



**Auditor of State  
Betty Montgomery**



CITY OF BEACHWOOD  
CUYAHOGA COUNTY

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**Auditor of State  
Betty Montgomery**

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2006. 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' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 16, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

**Compliance and Other Matters**

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

City of Beachwood  
Cuyahoga County  
Independent Accountants' Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Required  
by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management and City Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 16, 2006

# **CITY OF BEACHWOOD**

**Beachwood, Ohio**

**Comprehensive  
Annual Financial Report**  
*For the Fiscal Year Ended December 31, 2005*





**City of Beachwood, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended December 31, 2005*  
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# CITY OF *Beachwood*

25325 FAIRMOUNT BLVD • BEACHWOOD • OHIO 44122

MAYOR  
MERLE S. GORDEN

June 15, 2006

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

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2005, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report is done in compliance with GASB Statement No. 34.

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

The Comprehensive Annual Financial Report is presented in three sections:

**THE INTRODUCTORY SECTION**, which includes a table of contents, this transmittal letter, a list of the City's principal elected and appointed officials, an organizational chart and the GFOA Certificate of Achievement.

**THE FINANCIAL SECTION**, which includes the Report of the Independent Accountants, 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.

**THE STATISTICAL SECTION**, which includes selected financial and demographic information, generally presented on a multi-year basis.

FINANCE DEPARTMENT  
DAVID A. PFAFF, CPA, FINANCE DIRECTOR  
PHONE (216) 292-1913 • FAX (216) 595-5463

## **REPORTING ENTITY**

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

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

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

The City participates in the Northeast Ohio Public Energy Council, which is a jointly governed organization. This organization is presented in Note 13 of the Basic Financial Statements.

## **THE CITY OF BEACHWOOD**

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

The City of Beachwood covers approximately 5.25 square miles, and is located in an area easily accessible by various methods of mass public transportation. The City is bordered on the east by Interstate 271, which provides connecting routes to Interstates 90 and 480. Cleveland Hopkins International Airport is less than thirty miles from Beachwood, while Cleveland Burke Lakefront Airport and the Cuyahoga County Regional Airport are both less than fifteen miles from the City.

The quality of life in Beachwood, supported by low taxes, an excellent public education system and effective public services, has consistently served to be attractive to new residents and commercial investors. Surveys show that young families are drawn to Beachwood for all of the reasons stated above, and these qualities are also a strong basis for maintaining a stable residential population. Currently, the community is made up of more than 2,900 homes and 2,700 apartment and condominium units and is populated by 12,186 residents. Due to factors attracting commercial interests to Beachwood it is estimated that approximately 100,000 people come to Beachwood daily to work, shop, or visit.

Cleveland's relatively close proximity allows Beachwood residents to benefit from cultural and entertainment attractions staged at sites within a short drive of the City. The Cleveland Orchestra at Severance Hall, the Cleveland Museum of Art and the Crawford Auto and Aviation Museum are all situated in University Circle just miles from Beachwood. Downtown Cleveland offers a wide array of professional and collegiate sports teams in state of the art facilities. The Great Lakes Science Center and the Rock and Roll Hall of Fame are popular attractions at Cleveland's lakefront development.

The Cleveland area is also well respected for the level of medical services available. The Cleveland Clinic Foundation is known worldwide as one of the premier medical facilities. University Hospitals also provide a top-rate source of specialized medical services. Both hospitals are located less than fifteen minutes from Beachwood. Additionally, both organizations have medical offices within Beachwood City

limits.

Beachwood itself offers residents and visitors a significant level of cultural, medical and entertainment services. Beachwood Place mall offers shoppers more than 140 stores featuring apparel, home furnishings and other gifts. Flanked by Saks Fifth Avenue, Nordstrom and Dillard's, Beachwood Place also is a profitable revenue source for the City. It is staffed by over 1,500 sales associates. La Place and the Pavilion Shopping Centre are malls that also attract the attention of residents and commuting employees.

Beachwood is home to the Peter B. Lewis Aquatic & Therapy Center. The first such aquatic rehabilitation center of its type in the Cleveland area, the facility includes therapy pools with moveable floors that allow clients to enter the pool in wheelchairs without fear of being lifted over the water surface.

The City has made substantial investments in its Recreation and Human Services programs, offering a wide array of sports and health improvement activities for commercial and residential citizens of Beachwood. Understanding the commitment the City has to its business community, there are a number of recreation programs that provide summer day camps as well as before and after-camp childcare that allows working parents a safe haven for their children. City-sponsored recreation activities run year-round, and include specialized programming for all ages and abilities.

## **CITY GOVERNMENT**

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

At the first Council meeting in January following the election of Council members, Council is required to hold an organizational meeting at which time one of the members is elected Council President to serve for a term not to extend beyond the next organizational meeting. The Council President appoints chairpersons and members of standing and temporary committees of Council to serve terms not beyond the next organizational meeting.

Council also appoints individuals to serve in the positions of Law Director, Assistant Law Director and other Attorneys at Law for the City and confirms Mayoral appointments of various other director positions. Council is charged with approving the employment of consultants to advise and assist the Mayor, Council or any board, commission or department of the City relative to City issues.

The Council determines and sets compensation of City officials and employees, and enacts legislation in the form of ordinances and resolutions relative to City services, tax levies, appropriating and borrowing monies, licensing and regulating businesses and trades, and other various municipal purposes.

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

The Mayor is required to supervise the administration of the City's affairs, and exercises control over all departments and divisions except those reserved to Council. The Mayor acts also as the chief conservator of the peace within the City, and is required to enforce all laws and regulations. The Mayor currently serves in the additional capacity of Safety Director.

City administrative departments operating under the supervision of the Mayor include Building, Community Services, Engineering, Finance, Fire, Police and Service. Directors appointed by City Council control the Departments of Audit and Law. These departments work with and assist the various administrative operations of the City.

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

The City currently maintains an Aa1 rating with Moody's Investor Service and a AAA rating with Fitch Investors Service, two of the three largest recognized rating agencies of municipal debt. These ratings demonstrate the City's high level of performance as it relates to management and administration of government resources, effective debt management with moderate low levels, vibrant and diverse local economy, and strong finances. Some factors noted by the rating agencies included the City's expanding tax base, high personal wealth levels, consistent strong financial performance, superior financial flexibility and low debt burden. The City is very proud of these ratings and will strive to continue at the level of excellence required to maintain them.

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

The Chagrin Highlands will be a focal point of future economic growth for the City. Employment projections for the next twenty years indicate that potentially 20,000 individuals will obtain jobs in Chagrin Highlands businesses. To date two buildings have been completed with Penske Truck Leasing, UBS Financial Services, Shaker Investments, and SimplexGrinnell as the major employers.

In 2005, Central Parkway was completed and the first business built on this road, Central Hummer East, was completed. Homewood Suites, a Hilton property with approximately 125 rooms and Ricky Ly's restaurant are expected to start construction in 2006. In the future, it is anticipated that there will be two to three more restaurants and possibly a small office building on this road.

In June of 2005, Bank of America announced they were purchasing MBNA which is the City's largest employer. With the purchase of MBNA, Bank of America has become the nation's largest credit and debit card provider, the largest provider of checking and saving services and the leading home equity lender. In early 2006, Bank of America announced plans to cut 234 jobs in the Beachwood office. With a staff of over 1,800 employees, Bank of America will still be the City's largest employer assuming no additional cuts are made. At this time, there is no major impact to the City with regards to the purchase of MBNA.

Beachwood Place mall has announced plans to renovate and expand the mall. The food court will be moved to the second floor and additional stores and a new restaurant will be added. Approximately 8,100 square feet will be added.

The City has consistently enjoyed the benefits of a strong commercial employment base that has provided for a consistent level of withholding tax collections. This strong commercial base allows the City of Beachwood to be one of the few communities in northeast Ohio that gives a 100 percent income tax credit to its residents and has a tax rate of 1.5 percent or less. Initially implemented as a temporary measure for 1997-1998, the credit was extended indefinitely in the year 2000. This credit allows residents working in locations outside Beachwood to receive 100 percent credit for all income taxes paid to other taxing districts. This credit, in addition to the low property tax rates levied by the City, has continued to make Beachwood an attractive alternative to new homebuyers and proved to be a factor in the overall stability of the City's residential population.

In an effort to maintain this strong commercial base the City has a contractual agreement with the Beachwood Chamber of Commerce to provide economic development services. Under this agreement the Beachwood Chamber of Commerce is focusing on: Technology, International Business Recruitment, Business Retention and Acquisition, and Marketing/Communication for the City on Economic Development.

In addition to attracting new business, the Beachwood Chamber of Commerce operates the Beachwood Business Development Center. The Center, which is a partnership between the Beachwood Chamber of Commerce, the City of Beachwood, and Cleveland State University, is an integral part of the City's economic development program. The Center's mission is to attract new businesses to the City and provide a comprehensive plan to help grow and nurture those businesses. Recognizing that the first year of operation is critical to small and medium-sized businesses, the Center offers support to both foreign and domestic start-up firms as well as more mature companies looking to enter the Beachwood market. The Center offers support services and resources that help accelerate the growth and success of entrepreneurial and co-located companies. Its goal is to produce successful firms that will leave the Center financially viable and freestanding. As a result, successful companies will emerge. This will create jobs, commercialize new technologies and enhance the stability of the City.

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

## **MAJOR INITIATIVES**

Cooperative efforts by the Mayor and Council led to a variety of major initiatives being implemented, continued, or completed in 2005. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents.



## City Master Plan

A measure of the City's commitment to future growth is the City Master Plan, a joint effort of Council and the Administration designed to appropriately provide facility expansion. Residents will benefit from construction of a new Fire Station and new recreational facilities, which will include new Tennis Courts, the new Beachwood Family Aquatic Center, a new Community Center and Park, and the expansion and remodeling of the existing Municipal Service Center. Construction of the new Fire Station and new Tennis Courts was completed in 2001, the new Beachwood Family Aquatic Center opened on July 4, 2003. In the fall of 2004 the Beachwood City Park was opened. The park includes walking/jogging trails, a sledding hill, and a picnic pavilion. The expansion and renovation of the Municipal Service Center was completed in 2005 and renovation to the community center is expected to be completed in the fall of 2006.

## Public Safety Improvements and Programs

The Police Department continues to be a highly trained and professional force equipped with the latest state of the art equipment. The City has a state of the art Dispatch Center and Mobile Data Terminals in all our cruisers. The Mobile Data Terminals (MDT's) enhance operations by allowing officers to prepare reports and tickets via the computer while on the road. In addition to the MDTs, the department equips all patrols with automated external defibrillators and maintains a reverse 911 System that allows it to notify all or part of the City in emergency situations.

In 2005 the City received its ninth consecutive score of 100 percent jail compliance from the Ohio Department of Corrections. The department has also applied for and anticipates becoming an Accredited Law Enforcement Agency by the Commission on Accreditation for Law Enforcement Agencies (CALEA) in 2006.

The Police Department continues to run the popular e-Copp and Senior Police Academy programs. The e-Copp program, which was spearheaded by two of the City's patrol officers, is designed to teach online safety and personal information protection, teach children e-mail and chat room etiquette, online shopping safety, handling unwanted email and instant messages and appropriate avenues to seek assistance with online problems. The Senior Police Academy is a community-policing program designed to educate senior citizens on how to prevent themselves from becoming a victim of crime. The feedback on both these programs continues to be excellent. In addition to the programs mentioned above, the Police Department also conducts Bike Patrols, Safety Town, and Senior Citizen/Female Self Defense Programs. These programs are also very popular with the community.

The Fire Department provides the community with both educational and practical information. The Fire Department is fortunate, in that it is able to access the public through several different programs. Cardiopulmonary Resuscitation (CPR), Car Seat Check-ups, Fire Safety presentations, and Station tours are all examples of programs that allow the Fire Department to interact with the community. The Fire Department offers CPR instruction to City of Beachwood personnel, residents and employees of local businesses. The department conducts several CPR programs throughout the year. All programs are in accordance with the American Heart Association guidelines. The most significant way the Fire Department can impact its customers is through its Fire Safety presentations. These presentations are tailored to the target audience and a specific subject area. The foundation of all Fire Department presentations is to entertain, inform, and prevent potential disasters to our citizens. Station tours give the public a unique opportunity to meet members of the department and to see daily operations. Visitors are allowed total access to department vehicles and are encouraged to ask questions.

The Fire Department is committed to providing the public with informative programs in a professional manner. The department will continue to look for ways to expand our services and develop new public education programs for the community.

#### Public Service Improvements/Programs

In 2005, the City continued an aggressive program to improve infrastructure within the City.

Projects for 2005 included the reconstruction of Deborah Drive, Belvoir Boulevard, Hazelmere Road, and Maidstone Lane, and replacement of the sanitary and storm sewers on Belvoir Boulevard. In addition, the Service Department continued its annual sewer repair program and the City's concrete crew continued to perform routine street and sidewalk maintenance and repairs.

In addition to its infrastructure program, the Service Department continued its aggressive pursuit with regards to environmental issues. The environmentally conscious direction of the Mayor and Council, supported by the efforts of trained Service Department personnel, led to the City's certification as a "Tree City USA," an award presented by the National Arbor Day Foundation. The year 2005 marked the tenth consecutive year the City has received this award. As part of this program, the City planted 251 trees throughout the City.

The City also actively promotes its "Blue Bag" recycling program in conjunction with its rubbish collection. The City continues to provide rubbish collection to its residential community at no cost to the residents.

