



Dave Yost • Auditor of State

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

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Dave Yost • Auditor of State

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

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

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 30, 2014

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

OTHER - FINDINGS FOR RECOVERY

In addition we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

Finding Number 2013-001

Noncompliance - Finding For Recovery – Repaid Under Audit

City of Beachwood Municipal Code § 131.06 states “[g]ratuities received by the Mayor for the performance of marriages may be retained by the Mayor, in addition to the compensation provided herein.”

According to Black’s Law Dictionary, something done or performed without obligation to do so or given without consideration in circumstances that do not otherwise impose a duty is “gratuitous;” however, a charge for labor or services is referred to as a “fee”.

City records show that in fiscal year 2013 Mayor Merle S. Gordon performed 9 marriages. On 7 occasions he received \$125 dollars in compensation for officiating the ceremonies. He was compensated \$0 and \$120 for officiating the other two ceremonies. All told, the mayor was compensated \$995 in 2013 to officiate weddings. During the audit period, the city documentation to schedule a wedding indicated there was a “fee” required. Further, the mayor’s office indicated over the phone that the \$125 was a “fee,” not a gratuity. These facts demonstrate the mayor was, charging a de facto fee for officiating the weddings, as opposed to accepting gratuities as a showing of freely offered gratitude from the matrimonial couple.

There is no authority for the mayor to receive extra compensation for money collected as an unauthorized fee for performing marriage ceremonies. Because the city did not receive any gratuity but instead received unauthorized fees, the mayor was not entitled to be paid as additional compensation the money the city received as a fee for performing marriage ceremonies.

Nevertheless, Mayor Gordon was paid \$995 in consequence of fees collected for performing marriage ceremonies. This payment constituted compensation in excess of that authorized by the City’s ordinance.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is hereby issued against Mayor Merle Gordon in the amount of \$995 and in favor of the city of Beachwood for such excess compensation.

Mayor Gordon repaid the 2013 wedding fees back to the City on March 10, 2015.

In addition, we recommend, if in fact the Mayor is to be compensated with gratuities received for performing wedding ceremonies, then any and all verbiage, both oral and written, should state these funds are given by the matrimonial couple without obligation and are thus gratuities.

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

Finding Number 2013-002

Noncompliance - Finding For Recovery – Repaid Under Audit

The City of Beachwood Ordinance Number 2008-160 Annual Benefits of the Mayor states at paragraph (B) (quoted in pertinent part):

Travel expenses for official business of the City or the reimbursement of out-of-pocket expenses in excess of Five Hundred Dollars (\$500) must be approved by Council. All expenses of any amount shall be related to official City business, shall be reasonable, and shall be substantiated by receipts submitted to the Finance Department...

Further, **City of Beachwood Policy Manual 5.15 C.5.** states:

If an employee elects to attend a conference meal/banquet that has an additional cost (i.e., not included in the registration fee), the City will pay for this meal and reduce the per diem amount. The per diem amount will be reduced by an amount approved by the Mayor and Finance Director.

Mayor Merle Gorden attended the February 6, 2013, Ohio Municipal League meeting and luncheon in Columbus, Ohio. According to the Mayor's calendar, and substantiated by the Ohio Municipal League (OML), there were no other events in addition to the meeting and luncheon, which occurred from 8:30 to 2:30 p.m. Total reimbursement for this trip was \$509.18, including a two night hotel stay and three per diems (two half days and one full).

One month later, Mayor Gorden travelled to Columbus to attend a meeting with the Ohio Department of Transportation. According to the Mayor's calendar, this meeting was scheduled from 1:00-2:00 p.m. Total reimbursement for this trip was \$270, including one night at a hotel and one full per diem.

Mayor Gorden stayed two nights in Columbus for the February meeting, February 5th and 6th, 2013. He stayed one night in March, March 15, 2013. In both instances, the Mayor's documented official City business in Columbus was limited to a one day meeting on February 6th and a sixty minute meeting on March 13th. Additionally, Mayor Gorden submitted a travel reimbursement form seeking a full per diem for February 6th, when the City had separately paid for the OML luncheon. The Mayor subsequently repaid the City for the \$13 lunch he had received from the full per diem reimbursement. Further, the total reimbursement for the February 5-6, 2013 trip was \$509.00, exceeding the \$500 limit requiring Council's approval. However, no approval from Council was either sought or given.

Based upon the facts, the Mayor should have only been reimbursed for one night's stay on February 5th, along with the half day per diem on the 5th and the full per diem on the 6th less the \$13 for lunch. Thus, out of the \$509 trip only \$269 is considered allowable. Likewise for the March 13-14 trip, only the half day per diem of \$28 for March 13th is allowable.

In accordance with the foregoing facts and pursuant to Ohio Rev Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Merle Gorden, Mayor, and in favor of the City of Beachwood's General Fund in the amount of \$482.

Mayor Gorden repaid the 2013 travel reimbursement on March 10, 2015.

Additionally, we recommend the City follow their policy and any trips that could result in a reimbursement greater than \$500 receive prior approval by council. Also, we recommend the City consider modifying their meal reimbursement policy from a per diem basis to reimbursing for actual receipts only.

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

Finding Number 2013-003

Noncompliance - Finding For Recovery – Repaid Under Audit

Mayor Merle Gorden attended the February 6, 2013, Ohio Municipal League luncheon in Columbus, Ohio. The Mayor travelled to Columbus on February 5, 2013 and spent the night on both February 5th and 6th and returned home on February 7th. According to the Mayor's calendar, the Mayor conducted no city business on February 7th. Thus, it appears the Mayor was on vacation on that day and thus should have used 8 hours vacation.

One month later, Mayor Gorden travelled to Columbus to attend a meeting with the Ohio Department of Transportation. According to the Mayor's calendar, this meeting was scheduled from 1:00-2:00 p.m. The Mayor travelled to Columbus on March 13, 2013 spent the night and returned home on March 14th. According to the Mayor's calendar, he spent all day driving back to Beachwood from Columbus. Thus, it appears the Mayor was on vacation on that day and thus should have used 8 hours vacation.

Based upon these facts Mayor Gorden should have used 16 hours total vacation leave for February 7th and March 14th. The Mayor did not use any vacation leave for these 2 days and was subsequently paid \$1,350 (16 hours X \$84.43 hourly rate) at year's end for vacation leave he should have used.

In accordance with the foregoing facts and pursuant to Ohio Rev Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Merle Gorden, Mayor, and in favor of the City of Beachwood's General Fund in the amount of \$1,350.

Mayor Gorden repaid 16 hours of his 2013 vacation payout or \$1,350 on March 10, 2015.

Additionally, since the Mayor is being compensated for any vacation leave he does not use by the end of a fiscal year, then we recommend he track any vacation time he does use and this time should reduce his vacation leave payout at year's end.

Officials' Response:

As a point of law, your office is authorized to report findings for recovery for the reasons set forth in Section 117.28 of the Ohio Revised Code. That section provides in pertinent part:

Where an audit report sets forth that any public money has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public money due has not been collected, or that any public property has been converted or misappropriated***.

Your findings for recovery do not specifically set forth a nexus between a violation of law, ordinance or policy and the statute as set forth above. Rather, the findings seem to draw conclusions based on opinion, and therefore are contrary to law.

Your first finding for recovery is in the amount of Nine Hundred and Ninety Five Dollars and No/Cents (\$995.00) for compensation the Mayor received in 2013 for the performance of wedding ceremonies. The Mayor's compensation ordinance as most recently readopted in July of 2013 and codified in pertinent part as Section 131.06 of the Beachwood Codified Ordinances, authorizes the Mayor to be compensated for the performance of wedding ceremonies paid by couples to Beachwood. This process was approved by Beachwood City Council and was a system that was well known to your office, and at least indirectly approved by your office for many years.

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

Officials' Response: (Cont.)

It is true that the Mayor's secretary created and used an internal working document that contained the word "fee" as opposed to "gratuity" (note that document was amended in May of 2014 when its use was discovered). It is also true that the Mayor's secretary was surreptitiously recorded on the telephone using the word "fee" when responding to a fictitious wedding inquiry. However, as Beachwood previously brought to your attention, the final analysis should not be based merely on the words "fee" or "gratuity". A "gratuity" can take various forms, i.e. "mandatory gratuity," and "voluntary gratuity." You previously indicated that Seventy Five percent (75%) of the monies paid to Beachwood for weddings performed by the Mayor were for the same amount. A true fee would have a mandatory compliance rate of One Hundred percent (100%).

Notwithstanding that our offices, differ on the meaning of "gratuity," your auditors and investigators were aware of both the above referenced internal working document and the recorded telephone call prior to our post-audit meeting in July of 2013 (where no issues or findings were presented to the Beachwood administration and Beachwood City Council (your staff referred to our audit as "THE standard" relative the proper fiscal management of a municipality (Emphasis added)).

Monies paid to the Mayor for the performance of weddings were paid to the Mayor as taxable compensation, pursuant to your office's guidance, an Ohio Attorney General opinion and a properly enacted City ordinance. As such, Beachwood believes that monies paid to the Mayor for the performance of weddings are monies that have been legally expended and therefore fall outside of the purview of R.C. 117.28.

As noted above, the internal working document has had the word "fee" removed. Finally, based in part on concerns of your office, the Mayor ceased the performance of weddings in October of 2014. As opposed to a finding for recovery for the year 2013, we believe these remedial actions of Beachwood should be sufficient to address your concerns.

Your next two findings result from your belief that the Mayor should not have stayed in Columbus, Ohio following two trips he made relating to the public business of Beachwood and that because he did stay overnight, he should have taken two vacation days for the travel days back to Beachwood. You issued findings for recovery in the amount of Four Hundred and Eighty Two Dollars and No/Cents (\$482.00) and One Thousand Three Hundred and Fifty Dollars and No/Cents (\$1,350.00) respectively. As these findings are related, they will be addressed together.

At the time of the referenced Columbus trips, Beachwood had a valid and authorized travel policy which included a meal and lodging rule. Section 5.15 of the Beachwood Employee Policy Manual simply did not prohibit an overnight stay, following a meeting, regardless of when the meeting may have ended. Regarding meals, the same policy set forth that when an employee is traveling on City business the employee may be reimbursed up to the per diem rate. Therefore, the policy left appropriateness of overnight lodging to the discretion of the Mayor.

We certainly understand that there may be room for debate in determining what necessitates overnight lodging. But, your findings appear to substitute your opinion for that of the lawfully elected Mayor. Further, your findings seem to indicate that in your opinion, the meetings ended early enough that the Mayor should have driven home that day. However you do not suggest when it would have been appropriate for him to seek lodging following a meeting. For example, if the meetings would have ended after 4:00 P.M. would your office have found the expenditures appropriate? Subjectively, we understand a disagreement to this question, but legally, the finding is not based on any known violation of a statute or ordinance.

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

Officials' Response: (Cont.)

To complicate matters, your office reviewed the Mayor's calendar on his return travel days from the respective Columbus meetings to Beachwood and concluded that because the calendar had no entries, he did no work. Therefore, in your opinion, he should reimburse Beachwood for two vacation days. This conclusion may mesh with one's personal approach to how one should maintain a calendar, but failing to account for every hour of a business day on a calendar does not mean the Mayor was not performing any of his many duties as Mayor on those days. Or that a One Hundred and Forty Eight (148) mile drive back to Beachwood from Columbus the next morning necessarily meant expenditure of an entire vacation day.

By way of comparison, I draw your attention to the Ohio Office of Budget and Management Revised Travel Rule dated April 15, 2014. Specifically, "Lodging" as set forth at Section 126-1-02 (F) authorizes state employees to receive overnight lodging when travel is only forty five miles from the state agent's residence and headquarters. The Mayor of Beachwood is prohibited by your reasoning from acquiring overnight government authorized lodging following a meeting at the Ohio Department of Transportation in Columbus (approximately One Hundred and Forty Eight miles from his home). Yet, an employee of a state agency who lives in Columbus, could theoretically be authorized overnight government authorized lodging when conducting State business just off Interstate 70 in the City of Springfield, Ohio (approximately forty five miles from his/her home). By your findings, you have prohibited an act, which *you* and other state employees are legally permitted to engage in. It seems the standards you are imposing on Beachwood are far different than standards set for the agencies and offices representing the State of Ohio.

Nonetheless, based partly on the concerns of your office, Mayor Gorden instructed Finance Director Pfaff and the undersigned to develop and implement a more defined travel policy. As such, on March 1, 2015, Beachwood implemented a policy that limits overnight lodging stays to outside of a seventy-five mile radius of the employee's residence and moves away from per diem reimbursements for meals, to receipt based and dollar-capped reimbursements for meals. Finally, at the Mayor's direction, City Council will be presented with legislation on March 16, 2015 to restructure the Mayor's vacation package. Moving forward, the Mayor will be completely excluded from Beachwood administration's vacation policy- no vacation accrual; no ability to convert unused vacation to compensation.

Again, we understand that you may personally disagree with Beachwood's travel policy as it existed in 2013. However, the findings contain no specific citation to any violation of statute or ordinance. Further, based on the changes implemented by Beachwood, we submit that Beachwood has sufficiently remedied this finding.

Beachwood does not believe that a sufficient nexus exists between your conclusions and any of the four statutorily authorized reasons for issuing a finding for recovery. We see no inference that the findings are based on public money being collected and not accounted for, public money that is due and not collected, or public property that has been converted or misappropriated. Therefore, we assume, that your basis for findings rest on public money being "illegally expended."

However, your findings do not meet even your office's definition of "illegal expenditure." I refer you to the Ohio Compliance Supplement Implementation Guide (Revised February of 2015) as promulgated by your office. In that document your office sets forth an illegal expenditure as being an expenditure for which there was no statutory authority or an expenditure that exceeds statutory authority.

The United States Court of Appeals for the Sixth Circuit addressed the issue of whether the Auditor of State could deem any payment an "illegal expenditure," without reference to any other authority but the Auditor's own, in *Mahoning Valley Sanitary District ex rel. Montgomery v. Gilbane Building Co.*, 86 Fed. Appx 856 (2004). The appeals court upheld the decision of the district court which found, "for expenditures to be illegal, it must violate an identifiable existing law." Your findings for recovery do not meet this standard as they do not identify any existing law that has been violated.

**CITY OF BEACHWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

Officials' Response: (Cont.)

Beachwood submits that the findings subject to the 2013 audit cannot be held to be an illegal expenditure because duly enacted City ordinances and appropriate City policies existed covering the performance of weddings, travel, lodging and vacation. While your office has cited one internal wedding document and a surreptitiously recorded telephone conversation that used the word "fee" – which term your office concluded conflicted with the language of the ordinance, your findings point to no expenditure or conduct that contradicts, violates or exceeds any statute, policy or ordinance.

Your findings also contain no reference that any of the expenditures lacked a proper public purpose. As you are aware, what is or is not a proper public is a legislative function, left to limited review by the judiciary. See *Bazell v. City of Cincinnati*, 13 Ohio St., 2d 63 (1968). A city council has the authority to set compensation for a mayor subject only to approval to their constituents. Findings for recovery relative to Beachwood appear to be substituting the will of your office for that of the taxpayers of Beachwood.

AOS Conclusion: While the City Code permitted the mayor to receive gratuities for performing marriages, it was evident by the standard amounts being paid by matrimonial couples that in fact those couples were being charged a fee. Since the Beachwood City Code does not permit the mayor to charge a fee, payment of those funds to the Mayor was illegal.

Further, the Mayor's trips to Columbus were made for a proper public purpose, but the reimbursement for the additional nights and associated meal reimbursement was not. This office requested the Mayor provide documentation showing he performed city business on those days, but he could provide none. In the absence of supporting documentation, the Mayor should have used vacation days. Thus, compensating the Mayor for the extra nights, associated meals, and not using vacation leave was illegal.



THE CITY OF BEACHWOOD OHIO
Comprehensive Annual Financial Report

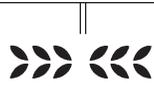
THE CITY OF BEACHWOOD OHIO

Comprehensive Annual Financial Report
for the year ended December 31, 2013



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, 2013
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CITY OF *Beachwood*

25325 FAIRMOUNT BOULEVARD • BEACHWOOD, OHIO 44122

MAYOR
MERLE S. GORDEN

June 30, 2014

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, 2013, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

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

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

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State's Office performed these services for the year 2013. The independent auditor's report is presented in the Financial Section of this report.

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

Profile of the Government

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

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

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

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

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

The City has reviewed its reporting entity definition in order to ensure compliance and conformance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34." For financial reporting definition purposes, City management has considered all agencies, departments and organizations comprising the City of Beachwood, the primary government, and its potential component units.

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

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

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

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

Local Economy

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

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

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

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

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

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

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

Other recently completed projects in Chagrin Highlands include the Aloft Hotel which opened in November of 2013 and the University Hospital Rehabilitation Center which opened in February of 2014.

In 2013 the City approved a tax incentive package for OMNOVA Solutions to build their new headquarters in Chagrin Highlands. This approximately \$17,000,000 project will bring an estimated 180 new jobs to the City. In addition to the OMNOVA project construction has also begun on an Alzheimer Special Memory Care Center within Chagrin Highlands.

The Cleveland Clinic, Eaton Corporation, and University Hospitals are the City's largest employers. These companies should provide the City with a strong core employment base for years to come. In October of 2013 Bank of America, formerly the City's largest employer, ceased operations in the City. However, the property they were leasing is owned by the Cleveland Clinic and it is anticipated that they will ultimately increase their presence in the City to offset the loss of Bank of America.

Currently other projects within the City include the renovation of the Clarion Hotel, the new Infiniti of Beachwood car dealership and The Vue apartment complex. The Vue will bring 348 luxury apartments to the corner of Chagrin Boulevard and Green Road. This site was purchased by the NPR Group in 2012 who demolished three under-utilized office buildings to make room for this project.

In an effort to provide the highest level of services to its residential and business community the City has spent over \$73,000,000 over the past several years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; only \$21,625,000 in general obligation debt was issued to finance these improvements and \$14,885,000 is still outstanding. During 2012 the City issued Refunding Bonds for a portion of this debt, resulting in a net present value savings to the City of approximately \$743,000.

