

# **City of Bedford Heights, Ohio**

## **Comprehensive Annual Financial Report**

**December 31, 2004**





**Auditor of State  
Betty Montgomery**

Members of City Council  
City of Bedford Heights  
Bedford Heights, Ohio

We have reviewed the *Independent Auditor's Report* of the City of Bedford Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 19, 2005

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# City of Bedford Heights, Ohio

## Comprehensive Annual Financial Report For The Year Ended December 31, 2004

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# The City of Bedford Heights



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MAYOR DEBORA A. MALLIN

MARK A. CEGELKA  
DIRECTOR OF FINANCE / TAX ADMINISTRATOR

June 22, 2005

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Bedford Heights (the "City") for the fiscal year ended December 31, 2004. We believe this report, prepared by the Department of Finance, presents comprehensive financial and operating information about the City's activities during 2004 that should be useful to citizens and taxpayers. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and the results of operations of the City; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The financial section begins with the Independent Auditors' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

## **City Organization**

The City of Bedford Heights, Ohio is located in the eastern portion of Cuyahoga County, approximately 14 miles southeast of downtown Cleveland. According to the most recent data from the United States Census Bureau, the City's 2004 population was 11,375.

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

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

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

### **Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14, which became effective in 1993, established the criteria used for defining the financial reporting entity of a governmental unit. These principals provide that the reporting entity is comprised of the primary government, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the financial statements to be misleading or incomplete. The City has included in this report all funds, departments, boards and commissions for which the City is financially accountable. The Northern Ohio Risk Management Association is a governmental joint venture, which is more fully described in Note 13. The Bedford City School District and the Orange City School District have not met the criteria for inclusion in the reporting entity.

### **Economic Conditions and Outlook**

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

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

In 2004, the City's economic conditions have slowed along with the regional economies of N.E. Ohio. Sales for the steel distribution cluster consisting of Olympic Steel, Majestic Steel USA, and EMJ Steel have increased to higher levels comparable to fiscal year 2002. Demand in the automotive parts cluster was mixed for 2003 as some plants indefinitely delayed planned expansions.

As previously reported, the SYSCO Food Services of Cleveland Facility on Aurora Road closed in August of 2004. The Company announced its plans to leave in FY 2003 and relocate to a site in the City of Cleveland. This was a direct result of the lack of a single fifty-five acre vacant site in the City of Bedford Heights.

Overall, the City's withholding tax payments are dominated by the larger manufacturing operations identified above. These tax payments remained stagnant for FY 2004 calendar year with approximately a two percent reduction over FY 2003.

The City's only hotel, the Red Roof Inn (a 168 room full service hotel located off I-271 and Rockside Road) continues to struggle. The local lodging industry (in Greater Cleveland) still suffers from low occupancy rates currently estimated to be around 54-55 percent. The decreased demand for rooms at the Red Roof was also a result of reduced attendance at the Six Flags/Geauga Lake Amusement Park in Aurora. Further, 200 new hotel rooms being added at the Chagrin Highlands in Aurora will come on line in FY 2004 and are expected to further effect occupancy at the Red Roof Inn. Because of these factors, the facility's previous owners defaulted on their financing and the hotel is now under foreclosure proceedings. During the interim period, the receiver has hired a hotel management company and they have made many improvements to the property.

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

In fiscal year 2004, the City will add over \$200,000 in streetscape improvements along Aurora Road to the I-271 overpass. The work will stimulate approximately \$10,000 in private investment on the frontage of a major mobile home park. Two vacant non-conforming buildings will also be razed on Aurora Road with hopes of stimulating a new commercial use.

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

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

Lastly, the State Issue Two project to reconstruct Northfield Road (a partnership between the Cities of Maple Heights and Bedford Heights) finally started in April 2004. Completion is expected in mid-2005. Some of the Bedford Heights retail vacancies along this corridor have been attributed to last years' waterline replacement and the upcoming roadway construction. However the new reality of "Big Box" retail and other changes in retailing may make it difficult for small retailers to compete along Northfield Road in the future.

## **Major Initiatives**

*Current year* – In 2004, the City had applied for and has received notice of numerous law enforcement grants for the police and corrections departments. A complete listing of the grants received for the police and fire and corrections departments can be obtained from the annual reports compiled by the Police and Fire Chiefs.

The City continues to implement revenue-generating fees to offset increased operating costs. In 1994, the City implemented a fee for ambulance service. This fee is projected to generate approximately \$100,000 annually and is designated for use within a Special Revenue Fund, specifically for capital improvements (equipment) in the Police and Fire Departments.

The City has implemented a rate structure that has increased residential and commercial sewer rates by \$1.00/MCF. The new rate structure is expected to generate the following estimated increases over three years: 2003 – \$125,000; 2004 – \$130,000; 2005 – \$135,000. Additionally, the City has agreements with neighboring communities to promote the utilization of the City sewage treatment facility for new developments and growth areas that are contiguous with the City. This plan would, of course, provide a larger customer base for the City's sewerage treatment facility. Finally, the City has become active in the treatment of nonhazardous ground water on a contract basis.

*Future years* – The City plans on spending over \$600,000 in 2005 on road resurfacing and construction projects that are planned for various streets throughout the City.

In November 2004, the City passed a renewal 2-mill, 10-year Street Improvement Levy. This levy will generate approximately \$600,000 annually over the remaining ten years. The proceeds of the levy are dedicated to street improvements. This renewal funding will allow the City to aggressively maintain the quality of street improvements for the next ten years.

The City's Charter allows for millage to be set at 13 mills per tax collection year. For the 2001 and 2002 tax collection years, the millage was levied at 12 mills. In the 2004 and 2003 tax collection years, the City levied the additional 1.0 mills of authorized millage. This millage generated \$300,000 in fiscal 2003 and approximately \$320,000 in 2004 and 2005. The estimated Fund Balance in the Contingency Fund the City established for the 2005 budget will be approximately \$960,000 at the end of 2005.

The City completed construction of the 2<sup>nd</sup> floor to the Correction Facility in May of 2004. The City received a grant from the U.S. Department of Justice in the amount of \$1,530,000 to offset the cost of the \$2,000,000 additions. The City contracts with Federal, County and local agencies to house prisoners.

The estimated net amount of revenue generated from the Correction Facility will assist the City in offsetting some of the loss of income tax revenue due to Tyco Tools and Metaldyne leaving.

The City has an outstanding note in the amount of \$400,000 from the construction of the addition on the 2<sup>nd</sup> floor. The City plans on reducing the note to approximately \$250,000 in 2005 and to \$100,000 in 2006. The City plans to pay the remaining balance in the 2007 budget cycle.

## **Financial Information**

### ***Internal Accounting and Reporting Control***

In developing the City's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived.

## ***Budgetary Control***

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, of the City for the next succeeding fiscal year by the first council meeting in July (unless an extension is approved). The City applies for an extension and usually passes the tax budget in September. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 30 of each year. The Finance Director, based on the tax budget, submits to Council an appropriation ordinance for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper, within ninety days of the beginning of the fiscal year covered by such ordinances.

The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, travel and education, contractual services, supplies and materials, other expenditures, capital outlay, debt service, and operating transfers. For management purposes, the major object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance Director for approval and for the preparation of a purchase order and certification. The purchase order is reviewed for certification of the availability of funds, and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriations, are not approved or recorded until the City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of a department's appropriations at any time during the year.

During the year, the accounting records are maintained on a cash basis for all fund types. To prepare this report, adjusting entries are prepared for the various funds to convert the cash basis records to modified accrual for all governmental and fiduciary fund types and accrual for the proprietary fund types. The modified accrual basis of accounting requires that revenues be recognized when both measurable and available. Expenditures are recorded as liabilities when incurred, except for principal and interest on general and special assessment long-term debt which are recognized when due. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the Financial Statements located in the Financial Section of this report.

## ***Financial Condition***

The City of Bedford Heights has prepared financial statements in accordance with GASB Statement 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments". GASB 34 creates basic financial statements for reporting on the City's financial activities as follows;

***Government-wide financial statements*** These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

***Fund financial statements*** Those statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use

the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

***Statements of budgetary comparisons*** These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2004.

## **Cash Management**

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations include cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in short-term certificates of deposit or other securities authorized by state statutes and an Investment Policy. Interest earnings are allocated to the Capital Improvement Fund based on the requirements of the Ohio Constitution and state statutes. All investments are covered by pooled collateral with a face value equal to at least the market value of deposits.

## **Risk Management**

In October 1987, the City entered into a self-insurance pool with nine other cities to formalize a risk management program for general liability, property, and vehicle insurance. As part of the comprehensive plan, resources are being accumulated in the Northern Ohio Risk Management Agency (NORMA) to meet potential losses. In addition, various risk control techniques have been implemented to minimize potential losses. The goal of the pool is to minimize loss potential in all areas of the City's operations, while delivering services in the most efficient manner possible.

## **Use of Report**

This report is published to provide the City Council, the Mayor, the Citizens of Bedford and other interested persons, detailed information concerning the financial condition of the City, with the particular emphasis placed on the utilization of resources during 2004. Further, this report will serve as a guide to formulating policies and conducting the City's day-to-day activities. The information is presented in a manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding to the City's financial affairs have been included.

In today's public awareness environment it is increasingly important that the public agencies prepare soundly conceived annual financial reports independently audited by a qualified firm or agency. It has become essential that such reports be prepared in accordance with accounting principals generally accepted in the United States of America (U.S. GAAP). Bond rating agencies review the data presented before determining a public agency's bond rating.

## **Other Information**

### ***Independent Audit***

In accordance with Ohio law annual independent audits are required to be performed on all financial operations of the City. These audits are conducted by either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm. The Bedford Heights City Council selected the firm of Ciuni & Panichi, Inc. to perform these services for 2004. Their report is presented in the financial section.

### ***Awards***

For the fourteenth time, the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgements**

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

Respectfully submitted,

Mark A. Cegelka  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bedford Heights,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director



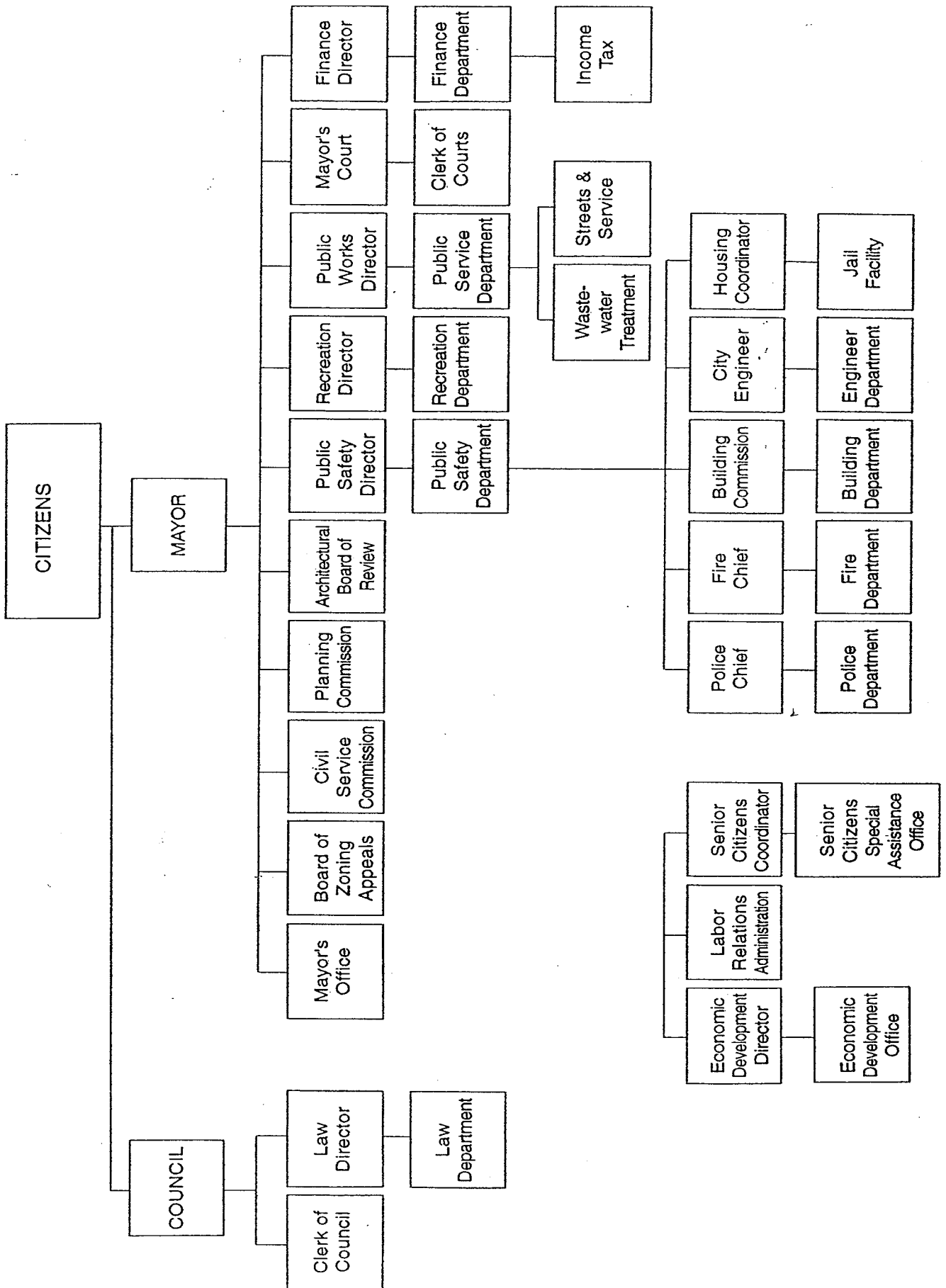
# City of Bedford Heights, Ohio

## List of Principal Officials

**December 31, 2004**

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



## **Independent Auditors' Report**

Members of City Council  
Bedford Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bedford Heights, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Bedford Heights, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bedford Heights, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Fire Levy Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2005 on our consideration of the City of Bedford Heights, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of the City Council  
Bedford Heights, Ohio

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

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 22, 2005

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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The discussion and analysis of the City of Bedford Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- ◆ The assets of the City of Bedford Heights exceeded its liabilities at the close of the most recent fiscal year by \$26,425,687. Of this amount, \$5.89 million may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets increased by \$292,044, which represents a increase of approximately less than one percent over 2003. The biggest change was a decrease in cash of \$1,373,195 and an increase of capital assets of \$585,235.
- ◆ Total liabilities decreased by \$1,927,073, which represents a decrease of 12 percent over 2003. The main factors contributing to this decrease was an increase of \$861,334 in long-term liabilities specifically an increase in general obligation debt of \$1,560,000 and a decrease in notes payable of approximately \$3 million.
- ◆ In total, net assets in governmental activities increased by \$2,202,532 during 2004. This represents a 9 percent increase from 2003.

**Using this Annual Financial Report**

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

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

*Statement of Net Assets and the Statement of Activities*

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

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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

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

***Fund Financial Statements - Reporting the City of Bedford Heights' Most Significant Funds***

*Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City of Bedford Heights, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bedford Heights can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds*

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

The City of Bedford Heights maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the general fund, fire levy special revenue fund, and the capital improvements capital projects fund, all of which are considered to be major funds.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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*Proprietary Funds*

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

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

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

*Notes to the Financial Statements*

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

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

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

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

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

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

Table 1 provides a summary of the City's net assets for 2004 as compared to 2003.

Table 1  
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Assets</b>						
Current and Other Assets	\$ 11,440,295	\$ 11,659,792	\$ 906,126	\$ 979,820	\$ 12,346,421	\$ 12,639,612
Capital Assets, Net	<u>21,251,867</u>	<u>20,510,788</u>	<u>6,799,390</u>	<u>6,955,234</u>	<u>28,051,257</u>	<u>27,466,022</u>
<b>Total Assets</b>	<b><u>32,692,162</u></b>	<b><u>32,170,580</u></b>	<b><u>7,705,516</u></b>	<b><u>7,935,054</u></b>	<b><u>40,397,678</u></b>	<b><u>40,105,634</u></b>
<b>Liabilities</b>						
<b>Current Liabilities and Other Liabilities</b>						
	4,835,829	8,183,379	109,563	340,329	4,945,392	8,523,708
<b>Long-term Liabilities</b>						
Due Within One Year	1,319,952	596,246	289,892	223,709	1,609,844	819,955
Due In More Than One Year	<u>6,588,511</u>	<u>5,445,618</u>	<u>828,244</u>	<u>1,109,783</u>	<u>7,416,755</u>	<u>6,555,401</u>
<b>Total Liabilities</b>	<b><u>12,744,292</u></b>	<b><u>14,225,243</u></b>	<b><u>1,227,699</u></b>	<b><u>1,673,821</u></b>	<b><u>13,971,991</u></b>	<b><u>15,899,064</u></b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	14,572,889	15,356,140	5,959,316	5,680,342	20,532,205	21,036,482
<b>Restricted for:</b>						
Debt Service	162,661	132,195	-	-	162,661	132,195
Other purposes	17,699	-	-	-	17,699	-
Unrestricted	<u>5,194,621</u>	<u>2,457,003</u>	<u>518,501</u>	<u>597,241</u>	<u>5,713,122</u>	<u>3,054,244</u>
<b>Total Net Assets</b>	<b><u>\$ 19,947,870</u></b>	<b><u>\$ 17,945,338</u></b>	<b><u>\$ 6,477,817</u></b>	<b><u>\$ 6,277,583</u></b>	<b><u>\$ 26,425,687</u></b>	<b><u>\$ 24,222,921</u></b>

Total assets increased \$292,044. Even though the cash and cash equivalents decreased by \$1,373,195, an increase in capital assets of \$585,235 offset this decrease primarily due to capital asset appraisal performed in 2004 which updated the capital assets owned by the City.