#### Community Programs

The Community Services Department offers a vast array of programs to the community through the Recreation and Human Services Divisions.

The Human Services Division offers a well-attended monthly Senior Day Out luncheon and entertainment program. In addition to monthly programs, weekly activities are offered as well ranging from free movies, current events discussion groups, exercise, bridge, yoga and dances. Additional programs offered by Human Services include overnight trips and numerous one-day trips to theatre and other entertainment activities.

The Human Services Division also offers a complimentary door-to-door transportation program through the use of City vans to transport seniors to medical, banking, and shopping or social needs. Presently, the vans provide an average of 48 round trips per day and accommodate in excess of 1,000 registered van riders.

In 2005, Human Services programs serviced over 4,150 seniors.

Seasonally, the Recreation Division offers a community theatre program, three summer camps, dozens of specialty camps, preschool, youth and adult programs. Sports programs include community baseball/softball, basketball and soccer. These programs are routinely filled with residents and non-residents as well.

During 2005, 76,526 people enjoyed the Beachwood Family Aquatics Center complete with spray grounds, water slides, diving boards, a vortex, current channel and hydrotherapy jets.

Annually, the Community Services Department hosts Family Fun Day and Honkin' Haulin' Hands-On

Trucks. Family Fun Day features food, entertainment, inflatable rides and carnival games. Honkin' Haulin' Hands-On Trucks offers area children an opportunity to see, learn and get behind the wheel of over 30 City vehicles. Both of these annual events are very well attended.

In 2005, recreation programs had in excess of 12,000 participants.

## **FUTURE PROJECTS AND PROGRAMS**

As Beachwood looks towards the future, the City Government has initiated plans to accommodate growth in the business and residential communities through an extensive expansion of facilities. The City Master Plan, a project started in 1998, provided for an evaluation of the effectiveness and efficiency of all aspects of City operations. The results of the research indicated that the City should undertake the four major projects mentioned above to protect the high level of public services Beachwood commercial and residential citizens have come to expect and enjoy. In 2002 it became apparent that the City's existing pool was in need of major repair or replacement. At that time a decision was made to replace the existing pool with the new Beachwood Family Aquatic Center, which became the fifth project in the Master Plan. The new Fire Station, Tennis Courts, Family Aquatic Center, City Park, and construction/renovation of the Municipal Service Center have been completed.

Due to the addition of the new Family Aquatic Center to the Master Plan, the construction of the proposed Community Center on the Shaker median was delayed. It was subsequently determined that in lieu of a new building on the Shaker median, the best plan was to renovate and expand the existing Community Center at its current location adjacent to the Municipal Service Center. In addition to the cost savings, this option will keep all Administrative offices centrally located, and keep the Recreation administrative staff in close proximity to the Family Aquatic Center, which is the hub of summer recreational activities. The renovation of the Community Center is expected to be completed by the fall of 2006.

Related to the Master Plan development, the impact of the future projects in Chagrin Highlands played a major role in how growth in the City would be accommodated and managed. Upon completion of office park construction, projected to continue over the next twenty years, as many as 20,000 new workers are expected to obtain employment in Chagrin Highlands. Tax revenue from these employees should enhance annual tax collections substantially for the City.

An integral consideration of the Master Plan was to provide for a quality level of services for the influx of new employees anticipated to fill positions in Chagrin Highlands enterprises. Over the next twenty years, construction in Chagrin Highlands will increase the volume of commercial office space in Beachwood from 3.2 million to 5.2 million square feet.

## **FINANCIAL INFORMATION**

### Budgetary Control

The budgetary process is conducted in accordance with requirements stipulated in the Ohio Revised Code and the City Charter and related ordinances. Major documents associated with budget preparation include: the Cuyahoga County Tax Budget, the Certificate of Estimated Resources (filed with the Cuyahoga County Auditor) and the Appropriation Ordinance. All budget documents are prepared in compliance with the budgetary basis of accounting. Both the Certificate of Estimated Resources and the Appropriation Ordinance are subject to revision and amendment throughout the year; both are subject to the restriction that current appropriations cannot exceed estimated resources as disclosed on the Certificate of Estimated Resources. In accordance with State law, all funds, with the exception of agency funds, are legally required to be budgeted

and appropriated. Council controls budgeted appropriations at the department level for the General Fund and at the fund level for all other funds. Modifications or amendments to control levels in the Appropriation Ordinance require Council approval; internal City financial policies permit fund transfers within control levels with approval by the Mayor and Finance Director.

The City employs an encumbrance system documenting purchase commitment amounts prior to generation and release of official City purchase orders. Purchasing practices within the City require departmental review and authorization of all purchase requisitions prior to representation to the Purchasing Department. Where applicable, proposed purchases in excess of administrative approval limits are subject to competitive bid requirements of Council and are awarded subsequent to approved legislation authorizing the procurement of goods or services. The Finance Director certifies all purchase orders for availability of funds and the estimated expenditure is encumbered against the appropriate departmental or fund appropriation.

Annual appropriations for the current year are determined by Council action on or before January 15 and are set as approved amounts in the City's computerized financial system. Any transfers or disbursements of cash between approved funds require appropriation authority and the approval of Council. Council previously approved a Chart of Accounts developed by the Finance Director, the content of which details funds, major revenue and expense classes and objects used in preparation of City financial statements and reports.

#### Internal Accounting and Reporting Control

In an effort to improve the level and efficiency of internal accounting controls, the City created a full-time position of Audit Director in 1998. The Audit Director reviews all financial operations of the City and also conducts periodic reviews of other aspects of administrative performance to develop recommendations for management and Council. In conjunction with ongoing evaluations conducted by the Mayor and Finance Director, the Audit Director assists in reviewing internal accounting controls, policies and procedures to insure that City management is exercising due diligence in conducting financial and administrative operations.

The Office of the Auditor of the State of Ohio audits financial records annually. The City's management team reviews the findings and recommendations of the State Auditor and determines appropriate action to improve performance controls and to promote efficient financial operations conducted in the best interests of the commercial and residential citizens of the City.

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

This concept also recognizes that the evaluation of costs and benefit require the preparation of estimates and judgments by City management. Based on the level of existing controls, and with consideration to the ongoing control review process conducted by City management and the State Auditor, we are confident that the City's internal accounting controls sufficiently safeguard City assets and provide for reasonable assurance of the proper recording and reporting of City financial transactions.

#### Financial Condition

The City has prepared its financial statements following GASB statement 34, "Basic Financial Statements

– and Management’s Discussion and Analysis – for State and Local Governments.” As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. The discussion immediately follows the independent accountants’ report in the financial section of this report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management’s Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

## **CASH MANAGEMENT**

Cash management is a vital component in the City’s overall financial strategy. The primary objective of the City's investment activity is the protection of investment principal. A prudent investment program is maintained to assure the overnight and over-the-weekend investments of all possible dollars, as well as longer term investments. In addition to the security of the investment, a major consideration is the timing of needed cash to pay City liabilities. Cash resources of all City funds are combined for maximum return and are invested in accordance with the Ohio Revised Code. Allowable deposits and investments include certificates of deposit, savings accounts, State Treasurer’s Investment Pool (STAROhio), manuscript bonds, U.S. Treasury Notes, federal agency securities, and repurchase agreements.

## **RISK MANAGEMENT**

The City carries insurance through Arch Insurance Company; in 2005 insurance premiums were \$266,785.

The City carries a \$1,000,000 comprehensive general liability (including employee benefits and EMT liability) insurance policy and \$5,000,000 umbrella over its comprehensive general liability, automobile, law enforcement liability, and public officials liability. The City also carries a \$1,000,000 law enforcement liability insurance policy. Other coverage carried by the City includes property, inland marine, crime, boiler and machinery, and public officials. A \$100,000 blanket bond covers all employees of the City of Beachwood, except for the Finance Director, Mayor, and Tax Administrator. Individual bonds in the amount of \$100,000, \$10,000, and \$100,000 cover the Finance Director, Mayor, and Tax Administrator respectively.

The City pays the Ohio Bureau of Workers’ Compensation System (OBWC) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. In 2005, the City paid \$507,915 to the OBWC.

## **OTHER INFORMATION**

### **Independent Audit**

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Beachwood City Council selected the Auditor of State’s Office to perform these services for the year 2005. This report is presented in the Financial Section.

## **AWARDS**

### **GFOA Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a

Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the fiscal year ended December 31, 2004. This was the seventh consecutive year that the City has achieved this prestigious award.

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

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

### **GFOA Outstanding Achievement in Popular Annual Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Beachwood for its Popular Annual Financial Report for the year ended December 31, 2004. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. This was the fourth consecutive year that the City has achieved this prestigious award.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

### **GFOA Distinguished Budget Presentation Award**

The Government Finance Officer Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Beachwood, Ohio for its annual budget for the fiscal year beginning January 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the second year the City achieved the award.

### **Tree City USA**

Beachwood received its tenth consecutive Tree City U.S.A. award for the year ended December 31, 2005. This prestigious award from the National Arbor Day Association presented through the Ohio Department of Natural Resources recognizes the City for its annual program of tree planting and maintenance.

### **ACKNOWLEDGMENTS**

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

## ACKNOWLEDGMENTS

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

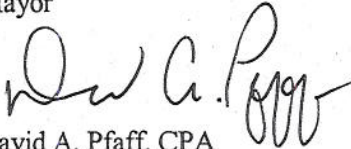
In addition, we would like to thank Beachwood City Council, without whose positive leadership and encouragement, the preparation of this report would not have been possible.

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

Respectfully submitted,



Merle S. Gorden  
Mayor



David A. Pfaff, CPA  
Director of Finance

**City of Beachwood, Ohio**

*City Officials - as of December 31, 2005*

ELECTED OFFICIALS

Mayor-Safety Director ..... Merle S. Gorden  
President of Council ..... Kenneth W. Kleinman  
Council Member ..... Martin D. Arsham  
Council Member ..... Saul Eisen  
Council Member ..... Fredric S. Goodman  
Council Member ..... Melvin M. Jacobs  
Council Member ..... Mark Mintz  
Council Member ..... Mark I. Wachter

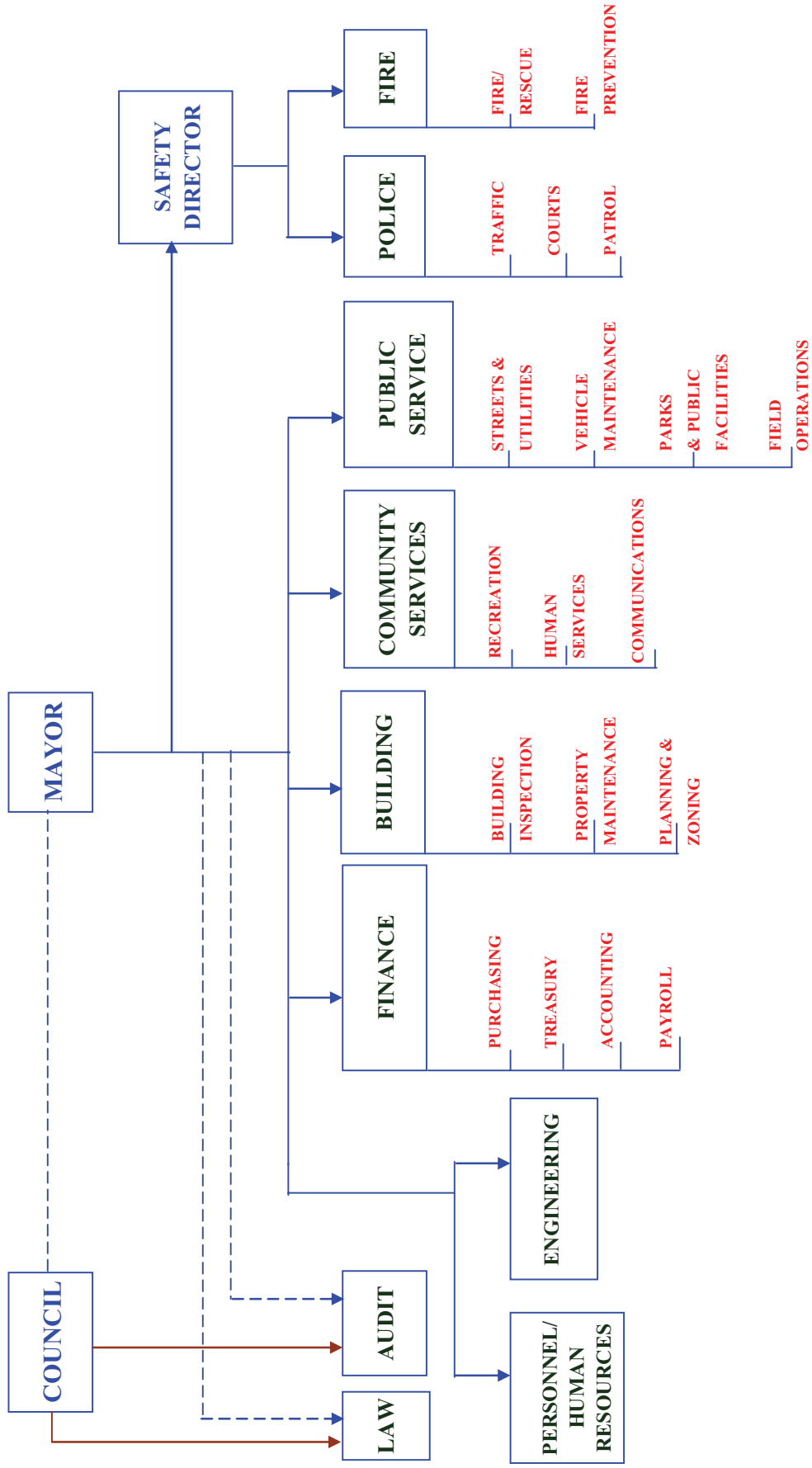
APPOINTED OFFICIALS

Finance Director ..... David A. Pfaff  
Police Chief ..... Mark S. Sechrist  
Fire Chief ..... Patrick J. Kearns  
Service Director ..... Dale H. Pekarek  
Building Commissioner ..... John D. Korinek  
Clerk of Courts ..... Gina M. Benadum  
Community Service Director ..... Karen A. Carmen  
Law Director ..... Margaret Anne Cannon  
City Auditor ..... Harvey S. Rose  
Staff Engineer ..... Thomas S. Kreczko  
Clerk of Council ..... Carol E. Vinyard



# CITY OF BEACHWOOD

## Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beachwood,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor financial statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

**Betty Montgomery**  
Auditor of State

June 15, 2006

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for 2005 are as follows:

- The City's total net assets decreased by \$1,510,372 or 1.4 percent as a result of this year's operations which is due to an increase in salaries and benefits.
- Total revenues increased \$2,003,306 or 7.66 percent over 2004 revenues. The majority of the increase is due to an increase in interest income and EMS charges for services (the City started collecting EMS fees in 2005). Also, the City received \$272,750 from the County for their share of expenses on the Fairmount Blvd. sewer project.
- For 2005, the City expended \$6,638,463 on capital improvement projects. Significant expenditures included the reconstruction of infrastructure, the purchase of land and a building, and the renovation to the Community Center.
- The general fund transferred \$2,000,000 to the capital improvements capital projects fund in order to fund the Master Plan projects.

