35,592)	
Total		(28,250)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 109,183

The internal service fund used by management to charge the costs of workers' compensation to individual departments is not reported in the entity wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 1,494,104

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

General Obligation Bonds Issued	(12,810,000)	
Premium on General Obligation Bonds Issued	(226,112)	
Total		(13,036,112)

Change in Net Assets of Governmental Activities (\$6,467,189)

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,356,379	\$2,356,379	\$2,572,961	\$216,582
Municipal Income Taxes	18,855,000	17,355,000	17,332,526	(22,474)
Charges for Services	2,087,100	2,037,100	2,034,178	(2,922)
Fines, Licenses and Permits	980,533	958,533	891,702	(66,831)
Intergovernmental	636,372	636,373	670,749	34,376
Estate Taxes	2,500,000	1,712,000	1,854,854	142,854
Admission Taxes	222,000	222,000	319,851	97,851
Lodgings Taxes	680,000	680,000	672,754	(7,246)
Franchise Taxes	103,000	103,000	108,900	5,900
Rentals	411,900	411,900	395,509	(16,391)
Interest	375,000	375,000	435,255	60,255
Other	186,750	146,750	173,532	26,782
<i>Total Revenues</i>	<u>29,394,034</u>	<u>26,994,035</u>	<u>27,462,771</u>	<u>468,736</u>
Expenditures				
Current:				
General Government	5,388,056	5,528,056	4,800,624	727,432
Public Safety:				
Police	8,540,302	8,540,302	7,859,746	680,556
Fire	6,734,310	7,549,310	7,215,702	333,608
Public Services	8,285,167	8,575,167	7,783,705	791,462
Health and Welfare	789,246	779,246	603,777	175,469
Culture and Recreation	2,700,648	2,710,648	2,334,965	375,683
Building and Community Development	1,137,737	1,107,737	937,140	170,597
<i>Total Expenditures</i>	<u>33,575,466</u>	<u>34,790,466</u>	<u>31,535,659</u>	<u>3,254,807</u>
<i>Excess of Revenues Under Expenditures</i>	(4,181,432)	(7,796,431)	(4,072,888)	3,723,543
Other Financing Uses				
Transfers Out	(1,037,923)	(2,537,923)	(2,537,923)	0
<i>Net Change in Fund Balance</i>	(5,219,355)	(10,334,354)	(6,610,811)	3,723,543
<i>Fund Balance Beginning of Year</i>	16,890,773	16,890,773	16,890,773	0
Prior Year Encumbrances Appropriated	2,003,166	2,003,166	2,003,166	0
<i>Fund Balance End of Year</i>	<u>\$13,674,584</u>	<u>\$8,559,585</u>	<u>\$12,283,128</u>	<u>\$3,723,543</u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fund Net Assets
Proprietary Fund
December 31, 2010

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,500,000
Liabilities	
Claims Payable	<u>5,896</u>
Net Assets	
Unrestricted	<u><u>\$1,494,104</u></u>

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Internal Service
Operating Revenues	
Charges for Services	\$4,802
Operating Expenses	
Claims	10,698
<i>Operating Loss Before Transfers</i>	(5,896)
Transfers In	1,500,000
<i>Change in Net Assets</i>	1,494,104
<i>Net Assets Beginning of Year</i>	0
<i>Net Assets End of Year</i>	\$1,494,104

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$4,802
Cash Payments for Claims	(4,802)
	0
<i>Net Cash Provided by Operating Activities</i>	0
Cash Flows from Noncapital Financing Activities	
Transfers In	1,500,000
	0
<i>Cash and Cash Equivalents, Beginning of Year</i>	0
<i>Cash and Cash Equivalents, End of Year</i>	1,500,000
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$5,896)
Adjustments:	
Increase in Claims Payable	5,896
	\$0
<i>Net Cash Provided by Operating Activities</i>	\$0

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,146	\$545,196
Liabilities		
Undistributed Monies	0	\$444
Deposits Held and Due to Others	0	544,752
<i>Total Liabilities</i>	0	\$545,196
Net Assets		
Held in Trust for Recreation	\$1,146	

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2010

	Private Purpose Trust
Additions	
Interest	\$13
Deductions	
	0
<i>Change in Net Assets</i>	13
<i>Net Assets Beginning of Year</i>	1,133
<i>Net Assets End of Year</i>	\$1,146

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

The City participates in one jointly governed organization, the Northeast Ohio Public Energy Council. This organization is described in Note 14 of the Basic Financial Statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City’s accounting policies are described below.

A. Basis of Presentation

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 activities of the internal service funds are eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City’s funds are classified as either governmental, proprietary or fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and 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 Beachwood and/or the general laws of Ohio.

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

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

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

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

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

C. Measurement Focus

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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. For the City, available means expected to be received within sixty days of year-end.

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

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

Deferred 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, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

E. Cash and Cash Equivalents

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

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

During fiscal year 2010, investments were limited to U.S. Treasury Notes, federal farm credit bonds and STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 amounted to \$423,879, which includes \$177,879 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

G. Inventory

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

H. Restricted Assets

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

I. Bond Premium

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

J. Fund Balance

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

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

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

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

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

K. Capital Assets

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

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

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

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

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

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service or for employees age 50 or over regardless of years of service.

M. 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 judgements, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for police, street lights and improvements to the Mayor's court.

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

O. Internal Activity

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

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

P. 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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Q. Estimates

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

R. Budgetary Process

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

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

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

Note 3 - Receivables

Receivables at December 31, 2010, consisted primarily of municipal income taxes, property, estate, admissions, lodging, and franchise taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All receivables except property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$3,171,601 in the Bond Retirement Fund and \$256,662 in the Capital Improvement Fund. At December 31, 2010 the amount of delinquent special assessments was \$32,808.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien December 31, 2009, are levied after October 1, 2010, and collected in 2011 real property taxes.

Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures, as of 2009, is no longer levied and collected. 2010 is the last year for the collection of tangible personal property taxes from telephone companies; however, the City received no tangible personal property tax revenue from telephone company property.

The full tax rate for all City operations for the year ended December 31, 2010, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2010 property tax receipts were based are as follows:

Real Property	\$757,029,910
Public Utility Property	<u>7,640,440</u>
Total Valuation	<u><u>\$764,670,350</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the general and police pension funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. Municipal Income Taxes

The City levies a municipal income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. Income tax revenue is credited entirely to the general fund.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Gasoline Tax	\$334,419
Homestead and Rollback	98,982
Other	<u>300</u>
Total	<u><u>\$433,701</u></u>

Note 4 – Fund Balances

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

Fund Balances	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Activities
Nonspendable:					
Prepays	\$146,438	\$0	\$0	\$0	\$146,438
Inventory	660,286	0	0	0	660,286
<i>Total Nonspendable</i>	<u>806,724</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>806,724</u>
Restricted for:					
Unclaimed Funds	4,493	0	0	0	4,493
Street Maintenance	0	0	0	406,837	406,837
Mayor's Court Computers	0	0	0	12,759	12,759
Drug and Alcohol Enforcement	0	0	0	173,710	173,710
Police Pension	0	0	0	9,841	9,841
Street Lighting	0	0	0	104,224	104,224
Capital Improvements	0	0	144,979	0	144,979
Bond Retirement	0	619,113	0	0	619,113
<i>Total Restricted</i>	<u>4,493</u>	<u>619,113</u>	<u>144,979</u>	<u>707,371</u>	<u>1,475,956</u>
Committed to:					
Other Purposes	985,486	0	2,821,695	0	3,807,181
<i>Total Committed</i>	<u>985,486</u>	<u>0</u>	<u>2,821,695</u>	<u>0</u>	<u>3,807,181</u>
Assigned to:					
Capital Improvement	0	0	5,131,599	0	5,131,599
Other Purposes	936,551	0	0	0	936,551
<i>Total Assigned</i>	<u>936,551</u>	<u>0</u>	<u>5,131,599</u>	<u>0</u>	<u>6,068,150</u>
Unassigned	<u>15,477,145</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,477,145</u>
Total Fund Balances	<u><u>\$18,210,399</u></u>	<u><u>\$619,113</u></u>	<u><u>\$8,098,273</u></u>	<u><u>\$707,371</u></u>	<u><u>\$27,635,156</u></u>

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 - Budgetary Basis of Accounting

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

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$3,287,832)
Net Adjustments for Revenue Accruals	(634,332)
Beginning Fair Value Adjustment for Investments	75,062
Ending Fair Value Adjustment for Investments	(81,161)
Net Adjustments for Expenditure Accruals	(304,537)
Encumbrances	<u>(2,378,011)</u>
Budget Basis	<u><u>(\$6,610,811)</u></u>

Note 6 - Deposits and Investments

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

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

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

City of Beachwood, Ohio
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For the Year Ended December 31, 2010

deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$7,303,686 of the City's bank balance of \$8,832,644 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

Investments are reported at fair value. As of December 31, 2010, the City had the following investments:

	Fair Value	Maturity		
		Less Than 6 Months	6-12 Months	1-5 Years
U.S. Treasury Notes	\$22,089,184	\$5,008,324	\$6,031,211	\$11,049,649
Federal Farm Credit Bonds	1,028,437	0	1,028,437	0
STAR Ohio	2,001,105	2,001,105	0	0
Total Investments	\$25,118,726	\$7,009,429	\$7,059,648	\$11,049,649

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

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Farm Credit Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City does not have an investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The City's investments in the U.S. Treasury Notes and the Federal Farm Credit Bonds represents 87.9 and 4.1 percent respectively, of the City's total investments.

Note 7 – Interfund Transfers

Transfers of \$1,037,923 and \$1,500,000 were made during calendar year 2010 from the general fund to the bond retirement fund and the workers' compensation self insurance fund respectively. The transfer to the bond retirement fund was to move money for the payment of general obligation bonds. The transfer to the self insurance fund was made to establish the fund which was created in 2010.

Note 8 - Compensated Absences

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

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

Note 9 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2010.