The total net assets of the City increased by \$2,202,766. The following factors were responsible for this decrease:

- A reduction in notes payable of approximately \$3 million.
- A decrease in special termination benefits payable of \$78,858.
- An increase in capital assets of \$585,235.

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



**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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

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

The net assets of our business-type activities increased by 3 percent in 2004. The City generally can only use these net assets to finance the continuing operations of the sewer system.

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

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

Table 2  
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Program Revenues						
Charges for Services	\$ 3,857,814	\$ 3,187,302	\$ 2,522,827	\$ 2,497,061	\$ 6,380,641	\$ 5,684,363
Operating Grants	69,160	193,253	-	-	69,160	193,253
Capital Grants	<u>1,299,573</u>	<u>279,215</u>	<u>-</u>	<u>-</u>	<u>1,299,573</u>	<u>279,215</u>
Total Program Revenues	<u>5,226,547</u>	<u>3,659,770</u>	<u>2,522,827</u>	<u>2,497,061</u>	<u>7,749,374</u>	<u>6,156,831</u>
General Revenues						
Property Taxes	4,222,238	4,048,224	-	-	4,222,238	4,048,224
Income Taxes	8,747,883	8,088,759	-	-	8,747,883	8,088,759
Grants and Entitlements	1,571,678	1,459,130	-	-	1,571,678	1,459,130
Investment Earnings	58,789	45,097	787	-	59,576	45,097
Miscellaneous	<u>494,516</u>	<u>144,217</u>	<u>13,022</u>	<u>10,739</u>	<u>507,538</u>	<u>154,956</u>
Total Revenues	<u>20,321,651</u>	<u>17,445,197</u>	<u>2,536,636</u>	<u>2,507,800</u>	<u>22,858,287</u>	<u>19,952,997</u>
Program Expenses						
General Government	3,558,986	3,706,046	-	-	3,558,986	3,706,046
Security of persons	9,300,718	9,011,478	-	-	9,300,718	9,011,478
Public Health Services	328,601	351,341	-	-	328,601	351,341
Leisure Time Activities	1,265,229	1,427,498	-	-	1,265,229	1,427,498
Community Development	1,088,566	675,173	-	-	1,088,566	675,173
Basic Utility Services	577,436	467,832	-	-	577,436	467,832
Transportation	1,514,378	1,935,912	-	-	1,514,378	1,935,912
Interest and Fiscal Charges	465,715	322,093	-	-	465,715	322,093
Sewer	<u>-</u>	<u>-</u>	<u>2,555,892</u>	<u>2,878,175</u>	<u>2,555,892</u>	<u>2,878,175</u>
Total Program Expenses	<u>18,099,629</u>	<u>17,897,373</u>	<u>2,555,892</u>	<u>2,878,175</u>	<u>20,655,521</u>	<u>20,775,548</u>
Transfers	<u>(219,490)</u>	<u>-</u>	<u>219,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	\$ <u>2,002,532</u>	\$ <u>(452,176)</u>	\$ <u>200,234</u>	\$ <u>(370,375)</u>	\$ <u>2,202,766</u>	\$ <u>(822,551)</u>

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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*Governmental Activities*

Several revenue sources fund our governmental activities with the City's property and income tax being the largest contributors. The City's income tax revenue source is the largest contributor with a rate of two percent on gross income which has not changed since 1982. Residents of the City who work in another community and pay the withholding tax for that community receive a 100 percent tax credit on their City tax for 100 percent, the credit limit being 2 percent. During 2003, the revenues generated from this tax amounted to \$8,747,883. The City continues to enforce a delinquent letter program and the subpoena program to ensure compliance with the local tax laws. As expected, investment earnings continued to drop as the Federal Reserve maintained its thrust on rate cuts.

Security of Persons and Property and General Government are the major activities of the City generating 71.2 percent of the governmental expenses. Currently, there are 33 full-time sworn officers in the police department. During 2004, the department continued to place strong emphasis on the training of its employees to keep up with the rapidly changing laws, practices and technology.

The fire department consists of 28 full-time fire fighters. All but four of these fire fighters are fully trained paramedics. Again, training plays a crucial role in the day-to-day operation of the fire department. Techniques such as live practice burn-downs, continuing education classes, practice drills and watching training videos help keep the firefighters updated to perform their jobs most efficiently. The department handled 1,610 calls for assistance of which approximately 1,159 were for EMS and the rest for fire and fire related incidents. The total amount spent on overtime expenses during 2004 was \$118,541 as compared to \$151,707 during 2003. The total cost of operating the Fire and EMS department during 2004 was \$2,418,108 within the Fire Levy Fund. The City annually transfers into the Fire Levy Fund the difference between the revenue generated from the 3 mill fire levy and the operating expenses incurred. In 2004, the transfer from the General Fund was \$1,460,000.

The City also has an annual road program entailing major and minor resurfacing of the various streets in Bedford Heights. The reconstruction of various streets totaling approximately \$400,000 was completed during 2004. The annual road program is funded from the 2 mill Street Construction Levy.

*Business-Type Activities*

The Business-Type activities of the City, which include the City's sewer operations, increased the City's net assets by \$200,234.

Net program expense exceeded program revenue in the amount of \$33,065 for the sewer operations for 2003. This is due to decreased contributions required to cover the City's share of operating expenses of the Sewage Treatment Fund.

**The City's Funds**

*Governmental Funds*

Information about the City's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$26,027,681 and expenditures and other financing uses of \$23,880,343. The net change in fund balance for the year was most significant in the Capital Improvement Capital Projects Fund showing an increase in fund balance

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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of \$1,657,264 due to the City refunded jail facilities improvement bonds in 2004 which increased the fund balance by approximately \$1.5 million. The General Fund reflected an increase of \$316,381 which increased the fund balance to \$4,317,110. Overall the revenue base continues to meet City obligations and reflects the current solid financial condition of the City as a whole.

*General Fund Budgeting Highlights*

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

For the General Fund, final budget basis revenue was higher than the original budget estimates of \$13,951,555. The City continues the conservative practice of estimating low in the tax, intergovernmental revenue and interest revenue areas. The original appropriations of \$12,411,159 was sufficient to meet the expenditures for the year, which ended up at \$11,902,099 or \$464,425 less than anticipated due to conservative spending.

The City's ending unobligated budgetary fund balance was \$269,048 higher than the final budgeted amount due to conservative spending.

For the Fire Levy Fund, final budget basis revenue was higher than the original budget estimates of \$970,657. The original appropriations of \$2,438,800 was sufficient to meet actual expenditures. This is primarily due to an increase in personal property tax revenue, a State of Ohio grant reimbursement and a slightly higher amount received from the FEMA grant than what was originally anticipated.

*Business-Type Funds*

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

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

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
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**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2004, the City of Bedford Heights had \$28,051,257 invested in land, buildings, equipment, vehicles and infrastructure.

Table 3 shows fiscal 2004 balances of Capital Assets as compared to 2003:

Table 3  
 Capital Assets at December 31

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Land	\$ 1,754,031	\$ 1,724,031	\$ 99,800	\$ 99,800	\$ 1,853,831	\$ 1,823,831
Buildings and improvements	17,296,303	15,085,626	3,358,550	3,358,550	20,654,853	18,444,176
Machinery and equipment	2,268,702	2,193,994	7,339,764	7,305,389	9,608,466	9,499,383
Vehicles	3,500,515	3,339,492	184,227	184,227	3,684,742	3,523,719
Infrastructure	13,840,017	13,433,816	5,854,761	5,854,761	19,694,778	19,288,577
Construction in progress	194,560	798,333	-	-	194,560	798,333
Less: accumulated depreciation	(17,602,261)	(16,064,504)	(10,037,712)	(9,831,143)	(27,639,973)	(25,895,647)
<b>Total capital assets</b>	<b>\$ 21,251,867</b>	<b>\$ 20,510,788</b>	<b>\$ 6,799,390</b>	<b>\$ 6,971,584</b>	<b>\$ 28,051,257</b>	<b>\$ 27,482,372</b>

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

With regards to the infrastructure, the City's engineering, public works and water reclamation departments maintain a comprehensive listing of all the streets, bridges, culverts and sewer lines in the City. As part of the City's annual road maintenance program, the Engineer evaluates the condition of each street after each winter and prepares a list of streets to be either resurfaced or cracksealed and in the case of concrete roads, either replaced or repaired. After approval from council, the projects are bid in early to late spring to get the best possible pricing from contractors. This program is paid for out of the street construction levy fund and capital improvements fund of the City. Capital assets for business-type activities decreased by \$172,194 due to the City's reduction in asset purchases and an increase in accumulated depreciation.

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

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
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**Debt**

At December 31, 2004, the City of Bedford Heights had \$9,026,600 in outstanding debt and compensated absences, of which \$6,730,000 was in general obligation bonds. Table 4 summarizes the outstanding obligations of the City.

Table 4  
 Outstanding Debt at Year End

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 5,895,000	\$ 4,355,000	\$ 835,000	\$ 1,020,000	\$ 6,730,000	\$ 5,375,000
Special assessment bonds	27,000	36,000	-	-	27,000	36,000
Capital leases payable	756,978	763,651	5,074	31,243	762,052	794,894
Compensated absences	1,229,485	1,279,490	278,062	282,249	1,507,547	1,561,739
<i>Total</i>	<u>\$ 7,908,463</u>	<u>\$ 6,434,141</u>	<u>\$ 1,118,136</u>	<u>\$ 1,333,492</u>	<u>\$ 9,026,599</u>	<u>\$ 7,767,633</u>

At December 31, 2004, the City's overall legal debt margin was \$26,734,606. At year-end, the outstanding general obligation debt was \$6,730,000 and the outstanding special assessment debt was \$27,000. Other obligations include capital leases, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

**Current Related Financial Activities**

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

On behalf of the City of Bedford Heights, we personally thank Ciuni and Panichi, Inc., for their involvement and support in putting together the GASB 34 statements. Ciuni & Panichi, Inc. has committed themselves toward leading the way and providing necessary guidance to enable us to reach a level of excellence.

**City of Bedford Heights**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended December 31, 2004*

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

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact Director of Finance, Mark Cegelka, City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio 44146, telephone (440) 439-1600.

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# City of Bedford Heights, Ohio

## Statement of Net Assets

**December 31, 2004**

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,301,116	\$ 254,457	\$ 3,555,573
Accounts receivable, net of allowance for doubtful accounts	811,449	564,178	1,375,627
Intergovernmental receivable	1,027,649	-	1,027,649
Material and supplies inventory	68,889	61,241	130,130
Prepaid assets	58,773	26,250	85,023
Taxes receivable	6,116,753	-	6,116,753
Special assessments receivable	55,666	-	55,666
Non-depreciable capital assets	1,948,591	99,800	2,048,391
Depreciable assets, net	<u>19,303,276</u>	<u>6,699,590</u>	<u>26,002,866</u>
Total assets	<u>32,692,162</u>	<u>7,705,516</u>	<u>40,397,678</u>
<b>Liabilities:</b>			
Accounts payable	357,020	31,883	388,903
Accrued wages	523,562	60,707	584,269
Intergovernmental payable	119,333	15,007	134,340
Deferred revenue	3,377,839	-	3,377,839
Accrued interest payable	28,308	1,966	30,274
Notes payable	400,000	-	400,000
Special termination benefits payable	29,767	-	29,767
Long term liabilities:			
Due within one year	1,319,952	289,892	1,609,844
Due in more than one year	<u>6,588,511</u>	<u>828,244</u>	<u>7,416,755</u>
Total liabilities	<u>12,744,292</u>	<u>1,227,699</u>	<u>13,971,991</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	14,572,889	5,959,316	20,532,205
Restricted for:			
Debt service	162,661	-	162,661
Other purposes	17,699	-	17,699
Unrestricted	<u>5,194,621</u>	<u>518,501</u>	<u>5,713,122</u>
Total net assets	\$ <u>19,947,870</u>	\$ <u>6,477,817</u>	\$ <u>26,425,687</u>

See Accompanying Notes to the Basic Financial Statements

# City of Bedford Heights, Ohio

## Statement of Activities

### For The Year Ended December 31, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Government Activities:				
General government	\$ 3,558,986	\$ 203,089	\$ -	\$ -
Security of persons and property	9,300,718	481,451	42,948	1,289,223
Public health and welfare	328,601	2,884,981	-	-
Leisure time activities	1,265,229	161,365	-	-
Community development	1,088,566	126,928	-	10,350
Basic utility services	577,436	-	-	-
Transporation	1,514,378	-	26,212	-
Interest and fiscal charges	465,715	-	-	-
Total governmental activities	<u>18,099,629</u>	<u>3,857,814</u>	<u>69,160</u>	<u>1,299,573</u>
Business-Type Activities:				
Sewer	<u>2,555,892</u>	<u>2,522,827</u>	<u>-</u>	<u>-</u>
Total	\$ <u>20,655,521</u>	\$ <u>6,380,641</u>	\$ <u>69,160</u>	\$ <u>1,299,573</u>

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

Total general revenues and transfers

Change in net assets

Net assets at beginning of year, restated

Net assets at end of year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (3,355,897)	\$ -	\$ (3,355,897)
(7,487,096)	-	(7,487,096)
2,556,380	-	2,556,380
(1,103,864)	-	(1,103,864)
(951,288)	-	(951,288)
(577,436)	-	(577,436)
(1,488,166)	-	(1,488,166)
<u>(465,715)</u>	<u>-</u>	<u>(465,715)</u>
<u>(12,873,082)</u>	<u>-</u>	<u>(12,873,082)</u>
<u>-</u>	<u>(33,065)</u>	<u>(33,065)</u>
<u>(12,873,082)</u>	<u>(33,065)</u>	<u>(12,906,147)</u>
1,875,740	-	1,875,740
1,157,131	-	1,157,131
546,517	-	546,517
642,850	-	642,850
8,747,883	-	8,747,883
1,571,678	-	1,571,678
58,789	787	59,576
494,516	13,022	507,538
<u>(219,490)</u>	<u>219,490</u>	<u>-</u>
<u>14,875,614</u>	<u>233,299</u>	<u>15,108,913</u>
2,002,532	200,234	2,202,766
<u>17,945,338</u>	<u>6,277,583</u>	<u>24,222,921</u>
\$ <u><u>19,947,870</u></u>	\$ <u><u>6,477,817</u></u>	\$ <u><u>26,425,687</u></u>

# City of Bedford Heights, Ohio

## Balance Sheet Governmental Funds

**December 31, 2004**

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	<u>General</u>	<u>Fire Levy</u>
Assets:		
Cash and cash equivalents	\$ 2,373,808	\$ 69,813
Accounts receivable, net of allowance for doubtful accounts	763,572	-
Intergovernmental receivable	542,549	81,402
Supplies and materials inventory	16,155	-
Prepaid assets	58,773	-
Taxes receivable	3,893,830	913,529
Special assessments receivable	<u>-</u>	<u>-</u>
 Total assets	 \$ <u><u>7,648,687</u></u>	 \$ <u><u>1,064,744</u></u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 148,350	\$ -
Accrued wages and benefits	236,765	62,241
Special termination benefits payable	14,475	-
Intergovernmental payable	89,061	25,672
Deferred revenue	2,842,926	994,931
Accrued interest payable	-	-
Notes payable	<u>-</u>	<u>-</u>
 Total liabilities	 <u>3,331,577</u>	 <u>1,082,844</u>
Fund balances:		
Reserved for encumbrances	65,862	6,855
Reserved for inventory	16,155	-
Reserve for prepaids	58,773	-
Unreserved: Undesignated (deficits), reported in:		
General fund	4,176,320	-
Special revenue funds	-	(24,955)
Debt service fund	-	-
Capital projects fund	<u>-</u>	<u>-</u>
 Total fund balances (deficits)	 <u>4,317,110</u>	 <u>(18,100)</u>
 Total liabilities and fund balances	 \$ <u><u>7,648,687</u></u>	 \$ <u><u>1,064,744</u></u>

See Accompanying Notes to the Basic Financial Statements

<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 162,663	\$ 391,140	\$ 303,692	\$ 3,301,116
-	24,530	23,347	811,449
46,126	54,268	303,304	1,027,649
-	-	52,734	68,889
-	-	-	58,773
517,667	609,021	182,706	6,116,753
<u>55,666</u>	<u>-</u>	<u>-</u>	<u>55,666</u>
\$ <u>782,122</u>	\$ <u>1,078,959</u>	\$ <u>865,783</u>	\$ <u>11,440,295</u>
\$ -	\$ 48,618	\$ 160,052	\$ 357,020
-	-	224,556	523,562
-	-	15,292	29,767
-	-	4,600	119,333
619,461	663,288	408,685	5,529,291
-	1,947	-	1,947
<u>-</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
<u>619,461</u>	<u>1,113,853</u>	<u>813,185</u>	<u>6,960,920</u>
-	176,689	24,216	273,622
-	-	52,734	68,889
-	-	-	58,773
-	-	-	4,176,320
-	-	(24,352)	(49,307)
162,661	-	-	162,661
<u>-</u>	<u>(211,583)</u>	<u>-</u>	<u>(211,583)</u>
<u>162,661</u>	<u>(34,894)</u>	<u>52,598</u>	<u>4,479,375</u>
\$ <u>782,122</u>	\$ <u>1,078,959</u>	\$ <u>865,783</u>	\$ <u>11,440,295</u>