### **Using this Annual Financial Report**

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

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

### ***Reporting the City of Beachwood as a Whole***

#### *Statement of Net Assets and the Statement of Activities*

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

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
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These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

***Reporting on the Most Significant Funds of the City of Beachwood***

***Fund Financial Statements***

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

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

**The City of Beachwood as a Whole**

***Statement of Net Assets***

As noted earlier, the Statement of Net Assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2005 and 2004.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

**Table 1**  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Current and Other Assets	\$54,018,715	\$58,823,132
Nondepreciable Capital Assets	10,640,171	23,214,630
Depreciable Capital Assets, Net	<u>68,811,097</u>	<u>53,717,466</u>
<i>Total Assets</i>	<u>133,469,983</u>	<u>135,755,228</u>
<b>Liabilities</b>		
Current and Other Liabilities	5,708,821	5,713,885
Long-Term Liabilities:		
Due Within One Year	1,897,040	1,723,945
Due in More than One Year	<u>19,416,125</u>	<u>20,359,029</u>
<i>Total Liabilities</i>	<u>27,021,986</u>	<u>27,796,859</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	60,100,268	56,465,096
Restricted:		
Debt Service	8,515,933	9,483,163
Streets	1,055,083	972,858
Other Purposes	297,094	274,984
Unrestricted	<u>36,479,619</u>	<u>40,762,268</u>
<i>Total Net Assets</i>	<u>\$106,447,997</u>	<u>\$107,958,369</u>

The largest portion of the City's net assets (56.5 percent) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Total assets decreased by \$2,285,245 while the City's total liabilities decreased by \$774,873. The most significant change in assets was a decrease in Cash and Cash Equivalents which decreased \$4,919,005. This is largely due to the City using its accumulated resources to finance capital improvements as noted above.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by covenants, enabling legislation or other legal requirements. In 2005, unrestricted net assets decreased by \$4,282,649 reflecting their use in acquiring capital assets.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
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The City's financial position decreased from 2004 to 2005 as indicated by the decrease in total net assets for governmental activities of \$1,510,372. Although total net assets decreased, there was no impact on the level of service provided to residents and the community as a whole.

Table 2 shows the changes in net assets for fiscal year 2005 and 2004 and corresponds to the Statement of Activities.

**Table 2**  
**Change in Net Assets**

	Governmental Activities	
	2005	2004
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$2,340,904	\$1,571,904
Operating Grants and Contributions	488,834	429,669
Capital Grants and Assessments	572,750	20,287
General Revenues		
Property Taxes	3,754,702	3,547,854
Municipal Income Tax	16,810,393	16,689,510
Grants and Entitlements	3,029,826	3,193,163
Investment Earnings	1,016,236	562,074
Other	153,175	149,053
<b>Total Revenues</b>	28,166,820	26,163,514
<b>Program Expenses</b>		
General Government	3,748,490	2,511,715
Public Safety:		
Police	6,833,161	6,225,921
Fire	4,893,094	4,453,299
Public Services	9,522,260	10,242,815
Health and Welfare	548,302	474,014
Culture and Recreation	2,182,972	2,128,733
Building and Community Development	1,018,644	1,043,557
Interest and Fiscal Charges	930,269	709,870
<b>Total Expenses</b>	29,677,192	27,789,924
Increase (Decrease) in Net Assets	(1,510,372)	(1,626,410)
Net Assets Beginning of Year	107,958,369	109,584,779
Net Assets End of Year	\$106,447,997	\$107,958,369



**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 indicates an increase in charges for services and investment earnings from 2004 to 2005. The increase in charges for services is due to EMS collections. In 2005, the City started charging a fee for EMS services. The increase in investment earnings is due to the increase in interest rates.

Total program expenses increased by \$1,887,268 or approximately 6.8 percent. This increase is largely due to an increase in salaries and benefits.

***Governmental Activities***

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$16,810,393 in income tax collections or 59.7 percent of total 2005 revenue. Other significant sources of revenue include property taxes and unrestricted grants and entitlements of which the City received \$3,754,702 and \$3,029,826 respectively in 2005. Grants and entitlement revenue consists mainly of homestead and rollback exemptions, local government revenue and estate taxes.

The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong periods, while at the same time maintaining fairly level collections during economic downturns. Over the last five years, income tax revenue averaged an annual increase of 3.16 percent. In an effort to maintain and increase the commercial tax base, the City has entered into an agreement with the Beachwood Chamber of Commerce to provide economic development services.

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

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

**Table 3**  
**Governmental Activities**

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
General Government	\$3,748,490	(\$3,732,728)	\$2,511,715	(\$2,501,045)
Public Safety				
Police	6,833,161	(6,624,737)	6,225,921	(5,955,827)
Fire	4,893,094	(4,249,212)	4,453,299	(4,453,299)
Public Services	9,522,260	(8,460,676)	10,242,815	(9,792,859)
Health and Welfare	548,302	(548,302)	474,014	(474,014)
Culture and Recreation	2,182,972	(1,273,481)	2,128,733	(1,343,550)
Building and				
Community Development	1,018,644	(455,299)	1,043,557	(537,600)
Interest and Fiscal Charges	930,269	(930,269)	709,870	(709,870)
<b>Total</b>	<b><u>\$29,677,192</u></b>	<b><u>(\$26,274,704)</u></b>	<b><u>\$27,789,924</u></b>	<b><u>(\$25,768,064)</u></b>

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The decrease in the net cost in conjunction with the slight increase in total cost of services indicates an increase in program revenues. The increase in program revenues is largely due to the collection of EMS fees. The City started collecting these fees in 2005.

Public safety expenses totaled \$11,726,255 or 39.51 percent of total 2005 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. As of December 31, 2005, the City employed 43 full time police officers and 39 full time firefighters. Other significant expenses include public service expenses which totaled \$9,522,260 or 32.1 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

### **The City's Funds**

Information about the City's major governmental funds begins on page 14. Total revenue and expenditures (before transfers-out) for the general fund (on a modified accrual basis) are \$26,351,768 and \$24,067,966 respectively. The \$2,283,802 excess of revenues over expenditures indicates the revenue base continues to meet City obligations and reflects the current solid financial condition of the City as a whole. The ending fund balance of \$17,721,192 represents approximately 73.6 percent of 2005 general fund expenditures.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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Total revenue and expenditures for the bond retirement fund are \$1,046,912 and \$2,059,847 respectively. The bond retirement fund receives revenue through special assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund. Expenditures are for payment of debt principal, interest and debt related costs.

The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. The City has made capital improvements a priority and has consistently transferred excess money from the general fund to the capital improvements fund. For 2005, the City expended \$5,866,548 on capital improvement projects from this fund.

***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control for the City is at the department level for the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by ordinance of City Council. City policy permits the Finance Director to transfer funds within control levels with the approval of the Mayor. During the course of 2005, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Finance Director closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

For the general fund, original budgeted revenues were \$25,419,315; final budget amounts were \$24,651,712; and actual revenue collections were \$25,802,166. The majority of the increase in actual revenue over the original budgeted amount is due to interest income. Due to the increase in interest rates, interest income was higher than budgeted. Final budgeted appropriations were \$27,661,136 and actual expenditures were \$25,695,221. The City's ending unencumbered cash balance in the general fund was \$3,082,223 above the final budgeted amount.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

**Capital Assets and Debt Administration**

*Capital Assets*

Table 4 compares capital assets as of December 31, 2005 to balances at December 31, 2004.

	<u>2005</u>	<u>2004</u>
Land	\$9,880,236	\$9,316,036
Construction in Progress	759,935	13,898,594
Land Improvements	6,124,340	6,469,206
Buildings and Improvements	27,639,384	12,156,034
Furniture and Equipment	1,255,986	1,434,805
Vehicles	883,602	1,168,662
Infrastructure		
Streets	27,165,714	27,207,060
Water Lines	2,630,713	2,635,649
Sanitary Sewers	1,762,820	1,524,908
Storm Sewers	1,348,538	1,121,142
<i>Totals</i>	<u>\$79,451,268</u>	<u>\$76,932,096</u>

Total capital assets (net of accumulated depreciation) as of December 31, 2005 were \$79,451,268, which is an increase of \$2,519,172 over 2004 capital assets. This increase is due to the completion of the city hall renovation which was offset by the annual depreciation as well as the disposal of four police vehicles, three of which were traded in for new vehicles.

Each year the Service Director and Staff Engineer review the condition of the City's infrastructure and determine what work needs to be completed. The projects are then prioritized and submitted to the Mayor. During the budget process, the Mayor, Finance Director and Service Director determine which projects will be budgeted for the following year. See Note 10 to the basic financial statements for more information regarding the City's capital assets.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

**Debt**

Table 5 summarizes outstanding debt at December 31, 2005 compared to December 31, 2004.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2005	2004
General Obligation Bonds	\$13,058,012	\$13,572,644
Special Assessment Bonds	6,476,000	7,087,000
<i>Totals</i>	\$19,534,012	\$20,659,644

The general obligation bonds will be paid out of the debt service fund with funds transferred from the general fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. See Note 16 to the basic financial statements for more information regarding the City's outstanding debt.

**Current Financial Related Activities**

The City's budget for 2006 anticipates the economy will continue to improve throughout 2006. A modest two to three percent increase has been budgeted for the City's major revenue sources. When preparing the 2006 budget, the Mayor asked department directors to request minimal increases, excluding salaries and benefits, from the 2005 budget. Because of the City's strong financial position and the City's commitment to protecting the level of services afforded all citizens, the current economy has had and will continue to have little or no impact to the services provided to residents.

In order to maintain services provided to citizens and improve the economic and operational efficiency of the City, the City has been focused on facility expansion issues. In 2001, the City completed construction on a new Fire Station and eight new tennis courts. In 2003, construction was completed on the new Beachwood Family Aquatic Center and in 2004 restoration of the Beachwood City Park was completed. In 2005, the renovation to city hall was completed and construction on the community center began. Additionally, the City has been proactive in the maintenance and upkeep of its infrastructure. For the past five years, the City has averaged approximately \$2,700,000 annually for infrastructure maintenance and reconstruction. For 2006, \$3,800,000 has been budgeted for infrastructure improvements.