B. Litigation

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 10 – Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$13,180,236	\$1,055,405	\$0	\$14,235,641
Construction in Progress	296,521	6,350,930	(32,104)	6,615,347
<i>Total Capital Assets, not being depreciated</i>	<u>13,476,757</u>	<u>7,406,335</u>	<u>(32,104)</u>	<u>20,850,988</u>
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,344,873	0	0	7,344,873
Buildings and Improvements	39,669,086	0	0	39,669,086
Furniture and Equipment	5,001,021	25,332	0	5,026,353
Vehicles	5,983,000	311,911	(121,821)	6,173,090
Infrastructure				
Streets	54,420,051	1,104,330	(870,663)	54,653,718
Water Lines	3,785,505	0	0	3,785,505
Sanitary Sewers	2,027,430	0	0	2,027,430
Storm Sewers	1,827,042	0	0	1,827,042
<i>Total Capital Assets, being depreciated</i>	<u>120,058,008</u>	<u>1,441,573</u>	<u>(992,484)</u>	<u>120,507,097</u>
Less Accumulated Depreciation				
Land Improvements	(2,191,057)	(365,285)	0	(2,556,342)
Buildings and Improvements	(6,618,751)	(804,843)	0	(7,423,594)
Furniture and Equipment	(3,070,636)	(317,719)	0	(3,388,355)
Vehicles	(4,424,720)	(312,561)	121,821	(4,615,460)
Infrastructure				
Streets	(29,316,764)	(2,762,984)	682,909	(31,396,839)
Water Lines	(1,032,399)	(98,526)	0	(1,130,925)
Sanitary Sewers	(426,805)	(40,549)	0	(467,354)
Storm Sewers	(372,143)	(36,541)	0	(408,684)
<i>Total Accumulated Depreciation</i>	<u>(47,453,275)</u>	<u>(4,739,008) *</u>	<u>804,730</u>	<u>(51,387,553)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>72,604,733</u>	<u>(3,297,435)</u>	<u>(187,754)</u>	<u>69,119,544</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$86,081,490</u>	<u>\$4,108,900</u>	<u>(\$219,858)</u>	<u>\$89,970,532</u>

City of Beachwood, Ohio
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For the Year Ended December 31, 2010

* Depreciation expense was charged to governmental activities as follows:

General Government	\$574,814
Public Safety:	
Police	210,286
Fire	174,593
Public Services	3,354,026
Health and Welfare	3,950
Culture and Recreation	408,799
Building and Community Development	<u>12,540</u>
Total Depreciation Expense	<u><u>\$4,739,008</u></u>

Note 11 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The

City of Beachwood, Ohio
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For the Year Ended December 31, 2010

portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$717,267, \$635,579, and \$528,751, respectively. For 2010, 86.6 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$2,138 made by the City and \$1,527 made by plan members.

B. Ohio Police and Fire Pension Fund

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

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

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$468,041 and \$594,825 for the year ended December 31, 2010, \$463,927 and \$578,160 for the year ended December 31, 2009, and \$427,444 and \$542,382 for the year ended December 31, 2008, respectively. For 2010, 73.3 percent for police and 72.6 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund are covered by Social Security. As of December 31, 2010, one member of Council is covered by Social Security. The City's liability is 6.2 percent of wages paid.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 12 – Post-Employment Benefits

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$410,298, \$459,533 and \$528,751 respectively. For 2010, 86.6 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

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, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$247,786 and \$232,758 for the year ended December 31, 2010, \$245,608 and \$226,237 for the year ended December 31, 2009, and \$226,294 and \$212,236 for the year ended December 31, 2008. For 2010, 73.3 percent has been contributed for police and 72.6 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2010, the City contracted with Argonaut Insurance Group for various types of insurance as follows:

Type	Coverage
Employee Dishonesty	\$100,000
Law Enforcement Liability	1,000,000
Automobile - Comprehensive	1,000,000
Blanket Coverage - All Property	57,859,388
General Liability	1,000,000
Public Officials	1,000,000
Commercial Excess	10,000,000

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

On July 1, 2010, the City elected to provide worker's compensation coverage through a self-insurance program. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). KKSG & Associates is the City's third-party administrator. The retention point for excess insurance is \$400,000, which is through Safety National Casualty Corporation. The insurance will cover the City for each incident that goes beyond \$400,000. The claims liability of \$5,896 reported in the fund as December 31, 2010, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claim liability amount for 2010 were:

	Beginning of Year	Claims	Payments	End of Year
2010	\$0	\$5,896	\$0	\$5,896

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 14 - Jointly Governed Organization

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2010. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

Note 15 – Note Debt

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

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010
2010 1.50%				
Eaton Boulevard Construction Note	\$0	\$6,000,000	\$0	\$6,000,000
2009 1.50%				
Building Acquisition Note	\$3,000,000	\$0	\$3,000,000	\$0
Premium on Building Acquisition Note	23,177	0	23,177	0
Total 2009 Building Acquisition Note	3,023,177	0	3,023,177	0
Total Notes Payable	\$3,023,177	\$6,000,000	\$3,023,177	\$6,000,000

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

In 2010, the City issued bonds for the \$3,000,000 building acquisition note. The City also issued \$6,000,000 in notes for Eaton Boulevard

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 16 - Long-Term Obligations

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

	Outstanding 12/31/2009	Additions	(Reductions)	Outstanding 12/31/2010	Amounts Due In One Year
Special Assessment Bonds with Governmental Commitment					
\$4,855,000 1990 7.000%					
Various Projects	\$440,000	\$0	(\$440,000)	\$0	\$0
\$610,000 1994 6.750%					
Various Projects	250,000	0	(35,000)	215,000	35,000
\$2,270,000 1994 4.900%					
George Zeigler Drive Improvements	1,100,000	0	(1,100,000)	0	0
\$555,000 2000 5.400%					
Street and Sewer Improvements	385,000	0	(25,000)	360,000	25,000
\$2,150,000 2002 2.250%					
Various Projects	1,560,000	0	(1,365,000)	195,000	95,000
<i>Total Special Assessments Bonds</i>	<u>3,735,000</u>	<u>0</u>	<u>(2,965,000)</u>	<u>770,000</u>	<u>155,000</u>
General Obligation Bonds					
\$4,840,000 2010 1.500% - 3.750%					
Refunding Bonds	0	4,840,000	0	4,840,000	230,000
Refunding Difference	0	(316,983)	(35,592)	(281,391)	0
Premium on Refunding Bonds	0	84,309	(692)	83,617	0
Total Refunding Bonds	<u>0</u>	<u>4,607,326</u>	<u>(36,284)</u>	<u>4,642,226</u>	<u>230,000</u>
\$7,970,000 2010 1.500% - 3.750%					
Service Center Serial Bonds	0	7,970,000	0	7,970,000	590,000
Premium on Service Center Bonds	0	141,803	(985)	140,818	0
Total Service Center Bonds	<u>0</u>	<u>8,111,803</u>	<u>(985)</u>	<u>8,110,818</u>	<u>590,000</u>
\$9,805,000 2004 4.600%					
City Hall Serial Bonds	2,155,000	0	(400,000)	1,755,000	420,000
City Hall Term Bonds	5,770,000	0	0	5,770,000	0
Premium on City Hall Bonds	144,484	0	(9,632)	134,852	0
Total City Hall Bonds	<u>8,069,484</u>	<u>0</u>	<u>(409,632)</u>	<u>7,659,852</u>	<u>420,000</u>
\$3,850,000 2002 2.250%					
Fire Station	2,825,000	0	(2,480,000)	345,000	170,000
<i>Total General Obligation Bonds</i>	<u>10,894,484</u>	<u>12,719,129</u>	<u>(2,926,901)</u>	<u>20,757,896</u>	<u>1,410,000</u>
Compensated Absences	2,562,923	91,125	(200,308)	2,453,740	1,010,967
<i>Total General Long-term Obligations</i>	<u>\$17,192,407</u>	<u>\$12,810,254</u>	<u>(\$6,092,209)</u>	<u>\$23,981,636</u>	<u>\$2,575,967</u>

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

In 2004, the City issued \$9,805,000 in general obligation bonds at interest rates varying from 2.00 percent to 5.00 percent. The bond issue included \$4,035,000 in serial bonds and \$5,770,000 in term bonds.

The term bonds maturing on December 1, 2016, December 1, 2019, and December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Year	Amount	Year	Amount
2015	\$450,000	2020	600,000
2016	475,000	2021	625,000
2017	495,000	2022	655,000
2018	520,000	2023	685,000
2019	550,000	2024	715,000

The term bonds maturing on or after December 1, 2015 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2014, at 100 percent of par plus interest accrued to the redemption date.

On December 1, 2010, the City issued \$12,810,000 in general obligation bonds for the purpose of purchasing and renovating the new Service Center and to refund a portion of various special assessment and general obligation issues in order to take advantage of lower interest rates. An analysis of the information follows:

	1994 George Zeiger	2002 Fire Station	2002 Chagrin Highlands
Outstanding at December 31, 2009	\$1,100,000	\$2,825,000	\$1,560,000
Amount Refunded	(970,000)	(2,315,000)	(1,270,000)
Principal Payment on Non-Refunded Portion	(130,000)	(165,000)	(95,000)
Outstanding at December 31, 2010	\$0	\$345,000	\$195,000

The bonds were sold at a premium of \$84,309. Proceeds of \$4,871,983 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$4,555,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$306,601 as a result of the advanced refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$236,200.

In 2010, the City defeased a 1995 special assessment bond issue, a 2002 special assessment bond issue and a 2002 general obligation bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2010, \$3,585,000 of the defeased bonds are still outstanding.

The City's overall legal debt margin was \$54,229,500 at December 31, 2010. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2010, are as follows:

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

General Obligation Bonds				
Year	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2011	1,410,000	783,989	0	0
2012	1,440,000	751,958	0	0
2013	1,575,000	611,696	0	0
2014	1,620,000	579,171	0	0
2015	1,180,000	266,932	450,000	275,380
2016-2020	5,465,000	932,213	2,640,000	1,015,650
2021-2024	2,220,000	126,413	2,680,000	315,100
Total	\$14,910,000	\$4,052,372	\$5,770,000	\$1,606,130

Special Assessment Bonds		
Year	Principal	Interest
2011	\$155,000	\$99,845
2012	170,000	92,618
2013	75,000	25,920
2014	80,000	21,262
2015	85,000	16,335
2016-2020	205,000	34,560
Total	\$770,000	\$290,540

Note 17 - Change in Accounting Principles

For fiscal year 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets" and Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 51 establishes accounting and financial reporting of such assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City's financial statements.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a change in total fund balance but only the classification of fund balance on the City's financial statements.