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

Long-term financial planning and relevant financial policies

For the past 15 years the City has focused on an extensive Master Plan to meet the future growth of the City. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents. Since 2001, residents have benefited from construction of a new fire station, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, the expansion and remodeling of the existing Municipal Building and Community Center, and the renovation of an approximately 300,000 square foot building purchased in 2008 into the City's new Service Center, the Service Department moved into their new home in the summer of 2011.

In early 2014 the Mayor unveiled “Vision 2014 and Beyond” to address the future needs of the City due to general growth of the City and the development of the Chagrin Highlands area. While this plan is still currently in the discussion stage, it includes construction of a new Fire Station to replace the existing Fire Station No. 2, along with expansion of recreational facilities, and a review of our current Police Station for operational efficiency and potential improvements.

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

The City will continue working to finalize the projects and financing for the “Vision 2014 and Beyond” to meet the future needs of the City and its residents.

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, 2012. This was the fifteenth 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, 2012. 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.

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.

ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,



Merle S. Gorden
Mayor



David A. Pfaff, CPA
Director of Finance

City of Beachwood, Ohio

City Officials - as of December 31, 2013

ELECTED OFFICIALS

Mayor-Safety Director Merle S. Gorden
President of Council Melvin M. Jacobs

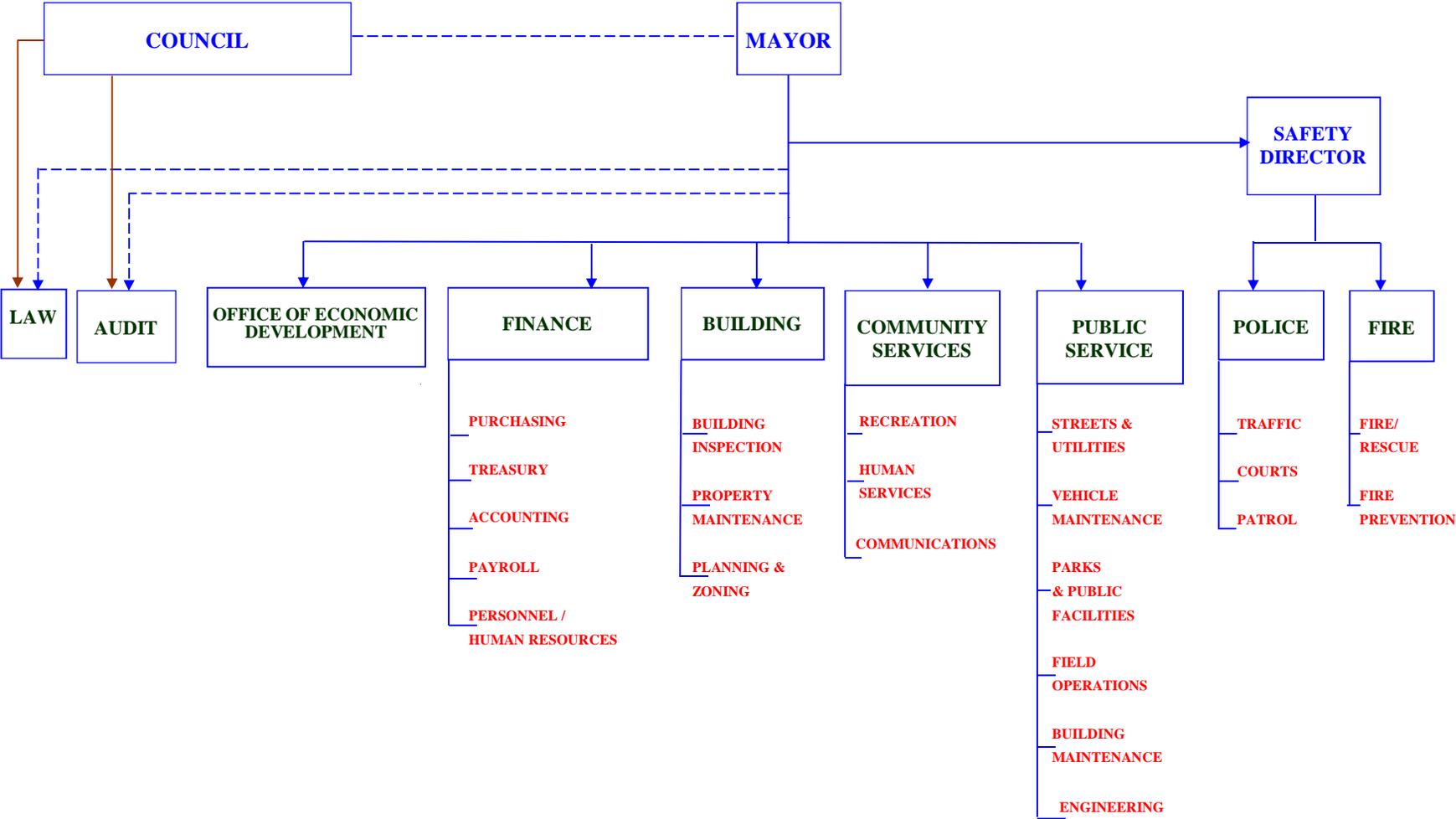
Council Member Saul Eisen
Council Member Fredric S. Goodman
Council Member Martin S. Horwitz
Council Member Brian H. Linick
Council Member Mark Mintz
Council Member Mark I. Wachter

APPOINTED OFFICIALS

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

CITY OF BEACHWOOD

Organizational Chart





Government Finance Officers Association

**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, 2012

Executive Director/CEO

FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The statements and schedules are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

June 30, 2014

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City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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, 2013. 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 2013 are as follows:

- In 2013, the City issued \$5,200,000 in bond anticipation notes for the construction of Eaton Boulevard.
- Income taxes increased by \$1,445,325 or 5.1 percent.
- License and permit fees increased by \$1,222,599 or 106.8 percent largely due to the Commerce Park Apartments project and the High School renovation project.
- Expenses had a slight increase of only \$341,885 or 0.91 percent.
- Governmental activities revenues of \$44,706,230 exceeded expenses of \$37,893,794 consequently increasing net position by \$6,812,436.

Using this Annual Financial Report

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

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

Reporting the City of Beachwood as a Whole

Statement of Net Position and the Statement of Activities

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

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

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

Reporting on the Most Significant Funds of the City of Beachwood

Fund Financial Statements

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

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

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

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

The City of Beachwood as a Whole

Statement of Net Position

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2013 and 2012.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 1
Net Position

| | Governmental Activities | | |
|---------------------------------------|-------------------------|---------------|-------------|
| | 2013 | 2012 | Change |
| Assets | | | |
| Total Current and Other Assets | \$57,030,365 | \$49,313,754 | \$7,716,611 |
| Nondepreciable Capital Assets | 14,235,641 | 14,235,641 | 0 |
| Depreciable Capital Assets, Net | 77,083,289 | 79,716,176 | (2,632,887) |
| Total Assets | 148,349,295 | 143,265,571 | 5,083,724 |
| Deferred Outflows of Resources | 315,496 | 630,992 | (315,496) |
| Liabilities | | | |
| Total Current and Other Liabilities | 7,226,607 | 7,469,066 | (242,459) |
| Long-Term Liabilities: | | | |
| Due Within One Year | 2,740,122 | 2,689,592 | 50,530 |
| Due Within More Than One Year | 17,370,504 | 19,224,413 | (1,853,909) |
| Total Liabilities | 27,337,233 | 29,383,071 | (2,045,838) |
| Deferred Inflows of Resources | 2,543,715 | 2,542,085 | 1,630 |
| Net Position | | | |
| Net Investment in Capital Assets | 69,178,482 | 69,977,360 | (798,878) |
| Restricted for: | | | |
| Debt Service | 2,652,846 | 3,103,538 | (450,692) |
| Capital Projects | 5,200,000 | 0 | 5,200,000 |
| Unclaimed Monies | 29,928 | 20,368 | 9,560 |
| Streets | 1,080,753 | 730,504 | 350,249 |
| Other Purposes | 606,973 | 550,698 | 56,275 |
| Unrestricted | 40,034,861 | 37,588,939 | 2,445,922 |
| Total Net Position | \$118,783,843 | \$111,971,407 | \$6,812,436 |

The largest portion of the City's net position (58.2 percent) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The City's financial position increased from 2012 to 2013 as indicated by the increase in total net position for governmental activities of \$6,812,436.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2 shows the changes in net position for 2013 and 2012 and corresponds to the Statement of Activities.

Table 2
Change in Net Position

| | Governmental Activities | | |
|--|-------------------------|----------------------|--------------------|
| | 2013 | 2012 | Change |
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$4,596,332 | \$3,567,097 | \$1,029,235 |
| Operating Grants, Contributions and Interest | 648,516 | 695,557 | (47,041) |
| Capital Grants and Assessments | 719,852 | 0 | 719,852 |
| General Revenues | | | |
| Property Taxes | 3,177,827 | 2,890,921 | 286,906 |
| Municipal Income Tax | 29,892,959 | 28,447,634 | 1,445,325 |
| Admission, Lodging and Franchise Taxes | 1,323,455 | 1,336,222 | (12,767) |
| Estate Taxes | 2,580,934 | 3,115,899 | (534,965) |
| Grants and Entitlements | 385,209 | 496,054 | (110,845) |
| Investment Earnings | 174,277 | 145,983 | 28,294 |
| Health Care Reimbursements | 530,652 | 479,070 | 51,582 |
| Other | 676,217 | 286,935 | 389,282 |
| Total Revenues | <u>44,706,230</u> | <u>41,461,372</u> | <u>3,244,858</u> |
| Program Expenses | | | |
| General Government | 4,950,386 | 5,383,560 | (433,174) |
| Public Safety: | | | |
| Police | 8,602,587 | 8,513,081 | 89,506 |
| Fire | 6,862,847 | 6,609,326 | 253,521 |
| Public Services | 12,271,829 | 11,927,501 | 344,328 |
| Health and Welfare | 513,481 | 583,900 | (70,419) |
| Culture and Recreation | 2,801,539 | 2,828,722 | (27,183) |
| Building and Community Development | 1,067,749 | 959,081 | 108,668 |
| Interest and Fiscal Charges | 823,376 | 746,738 | 76,638 |
| Total Expenses | <u>37,893,794</u> | <u>37,551,909</u> | <u>341,885</u> |
| Change in Net Position | 6,812,436 | 3,909,463 | 2,902,973 |
| Net Position Beginning of Year | <u>111,971,407</u> | <u>108,061,944</u> | <u>3,909,463</u> |
| Net Position End of Year | <u>\$118,783,843</u> | <u>\$111,971,407</u> | <u>\$6,812,436</u> |

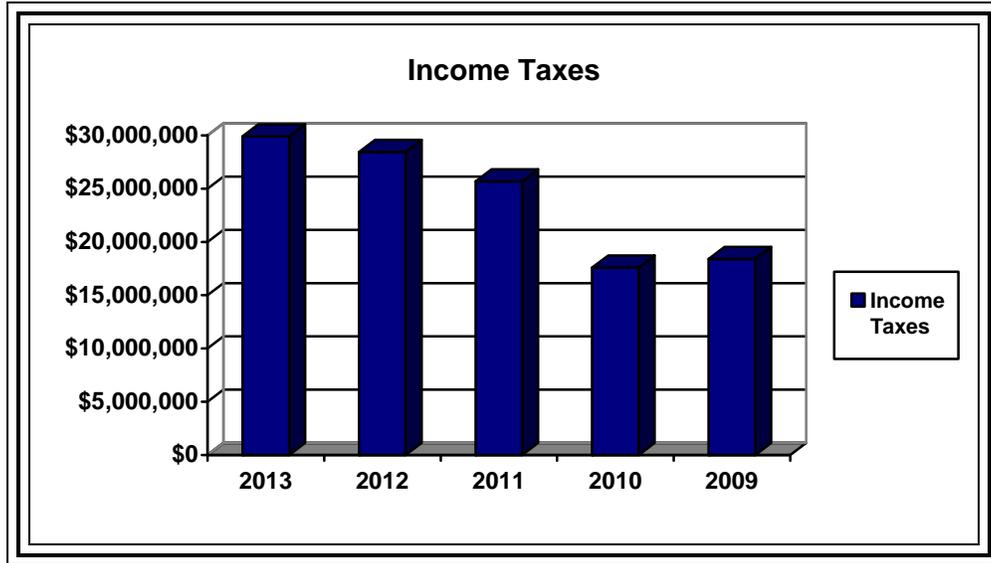
The increase in revenues is due to an increase in income tax collections and building permits and licenses. The income tax increase is due to an increase in income tax revenue in the JEDD area. Building permits and licenses increased due to the Commerce Park Apartments project and the High School renovation.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$29,892,959 in income tax collections or 66.9 percent of total 2013 revenue. Other significant sources of revenue include property taxes and estate taxes of which the City received \$3,177,827 and \$2,580,934 respectively in 2013.

In 2013, the City experienced an increase in income taxes. The chart below identifies income tax receipts for the last five years.



City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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 2013 | Net Cost of Services 2013 | Total Cost of Services 2012 | Net Cost of Services 2012 |
|-----------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government | \$4,950,386 | (\$4,887,149) | \$5,383,560 | (\$5,029,052) |
| Public Safety | | | | |
| Police | 8,602,587 | (8,054,328) | 8,513,081 | (8,100,851) |
| Fire | 6,862,847 | (5,955,351) | 6,609,326 | (5,693,215) |
| Public Services | 12,271,829 | (10,918,020) | 11,927,501 | (11,246,925) |
| Health and Welfare | 513,481 | (393,833) | 583,900 | (426,519) |
| Culture and Recreation | 2,801,539 | (1,925,115) | 2,828,722 | (1,964,685) |
| Building and | | | | |
| Community Development | 1,067,749 | 1,028,078 | 959,081 | (81,270) |
| Interest and Fiscal Charges | 823,376 | (823,376) | 746,738 | (746,738) |
| Total | \$37,893,794 | (\$31,929,094) | \$37,551,909 | (\$33,289,255) |

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 increased slightly in 2013 and the net cost of services decreased in 2013.

Public safety expenses account for approximately 40.8 percent of total 2013 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. Other significant expenses include public service expenses which make up approximately 32.4 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

The City's Funds

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

The general fund is the chief operating fund of the City. The total fund balance at December 31, 2013 and 2012 was \$31,563,489 and \$28,861,166 respectively. The increase is largely due the increase in income tax revenue and charges for services.

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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, 2013 and 2012 was \$397,600 and \$423,590 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.

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, 2013 and 2012 was \$5,622,369 and \$893,307 respectively. The increase is due to an increase in transfers from the general fund.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues were \$41,094,020; and actual revenue collections were \$43,550,411. Final budgeted appropriations (excluding transfers) were \$37,232,854 and actual expenditures (excluding transfers) were \$34,110,490. Appropriations are always conservatively budgeted on the high side. Additionally, several vacant positions budgeted for were not filled when budgeted which accounts for the difference between budgeted appropriations and actual expenditures.

Debt Administration and Capital Assets

Debt

Table 4 summarizes outstanding debt at December 31, 2013 compared to December 31, 2012.

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 2013, the City refinanced \$5,200,000 in bond anticipation notes for the construction of Eaton Boulevard. See Notes 12 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, 2013
Unaudited

Table 4
Outstanding Debt at Year End

| | Governmental Activities | |
|--------------------------|-------------------------|--------------|
| | 2013 | 2012 |
| General Obligation Bonds | \$15,310,976 | \$16,735,266 |
| Special Assessment Bonds | 2,020,000 | 2,390,000 |
| General Obligation Notes | 5,200,000 | 5,200,000 |
| <i>Totals</i> | \$22,530,976 | \$24,325,266 |

Capital Assets

Table 5 compares capital assets as of December 31, 2013 to balances at December 31, 2012.

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

| | Governmental Activities | |
|----------------------------|-------------------------|--------------|
| | 2013 | 2012 |
| Land | \$14,235,641 | \$14,235,641 |
| Land Improvements | 4,083,894 | 4,057,967 |
| Buildings and Improvements | 36,391,805 | 37,304,739 |
| Furniture and Equipment | 1,558,653 | 1,665,458 |
| Vehicles | 2,610,186 | 2,843,262 |
| Infrastructure | | |
| Streets | 25,213,576 | 27,137,579 |
| Water Lines | 3,144,499 | 2,930,050 |
| Sanitary Sewers | 1,926,750 | 1,648,258 |
| Storm Sewers | 1,549,629 | 1,514,555 |
| I-Net Fiber | 97,264 | 99,290 |
| Traffic Signals | 507,033 | 515,018 |
| <i>Totals</i> | \$91,318,930 | \$93,951,817 |

City of Beachwood, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Significant capital asset additions mainly include road improvements. In 2013, Hendon Road was resurfaced and Eaton Boulevard, a new road including water, storm and sanitary sewer lines, was completed.

With regards to the City's infrastructure, the Service Director maintains a comprehensive listing of all streets, waterlines and sanitary and storm sewer lines. As part of the annual road maintenance program, the Service Director evaluates the condition of the streets and identify which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$3.1 million a year for the road maintenance program.