**Contacting the City's Finance Department**

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

**City of Beachwood, Ohio**

*Statement of Net Assets*

*December 31, 2005*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$36,312,291
Cash and Cash Equivalents in Segregated Accounts	40
Investments	6,000
Materials and Supplies Inventory	398,052
Accounts Receivable	102,743
Intergovernmental Receivable	1,130,136
Prepaid Items	274,564
Property Taxes Receivable	2,917,973
Income Taxes Receivable	4,156,962
Other Local Taxes Receivable	73,162
Special Assessments Receivable	8,646,792
Nondepreciable Capital Assets	10,640,171
Depreciable Capital Assets, Net	<u>68,811,097</u>
<i>Total Assets</i>	<u>133,469,983</u>
<b>Liabilities</b>	
Accounts Payable	219,000
Retainage Payable	737,672
Accrued Wages and Benefits	219,695
Matured Compensated Absences Payable	30,850
Intergovernmental Payable	1,187,540
Deferred Revenue	2,592,175
Accrued Interest Payable	74,390
Contracts Payable	647,499
Long-Term Liabilities:	
Due Within One Year	1,897,040
Due In More Than One Year	<u>19,416,125</u>
<i>Total Liabilities</i>	<u>27,021,986</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	60,100,268
Restricted for:	
Debt Service	8,515,933
Streets	1,055,083
Other Purposes	297,094
Unrestricted	<u>36,479,619</u>
<i>Total Net Assets</i>	<u><u>\$106,447,997</u></u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Assessments	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$3,748,490	\$15,762	\$0	\$0	(\$3,732,728)
Public Safety:					
Police	6,833,161	208,424	0	0	(6,624,737)
Fire	4,893,094	643,882	0	0	(4,249,212)
Public Services	9,522,260	0	488,834	572,750	(8,460,676)
Health and Welfare	548,302	0	0	0	(548,302)
Culture and Recreation	2,182,972	909,491	0	0	(1,273,481)
Building and					
Community Development	1,018,644	563,345	0	0	(455,299)
Interest and Fiscal Charges	930,269	0	0	0	(930,269)
<i>Total Governmental Activities</i>	<u>\$29,677,192</u>	<u>\$2,340,904</u>	<u>\$488,834</u>	<u>\$572,750</u>	<u>(26,274,704)</u>

**General Revenues**

Property Taxes Levied for	
General Purposes	3,550,016
Police Pension	204,686
Municipal Income Taxes Levied for	
General Purposes	16,810,393
Grants and Entitlements not Restricted to Specific Programs	3,029,826
Investment Earnings	1,016,236
Other	153,175
<i>Total General Revenues</i>	<u>24,764,332</u>
Change in Net Assets	(1,510,372)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>107,958,369</u>
<i>Net Assets End of Year</i>	<u>\$106,447,997</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2005*

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$14,574,302	\$507,283	\$19,979,211	\$1,251,495	\$36,312,291
Cash and Cash Equivalents In Segregated Accounts	40	0	0	0	40
Investments	0	6,000	0	0	6,000
Property Taxes Receivable	2,699,124	0	0	218,849	2,917,973
Income Taxes Receivable	4,156,962	0	0	0	4,156,962
Other Local Taxes Receivable	73,162	0	0	0	73,162
Accounts Receivable	102,743	0	0	0	102,743
Intergovernmental Receivable	939,171	0	0	190,965	1,130,136
Materials and Supplies Inventory	398,052	0	0	0	398,052
Prepaid Items	274,564	0	0	0	274,564
Special Assessments Receivable	0	8,260,052	386,740	0	8,646,792
<i>Total Assets</i>	<u>\$23,218,120</u>	<u>\$8,773,335</u>	<u>\$20,365,951</u>	<u>\$1,661,309</u>	<u>\$54,018,715</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$209,510	\$0	\$7,850	\$1,640	\$219,000
Retainage Payable	0	0	737,672	0	737,672
Accrued Wages and Benefits	219,695	0	0	0	219,695
Intergovernmental Payable	1,072,538	0	1,924	113,078	1,187,540
Matured Compensated Absences Payable	30,850	0	0	0	30,850
Contracts Payable	0	0	647,499	0	647,499
Deferred Revenue	3,964,335	8,260,052	386,740	337,918	12,949,045
<i>Total Liabilities</i>	<u>5,496,928</u>	<u>8,260,052</u>	<u>1,781,685</u>	<u>452,636</u>	<u>15,991,301</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	1,494,421	0	4,449,081	61,902	6,005,404
Unreserved					
Undesignated, Reported in:					
General Fund	16,226,771	0	0	0	16,226,771
Special Revenue Funds	0	0	0	1,146,771	1,146,771
Debt Service Fund	0	513,283	0	0	513,283
Capital Projects Fund	0	0	14,135,185	0	14,135,185
<i>Total Fund Balances</i>	<u>17,721,192</u>	<u>513,283</u>	<u>18,584,266</u>	<u>1,208,673</u>	<u>38,027,414</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$23,218,120</u>	<u>\$8,773,335</u>	<u>\$20,365,951</u>	<u>\$1,661,309</u>	<u>\$54,018,715</u>

See accompanying notes to the basic financial statements



**City of Beachwood, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2005*

<b>Total Governmental Fund Balances</b>		\$38,027,414
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		79,451,268
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	325,798	
Intergovernmental	500,013	
Special Assessments	8,646,792	
Municipal Income Taxes	884,267	
Total		10,356,870
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(74,390)
Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Special Assessment Bonds	(6,476,000)	
General Obligation Bonds	(13,058,012)	
Compensated Absences	(1,779,153)	
Total		(21,313,165)
<i>Net Assets of Governmental Activities</i>		\$106,447,997

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Taxes	\$3,423,133	\$0	\$0	\$194,398	\$3,617,531
Municipal Income Taxes	16,546,653	0	0	0	16,546,653
Charges for Services	1,551,729	0	0	0	1,551,729
Fines, Licenses, and Permits	751,475	0	0	13,125	764,600
Intergovernmental	3,004,403	0	272,750	483,077	3,760,230
Special Assessments	0	1,014,593	41,030	24,575	1,080,198
Interest	960,523	32,319	0	23,394	1,016,236
Other	113,852	0	36,822	2,501	153,175
<i>Total Revenues</i>	<u>26,351,768</u>	<u>1,046,912</u>	<u>350,602</u>	<u>741,070</u>	<u>28,490,352</u>
<b>Expenditures</b>					
Current:					
General Government	3,580,021	0	0	3,723	3,583,744
Public Safety:					
Police	6,240,807	0	0	242,795	6,483,602
Fire	4,664,119	0	0	0	4,664,119
Public Services	6,186,867	0	0	429,240	6,616,107
Health and Welfare	535,182	0	0	0	535,182
Culture and Recreation	1,855,756	0	0	0	1,855,756
Building and Community Development	1,005,214	0	0	0	1,005,214
Capital Outlay	0	0	5,866,548	0	5,866,548
Debt Service:					
Principal Retirement	0	1,116,000	0	0	1,116,000
Interest and Fiscal Charges	0	943,847	0	0	943,847
<i>Total Expenditures</i>	<u>24,067,966</u>	<u>2,059,847</u>	<u>5,866,548</u>	<u>675,758</u>	<u>32,670,119</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,283,802</u>	<u>(1,012,935)</u>	<u>(5,515,946)</u>	<u>65,312</u>	<u>(4,179,767)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	1,046,720	2,000,000	0	3,046,720
Transfers Out	(3,046,720)	0	0	0	(3,046,720)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,046,720)</u>	<u>1,046,720</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(762,918)	33,785	(3,515,946)	65,312	(4,179,767)
<i>Fund Balances Beginning of Year</i>	<u>18,484,110</u>	<u>479,498</u>	<u>22,100,212</u>	<u>1,143,361</u>	<u>42,207,181</u>
<i>Fund Balances End of Year</i>	<u>\$17,721,192</u>	<u>\$513,283</u>	<u>\$18,584,266</u>	<u>\$1,208,673</u>	<u>\$38,027,414</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2005*

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**Net Change in Fund Balances - Total Governmental Funds** (\$4,179,767)

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

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

Capital Asset Additions	6,638,463	
Current Year Depreciation	(4,082,773)	
Total		2,555,690

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (36,518)

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

Property Taxes	137,171	
Intergovernmental	31,180	
Special Assessments	(1,055,623)	
Municipal Income Taxes	263,740	
Total		(623,532)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,116,000

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

Accrued Interest on Bonds	3,946	
Amortization of Premium	9,632	
Total		13,578

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (355,823)

Change in Net Assets of Governmental Activities (\$1,510,372)

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$3,711,418	\$3,239,326	\$3,329,113	\$89,787
Municipal Income Taxes	16,056,644	15,767,163	16,111,304	344,141
Charges for Services	1,314,305	1,178,143	1,480,619	302,476
Fines, Licenses, and Permits	736,788	736,789	751,475	14,686
Intergovernmental	2,743,206	2,743,206	2,945,994	202,788
Interest	750,000	880,131	1,066,130	185,999
Other	106,954	106,954	117,531	10,577
<i>Total Revenues</i>	25,419,315	24,651,712	25,802,166	1,150,454
<b>Expenditures</b>				
Current:				
General Government	4,260,879	4,457,085	4,093,339	363,746
Public Safety:				
Police	6,755,199	6,755,199	6,418,916	336,283
Fire	4,908,441	4,938,841	4,766,862	171,979
Public Services	6,648,694	7,543,694	6,963,004	580,690
Health and Welfare	637,227	637,227	545,686	91,541
Culture and Recreation	2,148,599	2,148,599	1,882,117	266,482
Building and Community Development	1,180,491	1,180,491	1,025,297	155,194
<i>Total Expenditures</i>	26,539,530	27,661,136	25,695,221	1,965,915
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,120,215)	(3,009,424)	106,945	3,116,369
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	40,814	40,814	6,668	(34,146)
Transfers Out	(3,046,720)	(3,046,720)	(3,046,720)	0
<i>Total Other Financing Sources (Uses)</i>	(3,005,906)	(3,005,906)	(3,040,052)	(34,146)
<i>Net Change in Fund Balance</i>	(4,126,121)	(6,015,330)	(2,933,107)	3,082,223
<i>Fund Balance Beginning of Year</i>	14,850,556	14,850,556	14,850,556	0
Prior Year Encumbrances Appropriated	1,261,706	1,261,706	1,261,706	0
<i>Fund Balance End of Year</i>	\$11,986,141	\$10,096,932	\$13,179,155	\$3,082,223

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2005*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity Pooled in Cash and Cash Equivalents	\$48,436	\$433,836
<b>Liabilities</b>		
Undistributed Monies	0	\$541
Deposits Held and Due to Others	0	433,295
<i>Total Liabilities</i>	0	\$433,836
<b>Net Assets</b>		
Held in Trust for Recreation	1,120	
Held in Trust for Unclaimed Monies	47,316	
<i>Total Net Assets</i>	\$48,436	

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2005*

	Private Purpose Trust
<b>Additions</b>	
Interest	\$29
Unclaimed Monies	672
<i>Total Additions</i>	701
<b>Deductions</b>	
Materials and Supplies	21
Payment of Unclaimed Monies	145
<i>Total Deductions</i>	166
<i>Change in Net Assets</i>	535
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	47,901
<i>Net Assets End of Year</i>	\$48,436

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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**Note 1 – Description of the City and Reporting Entity**

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

***Reporting Entity***

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

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

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

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

The City participates in one jointly governed organization, the Northeast Ohio Public Energy Council. This organization is described in Note 13 of the Basic Financial Statements.

**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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**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. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. However, the City has only governmental activities; therefore no business-type activities are presented.

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

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

**B. Fund Accounting**

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

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

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

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

**Capital Improvements Capital Projects Fund** The capital improvements capital projects fund accounts for transfers from the general fund and bond proceeds to be used for the acquisition, construction or improvement of major capital facilities.



**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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

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

***C. Measurement Focus***

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

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

The private purpose trust funds are reported using the economic resources measurement focus.

***D. Basis of Accounting***

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. Cash and Cash Equivalents***

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

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

During fiscal year 2005, investments were limited to STAROhio, manuscript bonds, federal national mortgage notes, federal home loan notes, Victory Federal Money Market Mutual Fund, U.S. Treasury Notes, non-negotiable certificates of deposit and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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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, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2005 amounted to \$960,523, which includes \$552,646 assigned from other City funds.

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

***G. Inventory***

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

***H. Capital Assets***

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

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

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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The City's infrastructure consists of streets, water lines, sanitary sewers, and storm sewers and includes infrastructure acquired prior to December 31, 1980.

***I. Compensated Absences***

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

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

***J. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

***K. Fund Balance Reserve***

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 expenditures. As a result, encumbrances are recorded as a reservation of fund balance.

***L. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$9,868,110 of restricted net assets, of which \$185,354 is restricted by enabling legislation. Net assets restricted for other purposes include police, street lights, and improvements to the Mayor's court.

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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***M. Interfund Activity***

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***N. 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.

***O. 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.

***P. Budgetary Process***

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

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 3 – Change in Accounting Principles and Restatement of Prior Year’s Net Assets**

***A. Change in Accounting Principles***

For fiscal year 2005, the City has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,” and GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section.”

GASB Statement No. 40 establishes new disclosure requirements for risk associated with deposits and investments.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

***B. Restatement of Prior Year’s Net Assets***

During 2005, special assessments and capital assets were restated. These restatements had the following effect on the net assets as they were previously reported.

	Governmental Activities
Net Assets, December 31, 2004	\$103,445,517
Capital Assets	1,719,560
Special Assessments Receivable	2,793,292
Adjusted Net Assets, December 31, 2004	\$107,958,369

During 2005, it was discovered that the Unclaimed Monies Fund should be reclassified as a Private Purpose Trust Fund. This restatement caused fiduciary net assets of \$1,112 at December 31, 2004 to increase by \$46,789 for an adjusted total of \$47,901 at December 31, 2004.

**Note 4 - Budgetary Basis of Accounting**

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

**City of Beachwood, Ohio**  
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The major differences between the budget basis and the GAAP basis are:

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

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

GAAP Basis	(\$762,918)
Net Adjustments for Revenue Accruals	(37,373)
Beginning Fair Value Adjustment for Investments	(199,977)
Ending Fair Value Adjustment for Investments	(305,584)
Net Adjustments for Expenditure Accruals	73,476
Encumbrances	<u>(1,700,731)</u>
Budget Basis	<u><u>(\$2,933,107)</u></u>

**Note 5 - Deposits and Investments**

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

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

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

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

**City of Beachwood, Ohio**  
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Interim monies to be deposited or invested in the following securities:

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

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

**Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$968,882 of the City's bank balance of \$1,189,218 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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



**City of Beachwood, Ohio**  
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**Investments**

Investments are reported at fair value. As of December 31, 2005, the City had the following investments:

	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
Repurchase Agreements	\$2,734,139	\$2,734,139	\$0	\$0
Victory Federal Money Market Mutual Fund	783,698	783,698	0	0
Federal National Mortgage Notes	5,866,550	0	977,800	4,888,750
U.S. Treasury Notes	6,918,125	998,438	3,955,000	1,964,687
Manuscript Bonds	6,000	0	6,000	0
Federal Home Loan Notes	17,960,049	4,966,563	1,971,776	11,021,710
STAROhio	1,724,753	1,724,753	0	0
<b>Total Investments</b>	<b>\$35,993,314</b>	<b>\$11,207,591</b>	<b>\$6,910,576</b>	<b>\$17,875,147</b>

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

**Credit Risk** The Victory Federal Money Market Mutual Fund and STAROhio carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Bank Notes, the Federal Home Loan Mortgage Notes, and the Federal National Mortgage Notes are all rated Aaa by Moody's Investors Service. The city has no investment policy that would further limit its investment choices.