# City of Bedford Heights, Ohio

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

**December 31, 2004**

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Total Governmental fund balances \$ 4,479,375

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 21,251,867

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

Property and other taxes	\$ 580,788
Municipal income taxes	716,703
Special assessments	55,666
Intergovernmental	<u>798,295</u>

Total 2,151,452

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (26,361)

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

General obligation bonds	(5,895,000)
Special assessment bonds	(27,000)
Capital lease payable	(756,978)
Compensated absences	<u>(1,229,485)</u>

Total (7,908,463)

*Net assets of governmental activities* \$ 19,947,870

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# City of Bedford Heights, Ohio

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

**For The Year Ended December 31, 2004**

	<u>General</u>	<u>Fire Levy</u>
Revenues:		
Property taxes	\$ 1,801,819	\$ 934,995
Municipal income taxes	8,387,988	-
Other local taxes	20,333	-
Intergovernmental	726,183	49,641
Charges for services	3,079,438	-
Licenses and permits	197,919	-
Fines and forfeitures	204,266	-
Special assessments	-	-
Investment income	7,297	-
Miscellaneous income	<u>315,513</u>	<u>18,949</u>
Total revenues	<u>14,740,756</u>	<u>1,003,585</u>
Expenditures:		
Current operations and maintenance:		
Security of persons and property	5,722,234	2,342,282
Public health and welfare	328,869	-
Leisure time activities	1,257,821	-
Community development	534,375	-
Basic utility services	548,711	-
Transportation	5,063	-
Contractual services	-	-
General government	3,557,985	-
Capital outlay	77,719	80,413
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>
Total expenditures	<u>12,032,777</u>	<u>2,422,695</u>
Excess of revenues over (under) expenditures	<u>2,707,979</u>	<u>(1,419,110)</u>
Other financing sources (uses):		
Inception of capital leases	235,397	17,069
Proceeds from sale of debt	-	-
Proceeds from sale of equipment	5,807	-
Transfers - in	9,158	1,460,000
Transfers - out	<u>(2,641,960)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,391,598)</u>	<u>1,477,069</u>
Net change in fund balances	316,381	57,959
Fund balances (deficits) at beginning of year, restated	<u>4,000,729</u>	<u>(76,059)</u>
Fund balances (deficits) at end of year	\$ <u>4,317,110</u>	\$ <u>(18,100)</u>



<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 529,925	\$ 623,330	\$ 187,000	\$ 4,077,069
-	-	-	8,387,988
-	-	-	20,333
-	1,315,435	660,108	2,751,367
-	-	-	3,079,438
-	161,497	95,365	454,781
-	-	14,621	218,887
10,350	-	-	10,350
6,487	45,005	-	58,789
<u>-</u>	<u>4,490</u>	<u>346,586</u>	<u>685,538</u>
<u>546,762</u>	<u>2,149,757</u>	<u>1,303,680</u>	<u>19,744,540</u>
-	-	1,009,971	9,075,578
-	-	-	327,778
-	-	-	1,257,821
-	273,464	281,063	1,088,902
-	-	-	548,711
-	397,110	827,943	1,230,116
-	-	-	-
-	-	-	3,557,985
-	1,349,965	94,277	1,602,374
1,769,000	-	-	1,769,000
<u>432,216</u>	<u>45,504</u>	<u>-</u>	<u>477,720</u>
<u>2,201,216</u>	<u>2,066,043</u>	<u>2,213,254</u>	<u>20,935,985</u>
<u>(1,654,454)</u>	<u>83,714</u>	<u>(909,574)</u>	<u>(1,191,445)</u>
-	-	-	252,466
1,767,450	1,532,550	-	3,300,000
-	-	-	5,807
160,710	91,000	1,004,000	2,724,868
<u>(243,240)</u>	<u>(50,000)</u>	<u>(9,158)</u>	<u>(2,944,358)</u>
<u>1,684,920</u>	<u>1,573,550</u>	<u>994,842</u>	<u>3,338,783</u>
30,466	1,657,264	85,268	2,147,338
<u>132,195</u>	<u>(1,692,158)</u>	<u>(32,670)</u>	<u>2,332,037</u>
\$ <u>162,661</u>	\$ <u>(34,894)</u>	\$ <u>52,598</u>	\$ <u>4,479,375</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

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Net change in fund balances - total governmental funds \$ 2,147,338

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

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

Capital outlay	\$ 2,330,136
Depreciation	<u>(1,583,927)</u>

Total 746,209

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. (5,130)

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

Property and other taxes	124,836
Municipal income taxes	359,895
Special assessments	(86,991)
Intergovernmental	<u>178,694</u>

Total 576,434

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,769,000

Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the inception of capital leases (252,466)

Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the proceeds of debt. (3,300,000)

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.

Compensated absences	50,005
Capital lease payable	259,139
Accrued interest	<u>12,005</u>

Total 321,147

Change in net assets of governmental activities \$ 2,002,532

See Accompanying Notes to the Basic Financial Statements

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,728,318	\$ 1,749,318	\$ 1,801,819	\$ 52,501
Municipal income taxes	7,850,000	8,320,000	8,310,864	(9,136)
Other local taxes	30,000	30,000	30,114	114
Intergovernmental	658,750	744,250	737,704	(6,546)
Charges for services	3,086,302	3,006,820	2,818,417	(188,403)
Licenses and permits	184,385	201,481	195,952	(5,529)
Fines and forfeitures	161,000	206,000	203,741	(2,259)
Investment income	2,100	3,500	7,297	3,797
Miscellaneous income	250,700	344,700	308,977	(35,723)
Total revenues	<u>13,951,555</u>	<u>14,606,069</u>	<u>14,414,885</u>	<u>(191,184)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	5,926,400	5,759,950	5,668,042	91,908
Public health and welfare	336,163	351,263	335,631	15,632
Leisure time activities	1,345,440	1,470,300	1,300,955	169,345
Community development	452,106	406,776	398,649	8,127
Basic utility services	586,350	563,350	527,476	35,874
Transportation	12,000	7,000	5,235	1,765
General government	3,661,300	3,702,985	3,568,322	134,663
Capital outlay	91,400	104,900	97,789	7,111
Total expenditures	<u>12,411,159</u>	<u>12,366,524</u>	<u>11,902,099</u>	<u>464,425</u>
Excess of revenues over (under) expenditures	<u>1,540,396</u>	<u>2,239,545</u>	<u>2,512,786</u>	<u>273,241</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	10,000	5,807	(4,193)
Transfers - in	9,158	9,158	9,158	-
Transfers - out	<u>(2,600,960)</u>	<u>(2,641,960)</u>	<u>(2,641,960)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,591,802)</u>	<u>(2,622,802)</u>	<u>(2,626,995)</u>	<u>(4,193)</u>
Net change in fund balance	(1,051,406)	(383,257)	(114,209)	269,048
Fund balance at beginning of year	2,414,555	2,414,555	2,414,555	-
Encumbrances at end of year	<u>73,462</u>	<u>73,462</u>	<u>73,462</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,436,611</u>	\$ <u>2,104,760</u>	\$ <u>2,373,808</u>	\$ <u>269,048</u>

See Accompanying Notes to the Basic Financial Statements

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 909,641	\$ 919,641	\$ 934,995	\$ 15,354
Intergovernmental	42,516	50,000	49,641	(359)
Miscellaneous income	18,500	18,500	18,949	449
Total revenues	<u>970,657</u>	<u>988,141</u>	<u>1,003,585</u>	<u>15,444</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	2,368,800	2,365,500	2,344,553	20,947
Capital outlay	<u>70,000</u>	<u>82,000</u>	<u>80,413</u>	<u>1,587</u>
Total expenditures	<u>2,438,800</u>	<u>2,447,500</u>	<u>2,424,966</u>	<u>22,534</u>
Excess of revenues over (under) expenditures	(1,468,143)	(1,459,359)	(1,421,381)	37,978
Other financing sources (uses):				
Transfers - in	<u>1,460,000</u>	<u>1,460,000</u>	<u>1,460,000</u>	<u>-</u>
Net change in fund balance	(8,143)	641	38,619	37,978
Fund balance at beginning of year	24,339	24,339	24,339	-
Encumbrances at end of year	<u>6,855</u>	<u>6,855</u>	<u>6,855</u>	<u>-</u>
Fund balance at end of year	\$ <u>23,051</u>	\$ <u>31,835</u>	\$ <u>69,813</u>	\$ <u>37,978</u>

# City Of Bedford Heights, Ohio

## Statement of Fund Net Assets Proprietary Funds

**December 31, 2004**

---

	<u>Business-Type Activities</u> Sewer Treatment Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 254,457
Accounts receivable, net of allowance for doubtful accounts	564,178
Supplies and materials inventory	61,241
Prepaid assets	<u>26,250</u>
Total current assets	<u>906,126</u>
Noncurrent assets:	
Non-depreciable capital assets	99,800
Depreciable capital assets	<u>6,699,590</u>
Total noncurrent assets	<u>6,799,390</u>
Total assets	<u>7,705,516</u>
Liabilities:	
Current liabilities:	
Accounts payable	31,883
Accrued wages and benefits	60,707
Intergovernmental payable	15,007
Accrued interest payable	1,966
Accrued compensated absences	89,818
Capital lease payable	5,074
General obligation bond payable	<u>195,000</u>
Total current liabilities	<u>399,455</u>
Long-term liabilities (net of current portion):	
Accrued compensated absences	188,244
General obligation bonds payable	<u>640,000</u>
Total long-term liabilities	<u>828,244</u>
Total liabilities	<u>1,227,699</u>
Net assets:	
Invested in capital assets, net of related debt	5,959,316
Unrestricted	<u>518,501</u>
Total net assets	<u>\$ 6,477,817</u>

See Accompanying Notes to the Basic Financial Statements

# City Of Bedford Heights, Ohio

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

**For The Year Ended December 31, 2004**

---

	<u>Business-Type Activities Sewer Treatment Fund</u>
Operating revenues:	
Charges for services	\$ 2,522,827
Reimbursements	<u>13,022</u>
Total operating revenues	<u>2,535,849</u>
Operating expenses:	
Personal services	1,505,948
Travel and education	4,683
Contractual services	639,439
Supplies and materials	144,669
Depreciation	<u>206,569</u>
Total operating expenses	<u>2,501,308</u>
Operating income	<u>34,541</u>
Non-operating revenues (expenses):	
Investment income	787
Interest and fiscal charges	<u>(54,584)</u>
Total non-operating revenues (expenses)	<u>(53,797)</u>
Loss before transfers	(19,256)
Transfers:	
Transfers-in	243,240
Transfers-out	<u>(23,750)</u>
Total transfers	<u>219,490</u>
Change in net assets	200,234
Net assets beginning of year, restated	<u>6,277,583</u>
Net assets end of year	\$ <u><u>6,477,817</u></u>

See Accompanying Notes to the Basic Financial Statements

# City Of Bedford Heights, Ohio

## Statement of Cash Flows Proprietary Fund Types

**For The Year Ended December 31, 2004**

	Business-Type Activities <u>Sewer Treatment Fund</u>
<i>Increase (decrease) in cash and cash equivalents:</i>	
Cash flows from operating activities	
Cash received from customers	\$ 2,302,459
Cash payments for goods and services	(628,578)
Cash payments to employees for services and benefits	(1,511,270)
Cash payments for materials and supplies	(146,805)
Cash received for other operating activities	<u>13,022</u>
Net cash provided by operating activities	<u>28,828</u>
Cash flows from capital and related financing activities	
Acquisition and construction of assets	(34,375)
Principal paid	(211,169)
Interest paid	<u>(56,519)</u>
Net cash used for capital and related financing activities	<u>(302,063)</u>
Cash flows from investing activities	
Interest received	<u>787</u>
Cash flows from non-capital financing activities:	
Transfers-out	<u>(23,750)</u>
Net decrease) in cash and cash equivalents	(296,198)
Cash and cash equivalents, beginning of year	<u>550,655</u>
Cash and cash equivalents, end of year	\$ <u><u>254,457</u></u>
<i>Reconciliation of Net Income to Net Income (Loss) to Net Cash Provided by (used for) operating activities:</i>	
Operating income	\$ 34,541
Adjustments:	
Depreciation	206,569
Changes in assets/liabilities	
Increase in accounts receivable	(220,368)
Increase in inventory	(2,136)
Increase in accounts payable	15,544
Increase in accrued wages and benefits	2,839
Decrease in compensated absences payable	(4,188)
Decrease in due to other governments	<u>(3,973)</u>
Total adjustments:	<u>(5,713)</u>
Net cash provided by (used for) operating activities:	\$ <u><u>28,828</u></u>

See Accompanying Notes to the Basic Financial Statements

**City Of Bedford Heights, Ohio**

Statement of Fiduciary Net Assets  
Fiduciary Funds

**December 31, 2004**

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	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ <u>21,952</u>
Liabilities:	
Intergovernmental payable	\$ 5,139
Due to others	<u>16,813</u>
Total liabilities	\$ <u>21,952</u>



# City Of Bedford Heights, Ohio

## Notes to Basic Financial Statements

### **For The Year Ended December 31, 2004**

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

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

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

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

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

#### *Jointly Governed Organizations*

*Northeast Ohio Public Energy Council* – The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 92 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

Jointly Governed Organizations (continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Bedford Heights did not contribute to NOPEC during 2004. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

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

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

#### ***A. Basis of Presentation***

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

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

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

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

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

#### *Fund Financial Statements*

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

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

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

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

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

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

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

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

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

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

*Proprietary Funds* - The proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either Enterprise or Internal Service. The City has no Internal Service funds.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

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

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

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

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

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

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

##### *Fund Financial Statements*

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

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

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

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

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

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

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

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

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

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

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

#### *Deferred Revenue*

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

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

#### *Expenses/Expenditures*

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

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

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

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

#### *Tax Budget*

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

#### *Estimated Resources*

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

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments are made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission finds the revised estimates to be reasonable, the amounts reported in the budgetary statements as original represent the amounts in the first official certificate of estimated resources issued during 2004. The amounts reported in the budgetary as final reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

#### *Annual Estimate*

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

#### *Appropriations*

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

#### *Lapsing of Appropriations*

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

#### *Budgeted Level of Expenditure*

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

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

##### *Encumbrances*

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

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

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

During fiscal year 2004, the City invested in STAROhio, certificates of deposit, obligations of other United States governmental agencies, commercial paper, and repurchase agreements.

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2004. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2004.

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

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



# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

#### **G. Inventory**

Inventory is valued at cost on a first-in, first-out basis. The costs of inventory items is recorded as expenditure in the governmental fund types and expenses in the proprietary fund types when used.

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

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

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

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's capitalization threshold is five thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 years
Machinery and Equipment	10 to 15 years
Vehicles	6 to 10 years
Infrastructure	25 to 50 years
Sewerlines	15 to 20 years

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

#### ***J. Interfund Balances***

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets.

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

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

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

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

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

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

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

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

#### ***M. Fund Balance Reserves***

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

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

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

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

#### ***O. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are reimbursements for the sewer-treatment plant. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

#### ***P. Interfund Activity***

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

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

#### ***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither occurred in 2004.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

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

#### R. Estimates

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

### Note 3: Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

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

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

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Fire Levy</u>
GAAP Basis	\$ 316,381	\$ 57,959
<u>Increase (Decrease) Due to:</u>		
Revenue accruals	(561,268)	(17,069)
Expenditure accruals	204,140	4,584
Encumbrances	<u>(73,462)</u>	<u>(6,855)</u>
Budget Basis	\$ <u>(114,209)</u>	\$ <u>38,619</u>

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

### Note 4: Deposits and Investments

The City's Charter specifies that investments of the City will adhere to state statutes. Under these statutes, the Finance Director is responsible for selecting depositories and investing funds. The City, by statute, is to limit deposits and investments of City funds to insured demand deposit accounts, certificates of deposit, United States treasury bills, or obligations of other United States governmental agencies for which the principal and interest is guaranteed by the United States government, commercial paper, and repurchase agreements.

Protection of City cash and investments is provided by the various federal deposit insurance corporations as well as qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105% of public funds deposited. At least quarterly, the City determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

#### Deposits

At year end, the carrying amount of the City's deposits was \$433,513 and the bank balance was \$539,167. Of the bank balance:

1. \$277,813 was covered by the federal depository insurance, by collateral held by the City or by its agent in the name of the City.
2. \$261,354 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

#### Investments

The City's investments are categorized to give an indication of the level of risk assumed as of December 31, 2004. Category 1 includes investments that are insured or registered, or securities held by the City or by its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the City's name. As of December 31, 2004, the City's investments are classified as follows:

<u>Description</u>	Risk Category <u>3</u>	Carrying Amount	Fair Value
STAROhio*	\$ -	\$ 652,734	\$ 652,734
Federal Farm Credit Bank	500,000	500,000	500,000
FNMA	495,157	495,157	495,157
Federal Home Loan Bank	998,817	998,817	998,817
Federal Home Loan Mortgage Corp.	<u>497,304</u>	<u>497,304</u>	<u>497,304</u>
Total Investments	\$ <u>2,491,278</u>	\$ <u>3,144,012</u>	\$ <u>3,144,012</u>

\*Noncategorized

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 “*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*”. Cash and equivalents are defined to include investments with original maturities of three months or less and funds included within the City’s cash management pool. Reconciliation between the classification of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and <u>Cash Equivalents</u>	<u>Investments</u>
Investments:		
GASB Statement No. 9	\$ 3,577,525	\$ -
U.S. Government Securities	(2,491,278)	2,491,278
STAROhio	<u>(652,734)</u>	<u>652,734</u>
GASB Statement No. 3	\$ <u>433,513</u>	\$ <u>3,144,012</u>

### **Note 5: Receivables**

Receivables at December 31, 2004 consisted primarily of taxes, intergovernmental receivables arising from grants, special assessments, charges for sewer treatment services, and charges for prisoner housing. All receivables are considered fully correctable.