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

Current Financial Related Activities

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

Contacting the City's Finance Department

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

City of Beachwood, Ohio

Statement of Net Position

December 31, 2013

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$41,690,168 |
| Cash and Cash Equivalents in Segregated Accounts | 1,000 |
| Accounts Receivable | 112,090 |
| Estate Taxes Receivable | 202,122 |
| Admission Taxes Receivable | 26,494 |
| Lodging Taxes Receivable | 48,204 |
| Franchise Taxes Receivable | 31,754 |
| Intergovernmental Receivable | 367,592 |
| Materials and Supplies Inventory | 847,683 |
| Prepaid Items | 206,696 |
| Property Taxes Receivable | 4,775,535 |
| Income Taxes Receivable | 6,092,735 |
| Special Assessments Receivable | 2,620,548 |
| Accrued Interest Receivable | 7,744 |
| Nondepreciable Capital Assets | 14,235,641 |
| Depreciable Capital Assets, Net | <u>77,083,289</u> |
| <i>Total Assets</i> | <u>148,349,295</u> |
| Deferred Outflows of Resources | |
| Deferred Charge on Refunding | <u>315,496</u> |
| Liabilities | |
| Accounts Payable | 490,724 |
| Retainage Payable | 30,336 |
| Accrued Wages | 733,296 |
| Matured Compensated Absences | 61,945 |
| Intergovernmental Payable | 472,267 |
| Accrued Interest Payable | 59,592 |
| Contracts Payable | 76,499 |
| Claims Payable | 101,948 |
| Notes Payable | 5,200,000 |
| Long-Term Liabilities: | |
| Due Within One Year | 2,740,122 |
| Due In More Than One Year | <u>17,370,504</u> |
| <i>Total Liabilities</i> | <u>27,337,233</u> |
| Deferred Inflows of Resources | |
| Property Taxes | <u>2,543,715</u> |
| Net Position | |
| Net Investment in Capital Assets | 69,178,482 |
| Restricted for: | |
| Debt Service | 2,652,846 |
| Capital Projects | 5,200,000 |
| Unclaimed Monies | 29,928 |
| Streets | 1,080,753 |
| Other Purposes | 606,973 |
| Unrestricted | <u>40,034,861</u> |
| <i>Total Net Position</i> | <u><u>\$118,783,843</u></u> |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Activities
For the Year Ended December 31, 2013

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|-------------------------|---|-------------------|--|
| | Expenses | Charges for Services | Operating Grants Contributions and Interest | Capital Grants | Governmental Activities |
| Governmental Activities | | | | | |
| General Government | \$4,950,386 | \$63,237 | \$0 | \$0 | (\$4,887,149) |
| Public Safety: | | | | | |
| Police | 8,602,587 | 533,700 | 14,559 | 0 | (8,054,328) |
| Fire | 6,862,847 | 907,496 | 0 | 0 | (5,955,351) |
| Public Services | 12,271,829 | 0 | 633,957 | 719,852 | (10,918,020) |
| Health and Welfare | 513,481 | 119,648 | 0 | 0 | (393,833) |
| Culture and Recreation | 2,801,539 | 876,424 | 0 | 0 | (1,925,115) |
| Building and | | | | | |
| Community Development | 1,067,749 | 2,095,827 | 0 | 0 | 1,028,078 |
| Interest and Fiscal Charges | 823,376 | 0 | 0 | 0 | (823,376) |
| <i>Total Governmental Activities</i> | <u>\$37,893,794</u> | <u>\$4,596,332</u> | <u>\$648,516</u> | <u>\$719,852</u> | <u>(31,929,094)</u> |
| General Revenues | | | | | |
| Property Taxes Levied for | | | | | |
| General Purposes | | | | | 2,936,550 |
| Police Pension | | | | | 241,277 |
| Municipal Income Taxes Levied for | | | | | |
| General Purposes | | | | | 29,892,959 |
| Admission, Lodging and Franchise Taxes | | | | | 1,323,455 |
| Estate Taxes | | | | | 2,580,934 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 385,209 |
| Investment Earnings | | | | | 174,277 |
| Health Care Reimbursements | | | | | 530,652 |
| Other | | | | | 676,217 |
| <i>Total General Revenues</i> | | | | | <u>38,741,530</u> |
| Change in Net Position | | | | | 6,812,436 |
| <i>Net Position Beginning of Year</i> | | | | | <u>111,971,407</u> |
| <i>Net Position End of Year</i> | | | | | <u><u>\$118,783,843</u></u> |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

| | General | Bond Retirement | Capital Improvements | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------|-------------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$27,509,492 | \$397,600 | \$10,940,635 | \$1,315,368 | \$40,163,095 |
| Cash and Cash Equivalents In Segregated Accounts | 1,000 | 0 | 0 | 0 | 1,000 |
| Property Taxes Receivable | 4,417,350 | 0 | 0 | 358,185 | 4,775,535 |
| Income Taxes Receivable | 6,092,735 | 0 | 0 | 0 | 6,092,735 |
| Estate Taxes Receivable | 202,122 | 0 | 0 | 0 | 202,122 |
| Admission Taxes Receivable | 26,494 | 0 | 0 | 0 | 26,494 |
| Lodging Taxes Receivable | 48,204 | 0 | 0 | 0 | 48,204 |
| Franchise Taxes Receivable | 31,754 | 0 | 0 | 0 | 31,754 |
| Accounts Receivable | 112,090 | 0 | 0 | 0 | 112,090 |
| Intergovernmental Receivable | 160,197 | 0 | 0 | 207,395 | 367,592 |
| Accrued Interest Receivable | 7,744 | 0 | 0 | 0 | 7,744 |
| Materials and Supplies Inventory | 847,683 | 0 | 0 | 0 | 847,683 |
| Prepaid Items | 206,696 | 0 | 0 | 0 | 206,696 |
| Special Assessments Receivable | 0 | 2,401,943 | 218,605 | 0 | 2,620,548 |
| Restricted Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 27,073 | 0 | 0 | 0 | 27,073 |
| <i>Total Assets</i> | <u>\$39,690,634</u> | <u>\$2,799,543</u> | <u>\$11,159,240</u> | <u>\$1,880,948</u> | <u>\$55,530,365</u> |
| Liabilities | | | | | |
| Accounts Payable | \$467,766 | \$0 | \$20,534 | \$2,424 | \$490,724 |
| Retainage Payable | 30,336 | 0 | 0 | 0 | 30,336 |
| Accrued Wages | 733,296 | 0 | 0 | 0 | 733,296 |
| Matured Compensated Absences | 61,945 | 0 | 0 | 0 | 61,945 |
| Intergovernmental Payable | 472,267 | 0 | 0 | 0 | 472,267 |
| Contracts Payable | 0 | 0 | 76,499 | 0 | 76,499 |
| Accrued Interest Payable | 0 | 0 | 21,233 | 0 | 21,233 |
| Notes Payable | 0 | 0 | 5,200,000 | 0 | 5,200,000 |
| <i>Total Liabilities</i> | <u>1,765,610</u> | <u>0</u> | <u>5,318,266</u> | <u>2,424</u> | <u>7,086,300</u> |
| Deferred Inflows of Resources | | | | | |
| Property Taxes | 2,352,917 | 0 | 0 | 190,798 | 2,543,715 |
| Unavailable Revenue | 4,008,618 | 2,401,943 | 218,605 | 309,281 | 6,938,447 |
| <i>Total Deferred Inflows of Resources</i> | <u>6,361,535</u> | <u>2,401,943</u> | <u>218,605</u> | <u>500,079</u> | <u>9,482,162</u> |
| Fund Balances | | | | | |
| Nonspendable | 1,081,452 | 0 | 0 | 0 | 1,081,452 |
| Restricted | 0 | 397,600 | 0 | 1,378,445 | 1,776,045 |
| Committed | 261,150 | 0 | 25,657 | 0 | 286,807 |
| Assigned | 1,572,707 | 0 | 5,596,712 | 0 | 7,169,419 |
| Unassigned | 28,648,180 | 0 | 0 | 0 | 28,648,180 |
| <i>Total Fund Balances</i> | <u>31,563,489</u> | <u>397,600</u> | <u>5,622,369</u> | <u>1,378,445</u> | <u>38,961,903</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$39,690,634</u> | <u>\$2,799,543</u> | <u>\$11,159,240</u> | <u>\$1,880,948</u> | <u>\$55,530,365</u> |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2013*

Total Governmental Fund Balances \$38,961,903

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 91,318,930

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

| | |
|---------------------------|------------------|
| Delinquent Property Taxes | 2,231,820 |
| Intergovernmental | 277,887 |
| Estate Taxes | 50,530 |
| Special Assessments | 2,620,548 |
| Municipal Income Taxes | <u>1,757,662</u> |

Total 6,938,447

An internal service fund is used by management to charge
 the cost of workers compensation to individual funds/departments.
 The assets and liabilities of the internal service fund are included
 in governmental activities in the statement of net position. 1,398,052

In the statement of activities, interest is accrued on outstanding
 bonds, whereas in governmental fund, an interest
 expenditure is reported when due. (38,359)

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

| | |
|------------------------------|--------------------|
| Special Assessment Bonds | (370,000) |
| General Obligation Bonds | (16,960,976) |
| Deferred charge on Refunding | 315,496 |
| Compensated Absences | <u>(2,779,650)</u> |

Total (19,795,130)

Net Position of Governmental Activities \$118,783,843

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, 2013

| | General | Bond Retirement | Capital Improvements | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Property Taxes | \$2,373,899 | \$0 | \$0 | \$195,657 | \$2,569,556 |
| Municipal Income Taxes | 29,578,663 | 0 | 0 | 0 | 29,578,663 |
| Charges for Services | 2,218,880 | 0 | 0 | 0 | 2,218,880 |
| Fines, Licenses and Permits | 2,323,769 | 0 | 0 | 44,044 | 2,367,813 |
| Intergovernmental | 408,862 | 0 | 0 | 648,253 | 1,057,115 |
| Estate Taxes | 2,757,334 | 0 | 0 | 0 | 2,757,334 |
| Admission Taxes | 352,854 | 0 | 0 | 0 | 352,854 |
| Lodging Taxes | 843,102 | 0 | 0 | 0 | 843,102 |
| Franchise Taxes | 127,499 | 0 | 0 | 0 | 127,499 |
| Health Care Reimbursements | 530,652 | 0 | 0 | 0 | 530,652 |
| Special Assessments | 0 | 436,771 | 21,152 | 9,639 | 467,562 |
| Interest | 173,186 | 0 | 0 | 4,138 | 177,324 |
| Other | 637,954 | 37,284 | 0 | 979 | 676,217 |
| <i>Total Revenues</i> | <u>42,326,654</u> | <u>474,055</u> | <u>21,152</u> | <u>902,710</u> | <u>43,724,571</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 4,492,937 | 0 | 0 | 2,056 | 4,494,993 |
| Public Safety: | | | | | |
| Police | 8,304,664 | 0 | 0 | 251,977 | 8,556,641 |
| Fire | 6,620,419 | 0 | 0 | 0 | 6,620,419 |
| Public Services | 8,415,536 | 0 | 0 | 284,989 | 8,700,525 |
| Health and Welfare | 507,654 | 0 | 0 | 0 | 507,654 |
| Culture and Recreation | 2,414,088 | 0 | 0 | 0 | 2,414,088 |
| Building and | | | | | |
| Community Development | 1,063,829 | 0 | 0 | 0 | 1,063,829 |
| Capital Outlay | 0 | 0 | 1,291,946 | 0 | 1,291,946 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 1,750,000 | 0 | 0 | 1,750,000 |
| Interest and Fiscal Charges | 0 | 503,249 | 52,144 | 0 | 555,393 |
| <i>Total Expenditures</i> | <u>31,819,127</u> | <u>2,253,249</u> | <u>1,344,090</u> | <u>539,022</u> | <u>35,955,488</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>10,507,527</u> | <u>(1,779,194)</u> | <u>(1,322,938)</u> | <u>363,688</u> | <u>7,769,083</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 0 | 1,753,204 | 6,052,000 | 0 | 7,805,204 |
| Transfers Out | (7,805,204) | 0 | 0 | 0 | (7,805,204) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(7,805,204)</u> | <u>1,753,204</u> | <u>6,052,000</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 2,702,323 | (25,990) | 4,729,062 | 363,688 | 7,769,083 |
| <i>Fund Balances Beginning of Year</i> | <u>28,861,166</u> | <u>423,590</u> | <u>893,307</u> | <u>1,014,757</u> | <u>31,192,820</u> |
| <i>Fund Balances End of Year</i> | <u>\$31,563,489</u> | <u>\$397,600</u> | <u>\$5,622,369</u> | <u>\$1,378,445</u> | <u>\$38,961,903</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, 2013*

Net Change in Fund Balances - Total Governmental Funds \$7,769,083

*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 depreciation exceeded capital outlays in the current period.

| | | |
|---------------------------|-------------|-------------|
| Capital Asset Additions | | |
| Capital Outlays | 1,732,130 | |
| Capital Contributions | 719,852 | |
| Current Year Depreciation | (5,037,241) | |
| Total | | (2,585,259) |

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. (47,628)

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

| | | |
|---------------------------|-----------|---------|
| Delinquent Property Taxes | 608,271 | |
| Intergovernmental | (26,437) | |
| Special Assessments | (457,923) | |
| Estate Taxes | (176,400) | |
| Municipal Income Taxes | 314,296 | |
| Total | | 261,807 |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,750,000

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 | (312,273) | |
| Amortization of Premium | 44,290 | |
| Total | | (267,983) |

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. 9,089

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. (76,673)

Change in Net Position of Governmental Activities \$6,812,436

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, 2013*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$2,348,218 | \$2,348,218 | \$2,373,899 | \$25,681 |
| Municipal Income Taxes | 28,905,012 | 29,905,012 | 30,229,728 | 324,716 |
| Charges for Services | 2,362,780 | 2,362,780 | 2,222,395 | (140,385) |
| Fines, Licenses and Permits | 1,395,680 | 1,395,680 | 2,325,144 | 929,464 |
| Intergovernmental | 466,912 | 466,912 | 408,042 | (58,870) |
| Estate Taxes | 500,000 | 2,500,000 | 3,286,532 | 786,532 |
| Admission Taxes | 444,000 | 444,000 | 358,871 | (85,129) |
| Lodging Taxes | 785,000 | 785,000 | 841,753 | 56,753 |
| Franchise Taxes | 115,000 | 115,000 | 128,744 | 13,744 |
| Health Care Reimbursements | 515,390 | 515,390 | 530,652 | 15,262 |
| Interest | 152,903 | 152,903 | 215,697 | 62,794 |
| Other | 103,125 | 103,125 | 628,954 | 525,829 |
| <i>Total Revenues</i> | 38,094,020 | 41,094,020 | 43,550,411 | 2,456,391 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 5,538,648 | 5,678,648 | 4,925,206 | 753,442 |
| Public Safety: | | | | |
| Police | 9,344,896 | 9,344,896 | 8,626,617 | 718,279 |
| Fire | 7,302,577 | 7,402,577 | 7,075,182 | 327,395 |
| Public Services | 9,970,878 | 10,020,878 | 9,310,348 | 710,530 |
| Health and Welfare | 645,762 | 645,762 | 533,138 | 112,624 |
| Culture and Recreation | 2,899,514 | 2,944,514 | 2,534,478 | 410,036 |
| Building and Community Development | 1,195,579 | 1,195,579 | 1,105,521 | 90,058 |
| <i>Total Expenditures</i> | 36,897,854 | 37,232,854 | 34,110,490 | 3,122,364 |
| <i>Excess of Revenues Over Expenditures</i> | 1,196,166 | 3,861,166 | 9,439,921 | 5,578,755 |
| Other Financing Uses | | | | |
| Transfers Out | (7,805,204) | (7,805,204) | (7,805,204) | 0 |
| <i>Net Change in Fund Balance</i> | (6,609,038) | (3,944,038) | 1,634,717 | 5,578,755 |
| <i>Fund Balance Beginning of Year</i> | 21,711,403 | 21,711,403 | 21,711,403 | 0 |
| Prior Year Encumbrances Appropriated | 1,820,654 | 1,820,654 | 1,820,654 | 0 |
| <i>Fund Balance End of Year</i> | \$16,923,019 | \$19,588,019 | \$25,166,774 | \$5,578,755 |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2013

| | <u>Internal Service</u> |
|--|---------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$1,500,000 |
| Liabilities | |
| Claims Payable | <u>101,948</u> |
| Net Position | |
| Unrestricted | <u><u>\$1,398,052</u></u> |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2013

| | Internal Service |
|---------------------------------------|------------------|
| Operating Revenues | |
| Charges for Services | \$101,651 |
| Operating Expenses | |
| Claims | 178,324 |
| <i>Change in Net Position</i> | (76,673) |
| <i>Net Position Beginning of Year</i> | 1,474,725 |
| <i>Net Position End of Year</i> | \$1,398,052 |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2013

| | <u>Internal Service</u> |
|--|-------------------------|
| Increase (Decrease) in Cash and Cash Equivalents | |
| Cash Flows from Operating Activities | |
| Cash Received from Interfund Services Provided | \$101,651 |
| Cash Payments for Claims | (101,651) |
| | 0 |
| <i>Increase in Cash and Cash Equivalents</i> | 0 |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 1,500,000 |
| | 1,500,000 |
| <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 | (\$76,673) |
| Adjustments: | |
| Increase in Claims Payable | 76,673 |
| | 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 Position
Fiduciary Funds
December 31, 2013

| | Private Purpose Trust | Agency |
|--|--------------------------|-----------|
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,163 | \$513,083 |
| Liabilities | | |
| Undistributed Monies | 0 | \$875 |
| Deposits Held and Due to Others | 0 | 512,208 |
| <i>Total Liabilities</i> | 0 | \$513,083 |
| Net Position | | |
| Held in Trust for Recreation | \$1,163 | |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Statement of Changes in Fund Net Position
Private Purpose Trust Fund
For the Year Ended December 31, 2013

| | <u>Private Purpose Trust</u> |
|---------------------------------------|----------------------------------|
| Additions | |
| Interest | \$5 |
| Deductions | |
| | <u>0</u> |
| <i>Change in Net Position</i> | 5 |
| <i>Net Position Beginning of Year</i> | <u>1,158</u> |
| <i>Net Position End of Year</i> | <u><u>\$1,163</u></u> |

See accompanying notes to the basic financial statements

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Basis of Presentation

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

B. Fund Accounting

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

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

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

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

C. Measurement Focus

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, special assessments, municipal income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

E. Cash and Cash Equivalents

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

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

During fiscal year 2013, investments were limited to U.S. treasury notes, certificate of deposits, federal farm credit bonds, federal home loan bank bonds, federal home loan mortgage 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 net asset value per share which is the price the investment could be sold for on December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amounted to \$173,186, which includes \$51,690 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, 2013, 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, 2013

I. Bond Premium

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

J. Deferred Charge on Refunding

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

K. Fund Balance

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

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

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

L. Capital Assets

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

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

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

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

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

M. Compensated Absences

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

N. Accrued Liabilities and Long-term Obligations

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

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

O. Net Position

Net position represents the difference all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for police, street lights and improvements to the Mayor's court.