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

**Concentration of Credit Risk** The City places no limit on the amount it may invest in any one issuer. The City's investments in the Federal National Mortgage Notes, U.S. Treasury Notes and the Federal Home Loan Notes represents 16.3 percent, 19.22 and 49.90 percent respectively, of the City's total investments.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 6 - Receivables**

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property and other taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All except special assessments are expected to be collected within one year.

Special assessments expected to be collected in more than one year amount to \$7,268,464 in the Bond Retirement Fund and \$365,352 in the Capital Improvement Fund. At December 31, 2005 the amount of delinquent special assessments was \$14,729.

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005 on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and collected in 2006 real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004 on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The tax rate for all City operations for the year ended December 31, 2005, was \$4.00 per 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$691,599,750
Tangible Personal Property	51,331,852
Public Utility Property	<u>12,138,420</u>
Total Valuation	<u><u>\$755,070,022</u></u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general and police pension funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

***B. Municipal Income Taxes***

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

***C. Intergovernmental Receivable***

A summary of intergovernmental receivables follows:

Estate Tax	\$650,033
Gasoline Tax	179,776
Homestead and Rollback	149,189
Local Government Tax	144,544
Other	<u>6,594</u>
Total	<u><u>\$1,130,136</u></u>

**Note 7 - Compensated Absences**

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

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

**City of Beachwood, Ohio**  
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convert 40 percent of their unused sick leave balance into a lump sum cash payment to be included in the final payroll warrant issued to the employee.

**Note 8 – Interfund Transfers**

Transfers of \$2,000,000 and \$1,046,720 were made during calendar year 2005 from the general fund to the capital improvements fund and the bond retirement fund respectively. The transfer to the capital improvements fund was made to move unrestricted balances to support the capital projects of the City. The transfer to the bond retirement fund was to move money for the payment of general obligation bonds.

**Note 9 - Litigation**

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

**Note 10 – Capital Assets**

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/04	Additions	Deletions	Balance 12/31/05
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$9,316,036	\$564,200	\$0	\$9,880,236
Construction in Progress	13,898,594	416,830	(13,555,489)	759,935
<i>Total Capital Assets, not being depreciated</i>	<u>23,214,630</u>	<u>981,030</u>	<u>(13,555,489)</u>	<u>10,640,171</u>
<i>Capital Assets, being depreciated</i>				
Land Improvements	6,897,330	0	0	6,897,330
Buildings and Improvements	15,560,582	15,794,562	0	31,355,144
Furniture and Equipment	3,378,835	70,906	(6,760)	3,442,981
Vehicles	5,307,466	92,672	(81,586)	5,318,552
Infrastructure				
Streets	48,176,484	2,654,782	(41,934)	50,789,332
Water Lines	3,234,266	73,000	0	3,307,266
Sanitary Sewers	1,754,430	273,000	0	2,027,430
Storm Sewers	1,330,229	254,000	0	1,584,229
<i>Total Capital Assets, being depreciated</i>	<u>\$85,639,622</u>	<u>\$19,212,922</u>	<u>(\$130,280)</u>	<u>\$104,722,264</u>

**City of Beachwood, Ohio**  
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For the Year Ended December 31, 2005

	Balance 12/31/04	Additions	Deletions	Balance 12/31/05
Less Accumulated Depreciation				
Land Improvements	(\$428,124)	(\$344,866)	\$0	(\$772,990)
Buildings and Improvements	(3,404,548)	(311,212)	0	(3,715,760)
Furniture and Equipment	(1,944,030)	(249,725)	6,760	(2,186,995)
Vehicles	(4,138,804)	(351,697)	55,551	(4,434,950)
Infrastructure				
Streets	(20,969,424)	(2,685,645)	31,451	(23,623,618)
Water Lines	(598,617)	(77,936)	0	(676,553)
Sanitary Sewers	(229,522)	(35,088)	0	(264,610)
Storm Sewers	(209,087)	(26,604)	0	(235,691)
<i>Total Accumulated Depreciation</i>	<u>(31,922,156)</u>	<u>(4,082,773) *</u>	<u>93,762</u>	<u>(35,911,167)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>53,717,466</u>	<u>15,130,149</u>	<u>(36,518)</u>	<u>68,811,097</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$76,932,096</u>	<u>\$16,111,179</u>	<u>(\$13,592,007)</u>	<u>\$79,451,268</u>

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

General Government	\$186,275
Public Safety:	
Police	179,758
Fire	230,333
Public Services	3,132,641
Health and Welfare	13,120
Culture and Recreation	327,216
Building and Community Development	<u>13,430</u>
Total Depreciation Expense	<u>\$4,082,773</u>

**City of Beachwood, Ohio**  
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**Note 11 - Contractual Commitments**

The City had the following contractual commitments outstanding at December 31, 2005:

Project	Contract Amount	Amount Paid	Remaining on Contract
Municipal Center Renovation	\$13,241,674	(\$12,745,057)	\$496,617
Economic Development	470,079	(279,640)	190,439
Community Center Project	3,376,724	0	3,376,724
Hummer Dealership	57,113	(56,488)	625
Salary Study	17,000	(14,730)	2,270
Road Improvements	1,381,805	(1,226,560)	155,245
Storm and Sanitary Sewer Improvements	711,626	(75,219)	636,407
<b>Total</b>	<b>\$19,256,021</b>	<b>(\$14,397,694)</b>	<b>\$4,858,327</b>

**Note 12 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005, the City contracted with Arch Insurance Company for various types of insurance as follows:

Employee Dishonesty	\$100,000
Law Enforcement Liability	1,000,000
Money and Securities	25,000
Automobile - Comprehensive	1,000,000
Blanket Coverage - All Property	37,773,513
General Liability	1,000,000
Public Officials	1,000,000
Umbrella	5,000,000

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**City of Beachwood, Ohio**  
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**Note 13 - Jointly Governed Organization**

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2005. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308.

**Note 14 - Defined Benefit Pension Plans**

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

The City 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 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004 and 2003 were \$667,553, \$656,705, and \$568,828 respectively; 98.6 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$964 made by the City and \$605 made by plan members.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the employer is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OP&F for the years ending December 31, 2005, 2004, and 2003 were \$803,566, \$773,984, and \$753,954 respectively, equal to the required contributions for each year. The full amount has been contributed for 2004 and 2003. 69.69 percent has been contributed for 2005.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund are covered by Social Security. As of December 31, 2005, the City's volunteer firefighters, hired after August 3, 1992, are covered by Social Security. The City's liability is 6.2 percent of wages paid.

**Note 15 - Postemployment Benefits**

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

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.0 percent of covered payroll 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, 2004, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care



**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from one to six percent annually for the next eight years and four percent annually after eight years.

All investments are carried at market. 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.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual City contributions for 2005 which were used to fund postemployment benefits were \$279,603. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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 increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. 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 the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution 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 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors 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 City's actual contributions for 2005 that were used to fund postemployment health care benefits were \$236,612 for police and \$212,151 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2005

**Note 16 - Long-Term Obligations**

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

	Outstanding 12/31/2004	Additions	(Reductions)	Outstanding 12/31/2005	Amounts Due In One Year
<b>Special Assessment Bonds with Governmental Commitment</b>					
\$127,000 1985 9.375%					
Timberland Drive Improvement	12,000	0	(6,000)	6,000	6,000
\$670,000 1988 7.500%					
Blossom Lane Improvement	215,000	0	(50,000)	165,000	50,000
\$235,000 1989 7.150%					
Meadoway Drive Improvement	90,000	0	(15,000)	75,000	15,000
\$4,855,000 1990 7.000%					
Various Projects	2,230,000	0	(310,000)	1,920,000	335,000
\$610,000 1994 6.750%					
Various Projects	400,000	0	(30,000)	370,000	25,000
\$2,270,000 1994 4.900%					
George Zeigler Drive Improvements	1,655,000	0	(100,000)	1,555,000	105,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	495,000	0	(20,000)	475,000	20,000
\$2,150,000 2002 2.250%					
Various Projects	1,990,000	0	(80,000)	1,910,000	85,000
<i>Total Special Assessments Bonds</i>	<u>7,087,000</u>	<u>0</u>	<u>(611,000)</u>	<u>6,476,000</u>	<u>641,000</u>
<b>General Obligation Bonds</b>					
\$3,850,000 2002 2.250%					
Fire Station	3,575,000	0	(145,000)	3,430,000	145,000
\$9,805,000 2004 4.600%					
City Hall	9,805,000	0	(360,000)	9,445,000	375,000
Premium on City Hall Bonds	192,644	0	(9,632)	183,012	0
Total City Hall Bonds	9,997,644	0	(369,632)	9,628,012	375,000
<i>Total General Obligation Bonds</i>	<u>13,572,644</u>	<u>0</u>	<u>(514,632)</u>	<u>13,058,012</u>	<u>520,000</u>
Compensated Absences	1,423,330	403,638	(47,815)	1,779,153	736,040
<i>Total General Long-term Obligations</i>	<u>\$22,082,974</u>	<u>\$403,638</u>	<u>(\$1,173,447)</u>	<u>\$21,313,165</u>	<u>\$1,897,040</u>

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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

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

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

The City's overall legal debt margin was \$66,920,635 at December 31, 2005. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2005, are as follows:

Year	General Obligation Bonds			
	Current Interest		Current Interest	
	Serial Bonds		Term Bonds	
	Principal	Interest	Principal	Interest
2006	\$520,000	\$531,258	\$0	\$0
2007	525,000	519,987	0	0
2008	530,000	506,263	0	0
2009	550,000	490,062	0	0
2010	565,000	472,922	0	0
2011-2015	2,675,000	1,787,668	450,000	275,380
2016-2020	1,185,000	309,398	2,640,000	1,015,650
2021-2024	555,000	40,740	2,680,000	315,100
Total	\$7,105,000	\$4,658,298	\$5,770,000	\$1,606,130

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2005*

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Year	Special Assessment Bonds	
	Principal	Interest
2006	641,000	361,425
2007	675,000	322,468
2008	720,000	281,102
2009	705,000	236,758
2010	725,000	193,730
2011-2015	1,675,000	591,058
2016-2020	1,035,000	211,912
2021-2022	300,000	22,067
Total	<u>\$6,476,000</u>	<u>\$2,220,520</u>

## **Combining Statements – Nonmajor Governmental Funds**

**All nonmajor governmental funds are special revenue funds.**

### **Nonmajor Special Revenue Funds**

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

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

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

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

***Law Enforcement Trust Fund*** - This fund accounts for monies received from the sale or disposition of seized contraband.

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

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

***Paramedic Trust Fund*** - This fund accounts for monies given to the City by privately held “Beachwood Paramedic Trust Fund” to provide equipment and training for paramedics of the City.