#### **A. Property Tax**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2003. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 50 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

The full tax rate for all City operations for the year ended December 31, 2004, was \$13.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Category	
Real estate	\$ 237,163,630
Tangible personal	77,135,490
Public utility	<u>6,671,780</u>
Total	<u>\$ 320,970,900</u>

### **B. Income Tax**

The City levies and collects an income tax of two percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least monthly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general fund.

### **C. Intergovernmental**

A summary of intergovernmental receivables is as follows:

	<u>Amounts</u>
Governmental activities	
Local governmental	\$ 357,045
Homestead and rollback	352,738
Public utility reimbursement	30,842
Gasoline tax	155,313
Motor vehicle license	126,524
Permissive auto registration	<u>5,187</u>
Total	<u>\$ 1,027,649</u>

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

### Note 6: Capital Assets

Capital asset activity for Governmental Activities for the year ended December 31, 2004, was as follows:

	Restated Balance <u>12/31/03</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/04</u>
<b>Governmental Activities</b>				
Nondepreciable assets				
Land	\$ 1,724,031	\$ 30,000	\$ -	\$ 1,754,031
Construction in progress	<u>798,333</u>	<u>194,560</u>	<u>(798,333)</u>	<u>194,560</u>
Total nondepreciable assets	<u>2,522,364</u>	<u>224,560</u>	<u>(798,333)</u>	<u>1,948,591</u>
Depreciable assets				
Buildings and improvements	15,085,626	2,210,677	-	17,296,303
Machinery and equipment	2,193,994	74,708	-	2,268,702
Vehicles	3,339,492	212,323	(51,300)	3,500,515
Infrastructure:				
Streets	10,561,277	406,201	-	10,967,478
Water Lines	<u>2,872,539</u>	<u>-</u>	<u>-</u>	<u>2,872,539</u>
Total depreciable assets	<u>34,052,928</u>	<u>2,903,909</u>	<u>(51,300)</u>	<u>36,905,537</u>
Less accumulated depreciation				
Buildings and improvements	(6,873,721)	(431,900)	-	(7,305,621)
Machinery and equipment	(1,397,785)	(116,373)	-	(1,514,158)
Vehicles	(2,493,143)	(468,710)	46,170	(2,915,683)
Infrastructure:				
Streets	(4,975,403)	(538,219)	-	(5,513,622)
Water Lines	<u>(324,452)</u>	<u>(28,725)</u>	<u>-</u>	<u>(353,177)</u>
Total accumulated depreciation	<u>(16,064,504)</u>	<u>(1,583,927)</u>	<u>46,170</u>	<u>(17,602,261)</u>
Total depreciable assets, net	<u>17,988,424</u>	<u>1,319,982</u>	<u>(5,130)</u>	<u>19,303,276</u>
Governmental activities capital assets, net	\$ <u><u>20,510,788</u></u>	\$ <u><u>1,544,542</u></u>	\$ <u><u>(803,463)</u></u>	\$ <u><u>21,251,867</u></u>



# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

### Note 6: Capital Assets (continued)

Capital asset activity for Business-type Activities for the year ended December 31, 2004, was as follows:

	Restated Balance <u>12/31/03</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12-31-04</u>
<b>Business-type Activities</b>				
Nondepreciable assets				
Land	\$ <u>99,800</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>99,800</u>
Depreciable assets				
Buildings and improvements	3,358,550	-	-	3,358,550
Machinery and equipment	7,305,389	34,375	-	7,339,764
Vehicles	184,227	-	-	184,227
Infrastructure:				
Sewers	<u>5,854,761</u>	<u>-</u>	<u>-</u>	<u>5,854,761</u>
Total depreciable assets	<u>16,702,927</u>	<u>34,375</u>	<u>-</u>	<u>16,737,302</u>
Less accumulated depreciation				
Buildings and improvements	(2,268,857)	(76,892)	-	(2,345,749)
Machinery and equipment	(6,537,600)	(5,745)	-	(6,543,345)
Vehicles	(130,603)	(8,844)	-	(139,447)
Infrastructure:				
Sewers	<u>(894,083)</u>	<u>(115,088)</u>	<u>-</u>	<u>(1,009,171)</u>
Total accumulated depreciation	<u>(9,831,143)</u>	<u>(206,569)</u>	<u>-</u>	<u>(10,037,712)</u>
Total depreciable assets, net	<u>6,871,784</u>	<u>(172,194)</u>	<u>-</u>	<u>6,699,590</u>
Business-type capital assets, net	\$ <u>6,971,584</u>	\$ <u>(172,194)</u>	\$ <u>-</u>	\$ <u>6,799,390</u>

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

General government	\$ 147,566
Security of persons and property	396,456
Leisure time activities	283,234
Community development	48,369
Basic utility services	28,725
Transportation	<u>679,577</u>
Total	\$ <u>1,583,927</u>

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

### Note 7: Notes Payable

Note debt activity for the year ended December 31, 2004, consisted of the following:

	Balance December 31, <u>2003</u>	(Retired) Issued	Balance December 31, <u>2004</u>
<b>Governmental Activities</b>			
1.35% 2003 Real estate acquisition	\$ 250,000	\$ (250,000)	\$ -
1.35% 2003 Renovating, heating, ventilation system	375,000	(375,000)	-
1.35% 2003 Roof replacement, ventilation system	575,000	(575,000)	-
1.30% 2003 Corrections facility improvement	1,800,000	(1,800,000)	-
1.35% 2003 Water main replacement	100,000	(100,000)	-
1.4% 2004 Corrections facility improvement	-	1,000,000	-
1.4% 2004 Corrections facility improvement	-	(1,000,000)	-
1.95% 2004 Corrections facility improvement	-	400,000	400,000
Total governmental activities notes	\$ <u>3,100,000</u>	\$ <u>(2,700,000)</u>	\$ <u>400,000</u>
<b>Business-type Activities</b>			
1.35% 2003 Roof replacement, WWTP	\$ <u>240,000</u>	\$ <u>(240,000)</u>	\$ <u>-</u>

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

### Note 8: Long-Term Debt

#### A. Original Issues

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

<u>Debt Issue</u>	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
General Obligation Bonds:			
Community Center Expansion	1994	4.90% - 5.65%	\$ 2,660,000
Various Purpose Bonds	1998	4.45% - 4.75%	750,000
Jail Facilities	1995	4.75% - 6.50%	1,525,000
Refunding Bond Issue	1994	4.90% - 5.65%	1,195,000
Jail Facilities	2004	6.30%	1,340,000
Special Assessment Bonds:			
N. Perkins Road Improvements	1986	7.375%	153,000

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2004 was as follows:

	Balance December 31, 2003	(Retired) Issued	Balance December 31, 2004	Due Within One Year
<b>Governmental Activities</b>				
General Obligation Bonds:				
Jail facilities improvement due through 2014	\$ 1,435,000	\$ (1,435,000)	\$ -	\$ -
Community center expansion due through 2014	2,500,000	(170,000)	2,330,000	180,000
Various purpose bonds due through 2008	420,000	(75,000)	345,000	80,000
Refunded jail facilities improvement, due through 2018	-	3,300,000		
		(80,000)	<u>3,220,000</u>	<u>300,000</u>
Total general obligation bonds	<u>4,355,000</u>	<u>1,540,000</u>	<u>5,895,000</u>	<u>560,000</u>
Special Assessment Bonds:				
N. Perkins Road Improvement due through 2007	<u>36,000</u>	<u>(9,000)</u>	<u>27,000</u>	<u>9,000</u>
Other Long-Term Obligations:				
Capital leases payable	763,651	252,466		
	-	(259,139)	756,978	207,094
Accrued compensated absences, restated	<u>1,279,490</u>	<u>(50,005)</u>	<u>1,229,485</u>	<u>543,858</u>
Total other long-term obligation	<u>2,043,141</u>	<u>(56,678)</u>	<u>1,986,463</u>	<u>750,952</u>
Total governmental activities long-term liabilities	\$ <u>6,434,141</u>	\$ <u>1,474,322</u>	\$ <u>7,908,463</u>	\$ <u>1,319,952</u>
<b>Business-Type Activities</b>				
General Obligation Bonds:				
Refunding bond issue due through 2008	\$ 1,020,000	\$ (185,000)	\$ 835,000	\$ 195,000
Capital leases payable	31,243	(26,169)	5,074	5,074
Accrued compensated absences	<u>282,249</u>	<u>(4,187)</u>	<u>278,062</u>	<u>89,818</u>
Total business-type activities long-term liabilities	\$ <u>1,333,492</u>	\$ <u>(215,356)</u>	\$ <u>1,118,136</u>	\$ <u>289,892</u>

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2004 are as follows:

	<u>General Obligation Bonds</u>		<u>Governmental Activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 560,000	\$ 229,283	\$ 9,000	\$ 1,991	\$ 569,000	\$ 231,274
2006	645,000	209,433	9,000	1,328	654,000	210,761
2007	685,000	187,345	9,000	664	694,000	188,009
2008	700,000	163,915	-	-	700,000	163,915
2009	505,000	139,775	-	-	505,000	139,775
2010-2014	2,735,000	374,343	-	-	2,735,000	374,343
2015-2018	<u>65,000</u>	<u>6,800</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>6,800</u>
Totals	\$ <u>5,895,000</u>	\$ <u>1,310,894</u>	\$ <u>27,000</u>	\$ <u>3,983</u>	\$ <u>5,922,000</u>	\$ <u>1,314,877</u>
	<u>Business-Type Activities</u>					
	<u>General Obligation Bonds</u>					
	<u>Principal</u>	<u>Interest</u>				
2005	\$ 195,000	\$ 47,178				
2006	200,000	36,160				
2007	210,000	24,860				
2008	<u>230,000</u>	<u>12,995</u>				
Totals	\$ <u>835,000</u>	\$ <u>121,193</u>				

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

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

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

The City's overall legal debt margin was \$26,734,606 at December 31, 2004.

On March 1, 2004, the City issued general obligation bonds in the amount of \$3,300,000 at an average coupon rate of 2.518 percent for \$3,235,000 serial bonds and 4.00 percent for \$65,000 in 2018 term bonds over a 14-year period. The average coupon rate was 2.9 percent. These bonds were issued in part to refinance the \$1,340,000 outstanding 1995 jail facility general obligation bonds. Proceeds of \$1,442,145 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

bonds. As a result, \$1,340,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed.

The City incurred an economic gain (difference between the present values of the old and new debt service payments) of \$165,102.

### **Note 9: Capital Leases**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Assets:		
Machinery and Equipment	\$ 39,257	\$ 31,540
Less: Accumulated Depreciation	<u>(27,371)</u>	<u>(25,232)</u>
Total	<u>\$ 11,886</u>	<u>\$ 6,308</u>
Vehicles	\$ 1,463,305	\$ 81,751
Less: Accumulated Depreciation	<u>(1,137,601)</u>	<u>(49,050)</u>
Total	<u>\$ 325,704</u>	<u>\$ 32,701</u>

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2005	\$ 240,210	\$ 5,175
2006	208,904	-
2007	146,056	-
2008	114,837	-
2009	91,122	-
2010	<u>45,561</u>	<u>-</u>
Total minimum lease payments	846,690	5,175
Less: Amount representing interest	<u>(89,712)</u>	<u>(101)</u>
Present value of minimum lease payments	<u>\$ 756,978</u>	<u>\$ 5,074</u>

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

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2004. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

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

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

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

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

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

## City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

### **For The Year Ended December 31, 2004**

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

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

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

For the year ended December 31, 2004, the members of all three plans were required to contribute 8.50 percent of their annual covered salary to fund pension obligations. The City contributed 13.55 percent of covered payroll, of which 4.0 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City of Bedford Heights's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$529,846, \$466,841, and \$449,865, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years. Contributions to the member-directed plan for 2004 were \$3,224 made by the City of Bedford Heights and \$2,022 made by the plan members.

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

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

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by state statute. The City of Bedford Heights's contributions to the Fund for police and firefighters were \$409,742 and \$434,095 for the year ended December 31, 2004, \$402,731 and \$444,771 for the year ended December 31, 2003, and \$381,613 and \$421,445 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002. 73 percent for police and 71 percent for firefighters has been contributed for 2004 with the remainder being reported as a liability.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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### **Note 12: Postemployment Benefits**

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

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

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

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. The 2004 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.0 percent. An annual increase of 4.0 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increase, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next eight years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for 2004, which were used to fund postemployment benefits, were \$221,925. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfounded actuarially accrued liability were \$26.9 billion and \$16.4 billion, respectively.



# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retirement Medical Account that can be used to fund future health care expenses.

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

The Ohio Police and Fire Pension Fund ("OP&F") provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

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

The number of participants eligible to receive health care benefits as of December 31, 2003, the date of the last actuarial valuation available, was 13,662 for police and 10,474 for firefighters. The City's actual contributions for 2004 that were used to fund post-employment benefits were \$162,846 for police and \$140,177 for firefighters. OP&F's total health care expenses for the year ending December 31, 2003, the date of the last actuarial valuation available, was \$150,853,148, which was net of member contributions of \$17,207,506.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

Each member provides operating resources to NORMA based on actuarially determined rates and shares in NORMA's residual equity based on the City's percentage of contributions. In the event of losses, the first \$1,000 to \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$150,000 per occurrence, will be paid from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool. As of December 31, 2004, NORMA had an aggregate stop loss ranging from \$400,000 to \$750,000 per policy year. Any losses over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment. This has not been necessary throughout the 13-year history of the pool.

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

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

Interfund transfers for the year ended December 31, 2004, consisted of the following:

Transfer to	Transfer From					Total
	General Fund	Debt Service	Capital Improvements Fund	Nonmajor Governmental Funds	Sewer Fund	
General Fund	\$ -	\$ -	\$ -	\$ 9,158	\$ -	\$ 9,158
Fire Levy Fund	1,460,000	-	-	-	-	1,460,000
Debt Service Fund	136,960	-	-	-	23,750	160,710
Capital Improvements Fund	91,000	-	-	-	-	91,000
Nonmajor Governmental Funds	954,000	-	50,000	-	-	1,004,000
Sewer Fund	-	243,240	-	-	-	243,240
	<u>\$ 2,641,960</u>	<u>\$ 243,240</u>	<u>\$ 50,000</u>	<u>\$ 9,158</u>	<u>\$ 23,750</u>	<u>\$ 2,968,108</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## **For The Year Ended December 31, 2004**

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

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

### **Note 16: Accountability**

#### *Special Revenue Funds*

There are deficits in the Fire Levy, CDBG, Police Pension, Fire Pension, and the Ambulance Service Special Revenue Funds of \$18,100, \$47,770, \$77,053, \$70,543 and \$2,806, respectively, caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

#### *Capital Projects Fund*

The Capital Improvements Fund has a deficit of \$34,894, caused by the application of accounting principles generally accepted in the United States of America to the Fund. Bond anticipation note proceeds used to finance the projects are not recognized as "Other Financing Sources," but rather as a fund liability. The deficit in this fund will be eliminated when the project is near completion and the note is bonded and/or resources are provided for the retirement of the note.

### **Note 17: Change in Accounting Principle and Restatement of Prior Year Fund Balances**

#### **A. Changes in Accounting Principles**

For 2004, the City has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units".

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

The implementation of GASB Statement No. 39 did not affect the presentation of the financial statements of the City.

# City Of Bedford Heights, Ohio

Notes to Basic Financial Statements (Continued)

## For The Year Ended December 31, 2004

### Note 17: Change in Accounting Principle and Restatement of Prior Year Fund Balances

#### B. Restatement of Fund Balance

	<u>General Fund</u>	<u>Fire Levy Fund</u>	<u>Debt Service</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Fund balance, December 31, 2003	\$ 3,735,451	\$ (152,078)	\$ 132,195	\$ (1,692,158)	\$ (83,649)	\$ 1,939,761
Reclassification adjustments:						
Properly record accrued compensated absences	<u>265,278</u>	<u>76,019</u>	<u>-</u>	<u>-</u>	<u>50,979</u>	<u>392,276</u>
Fund balance, December 31, 2003, restated	\$ <u>4,000,729</u>	\$ <u>(76,059)</u>	\$ <u>132,195</u>	\$ <u>(1,692,158)</u>	\$ <u>(32,670)</u>	2,332,037
GASB 34 adjustments:						
Capital assets, restated						20,510,788
Long-term liabilities						(6,434,139)
Long-term (deferred) assets						1,575,018
Accrued interest payable						<u>(38,366)</u>
Governmental activities net assets, December 31, 2003						\$ <u>17,945,338</u>

Overstatement of capital assets had the following effect on net assets at December 31, 2003.