Note 18 - Subsequent Event

Effective January 1, 2011, the income tax rate increased from 1.5 percent to 2.0 percent. This increase was approved by the voters in November of 2010.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

All nonmajor governmental funds are special revenue funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

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

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

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

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

City of Beachwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$408,583	\$79,880	\$12,979
Property Taxes Receivable	0	0	0
Intergovernmental Receivable	193,950	15,726	0
<i>Total Assets</i>	<u>\$602,533</u>	<u>\$95,606</u>	<u>\$12,979</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$184	\$0	\$220
Retainage Payable	115,771	0	0
Intergovernmental Payable	0	0	0
Contracts Payable	40,817	0	0
Deferred Revenue	124,440	10,090	0
<i>Total Liabilities</i>	281,212	10,090	220
Fund Balances			
Restricted	321,321	85,516	12,759
<i>Total Liabilities and Fund Balances</i>	<u>\$602,533</u>	<u>\$95,606</u>	<u>\$12,979</u>

Law Enforcement Trust	Police Pension	Street Lights	Total Nonmajor Governmental Funds
\$173,710	\$112,114	\$104,224	\$891,490
0	263,454	0	263,454
0	7,424	0	217,100
<u>\$173,710</u>	<u>\$382,992</u>	<u>\$104,224</u>	<u>\$1,372,044</u>
\$0	\$0	\$0	\$404
0	0	0	115,771
0	102,273	0	102,273
0	0	0	40,817
0	270,878	0	405,408
0	373,151	0	664,673
<u>173,710</u>	<u>9,841</u>	<u>104,224</u>	<u>707,371</u>
<u>\$173,710</u>	<u>\$382,992</u>	<u>\$104,224</u>	<u>\$1,372,044</u>

City of Beachwood, Ohio

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2010

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement
Revenues			
Property Taxes	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	11,155
Intergovernmental	542,565	44,240	0
Special Assessments	0	0	0
Interest	9,018	627	0
<i>Total Revenues</i>	<u>551,583</u>	<u>44,867</u>	<u>11,155</u>
Expenditures			
Current:			
General Government	0	0	24,550
Public Safety:			
Police	0	0	0
Public Services	1,053,580	0	0
<i>Total Expenditures</i>	<u>1,053,580</u>	<u>0</u>	<u>24,550</u>
<i>Net Change in Fund Balances</i>	(501,997)	44,867	(13,395)
<i>Fund Balances Beginning of Year</i>	<u>823,318</u>	<u>40,649</u>	<u>26,154</u>
<i>Fund Balances End of Year</i>	<u><u>\$321,321</u></u>	<u><u>\$85,516</u></u>	<u><u>\$12,759</u></u>

Law Enforcement Trust	Police Pension	Street Lights	Total Nonmajor Governmental Funds
\$0	\$190,358	\$0	\$190,358
120,948	0	0	132,103
0	15,080	0	601,885
0	0	12,936	12,936
1,056	0	0	10,701
<u>122,004</u>	<u>205,438</u>	<u>12,936</u>	<u>947,983</u>
0	0	0	24,550
1,055	237,787	13,458	252,300
0	0	0	1,053,580
<u>1,055</u>	<u>237,787</u>	<u>13,458</u>	<u>1,330,430</u>
120,949	(32,349)	(522)	(382,447)
<u>52,761</u>	<u>42,190</u>	<u>104,746</u>	<u>1,089,818</u>
<u>\$173,710</u>	<u>\$9,841</u>	<u>\$104,224</u>	<u>\$707,371</u>

Combining Statement - Fiduciary Funds

Fiduciary Funds

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

Private Purpose Trust Fund

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

Agency Funds

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

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

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

City of Beachwood, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010

	Beginning Balance 1/1/10	Additions	Deductions	Ending Balance 12/31/10
Commercial Permits Tax				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,553	\$13,849	\$15,958	\$444
Liabilities				
Undistributed Monies	\$2,553	\$13,849	\$15,958	\$444
Special Trust and Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$781,526	\$781,526	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$781,526	\$781,526	\$0
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$530,775	\$224,009	\$210,032	\$544,752
Liabilities				
Deposits Held and Due to Others	\$530,775	\$224,009	\$210,032	\$544,752
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$533,328	\$1,019,384	\$1,007,516	\$545,196
Liabilities				
Undistributed Monies	\$2,553	\$13,849	\$15,958	\$444
Deposits Held and Due to Others	530,775	1,005,535	991,558	544,752
<i>Total Liabilities</i>	\$533,328	\$1,019,384	\$1,007,516	\$545,196

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

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,356,379	\$2,356,379	\$2,572,961	\$216,582
Municipal Income Taxes	18,855,000	17,355,000	17,332,526	(22,474)
Charges for Services	2,087,100	2,037,100	2,034,178	(2,922)
Fines, Licenses and Permits	980,533	958,533	891,702	(66,831)
Intergovernmental	636,372	636,373	670,749	34,376
Estate Taxes	2,500,000	1,712,000	1,854,854	142,854
Admission Taxes	222,000	222,000	319,851	97,851
Lodging Taxes	680,000	680,000	672,754	(7,246)
Franchise Taxes	103,000	103,000	108,900	5,900
Rentals	411,900	411,900	395,509	(16,391)
Interest	375,000	375,000	435,255	60,255
Other	186,750	146,750	173,532	26,782
<i>Total Revenues</i>	<u>29,394,034</u>	<u>26,994,035</u>	<u>27,462,771</u>	<u>468,736</u>
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	113,108	113,108	102,496	10,612
Contractual Services	24,000	24,000	0	24,000
Materials and Supplies	1,800	1,800	1,007	793
Capital Outlay	3,000	3,000	1,285	1,715
Other	59,200	59,200	47,539	11,661
Total Council	<u>201,108</u>	<u>201,108</u>	<u>152,327</u>	<u>48,781</u>
Mayor:				
Personal Services	473,200	473,200	461,228	11,972
Contractual Services	23,701	21,201	13,510	7,691
Materials and Supplies	23,895	22,695	8,076	14,619
Capital Outlay	67,000	67,000	0	67,000
Other	26,483	30,183	14,590	15,593
Total Mayor	<u>614,279</u>	<u>614,279</u>	<u>497,404</u>	<u>116,875</u>
Economic Development:				
Personal Services	311,100	311,100	270,355	40,745
Contractual Services	337,600	337,600	247,467	90,133
Materials and Supplies	10,800	10,800	8,086	2,714
Capital Outlay	11,000	11,000	4,848	6,152
Other	54,500	54,500	45,835	8,665
Total Economic Development	<u>\$725,000</u>	<u>\$725,000</u>	<u>\$576,591</u>	<u>\$148,409</u>

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance Director:				
Personal Services	\$1,273,502	\$1,273,502	\$1,245,159	\$28,343
Contractual Services	914,816	823,316	800,338	22,978
Materials and Supplies	38,625	33,725	29,966	3,759
Capital Outlay	147,634	97,734	57,944	39,790
Other	477,178	563,478	365,855	197,623
Total Finance Director	2,851,755	2,791,755	2,499,262	292,493
Law Department:				
Personal Services	\$275,922	\$275,922	\$249,669	\$26,253
Contractual Services	672,136	873,136	797,860	75,276
Materials and Supplies	12,185	11,585	7,268	4,317
Capital Outlay	4,000	4,000	0	4,000
Other	31,671	31,271	20,243	11,028
Total Law Department	995,914	1,195,914	1,075,040	120,874
Total General Government	5,388,056	5,528,056	4,800,624	727,432
Public Safety:				
Police Department:				
Personal Services	7,443,653	7,443,653	7,143,156	300,497
Contractual Services	456,919	521,219	381,632	139,587
Materials and Supplies	104,793	92,093	63,210	28,883
Capital Outlay	415,877	371,877	189,973	181,904
Other	119,060	111,460	81,775	29,685
Total Police Department	8,540,302	8,540,302	7,859,746	680,556
Fire Department:				
Personal Services	5,943,430	5,943,430	5,829,527	113,903
Contractual Services	239,617	293,517	213,516	80,001
Materials and Supplies	87,389	101,389	75,420	25,969
Capital Outlay	430,193	1,162,693	1,062,293	100,400
Other	33,681	48,281	34,946	13,335
Total Fire Department	6,734,310	7,549,310	7,215,702	333,608
Total Public Safety	15,274,612	16,089,612	15,075,448	1,014,164
Public Services:				
Service Department:				
Personal Services	601,503	601,503	582,360	19,143
Contractual Services	8,553	9,153	1,421	7,732
Materials and Supplies	42,272	44,072	35,460	8,612
Capital Outlay	3,000	3,000	0	3,000
Other	20,665	18,265	12,108	6,157
Total Service Department	\$675,993	\$675,993	\$631,349	\$44,644