**City of Beachwood, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2005*

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$755,138	\$121,809	\$62,499
Property Taxes Receivable	0	0	0
Intergovernmental Receivable	166,324	13,452	0
<i>Total Assets</i>	<u>\$921,462</u>	<u>\$135,261</u>	<u>\$62,499</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$1,640	\$0	\$0
Intergovernmental Payable	0	0	0
Deferred Revenue	99,820	8,060	0
<i>Total Liabilities</i>	<u>101,460</u>	<u>8,060</u>	<u>0</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	61,879	0	0
Unreserved, Undesignated, Reported in Special Revenue Funds	758,123	127,201	62,499
<i>Total Fund Balances</i>	<u>820,002</u>	<u>127,201</u>	<u>62,499</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$921,462</u>	<u>\$135,261</u>	<u>\$62,499</u>

Law Enforcement Trust	Police Pension	Street Lights	Paramedic Trust	Total Nonmajor Governmental Funds
\$49,241	\$162,443	\$94,135	\$6,230	\$1,251,495
0	218,849	0	0	218,849
0	11,189	0	0	190,965
<u>\$49,241</u>	<u>\$392,481</u>	<u>\$94,135</u>	<u>\$6,230</u>	<u>\$1,661,309</u>
\$0	\$0	\$0	\$0	\$1,640
0	113,078	0	0	113,078
0	230,038	0	0	337,918
<u>0</u>	<u>343,116</u>	<u>0</u>	<u>0</u>	<u>452,636</u>
0	0	23	0	61,902
<u>49,241</u>	<u>49,365</u>	<u>94,112</u>	<u>6,230</u>	<u>1,146,771</u>
<u>49,241</u>	<u>49,365</u>	<u>94,135</u>	<u>6,230</u>	<u>1,208,673</u>
<u>\$49,241</u>	<u>\$392,481</u>	<u>\$94,135</u>	<u>\$6,230</u>	<u>\$1,661,309</u>

**City of Beachwood, Ohio**

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

*Nonmajor Governmental Funds*

*For the Year Ended December 31, 2005*

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement
<b>Revenues</b>			
Property and Other Taxes	\$0	\$0	\$0
Fines, Licenses, and Permits	0	0	8,656
Intergovernmental	426,054	34,544	0
Special Assessments	0	0	0
Interest	19,916	2,715	0
Other	0	0	0
<i>Total Revenues</i>	<u>445,970</u>	<u>37,259</u>	<u>8,656</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	3,723
Public Safety:			
Police	0	0	0
Public Services	429,240	0	0
<i>Total Expenditures</i>	<u>429,240</u>	<u>0</u>	<u>3,723</u>
<i>Net Change in Fund Balances</i>	16,730	37,259	4,933
<i>Fund Balances Beginning of Year</i>	<u>803,272</u>	<u>89,942</u>	<u>57,566</u>
<i>Fund Balances End of Year</i>	<u><u>\$820,002</u></u>	<u><u>\$127,201</u></u>	<u><u>\$62,499</u></u>



Law Enforcement Trust	Police Pension	Street Lights	Paramedic Trust	Total Nonmajor Governmental Funds
\$0	\$194,398	\$0	\$0	\$194,398
4,469	0	0	0	13,125
0	22,479	0	0	483,077
0	0	24,575	0	24,575
763	0	0	0	23,394
0	0	0	2,501	2,501
5,232	216,877	24,575	2,501	741,070
0	0	0	0	3,723
15,156	211,046	16,593	0	242,795
0	0	0	0	429,240
15,156	211,046	16,593	0	675,758
(9,924)	5,831	7,982	2,501	65,312
59,165	43,534	86,153	3,729	1,143,361
\$49,241	\$49,365	\$94,135	\$6,230	\$1,208,673

## Combining Statement - Fiduciary Funds

### *Fiduciary Funds*

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

### *Private Purpose Trust Funds*

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

***Unclaimed Monies Fund*** – This fund accounts for monies received by the City that are due to various individuals the City is unable to contact.

### *Agency Funds*

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

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

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

**City of Beachwood, Ohio**  
*Combining Statement of Fiduciary Net Assets*  
*Private Purpose Trust Funds*  
*December 31, 2005*

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	Leo Weiss	Unclaimed Monies	Total
<b>Assets</b>			
Equity Pooled in Cash and Cash Equivalents	\$1,120	\$47,316	\$48,436
	\$1,120	\$47,316	\$48,436
<b>Net Assets</b>			
Held in Trust for Recreation	\$1,120	\$0	\$1,120
Held in Trust for Unclaimed Monies	0	47,316	47,316
	\$1,120	\$47,316	\$48,436
<i>Total Net Assets</i>			

**City of Beachwood, Ohio**  
*Combining Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Funds*  
*December 31, 2005*

	Leo Weiss	Unclaimed Monies	Total
<b>Additions</b>			
Interest	\$29	\$0	\$29
Unclaimed Monies	0	672	672
<i>Total Additions</i>	<u>29</u>	<u>672</u>	<u>701</u>
<b>Deductions</b>			
Materials and Supplies	21	0	21
Payment of Unclaimed Monies	0	145	145
<i>Total Deductions</i>	<u>21</u>	<u>145</u>	<u>166</u>
<i>Change in Net Assets</i>	8	527	535
<i>Net Assets Beginning of Year</i>	<u>1,112</u>	<u>46,789</u>	<u>47,901</u>
<i>Net Assets End of Year</i>	<u><u>\$1,120</u></u>	<u><u>\$47,316</u></u>	<u><u>\$48,436</u></u>

**City of Beachwood, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2005*

	Beginning Balance 1/1/05	Additions	Deductions	Ending Balance 12/31/05
<b>Commercial Permits Tax</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$552	\$12,352	\$12,363	\$541
<b>Liabilities</b>				
Undistributed Monies	\$552	\$12,352	\$12,363	\$541
<b>Special Trust and Agency</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$305,478	\$305,478	\$0
<b>Liabilities</b>				
Deposits Held and Due to Others	\$0	\$305,478	\$305,478	\$0
<b>Deposits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$484,574	\$357,389	\$408,668	\$433,295
<b>Liabilities</b>				
Deposits Held and Due to Others	\$484,574	\$357,389	\$408,668	\$433,295
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$485,126	\$675,219	\$726,509	\$433,836
<b>Liabilities</b>				
Undistributed Monies	\$552	\$12,352	\$12,363	\$541
Deposits Held and Due to Others	484,574	662,867	714,146	433,295
<i>Total Liabilities</i>	\$485,126	\$675,219	\$726,509	\$433,836

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

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$3,711,418	\$3,239,326	\$3,329,113	\$89,787
Municipal Income Taxes	16,056,644	15,767,163	16,111,304	344,141
Charges for Services	1,314,305	1,178,143	1,480,619	302,476
Fines, Licenses, and Permits	736,788	736,789	751,475	14,686
Intergovernmental	2,743,206	2,743,206	2,945,994	202,788
Interest	750,000	880,131	1,066,130	185,999
Other	106,954	106,954	117,531	10,577
<i>Total Revenues</i>	25,419,315	24,651,712	25,802,166	1,150,454
<b>Expenditures</b>				
General Government:				
Council:				
Personal Services	86,108	84,808	72,377	12,431
Contractual Services	130,250	129,550	125,294	4,256
Materials and Supplies	1,800	1,800	949	851
Capital Outlay	0	2,000	705	1,295
Other	64,600	64,600	61,107	3,493
Total Council	282,758	282,758	260,432	22,326
Mayor:				
Personal Services	406,308	406,308	389,355	16,953
Contractual Services	21,343	21,590	21,590	0
Materials and Supplies	22,945	22,698	13,672	9,026
Capital Outlay	20,524	20,524	10,181	10,343
Other	45,565	45,565	25,411	20,154
Total Mayor	516,685	516,685	460,209	56,476
Finance Director:				
Personal Services	\$1,007,700	1,014,200	973,524	40,676
Contractual Services	1,239,314	1,373,714	1,317,635	56,079
Materials and Supplies	27,416	27,416	23,603	3,813
Capital Outlay	122,299	115,799	80,959	34,840
Other	369,179	369,179	288,333	80,846
Total Finance Director	\$2,765,908	\$2,900,308	\$2,684,054	\$216,254

(continued)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Department:				
Personal Services	\$400,830	\$400,830	\$393,212	\$7,618
Contractual Services	263,276	263,276	241,963	21,313
Materials and Supplies	18,422	18,422	8,381	10,041
Capital Outlay	13,000	13,000	6,603	6,397
Other	0	61,806	38,485	23,321
Total Law Department	695,528	757,334	688,644	68,690
Total General Government	4,260,879	4,457,085	4,093,339	363,746
Public Safety:				
Police Department:				
Personal Services	5,886,455	5,886,455	5,787,596	98,859
Contractual Services	430,520	430,520	349,529	80,991
Materials and Supplies	62,548	62,548	40,702	21,846
Capital Outlay	257,574	257,574	156,689	100,885
Other	118,102	118,102	84,400	33,702
Total Police Department	6,755,199	6,755,199	6,418,916	336,283
Fire Department:				
Personal Services	4,581,135	4,581,135	4,514,486	66,649
Contractual Services	108,481	138,881	85,898	52,983
Materials and Supplies	90,696	86,696	60,604	26,092
Capital Outlay	76,456	80,456	73,392	7,064
Other	51,673	51,673	32,482	19,191
Total Fire Department	4,908,441	4,938,841	4,766,862	171,979
Total Public Safety	11,663,640	11,694,040	11,185,778	508,262
Public Services:				
Service Department:				
Personal Services	380,163	380,163	356,627	23,536
Contractual Services	10,076	10,076	7,606	2,470
Materials and Supplies	49,880	49,880	39,613	10,267
Capital Outlay	17,700	17,700	9,012	8,688
Other	18,822	18,822	13,408	5,414
Total Service Department	\$476,641	\$476,641	\$426,266	\$50,375

(continued)



**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building and Grounds:				
Personal Services	\$834,098	\$847,698	\$792,620	\$55,078
Contractual Services	533,759	620,159	489,639	130,520
Materials and Supplies	189,562	189,562	124,193	65,369
Capital Outlay	55,703	55,703	51,980	3,723
Other	71,200	71,200	55,718	15,482
<b>Total Building and Grounds</b>	<b>1,684,322</b>	<b>1,784,322</b>	<b>1,514,150</b>	<b>270,172</b>
Fleet Maintenance:				
Personal Services	676,331	662,331	647,120	15,211
Contractual Services	66,709	140,709	135,975	4,734
Materials and Supplies	473,595	553,595	523,679	29,916
Capital Outlay	27,729	17,729	16,952	777
<b>Total Fleet Maintenance</b>	<b>1,244,364</b>	<b>1,374,364</b>	<b>1,323,726</b>	<b>50,638</b>
Streets, Sidewalks, and Sewers:				
Personal Services	1,361,218	1,376,218	1,374,493	1,725
Contractual Services	138,223	128,223	109,915	18,308
Materials and Supplies	554,348	603,648	571,500	32,148
Capital Outlay	22,000	32,700	32,057	643
Other	5,555	5,555	4,073	1,482
<b>Total Streets, Sidewalks, and Sewers</b>	<b>2,081,344</b>	<b>2,146,344</b>	<b>2,092,038</b>	<b>54,306</b>
Sanitation:				
Personal Services	636,039	636,039	619,961	16,078
Contractual Services	229,749	229,749	207,346	22,403
Materials and Supplies	12,000	212,000	159,030	52,970
Capital Outlay	13,000	413,000	400,684	12,316
Other	1,000	1,000	0	1,000
<b>Total Sanitation</b>	<b>891,788</b>	<b>1,491,788</b>	<b>1,387,021</b>	<b>104,767</b>
Engineering Department:				
Personal Services	182,846	182,846	179,385	3,461
Contractual Services	72,738	72,738	33,505	39,233
Materials and Supplies	4,100	4,100	613	3,487
Capital Outlay	5,000	5,000	3,535	1,465
Other	5,551	5,551	2,765	2,786
<b>Total Engineering Department</b>	<b>270,235</b>	<b>270,235</b>	<b>219,803</b>	<b>50,432</b>
<b>Total Public Services</b>	<b>\$6,648,694</b>	<b>\$7,543,694</b>	<b>\$6,963,004</b>	<b>\$580,690</b>

(continued)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Human Services Department:				
Personal Services	\$353,709	\$353,709	\$331,562	\$22,147
Contractual Services	155,153	145,153	128,038	17,115
Materials and Supplies	39,533	49,533	44,070	5,463
Capital Outlay	54,000	54,000	9,665	44,335
Other	34,832	34,832	32,351	2,481
Total Health and Welfare	637,227	637,227	545,686	91,541
Culture and Recreation				
Recreation Administration:				
Personal Services	379,205	369,205	348,601	20,604
Contractual Services	326,393	326,393	321,071	5,322
Materials and Supplies	32,909	32,909	31,783	1,126
Capital Outlay	32,700	42,700	25,400	17,300
Other	36,688	36,688	22,271	14,417
Total Recreation Administration	807,895	807,895	749,126	58,769
Recreation Camps:				
Personal Services	244,400	233,500	224,850	8,650
Contractual Services	92,500	108,900	94,893	14,007
Materials and Supplies	23,500	19,100	15,744	3,356
Capital Outlay	1,000	1,000	632	368
Other	4,100	3,000	779	2,221
Total Recreation Camps	365,500	365,500	336,898	28,602
Recreation Child Care:				
Personal Services	24,250	24,250	23,286	964
Materials and Supplies	2,500	2,500	1,196	1,304
Other	700	700	130	570
Total Recreation Child Care	27,450	27,450	24,612	2,838
Recreation Sports Programs:				
Personal Services	29,800	29,800	25,322	4,478
Contractual Services	80,485	80,485	51,938	28,547
Materials and Supplies	43,689	43,689	28,837	14,852
Capital Outlay	5,500	5,500	1,561	3,939
Other	6,500	6,500	2,892	3,608
Total Recreation Sports Programs	\$165,974	\$165,974	\$110,550	\$55,424