Net assets, December 31, 2003	\$ <u>12,472,287</u>
Restatement of capital assets	<u>(6,194,704)</u>
Restated net assets, December 31, 2003	\$ <u>6,277,583</u>

# City of Bedford Heights, Ohio

Combining Statements  
Non-Major Governmental Funds

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## Non-Major Special Revenue Funds

### *State Highway Improvement Fund*

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

### *Street Maintenance and Repair Fund*

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

### *Safety Department Equipment Fund*

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

### *Community Development Block Grant Fund*

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

### *Police Pension Fund*

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

### *Fire Pension Fund*

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

### *Law Enforcement Trust Fund*

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

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

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

(continued)

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# City of Bedford Heights, Ohio

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

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

#### *Ambulance Service Fund*

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

#### *Litter Control Grant Fund*

Accounts for the proceeds received to provide educational information to residents regarding recycling and litter control.

#### *COPS Fund*

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

#### *Commissary Fund*

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

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

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

#### *Local Law Enforcement Grant Fund*

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

#### *S.O.S. Navigation System Grant*

Accounts for the proceeds and disbursements of a federal grant used for the purpose.

# City of Bedford Heights, Ohio

## Combining Balance Sheet Non-Major Governmental Funds

**December 31, 2004**

	State Highway <u>Improvement</u>	Street Maintenance & <u>Repair</u>	Safety Department <u>Equipment</u>	Community Development <u>Block Grant</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 30,726	\$ 65,633	\$ 20,471	\$ 24,596
Accounts receivable	-	9,950	-	13,144
Intergovernmental receivable	21,138	265,886	-	-
Supplies and materials inventory	-	52,734	-	-
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>51,864</u>	\$ <u>394,203</u>	\$ <u>20,471</u>	\$ <u>37,740</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,692	\$ 27,289	\$ -	\$ 85,510
Accrued wages and benefits	-	23,308	-	-
Special termination benefits payable	-	15,292	-	-
Intergovernmental payable	-	3,955	-	-
Deferred revenue	<u>15,728</u>	<u>193,973</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>17,420</u>	<u>263,817</u>	<u>-</u>	<u>85,510</u>
<b>Fund balances:</b>				
Reserved for encumbrances	419	11,478	-	11,867
Reserved for inventory	-	52,734	-	-
Unreserved (deficit); undesignated	<u>34,025</u>	<u>66,174</u>	<u>20,471</u>	<u>(59,637)</u>
Total fund balances (deficit)	<u>34,444</u>	<u>130,386</u>	<u>20,471</u>	<u>(47,770)</u>
Total liabilities and fund balances	\$ <u>51,864</u>	\$ <u>394,203</u>	\$ <u>20,471</u>	\$ <u>37,740</u>



<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement &amp; Education</u>	<u>Ambulance Service</u>	<u>COPS</u>
\$ 24,710	\$ 27,075	\$ 6,769	\$ 28,739	\$ 42,755	\$ 8,635
-	-	-	63	-	-
8,140	8,140	-	-	-	-
-	-	-	-	-	-
<u>91,353</u>	<u>91,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>124,203</u>	\$ <u>126,568</u>	\$ <u>6,769</u>	\$ <u>28,802</u>	\$ <u>42,755</u>	\$ <u>8,635</u>
\$ -	\$ -	\$ -	\$ -	\$ 45,561	\$ -
101,764	97,619	-	-	-	1,865
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	645
<u>99,492</u>	<u>99,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>201,256</u>	<u>197,111</u>	<u>-</u>	<u>-</u>	<u>45,561</u>	<u>2,510</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(77,053)</u>	<u>(70,543)</u>	<u>6,769</u>	<u>28,802</u>	<u>(2,806)</u>	<u>6,125</u>
<u>(77,053)</u>	<u>(70,543)</u>	<u>6,769</u>	<u>28,802</u>	<u>(2,806)</u>	<u>6,125</u>
\$ <u>124,203</u>	\$ <u>126,568</u>	\$ <u>6,769</u>	\$ <u>28,802</u>	\$ <u>42,755</u>	\$ <u>8,635</u>

(continued)

# City Of Bedford Heights, Ohio

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

**December 31, 2004**

	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,166	\$ 2,377	\$ 7,040	\$ 303,692
Accounts receivable	-	190	-	23,347
Intergovernmental receivable	-	-	-	303,304
Supplies and materials inventory	-	-	-	52,734
Taxes receivable	-	-	-	182,706
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>14,166</u>	\$ <u>2,567</u>	\$ <u>7,040</u>	\$ <u>865,783</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 160,052
Accrued wages and benefits	-	-	-	224,556
Special termination benefits payable	-	-	-	15,292
Intergovernmental payable	-	-	-	4,600
Deferred revenue	-	-	-	408,685
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>813,185</u>
<b>Fund balances:</b>				
Reserved for encumbrances	452	-	-	24,216
Reserved for inventory	-	-	-	52,734
Unreserved (deficit); undesignated	<u>13,714</u>	<u>2,567</u>	<u>7,040</u>	<u>(24,352)</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>14,166</u>	<u>2,567</u>	<u>7,040</u>	<u>52,598</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>14,166</u>	\$ <u>2,567</u>	\$ <u>7,040</u>	\$ <u>865,783</u>

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# City Of Bedford Heights, Ohio

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

### For the Year Ended December 31, 2004

	State Highway <u>Improvement</u>	Street Maintenance & <u>Repair</u>	Safety Department <u>Equipment</u>	Community Development <u>Block Grant</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	38,289	558,969	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	<u>-</u>	<u>44,752</u>	<u>20,000</u>	<u>165,974</u>
Total revenues	<u>38,289</u>	<u>603,721</u>	<u>20,000</u>	<u>165,974</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	-	-	-	-
Community development	-	-	-	281,063
Transportation	34,406	793,537	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>31,247</u>	<u>-</u>
Total expenditures	<u>34,406</u>	<u>793,537</u>	<u>31,247</u>	<u>281,063</u>
Excess of revenues (under) expenditures	<u>3,883</u>	<u>(189,816)</u>	<u>(11,247)</u>	<u>(115,089)</u>
Other financing sources (uses):				
Transfers - in	-	235,000	-	50,000
Transfers - out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>235,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	3,883	45,184	(11,247)	(65,089)
Fund balance (deficit) at beginning of year	<u>30,561</u>	<u>85,202</u>	<u>31,718</u>	<u>17,319</u>
Fund balance (deficit) at end of year	\$ <u>34,444</u>	\$ <u>130,386</u>	\$ <u>20,471</u>	\$ <u>(47,770)</u>

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement &amp; Education</u>	<u>Ambulance Service</u>	<u>Litter Control Grant</u>	<u>COPS</u>
\$ 93,500	\$ 93,500	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	17,300
-	-	-	-	95,365	-	-
-	-	-	10,321	-	-	-
<u>-</u>	<u>-</u>	<u>1,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317</u>
<u>93,500</u>	<u>93,500</u>	<u>1,125</u>	<u>10,321</u>	<u>95,365</u>	<u>-</u>	<u>17,617</u>
374,404	389,977	-	-	86,716	-	53,680
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>15,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>374,404</u>	<u>389,977</u>	<u>15,508</u>	<u>-</u>	<u>86,716</u>	<u>-</u>	<u>53,680</u>
<u>(280,904)</u>	<u>(296,477)</u>	<u>(14,383)</u>	<u>10,321</u>	<u>8,649</u>	<u>-</u>	<u>(36,063)</u>
330,000	367,000	-	-	-	-	20,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,158)</u>	<u>-</u>
<u>330,000</u>	<u>367,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,158)</u>	<u>20,000</u>
49,096	70,523	(14,383)	10,321	8,649	(9,158)	(16,063)
<u>(126,149)</u>	<u>(141,066)</u>	<u>21,152</u>	<u>18,481</u>	<u>(11,455)</u>	<u>9,158</u>	<u>22,188</u>
\$ <u>(77,053)</u>	\$ <u>(70,543)</u>	\$ <u>6,769</u>	\$ <u>28,802</u>	\$ <u>(2,806)</u>	\$ <u>-</u>	\$ <u>6,125</u>

(continued)

# City Of Bedford Heights, Ohio

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

**For the Year Ended December 31, 2004**

	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>S.O.S. Navigation System Grant</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 187,000
Intergovernmental	-	-	15,550	30,000	660,108
Licenses and permits	-	-	-	-	95,365
Fines and forfeitures	-	4,300	-	-	14,621
Miscellaneous income	<u>114,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,586</u>
Total revenues	<u>114,418</u>	<u>4,300</u>	<u>15,550</u>	<u>30,000</u>	<u>1,303,680</u>
Expenditures:					
Current operations and maintenance:					
Security of persons and property	105,194	-	-	-	1,009,971
Community development	-	-	-	-	281,063
Transportation	-	-	-	-	827,943
Capital outlay	<u>-</u>	<u>5,522</u>	<u>12,000</u>	<u>30,000</u>	<u>94,277</u>
Total expenditures	<u>105,194</u>	<u>5,522</u>	<u>12,000</u>	<u>30,000</u>	<u>2,213,254</u>
Excess of revenues (under) expenditures	<u>9,224</u>	<u>(1,222)</u>	<u>3,550</u>	<u>-</u>	<u>(909,574)</u>
Other financing sources (uses):					
Transfers - in	-	-	2,000	-	1,004,000
Transfers - out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,158)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>994,842</u>
Net change in fund balances	9,224	(1,222)	5,550	-	85,268
Fund balance (deficit) at beginning of year	<u>4,942</u>	<u>3,789</u>	<u>1,490</u>	<u>-</u>	<u>(32,670)</u>
Fund balance (deficit) at end of year	\$ <u>14,166</u>	\$ <u>2,567</u>	\$ <u>7,040</u>	\$ <u>-</u>	\$ <u>52,598</u>

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

### Agency Funds

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

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

#### *Mayor's Court Fund*

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

# City of Bedford Heights, Ohio

## Combining Statement of Assets and Liabilities – All Agency Funds

**December 31, 2004**

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	Glenwillow Sanitary Sewer Maintenance and Repair	Mayor's Court	Total
Assets:			
Cash and cash equivalents	\$ <u>4,499</u>	\$ <u>17,453</u>	\$ <u>21,952</u>
Liabilities:			
Intergovernmental payable	\$ 4,499	\$ 640	\$ 5,139
Due to others	<u>-</u>	<u>16,813</u>	<u>16,813</u>
Total liabilities	\$ <u>4,499</u>	\$ <u>17,453</u>	\$ <u>21,952</u>



# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Balance January 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2004</u>
<b>Glenwillow sanitary sewer maintenance and repair fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>172</u>	\$ <u>9,175</u>	\$ <u>4,848</u>	\$ <u>4,499</u>
Liabilities:				
Intergovernmental payable	\$ <u>172</u>	\$ <u>9,175</u>	\$ <u>4,848</u>	\$ <u>4,499</u>
<b>Mayor's court fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>4,403</u>	\$ <u>343,367</u>	\$ <u>330,317</u>	\$ <u>17,453</u>
Liabilities:				
Intergovernmental payable	\$ 499	\$ 17,956	\$ 17,815	\$ 640
Due to others	<u>3,904</u>	<u>325,411</u>	<u>312,502</u>	<u>16,813</u>
Total liabilities	\$ <u>4,403</u>	\$ <u>343,367</u>	\$ <u>330,317</u>	\$ <u>17,453</u>
<b>Total all agency funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>4,575</u>	\$ <u>352,542</u>	\$ <u>335,165</u>	\$ <u>21,952</u>
Liabilities:				
Intergovernmental payable	\$ 671	\$ 27,131	\$ 22,663	\$ 5,139
Due to others	<u>3,904</u>	<u>325,411</u>	<u>312,502</u>	<u>16,813</u>
Total liabilities	\$ <u>4,575</u>	\$ <u>352,542</u>	\$ <u>335,165</u>	\$ <u>21,952</u>

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

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 1,728,318	\$ 1,749,318	\$ 1,801,819	\$ 52,501
Municipal income taxes	7,850,000	8,320,000	8,310,864	(9,136)
Other local taxes	30,000	30,000	30,114	114
Intergovernmental	658,750	744,250	737,704	(6,546)
Charges for services	3,086,302	3,006,820	2,818,417	(188,403)
Licenses and permits	184,385	201,481	195,952	(5,529)
Fines and forfeitures	161,000	206,000	203,741	(2,259)
Investment income	2,100	3,500	7,297	3,797
Miscellaneous income	250,700	344,700	308,977	(35,723)
Total revenues	<u>13,951,555</u>	<u>14,606,069</u>	<u>14,414,885</u>	<u>(191,184)</u>
<b>Expenditures:</b>				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	2,596,900	2,558,400	2,531,703	26,697
Travel and education	301,000	44,500	41,065	3,435
Contractual services	107,300	136,000	110,179	25,821
Supplies and materials	131,500	143,600	135,938	7,662
Other expenditures	500	500	485	15
Total police law enforcement	<u>3,137,200</u>	<u>2,883,000</u>	<u>2,819,370</u>	<u>63,630</u>
Corrections facility				
Personal service	1,618,400	1,570,600	1,567,302	3,298
Travel and education	4,500	2,600	2,108	492
Contractual services	430,100	533,500	519,884	13,616
Supplies and materials	62,800	83,100	81,692	1,408
Total corrections facility	<u>2,115,800</u>	<u>2,189,800</u>	<u>2,170,986</u>	<u>18,814</u>
Police and fire communications				
Personal service	431,900	444,500	441,399	3,101
Travel and education	1,550	1,400	883	517
Contractual services	-	-	-	-
Supplies and materials	700	-	-	-
Total police and fire communications	<u>434,150</u>	<u>445,900</u>	<u>442,282</u>	<u>3,618</u>
Animal control				
Contractual services	<u>28,000</u>	<u>32,500</u>	<u>32,275</u>	<u>225</u>

(continued)

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety director				
Personal service	<u>109,675</u>	<u>109,175</u>	<u>106,988</u>	<u>2,187</u>
Street lighting				
Contractual services	<u>73,000</u>	<u>73,000</u>	<u>71,033</u>	<u>1,967</u>
Traffic lights				
Personal service	28,075	26,575	25,108	1,467
Supplies and materials	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total traffic lights	<u>28,575</u>	<u>26,575</u>	<u>25,108</u>	<u>1,467</u>
Total security of persons and property	<u>5,926,400</u>	<u>5,759,950</u>	<u>5,668,042</u>	<u>91,908</u>
Public health and welfare				
Assistance to the needy and aged				
Personal service	138,300	132,800	128,836	3,964
Travel and education	800	400	225	175
Contractual services	141,700	161,900	153,436	8,464
Supplies and materials	<u>20,100</u>	<u>20,900</u>	<u>17,871</u>	<u>3,029</u>
Total assistance to the needy and aged	<u>300,900</u>	<u>316,000</u>	<u>300,368</u>	<u>15,632</u>
County health board				
Contractual services	<u>35,263</u>	<u>35,263</u>	<u>35,263</u>	<u>-</u>
Total public health and welfare	<u>336,163</u>	<u>351,263</u>	<u>335,631</u>	<u>15,632</u>
Leisure time activities				
Swimming facilities				
Personal service	69,000	49,950	48,877	1,073
Travel and education	-	-	120	(120)
Contractual services	26,800	17,600	14,273	3,327
Supplies and materials	36,800	14,700	11,556	3,144
Other expenditures	<u>500</u>	<u>50</u>	<u>328</u>	<u>(278)</u>
Total swimming facilities	<u>133,100</u>	<u>82,300</u>	<u>75,154</u>	<u>7,146</u>

(continued)

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community center				
Personal service	572,650	631,950	553,630	78,320
Travel and education	1,800	3,800	3,192	608
Contractual services	210,200	210,000	186,400	23,600
Supplies and materials	93,700	108,700	94,996	13,704
Other expenditures	22,200	15,200	13,817	1,383
Total community center	<u>900,550</u>	<u>969,650</u>	<u>852,035</u>	<u>117,615</u>
Parks and playgrounds				
Personal service	5,700	-	-	-
Contractual services	26,500	50,000	49,696	304
Supplies and materials	7,800	9,000	8,613	387
Total parks and playgrounds	<u>40,000</u>	<u>59,000</u>	<u>58,309</u>	<u>691</u>
Public recreation				
Personal service	185,640	271,300	231,156	40,144
Travel and education	1,200	1,200	1,017	183
Contractual services	39,000	41,700	41,304	396
Supplies and materials	43,550	42,850	39,811	3,039
Other expenditures	2,400	2,300	2,169	131
Total public recreation	<u>271,790</u>	<u>359,350</u>	<u>315,457</u>	<u>43,893</u>
Total leisure time activities	<u>1,345,440</u>	<u>1,470,300</u>	<u>1,300,955</u>	<u>169,345</u>
Community development				
Building department				
Personal service	376,020	329,020	325,772	3,248
Travel and education	2,800	3,400	2,177	1,223
Contractual services	17,500	20,900	20,361	539
Supplies and materials	11,000	10,000	8,955	1,045
Total building department	<u>407,320</u>	<u>363,320</u>	<u>357,265</u>	<u>6,055</u>
Planning commission				
Personal service	8,430	8,450	7,897	553
Supplies and materials	400	300	-	300
Total planning commission	<u>8,830</u>	<u>8,750</u>	<u>7,897</u>	<u>853</u>

(continued)