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building and Grounds:				
Personal Services	\$1,050,910	\$1,060,910	\$1,017,330	\$43,580
Contractual Services	1,044,224	1,017,224	834,927	182,297
Materials and Supplies	271,886	261,886	245,796	16,090
Capital Outlay	35,943	22,943	22,463	480
Other	9,075	9,075	5,987	3,088
Total Building and Grounds	2,412,038	2,372,038	2,126,503	245,535
Fleet Maintenance:				
Personal Services	581,580	591,580	567,377	24,203
Contractual Services	190,862	175,862	137,444	38,418
Materials and Supplies	639,853	651,553	629,655	21,898
Capital Outlay	13,900	15,000	7,115	7,885
Other	2,000	4,200	194	4,006
Total Fleet Maintenance	1,428,195	1,438,195	1,341,785	96,410
Streets, Sidewalks, and Sewers:				
Personal Services	1,544,298	1,574,298	1,486,970	87,328
Contractual Services	336,258	336,258	295,177	41,081
Materials and Supplies	790,600	1,040,600	863,172	177,428
Capital Outlay	13,746	13,746	2,873	10,873
Other	5,000	5,000	1,481	3,519
Total Streets, Sidewalks, and Sewers	2,689,902	2,969,902	2,649,673	320,229
Sanitation:				
Personal Services	651,879	691,879	675,085	16,794
Contractual Services	215,296	215,296	187,174	28,122
Materials and Supplies	23,000	23,000	19,498	3,502
Capital Outlay	1,000	1,000	0	1,000
Other	1,000	1,000	0	1,000
Total Sanitation	892,175	932,175	881,757	50,418
Engineering Department:				
Personal Services	133,769	133,769	129,928	3,841
Contractual Services	40,829	40,829	20,404	20,425
Materials and Supplies	4,400	4,400	526	3,874
Capital Outlay	2,000	2,000	0	2,000
Other	5,866	5,866	1,780	4,086
Total Engineering Department	186,864	186,864	152,638	34,226
Total Public Services	\$8,285,167	\$8,575,167	\$7,783,705	\$791,462

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Human Services Department:				
Personal Services	\$394,199	\$414,199	\$396,736	\$17,463
Contractual Services	260,355	230,355	134,042	96,313
Materials and Supplies	78,954	78,954	48,460	30,494
Capital Outlay	5,000	5,000	0	5,000
Other	50,738	50,738	24,539	26,199
Total Health and Welfare	789,246	779,246	603,777	175,469
Culture and Recreation				
Recreation Administration:				
Personal Services	683,808	683,808	663,922	19,886
Contractual Services	382,902	382,902	350,349	32,553
Materials and Supplies	51,690	51,690	34,637	17,053
Capital Outlay	5,000	5,000	2,195	2,805
Other	29,500	29,500	15,104	14,396
Total Recreation Administration	1,152,900	1,152,900	1,066,207	86,693
Recreation Camps:				
Personal Services	280,386	280,386	277,086	3,300
Contractual Services	117,930	127,930	90,163	37,767
Materials and Supplies	17,980	17,980	16,668	1,312
Other	2,564	2,564	1,987	577
Total Recreation Camps	418,860	428,860	385,904	42,956
Recreation Sports Programs:				
Personal Services	39,200	39,200	25,724	13,476
Contractual Services	111,324	111,324	89,940	21,384
Materials and Supplies	31,274	31,274	21,906	9,368
Capital Outlay	1,000	1,000	0	1,000
Other	3,250	3,250	2,265	985
Total Recreation Sports Programs	186,048	186,048	139,835	46,213
Recreation Other Programs:				
Personal Services	130,888	130,888	115,228	15,660
Contractual Services	97,188	97,188	72,328	24,860
Materials and Supplies	11,795	11,795	7,925	3,870
Other	8,800	8,800	4,876	3,924
Total Recreation Other Programs	\$248,671	\$248,671	\$200,357	\$48,314

(continued)

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$328,222	\$328,222	\$299,321	\$28,901
Contractual Services	278,466	278,466	169,289	109,177
Materials and Supplies	68,402	68,402	58,137	10,265
Capital Outlay	15,065	15,065	13,618	1,447
Other	4,014	4,014	2,297	1,717
Total Recreation Parks/Swimming Pools	694,169	694,169	542,662	151,507
Total Culture and Recreation	2,700,648	2,710,648	2,334,965	375,683
Building and Community Development:				
Building Development:				
Personal Services	1,009,506	979,506	880,560	98,946
Contractual Services	71,788	71,788	30,638	41,150
Materials and Supplies	24,214	24,214	11,719	12,495
Capital Outlay	8,000	8,000	0	8,000
Other	24,229	24,229	14,223	10,006
Total Building and Community Development	1,137,737	1,107,737	937,140	170,597
<i>Total Expenditures</i>	33,575,466	34,790,466	31,535,659	3,254,807
<i>Excess of Revenues Under Expenditures</i>	(4,181,432)	(7,796,431)	(4,072,888)	3,723,543
Other Financing Uses				
Transfers Out	(1,037,923)	(2,537,923)	(2,537,923)	0
<i>Net Change in Fund Balance</i>	(5,219,355)	(10,334,354)	(6,610,811)	3,723,543
<i>Fund Balance Beginning of Year</i>	16,890,773	16,890,773	16,890,773	0
Prior Year Encumbrances Appropriated	2,003,166	2,003,166	2,003,166	0
<i>Fund Balance End of Year</i>	\$13,674,584	\$8,559,585	\$12,283,128	\$3,723,543

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2010

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$769,077	\$875,883	\$106,806
Other	0	56,640	56,640
<i>Total Revenues</i>	<u>769,077</u>	<u>932,523</u>	<u>163,446</u>
Expenditures			
Debt Service:			
Principal Retirement	4,407,691	4,290,000	117,691
Interest and Fiscal Charges	720,326	720,314	12
<i>Total Expenditures</i>	<u>5,128,017</u>	<u>5,010,314</u>	<u>117,703</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,358,940)</u>	<u>(4,077,791)</u>	<u>281,149</u>
Other Financing Sources (Uses)			
General Obligation Bonds Issued	8,143,000	7,783,385	(359,615)
Premium on General Obligation Bonds Issued	0	226,112	226,112
Payment to Refunded Bond Escrow	(4,871,983)	(4,871,983)	0
Transfers In	1,037,923	1,037,923	0
<i>Total Other Financing Sources (Uses)</i>	<u>4,308,940</u>	<u>4,175,437</u>	<u>(133,503)</u>
<i>Net Change in Fund Balance</i>	(50,000)	97,646	147,646
<i>Fund Balance Beginning of Year</i>	<u>521,467</u>	<u>521,467</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$471,467</u>	<u>\$619,113</u>	<u>\$147,646</u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2010

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$0	\$19,065	\$19,065
Expenditures			
Capital Outlay:			
Contractual Services	530,002	458,594	71,408
Capital Outlay	11,050,000	10,671,096	378,904
Other	156,000	136,589	19,411
<i>Total Expenditures</i>	11,736,002	11,266,279	469,723
<i>Excess of Revenues Under Expenditures</i>	(11,736,002)	(11,247,214)	488,788
Other Financing Sources			
General Obligation Bonds Issued	4,000,000	5,026,615	1,026,615
General Obligation Notes Issued	6,000,000	6,000,000	0
<i>Total Other Financing Sources</i>	10,000,000	11,026,615	1,026,615
<i>Net Change in Fund Balance</i>	(1,736,002)	(220,599)	1,515,403
<i>Fund Balance Beginning of Year</i>	11,686,331	11,686,331	0
Prior Year Encumbrances Appropriated	211,002	211,002	0
<i>Fund Balance End of Year</i>	\$10,161,331	\$11,676,734	\$1,515,403

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$477,000	\$536,646	\$59,646
Interest	23,000	9,018	(13,982)
<i>Total Revenues</i>	<u>500,000</u>	<u>545,664</u>	<u>45,664</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	55,502	51,579	3,923
Capital Outlay	1,161,067	1,002,196	158,871
<i>Total Expenditures</i>	<u>1,216,569</u>	<u>1,053,775</u>	<u>162,794</u>
<i>Net Change in Fund Balance</i>	(716,569)	(508,111)	208,458
<i>Fund Balance Beginning of Year</i>	750,451	750,451	0
Prior Year Encumbrances Appropriated	<u>16,569</u>	<u>16,569</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$50,451</u></u>	<u><u>\$258,909</u></u>	<u><u>\$208,458</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2010*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Intergovernmental	\$39,200	\$43,760	\$4,560
Interest	800	627	(173)
<i>Total Revenues</i>	<u>40,000</u>	<u>44,387</u>	<u>4,387</u>
Expenditures			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	6,000	0	6,000
Materials and Supplies	5,000	0	5,000
Capital Outlay	64,000	0	64,000
<i>Total Expenditures</i>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
<i>Net Change in Fund Balance</i>	(35,000)	44,387	79,387
<i>Fund Balance Beginning of Year</i>	<u>35,493</u>	<u>35,493</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$493</u></u>	<u><u>\$79,880</u></u>	<u><u>\$79,387</u></u>

City of Beachwood, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Improvement Fund
For the Year Ended December 31, 2010

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$10,000	\$11,155	\$1,155
Expenditures			
Current:			
General Government:			
Mayor:			
Contractual Services	11,000	7,850	3,150
Materials and Supplies	7,000	3,743	3,257
Capital Outlay	16,957	14,957	2,000
<i>Total Expenditures</i>	34,957	26,550	8,407
<i>Net Change in Fund Balance</i>	(24,957)	(15,395)	9,562
<i>Fund Balance Beginning of Year</i>	11,197	11,197	0
Prior Year Encumbrances Appropriated	14,957	14,957	0
<i>Fund Balance End of Year</i>	\$1,197	\$10,759	\$9,562

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2010*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Fines, Licenses and Permits	\$101,300	\$120,948	\$19,648
Interest	1,000	1,056	56
<i>Total Revenues</i>	<u>102,300</u>	<u>122,004</u>	<u>19,704</u>
Expenditures			
Current:			
Public Safety:			
Police Department:			
Materials and Supplies	1,100	1,055	45
Capital Outlay	152,400	0	152,400
Other	500	0	500
<i>Total Expenditures</i>	<u>154,000</u>	<u>1,055</u>	<u>152,945</u>
<i>Net Change in Fund Balance</i>	(51,700)	120,949	172,649
<i>Fund Balance Beginning of Year</i>	<u>52,761</u>	<u>52,761</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,061</u></u>	<u><u>\$173,710</u></u>	<u><u>\$172,649</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2010*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Property Taxes	\$191,882	\$190,358	(\$1,524)
Intergovernmental	13,000	15,080	2,080
<i>Total Revenues</i>	<u>204,882</u>	<u>205,438</u>	<u>556</u>
Expenditures			
Current:			
Public Safety:			
Police Department:			
Personal Services	245,477	245,384	93
Other	200	80	120
<i>Total Expenditures</i>	<u>245,677</u>	<u>245,464</u>	<u>213</u>
<i>Net Changes in Fund Balance</i>	(40,795)	(40,026)	769
<i>Fund Balance Beginning of Year</i>	42,190	42,190	0
Prior Year Encumbrances Appropriated	<u>7,677</u>	<u>7,677</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,072</u></u>	<u><u>\$9,841</u></u>	<u><u>\$769</u></u>