(continued)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Recreation Other Programs:				
Personal Services	\$101,829	\$97,829	\$94,006	\$3,823
Contractual Services	80,784	80,784	68,089	12,695
Materials and Supplies	6,931	12,931	12,076	855
Capital Outlay	2,000	2,200	1,482	718
Other	9,000	6,800	5,224	1,576
<b>Total Recreation Other Programs</b>	<b>200,544</b>	<b>200,544</b>	<b>180,877</b>	<b>19,667</b>
Recreation Parks/Swimming Pools:				
Personal Services	344,600	344,600	300,908	43,692
Contractual Services	170,000	175,000	131,997	43,003
Materials and Supplies	48,883	43,883	42,169	1,714
Capital Outlay	14,867	14,867	3,517	11,350
Other	2,886	2,886	1,463	1,423
<b>Total Recreation Parks/Swimming Pools</b>	<b>581,236</b>	<b>581,236</b>	<b>480,054</b>	<b>101,182</b>
<b>Total Culture and Recreation</b>	<b>2,148,599</b>	<b>2,148,599</b>	<b>1,882,117</b>	<b>266,482</b>
Building and Community Development:				
Building Development:				
Personal Services	980,019	980,019	918,477	61,542
Contractual Services	111,204	111,204	55,165	56,039
Materials and Supplies	22,474	22,474	16,592	5,882
Capital Outlay	29,400	29,400	18,258	11,142
Other	37,394	37,394	16,805	20,589
<b>Total Building and Community Development</b>	<b>1,180,491</b>	<b>1,180,491</b>	<b>1,025,297</b>	<b>155,194</b>
<i>Total Expenditures</i>	<i>26,539,530</i>	<i>27,661,136</i>	<i>25,695,221</i>	<i>1,965,915</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(1,120,215)</i>	<i>(3,009,424)</i>	<i>106,945</i>	<i>3,116,369</i>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	40,814	40,814	6,668	(34,146)
Transfers Out	(3,046,720)	(3,046,720)	(3,046,720)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(3,005,906)</b>	<b>(3,005,906)</b>	<b>(3,040,052)</b>	<b>(34,146)</b>
<i>Net Change in Fund Balance</i>	<i>(4,126,121)</i>	<i>(6,015,330)</i>	<i>(2,933,107)</i>	<i>3,082,223</i>
<i>Fund Balance Beginning of Year</i>	<i>14,850,556</i>	<i>14,850,556</i>	<i>14,850,556</i>	<i>0</i>
Prior Year Encumbrances Appropriated	1,261,706	1,261,706	1,261,706	0
<b>Fund Balance End of Year</b>	<b>\$11,986,141</b>	<b>\$10,096,932</b>	<b>\$13,179,155</b>	<b>\$3,082,223</b>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Bond Retirement Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$901,731	\$895,000	\$1,014,593	\$119,593
Interest	0	0	32,319	32,319
<i>Total Revenues</i>	901,731	895,000	1,046,912	151,912
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	1,116,000	1,116,000	1,116,000	0
Interest and Fiscal Charges	955,000	955,000	943,847	11,153
<i>Total Expenditures</i>	2,071,000	2,071,000	2,059,847	11,153
<i>Excess of Revenues Under Expenditures</i>	(1,169,269)	(1,176,000)	(1,012,935)	163,065
<b>Other Financing Sources</b>				
Transfers In	1,046,720	1,046,720	1,046,720	0
<i>Net Change in Fund Balance</i>	(122,549)	(129,280)	33,785	163,065
<i>Fund Balance Beginning of Year</i>	479,498	479,498	479,498	0
<i>Fund Balance End of Year</i>	\$356,949	\$350,218	\$513,283	\$163,065

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvements Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$272,750	\$272,750
Special Assessments	0	0	41,030	41,030
Other	0	0	36,822	36,822
<i>Total Revenues</i>	0	0	350,602	350,602
<b>Expenditures</b>				
Capital Outlay:				
Personal Services	451,464	981,464	353,064	628,400
Contractual Services	105,540	45,540	32,338	13,202
Capital Outlay	7,258,937	11,767,937	11,401,344	366,593
Other	2,674	23,674	12,557	11,117
<i>Total Expenditures</i>	7,818,615	12,818,615	11,799,303	1,019,312
<i>Excess of Revenues Under Expenditures</i>	(7,818,615)	(12,818,615)	(11,448,701)	1,369,914
<b>Other Financing Sources</b>				
Transfers In	3,000,000	2,000,000	2,000,000	0
<i>Net Change in Fund Balance</i>	(4,818,615)	(10,818,615)	(9,448,701)	1,369,914
<i>Fund Balance Beginning of Year</i>	20,523,375	20,523,375	20,523,375	0
Prior Year Encumbrances Appropriated	3,238,615	3,238,615	3,238,615	0
<i>Fund Balance End of Year</i>	\$18,943,375	\$12,943,375	\$14,313,289	\$1,369,914

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$316,000	\$321,000	\$413,974	\$92,974
Interest	5,000	9,000	19,916	10,916
<i>Total Revenues</i>	321,000	330,000	433,890	103,890
<b>Expenditures</b>				
Current:				
Public Services:				
Streets, Sidewalks, and Maintenance:				
Capital Outlay	779,087	779,087	496,119	282,968
<i>Net Change in Fund Balance</i>	(458,087)	(449,087)	(62,229)	386,858
<i>Fund Balance Beginning of Year</i>	574,761	574,761	574,761	0
Prior Year Encumbrances Appropriated	179,087	179,087	179,087	0
<i>Fund Balance End of Year</i>	<u>\$295,761</u>	<u>\$304,761</u>	<u>\$691,619</u>	<u>\$386,858</u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
State Highway Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$29,000	\$29,000	\$33,565	\$4,565
Interest	1,000	1,000	2,715	1,715
<i>Total Revenues</i>	<u>30,000</u>	<u>30,000</u>	<u>36,280</u>	<u>6,280</u>
<b>Expenditures</b>				
Current:				
Public Services:				
Streets, Sidewalks, and Maintenance:				
Personal Services	5,000	5,000	0	5,000
Contractual Services	5,000	5,000	0	5,000
Capital Outlay	90,000	90,000	0	90,000
<i>Total Expenditures</i>	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
<i>Net Change in Fund Balance</i>	(70,000)	(70,000)	36,280	106,280
<i>Fund Balance Beginning of Year</i>	<u>85,529</u>	<u>85,529</u>	<u>85,529</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$15,529</u>	<u>\$15,529</u>	<u>\$121,809</u>	<u>\$106,280</u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Mayor's Court Improvement Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses, and Permits	\$11,000	\$8,500	\$8,656	\$156
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Contractual Services	5,000	5,000	0	5,000
Materials and Supplies	5,000	5,000	171	4,829
Capital Outlay	45,000	45,000	3,552	41,448
<i>Total Expenditures</i>	55,000	55,000	3,723	51,277
<i>Net Change in Fund Balance</i>	(44,000)	(46,500)	4,933	51,433
<i>Fund Balance Beginning of Year</i>	57,566	57,566	57,566	0
<i>Fund Balance End of Year</i>	\$13,566	\$11,066	\$62,499	\$51,433



**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses, and Permits	\$500	\$500	\$4,469	\$3,969
Interest	50	50	763	713
<i>Total Revenues</i>	550	550	5,232	4,682
<b>Expenditures</b>				
Current:				
Public Safety:				
Police Department:				
Contractual Services	1,180	1,000	180	820
Materials and Supplies	9,000	9,000	5,947	3,053
Capital Outlay	27,000	27,000	9,029	17,971
Other	8,000	8,000	0	8,000
<i>Total Expenditures</i>	45,180	45,000	15,156	29,844
<i>Net Change in Fund Balance</i>	(44,630)	(44,450)	(9,924)	34,526
<i>Fund Balance Beginning of Year</i>	59,165	59,165	59,165	0
<i>Fund Balance End of Year</i>	\$14,535	\$14,715	\$49,241	\$34,526

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Pension Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$191,519	\$191,519	\$194,398	\$2,879
Intergovernmental	18,150	18,150	22,479	4,329
<i>Total Revenues</i>	209,669	209,669	216,877	7,208
<b>Expenditures</b>				
Current:				
Public Safety:				
Police Department:				
Personal Services	210,900	210,900	210,900	0
Other	646	500	146	354
<i>Total Expenditures</i>	211,546	211,400	211,046	354
<i>Net Change in Fund Balance</i>	(1,877)	(1,731)	5,831	7,562
<i>Fund Balance Beginning of Year</i>	32,134	32,134	32,134	0
Prior Year Encumbrances Appropriated	11,400	11,400	11,400	0
<i>Fund Balance End of Year</i>	\$41,657	\$41,803	\$49,365	\$7,562

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Lights Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$21,200	\$21,200	\$24,575	\$3,375
<b>Expenditures</b>				
Current:				
Public Safety:				
Police:				
Streets, Sidewalks, and Sewers:				
Contractual Services	21,450	21,450	16,616	4,834
<i>Net Change in Fund Balance</i>	(250)	(250)	7,959	8,209
<i>Fund Balance Beginning of Year</i>	86,153	86,153	86,153	0
<i>Fund Balance End of Year</i>	<u>\$85,903</u>	<u>\$85,903</u>	<u>\$94,112</u>	<u>\$8,209</u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Paramedic Trust Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$0	\$0	\$2,501	\$2,501
<b>Expenditures</b>				
Current:				
Public Safety:				
Fire Department:				
Capital Outlay	3,729	3,729	0	3,729
<i>Net Change in Fund Balance</i>	(3,729)	(3,729)	2,501	6,230
<i>Fund Balance Beginning of Year</i>	3,729	3,729	3,729	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$6,230	\$6,230

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Leo Weiss Trust Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$20	\$20	\$29	\$9
<b>Expenses</b>				
Materials and Supplies	100	100	21	79
<i>Net Change in Fund Equity</i>	(80)	(80)	8	88
<i>Fund Equity Beginning of Year</i>	1,112	1,112	1,112	0
<i>Fund Equity End of Year</i>	<u>\$1,032</u>	<u>\$1,032</u>	<u>\$1,120</u>	<u>\$88</u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Unclaimed Monies Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$0	\$0	\$672	\$672
<b>Expenses</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	672	672
Refund of Unclaimed Money	<u>2,000</u>	<u>2,000</u>	<u>145</u>	<u>(1,855)</u>
<i>Net Change in Fund Equity</i>	(2,000)	(2,000)	527	2,527
<i>Fund Equity Beginning of Year</i>	<u>46,789</u>	<u>46,789</u>	<u>46,789</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$44,789</u></u>	<u><u>\$44,789</u></u>	<u><u>\$47,316</u></u>	<u><u>\$2,527</u></u>

## Statistical Section

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

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<b>Contents</b>	<b>Page(s)</b>
<b>Financial Trends</b> .....	S2-S7
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b> .....	S8-S11
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<b>Debt Capacity</b> .....	S12-S15
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
<b>Economic and Demographic Information</b> .....	S16-S18
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b> .....	S19-S21
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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

	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$60,100,268	\$56,465,096	\$57,272,685	\$47,734,116	\$44,084,204
Restricted	9,868,110	10,731,005	8,656,948	9,455,579	8,006,037
Unrestricted	<u>36,479,619</u>	<u>40,762,268</u>	<u>40,861,854</u>	<u>47,742,886</u>	<u>48,303,428</u>
<i>Total Governmental Activities</i> <i>Net Assets</i>	<u>\$106,447,997</u>	<u>\$107,958,369</u>	<u>\$106,791,487</u>	<u>\$104,932,581</u>	<u>\$100,393,669</u>

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



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

	2005	2004	2003	2002	2001
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$15,762	\$10,670	\$95,684	\$76,201	\$353,533
Public Safety					
Police	208,424	270,094	239,440	84,811	21,346
Fire**	643,882	0	0	3,040	3,610
Public Services	0	0	0	206,990	10,288
Health and Welfare	0	0	0	0	107,322
Culture and Recreation	909,491	785,183	758,189	648,638	414,229
Building and Community Development	563,345	505,957	514,950	511,037	619,997
Operating Grants and Contributions	488,834	429,669	408,346	330,391	335,413
Capital Grants and Assessments	572,750	20,287	505,530	2,179,686	69,119
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	3,402,488	2,021,860	2,522,139	4,040,794	1,934,857
<b>Expenses</b>					
Governmental Activities:					
General Government	3,748,490	2,511,715	4,028,788	2,695,883	2,644,334
Public Safety					
Police	6,833,161	6,225,921	6,009,450	5,875,828	5,627,976
Fire	4,893,094	4,453,299	4,531,561	4,078,613	4,465,052
Public Services	9,522,260	10,242,815 *	9,264,750	8,147,093	8,367,104
Health and Welfare	548,302	474,014	513,502	482,859	371,027
Culture and Recreation	2,182,972	2,128,733	1,010,747	1,295,346	1,724,729
Building and Community Development	1,018,644	1,043,557	1,031,733	986,127	925,213
Interest and Fiscal Charges	930,269	709,870	610,840	584,774	529,908
<i>Total Governmental Activities Expenses</i>	29,677,192	27,789,924	27,001,371	24,146,523	24,655,343
<i>Total Primary Government Net Expense</i>	(\$26,274,704)	(\$25,768,064)	(\$24,479,232)	(\$20,105,729)	(\$22,720,486)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Property and Other Local Taxes Levied For:					
General Purposes	\$3,550,016	\$3,357,014	\$3,241,615	\$3,259,792	\$3,275,885
Police Pension	204,686	190,840	190,773	195,475	189,039
Municipal Income Taxes Levied					
For General Purposes	16,810,393	16,689,510	15,489,199	15,334,871	15,532,281
Grants and Entitlements nor Restricted to					
Specific Programs	3,029,826	3,193,163	6,155,914	3,182,728	4,617,259
Investment Earnings	1,016,236	562,074	1,012,572	2,454,536	3,084,949
Gain on Sale of Capital Assets	0	0	2,500	7,206	20,469
Other	153,175	149,053	245,565	210,033	380,164
<i>Total Governmental Activities</i>	24,764,332	24,141,654	26,338,138	24,644,641	27,100,046
<i>Total Primary Government</i>					
<i>Change in Net Assets</i>	(\$1,510,372)	(\$1,626,410) *	\$1,858,906	\$4,538,912	\$4,379,560