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Housing department				
Personal service	23,920	22,120	21,601	519
Supplies and materials	<u>725</u>	<u>1,275</u>	<u>1,118</u>	<u>157</u>
Total housing department	<u>24,645</u>	<u>23,395</u>	<u>22,719</u>	<u>676</u>
Board of zoning appeals				
Personal service	10,711	10,711	10,489	222
Travel and education	300	300	170	130
Supplies and materials	<u>300</u>	<u>300</u>	<u>109</u>	<u>191</u>
Total board of zoning appeals	<u>11,311</u>	<u>11,311</u>	<u>10,768</u>	<u>543</u>
Total community development	<u>452,106</u>	<u>406,776</u>	<u>398,649</u>	<u>8,127</u>
Basic utility services				
Service director				
Personal service	143,400	144,400	142,414	1,986
Travel and education	4,700	5,700	4,971	729
Contractual services	1,350	1,650	611	1,039
Supplies and materials	<u>1,200</u>	<u>400</u>	<u>-</u>	<u>400</u>
Total service director	<u>150,650</u>	<u>152,150</u>	<u>147,996</u>	<u>4,154</u>
Sanitary sewers and sewage disposal				
Personal service	111,750	80,150	74,393	5,757
Contractual services	3,000	2,000	1,741	259
Supplies and materials	<u>8,500</u>	<u>8,900</u>	<u>8,115</u>	<u>785</u>
Total sanitary sewers and sewage disposal	<u>123,250</u>	<u>91,050</u>	<u>84,249</u>	<u>6,801</u>
Storm sewers and drains				
Personal services	19,450	13,850	11,782	2,068
Travel and education	800	600	460	140
Contractual services	7,000	6,200	8,723	(2,523)
Supplies and materials	<u>6,700</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total storm sewers and drains	<u>33,950</u>	<u>23,650</u>	<u>20,965</u>	<u>2,685</u>
Refuse collection and disposal				
Contractual services	<u>278,500</u>	<u>296,500</u>	<u>274,266</u>	<u>22,234</u>
Total basic utility services	<u>586,350</u>	<u>563,350</u>	<u>527,476</u>	<u>35,874</u>

(continued)

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Sidewalks				
Personal services	11,300	4,500	3,262	1,238
Supplies and materials	700	2,500	1,973	527
Total transportation	<u>12,000</u>	<u>7,000</u>	<u>5,235</u>	<u>1,765</u>
General government				
Mayor's court				
Personal service	121,990	121,990	119,747	2,243
Travel and education	300	300	176	124
Contractual services	143,600	140,600	137,105	3,495
Supplies and materials	2,900	2,100	1,654	446
Total mayor's court	<u>268,790</u>	<u>264,990</u>	<u>258,682</u>	<u>6,308</u>
Civil service commission				
Personal service	7,525	7,825	7,504	321
Travel and education	1,200	-	-	-
Contractual services	15,000	8,700	8,253	447
Supplies and materials	400	400	124	276
Total civil service commission	<u>24,125</u>	<u>16,925</u>	<u>15,881</u>	<u>1,044</u>
Mayor's office				
Personal service	148,440	144,440	140,855	3,585
Travel and education	15,500	15,500	13,882	1,618
Contractual services	4,740	4,600	1,831	2,769
Supplies and materials	7,300	7,300	5,626	1,674
Total mayor's office	<u>175,980</u>	<u>171,840</u>	<u>162,194</u>	<u>9,646</u>
Legal administration				
Personal service	241,700	197,100	193,794	3,306
Travel and education	1,200	2,500	1,972	528
Supplies and materials	4,300	6,800	4,347	2,453
Contractual services	6,000	43,900	42,631	1,269
Total legal administration	<u>253,200</u>	<u>250,300</u>	<u>242,744</u>	<u>7,556</u>

(continued)

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance administration				
Personal service	330,750	331,250	329,573	1,677
Travel and education	10,300	14,100	14,027	73
Contractual services	22,400	34,500	33,691	809
Supplies and materials	6,700	5,400	4,983	417
Total finance administration	<u>370,150</u>	<u>385,250</u>	<u>382,274</u>	<u>2,976</u>
Legislative activities				
Personal service	235,530	233,630	232,019	1,611
Travel and education	13,600	17,700	16,496	1,204
Contractual services	29,000	28,900	26,492	2,408
Supplies and materials	5,500	7,200	5,370	1,830
Total legislative activities	<u>283,630</u>	<u>287,430</u>	<u>280,377</u>	<u>7,053</u>
Labor relations				
Personal service	4,300	3,950	3,760	190
Contractual services	55,000	50,000	48,449	1,551
Supplies and materials	-	175	175	-
Total labor relations	<u>59,300</u>	<u>54,125</u>	<u>52,384</u>	<u>1,741</u>
Engineering				
Personal service	49,900	48,900	47,210	1,690
Supplies and materials	300	300	300	-
Total engineering	<u>50,200</u>	<u>49,200</u>	<u>47,510</u>	<u>1,690</u>
Land and buildings				
Personal service	897,000	879,350	870,749	8,601
Contractual services	493,200	509,900	445,279	64,621
Supplies and materials	103,000	115,000	108,411	6,589
Total land and buildings	<u>1,493,200</u>	<u>1,504,250</u>	<u>1,424,439</u>	<u>79,811</u>
Tax department				
Contractual services	<u>238,750</u>	<u>274,750</u>	<u>269,917</u>	<u>4,833</u>

(continued)



# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Other general government				
Personal service	186,275	188,975	186,924	2,051
Travel and education	11,300	8,600	2,028	6,572
Contractual services	165,700	187,700	186,522	1,178
Supplies and materials	36,500	31,600	29,549	2,051
Other expenditures	<u>44,200</u>	<u>27,050</u>	<u>26,897</u>	<u>153</u>
Total other general government	<u>443,975</u>	<u>443,925</u>	<u>431,920</u>	<u>12,005</u>
Total general government	<u>3,661,300</u>	<u>3,702,985</u>	<u>3,568,322</u>	<u>134,663</u>
Capital outlay:				
Miscellaneous equipment	<u>91,400</u>	<u>104,900</u>	<u>97,789</u>	<u>7,111</u>
Total expenditures	<u>12,411,159</u>	<u>12,366,524</u>	<u>11,902,099</u>	<u>464,425</u>
Excess of revenues over (under) expenditures	<u>1,540,396</u>	<u>2,239,545</u>	<u>2,512,786</u>	<u>273,241</u>
Other financing sources (uses):				
Proceeds from sale of equipment	-	10,000	5,807	(4,193)
Transfers - in	9,158	9,158	9,158	-
Transfers - out	<u>(2,600,960)</u>	<u>(2,641,960)</u>	<u>(2,641,960)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,591,802)</u>	<u>(2,622,802)</u>	<u>(2,626,995)</u>	<u>(4,193)</u>
Net change in fund balance	(1,051,406)	(383,257)	(114,209)	269,048
Fund balance at beginning of year	2,414,555	2,414,555	2,414,555	-
Encumbrances at end of year	<u>73,462</u>	<u>73,462</u>	<u>73,462</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,436,611</u>	\$ <u>2,104,760</u>	\$ <u>2,373,808</u>	\$ <u>269,048</u>

# City of Bedford Heights, Ohio

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

### For the Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 909,641	\$ 919,641	\$ 934,995	\$ 15,354
Intergovernmental	42,516	50,000	49,641	(359)
Miscellaneous income	18,500	18,500	18,949	449
Total revenues	<u>970,657</u>	<u>988,141</u>	<u>1,003,585</u>	<u>15,444</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	2,260,400	2,263,900	2,247,893	16,007
Travel and education	12,000	12,000	10,832	1,168
Contractual services	25,000	28,400	27,507	893
Supplies and materials	71,400	61,200	58,321	2,879
Total security of persons and property	<u>2,368,800</u>	<u>2,365,500</u>	<u>2,344,553</u>	<u>20,947</u>
Capital outlay	<u>70,000</u>	<u>82,000</u>	<u>80,413</u>	<u>1,587</u>
Total expenditures	<u>2,438,800</u>	<u>2,447,500</u>	<u>2,424,966</u>	<u>22,534</u>
Excess of revenues over (under) expenditures	(1,468,143)	(1,459,359)	(1,421,381)	37,978
Other financing sources (uses):				
Transfers - in	<u>1,460,000</u>	<u>1,460,000</u>	<u>1,460,000</u>	<u>-</u>
Net change in fund balance	(8,143)	641	38,619	37,978
Fund balance at beginning of year	24,339	24,339	24,339	-
Encumbrances at end of year	<u>6,855</u>	<u>6,855</u>	<u>6,855</u>	<u>-</u>
Fund Balance at end of year	\$ <u>23,051</u>	\$ <u>31,835</u>	\$ <u>69,813</u>	\$ <u>37,978</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 515,464	\$ 521,992	\$ 529,925	\$ 7,933
Special assessments	10,000	22,000	18,900	(3,100)
Investment income	700	6,500	6,487	(13)
Total revenues	<u>526,164</u>	<u>550,492</u>	<u>555,312</u>	<u>4,820</u>
Expenditures:				
Debt service:				
Principal retirement	1,915,550	1,969,000	1,969,000	-
Interest and fiscal charges	<u>216,873</u>	<u>261,400</u>	<u>259,955</u>	<u>1,445</u>
Total expenditures	<u>2,132,423</u>	<u>2,230,400</u>	<u>2,228,955</u>	<u>1,445</u>
Excess of revenues over (under) expenditures	(1,606,259)	(1,679,908)	(1,673,643)	6,265
Other financing sources (uses):				
Proceeds from sale of debt	1,540,000	1,550,000	1,549,496	(504)
Transfers - in	<u>160,710</u>	<u>160,710</u>	<u>160,710</u>	<u>-</u>
Total other financing sources (uses)	<u>1,700,710</u>	<u>1,710,710</u>	<u>1,710,206</u>	<u>(504)</u>
Net change in fund balance	94,451	30,802	36,563	5,761
Fund balance at beginning of year	<u>126,100</u>	<u>126,100</u>	<u>126,100</u>	<u>-</u>
Fund balance at end of year	\$ <u>220,551</u>	\$ <u>156,902</u>	\$ <u>162,663</u>	\$ <u>5,761</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 606,528	\$ 613,167	\$ 623,330	10,163
Intergovernmental	1,289,223	1,315,523	1,315,435	(88)
Licenses and Permits	162,200	163,700	163,436	(264)
Investment Income	49,500	51,550	45,004	(6,546)
Miscellaneous Income	-	9,750	9,635	(115)
Total revenues	<u>2,107,451</u>	<u>2,153,690</u>	<u>2,156,840</u>	<u>3,150</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Street, construction, maintenance and repair				
Contractual services	<u>661,250</u>	<u>664,735</u>	<u>610,065</u>	<u>54,670</u>
General government				
Land and buildings				
Contractual services	<u>213,000</u>	<u>447,000</u>	<u>427,771</u>	<u>19,229</u>
Capital outlay				
Street paving and repair	70,000	71,299	49,465	21,834
Miscellaneous equipment	93,500	70,500	62,914	7,586
Transportation	<u>1,213,000</u>	<u>1,180,240</u>	<u>1,177,777</u>	<u>2,463</u>
Total capital outlay	<u>1,376,500</u>	<u>1,322,039</u>	<u>1,290,156</u>	<u>31,883</u>
Debt service:				
Principal retirement	1,800,000	2,800,000	2,800,000	-
Interest and fiscal charges	<u>27,800</u>	<u>37,000</u>	<u>35,384</u>	<u>1,616</u>
Total expenditures	<u>4,078,550</u>	<u>5,270,774</u>	<u>5,163,376</u>	<u>107,398</u>
Excess of revenues over (under) expenditures	<u>(1,971,099)</u>	<u>(3,117,084)</u>	<u>(3,006,536)</u>	<u>110,548</u>
Other financing sources (uses):				
Proceeds from the sale of notes	2,000,000	1,400,000	1,600,000	200,000
Transfers - in	100,000	91,000	91,000	-
Transfers - out	<u>(60,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,040,000</u>	<u>1,441,000</u>	<u>1,641,000</u>	<u>200,000</u>
Net change in fund balance	68,901	(1,676,084)	(1,365,536)	310,548
Fund balance at beginning of year	1,575,187	1,575,187	1,575,187	-
Encumbrances at end of year	<u>181,489</u>	<u>181,489</u>	<u>181,489</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,825,577</u>	\$ <u>80,592</u>	\$ <u>391,140</u>	\$ <u>310,548</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,407,500	\$ 2,443,900	\$ 2,264,459	\$ (179,441)
Licenses and permits	56,000	56,000	38,000	(18,000)
Investment income	100	1,000	787	(213)
Miscellaneous income	<u>11,000</u>	<u>16,000</u>	<u>13,022</u>	<u>(2,978)</u>
Total revenues	<u>2,474,600</u>	<u>2,516,900</u>	<u>2,316,268</u>	<u>(200,632)</u>
Expenses:				
Current operations and maintenance:				
Personal service	1,577,837	1,541,360	1,511,806	29,554
Travel and education	16,450	4,100	9,883	(5,783)
Contractual services	665,600	713,800	681,945	31,855
Supplies and materials	140,100	163,750	150,195	13,555
Debt service:				
Principal	185,000	185,000	185,000	-
Interest and fiscal charges	57,000	57,000	56,520	480
Capital outlay	<u>5,400</u>	<u>6,000</u>	<u>5,009</u>	<u>991</u>
Total expenses	<u>2,647,387</u>	<u>2,671,010</u>	<u>2,600,358</u>	<u>70,652</u>
Excess of revenues over (under) expenses	(172,787)	(154,110)	(284,090)	(129,980)
Other financing sources (uses):				
Transfer-out	<u>(68,750)</u>	<u>(68,750)</u>	<u>(23,750)</u>	<u>45,000</u>
Net change in fund balance	(241,537)	(222,860)	(307,840)	(84,980)
Fund balance at beginning of year	550,655	550,655	550,655	-
Encumbrances at end of year	<u>11,642</u>	<u>11,642</u>	<u>11,642</u>	<u>-</u>
Fund Balance at end of year	\$ <u>320,760</u>	\$ <u>339,437</u>	\$ <u>254,457</u>	\$ <u>(84,980)</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>35,000</u>	\$ <u>39,000</u>	\$ <u>37,314</u>	\$ <u>(1,686)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Contractual services	<u>7,000</u>	<u>7,000</u>	<u>2,370</u>	<u>4,630</u>
Street construction, maintenance and repair				
Contractual services	<u>49,000</u>	<u>38,500</u>	<u>31,585</u>	<u>6,915</u>
Snow and ice removal				
Supplies and materials	<u>15,000</u>	<u>15,000</u>	<u>11,157</u>	<u>3,843</u>
Total expenditures	<u>71,000</u>	<u>60,500</u>	<u>45,112</u>	<u>15,388</u>
Excess of revenues over (under) expenditures	(36,000)	(21,500)	(7,798)	13,702
Fund balance at beginning of year	36,721	36,721	36,721	-
Encumbrances at end of year	<u>1,803</u>	<u>1,803</u>	<u>1,803</u>	-
Fund balance at end of year	\$ <u>2,524</u>	\$ <u>17,024</u>	\$ <u>30,726</u>	\$ <u>13,702</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 493,000	\$ 554,000	\$ 548,159	\$ (5,841)
Miscellaneous income	<u>34,000</u>	<u>37,000</u>	<u>34,802</u>	<u>(2,198)</u>
Total revenues	<u>527,000</u>	<u>591,000</u>	<u>582,961</u>	<u>(8,039)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Personal service	63,080	62,580	60,824	1,756
Contractual services	32,500	39,000	37,985	1,015
Supplies and materials	<u>6,900</u>	<u>9,000</u>	<u>8,949</u>	<u>51</u>
Total traffic control	<u>102,480</u>	<u>110,580</u>	<u>107,758</u>	<u>2,822</u>
Street construction, maintenance and repair				
Personal service	260,850	257,350	255,082	2,268
Contractual services	109,900	135,300	134,663	637
Supplies and materials	<u>62,000</u>	<u>87,500</u>	<u>85,364</u>	<u>2,136</u>
Total street construction, maintenance and repair	<u>432,750</u>	<u>480,150</u>	<u>475,109</u>	<u>5,041</u>
Snow and ice removal				
Personal service	95,200	65,450	62,783	2,667
Contractual services	10,000	17,000	16,626	374
Supplies and materials	<u>148,000</u>	<u>186,950</u>	<u>185,930</u>	<u>1,020</u>
Total snow and ice removal	<u>253,200</u>	<u>269,400</u>	<u>265,339</u>	<u>4,061</u>
Total expenditures	<u>788,430</u>	<u>860,130</u>	<u>848,206</u>	<u>11,924</u>
Excess of revenues over (under) expenditures	(261,430)	(269,130)	(265,245)	3,885
Other financing sources (uses):				
Transfers - in	<u>235,000</u>	<u>235,000</u>	<u>235,000</u>	<u>-</u>
Net change in fund balance	(26,430)	(34,130)	(30,245)	3,885
Fund balance at beginning of year	57,821	57,821	57,821	-
Encumbrances at end of year	<u>38,057</u>	<u>38,057</u>	<u>38,057</u>	<u>-</u>
Fund balance at end of year	\$ <u>69,448</u>	\$ <u>61,748</u>	\$ <u>65,633</u>	\$ <u>3,885</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>-</u>
Expenditures:				
Capital outlay	<u>49,000</u>	<u>50,000</u>	<u>31,247</u>	<u>18,753</u>
Net changes in fund balance	(29,000)	(30,000)	(11,247)	18,753
Fund balance at beginning of year	<u>31,718</u>	<u>31,718</u>	<u>31,718</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,718</u></u>	\$ <u><u>1,718</u></u>	\$ <u><u>20,471</u></u>	\$ <u><u>18,753</u></u>



# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ <u>220,000</u>	\$ <u>251,000</u>	\$ <u>174,762</u>	\$ <u>(76,238)</u>
Expenditures:				
Current operations and maintenance:				
Community development				
Contractual services	<u>224,500</u>	<u>301,500</u>	<u>299,192</u>	<u>2,308</u>
Excess of revenues over (under) expenditures	(4,500)	(50,500)	(124,430)	(73,930)
Other financing sources (uses):				
Transfers - in	<u>10,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net changes in fund balance	5,500	(500)	(74,430)	(73,930)
Fund balance at beginning of year	1,649	1,649	1,649	-
Encumbrances at end of year	<u>97,377</u>	<u>97,377</u>	<u>97,377</u>	<u>-</u>
Fund balance at end of year	\$ <u>104,526</u>	\$ <u>98,526</u>	\$ <u>24,596</u>	\$ <u>(73,930)</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ <u>90,964</u>	\$ <u>92,164</u>	\$ <u>93,500</u>	\$ <u>1,336</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>425,000</u>	<u>425,000</u>	<u>409,743</u>	<u>15,257</u>
Excess of revenues over (under) expenditures	(334,036)	(332,836)	(316,243)	16,593
Other financing sources (uses):				
Transfers – in	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Net changes in fund balance	(4,036)	(2,836)	13,757	16,593
Fund balance at beginning of year	<u>10,953</u>	<u>10,953</u>	<u>10,953</u>	<u>-</u>
Fund balance at end of year	\$ <u>6,917</u>	\$ <u>8,117</u>	\$ <u>24,710</u>	\$ <u>16,593</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ <u>90,964</u>	\$ <u>92,164</u>	\$ <u>93,500</u>	\$ <u>1,336</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	<u>456,000</u>	<u>456,000</u>	<u>434,095</u>	<u>21,905</u>
Excess of revenues over (under) expenditures	(365,036)	(363,836)	(340,595)	23,241
Other financing sources (uses):				
Transfers - in	<u>367,000</u>	<u>367,000</u>	<u>367,000</u>	<u>-</u>
Net change in fund balance	1,964	3,164	26,405	23,241
Fund balance at beginning of year	<u>670</u>	<u>670</u>	<u>670</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,634</u></u>	\$ <u><u>3,834</u></u>	\$ <u><u>27,075</u></u>	\$ <u><u>23,241</u></u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ <u>3,800</u>	\$ <u>3,800</u>	\$ <u>1,125</u>	\$ <u>(2,675)</u>
Expenditures:				
Capital outlay	<u>15,026</u>	<u>17,250</u>	<u>15,508</u>	<u>1,742</u>
Net change in fund balance	(11,226)	(13,450)	(14,383)	(933)
Fund balance at beginning of year	<u>21,152</u>	<u>21,152</u>	<u>21,152</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>9,926</u></u>	\$ <u><u>7,702</u></u>	\$ <u><u>6,769</u></u>	\$ <u><u>(933)</u></u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ <u>5,000</u>	\$ <u>8,500</u>	\$ <u>10,258</u>	\$ <u>1,758</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Travel and education	3,500	3,500	-	3,500
Capital outlay	<u>12,000</u>	<u>12,000</u>	-	<u>12,000</u>
Total expenditures	<u>15,500</u>	<u>15,500</u>	-	<u>15,500</u>
Net change in fund balance	(10,500)	(7,000)	10,258	17,258
Fund balance at beginning of year	<u>18,481</u>	<u>18,481</u>	<u>18,481</u>	-
Fund balance at end of year	\$ <u><u>7,981</u></u>	\$ <u><u>11,481</u></u>	\$ <u><u>28,739</u></u>	\$ <u><u>17,258</u></u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 980,000	\$ 100,000	\$ 101,824	\$ 1,824
Investment income	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>980,300</u>	<u>100,000</u>	<u>101,824</u>	<u>1,824</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	111,500	111,500	82,766	28,734
Other expenditures	<u>-</u>	<u>500</u>	<u>465</u>	<u>35</u>
Total expenditures	<u>111,500</u>	<u>112,000</u>	<u>83,231</u>	<u>28,769</u>
Net change in fund balance	868,800	(12,000)	18,593	30,593
Fund balance at beginning of year	<u>24,162</u>	<u>24,162</u>	<u>24,162</u>	<u>-</u>
Fund balance at end of year	\$ <u>892,962</u>	\$ <u>12,162</u>	\$ <u>42,755</u>	\$ <u>30,593</u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfers - out	\$ <u>(9,157)</u>	\$ <u>(9,157)</u>	\$ <u>(9,157)</u>	\$ <u>-</u>
Net changes in fund balance	(9,157)	(9,157)	(9,157)	-
Fund balance at beginning of year	<u>9,157</u>	<u>9,157</u>	<u>9,157</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 27,398	\$ (7,602)
Miscellaneous income	-	-	317	317
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>27,715</u>	<u>(7,285)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	52,100	54,050	53,066	984
Travel and education	1,000	1,000	150	850
Contractual services	1,700	500	-	500
Supplies and materials	<u>2,100</u>	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total security of persons and property	<u>56,900</u>	<u>56,650</u>	<u>53,216</u>	<u>3,434</u>
Capital outlay	<u>1,000</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>57,900</u>	<u>57,150</u>	<u>53,216</u>	<u>3,934</u>
Excess of revenues over (under) expenditures	(22,900)	(22,150)	(25,501)	(3,351)
Other financing sources (uses):				
Transfers - in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(2,900)	(2,150)	(5,501)	(3,351)
Fund balance at beginning of year	<u>14,136</u>	<u>14,136</u>	<u>14,136</u>	<u>-</u>
Fund balance at end of year	\$ <u>11,236</u>	\$ <u>11,986</u>	\$ <u>8,635</u>	\$ <u>(3,351)</u>



# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ <u>80,000</u>	\$ <u>110,000</u>	\$ <u>114,418</u>	\$ <u>4,418</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Support of prisoners				
Supplies and materials	55,000	66,500	66,389	111
Other expenditures	<u>25,000</u>	<u>41,000</u>	<u>40,348</u>	<u>652</u>
Total expenditures	<u>80,000</u>	<u>107,500</u>	<u>106,737</u>	<u>763</u>
Net change in fund balance	-	2,500	7,681	5,181
Fund balance at beginning of year	6,033	6,033	6,033	-
Encumbrances at end of year	<u>452</u>	<u>452</u>	<u>452</u>	-
Fund balance at end of year	\$ <u><u>6,485</u></u>	\$ <u><u>8,985</u></u>	\$ <u><u>14,166</u></u>	\$ <u><u>5,181</u></u>

# City of Bedford Heights, Ohio

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

### For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ <u>4,110</u>	\$ <u>(890)</u>
Expenditures:				
Current operations and maintenance:				
General government				
Mayor's court				
Contractual services	3,600	2,600	-	2,600
Capital outlay	<u>5,000</u>	<u>6,000</u>	<u>5,522</u>	<u>478</u>
Total expenditures	<u>8,600</u>	<u>8,600</u>	<u>5,522</u>	<u>3,078</u>
Net change in fund balance	(3,600)	(3,600)	(1,412)	2,188
Fund balance at beginning of year	<u>3,789</u>	<u>3,789</u>	<u>3,789</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>189</u></u>	\$ <u><u>189</u></u>	\$ <u><u>2,377</u></u>	\$ <u><u>2,188</u></u>

## City of Bedford Heights, Ohio

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

#### **For The Year Ended December 31, 2004**

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>15,550</u>	\$ <u>(4,450)</u>
Expenditures:				
Capital outlay	<u>22,000</u>	<u>22,000</u>	<u>12,000</u>	<u>10,000</u>
Excess of revenues over (under) expenditures	(2,000)	(2,000)	3,550	5,550
Other financing sources (uses):				
Transfers – in	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net change in fund balance	-	-	5,550	5,550
Fund balance at beginning of year	<u>1,490</u>	<u>1,490</u>	<u>1,490</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,490</u></u>	\$ <u><u>1,490</u></u>	\$ <u><u>7,040</u></u>	\$ <u><u>5,550</u></u>

# City of Bedford Heights, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget (Non-GAAP Budgetary Basis) and Actual - S.O.S. Navigational System Grant Fund

## For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>30,000</u>	\$ <u>30,000</u>	\$ <u>30,000</u>	\$ <u>-</u>
Expenditures:				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

# City of Bedford Heights, Ohio

## Governmental Activities Revenues by Source and Expenses by Function

### Last Two Years

**Table 1**

	<u>2004</u>	<u>2003</u>
Program revenues:		
Charges for services	\$ 3,857,814	\$ 3,187,302
Operating grants and contributions	69,160	24,221
Capital grants and contributions	1,299,573	-
General revenues:		
Property taxes	4,222,238	4,048,224
Municipal taxes	8,747,883	8,088,759
Grants and entitlements not restricted to specific programs	1,571,678	1,459,130
Investment earnings	58,789	45,097
Gain on disposal of capital assets	494,516	144,217
Total	\$ <u>20,321,651</u>	\$ <u>17,445,197</u>
Expenses:		
General government	\$ 3,558,986	\$ 4,341,684
Security of persons and property	9,300,718	8,933,571
Public health and welfare	328,601	351,341
Transportation	1,514,378	1,906,125
Leisure time activities	1,265,229	1,427,498
Community development	1,088,566	675,173
Basic utility services	577,436	539,274
Interest and fiscal charges	465,715	322,093
Total	\$ <u>18,099,629</u>	\$ <u>18,496,759</u>

Source: City of Bedford Heights, Finance Department

# City of Bedford Heights, Ohio

## General Governmental Expenditures by Program

**December 31, 2004**

**Table 2**

<u>Fiscal Year</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Leisure Time Activities</u>	<u>Community Development</u>	<u>Basic Utility Services</u>	<u>Transportation</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$ 4,409,041	\$ 2,564,965	\$ 977,639	\$ 270,793	\$ 658,566	\$ 1,095,509	\$ 4,301,229	\$ 941,322	\$ 6,362,134	\$ 21,581,198
1996	4,739,840	436,300	834,089	564,487	563,824	1,436,150	4,092,421	726,633	1,339,852	14,722,077
1997	5,144,585	319,492	988,268	387,383	477,459	1,043,380	3,047,498	1,365,268	1,197,010	13,970,343
1998	5,572,926	312,783	926,855	408,187	547,323	2,212,457	3,257,281	29,211	1,057,168	14,324,191
1999	6,572,585	344,962	1,016,682	417,625	557,543	1,796,990	3,507,026	934,360	857,931	16,005,704
2000	6,238,277	291,131	1,206,713	449,488	602,356	1,326,187	3,642,081	1,469,223	644,867	15,870,323
2001	6,292,833	368,465	1,266,381	480,879	632,132	1,059,464	3,959,028	1,741,834	677,935	16,478,951
2002	6,929,512	398,598	1,193,662	449,551	840,678	1,404,293	3,702,698	683,252	611,745	16,213,989
2003	8,676,087	353,262	1,236,545	675,173	510,549	1,267,914	3,495,726	1,290,015	674,765	18,180,036
2004	9,075,578	327,778	1,257,821	1,088,902	548,711	1,230,116	3,557,985	1,602,374	2,246,720	20,935,985

All governmental fund types, modified accrual basis

# City of Bedford Heights, Ohio

## General Governmental Revenues by Source

**December 31, 2004**

**Table 3**

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental</u>	<u>Charges For Services</u>	<u>Licenses And Permits</u>	<u>Fines And Forfeitures</u>	<u>Special Assessments</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
1995	\$ 11,792,967	\$ 2,769,691	\$ 143,499	\$ 168,999	\$ 172,871	\$ 458,783	\$ 234,431	\$ 490,587	\$ 16,231,828
1996	11,774,969	1,252,098	161,016	196,206	201,243	428,178	142,096	963,154	15,118,960
1997	11,927,965	1,171,102	189,600	245,270	123,755	413,366	150,896	617,470	14,839,424
1998	11,722,631	1,544,997	181,265	342,361	151,385	412,292	212,218	905,479	15,472,628
1999	11,875,262	1,340,898	186,145	325,840	153,659	103,609	237,207	700,335	14,922,955
2000	10,929,762	1,331,276	180,479	430,601	187,329	106,370	317,823	622,575	14,106,215
2001	12,355,267	1,562,972	200,683	416,976	174,019	96,371	237,736	493,068	15,537,092
2002	12,035,373	1,617,799	213,785	686,402	161,017	30,238	96,895	464,980	15,306,489
2003	12,378,703	1,558,895	2,412,516	448,815	168,426	38,438	45,097	605,337	17,656,227
2004	12,485,390	2,751,367	3,079,438	454,781	218,887	10,350	58,789	685,538	19,744,540

All governmental fund types, modified accrual basis

# City of Bedford Heights, Ohio

## General Governmental Tax Revenues by Source

**December 31, 2004**

**Table 3-A**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Municipal Income Tax</u>	<u>Other Local Taxes</u>	<u>Total</u>
1995	\$ 3,203,906	\$ 8,526,925	\$ 62,136	\$ 11,792,967
1996	3,729,932	7,967,528	77,509	11,774,969
1997	3,590,440	8,296,301	41,224	11,927,965
1998	3,160,109	8,524,195	38,327	11,722,631
1999	3,249,110	8,566,389	59,763	11,875,262
2000	1,988,567	8,877,355	63,840	10,929,762
2001	3,576,428	8,721,195	57,644	12,355,267
2002	3,542,764	8,444,839	47,770	12,035,373
2003	3,959,669	8,382,406	36,628	12,378,703
2004	4,077,069	8,387,988	20,333	12,485,390

All governmental fund types, modified accrual basis



# City of Bedford Heights, Ohio

## Real Property Tax Levies and Collections

**December 31, 2004**

**Table 4**

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Current Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Accumulated Delinquent Taxes</u>
1995	\$ 2,163,810	\$ 2,125,107	98.2%	\$ 59,694	\$ 2,184,801	1.010%	\$ 28,033	\$ 144,317
1996	2,157,822	2,104,300	97.5	62,193	2,166,493	1.004	25,655	115,678
1997	2,300,792	2,109,717	91.7	65,391	2,175,108	.945	60,869	98,210
1998	2,393,420	2,207,537	92.2	51,154	2,258,691	.944	62,477	103,209
1999	2,438,661	2,171,380	89.0	53,763	2,225,143	.912	73,454	119,606
2000	2,453,976	2,130,698	86.8	71,091	2,201,789	.897	94,588	140,893
2001	2,641,971	2,444,198	92.5	99,375	2,543,573	.962	141,624	200,927
2002	2,671,676	2,448,976	91.7	143,103	2,592,079	.970	217,690	320,479
2003	3,003,452	2,764,967	92.1	200,005	2,964,972	.987	230,987	413,103
2004	3,154,262	2,885,639	91.5	162,232	3,047,871	.966	296,254	445,198

SOURCE: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Tangible Personal Property Tax Levies and Collections

**December 31, 2004**

**Table 4-A**

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Current Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Accumulated Delinquent Taxes</u>
1995	\$ 992,331	\$ 967,913	97.5%	\$ 28,571	\$ 996,484	1.004%	\$ 24,418	\$ 64,370
1996	1,024,136	1,000,608	97.7	35,284	1,035,892	1.011	13,528	46,605
1997	991,649	917,307	92.5	199,471	1,116,778	1.126	13,266	27,857
1998	937,622	860,516	91.8	20,046	880,562	0.939	9,857	59,014
1999	972,992	879,886	90.4	61,075	940,961	0.967	5,686	32,191
2000	893,942	798,699	89.3	35,052	833,751	0.933	58,147	142,431
2001	930,491	886,368	95.2	140,578	1,026,946	1.000	44,188	57,885
2002	862,173	835,045	96.0	80,077	915,122	1.000	27,128	83,546
2003	989,804	964,198	97.4	4,029	968,227	0.970	25,606	40,805
2004	1,005,168	963,690	95.9	35,769	999,459	0.994	41,542	135,589

SOURCE: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Assessed Valuations and Estimated True Values

**December 31, 2004**

**Table 5**

Tax Year	Real Property (1)		Personal Property (2)		Public Utility Property (3)		Total	
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value
1995	\$ 171,234,630	\$ 489,241,800	\$ 82,145,761	\$ 328,583,044	\$ 9,638,720	\$ 10,953,091	\$ 263,019,111	\$ 828,777,935
1996	173,693,510	496,267,171	82,694,291	330,777,164	9,243,640	10,504,136	265,631,441	837,548,471
1997	171,962,370	491,321,057	84,511,322	338,045,288	9,467,090	10,758,057	265,940,782	840,124,402
1998	183,750,270	525,000,771	71,709,659	286,838,636	9,580,620	10,887,068	265,040,549	822,726,475
1999	185,126,960	528,934,172	73,797,724	295,190,896	8,787,920	9,986,273	267,712,604	834,111,341
2000	211,862,770	605,322,200	70,762,821	238,051,284	8,597,150	9,769,489	291,222,741	898,142,973
2001	215,690,920	619,116,914	78,483,159	313,932,636	6,940,000	7,886,363	301,114,079	940,935,913
2002	222,206,660	634,876,171	71,767,144	287,068,576	6,422,520	7,298,318	300,396,324	954,205,549
2003	236,562,720	675,893,486	76,452,960	332,404,173	6,661,320	7,569,682	319,677,000	1,015,867,341
2004	237,163,630	677,610,371	77,135,490	335,371,696	6,671,780	7,581,568	320,970,900	1,020,563,625

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

(2) Total personal property assessed value was 25% for capital assets and 24% for inventory for tangible personal.