City of Beachwood, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lights Fund
For the Year Ended December 31, 2010*

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Special Assessments	\$12,600	\$12,936	\$336
Expenditures			
Current:			
Public Safety:			
Police:			
Contractual Services	13,687	13,329	358
Other	250	129	121
<i>Total Expenditures</i>	13,937	13,458	479
<i>Net Change in Fund Balance</i>	(1,337)	(522)	815
<i>Fund Balance Beginning of Year</i>	104,610	104,610	0
Prior Year Encumbrances Appropriated	136	136	0
<i>Fund Balance End of Year</i>	\$103,409	\$104,224	\$815

City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$0	\$4,802	\$4,802
Expenses			
Claims	500,000	4,802	495,198
<i>Loss before Transfers</i>	(500,000)	0	500,000
Transfers In	1,500,000	1,500,000	0
<i>Net Change in Fund Equity</i>	1,000,000	1,500,000	500,000
<i>Fund Equity Beginning of Year</i>	0	0	0
<i>Fund Equity End of Year</i>	<u>\$1,000,000</u>	<u>\$1,500,000</u>	<u>\$500,000</u>

City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Leo Weiss Trust Fund
For the Year Ended December 31, 2010

	Final Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest	\$30	\$13	(\$17)
Expenses			
Materials and Supplies	100	0	100
<i>Net Change in Fund Equity</i>	(70)	13	83
<i>Fund Equity Beginning of Year</i>	1,133	1,133	0
<i>Fund Equity End of Year</i>	\$1,063	\$1,146	\$83

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Statistical Section

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

Contents	Page(s)
Financial Trends	S2-S11
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S12-S15
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax.	
Debt Capacity	S16-S21
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
Economic and Demographic Information	S22-S24
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S26-S31
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information begin in that year.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$68,442,636	\$71,402,619	\$72,898,821	\$66,483,124
Restricted	5,479,721	6,235,047	6,676,611	8,360,297
Unrestricted	<u>27,534,624</u>	<u>30,286,504</u>	<u>32,938,913</u>	<u>35,314,249</u>
<i>Total Governmental Activities</i> <i>Net Assets</i>	<u><u>\$101,456,981</u></u>	<u><u>\$107,924,170</u></u>	<u><u>\$112,514,345</u></u>	<u><u>\$110,157,670</u></u>

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

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

<u>2006 (1)</u>	<u>2005</u>	<u>2004 (2)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$63,860,050	\$60,100,268	\$56,465,096	\$57,272,685	\$47,734,116	\$44,084,204
8,891,783	9,868,110	10,731,005	8,656,948	9,455,579	8,006,037
<u>35,014,581</u>	<u>36,479,619</u>	<u>40,762,268</u>	<u>40,861,854</u>	<u>47,742,886</u>	<u>48,303,428</u>
<u>\$107,766,414</u>	<u>\$106,447,997</u>	<u>\$107,958,369</u>	<u>\$106,791,487</u>	<u>\$104,932,581</u>	<u>\$100,393,669</u>

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

	2010	2009	2008	2007	2006 (1)
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government (5)	\$602,562	\$658,618	\$281,149	\$75,862	\$35,719
Public Safety					
Police	399,182	314,298	112,680	377,134	335,521
Fire (3)	837,207	777,082	732,496	689,301	628,159
Public Services	0	0	0	0	0
Health and Welfare	132,167	131,533	177,335	0	0
Culture and Recreation	862,658	836,987	780,475	886,887	913,943
Building and Community Development	653,884	732,246	1,034,730	740,961	610,309
Operating Grants and Contributions	610,933	597,827	545,007	516,739	515,601
Capital Grants and Assessments	0	0	0	1,213,633	14,950
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>4,098,593</u>	<u>4,048,591</u>	<u>3,663,872</u>	<u>4,500,517</u>	<u>3,054,202</u>
Expenses					
Governmental Activities:					
General Government	4,987,961	4,875,105	4,447,184	4,362,750	4,459,785
Public Safety					
Police	7,756,727	7,920,359	7,546,514	7,410,128	6,955,837
Fire	6,155,855	5,982,995	5,606,352	5,273,184	4,993,303
Public Services	11,749,819	10,531,157	10,634,883	9,630,170	9,862,993
Health and Welfare	587,883	539,326	637,802	557,151	558,952
Culture and Recreation	2,663,673	2,813,885	2,715,802	2,564,886	2,193,222
Building and Community Development	919,717	979,295	959,136	839,848	878,959
Interest and Fiscal Charges	758,681	785,037	788,112	836,927	882,345
<i>Total Governmental Activities Expenses</i>	<u>35,580,316</u>	<u>34,427,159</u>	<u>33,335,785</u>	<u>31,475,044</u>	<u>30,785,396</u>
<i>Total Primary Government Net Expense</i>	<u>(31,481,723)</u>	<u>(30,378,568)</u>	<u>(29,671,913)</u>	<u>(26,974,527)</u>	<u>(27,731,194)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property and Other Local Taxes Levied For:					
General Purposes	2,677,944	2,829,210	2,715,452	3,859,866	3,682,048
Police Pension	198,870	257,116	164,358	224,698	210,604
Municipal Income Taxes Levied					
For General Purposes	17,577,324	18,401,803	20,499,143	20,258,412	19,722,442
Admission, Lodging, and Franchise Taxes (4)	1,132,370	843,488	1,075,743	n/a	n/a
Estate Taxes (4)	2,008,052	2,643,793	4,593,353	n/a	n/a
Grants and Entitlements not Restricted to					
Specific Programs	672,345	112,837	837,516	2,744,132	3,378,904
Investment Earnings	518,573	486,690	1,879,351	2,102,503	1,767,181
Gain on Sale of Capital Assets	0	0	7,508	0	0
Other	229,056	213,456	256,164	176,172	288,432
<i>Total Governmental Activities</i>	<u>25,014,534</u>	<u>25,788,393</u>	<u>32,028,588</u>	<u>29,365,783</u>	<u>29,049,611</u>
<i>Total Primary Government</i>					
<i>Change in Net Assets</i>	<u>(\$6,467,189)</u>	<u>(\$4,590,175)</u>	<u>\$2,356,675</u>	<u>\$2,391,256</u>	<u>\$1,318,417</u>

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

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

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

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

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

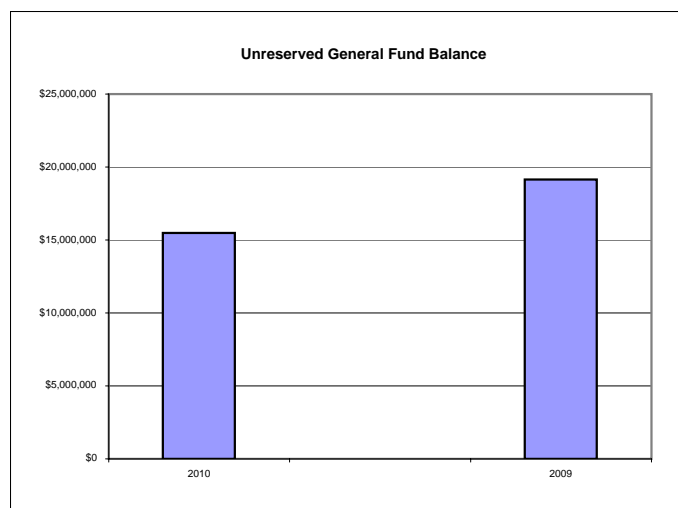
In December, 2008, the City purchased a building that had tenants in it. During the course of 2009, several tenants left the building. As of December 31, 2009, there are two tenants remaining.

2005	2004 (2)	2003	2002	2001
\$15,762	\$10,670	\$95,684	\$76,201	\$353,533
208,424	270,094	239,440	84,811	21,346
643,882	0	0	3,040	3,610
0	0	0	206,990	10,288
0	0	0	0	107,322
909,491	785,183	758,189	648,638	414,229
563,345	505,957	514,950	511,037	619,997
488,834	429,669	408,346	330,391	335,413
572,750	20,287	505,530	2,179,686	69,119
3,402,488	2,021,860	2,522,139	4,040,794	1,934,857
3,748,490	2,511,715	4,028,788	2,695,883	2,644,334
6,833,161	6,225,921	6,009,450	5,875,828	5,627,976
4,893,094	4,453,299	4,531,561	4,078,613	4,465,052
9,522,260	10,242,815	9,264,750	8,147,093	8,367,104
548,302	474,014	513,502	482,859	371,027
2,182,972	2,128,733	1,010,747	1,295,346	1,724,729
1,018,644	1,043,557	1,031,733	986,127	925,213
930,269	709,870	610,840	584,774	529,908
29,677,192	27,789,924	27,001,371	24,146,523	24,655,343
(26,274,704)	(25,768,064)	(24,479,232)	(20,105,729)	(22,720,486)
3,550,016	3,357,014	3,241,615	3,259,792	3,275,885
204,686	190,840	190,773	195,475	189,039
16,810,393	16,689,510	15,489,199	15,334,871	15,532,281
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
3,029,826	3,193,163	6,155,914	3,182,728	4,617,259
1,016,236	562,074	1,012,572	2,454,536	3,084,949
0	0	2,500	7,206	20,469
153,175	149,053	245,565	210,033	380,164
24,764,332	24,141,654	26,338,138	24,644,641	27,100,046
(\$1,510,372)	(\$1,626,410)	\$1,858,906	\$4,538,912	\$4,379,560

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

	2010	2009
General Fund		
Nonspendable	\$806,724	\$886,564
Restricted	\$4,493	\$13,504
Committed	\$985,486	\$18,286
Assigned	\$936,551	\$1,432,489
Unassigned	15,477,145	19,147,388
<i>Total General Fund</i>	<u>18,210,399</u>	<u>21,498,231</u>
All Other Governmental Funds		
Nonspendable	0	0
Restricted	1,471,463	4,561,898
Committed	2,821,695	142,401
Assigned	5,131,599	5,771,923
Unassigned	0	0
<i>Total All Other Governmental Funds</i>	<u>9,424,757</u>	<u>10,476,222</u>
<i>Total Governmental Funds</i>	<u><u>\$27,635,156</u></u>	<u><u>\$31,974,453</u></u>

Note: The City implemented GASB 54 in 2010.