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

P. Internal Activity

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Q. 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, 2013, 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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Special assessments expected to be collected in more than one year amount to \$2,397,319 in the Bond Retirement Fund and \$214,348 in the Capital Improvement Fund. At December 31, 2013 the amount of delinquent special assessments was \$58,205.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013 on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and collected in 2014 real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

| | |
|-------------------------|-----------------------------|
| Real Property | \$788,401,410 |
| Public Utility Property | <u>9,421,770</u> |
| Total Valuation | <u><u>\$797,823,180</u></u> |

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2013 and for which there is an enforceable legal claim. In the general and police pension funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unearned revenue.

B. Municipal Income Taxes

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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

| | |
|------------------------|-----------|
| Gasoline Tax | \$267,872 |
| Homestead and Rollback | 99,720 |
| Total | \$367,592 |

Note 4 - Budgetary Basis of Accounting

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

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

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

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 | \$2,702,323 |
| Net Adjustments for Revenue Accruals | 1,202,364 |
| Beginning Fair Value Adjustment for Investments | 56,093 |
| Ending Fair Value Adjustment for Investments | (34,700) |
| Net Adjustments for Expenditure Accruals | 43,728 |
| Encumbrances | (2,335,091) |
| Budget Basis | \$1,634,717 |

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 5 – Interfund Transfers

A transfer of \$1,753,204 and \$6,052,000 was made during calendar year 2013 from the general fund to the bond retirement and capital projects funds. The transfer to the bond retirement was to move money for the payment of general obligation bonds and notes and the transfer to the capital projects fund was to move money for capital projects.

Note 6 - Compensated Absences

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

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

Note 7 - Jointly Governed Organization

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2013. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

Note 8 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the City treasury.

City of Beachwood, Ohio
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For the Year Ended December 31, 2013

Active monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days.

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.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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, \$9,913,598 of the City's bank balance of \$11,346,385 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, 2013, the City had the following investments:

| | Fair Value | Maturity | | |
|----------------------------------|---------------------|-----------------------|--------------------|---------------------|
| | | Less Than 6 Months | 6-12 Months | 1-5 Years |
| U.S. Treasury Notes | \$27,004,767 | \$3,000,781 | \$5,007,265 | \$18,996,721 |
| Federal Farm Credit Bonds | 999,622 | 0 | 999,622 | 0 |
| Federal Home Loan Bank Bonds | 999,787 | 0 | 0 | 999,787 |
| Federal Home Loan Mortgage Bonds | 2,002,996 | 0 | 0 | 2,002,996 |
| STAR Ohio | 1,948 | 1,948 | 0 | 0 |
| Total Investments | <u>\$31,009,120</u> | <u>\$3,002,729</u> | <u>\$6,006,887</u> | <u>\$21,999,504</u> |

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, the federal home loan bank bonds, and the federal home loan mortgage bonds are all 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 City does not have an investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for

City of Beachwood, Ohio
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For the Year Ended December 31, 2013

investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The City's investments in U.S. Treasury Notes and federal home loan mortgage bonds represent 87.1 and 6.5 percent of the City's total investments respectively.

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, 2013.

B. Litigation

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

Note 10 – Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

| | Balance 12/31/12 | Additions | Deletions | Balance 12/31/13 |
|--|----------------------|--------------------|--------------------|----------------------|
| Governmental Activities | | | | |
| <i>Capital Assets, not being depreciated</i> | | | | |
| Land | \$14,235,641 | \$0 | \$0 | \$14,235,641 |
| <i>Capital Assets, being depreciated</i> | | | | |
| Land Improvements | 7,344,873 | 392,522 | 0 | 7,737,395 |
| Buildings and Improvements | 46,533,792 | 33,068 | 0 | 46,566,860 |
| Furniture and Equipment | 5,545,869 | 175,530 | (36,862) | 5,684,537 |
| Vehicles | 8,177,239 | 358,003 | (121,404) | 8,413,838 |
| Infrastructure | | | | |
| Streets | 61,956,668 | 773,007 | (264,616) | 62,465,059 |
| Water Lines | 4,258,027 | 322,426 | 0 | 4,580,453 |
| Sanitary Sewers | 2,196,710 | 322,426 | 0 | 2,519,136 |
| Storm Sewers | 1,996,321 | 75,000 | 0 | 2,071,321 |
| I-Net Fiber | 101,316 | 0 | 0 | 101,316 |
| Traffic Signals | 519,010 | 0 | 0 | 519,010 |
| <i>Total Capital Assets, being depreciated</i> | <u>\$138,629,825</u> | <u>\$2,451,982</u> | <u>(\$422,882)</u> | <u>\$140,658,925</u> |

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

| | Balance 12/31/12 | Additions | Deletions | Balance 12/31/13 |
|--|----------------------------|-----------------------------|--------------------------|----------------------------|
| Governmental Activities | | | | |
| Less Accumulated Depreciation | | | | |
| Land Improvements | (\$3,286,906) | (\$366,595) | \$0 | (\$3,653,501) |
| Buildings and Improvements | (9,229,053) | (946,002) | 0 | (10,175,055) |
| Furniture and Equipment | (3,880,411) | (277,704) | 32,231 | (4,125,884) |
| Vehicles | (5,333,977) | (548,082) | 78,407 | (5,803,652) |
| Infrastructure | | | | |
| Streets | (34,819,089) | (2,697,010) | 264,616 | (37,251,483) |
| Water Lines | (1,327,977) | (107,977) | 0 | (1,435,954) |
| Sanitary Sewers | (548,452) | (43,934) | 0 | (592,386) |
| Storm Sewers | (481,766) | (39,926) | 0 | (521,692) |
| I-Net Fiber | (2,026) | (2,026) | 0 | (4,052) |
| Traffic Signals | (3,992) | (7,985) | 0 | (11,977) |
| <i>Total Accumulated Depreciation</i> | <u>(58,913,649)</u> | <u>(5,037,241) *</u> | <u>375,254</u> | <u>(63,575,636)</u> |
| <i>Total Capital Assets being depreciated, Net</i> | <u>79,716,176</u> | <u>(2,585,259)</u> | <u>(47,628)</u> | <u>77,083,289</u> |
| <i>Governmental Activities Capital Assets, Net</i> | <u><u>\$93,951,817</u></u> | <u><u>(\$2,585,259)</u></u> | <u><u>(\$47,628)</u></u> | <u><u>\$91,318,930</u></u> |

* Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------------------|---------------------------|
| General Government | \$587,135 |
| Public Safety: | |
| Police | 147,691 |
| Fire | 389,601 |
| Public Services | 3,487,883 |
| Health and Welfare | 5,827 |
| Culture and Recreation | 404,617 |
| Building and Community Development | 14,487 |
| Total Depreciation Expense | <u><u>\$5,037,241</u></u> |

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 11 – 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 | \$206,696 | \$0 | \$0 | \$0 | \$206,696 |
| Inventory | 847,683 | 0 | 0 | 0 | 847,683 |
| Unclaimed Funds | 27,073 | 0 | 0 | 0 | 27,073 |
| <i>Total Nonspendable</i> | <u>1,081,452</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,081,452</u> |
| Restricted for: | | | | | |
| Street Maintenance | 0 | 0 | 0 | 946,333 | 946,333 |
| Mayor's Court Computers | 0 | 0 | 0 | 27,269 | 27,269 |
| Drug and Alcohol Enforcement | 0 | 0 | 0 | 275,871 | 275,871 |
| Police Pension | 0 | 0 | 0 | 17,096 | 17,096 |
| Street Lighting | 0 | 0 | 0 | 111,876 | 111,876 |
| Bond Retirement | 0 | 397,600 | 0 | 0 | 397,600 |
| <i>Total Restricted</i> | <u>0</u> | <u>397,600</u> | <u>0</u> | <u>1,378,445</u> | <u>1,776,045</u> |
| Committed to: | | | | | |
| Capital Improvement | 0 | 0 | 25,657 | 0 | 25,657 |
| Purchases on Order for: | | | | | |
| General Government | 17,995 | 0 | 0 | 0 | 17,995 |
| Police | 8,380 | 0 | 0 | 0 | 8,380 |
| Fire | 120,844 | 0 | 0 | 0 | 120,844 |
| Service | 105,616 | 0 | 0 | 0 | 105,616 |
| Human Services | 4,461 | 0 | 0 | 0 | 4,461 |
| Recreation | 3,854 | 0 | 0 | 0 | 3,854 |
| <i>Total Committed</i> | <u>261,150</u> | <u>0</u> | <u>25,657</u> | <u>0</u> | <u>286,807</u> |
| Assigned to: | | | | | |
| Capital Improvement | 0 | 0 | 5,596,712 | 0 | 5,596,712 |
| Vehicle purchases | 366,562 | 0 | 0 | 0 | 366,562 |
| Legal Services | 229,496 | 0 | 0 | 0 | 229,496 |
| Fire Equipment | 134,869 | 0 | 0 | 0 | 134,869 |
| Health Care Premiums | 316,019 | 0 | 0 | 0 | 316,019 |
| Purchases on Order | 525,761 | 0 | 0 | 0 | 525,761 |
| <i>Total Assigned</i> | <u>1,572,707</u> | <u>0</u> | <u>5,596,712</u> | <u>0</u> | <u>7,169,419</u> |
| Unassigned (Deficit) | <u>28,648,180</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>28,648,180</u> |
| Total Fund Balances | <u>\$31,563,489</u> | <u>\$397,600</u> | <u>\$5,622,369</u> | <u>\$1,378,445</u> | <u>\$38,961,903</u> |

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 12 – Note Debt

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

| | Balance at 12/31/12 | Additions | Reductions | Balance at 12/31/13 |
|-----------------------------------|------------------------|--------------------|--------------------|------------------------|
| 2012 1.00% | | | | |
| Eaton Boulevard Construction Note | \$5,200,000 | \$0 | \$5,200,000 | \$0 |
| 2013 1.00% | | | | |
| Eaton Boulevard Construction Note | 0 | 5,200,000 | 0 | 5,200,000 |
| Total Notes Payable | <u>\$5,200,000</u> | <u>\$5,200,000</u> | <u>\$5,200,000</u> | <u>\$5,200,000</u> |

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

In 2013 the City issued \$5,200,000 in bond anticipation notes for the construction of Eaton Boulevard. These notes mature on August 6, 2014.

Note 13 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The City's 2013 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2.0 percent. 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, 2013, 2012, and 2011 were \$1,131,012, \$851,210, and \$783,309, respectively. For 2013, 90.5 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$1,802 made by the City and \$1,287 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 – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0 percent of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were 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. For January 1, 2013 through May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013 through December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$584,403 and \$714,672 for the year ended December 31, 2013, \$470,159 and \$613,279 for the year ended December 31, 2012, and \$458,044 and \$612,016 for the year ended December 31, 2011, respectively. For 2013, 95.0 percent for police and 95.5 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 2012 and 2011.

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, 2013, 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, 2013

Note 14 – Post-Employment Benefits

A. Ohio Public Employees Retirement System

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

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. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combine Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$87,001, \$340,484, and \$313,324, respectively. For 2013, 90.5 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

City of Beachwood, Ohio
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Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

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 January 1, 2013 through May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013 through December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

City of Beachwood, Ohio
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For the Year Ended December 31, 2013

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$246,837 and \$123,972 for the year ended December 31, 2013, \$248,908 and \$239,979 for the year ended December 31, 2012, and \$242,494 and \$239,485 for the year ended December 31, 2011. For 2013, 74.4 percent has been contributed for police and 81.4 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 2012 and 2011.

Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2013, the City contracted with Argonaut Insurance Group for various types of insurance as follows:

| Type | Coverage |
|---------------------------------|------------|
| Employee Dishonesty | \$100,000 |
| Law Enforcement Liability | 1,000,000 |
| Automobile - Comprehensive | 1,000,000 |
| Blanket Coverage - All Property | 70,193,825 |
| General Liability | 1,000,000 |
| Public Officials | 1,000,000 |
| Commercial Excess | 10,000,000 |

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

On July 1, 2010, the City elected to provide worker's compensation coverage through a self-insurance program. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). For 2013, Sedgwick Claims Management Services was the City's third-party administrator. The retention point for excess insurance is \$400,000, which is through Safety National Casualty Corporation. The insurance will cover the City for each incident that goes beyond \$400,000. The claims liability of \$101,948 reported in the fund as December 31, 2013, 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 2012 and 2013 were:

| | Beginning of Year | Claims | Payments | End of Year |
|------|----------------------|----------|----------|-------------|
| 2012 | \$34,678 | \$48,901 | \$58,304 | \$25,275 |
| 2013 | 25,275 | 178,324 | 101,651 | \$101,948 |

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 16 - Long-Term Obligations

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

| | Outstanding 12/31/2012 | Additions | (Reductions) | Outstanding 12/31/2013 | Amounts Due In One Year |
|--|---------------------------|-----------------|----------------------|---------------------------|----------------------------|
| Special Assessment Bonds with Governmental Commitment | | | | | |
| \$610,000 1994 6.750% | | | | | |
| Various Projects | \$140,000 | \$0 | (\$45,000) | \$95,000 | \$45,000 |
| \$555,000 2000 5.400% | | | | | |
| Street and Sewer Improvements | 305,000 | 0 | (30,000) | 275,000 | 35,000 |
| \$2,330,000 2010 1.500% - 3.750% | | | | | |
| Various Improvements Bond Refunding | 1,945,000 | 0 | (295,000) | 1,650,000 | 305,000 |
| <i>Total Special Assessments Bonds</i> | <u>2,390,000</u> | <u>0</u> | <u>(370,000)</u> | <u>2,020,000</u> | <u>385,000</u> |
| General Obligation Bonds | | | | | |
| \$6,250,000 2012 1.500% - 3.750% | | | | | |
| Refunding Bonds | 6,150,000 | 0 | (100,000) | 6,050,000 | 100,000 |
| Premium on Refunding Bonds | 286,063 | 0 | (24,174) | 261,889 | 0 |
| Total Refunding Bonds | <u>6,436,063</u> | <u>0</u> | <u>(124,174)</u> | <u>6,311,889</u> | <u>100,000</u> |
| \$4,840,000 2010 1.500% - 3.750% | | | | | |
| Refunding Bonds | 2,430,000 | 0 | (225,000) | 2,205,000 | 230,000 |
| Premium on Refunding Bonds | 67,019 | 0 | (8,299) | 58,720 | 0 |
| Total Refunding Bonds | <u>2,497,019</u> | <u>0</u> | <u>(233,299)</u> | <u>2,263,720</u> | <u>230,000</u> |
| \$7,970,000 2010 1.500% - 3.750% | | | | | |
| Service Center Serial Bonds | 6,780,000 | 0 | (610,000) | 6,170,000 | 625,000 |
| Premium on Service Center Bonds | 117,184 | 0 | (11,817) | 105,367 | 0 |
| Total Service Center Bonds | <u>6,897,184</u> | <u>0</u> | <u>(621,817)</u> | <u>6,275,367</u> | <u>625,000</u> |
| \$9,805,000 2004 4.600% | | | | | |
| City Hall Serial Bonds | 905,000 | 0 | (445,000) | 460,000 | 460,000 |
| <i>Total General Obligation Bonds</i> | <u>16,735,266</u> | <u>0</u> | <u>(1,424,290)</u> | <u>15,310,976</u> | <u>1,415,000</u> |
| Compensated Absences | 2,788,739 | 93,674 | (102,763) | 2,779,650 | 940,122 |
| <i>Total General Long-term Obligations</i> | <u>\$21,914,005</u> | <u>\$93,674</u> | <u>(\$1,897,053)</u> | <u>\$20,110,626</u> | <u>\$2,740,122</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.

In 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. 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

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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.

In 2012, the City issued \$6,250,000 in general obligation bonds for the purpose of refunding a portion of general obligation issues in order to take advantage of lower interest rates. The bonds were sold at a premium of \$290,092. Proceeds of \$6,427,284 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$5,770,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City's legal debt margin was \$64,084,034 at December 31, 2013. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2013, are as follows:

| Year | General Obligation Bonds | | Special Assessment Bonds | |
|-----------|--------------------------|--------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$1,415,000 | \$395,604 | \$385,000 | \$64,700 |
| 2015 | 1,385,000 | 362,581 | 400,000 | 54,435 |
| 2016 | 1,430,000 | 336,400 | 255,000 | 42,476 |
| 2017 | 1,460,000 | 300,175 | 175,000 | 35,636 |
| 2018 | 1,500,000 | 259,787 | 180,000 | 29,933 |
| 2019-2023 | 7,035,000 | 647,350 | 625,000 | 54,302 |
| 2024 | 660,000 | 14,850 | 0 | 0 |
| Total | <u>\$14,885,000</u> | <u>\$2,316,747</u> | <u>\$2,020,000</u> | <u>\$281,482</u> |

Note 17 – Significant Commitments

Encumbrances

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

| Fund | Encumbrances at 12/31/2013 |
|--------------------------|-------------------------------|
| General | \$2,335,091 |
| Capital Improvement | 171,056 |
| Other Governmental Funds | 110,778 |
| Total | <u>\$2,616,925</u> |

City of Beachwood, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Contractual Commitments

At December 31, 2013, the various projects within the City had contractual commitments consisting of the following:

| Project | Contract Amount | Amount Paid | Remaining on Contract |
|----------------------------------|--------------------|------------------|--------------------------|
| Chagrin Boulevard Traffic Signal | \$230,798 | \$208,184 | \$22,614 |
| 2013 Sewer Repairs | 230,000 | 172,026 | 57,974 |
| New Police Gate | 84,999 | 0 | 84,999 |
| Total | \$545,797 | \$380,210 | \$165,587 |

The amounts remaining on these contracts were encumbered at year end.