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

Source: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Property Tax Rates – Direct and Overlapping Governments

**December 31, 2004**

**Table 6**

Fiscal Year	Total City Millage	Total County Millage	Total Bedford School Millage	Total Orange School Millage	Total City, County and Bedford School	Total City, County and Orange School
1994	\$ 12.00	\$ 16.80	\$ 53.10	\$ 62.60	\$ 81.90	\$ 91.40
1995	12.00	16.60	57.60	68.20	86.20	96.80
1996	12.00	16.60	57.60	68.20	86.20	96.80
1997	12.00	16.60	57.60	68.20	86.20	96.80
1998	12.00	13.75	57.70	71.50	83.45	97.25
1999	12.00	13.75	62.60	71.50	88.35	97.25
2000	12.00	14.65	62.50	81.10	92.10	(1) 110.70 (1)
2002	12.00	14.65	62.50	81.10	92.10	(1) 110.70 (1)
2003	13.00	14.65	62.50	81.10	93.10	(1) 111.70 (1)
2004	13.00	13.52	62.50	81.10	91.97	(1) 110.57 (1)

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

Source: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Principal Taxpayers – Real Property (1)

**December 31, 2004**

**Table 7**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Real Property</u>	<u>Percentage of Total Assessed Valuation</u>
Riser Foods Company	\$ 6,650,000	2.80%	2.07%
Bear Creek Inv. Co.	6,148,750	2.59	1.92
Weston, Inc.	3,565,520	1.50	1.11
Mayfred Co.	3,565,230	1.50	1.11
Southgate Towers, LLC	3,434,940	1.45	1.07
South Pointe Towers LTD	3,264,420	1.38	1.02
JE & MT Corp.	2,598,230	1.10	0.81
Colson, William P.	2,162,090	0.91	0.67
Naiman Richmond Properties, Ltd.	1,879,150	0.79	0.59
Dandar Investment Co., LLC	<u>1,712,870</u>	<u>0.72</u>	<u>0.53</u>
	<u>\$ 34,981,200</u>	<u>14.75%</u>	<u>10.9%</u>
Total Real Property Assessed Valuation	<u>\$ 237,163,630</u>		

Source: Cuyahoga County Auditor

(1) Excludes Public Utilities

# City of Bedford Heights, Ohio

## Principal Taxpayers – Personal Property (1)

**December 31, 2004**

**Table 7-A**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Real Property</u>	<u>Percentage of Total Assessed Valuation</u>
Riser Foods Company	\$ 9,056,390	11.74%	2.82%
AM Castle & Co..	5,222,620	6.77	1.63
Sysco Food Services, Inc.	4,559,730	5.91	1.42
American Spring Wire Corp.	4,325,440	5.61	1.35
Olympic Steel, Inc.	4,210,970	5.46	1.31
Majestic Steel USA, Inc.	3,498,440	4.54	1.09
Illinois Toolworks, Inc.	3,343,540	4.33	1.04
Sherwin Williams Co.	3,286,350	4.26	1.02
Weyerhaeuser Co.	3,085,570	4.00	0.96
Earl M. Jorgenson Co.	<u>2,342,770</u>	<u>3.04</u>	<u>0.73</u>
	\$ <u>42,931,820</u>	<u>55.66%</u>	<u>13.37%</u>
Total Personal Property Assessed Valuation	\$ <u>77,135,490</u>		

Source: Cuyahoga County Auditor

(1) Excludes Public Utilities

# City of Bedford Heights, Ohio

## Principal Taxpayers – Public Utility Property

**December 31, 2004**

**Table 7-B**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Real Property</u>	<u>Percentage of Total Assessed Valuation</u>
Cleveland Electric Illuminating Co.	\$ 2,946,120	44.16%	0.92%
The Ohio Bell Telephone Company	1,082,100	16.22	0.34
East Ohio Gas	<u>368,390</u>	<u>5.52</u>	<u>0.11</u>
	\$ <u>4,396,610</u>	<u>65.90%</u>	<u>1.37%</u>
Total Public Utility Property Assessed Valuation	\$ <u>6,671,780</u>		

Source: Cuyahoga County Auditor

# City of Bedford Heights, Ohio

## Special Assessment Collections

**December 31, 2004**

**Table 8**

<u>Collection Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected</u>	<u>Percent of Current Assessments Collected</u>	<u>Delinquent Assessments Collected</u>	<u>Total Special Assessments Collected</u>	<u>Ratio of Percent of Collections To Amount Billed</u>	<u>Current Delinquent Assessments</u>	<u>Accumulated Delinquent Assessments</u>
1995	\$ 409,137	\$ 400,617	97.9%	\$ 4,132	\$ 404,749	98.9%	\$ 8,520	\$ 179,794
1996	408,187	402,192	98.5	5,060	407,252	99.8	5,994	133,836
1997	408,427	395,203	96.8	665	395,868	96.9	13,475	129,933
1998	407,800	400,429	98.2	7,655	408,084	100.1	7,371	134,126
1999	103,531	98,287	94.9	1,332	99,619	96.2	5,243	152,646
2000	103,531	99,263	95.9	5,159	104,422	100.9	4,268	77,339
2001	91,938	92,863	100.0	5,651	98,513	100.0	9,771	202,251
2002	27,367	25,120	92.0	3,276	28,396	103.0	2,247	204,412
2003	27,641	27,641	100.0	2,247	29,888	108.1	-	79,177
2004	21,216	18,994	89.5	-	18,994	89.5	2,566	86,557

Source: Cuyahoga County Auditor



# City of Bedford Heights, Ohio

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

**December 31, 2004**

**Table 9**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Debt</u>	<u>Ratio of Net Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
1995 (3)	12,131	\$ 263,019,111	\$ 10,237,500	\$ 357,774	\$ 9,879,726	3.76%	\$ 814.42
1996 (3)	12,131	265,631,441	9,755,000	554,304	9,200,696	3.46	758.44
1997 (3)	12,131	265,940,782	8,832,500	611,063	8,221,437	3.10	677.73
1998 (3)	12,131	265,040,549	8,425,000	473,370	7,951,630	3.00	666.33
1999 (3)	12,131	267,712,604	8,135,000	366,698	7,768,302	2.90	640.37
2000 (3)	11,375	291,222,741	7,520,000	176,313	7,343,687	2.52	645.60
2001 (3)	11,375	301,114,079	8,265,000	81,197	8,183,803	2.72	719.45
2002 (3)	11,375	300,396,324	7,565,000	59,115	7,505,885	2.50	659.86
2003 (3)	11,375	319,677,000	8,715,000	132,195	8,582,805	2.68	754.53
2004 (3)	11,375	320,970,900	7,157,000	162,661	6,994,339	2.18	614.88

(1) – Source: U.S. Census Bureau

(2) – Source: Cuyahoga County Auditor

(3) – Accrual Basis

# City of Bedford Heights, Ohio

## Legal Debt Margin

**December 31, 2004**

**Table 10**

Total assessed valuation		\$ <u>320,970,900</u>
Overall debt limitation – 10.5% of assessed valuation		\$ 33,701,945
Gross indebtedness (notes and bonds)	\$ 7,157,000	
Less debt not subject to limitation	<u>(27,000)</u>	
Debt within 10.5% limitation	7,130,000	
Less: amount available in debt service funds	<u>(162,661)</u>	
Net debt within 10.5% limitation		<u>6,967,339</u>
Legal debt margin within 10.5% limitation		\$ <u>26,734,606</u>
*****		
Unvoted debt limitation – 5.5% of assessed valuation		\$ 17,653,400
Gross indebtedness (notes and bonds)	\$ 7,157,000	
Less debt not subject to limitation	<u>(27,000)</u>	
Debt within 5.5% limitation	7,130,000	
Less: amount available in debt service funds	<u>(162,661)</u>	
Net debt within 5.5% limitation		<u>6,967,339</u>
Legal debt margin within 5.5% limitation		\$ <u>10,686,061</u>

# City of Bedford Heights, Ohio

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

**December 31, 2004**

**Table 11**

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
<u>Direct:</u>			
City of Bedford Heights	\$ 6,967,339	100.00%	\$ 6,967,339
<u>Overlapping:</u>			
Cuyahoga County	251,154,636	1.05%	2,637,124
Regional Transit Authority	147,025,000	1.05%	1,543,716
Bedford School District	8,359,993	30.97%	2,589,090
Orange School District	<u>28,363,219</u>	5.79%	<u>1,642,230</u>
Total Overlapping Debt	<u>434,902,848</u>		<u>8,412,160</u>
Total	\$ <u>441,870,187</u>		\$ <u>15,379,499</u>

Source: Cuyahoga County Auditor

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

## City of Bedford Heights, Ohio

### Ratio of Annual Debt Service For General Bonded Debt to Total General Governmental Expenditures

**December 31, 2004**

**Table 12**

<u>Fiscal Year</u>	<u>(1) General Obligation Principal</u>	<u>General Obligation Interest</u>	<u>Debt Service On General Bonded Debt</u>	<u>(2) General Governmental Expenditures</u>	<u>Ratio</u>
1995	\$ 407,500	\$ 402,783	\$ 810,283	\$ 21,526,344	\$ 3.76%
1996	432,500	506,244	938,744	14,719,920	6.38%
1997	447,500	480,341	927,841	13,970,343	6.64%
1998	477,500	453,081	930,581	14,324,191	6.50%
1999	545,000	457,388	1,002,388	16,005,704	6.26%
2000	565,000	426,210	991,210	15,870,323	6.25%
2001	605,000	397,843	1,002,843	16,478,951	6.09%
2002	640,000	366,743	1,006,743	16,213,989	6.21%
2003	500,000	332,975	832,975	18,180,036	4.58%
2004	1,945,000	286,995	2,231,995	20,935,985	10.66%

Notes:

- (1) Does not include the rollover of principal due under bond anticipation notes. Debt service on general obligation bonds does not include debt service on special assessment bonds.
- (2) General government expenditures per Table 1.

# City of Bedford Heights, Ohio

## Demographic Statistics

**December 31, 2004**

**Table 13**

<u>Year</u>	<u>(1) Population</u>	<u>(2) Bedford School District Enrollment</u>	<u>(3) Cuyahoga County Unemployment Rate</u>
1995	12,131	4,104	4.7%
1996	12,131	3,903	4.8%
1997	12,131	4,004	4.1%
1998	12,131	4,151	4.9%
1999	12,131	4,060	4.6%
2000	11,375	4,049	4.6%
2001	11,375	3,992	6.8%
2002	11,375	3,860	6.6%
2003	11,375	3,826	6.2%
2004	11,395	3,890	6.6%

Sources:

- (1) U.S. Bureau of Census
- (2) Bedford Board of Education (Bedford, Bedford Heights, Oakwood and Walton Hills)
- (3) Ohio Bureau of Employment Services Division of Labor Market Information

# City of Bedford Heights, Ohio

## Construction, Bank Deposits and Assessed Property Values

**December 31, 2004**

**Table 14**

<u>Year</u>	<u>Residential Construction Values (1)</u>	<u>Commercial Industrial Construction Values (1)</u>	<u>Commercial Industrial Construction Units (1)</u>	<u>Domestic Bank Deposits In County (2)</u>	<u>(3) Total Assessed Real Property Value (4)</u>
1995	\$ 3,941,940	\$ 7,218,802	25	\$ 22,694,304	\$ 171,234,630
1996	1,663,895	4,952,030	43	27,068,211	173,693,510
1997	1,390,511	6,534,335	53	53,941,971	171,962,370
1998	1,768,099	10,963,117	58	58,904,596	183,750,270
1999	2,670,519	4,211,516	42	57,816,942	185,126,960
2000	3,952,179	12,511,046	78	61,942,764	211,862,770
2001	3,921,400	5,322,846	28	63,893,769	215,690,920
2002	2,530,000	3,678,618	48	95,760,917	222,206,660
2003	3,997,783	3,506,000	53	97,911,285	236,562,720
2004	11,097,777	3,412,908	30	101,838,959	237,163,630

Sources/Notes:

- (1) City of Bedford Heights Building Department
- (2) Federal Reserve Bank of Cleveland shown in thousands of dollars.
- (3) Cuyahoga County Auditor
- (4) Represents the real property values assessed for taxation which represents 35% of estimated true value

# City of Bedford Heights, Ohio

## Miscellaneous Statistics

**December 31, 2004**

**Table 15**

Date of Incorporation:	January 1, 1960	Fire Protection:	
Form of Government:	Mayor/Council	Number of Stations	1
Area:	4.5 sq. miles	Number of Fire Personnel and Officers	28
Miles of Street	42	Number of Calls Answered	1,610
		Number of Formal Inspections Conducted	251
		Police Protection:	
City Employees		Number of Stations	1
Number of Full-Time Employees	168	Number of Police Personnel and Officers	114
Number of Part-Time Employees	84	Number of Patrol Units	21
Culture and Recreation:		Number of Law Violations:	
Community Centers	1	Physical Arrests	683
Parks		Traffic Violations	4,826
Metroparks	7	Parking Violations	250
City Parks	2	Sewerage System:	
Park Acreage:		Miles of Sanitary Sewers	37
City Parks	33	Miles of Storm Sewers	37
Swimming Pools	2	Number of Treatment Plants	1
		Number of Service Connectors	3,462
		Daily Average Treatment in Gallons	2.5 Million
		Maximum Daily Capacity of Treatment Plant in Gallons	7.5 Million

# **City Of Bedford Heights, Ohio**

**Single Audit Reports**

**December 31, 2004**



# City Of Bedford Heights, Ohio

For The Year Ended December 31, 2004

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**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Members of the City Council  
City of Bedford Heights, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the city's basic financial statements and have issued our report thereon dated June 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bedford Heights' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Bedford Heights in a separate letter dated June 22, 2005.

Members of the City Council  
City of Bedford Heights, Ohio

Compliance and Other Matters

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

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 22 2005

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

Members of the City Council  
City of Bedford Heights, Ohio

Compliance

We have audited the compliance of the City of Bedford Heights, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Bedford Heights' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Bedford Heights' management. Our responsibility is to express an opinion on the City of Bedford Heights' compliance based on our audit.

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

In our opinion, the City of Bedford Heights complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004.

Members of the City Council of the  
City of Bedford Heights, Ohio

### Internal Control Over Compliance

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

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

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights as of and for the year ended December 31, 2004, and have issued our report there on dated June 22, 2005.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Bedford Heights' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 22, 2004

# City of Bedford Heights, Ohio

## Schedule of Expenditures of Federal Awards and Other

### For The Year Ended December 31, 2004

Program Title Federal Grantor and/or Pass-Through Grantor	Federal CFDA No.	Pass-Through Entity Number	Program or Award Amount	Receipts	Expenditures
U.S. Department of Housing and Urban Development					
Direct Program					
Community Development Block Grant	14.218	N/A	\$ <u>185,000</u>	\$ <u>174,762</u>	\$ <u>201,815</u>
U.S. Department of Justice					
Direct Program					
Local Law Enforcement Block Grant	16.592	N/A	15,550	15,550	12,000
Office of Community Oriented Policing Services (COPS)	16.711	N/A	<u>125,000</u>	<u>27,398</u>	<u>53,217</u>
Total Department of Justice			<u>140,550</u>	<u>42,948</u>	<u>65,217</u>
U.S. Department of Homeland Security					
Direct Program					
Federal Emergency Management Agency	83.554	N/A	<u>42,516</u>	<u>42,516</u>	<u>42,516</u>
Other					
U.S. Department of Justice					
Direct Program					
Facility Expansion Grant	N/A	N/A	<u>1,530,000</u>	<u>1,289,223</u>	<u>1,177,537</u>
Total Expenditures of Federal Awards			\$ <u>1,898,066</u>	\$ <u>1,549,449</u>	\$ <u>1,487,085</u>

The accompanying notes are an integral part of this schedule

# City of Bedford Heights, Ohio

Notes to the Schedule of Expenditures of Federal Awards

**For The Year Ended December 31, 2004**

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## **Note 1: Significant Accounting Policies**

The accompanying Schedule of Federal Awards Expenditures and Other (the Schedule) summarizes activity of the City of Bedford Heights' (the City) federal award programs. The Schedule has been prepared on the cash basis of accounting.

# City of Bedford Heights, Ohio

Schedule of Findings  
OMB Circular A-133, Section .505

**December 31, 2004**

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## 1. Summary of Auditor's Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Jail Facility Expansion Grant
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(I)(ix)	Low Risk Auditee?	No

## 2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None.

## 3. Findings for Federal Awards

None.



# City Of Bedford Heights, Ohio

Schedule of Prior Audit Findings  
OMB Circular A-133, Section .315(B)

**December 31, 2004**

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None.

# City of Bedford Heights

5661 Perkins Road  
Bedford Heights, Ohio 44146  
(440) 786-3200

Response to Findings Associated with Audit Conducted  
in Accordance with *Government Auditing Standards*  
for the Year Ended December 31, 2004

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
Not applicable.			



**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**CITY OF BEDFORD HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 4, 2005**