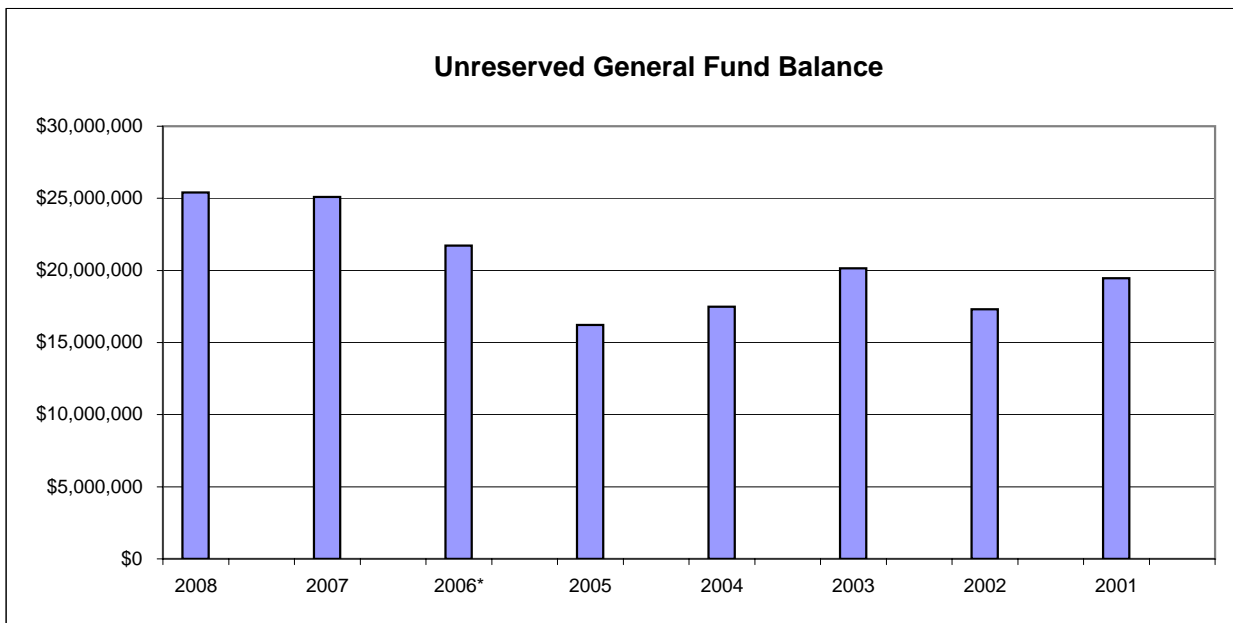
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City of Beachwood, Ohio
Fund Balances, Governmental Funds
Last Eight Years
(Modified Accrual Basis of Accounting)

	2008	2007	2006*	2005
General Fund				
Reserved	\$1,201,553	\$1,357,644	\$898,602	\$1,494,421
Unreserved	25,397,007	25,095,256	21,718,004	16,226,771
<i>Total General Fund</i>	<u>26,598,560</u>	<u>26,452,900</u>	<u>22,616,606</u>	<u>17,721,192</u>
All Other Governmental Funds				
Reserved	345,633	897,851	1,755,138	4,510,983
Undesignated, Reported in:				
Special Revenue Funds	848,257	1,508,792	983,548	1,146,771
Debt Service Fund	522,545	540,880	473,828	513,283
Capital Projects Fund	5,827,360	8,202,838	10,794,608	14,135,185
<i>Total All Other Governmental Funds</i>	<u>7,543,795</u>	<u>11,150,361</u>	<u>14,007,122</u>	<u>20,306,222</u>
<i>Total Governmental Funds</i>	<u><u>\$34,142,355</u></u>	<u><u>\$37,603,261</u></u>	<u><u>\$36,623,728</u></u>	<u><u>\$38,027,414</u></u>

*Reflects restated amount due to reclassification of unclaimed monies.

Note: The City implemented GASB 54 in 2010.



2004	2003	2002	2001
\$995,081	\$1,079,978	\$1,200,590	\$877,051
17,489,029	20,150,935	17,302,884	19,461,647
18,484,110	21,230,913	18,503,474	20,338,698
2,989,800	11,499,399	7,330,762	3,205,668
957,874	508,767	387,982	653,809
479,498	504,219	456,726	644,905
19,295,899	8,234,572	22,260,528	20,648,932
23,723,071	20,746,957	30,435,998	25,153,314
\$42,207,181	\$41,977,870	\$48,939,472	\$45,492,012

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

	2010	2009	2008	2007	2006
Revenues					
Property and Other Taxes	\$2,763,319	\$2,895,836	\$2,792,537	\$3,952,150	\$3,740,957
Municipal Income Taxes	17,821,568	18,325,854	20,440,036	20,277,253	19,773,905
Charges for Services	2,051,510	1,856,303	1,782,627	1,643,737	1,605,704
Fines, Licenses, and Permits	1,027,705	995,331	1,324,213	1,113,312	885,269
Intergovernmental	1,269,519	1,240,557	939,868	3,532,681	3,904,940
Estate Taxes (1)	1,969,753	2,430,800	4,593,353	n/a	n/a
Admission Taxes (1)	342,934	130,552	143,979	n/a	n/a
Lodging Taxes (1)	677,536	607,839	809,102	n/a	n/a
Franchise Taxes (1)	111,900	105,097	122,662	n/a	n/a
Rentals (2)	395,509	585,813	n/a	n/a	n/a
Special Assessments	814,873	887,830	1,025,493	1,060,132	984,691
Interest	527,591	506,963	1,879,351	2,102,503	1,767,181
Other	229,056	213,456	256,164	176,172	239,406
<i>Total Revenues</i>	<u>30,002,773</u>	<u>30,782,231</u>	<u>36,109,385</u>	<u>33,857,940</u>	<u>32,902,053</u>
Expenditures					
Current:					
General Government	4,398,424	4,257,790	4,017,322	3,879,282	4,016,348
Public Safety					
Police	7,726,739	7,820,112	7,807,378	7,202,251	6,864,212
Fire	6,244,404	5,879,094	5,648,187	5,113,246	4,762,553
Public Services	8,067,990	7,776,652	8,122,295	7,456,227	7,144,377
Health and Welfare	583,933	535,376	624,426	547,248	584,270
Culture and Recreation	2,254,874	2,401,030	2,301,474	2,154,243	1,871,385
Building and Community Development	907,177	964,252	960,151	893,314	865,529
Capital Outlay	8,630,423	1,261,144	8,036,268	3,581,446	6,188,929
Debt Service:					
Principal Retirement	1,290,000	1,255,000	1,250,000	1,200,000	1,161,000
Bond Issuance Costs	173,098	n/a	n/a	n/a	n/a
Interest and Fiscal Charges	729,137	799,683	802,790	851,150	896,162
<i>Total Expenditures</i>	<u>41,006,199</u>	<u>32,950,133</u>	<u>39,570,291</u>	<u>32,878,407</u>	<u>34,354,765</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(11,003,426)</u>	<u>(2,167,902)</u>	<u>(3,460,906)</u>	<u>979,533</u>	<u>(1,452,712)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
Premium on Notes	0	0	0	0	0
General Obligation Bonds Issued	12,810,000	0	0	0	0
Payment to Refunded Bond Escrow Account	(4,871,983)	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0	0
Premium on Bonds	226,112	0	0	0	0
Transfers In	1,037,923	5,107,562	5,036,263	1,044,988	1,051,258
Transfers Out	(2,537,923)	(5,107,562)	(5,036,263)	(1,044,988)	(1,051,258)
<i>Total Other Financing Sources (Uses)</i>	<u>6,664,129</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$4,339,297)</u></u>	<u><u>(\$2,167,902)</u></u>	<u><u>(\$3,460,906)</u></u>	<u><u>\$979,533</u></u>	<u><u>(\$1,452,712)</u></u>
Debt Service as a Percentage of					
Noncapital Expenditures	6.28%	6.67%	6.90%	7.18%	7.42%

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

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

2005	2004	2003	2002	2001
\$3,617,531	\$3,556,398	\$3,376,597	\$3,447,868	\$3,439,087
16,546,653	16,952,888	15,889,265	15,456,366	15,805,371
1,551,729	857,811	841,764	715,656	684,746
764,600	754,228	762,430	732,896	845,579
3,760,230	3,668,755	6,592,396	3,346,547	4,927,390
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
1,080,198	936,559	997,060	463,543	500,461
1,016,236	562,074	1,012,572	2,454,536	3,084,949
153,175	149,053	245,565	210,033	380,164
28,490,352	27,437,766	29,717,649	26,827,445	29,667,747
3,583,744	3,392,026	3,021,551	2,447,651	2,360,436
6,483,602	6,318,172	6,059,303	5,761,739	5,390,781
4,664,119	4,460,482	4,267,579	3,788,238	3,834,322
6,616,107	5,897,243	6,385,038	6,146,724	5,931,831
535,182	460,894	508,654	461,467	412,988
1,855,756	1,812,889	1,603,876	1,386,484	1,277,910
1,005,214	1,024,899	1,037,271	939,157	903,246
5,866,548	12,438,315	12,499,069	5,371,032	5,533,568
1,116,000	721,000	676,000	446,000	2,461,000
n/a	n/a	n/a	n/a	n/a
943,847	680,179	620,910	574,025	542,799
32,670,119	37,206,099	36,679,251	27,322,517	28,648,881
(4,179,767)	(9,768,333)	(6,961,602)	(495,072)	1,018,866
0	0	0	0	20,469
0	0	0	0	2,000,000
0	0	0	0	12,620
0	9,805,000	0	3,850,000	0
0	0	0	0	0
0	0	0	2,150,000	0
0	192,644	0	0	0
3,046,720	5,389,130	2,839,783	7,000,000	5,000,000
(3,046,720)	(5,389,130)	(2,839,783)	(7,000,000)	(5,000,000)
0	9,997,644	0	6,000,000	2,033,089
(\$4,179,767)	\$229,311	(\$6,961,602)	\$5,504,928	\$3,051,955
7.68%	5.66%	5.36%	4.65%	12.99%