Note 18 - Change in Accounting Principles

For 2013, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34." GASB Statement No. 61 modifies existing requirements for the potential component units in determining what should be included in the financial reporting entity, the display of component units' presentation, and certain disclosure requirements. The implementation of this statement did not result in any change in the City's financial statements.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

All nonmajor governmental funds are special revenue funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

City of Beachwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

| | Street Construction, Maintenance and Repair | State Highway | Mayor's Court Improvement | Law Enforcement Trust |
|---|--|------------------|---------------------------------|-----------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$791,426 | \$90,651 | \$27,269 | \$275,871 |
| Property Taxes Receivable | 0 | 0 | 0 | 0 |
| Intergovernmental Receivable | 184,896 | 15,025 | 0 | 0 |
| <i>Total Assets</i> | <u>\$976,322</u> | <u>\$105,676</u> | <u>\$27,269</u> | <u>\$275,871</u> |
| Liabilities | | | | |
| Accounts Payable | \$1,245 | \$0 | \$0 | \$0 |
| Deferred Inflows of Resources | | | | |
| Property Taxes | 0 | 0 | 0 | 0 |
| Unavailable Revenue | 124,308 | 10,112 | 0 | 0 |
| <i>Total Deferred Inflows of Resources</i> | <u>124,308</u> | <u>10,112</u> | <u>0</u> | <u>0</u> |
| Fund Balances | | | | |
| Restricted | 850,769 | 95,564 | 27,269 | 275,871 |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$976,322</u> | <u>\$105,676</u> | <u>\$27,269</u> | <u>\$275,871</u> |

| <u>Police Pension</u> | <u>Street Lights</u> | <u>Total Nonmajor Governmental Funds</u> |
|---------------------------|--------------------------|--|
| \$17,096 | \$113,055 | \$1,315,368 |
| 358,185 | 0 | 358,185 |
| 7,474 | 0 | 207,395 |
| <u>\$382,755</u> | <u>\$113,055</u> | <u>\$1,880,948</u> |
| <u>\$0</u> | <u>\$1,179</u> | <u>\$2,424</u> |
| 190,798 | 0 | 190,798 |
| 174,861 | 0 | 309,281 |
| <u>365,659</u> | <u>0</u> | <u>500,079</u> |
| <u>17,096</u> | <u>111,876</u> | <u>1,378,445</u> |
| <u>\$382,755</u> | <u>\$113,055</u> | <u>\$1,880,948</u> |

City of Beachwood, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

| | Street Construction, Maintenance and Repair | State Highway | Mayor's Court Improvement | Law Enforcement Trust |
|--|--|------------------------|---------------------------------|-----------------------------|
| Revenues | | | | |
| Property Taxes | \$0 | \$0 | \$0 | \$0 |
| Fines, Licenses and Permits | 0 | 0 | 9,512 | 34,532 |
| Intergovernmental | 597,049 | 36,495 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 0 |
| Interest | 3,047 | 302 | 0 | 789 |
| Other | 979 | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>601,075</u> | <u>36,797</u> | <u>9,512</u> | <u>35,321</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 0 | 0 | 2,056 | 0 |
| Public Safety: | | | | |
| Police | 0 | 0 | 0 | 434 |
| Public Services | 284,989 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>284,989</u> | <u>0</u> | <u>2,056</u> | <u>434</u> |
| <i>Net Change in Fund Balances</i> | 316,086 | 36,797 | 7,456 | 34,887 |
| <i>Fund Balances Beginning of Year</i> | <u>534,683</u> | <u>58,767</u> | <u>19,813</u> | <u>240,984</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$850,769</u></u> | <u><u>\$95,564</u></u> | <u><u>\$27,269</u></u> | <u><u>\$275,871</u></u> |

| Police Pension | Street Lights | Total Nonmajor Governmental Funds |
|-----------------|------------------|-----------------------------------|
| \$195,657 | \$0 | \$195,657 |
| 0 | 0 | 44,044 |
| 14,709 | 0 | 648,253 |
| 0 | 9,639 | 9,639 |
| 0 | 0 | 4,138 |
| 0 | 0 | 979 |
| <u>210,366</u> | <u>9,639</u> | <u>902,710</u> |
| 0 | 0 | 2,056 |
| 237,279 | 14,264 | 251,977 |
| 0 | 0 | 284,989 |
| <u>237,279</u> | <u>14,264</u> | <u>539,022</u> |
| (26,913) | (4,625) | 363,688 |
| 44,009 | 116,501 | 1,014,757 |
| <u>\$17,096</u> | <u>\$111,876</u> | <u>\$1,378,445</u> |

Combining Statement - Fiduciary Funds

Fiduciary Funds

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

Private Purpose Trust Fund

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

Agency Funds

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

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

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

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

City of Beachwood, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013

| | Beginning Balance 12/31/12 | Additions | Deductions | Ending Balance 12/31/13 |
|---|----------------------------------|-------------|-------------|-------------------------------|
| Commercial Permits Tax | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,459 | \$55,402 | \$55,986 | \$875 |
| Liabilities | | | | |
| Undistributed Monies | \$1,459 | \$55,402 | \$55,986 | \$875 |
| Special Trust and Agency | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$4,703,900 | \$4,703,900 | \$0 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$0 | \$4,703,900 | \$4,703,900 | \$0 |
| Deposits | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$353,143 | \$334,616 | \$280,046 | \$407,713 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$353,143 | \$334,616 | \$280,046 | \$407,713 |
| Eaton Tax Increment Financing | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$10,219 | \$3,737,517 | \$3,643,241 | \$104,495 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$10,219 | \$3,737,517 | \$3,643,241 | \$104,495 |
| Total - All Agency Funds | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$364,821 | \$8,831,435 | \$8,683,173 | \$513,083 |
| Liabilities | | | | |
| Undistributed Monies | \$1,459 | \$55,402 | \$55,986 | \$875 |
| Deposits Held and Due to Others | 363,362 | 8,776,033 | 8,627,187 | 512,208 |
| <i>Total Liabilities</i> | \$364,821 | \$8,831,435 | \$8,683,173 | \$513,083 |

**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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------|------------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$2,348,218 | \$2,348,218 | \$2,373,899 | \$25,681 |
| Municipal Income Taxes | 28,905,012 | 29,905,012 | 30,229,728 | 324,716 |
| Charges for Services | 2,362,780 | 2,362,780 | 2,222,395 | (140,385) |
| Fines, Licenses and Permits | 1,395,680 | 1,395,680 | 2,325,144 | 929,464 |
| Intergovernmental | 466,912 | 466,912 | 408,042 | (58,870) |
| Estate Taxes | 500,000 | 2,500,000 | 3,286,532 | 786,532 |
| Admission Taxes | 444,000 | 444,000 | 358,871 | (85,129) |
| Lodging Taxes | 785,000 | 785,000 | 841,753 | 56,753 |
| Franchise Taxes | 115,000 | 115,000 | 128,744 | 13,744 |
| Health Care Reimbursements | 515,390 | 515,390 | 530,652 | 15,262 |
| Interest | 152,903 | 152,903 | 215,697 | 62,794 |
| Other | 103,125 | 103,125 | 628,954 | 525,829 |
| <i>Total Revenues</i> | 38,094,020 | 41,094,020 | 43,550,411 | 2,456,391 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Council: | | | | |
| Personal Services | 103,475 | 103,475 | 100,962 | 2,513 |
| Contractual Services | 12,300 | 12,300 | 0 | 12,300 |
| Materials and Supplies | 1,600 | 1,600 | 633 | 967 |
| Capital Outlay | 2,000 | 2,000 | 0 | 2,000 |
| Other | 74,660 | 74,660 | 67,169 | 7,491 |
| Total Council | 194,035 | 194,035 | 168,764 | 25,271 |
| Mayor: | | | | |
| Personal Services | 527,737 | 527,737 | 494,786 | 32,951 |
| Contractual Services | 90,818 | 90,818 | 84,500 | 6,318 |
| Materials and Supplies | 16,515 | 16,515 | 8,788 | 7,727 |
| Capital Outlay | 14,727 | 14,727 | 7,727 | 7,000 |
| Other | 24,283 | 24,283 | 17,209 | 7,074 |
| Total Mayor | 674,080 | 674,080 | 613,010 | 61,070 |
| Economic Development: | | | | |
| Personal Services | 231,400 | 231,400 | 214,482 | 16,918 |
| Contractual Services | 185,612 | 237,612 | 191,071 | 46,541 |
| Materials and Supplies | 14,750 | 14,750 | 4,304 | 10,446 |
| Capital Outlay | 4,000 | 4,000 | 0 | 4,000 |
| Other | 150,256 | 98,256 | 19,657 | 78,599 |
| Total Economic Development | \$586,018 | \$586,018 | \$429,514 | \$156,504 |

(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, 2013

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---------------------------------|--------------------|---------------------|--------------------|---|
| | Original | Final | Actual | |
| Finance Director: | | | | |
| Personal Services | \$1,289,872 | \$1,289,872 | \$1,258,312 | \$31,560 |
| Contractual Services | 968,162 | 1,108,162 | 898,055 | 210,107 |
| Materials and Supplies | 46,163 | 46,163 | 24,772 | 21,391 |
| Capital Outlay | 145,326 | 145,326 | 124,572 | 20,754 |
| Other | 609,132 | 609,132 | 466,305 | 142,827 |
| Total Finance Director | 3,058,655 | 3,198,655 | 2,772,016 | 426,639 |
| Law Department: | | | | |
| Personal Services | 278,157 | 278,157 | 260,618 | 17,539 |
| Contractual Services | 703,361 | 703,361 | 661,070 | 42,291 |
| Materials and Supplies | 12,275 | 12,275 | 6,372 | 5,903 |
| Capital Outlay | 4,000 | 4,000 | 0 | 4,000 |
| Other | 28,067 | 28,067 | 13,842 | 14,225 |
| Total Law Department | 1,025,860 | 1,025,860 | 941,902 | 83,958 |
| Total General Government | 5,538,648 | 5,678,648 | 4,925,206 | 753,442 |
| Public Safety: | | | | |
| Police Department: | | | | |
| Personal Services | 8,034,861 | 8,034,861 | 7,553,403 | 481,458 |
| Contractual Services | 557,396 | 557,396 | 424,397 | 132,999 |
| Materials and Supplies | 140,303 | 140,303 | 99,703 | 40,600 |
| Capital Outlay | 504,988 | 504,988 | 456,018 | 48,970 |
| Other | 107,348 | 107,348 | 93,096 | 14,252 |
| Total Police Department | 9,344,896 | 9,344,896 | 8,626,617 | 718,279 |
| Fire Department: | | | | |
| Personal Services | 6,351,821 | 6,451,821 | 6,249,746 | 202,075 |
| Contractual Services | 366,123 | 324,123 | 249,887 | 74,236 |
| Materials and Supplies | 148,478 | 148,478 | 112,194 | 36,284 |
| Capital Outlay | 350,200 | 392,200 | 388,629 | 3,571 |
| Other | 85,955 | 85,955 | 74,726 | 11,229 |
| Total Fire Department | 7,302,577 | 7,402,577 | 7,075,182 | 327,395 |
| Total Public Safety | 16,647,473 | 16,747,473 | 15,701,799 | 1,045,674 |
| Public Services: | | | | |
| Service Department: | | | | |
| Personal Services | 5,628,281 | 5,628,281 | 5,443,454 | 184,827 |
| Contractual Services | 1,957,432 | 1,697,432 | 1,477,110 | 220,322 |
| Materials and Supplies | 2,006,770 | 2,076,770 | 1,830,331 | 246,439 |
| Capital Outlay | 342,860 | 582,860 | 527,631 | 55,229 |
| Other | 35,535 | 35,535 | 31,822 | 3,713 |
| Total Public Services | \$9,970,878 | \$10,020,878 | \$9,310,348 | \$710,530 |

(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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Health and Welfare: | | | | |
| Human Services Department: | | | | |
| Personal Services | \$377,459 | \$377,459 | \$351,479 | \$25,980 |
| Contractual Services | 177,521 | 177,521 | 111,005 | 66,516 |
| Materials and Supplies | 51,933 | 51,933 | 45,946 | 5,987 |
| Capital Outlay | 2,500 | 2,500 | 0 | 2,500 |
| Other | 36,349 | 36,349 | 24,708 | 11,641 |
| Total Health and Welfare | 645,762 | 645,762 | 533,138 | 112,624 |
| Culture and Recreation | | | | |
| Recreation Administration: | | | | |
| Personal Services | 755,751 | 755,751 | 733,610 | 22,141 |
| Contractual Services | 383,338 | 382,338 | 364,299 | 18,039 |
| Materials and Supplies | 60,797 | 58,797 | 48,662 | 10,135 |
| Capital Outlay | 15,000 | 18,000 | 17,548 | 452 |
| Other | 24,020 | 24,020 | 18,180 | 5,840 |
| Total Recreation Administration | 1,238,906 | 1,238,906 | 1,182,299 | 56,607 |
| Recreation Camps: | | | | |
| Personal Services | 324,795 | 324,795 | 297,264 | 27,531 |
| Contractual Services | 160,636 | 160,136 | 132,309 | 27,827 |
| Materials and Supplies | 33,183 | 33,183 | 30,340 | 2,843 |
| Other | 2,500 | 3,000 | 2,561 | 439 |
| Total Recreation Camps | 521,114 | 521,114 | 462,474 | 58,640 |
| Recreation Sports Programs: | | | | |
| Personal Services | 34,700 | 34,700 | 21,164 | 13,536 |
| Contractual Services | 104,269 | 103,569 | 59,449 | 44,120 |
| Materials and Supplies | 27,841 | 27,841 | 20,701 | 7,140 |
| Capital Outlay | 12,629 | 12,629 | 7,629 | 5,000 |
| Other | 3,500 | 4,200 | 3,323 | 877 |
| Total Recreation Sports Programs | 182,939 | 182,939 | 112,266 | 70,673 |
| Recreation Other Programs: | | | | |
| Personal Services | 151,097 | 151,097 | 133,404 | 17,693 |
| Contractual Services | 103,710 | 103,710 | 89,378 | 14,332 |
| Materials and Supplies | 7,968 | 7,968 | 7,575 | 393 |
| Other | 7,100 | 7,100 | 3,528 | 3,572 |
| Total Recreation Other Programs | \$269,875 | \$269,875 | \$233,885 | \$35,990 |

(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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| Recreation Parks/Swimming Pools: | | | | |
| Personal Services | \$318,500 | \$318,500 | \$237,477 | \$81,023 |
| Contractual Services | 226,425 | 222,425 | 176,691 | 45,734 |
| Materials and Supplies | 78,215 | 87,215 | 65,580 | 21,635 |
| Capital Outlay | 60,052 | 100,052 | 61,754 | 38,298 |
| Other | 3,488 | 3,488 | 2,052 | 1,436 |
| Total Recreation Parks/Swimming Pools | 686,680 | 731,680 | 543,554 | 188,126 |
| Total Culture and Recreation | 2,899,514 | 2,944,514 | 2,534,478 | 410,036 |
| Building and Community Development: | | | | |
| Building Development: | | | | |
| Personal Services | 1,010,396 | 1,010,396 | 964,947 | 45,449 |
| Contractual Services | 56,744 | 56,744 | 38,517 | 18,227 |
| Materials and Supplies | 25,514 | 25,514 | 21,947 | 3,567 |
| Capital Outlay | 79,836 | 79,836 | 68,521 | 11,315 |
| Other | 23,089 | 23,089 | 11,589 | 11,500 |
| Total Building and Community Development | 1,195,579 | 1,195,579 | 1,105,521 | 90,058 |
| <i>Total Expenditures</i> | 36,897,854 | 37,232,854 | 34,110,490 | 3,122,364 |
| <i>Excess of Revenues Over Expenditures</i> | 1,196,166 | 3,861,166 | 9,439,921 | 5,578,755 |
| Other Financing Uses | | | | |
| Transfers Out | (7,805,204) | (7,805,204) | (7,805,204) | 0 |
| <i>Net Change in Fund Balance</i> | (6,609,038) | (3,944,038) | 1,634,717 | 5,578,755 |
| <i>Fund Balance Beginning of Year</i> | 21,711,403 | 21,711,403 | 21,711,403 | 0 |
| Prior Year Encumbrances Appropriated | 1,820,654 | 1,820,654 | 1,820,654 | 0 |
| <i>Fund Balance End of Year</i> | \$16,923,019 | \$19,588,019 | \$25,166,774 | \$5,578,755 |

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, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|--|-------------------------|-------------------------|--------------------------------------|
| Revenues | | | |
| Special Assessments | \$400,000 | \$436,771 | \$36,771 |
| Other | 0 | 37,284 | 37,284 |
| <i>Total Revenues</i> | <u>400,000</u> | <u>474,055</u> | <u>74,055</u> |
| Expenditures | | | |
| Debt Service: | | | |
| Principal Retirement | 7,000,000 | 6,950,000 | 50,000 |
| Interest and Fiscal Charges | 575,000 | 555,249 | 19,751 |
| <i>Total Expenditures</i> | <u>7,575,000</u> | <u>7,505,249</u> | <u>69,751</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(7,175,000)</u> | <u>(7,031,194)</u> | <u>143,806</u> |
| Other Financing Sources | | | |
| General Obligation Notes Issued | 5,194,796 | 5,200,000 | 5,204 |
| Transfers In | 1,805,204 | 1,805,204 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>7,000,000</u> | <u>7,005,204</u> | <u>5,204</u> |
| <i>Net Change in Fund Balance</i> | (175,000) | (25,990) | 149,010 |
| <i>Fund Balance Beginning of Year</i> | <u>423,590</u> | <u>423,590</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$248,590</u></u> | <u><u>\$397,600</u></u> | <u><u>\$149,010</u></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, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|--|-----------------|--------------|--------------------------------------|
| Revenues | | | |
| Special Assessments | \$0 | \$21,152 | \$21,152 |
| Expenditures | | | |
| Capital Outlay: | | | |
| Contractual Services | 382,557 | 132,303 | 250,254 |
| Capital Outlay | 4,180,468 | 1,616,582 | 2,563,886 |
| <i>Total Expenditures</i> | 4,563,025 | 1,748,885 | 2,814,140 |
| <i>Excess of Revenues Under Expenditures</i> | (4,563,025) | (1,727,733) | 2,835,292 |
| Other Financing Sources | | | |
| Transfers In | 6,000,000 | 6,000,000 | 0 |
| <i>Net Change in Fund Balance</i> | 1,436,975 | 4,272,267 | 2,835,292 |
| <i>Fund Balance Beginning of Year</i> | 6,054,286 | 6,054,286 | 0 |
| Prior Year Encumbrances Appropriated | 443,025 | 443,025 | 0 |
| <i>Fund Balance End of Year</i> | \$7,934,286 | \$10,769,578 | \$2,835,292 |