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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes From Withholding</u>	<u>Percentage of Taxes From Withholding</u>	<u>Taxes From Net Profits</u>
2010	1.50%	\$17,577,324	\$14,940,725	85.00%	\$1,581,959
2009	1.50	18,401,803	14,905,460	81.00	2,208,216
2008	1.50	20,499,143	16,255,820	79.30	2,254,906
2007	1.50	20,258,412	16,684,828	82.36	2,301,356
2006	1.50	19,722,442	15,817,398	80.20	2,169,469
2005	1.50	16,810,393	14,016,506	83.38	1,613,798
2004	1.50	16,689,510	13,937,410	83.51	1,625,558
2003	1.50	15,489,199	13,158,075	84.95	1,274,761
2002	1.50	15,334,871	12,464,183	81.28	1,768,111
2001	1.50	15,532,281	12,927,517	83.23	1,539,249

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents.

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

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
9.00%	\$1,054,639	6.00%
12.00	1,288,126	7.00
11.00	1,988,417	9.70
11.36	1,272,228	6.28
11.00	1,735,575	8.80
9.60	1,180,089	7.02
9.74	1,126,542	6.75
8.23	1,056,363	6.82
11.53	1,102,577	7.19
9.91	1,065,515	6.86

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

2010

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,208	33.10%	\$9,283,842	2.63%
\$25,000-\$49,999	555	15.21	20,788,956	5.89
\$50,000-\$74,999	430	11.78	26,654,420	7.55
\$75,000-\$99,999	326	8.93	28,049,178	7.94
Over \$100,000	1,131	30.99	268,454,438	76.00
Total	3,650		\$353,230,834	

2001 (1)

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,371	35.17%	\$8,868,213	2.71%
\$25,000-\$49,999	646	16.57	23,585,757	7.20
\$50,000-\$74,999	451	11.57	27,986,180	8.55
\$75,000-\$99,999	382	9.80	31,211,150	9.53
Over \$100,000	1,048	26.89	235,788,580	72.01
Total	3,898		\$327,439,880	

(1) Information prior to 2001 is not available.

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

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

2010	
Taxpayer	Ranking
Bank of America	1
Cleveland Clinic Foundation	2
Menorah Park Center	3
Beachwood Board of Education	4
Developers Diversified	5
Montefire Home	6
City of Beachwood	7
Rosetta Marketing Group	8
Tremco Inc.	9
Aleris Ohio Management	10

2000 (1)	
Taxpayer	Ranking
MBNA Marketing Services Inc.	1
Menorah Park Center	2
Beachwood Board of Education	3
Christian and Timbers Inc.	4
Imperial Home Decor Group	5
Lamson & Sessions Company	6
Tremco Inc.	7
Penske Logistics Inc.	8
Montefire Home	9
Credit General Insurance Company	10

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

Source: Regional Income Tax Agency

(1) Information prior to 2000 is not available.

City of Beachwood, Ohio

Legal Debt Margin

Last Ten Years

	2010	2009	2008	2007
Total Assessed Property Value	<u>\$764,670,350</u>	<u>\$746,489,090</u>	<u>\$771,255,529</u>	<u>\$788,302,216</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$20,335,000	\$10,750,000	\$11,300,000	\$11,830,000
Bond Anticipation Notes	6,000,000	3,000,000	3,000,000	0
Special Assessment Bonds	<u>770,000</u>	<u>3,735,000</u>	<u>4,440,000</u>	<u>5,160,000</u>
Total Gross Indebtedness	27,105,000	17,485,000	18,740,000	16,990,000
Less:				
Special Assessment Bonds	(770,000)	(3,735,000)	(4,440,000)	(5,160,000)
Debt Service Fund Balance	<u>(619,113)</u>	<u>(521,467)</u>	<u>(522,545)</u>	<u>(540,880)</u>
Total Net Debt Applicable to Debt Limit	<u>25,715,887</u>	<u>13,228,533</u>	<u>13,777,455</u>	<u>11,289,120</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>80,290,387</u>	<u>78,381,354</u>	<u>80,981,831</u>	<u>82,771,733</u>
Legal Debt Margin within 10 1/2% Limitation	<u>\$54,574,500</u>	<u>\$65,152,821</u>	<u>\$67,204,376</u>	<u>\$71,482,613</u>
Legal Debt Margin as a Percentage of the Debt Limit	67.97%	83.12%	82.99%	86.36%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$42,056,869</u>	<u>\$41,056,900</u>	<u>\$42,419,054</u>	<u>\$43,356,622</u>
Total Gross Indebtedness	27,105,000	17,485,000	18,740,000	16,990,000
Less:				
Special Assessment Bonds	(770,000)	(3,735,000)	(4,440,000)	(5,160,000)
Debt Service Fund Balance	<u>(619,113)</u>	<u>(521,467)</u>	<u>(522,545)</u>	<u>(540,880)</u>
Net Debt within 5 1/2% Limitation	<u>25,715,887</u>	<u>13,228,533</u>	<u>13,777,455</u>	<u>11,289,120</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$16,340,982</u>	<u>\$27,828,367</u>	<u>\$28,641,599</u>	<u>\$32,067,502</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	38.85%	67.78%	67.52%	73.96%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
<u>\$797,623,826</u>	<u>\$755,070,022</u>	<u>\$749,966,828</u>	<u>\$755,137,685</u>	<u>\$716,923,271</u>	<u>\$713,817,941</u>
\$12,355,000	\$12,875,000	\$13,380,000	\$3,715,000	\$3,850,000	\$0
0	0	0	0	0	6,000,000
<u>5,835,000</u>	<u>6,476,000</u>	<u>7,087,000</u>	<u>7,668,000</u>	<u>8,209,000</u>	<u>6,505,000</u>
18,190,000	19,351,000	20,467,000	11,383,000	12,059,000	12,505,000
(5,835,000)	(6,476,000)	(7,087,000)	(7,668,000)	(8,209,000)	(6,505,000)
<u>(473,828)</u>	<u>(513,283)</u>	<u>(479,498)</u>	<u>(504,219)</u>	<u>(456,726)</u>	<u>0</u>
<u>11,881,172</u>	<u>12,361,717</u>	<u>12,900,502</u>	<u>3,210,781</u>	<u>3,393,274</u>	<u>6,000,000</u>
<u>83,750,502</u>	<u>79,282,352</u>	<u>78,746,517</u>	<u>79,289,457</u>	<u>75,276,943</u>	<u>74,950,884</u>
<u>\$71,869,330</u>	<u>\$66,920,635</u>	<u>\$65,846,015</u>	<u>\$76,078,676</u>	<u>\$71,883,669</u>	<u>\$68,950,884</u>
85.81%	84.41%	83.62%	95.95%	95.49%	91.99%
<u>\$43,869,310</u>	<u>\$41,528,851</u>	<u>\$41,248,176</u>	<u>\$41,532,573</u>	<u>\$39,430,780</u>	<u>\$39,259,987</u>
18,190,000	19,351,000	20,467,000	11,383,000	12,059,000	12,505,000
(5,835,000)	(6,476,000)	(7,087,000)	(7,668,000)	(8,209,000)	(6,505,000)
<u>(473,828)</u>	<u>(513,283)</u>	<u>(479,498)</u>	<u>(504,219)</u>	<u>(456,726)</u>	<u>0</u>
<u>11,881,172</u>	<u>12,361,717</u>	<u>12,900,502</u>	<u>3,210,781</u>	<u>3,393,274</u>	<u>6,000,000</u>
<u>\$31,988,138</u>	<u>\$29,167,134</u>	<u>\$28,347,674</u>	<u>\$38,321,792</u>	<u>\$36,037,506</u>	<u>\$33,259,987</u>
72.92%	70.23%	68.72%	92.27%	91.39%	84.72%

City of Beachwood, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2009

	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Beachwood
Direct - City of Beachwood, Ohio			
General Obligation Bonds	\$20,757,896	100.00%	\$20,757,896
Special Assessment Bonds	770,000	100.00%	770,000
Bond Anticipation Notes	6,000,000	100.00%	6,000,000
<i>Total Direct</i>	<u>27,527,896</u>		<u>27,527,896</u>
Overlapping			
Cuyahoga County			
Cuyahoga County	319,446,948	2.56%	8,177,842
Beachwood City Schools			
General Obligation Bonds	12,114,041	100.00%	12,114,041
Notes Payable	6,410,000	100.00%	6,410,000
Capital Leases	2,640,436	100.00%	2,640,436
Regional Transit Authority			
General Obligation Bonds	167,810,585	2.56%	4,295,951
Loans Payable	3,303,074	2.56%	84,559
<i>Total Overlapping</i>	<u>511,725,084</u>		<u>33,722,829</u>
<i>Totals</i>	<u>\$539,252,980</u>		<u>\$61,250,725</u>

Source: Cuyahoga County, Ohio; County Auditor

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

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

Year	General Bonded Debt	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (1)
2010	\$20,757,896	\$764,670,350	2.71%	\$1,737
2009	10,894,484	746,489,090	1.46	894
2008	11,454,116	771,255,529	1.49	940
2007	11,993,748	788,302,216	1.52	984
2006	12,528,380	797,623,826	1.57	1,028
2005	13,058,012	755,070,022	1.73	1,072
2004	13,572,644	749,966,828	1.81	1,114
2003	3,715,000	755,137,685	0.49	305
2002	3,850,000	716,923,271	0.54	316
2001	0	713,817,941	0.00	0

(1) See Schedule on S22 for personal income and population data.