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, 2013*

| | Final Budget | Actual | Variance - Positive (Negative) |
|---------------------------------------|-------------------------|-------------------------|--------------------------------------|
| Revenues | | | |
| Intergovernmental | \$521,000 | \$602,522 | \$81,522 |
| Interest | 4,000 | 3,047 | (953) |
| Other | 0 | 979 | 979 |
| <i>Total Revenues</i> | <u>525,000</u> | <u>606,548</u> | <u>81,548</u> |
| Expenditures | | | |
| Current: | | | |
| Public Services: | | | |
| Streets, Sidewalks, and Maintenance: | | | |
| Contractual Services | 63,296 | 29,836 | 33,460 |
| Capital Outlay | 901,046 | 379,345 | 521,701 |
| <i>Total Expenditures</i> | <u>964,342</u> | <u>409,181</u> | <u>555,161</u> |
| <i>Net Change in Fund Balance</i> | (439,342) | 197,367 | 636,709 |
| <i>Fund Balance Beginning of Year</i> | 328,996 | 328,996 | 0 |
| Prior Year Encumbrances Appropriated | <u>214,342</u> | <u>214,342</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$103,996</u></u> | <u><u>\$740,705</u></u> | <u><u>\$636,709</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, 2013*

| | Final Budget | Actual | Variance - Positive (Negative) |
|---------------------------------------|-----------------------|------------------------|--------------------------------------|
| Revenues | | | |
| Intergovernmental | \$34,900 | \$36,938 | \$2,038 |
| Interest | 100 | 302 | 202 |
| <i>Total Revenues</i> | <u>35,000</u> | <u>37,240</u> | <u>2,240</u> |
| Expenditures | | | |
| Current: | | | |
| Public Services: | | | |
| Streets, Sidewalks, and Maintenance: | | | |
| Contractual Services | 5,000 | 0 | 5,000 |
| Capital Outlay | 75,000 | 0 | 75,000 |
| <i>Total Expenditures</i> | <u>80,000</u> | <u>0</u> | <u>80,000</u> |
| <i>Net Change in Fund Balance</i> | (45,000) | 37,240 | 82,240 |
| <i>Fund Balance Beginning of Year</i> | <u>53,411</u> | <u>53,411</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$8,411</u></u> | <u><u>\$90,651</u></u> | <u><u>\$82,240</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, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|---------------------------------------|-----------------|----------|--------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$8,000 | \$9,512 | \$1,512 |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| Mayor: | | | |
| Contractual Services | 2,000 | 0 | 2,000 |
| Materials and Supplies | 3,000 | 0 | 3,000 |
| Capital Outlay | 19,000 | 2,056 | 16,944 |
| <i>Total Expenditures</i> | 24,000 | 2,056 | 21,944 |
| <i>Net Change in Fund Balance</i> | (16,000) | 7,456 | 23,456 |
| <i>Fund Balance Beginning of Year</i> | 19,813 | 19,813 | 0 |
| <i>Fund Balance End of Year</i> | \$3,813 | \$27,269 | \$23,456 |

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, 2013*

| | Final Budget | Actual | Variance - Positive (Negative) |
|---------------------------------------|-------------------------|-------------------------|--------------------------------------|
| Revenues | | | |
| Fines, Licenses and Permits | \$32,000 | \$34,532 | \$2,532 |
| Interest | 1,000 | 789 | (211) |
| <i>Total Revenues</i> | <u>33,000</u> | <u>35,321</u> | <u>2,321</u> |
| Expenditures | | | |
| Current: | | | |
| Public Safety: | | | |
| Police Department: | | | |
| Materials and Supplies | 5,000 | 434 | 4,566 |
| Capital Outlay | 144,000 | 0 | 144,000 |
| Other | 1,000 | 0 | 1,000 |
| <i>Total Expenditures</i> | <u>150,000</u> | <u>434</u> | <u>149,566</u> |
| <i>Net Change in Fund Balance</i> | (117,000) | 34,887 | 151,887 |
| <i>Fund Balance Beginning of Year</i> | <u>240,984</u> | <u>240,984</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$123,984</u></u> | <u><u>\$275,871</u></u> | <u><u>\$151,887</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, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|---------------------------------------|-----------------|-----------|--------------------------------------|
| Revenues | | | |
| Property Taxes | \$191,612 | \$195,657 | \$4,045 |
| Intergovernmental | 15,000 | 14,709 | (291) |
| <i>Total Revenues</i> | 206,612 | 210,366 | 3,754 |
| Expenditures | | | |
| Current: | | | |
| Public Safety: | | | |
| Police Department: | | | |
| Personal Services | 257,500 | 254,779 | 2,721 |
| <i>Net Changes in Fund Balance</i> | (50,888) | (44,413) | 6,475 |
| <i>Fund Balance Beginning of Year</i> | 44,009 | 44,009 | 0 |
| Prior Year Encumbrances Appropriated | 17,500 | 17,500 | 0 |
| <i>Fund Balance End of Year</i> | \$10,621 | \$17,096 | \$6,475 |

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, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|---------------------------------------|-----------------|-----------|--------------------------------------|
| Revenues | | | |
| Special Assessments | \$8,200 | \$9,639 | \$1,439 |
| Expenditures | | | |
| Current: | | | |
| Public Safety: | | | |
| Police: | | | |
| Contractual Services | 20,961 | 15,379 | 5,582 |
| Other | 250 | 95 | 155 |
| <i>Total Expenditures</i> | 21,211 | 15,474 | 5,737 |
| <i>Net Change in Fund Balance</i> | (13,011) | (5,835) | 7,176 |
| <i>Fund Balance Beginning of Year</i> | 115,948 | 115,948 | 0 |
| Prior Year Encumbrances Appropriated | 1,711 | 1,711 | 0 |
| <i>Fund Balance End of Year</i> | \$104,648 | \$111,824 | \$7,176 |

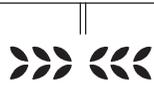
City of Beachwood, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|--------------------------------------|-----------------|-------------|--------------------------------------|
| Revenues | | | |
| Charges for Services | \$90,000 | \$101,651 | \$11,651 |
| Expenses | | | |
| Claims | 500,000 | 101,651 | 398,349 |
| <i>Net Change in Fund Equity</i> | (500,000) | (101,651) | 410,000 |
| <i>Fund Equity Beginning of Year</i> | 1,500,000 | 1,500,000 | 0 |
| <i>Fund Equity End of Year</i> | \$1,000,000 | \$1,398,349 | \$410,000 |

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, 2013

| | Final Budget | Actual | Variance - Positive (Negative) |
|--------------------------------------|-----------------|---------|--------------------------------------|
| Revenues | | | |
| Interest | \$50 | \$5 | (\$45) |
| Expenses | | | |
| Materials and Supplies | 100 | 0 | 100 |
| <i>Net Change in Fund Equity</i> | (50) | 5 | 55 |
| <i>Fund Equity Beginning of Year</i> | 1,158 | 1,158 | 0 |
| <i>Fund Equity End of Year</i> | \$1,108 | \$1,163 | \$55 |

STATISTICAL SECTION



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Statistical Section

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

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

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

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

| | 2013 | 2012 | 2011 | 2010 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | |
| Net Investment in Capital Assets | \$69,178,482 | \$69,977,360 | \$67,950,971 | \$63,035,089 |
| Restricted | 9,570,500 | 4,405,108 | 4,752,490 | 4,887,268 |
| Unrestricted | 40,034,861 | 37,588,939 | 35,358,483 | 33,534,624 |
| <i>Total Governmental Activities</i> | | | | |
| <i>Net Position</i> | <u>\$118,783,843</u> | <u>\$111,971,407</u> | <u>\$108,061,944</u> | <u>\$101,456,981</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>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006 (1)</u> | <u>2005</u> | <u>2004 (2)</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$71,402,619 | \$72,898,821 | \$66,483,124 | \$63,860,050 | \$60,100,268 | \$56,465,096 |
| 6,235,047 | 6,676,611 | 8,360,297 | 8,891,783 | 9,868,110 | 10,731,005 |
| <u>30,286,504</u> | <u>32,938,913</u> | <u>35,314,249</u> | <u>35,014,581</u> | <u>36,479,619</u> | <u>40,762,268</u> |
| <u>\$107,924,170</u> | <u>\$112,514,345</u> | <u>\$110,157,670</u> | <u>\$107,766,414</u> | <u>\$106,447,997</u> | <u>\$107,958,369</u> |

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

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services and Operating Assessments: | | | | | |
| General Government (5) | \$63,237 | \$339,527 | \$380,073 | \$602,562 | \$658,618 |
| Public Safety | | | | | |
| Police | 533,700 | 412,230 | 335,925 | 399,182 | 314,298 |
| Fire (3) | 907,496 | 916,111 | 890,715 | 837,207 | 777,082 |
| Health and Welfare | 119,648 | 157,381 | 151,147 | 132,167 | 131,533 |
| Culture and Recreation | 876,424 | 864,037 | 888,741 | 862,658 | 836,987 |
| Building and Community Development | 2,095,827 | 877,811 | 1,755,022 | 653,884 | 732,246 |
| Operating Grants and Contributions | 648,516 | 695,557 | 807,577 | 610,933 | 597,827 |
| Capital Grants and Assessments | 719,852 | 0 | 1,250,000 | 0 | 0 |
| <i>Total Governmental Activities</i> | | | | | |
| <i>Program Revenues</i> | <u>5,964,700</u> | <u>4,262,654</u> | <u>6,459,200</u> | <u>4,098,593</u> | <u>4,048,591</u> |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General Government | 4,950,386 | 5,383,560 | 4,533,871 | 4,987,961 | 4,875,105 |
| Public Safety | | | | | |
| Police | 8,602,587 | 8,513,081 | 8,038,163 | 7,756,727 | 7,920,359 |
| Fire | 6,862,847 | 6,609,326 | 5,955,042 | 6,155,855 | 5,982,995 |
| Public Services | 12,271,829 | 11,927,501 | 10,348,729 | 11,749,819 | 10,531,157 |
| Health and Welfare | 513,481 | 583,900 | 549,513 | 587,883 | 539,326 |
| Culture and Recreation | 2,801,539 | 2,828,722 | 2,608,014 | 2,663,673 | 2,813,885 |
| Building and Community Development | 1,067,749 | 959,081 | 968,373 | 919,717 | 979,295 |
| Interest and Fiscal Charges | 823,376 | 746,738 | 925,241 | 758,681 | 785,037 |
| <i>Total Governmental Activities Expenses</i> | <u>37,893,794</u> | <u>37,551,909</u> | <u>33,926,946</u> | <u>35,580,316</u> | <u>34,427,159</u> |
| <i>Total Primary Government Net Expense</i> | <u>(31,929,094)</u> | <u>(33,289,255)</u> | <u>(27,467,746)</u> | <u>(31,481,723)</u> | <u>(30,378,568)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Property and Other Local Taxes Levied For: | | | | | |
| General Purposes | 2,936,550 | 2,674,494 | 2,563,866 | 2,677,944 | 2,829,210 |
| Police Pension | 241,277 | 216,427 | 209,099 | 198,870 | 257,116 |
| Municipal Income Taxes Levied | | | | | |
| For General Purposes | 29,892,959 | 28,447,634 | 25,680,596 | 17,577,324 | 18,401,803 |
| Admission, Lodging, and Franchise Taxes (4) | 1,323,455 | 1,336,222 | 1,264,247 | 1,132,370 | 843,488 |
| Estate Taxes (4) | 2,580,934 | 3,115,899 | 3,107,091 | 2,008,052 | 2,643,793 |
| Grants and Entitlements not Restricted to | | | | | |
| Specific Programs | 385,209 | 496,054 | 670,301 | 672,345 | 112,837 |
| Investment Earnings | 174,277 | 145,983 | 235,120 | 518,573 | 486,690 |
| Health Care Reimbursements (6) | 530,652 | 479,070 | 0 | 0 | 0 |
| Gain on Sale of Capital Assets | 0 | 0 | 0 | 0 | 0 |
| Other | 676,217 | 286,935 | 342,389 | 229,056 | 213,456 |
| <i>Total Governmental Activities</i> | <u>38,741,530</u> | <u>37,198,718</u> | <u>34,072,709</u> | <u>25,014,534</u> | <u>25,788,393</u> |
| <i>Total Primary Government</i> | | | | | |
| <i>Change in Net Position</i> | <u>\$6,812,436</u> | <u>\$3,909,463</u> | <u>\$6,604,963</u> | <u>(\$6,467,189)</u> | <u>(\$4,590,175)</u> |

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

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

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

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

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

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

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

| 2008 | 2007 | 2006 (1) | 2005 | 2004 (2) |
|--------------|--------------|--------------|---------------|---------------|
| \$281,149 | \$75,862 | \$35,719 | \$15,762 | \$10,670 |
| 112,680 | 377,134 | 335,521 | 208,424 | 270,094 |
| 732,496 | 689,301 | 628,159 | 643,882 | 0 |
| 177,335 | 0 | 0 | 0 | 0 |
| 780,475 | 886,887 | 913,943 | 909,491 | 785,183 |
| 1,034,730 | 740,961 | 610,309 | 563,345 | 505,957 |
| 545,007 | 516,739 | 515,601 | 488,834 | 429,669 |
| 0 | 1,213,633 | 14,950 | 572,750 | 20,287 |
| 3,663,872 | 4,500,517 | 3,054,202 | 3,402,488 | 2,021,860 |
| 4,447,184 | 4,362,750 | 4,459,785 | 3,748,490 | 2,511,715 |
| 7,546,514 | 7,410,128 | 6,955,837 | 6,833,161 | 6,225,921 |
| 5,606,352 | 5,273,184 | 4,993,303 | 4,893,094 | 4,453,299 |
| 10,634,883 | 9,630,170 | 9,862,993 | 9,522,260 | 10,242,815 |
| 637,802 | 557,151 | 558,952 | 548,302 | 474,014 |
| 2,715,802 | 2,564,886 | 2,193,222 | 2,182,972 | 2,128,733 |
| 959,136 | 839,848 | 878,959 | 1,018,644 | 1,043,557 |
| 788,112 | 836,927 | 882,345 | 930,269 | 709,870 |
| 33,335,785 | 31,475,044 | 30,785,396 | 29,677,192 | 27,789,924 |
| (29,671,913) | (26,974,527) | (27,731,194) | (26,274,704) | (25,768,064) |
| 2,715,452 | 3,859,866 | 3,682,048 | 3,550,016 | 3,357,014 |
| 164,358 | 224,698 | 210,604 | 204,686 | 190,840 |
| 20,499,143 | 20,258,412 | 19,722,442 | 16,810,393 | 16,689,510 |
| 1,075,743 | n/a | n/a | n/a | n/a |
| 4,593,353 | n/a | n/a | n/a | n/a |
| 837,516 | 2,744,132 | 3,378,904 | 3,029,826 | 3,193,163 |
| 1,879,351 | 2,102,503 | 1,767,181 | 1,016,236 | 562,074 |
| 0 | 0 | 0 | 0 | 0 |
| 7,508 | 0 | 0 | 0 | 0 |
| 256,164 | 176,172 | 288,432 | 153,175 | 149,053 |
| 32,028,588 | 29,365,783 | 29,049,611 | 24,764,332 | 24,141,654 |
| \$2,356,675 | \$2,391,256 | \$1,318,417 | (\$1,510,372) | (\$1,626,410) |

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

| | 2013 | 2012 | 2011 | 2010 |
|---|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | |
| Nonspendable | \$1,081,452 | \$1,057,697 | \$991,572 | \$806,724 |
| Restricted | 0 | 0 | 0 | 4,493 |
| Committed | 261,150 | 233,569 | 1,045,377 | 985,486 |
| Assigned | 1,572,707 | 1,195,872 | 1,302,093 | 936,551 |
| Unassigned | 28,648,180 | 26,374,028 | 20,560,840 | 15,477,145 |
| Reserved | N/A | N/A | N/A | N/A |
| Unreserved | N/A | N/A | N/A | N/A |
| <i>Total General Fund</i> | <u>31,563,489</u> | <u>28,861,166</u> | <u>23,899,882</u> | <u>18,210,399</u> |
| All Other Governmental Funds | | | | |
| Restricted | 1,776,045 | 1,438,347 | 1,602,649 | 1,471,463 |
| Committed | 25,657 | 385,869 | 1,278,616 | 2,821,695 |
| Assigned | 5,596,712 | 507,438 | 2,481,856 | 5,131,599 |
| Unassigned (Deficit) | 0 | 0 | (133,555) | 0 |
| Reserved | N/A | N/A | N/A | N/A |
| Undesignated, Reported in: | | | | |
| Special Revenue Funds | N/A | N/A | N/A | N/A |
| Debt Service Fund | N/A | N/A | N/A | N/A |
| Capital Projects Fund | N/A | N/A | N/A | N/A |
| <i>Total All Other Governmental Funds</i> | <u>7,398,414</u> | <u>2,331,654</u> | <u>5,229,566</u> | <u>9,424,757</u> |
| <i>Total Governmental Funds</i> | <u>\$38,961,903</u> | <u>\$31,192,820</u> | <u>\$29,129,448</u> | <u>\$27,635,156</u> |

*Reflects restated amount due to reclassification of unclaimed monies.

Note: The City implemented GASB 54 in 2010.

| 2009 | 2008 | 2007 | 2006* | 2005 | 2004 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$886,564 | N/A | N/A | N/A | N/A | N/A |
| 13,504 | N/A | N/A | N/A | N/A | N/A |
| 18,286 | N/A | N/A | N/A | N/A | N/A |
| 1,432,489 | N/A | N/A | N/A | N/A | N/A |
| 19,147,388 | N/A | N/A | N/A | N/A | N/A |
| N/A | \$1,201,553 | \$1,357,644 | \$898,602 | \$1,494,421 | \$995,081 |
| N/A | 25,397,007 | 25,095,256 | 21,718,004 | 16,226,771 | 17,489,029 |
| 21,498,231 | 26,598,560 | 26,452,900 | 22,616,606 | 17,721,192 | 18,484,110 |
| 4,561,898 | N/A | N/A | N/A | N/A | N/A |
| 142,401 | N/A | N/A | N/A | N/A | N/A |
| 5,771,923 | N/A | N/A | N/A | N/A | N/A |
| 0 | N/A | N/A | N/A | N/A | N/A |
| N/A | 345,633 | 897,851 | 1,755,138 | 4,510,983 | 2,989,800 |
| N/A | 848,257 | 1,508,792 | 983,548 | 1,146,771 | 957,874 |
| N/A | 522,545 | 540,880 | 473,828 | 513,283 | 479,498 |
| N/A | 5,827,360 | 8,202,838 | 10,794,608 | 14,135,185 | 19,295,899 |
| 10,476,222 | 7,543,795 | 11,150,361 | 14,007,122 | 20,306,222 | 23,723,071 |
| \$31,974,453 | \$34,142,355 | \$37,603,261 | \$36,623,728 | \$38,027,414 | \$42,207,181 |

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

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|--------------------|--------------------|--------------------|----------------------|----------------------|
| Revenues | | | | | |
| Property and Other Taxes | \$2,569,556 | \$2,569,986 | \$2,471,516 | \$2,763,319 | \$2,895,836 |
| Municipal Income Taxes | 29,578,663 | 28,162,508 | 25,227,131 | 17,821,568 | 18,325,854 |
| Charges for Services | 2,218,880 | 2,109,663 | 1,994,018 | 2,051,510 | 1,856,303 |
| Fines, Licenses, and Permits | 2,367,813 | 1,145,214 | 2,018,317 | 1,027,705 | 995,331 |
| Intergovernmental | 1,057,115 | 1,210,255 | 2,709,877 | 1,269,519 | 1,240,557 |
| Estate Taxes (1) | 2,757,334 | 3,045,450 | 3,201,902 | 1,969,753 | 2,430,800 |
| Admission Taxes (1) | 352,854 | 399,449 | 414,334 | 342,934 | 130,552 |
| Lodging Taxes (1) | 843,102 | 805,323 | 729,988 | 677,536 | 607,839 |
| Franchise Taxes (1) | 127,499 | 131,450 | 119,925 | 111,900 | 105,097 |
| Rentals (2) | 0 | 302,336 | 358,037 | 395,509 | 585,813 |
| Health Care Reimbursements (3) | 530,652 | 479,070 | n/a | n/a | n/a |
| Special Assessments | 467,562 | 456,852 | 463,637 | 814,873 | 887,830 |
| Interest | 177,324 | 149,040 | 238,581 | 527,591 | 506,963 |
| Other | 676,217 | 286,935 | 342,389 | 229,056 | 213,456 |
| Total Revenues | 43,724,571 | 41,253,531 | 40,289,652 | 30,002,773 | 30,782,231 |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 4,494,993 | 4,711,020 | 3,989,615 | 4,398,424 | 4,257,790 |
| Public Safety | | | | | |
| Police | 8,556,641 | 8,247,989 | 7,774,404 | 7,726,739 | 7,820,112 |
| Fire | 6,620,419 | 7,164,341 | 6,671,619 | 6,244,404 | 5,879,094 |
| Public Services | 8,700,525 | 9,033,212 | 8,598,504 | 8,067,990 | 7,776,652 |
| Health and Welfare | 507,654 | 578,073 | 560,421 | 583,933 | 535,376 |
| Culture and Recreation | 2,414,088 | 2,428,076 | 2,203,271 | 2,254,874 | 2,401,030 |
| Building and Community Development | 1,063,829 | 946,654 | 965,898 | 907,177 | 964,252 |
| Capital Outlay | 1,291,946 | 3,769,159 | 5,678,719 | 8,630,423 | 1,261,144 |
| Debt Service: | | | | | |
| Principal Retirement | 1,750,000 | 1,710,000 | 1,565,000 | 1,290,000 | 1,255,000 |
| Interest and Fiscal Charges | 555,393 | 601,636 | 787,909 | 729,137 | 799,683 |
| Bond Issuance Costs | 0 | 112,808 | 0 | 173,098 | 0 |
| Total Expenditures | 35,955,488 | 39,302,968 | 38,795,360 | 41,006,199 | 32,950,133 |
| <i>Excess of Revenues Over</i> <i>(Under) Expenditures</i> | 7,769,083 | 1,950,563 | 1,494,292 | (11,003,426) | (2,167,902) |
| Other Financing Sources (Uses) | | | | | |
| Payment to Refunded Bond Escrow Account | 0 | (6,427,283) | 0 | (4,871,983) | 0 |
| Premium on Bonds | 0 | 290,092 | 0 | 226,112 | 0 |
| General Obligation Bonds Issued | 0 | 6,250,000 | 0 | 12,810,000 | 0 |
| Transfers In | 7,805,204 | 2,650,000 | 1,841,363 | 1,037,923 | 5,107,562 |
| Transfers Out | (7,805,204) | (2,650,000) | (1,841,363) | (2,537,923) | (5,107,562) |
| Total Other Financing Sources (Uses) | 0 | 112,809 | 0 | 6,664,129 | 0 |
| Net Change in Fund Balances | \$7,769,083 | \$2,063,372 | \$1,494,292 | (\$4,339,297) | (\$2,167,902) |
| Debt Service as a Percentage of Noncapital Expenditures | 6.74% | 6.83% | 7.79% | 6.28% | 8.52% |

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

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

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

| 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------|-------------|---------------|---------------|-------------|
| \$2,792,537 | \$3,952,150 | \$3,740,957 | \$3,617,531 | \$3,556,398 |
| 20,440,036 | 20,277,253 | 19,773,905 | 16,546,653 | 16,952,888 |
| 1,782,627 | 1,643,737 | 1,605,704 | 1,551,729 | 857,811 |
| 1,324,213 | 1,113,312 | 885,269 | 764,600 | 754,228 |
| 939,868 | 3,532,681 | 3,904,940 | 3,760,230 | 3,668,755 |
| 4,593,353 | n/a | n/a | n/a | n/a |
| 143,979 | n/a | n/a | n/a | n/a |
| 809,102 | n/a | n/a | n/a | n/a |
| 122,662 | 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 |
| 1,025,493 | 1,060,132 | 984,691 | 1,080,198 | 936,559 |
| 1,879,351 | 2,102,503 | 1,767,181 | 1,016,236 | 562,074 |
| 256,164 | 176,172 | 239,406 | 153,175 | 149,053 |
| 36,109,385 | 33,857,940 | 32,902,053 | 28,490,352 | 27,437,766 |
| 4,017,322 | 3,879,282 | 4,016,348 | 3,583,744 | 3,392,026 |
| 7,807,378 | 7,202,251 | 6,864,212 | 6,483,602 | 6,318,172 |
| 5,648,187 | 5,113,246 | 4,762,553 | 4,664,119 | 4,460,482 |
| 8,122,295 | 7,456,227 | 7,144,377 | 6,616,107 | 5,897,243 |
| 624,426 | 547,248 | 584,270 | 535,182 | 460,894 |
| 2,301,474 | 2,154,243 | 1,871,385 | 1,855,756 | 1,812,889 |
| 960,151 | 893,314 | 865,529 | 1,005,214 | 1,024,899 |
| 8,036,268 | 3,581,446 | 6,188,929 | 5,866,548 | 12,438,315 |
| 1,250,000 | 1,200,000 | 1,161,000 | 1,116,000 | 721,000 |
| 802,790 | 851,150 | 896,162 | 943,847 | 680,179 |
| 0 | 0 | 0 | 0 | 0 |
| 39,570,291 | 32,878,407 | 34,354,765 | 32,670,119 | 37,206,099 |
| (3,460,906) | 979,533 | (1,452,712) | (4,179,767) | (9,768,333) |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 192,644 |
| 0 | 0 | 0 | 0 | 9,805,000 |
| 5,036,263 | 1,044,988 | 1,051,258 | 3,046,720 | 5,389,130 |
| (5,036,263) | (1,044,988) | (1,051,258) | (3,046,720) | (5,389,130) |
| 0 | 0 | 0 | 0 | 9,997,644 |
| (\$3,460,906) | \$979,533 | (\$1,452,712) | (\$4,179,767) | \$229,311 |
| 6.68% | 8.54% | 8.07% | 8.65% | 4.94% |

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

| Tax Year | Tax Rate (1) | Total Tax Collected (2) | Taxes From Withholding | Percentage of Taxes From Withholding | Taxes From Net Profits |
|-------------|-----------------|----------------------------|------------------------------|---|---------------------------|
| 2013 | 2.00% | \$29,892,959 | \$23,884,474 | 79.90% | \$4,065,442 |
| 2012 | 2.00 | 28,447,634 | 22,729,660 | 79.90 | 3,698,192 |
| 2011 | 2.00 | 25,680,596 | 21,494,659 | 83.70 | 2,619,421 |
| 2010 | 1.50 | 17,577,324 | 14,940,725 | 85.00 | 1,581,959 |
| 2009 | 1.50 | 18,401,803 | 14,905,460 | 81.00 | 2,208,216 |
| 2008 | 1.50 | 20,499,143 | 16,255,820 | 79.30 | 2,254,906 |
| 2007 | 1.50 | 20,258,412 | 16,684,828 | 82.36 | 2,301,356 |
| 2006 | 1.50 | 19,722,442 | 15,817,398 | 80.20 | 2,169,469 |
| 2005 | 1.50 | 16,810,393 | 14,016,506 | 83.38 | 1,613,798 |
| 2004 | 1.50 | 16,689,510 | 13,937,410 | 83.51 | 1,625,558 |

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

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

| Percentage of Taxes From Net Profits | Taxes From Individuals | Percentage of Taxes From Individuals |
|---|------------------------------|---|
| 13.60% | \$1,943,042 | 6.50% |
| 13.00 | 2,019,782 | 7.10 |
| 10.20 | 1,566,516 | 6.10 |
| 9.00 | 1,054,639 | 6.00 |
| 12.00 | 1,288,126 | 7.00 |
| 11.00 | 1,988,417 | 9.70 |
| 11.36 | 1,272,228 | 6.28 |
| 11.00 | 1,735,575 | 8.80 |
| 9.60 | 1,180,089 | 7.02 |
| 9.74 | 1,126,542 | 6.75 |

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

2013

| Income Range | Number of Filers | Percent of Filers | Taxable Income | Percent of Taxable Income |
|-------------------|------------------|-------------------|----------------------|---------------------------|
| \$0-\$24,999 | 1,124 | 31.23% | \$4,153,007 | 1.02% |
| \$25,000-\$49,999 | 489 | 13.59 | 18,260,459 | 4.51 |
| \$50,000-\$74,999 | 417 | 11.59 | 25,811,403 | 6.37 |
| \$75,000-\$99,999 | 331 | 9.19 | 28,800,140 | 7.11 |
| Over \$100,000 | 1,238 | 34.40 | 328,208,464 | 80.99 |
| Total | 3,599 | | \$405,233,473 | |

2005 (1)

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

(1) Information prior to 2005 is not available.

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

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

2013

| Taxpayer | Ranking |
|--------------------------------|---------|
| Cleveland Clinic Foundation | 1 |
| * Eaton Corporation | 2 |
| Developers Diversified | 3 |
| Aleris Ohio Management | 4 |
| * University Hospitals | 5 |
| Bank of America | 6 |
| Menorah Park Center | 7 |
| BASF, Corporation | 8 |
| Tremco Inc. | 9 |
| Beachwood City School District | 10 |

2004

| Taxpayer | Ranking |
|--------------------------------|---------|
| MBNA Marketing Services Inc. | 1 |
| Developers Difersified | 2 |
| Menorah Park Center | 3 |
| Cleveland Clinic Foundation | 4 |
| Penske Truck | 5 |
| Beachwood City School District | 6 |
| Tremco Inc. | 7 |
| Medical Mutual of Ohio | 8 |
| Intuit | 9 |
| Montefiore Home | 10 |

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

* These companies are located in our JEDD area. For purposes of this table, we based their ranking on 50% of their total withholding as the City maintains 50% of all income taxes received from companies in the JEDD.

Source: Regional Income Tax Agency

City of Beachwood, Ohio

Legal Debt Margin

Last Ten Years

| | 2013 | 2012 | 2011 | 2010 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total Assessed Property Value | <u>\$797,823,180</u> | <u>\$796,838,720</u> | <u>\$789,545,600</u> | <u>\$764,670,350</u> |
| General Bonded Debt Outstanding: | | | | |
| General Obligation Bonds | \$14,885,000 | \$16,265,000 | \$17,130,000 | \$18,350,000 |
| Bond Anticipation Notes | 5,200,000 | 5,200,000 | 6,000,000 | 6,000,000 |
| Special Assessment Bonds | <u>2,020,000</u> | <u>2,390,000</u> | <u>2,755,000</u> | <u>3,100,000</u> |
| Total Gross Indebtedness | 22,105,000 | 23,855,000 | 25,885,000 | 27,450,000 |
| Less: | | | | |
| Special Assessment Bonds | (2,020,000) | (2,390,000) | (2,755,000) | (3,100,000) |
| Debt Service Fund Balance | <u>(397,600)</u> | <u>(423,590)</u> | <u>(583,425)</u> | <u>(619,113)</u> |
| Total Net Debt Applicable to Debt Limit | <u>19,687,400</u> | <u>21,041,410</u> | <u>22,546,575</u> | <u>23,730,887</u> |
| Overall Legal Debt Limit (10 1/2% of Assessed Valuation) | <u>83,771,434</u> | <u>83,668,066</u> | <u>82,902,288</u> | <u>80,290,387</u> |
| Legal Debt Margin within 10 1/2% Limitation | <u>\$64,084,034</u> | <u>\$62,626,656</u> | <u>\$60,355,713</u> | <u>\$56,559,500</u> |
| Legal Debt Margin as a Percentage of the Debt Limit | 76.50% | 74.85% | 72.80% | 70.44% |
| Unvoted Debt Limitation 5 1/2% of Assessed Valuation | <u>\$43,880,275</u> | <u>\$43,826,130</u> | <u>\$43,425,008</u> | <u>\$42,056,869</u> |
| Total Gross Indebtedness | 22,105,000 | 23,855,000 | 25,885,000 | 27,450,000 |
| Less: | | | | |
| Special Assessment Bonds | (2,020,000) | (2,390,000) | (2,755,000) | (3,100,000) |
| Debt Service Fund Balance | <u>(397,600)</u> | <u>(423,590)</u> | <u>(583,425)</u> | <u>(619,113)</u> |
| Net Debt within 5 1/2% Limitation | <u>19,687,400</u> | <u>21,041,410</u> | <u>22,546,575</u> | <u>23,730,887</u> |
| Unvoted Legal Debt Margin within 5 1/2% Limitation | <u>\$24,192,875</u> | <u>\$22,784,720</u> | <u>\$20,878,433</u> | <u>\$18,325,982</u> |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 55.13% | 51.99% | 48.08% | 43.57% |

Source: City Financial Records

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$746,489,090</u> | <u>\$771,255,529</u> | <u>\$788,302,216</u> | <u>\$797,623,826</u> | <u>\$755,070,022</u> | <u>\$749,966,828</u> |
| \$10,750,000 | \$11,300,000 | \$11,830,000 | \$12,355,000 | \$12,875,000 | \$13,380,000 |
| 3,000,000 | 3,000,000 | 0 | 0 | 0 | 0 |
| <u>3,735,000</u> | <u>4,440,000</u> | <u>5,160,000</u> | <u>5,835,000</u> | <u>6,476,000</u> | <u>7,087,000</u> |
| 17,485,000 | 18,740,000 | 16,990,000 | 18,190,000 | 19,351,000 | 20,467,000 |
| (3,735,000) | (4,440,000) | (5,160,000) | (5,835,000) | (6,476,000) | (7,087,000) |
| <u>(521,467)</u> | <u>(522,545)</u> | <u>(540,880)</u> | <u>(473,828)</u> | <u>(513,283)</u> | <u>(479,498)</u> |
| <u>13,228,533</u> | <u>13,777,455</u> | <u>11,289,120</u> | <u>11,881,172</u> | <u>12,361,717</u> | <u>12,900,502</u> |
| <u>78,381,354</u> | <u>80,981,831</u> | <u>82,771,733</u> | <u>83,750,502</u> | <u>79,282,352</u> | <u>78,746,517</u> |
| <u>\$65,152,821</u> | <u>\$67,204,376</u> | <u>\$71,482,613</u> | <u>\$71,869,330</u> | <u>\$66,920,635</u> | <u>\$65,846,015</u> |
| 83.12% | 82.99% | 86.36% | 85.81% | 84.41% | 83.62% |
| <u>\$41,056,900</u> | <u>\$42,419,054</u> | <u>\$43,356,622</u> | <u>\$43,869,310</u> | <u>\$41,528,851</u> | <u>\$41,248,176</u> |
| 17,485,000 | 18,740,000 | 16,990,000 | 18,190,000 | 19,351,000 | 20,467,000 |
| (3,735,000) | (4,440,000) | (5,160,000) | (5,835,000) | (6,476,000) | (7,087,000) |
| <u>(521,467)</u> | <u>(522,545)</u> | <u>(540,880)</u> | <u>(473,828)</u> | <u>(513,283)</u> | <u>(479,498)</u> |
| <u>13,228,533</u> | <u>13,777,455</u> | <u>11,289,120</u> | <u>11,881,172</u> | <u>12,361,717</u> | <u>12,900,502</u> |
| <u>\$27,828,367</u> | <u>\$28,641,599</u> | <u>\$32,067,502</u> | <u>\$31,988,138</u> | <u>\$29,167,134</u> | <u>\$28,347,674</u> |
| 67.78% | 67.52% | 73.96% | 72.92% | 70.23% | 68.72% |