Other Governmental Activities Debt				
Special Assessment Bonds	Bond Anticipation Notes	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$770,000	\$6,000,000	\$27,527,896	5.58%	\$2,259
3,735,000	3,000,000	17,629,484	3.57	1,447
4,440,000	3,000,000	18,894,116	3.83	1,550
5,160,000	0	17,153,748	3.47	1,408
5,835,000	0	18,363,380	3.72	1,507
6,476,000	0	19,534,012	3.96	1,603
7,087,000	0	20,659,644	4.19	1,695
7,668,000	0	11,383,000	2.31	934
8,209,000	0	12,059,000	2.44	990
6,505,000	2,000,000	8,505,000	1.72	698

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

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2010	11,953	\$484,204,077	40,509	65,406	51.6
2009	12,186	493,642,674	40,509	65,406	51.6
2008	12,186	493,642,674	40,509	65,406	51.6
2007	12,186	493,642,674	40,509	65,406	51.6
2006	12,186	493,642,674	40,509	65,406	51.6
2005	12,186	493,642,674	40,509	65,406	51.6
2004	12,186	493,642,674	40,509	65,406	51.6
2003	12,186	493,642,674	40,509	65,406	51.6
2002	12,186	493,642,674	40,509	65,406	51.6
2001	12,186	493,642,674	40,509	65,406	51.6

(1) Source: 2010 & 2000 U.S. Census. As of this printing, only the population statistic has been released from the 2010 Census.

(2) Source: Beachwood City Schools

(3) Computation of per capita personal income multiplied by population.

(4) Ohio Labor Market Website: www.lmi.state.oh.us

(5) Source: Cuyahoga County Auditor's Office

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value
1,524	50.9%	9.5%	\$281,328	\$764,670,350
1,598	50.9	9.2	276,796	746,489,090
1,571	50.9	7.1	269,676	771,255,529
1,545	50.9	6.1	290,728	788,302,216
1,541	50.9	5.5	282,835	797,623,826
1,541	50.9	6.1	302,735	755,070,022
1,539	50.9	6.6	296,751	749,966,828
1,521	50.9	6.2	277,111	755,137,685
1,521	50.9	6.6	264,818	716,923,271
1,628	50.9	4.6	249,356	713,817,941

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

2010		
Employer	Employees	Percentage of Total
Bank of America	1,964	12.43%
Cleveland Clinic Foundation	1,182	7.48
Menorah Park Center	985	6.23
Nordstrom	660	4.18
Beachwood Board of Education	583	3.69
Harborside of Cleveland	520	3.29
Developers Diversified	543	3.44
Montefire Home	488	3.09
City of Beachwood	484	3.06
Rosetta Marketing Group	349	2.20
Total	7,758	49.09%
Total Employment within the City	15,804	

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

Source: Regional Income Tax Agency

(1) Information prior to 2005 is not available.

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City of Beachwood, Ohio
Capital Assets Statistics by Function/Program
Last Nine Years (1)

Function/Program	2010	2009	2008	2007
General Government				
Square Footage Occupied (2)	70,786	70,786	70,786	70,786
Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254
Vehicles	35	35	35	33
Fire Station				
Stations	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2	5,472	5,472	5,472	5,472
Vehicles	13	12	12	11
Public Service				
Streets (miles)	46	46	46	46
Vehicles	54	54	56	56
Square Footage of Building	41,285	41,285	41,285	41,285
Health and Welfare				
Vehicles	2	2	3	3
Culture and Recreation				
Number of Parks	2	2	2	2
Number of Pools	1	1	1	1
Vehicles	2	2	2	2
Square Footage of Community Center (3)	14,000	14,000	14,000	14,000
Building and Community Development				
Vehicles	6	6	7	8

(1) Information prior to 2002 is not available.

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

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

Source: City Hall records

2006	2005	2004	2003	2002
70,786	70,786	37,206	37,206	37,206
2	2	2	2	2
1	1	1	1	1
72,254	72,254	68,170	68,170	68,170
32	31	30	30	29
2	2	2	2	2
21,970	21,970	21,970	21,970	21,970
5,472	5,472	5,472	5,472	5,472
11	10	10	10	11
46	46	46	46	46
55	55	55	55	52
41,285	41,285	41,285	41,285	41,285
3	2	2	2	2
2	2	2	1	1
1	1	1	1	1
1	1	1	1	1
14,000	8,000	8,000	8,000	8,000
8	7	7	7	7

City of Beachwood, Ohio
Operating Indicators by Function/Program
Last Eight Years (1)

Function/Program	2010	2009	2008	2007
General Government				
Number of Ordinances and Resolutions	176	160	186	183
Number of non-payroll checks processed	4,269	4,693	5,321	4,937
Number of purchase orders issued	4,077	4,496	4,787	4,253
Public Safety				
Police				
Total arrests	729	650	631	666
Drug arrests	20	25	14	16
OVI arrests (formally DUI)	55	67	71	73
Warrants served	119	140	153	154
Total complaints	4,662	4,541	4,925	4,634
Fire				
Total EMS and Fire responses	4,209	4,087	4,038	3,832
Total Fire responses	1,189	1,138	1,068	1,132
Total EMS responses	3,020	2,949	2,970	2,700
Routine fire safety inspections	1,031	1,105	1,403	1,169
Re-inspections	707	860	942	581
New construction inspections	232	145	203	207
Public Services				
Tons of rubbish picked up	3,714	3,933	4,208	4,946
Tons of leaves collected for recycling	2,670	3,195	3,564	3,447
Number of trees planted	327	270	201	329
Number of catch basins cleaned and repaired	324	443	374	373
Tons of cold patch used	17	37	55	40
Yards of concrete poured and finished	740	450	507	565
Tons of salt purchased	10,363	7,178	12,712	11,229
Health and Welfare				
Number of senior trips taken	57	66	64	53
Culture and Recreation				
Total attendance at Aquatic Center (2)	55,757	53,262	54,001	58,588
Building and Community Development				
Number of permits issued	189	167	210	292

(1) Information prior to 2003 is not available.

(2) The Beachwood Family Aquatic Center opened in July of 2003

Source: City records

2006	2005	2004	2003
160	149	172	171
4,962	4,823	4,901	5,092
4,225	4,278	4,158	4,338
609	576	633	636
11	21	36	30
71	53	86	69
160	243	236	288
3,654	3,725	3,832	3,903
3,613	3,701	3,495	3,240
1,049	1,150	1,088	1,031
2,564	2,551	2,407	2,209
881	908	711	1,174
725	481	388	396
182	103	27	115
4,843	4,836	5,192	5,085
3,007	2,588	1,631	1,404
353	251	198	505
297	381	347	312
24	66	26	29
279	423	606	794
4,695	13,908	8,803	9,648
50	48	59	56
56,855	76,526	67,561	46,536
264	248	265	245

City of Beachwood, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Nine Years (1)

	2010	2009	2008	2007
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	3.0	3.0	5.0
Economic Development (2)	2.0	0.0	0.0	0.0
Finance	12.5	15.0	12.0	10.0
Law	3.0	3.0	3.0	3.0
Public Safety				
Police Administration	3.0	3.0	3.0	4.0
Police Officers	41.0	43.0	42.0	42.0
Dispatchers	11.0	12.0	12.0	12.0
Police - Correction Officers	9.0	9.0	8.0	8.5
Police - Crossing Guards	7.0	7.0	7.0	7.0
Fire Administration	5.0	5.0	5.0	4.5
Fire Fighters	38.0	42.0	39.0	39.0
Public Service				
Administration	11.0	11.0	11.0	11.0
Buildings and Grounds	10.5	11.5	11.5	13.5
Fleet Maintenance	5.0	5.0	5.0	6.0
Streets, Sidewalks & Sewers	15.0	17.0	17.0	18.0
Sanitation	12.0	12.0	12.5	12.0
Culture and Recreation				
Human Services	6.0	6.0	6.0	6.0
Recreation Administration	7.5	7.0	7.0	7.0
Recreation Camps	44.5	37.0	38.0	33.0
Recreation Sports	14.0	14.0	14.0	14.0
Recreation Other	8.5	15.0	15.0	17.0
Pool and Parks	10.0	41.0	40.0	41.0
Building and Community Development				
Building Department	11.0	11.0	11.0	11.0
Total	296.5	336.5	329.0	331.5

Source: City of Beachwood records

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

Counts are as of December 31 of each year.

(1) Information prior to 2002 is not available

(2) The Economic Development Department was created in 2010.

2006	2005	2004	2003	2002
7.0	7.0	7.0	7.0	7.0
5.0	4.5	4.0	4.0	4.0
0.0	0.0	0.0	0.0	0.0
12.0	12.0	10.0	12.0	10.0
4.0	4.0	4.0	4.0	4.0
4.0	3.0	3.0	3.0	3.0
42.0	40.0	40.0	42.0	42.0
12.0	11.0	11.0	11.0	11.0
8.5	9.0	8.0	8.0	8.0
7.0	6.5	6.0	6.0	6.0
4.5	4.5	3.5	3.5	4.0
39.0	39.0	39.0	36.0	36.0
11.0	10.0	13.0	13.0	13.0
11.5	11.0	12.0	16.0	15.0
5.0	6.0	7.0	7.0	7.0
16.0	17.0	17.0	15.0	15.0
11.0	13.0	14.5	17.5	11.5
8.5	6.5	6.5	6.0	5.5
5.0	5.0	5.0	5.0	5.0
37.0	44.5	44.0	35.0	34.5
13.5	13.0	14.5	12.5	7.5
17.0	14.5	14.5	13.5	13.5
42.0	45.0	43.5	46.0	29.5
11.0	12.0	12.0	13.0	13.0
333.5	338.0	339.0	336.0	305.0

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Dave Yost • Auditor of State

CITY OF BEACHWOOD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 14, 2011**