City of Beachwood, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2013

| | Governmental Activities Debt Outstanding | Percentage Applicable to City (1) | Amount Applicable to City of Beachwood |
|---|--|---|---|
| Direct - City of Beachwood, Ohio | | | |
| General Obligation Bonds | \$15,310,976 | 100.00% | \$15,310,976 |
| Special Assessment Bonds | 2,020,000 | 100.00% | 2,020,000 |
| <i>Total Direct</i> | <u>17,330,976</u> | | <u>17,330,976</u> |
| Overlapping | | | |
| Beachwood City Schools | | | |
| General Obligation Bonds | 37,567,973 | 100.00% | 37,567,973 |
| Notes Payable | 3,995,000 | 100.00% | 3,995,000 |
| Capital Leases | 103,847 | 100.00% | 103,847 |
| Cuyahoga County | | | |
| General Obligation Bonds | 338,757,118 | 2.88% | 9,756,205 |
| Revenue Bonds | 427,434,477 | 2.88% | 12,310,113 |
| Loans Payable | 19,022,956 | 2.88% | 547,861 |
| Notes Payable | 5,100,000 | 2.88% | 146,880 |
| Capital Leases | 372,101,958 | 2.88% | 10,716,536 |
| Regional Transit Authority | 165,087,789 | 2.88% | 4,754,528 |
| <i>Total Overlapping</i> | <u>1,327,504,298</u> | | <u>38,232,124</u> |
| <i>Totals</i> | <u><u>\$1,344,835,274</u></u> | | <u><u>\$55,563,100</u></u> |

Source: Cuyahoga County, Ohio; Fiscal Officer

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

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

| Year | General Bonded Debt | Total Assessed Property Value | Percentage of Assessed Property Value | Per Capita (2) |
|------|------------------------|-------------------------------------|---|-------------------|
| 2013 | \$15,310,976 | \$797,823,180 | 1.92% | \$1,281 |
| 2012 | 16,735,266 | 796,838,720 | 2.10 | 1,400 |
| 2011 | 17,459,539 | 789,545,600 | 2.21 | 1,461 |
| 2010 | 18,427,896 | 764,670,350 | 2.41 | 1,542 |
| 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 |

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

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

Other Governmental
Activities Debt

| <u>Special Assessment Bonds</u> | <u>Total Debt</u> | <u>Percentage of Personal Income (2)</u> | <u>Per Capita (2)</u> |
|---|-----------------------|--|---------------------------|
| \$2,020,000 | \$17,330,976 | 3.02% | \$1,450 |
| 2,390,000 | 19,125,266 | 3.33 | 1,600 |
| 2,755,000 | 20,214,539 | 3.52 | 1,691 |
| 3,100,000 | 21,527,896 | 3.75 | 1,801 |
| 3,735,000 | 14,629,484 | 2.96 | 1,201 |
| 4,440,000 | 15,894,116 | 3.22 | 1,304 |
| 5,160,000 | 17,153,748 | 3.47 | 1,408 |
| 5,835,000 | 18,363,380 | 3.72 | 1,507 |
| 6,476,000 | 19,534,012 | 3.96 | 1,603 |
| 7,087,000 | 20,659,644 | 4.19 | 1,695 |

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) |
|------|----------------|------------------------------|--------------------------------------|-----------------------------------|-------------------|
| 2013 | 11,953 | \$573,863,530 | \$48,010 | \$71,932 | 52.5 |
| 2012 | 11,953 | 573,863,530 | 48,010 | 71,932 | 52.5 |
| 2011 | 11,953 | 573,863,530 | 48,010 | 71,932 | 52.5 |
| 2010 | 11,953 | 573,863,530 | 48,010 | 65,406 | 51.6 |
| 2009 | 12,186 | 493,642,674 | 40,509 | 65,406 | 51.6 |
| 2008 | 12,186 | 493,642,674 | 40,509 | 65,406 | 51.6 |
| 2007 | 12,186 | 493,642,674 | 40,509 | 65,406 | 51.6 |
| 2006 | 12,186 | 493,642,674 | 40,509 | 65,406 | 51.6 |
| 2005 | 12,186 | 493,642,674 | 40,509 | 65,406 | 51.6 |
| 2004 | 12,186 | 493,642,674 | 40,509 | 65,406 | 51.6 |

(1) Source: 2010 and 2000 U.S. 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 Fiscal Officer

| 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 |
|-----------------------|---|---------------------------------------|---|-------------------------------|
| 1,492 | 55.6% | 7.2% | \$274,896 | \$797,823,180 |
| 1,536 | 55.6 | 7.1 | 252,595 | 796,838,720 |
| 1,552 | 55.6 | 8.0 | 231,819 | 789,545,600 |
| 1,524 | 50.9 | 8.6 | 281,328 | 764,670,350 |
| 1,598 | 50.9 | 9.2 | 276,796 | 746,489,090 |
| 1,571 | 50.9 | 7.1 | 269,676 | 771,255,529 |
| 1,545 | 50.9 | 6.1 | 290,728 | 788,302,216 |
| 1,541 | 50.9 | 5.5 | 282,835 | 797,623,826 |
| 1,541 | 50.9 | 6.1 | 302,735 | 755,070,022 |
| 1,539 | 50.9 | 6.6 | 296,751 | 749,966,828 |

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

| 2013 | | |
|----------------------------------|---------------|---------------------|
| Employer | Employees | Percentage of Total |
| Bank of America (2) | 2,245 | 9.60% |
| Cleveland Clinic Foundation | 1,355 | 5.79 |
| University Hospitals | 1,285 | 5.50 |
| Menorah Park Center | 1,103 | 4.72 |
| Eaton Corporation | 792 | 3.39 |
| Beachwood City School District | 586 | 2.51 |
| Montefire Home | 547 | 2.34 |
| Developers Diversified | 507 | 2.17 |
| City of Beachwood | 493 | 2.11 |
| Nordstrom | 469 | 2.01 |
| Total | <u>9,382</u> | <u>40.14%</u> |
| Total Employment within the City | <u>23,375</u> | |

| 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 City School District | 403 | 1.77 |
| City of Beachwood | 338 | 1.49 |
| Tremco Inc. | 293 | 1.29 |
| Lamson & Sessions Company | 196 | 0.86 |
| Brulant Inc. | 183 | 0.81 |
| Medical Mutual of Ohio | 181 | 0.80 |
| Total | <u>7,080</u> | <u>31.16%</u> |
| Total Employment within the City | <u>22,720</u> | |

Source: Estimates from the Regional Income Tax Agency based on the number of W-2's filed for the year.

(1) Information prior to 2005 is not available.

(2) Bank of America closed their City offices during 2013. As of December 31, 2013, they did not have any remaining employees in the City.

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

| Function/Program | 2013 | 2012 | 2011 | 2010 |
|---|-------------|-------------|-------------|-------------|
| General Government | | | | |
| Square Footage Occupied (1) | 70,786 | 70,786 | 70,786 | 70,786 |
| Vehicles | 2 | 2 | 2 | 2 |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Square Footage of Building | 72,254 | 72,254 | 72,254 | 72,254 |
| Vehicles | 35 | 35 | 35 | 35 |
| Fire Station | | | | |
| Stations | 2 | 2 | 2 | 2 |
| Square Footage of Fire Station #1 | 21,970 | 21,970 | 21,970 | 21,970 |
| Square Footage of Fire Station #2 | 5,472 | 5,472 | 5,472 | 5,472 |
| Vehicles | 14 | 14 | 13 | 13 |
| Public Service | | | | |
| Streets (miles) | 46 | 46 | 46 | 46 |
| Vehicles | 56 | 56 | 54 | 54 |
| Square Footage of Building (3) | 198,000 | 198,000 | 198,000 | 41,285 |
| Health and Welfare | | | | |
| Vehicles | 3 | 3 | 3 | 2 |
| Culture and Recreation | | | | |
| Number of Parks | 2 | 2 | 2 | 2 |
| Number of Pools | 1 | 1 | 1 | 1 |
| Vehicles | 2 | 2 | 2 | 2 |
| Square Footage of Community Center (2) | 14,000 | 14,000 | 14,000 | 14,000 |
| Building and Community Development | | | | |
| Vehicles | 6 | 6 | 6 | 6 |

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

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

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

Source: City Hall records

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 70,786 2 | 70,786 2 | 70,786 2 | 70,786 2 | 70,786 2 | 37,206 2 |
| 1 72,254 35 | 1 72,254 35 | 1 72,254 33 | 1 72,254 32 | 1 72,254 31 | 1 68,170 30 |
| 2 21,970 5,472 12 | 2 21,970 5,472 12 | 2 21,970 5,472 11 | 2 21,970 5,472 11 | 2 21,970 5,472 10 | 2 21,970 5,472 10 |
| 46 54 41,285 | 46 56 41,285 | 46 56 41,285 | 46 55 41,285 | 46 55 41,285 | 46 55 41,285 |
| 2 | 3 | 3 | 3 | 2 | 2 |
| 2 1 2 14,000 | 2 1 2 14,000 | 2 1 2 14,000 | 2 1 1 14,000 | 2 1 1 8,000 | 2 1 1 8,000 |
| 6 | 7 | 8 | 8 | 7 | 7 |

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

| Function/Program | 2013 | 2012 | 2011 | 2010 |
|---|--------|--------|--------|--------|
| General Government | | | | |
| Number of Ordinances and Resolutions | 167 | 202 | 180 | 176 |
| Number of non-payroll checks processed | 4,137 | 4,417 | 4,299 | 4,269 |
| Number of purchase orders issued | 4,143 | 4,290 | 4,060 | 4,077 |
| Public Safety | | | | |
| Police | | | | |
| Total arrests | 1,037 | 723 | 496 | 729 |
| Drug arrests | 34 | 18 | 20 | 20 |
| OVI arrests (formally DUI) | 61 | 42 | 65 | 55 |
| Warrants served | 116 | 147 | 138 | 119 |
| Fire | | | | |
| Total EMS and Fire responses | 4,593 | 4,514 | 4,589 | 4,209 |
| Total Fire responses | 1,351 | 1,365 | 1,445 | 1,189 |
| Total EMS responses | 3,242 | 3,149 | 3,144 | 3,020 |
| Routine fire safety inspections | 1,137 | 1,248 | 1,582 | 1,031 |
| Re-inspections | 930 | 1,045 | 1,232 | 707 |
| New construction inspections | 359 | 310 | 220 | 232 |
| Public Services | | | | |
| Tons of rubbish picked up | 3,296 | 3,189 | 3,488 | 3,714 |
| Tons of leaves collected for recycling | 2,640 | 2,600 | 2,670 | 2,670 |
| Number of trees planted | 204 | 236 | 146 | 327 |
| Number of catch basins cleaned and repaired | 527 | 461 | 431 | 324 |
| Tons of cold patch used | 19 | 23 | 52 | 17 |
| Yards of concrete poured and finished | 514 | 1,381 | 678 | 740 |
| Tons of salt purchased | 8,262 | 3,908 | 13,659 | 10,363 |
| Health and Welfare | | | | |
| Number of senior trips taken | 69 | 71 | 51 | 57 |
| Culture and Recreation | | | | |
| Total attendance at Aquatic Center | 45,049 | 49,504 | 48,000 | 55,757 |
| Building and Community Development | | | | |
| Number of permits issued | 329 | 334 | 309 | 189 |

Source: City records

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------|--------|--------|--------|--------|--------|
| 160 | 186 | 183 | 160 | 149 | 172 |
| 4,693 | 5,321 | 4,937 | 4,962 | 4,823 | 4,901 |
| 4,496 | 4,787 | 4,253 | 4,225 | 4,278 | 4,158 |
| 650 | 631 | 666 | 609 | 576 | 633 |
| 25 | 14 | 16 | 11 | 21 | 36 |
| 67 | 71 | 73 | 71 | 53 | 86 |
| 140 | 153 | 154 | 160 | 243 | 236 |
| 4,087 | 4,038 | 3,832 | 3,613 | 3,701 | 3,495 |
| 1,138 | 1,068 | 1,132 | 1,049 | 1,150 | 1,088 |
| 2,949 | 2,970 | 2,700 | 2,564 | 2,551 | 2,407 |
| 1,105 | 1,403 | 1,169 | 881 | 908 | 711 |
| 860 | 942 | 581 | 725 | 481 | 388 |
| 145 | 203 | 207 | 182 | 103 | 27 |
| 3,933 | 4,208 | 4,946 | 4,843 | 4,836 | 5,192 |
| 3,195 | 3,564 | 3,447 | 3,007 | 2,588 | 1,631 |
| 270 | 201 | 329 | 353 | 251 | 198 |
| 443 | 374 | 373 | 297 | 381 | 347 |
| 37 | 55 | 40 | 24 | 66 | 26 |
| 450 | 507 | 565 | 279 | 423 | 606 |
| 7,178 | 12,712 | 11,229 | 4,695 | 13,908 | 8,803 |
| 66 | 64 | 53 | 50 | 48 | 59 |
| 53,262 | 54,001 | 58,588 | 56,855 | 76,526 | 67,561 |
| 167 | 210 | 292 | 264 | 248 | 265 |

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

| | 2013 | 2012 | 2011 | 2010 |
|------------------------------------|-------|-------|-------|-------|
| General Government | | | | |
| Council | 7.0 | 7.0 | 7.0 | 7.0 |
| Mayor's Office | 3.0 | 3.0 | 3.0 | 3.0 |
| Economic Development (1) | 2.0 | 1.5 | 0.0 | 2.0 |
| Finance | 11.0 | 11.5 | 12.5 | 12.5 |
| Law | 2.5 | 2.5 | 2.5 | 2.5 |
| Public Safety | | | | |
| Police Administration | 3.0 | 3.0 | 3.0 | 3.0 |
| Police Officers | 43.0 | 39.0 | 42.0 | 41.0 |
| Dispatchers | 15.0 | 15.0 | 12.0 | 11.0 |
| Police - Correction Officers | 9.5 | 9.0 | 9.0 | 9.0 |
| Police - Crossing Guards | 6.5 | 6.5 | 6.5 | 7.0 |
| Fire Administration | 6.5 | 6.5 | 5.5 | 5.0 |
| Fire Fighters | 39.0 | 38.0 | 36.0 | 38.0 |
| Public Service | 55.0 | 59.5 | 56.5 | 53.5 |
| Culture and Recreation | | | | |
| Human Services | 5.5 | 5.5 | 5.0 | 6.0 |
| Recreation Administration | 8.0 | 8.0 | 6.5 | 7.5 |
| Recreation Camps | 50.0 | 45.0 | 46.0 | 44.5 |
| Recreation Sports | 8.5 | 10.0 | 10.5 | 14.0 |
| Recreation Other | 9.5 | 9.5 | 10.5 | 8.5 |
| Pool and Parks | 36.5 | 37.0 | 38.0 | 39.0 |
| Building and Community Development | | | | |
| Building Department | 10.5 | 9.5 | 9.0 | 11.0 |
| Total | 331.5 | 326.5 | 321.0 | 325.0 |

Source: City of Beachwood records

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

Counts are as of December 31 of each year.

(1) The Economic Development Department was created in 2010. In 2011, there were no employees as the City was restructuring the department. By the end of 2012, there was one full-time position and one part-time position. In 2013, there were two full-time positions.

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------|-------|-------|-------|-------|-------|
| 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| 3.0 | 3.0 | 5.0 | 5.0 | 4.5 | 4.0 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 15.0 | 12.0 | 10.0 | 12.0 | 12.0 | 10.0 |
| 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 |
| 3.0 | 3.0 | 4.0 | 4.0 | 3.0 | 3.0 |
| 43.0 | 42.0 | 42.0 | 42.0 | 40.0 | 40.0 |
| 12.0 | 12.0 | 12.0 | 12.0 | 11.0 | 11.0 |
| 9.0 | 8.0 | 8.5 | 8.5 | 9.0 | 8.0 |
| 7.0 | 7.0 | 7.0 | 7.0 | 6.5 | 6.0 |
| 5.0 | 5.0 | 4.5 | 4.5 | 4.5 | 3.5 |
| 42.0 | 39.0 | 39.0 | 39.0 | 39.0 | 39.0 |
| 56.5 | 57.0 | 60.5 | 54.5 | 57.0 | 63.5 |
| 6.0 | 6.0 | 6.0 | 8.5 | 6.5 | 6.5 |
| 7.0 | 7.0 | 7.0 | 5.0 | 5.0 | 5.0 |
| 37.0 | 38.0 | 33.0 | 37.0 | 44.5 | 44.0 |
| 14.0 | 14.0 | 14.0 | 13.5 | 13.0 | 14.5 |
| 15.0 | 15.0 | 17.0 | 17.0 | 14.5 | 14.5 |
| 41.0 | 40.0 | 41.0 | 42.0 | 45.0 | 43.5 |
| 11.0 | 11.0 | 11.0 | 11.0 | 12.0 | 12.0 |
| 336.5 | 329.0 | 331.5 | 333.5 | 338.0 | 339.0 |

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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
MARCH 24, 2015**