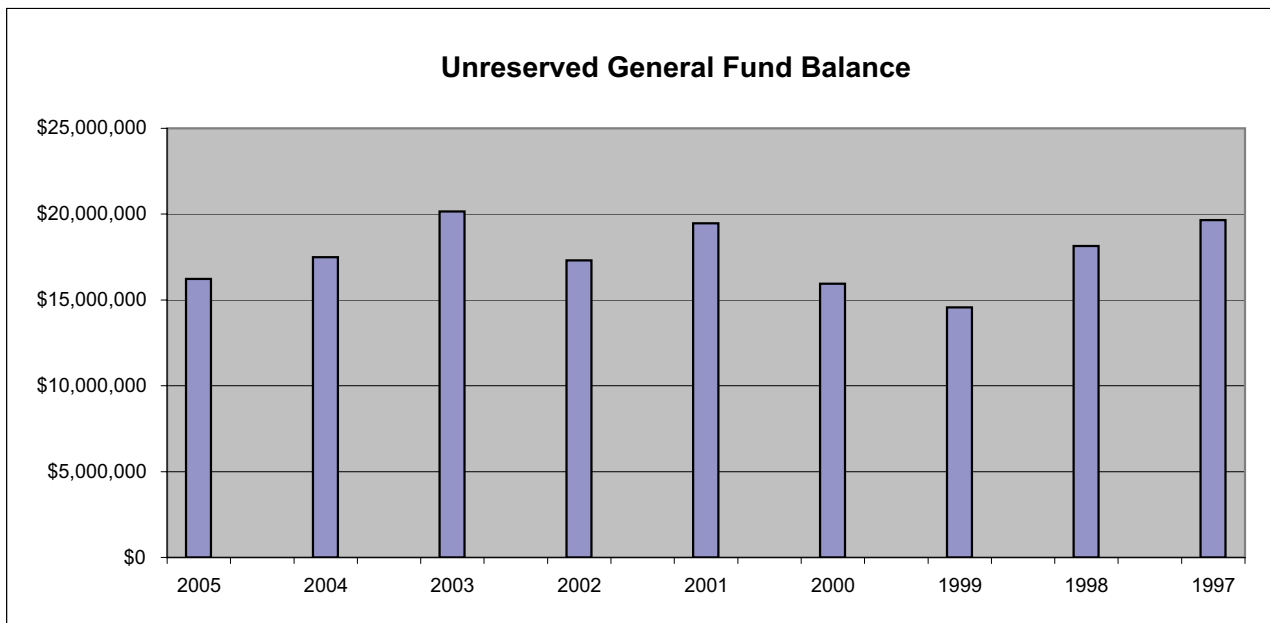
\* Reflects restated amount due to restatement of capital assets and special assessment receivables

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

**City of Beachwood, Ohio**  
*Fund Balances, Governmental Funds*  
*Last Nine Years (1)*  
*(Modified Accrual Basis of Accounting)*

	2005	2004	2003	2002
General Fund				
Reserved	\$1,494,421	\$995,081	\$1,079,978	\$1,200,590
Unreserved	16,226,771	17,489,029	20,150,935	17,302,884
<i>Total General Fund</i>	<u>17,721,192</u>	<u>18,484,110</u>	<u>21,230,913</u>	<u>18,503,474</u>
All Other Governmental Funds				
Reserved	4,510,983	2,989,800	11,499,399	7,330,762
Undesignated, Reported in:				
Special Revenue Funds	1,146,771	957,874	508,767	387,982
Debt Service Funds	513,283	479,498	504,219	456,726
Capital Projects Funds	14,135,185	19,295,899	8,234,572	22,260,528
<i>Total All Other Governmental Funds</i>	<u>20,306,222</u>	<u>23,723,071</u>	<u>20,746,957</u>	<u>30,435,998</u>
<i>Total Governmental Funds</i>	<u><u>\$38,027,414</u></u>	<u><u>\$42,207,181</u></u>	<u><u>\$41,977,870</u></u>	<u><u>\$48,939,472</u></u>

(1) Information prior to 1997 is not available.



2001	2000	1999	1998	1997
\$877,051	\$700,286	\$850,923	\$918,528	\$1,262,452
19,461,647	15,941,298	14,564,461	18,143,498	19,654,690
20,338,698	16,641,584	15,415,384	19,062,026	20,917,142
3,205,668	3,690,544	1,680,769	4,724,946	1,167,698
653,809	710,186	906,479	858,241	671,044
644,905	712,680	713,027	691,806	721,360
20,648,932	20,671,838	24,709,796	18,773,319	18,785,142
25,153,314	25,785,248	28,010,071	25,048,312	21,345,244
\$45,492,012	\$42,426,832	\$43,425,455	\$44,110,338	\$42,262,386

**City of Beachwood, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Nine Years(1)*  
*(Modified Accrual Basis of Accounting)*

	2005	2004	2003	2002
<b>Revenues</b>				
Property and Other Taxes	\$3,617,531	\$3,556,398	\$3,376,597	\$3,447,868
Municipal Income Taxes	16,546,653	16,952,888	15,889,265	15,456,366
Charges for Services	1,551,729	857,811	841,764	715,656
Fines, Licenses, and Permits	764,600	754,228	762,430	732,896
Intergovernmental	3,760,230	3,668,755	6,592,396	3,346,547
Special Assessments	1,080,198	936,559	997,060	463,543
Interest	1,016,236	562,074	1,012,572	2,454,536
Other	153,175	149,053	245,565	210,033
<i>Total Revenues</i>	<u>28,490,352</u>	<u>27,437,766</u>	<u>29,717,649</u>	<u>26,827,445</u>
<b>Expenditures</b>				
Current:				
General Government	3,583,744	3,392,026	3,021,551	2,447,651
Public Safety (2)				
Police	6,483,602	6,318,172	6,059,303	5,761,739
Fire	4,664,119	4,460,482	4,267,579	3,788,238
Public Services	6,616,107	5,897,243	6,385,038	6,146,724
Health and Welfare	535,182	460,894	508,654	461,467
Culture and Recreation	1,855,756	1,812,889	1,603,876	1,386,484
Building and Community Development	1,005,214	1,024,899	1,037,271	939,157
Capital Outlay	5,866,548	12,438,315	12,499,069	5,371,032
Debt Service:				
Principal Retirement	1,116,000	721,000	676,000	446,000
Interest and Fiscal Charges	943,847	680,179	620,910	574,025
<i>Total Expenditures</i>	<u>32,670,119</u>	<u>37,206,099</u>	<u>36,679,251</u>	<u>27,322,517</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,179,767)</u>	<u>(9,768,333)</u>	<u>(6,961,602)</u>	<u>(495,072)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	0	0
General Obligation Notes Issued	0	0	0	0
Premium on Notes	0	0	0	0
General Obligation Bonds Issued	0	9,805,000	0	3,850,000
Special Assessment Bonds Issued	0	0	0	2,150,000
Premium on Bonds	0	192,644	0	0
Transfers In	3,046,720	5,389,130	2,839,783	7,000,000
Transfers Out	(3,046,720)	(5,389,130)	(2,839,783)	(7,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>9,997,644</u>	<u>0</u>	<u>6,000,000</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$4,179,767)</u></u>	<u><u>\$229,311</u></u>	<u><u>(\$6,961,602)</u></u>	<u><u>\$5,504,928</u></u>
Debt Service as a Percentage of Noncapital Expenditures	7.68%	5.66%	5.36%	4.65%

(1) Information prior to 1997 is not available.

(2) Starting in 2001, Public Safety expenditures were broken out between Police and Fire

2001	2000	1999	1998	1997
\$3,439,087	\$3,337,248	\$3,274,191	\$3,099,963	\$6,185,093
15,805,371	15,733,023	14,035,958	13,437,873	14,786,784
684,746	556,452	599,805	889,564	687,330
845,579	637,602	635,959	873,213	929,560
4,927,390	4,369,859	3,073,641	2,885,619	1,155,770
500,461	1,085,235	974,751	963,511	1,041,403
3,084,949	3,052,504	1,895,120	2,656,226	2,237,905
380,164	68,649	195,892	574,435	151,668
29,667,747	28,840,572	24,685,317	25,380,404	27,175,513
2,360,436	2,280,102	2,254,477	2,141,822	1,750,146
5,390,781	8,672,783	8,464,810	8,004,484	6,706,503
3,834,322	n/a	n/a	n/a	n/a
5,931,831	n/a	n/a	n/a	n/a
412,988	6,333,048	5,596,884	5,206,040	4,915,061
1,277,910	338,744	297,133	74,602	0
903,246	1,175,955	1,135,689	1,214,131	1,265,314
5,533,568	909,417	862,872	795,265	791,317
2,461,000	9,746,101	7,299,746	5,280,119	2,553,922
542,799	2,431,000	430,000	1,035,000	1,015,000
28,648,881	531,908	498,298	533,940	576,127
1,018,866	32,419,058	26,839,909	24,285,403	19,573,390
20,469	(3,578,486)	(2,154,592)	1,095,001	7,602,123
2,000,000	22,150	14,900	53,758	26,814
12,620	2,000,000	2,000,000	601,110	600,000
0	0	0	0	0
0	0	0	0	0
0	555,000	0	0	0
0	0	0	0	0
5,000,000	7,000,000	10,823,038	8,750,000	6,000
(5,000,000)	(7,000,000)	(10,823,038)	(8,750,000)	(6,000)
2,033,089	2,577,150	2,014,900	654,868	626,814
\$3,051,955	(\$1,001,336)	(\$139,692)	\$1,749,869	\$8,228,937
12.99%	13.07%	4.75%	8.26%	9.35%

**City of Beachwood, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Nine Years (1)*

Tax Year	Tax Rate (2)	Total Tax Collected	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits
2005	1.50%	\$16,810,393	\$14,016,506	83.38%	\$1,613,798
2004	1.50	16,689,510	13,937,410	83.51	1,625,558
2003	1.50	15,489,199	13,158,075	84.95	1,274,761
2002	1.50	15,334,871	12,464,183	81.28	1,768,111
2001	1.50	15,532,281	12,927,517	83.23	1,539,249
2000	1.50	15,733,023	12,831,854	81.56	1,785,698
1999	1.50	14,035,958	11,625,984	82.83	1,319,380
1998	1.50	13,437,873	10,739,548	79.92	1,756,330
1997	1.50	14,786,784	11,217,254	75.86	1,534,868

(1) Information prior to 1997 is not available.

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

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
9.60%	\$1,180,089	7.02%
9.74	1,126,542	6.75
8.23	1,056,363	6.82
11.53	1,102,577	7.19
9.91	1,065,515	6.86
11.35	1,115,471	7.09
9.40	1,090,594	7.77
13.07	941,995	7.01
10.38	2,034,662	13.76

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

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2005

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Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,375	35.60%	\$11,231,683	3.31%
\$25,000-\$49,999	607	15.72	22,371,620	6.59
\$50,000-\$74,999	448	11.60	27,961,074	8.24
\$75,000-\$99,999	342	8.86	29,648,426	8.74
Over \$100,000	1,090	28.22	248,106,254	73.12
Total	<u>3,862</u>		<u>\$339,319,057</u>	

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2001 (1)

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Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,371	35.50%	\$8,868,213	2.61%
\$25,000-\$49,999	646	16.73	23,585,757	6.95
\$50,000-\$74,999	451	11.68	27,986,180	8.25
\$75,000-\$99,999	382	9.89	31,211,150	9.20
Over \$100,000	1,048	27.14	235,788,580	69.49
Total	<u>3,898</u>		<u>\$327,439,880</u>	

(1) Information prior to 2001 is not available.



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

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

2005	
Taxpayer	Ranking
MBNA Marketing Services Inc.	1
Developers Diversified	2
Menorah Park Center	3
Cleveland Clinic Foundation	4
Tremco Incorporated	5
Beachwood Board of Education	6
TMW Systems Inc.	7
Lamson & Sessions Company	8
MBNA Marketing Services & Affiliates	9
Penske Truck Leasing Company	10

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

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

Source: Regional Income Tax Agency

**City of Beachwood, Ohio**  
*Ratios of Bonded Debt Outstanding and Legal Debt Margin*  
*Last Ten Years*

	2005	2004	2003	2002
Population	12,186	12,186	12,186	12,186
Total Assessed Property Value	<u>\$755,070,022</u>	<u>\$749,966,828</u>	<u>\$755,137,685</u>	<u>\$716,923,271</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$12,875,000	\$13,380,000	\$3,715,000	\$3,850,000
Bond Anticipation Notes	0	0	0	0
Special Assessment Bonds	<u>6,476,000</u>	<u>7,087,000</u>	<u>7,668,000</u>	<u>8,209,000</u>
Total Gross Indebtedness	19,351,000	20,467,000	11,383,000	12,059,000
Less:				
Special Assessment Bonds	(6,476,000)	(7,087,000)	(7,668,000)	(8,209,000)
Debt Service Fund Balance	<u>(513,283)</u>	<u>(479,498)</u>	<u>(504,219)</u>	<u>(456,726)</u>
Total Net Debt Applicable to Debt Limit	<u>12,361,717</u>	<u>12,900,502</u>	<u>3,210,781</u>	<u>3,393,274</u>
Percentage of Estimated Actual Property Value	1.64%	1.72%	0.43%	0.47%
Total Net Debt per Capita	1,014	1,059	263	278
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>79,282,352</u>	<u>78,746,517</u>	<u>79,289,457</u>	<u>75,276,943</u>
Legal Debt Margin within 10 1/2% Limitation	<u>66,920,635</u>	<u>65,846,015</u>	<u>76,078,676</u>	<u>71,883,669</u>
Legal Debt Margin as a Percentage of the Debt Limit	84.41%	83.62%	95.95%	95.49%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$41,528,851</u>	<u>\$41,248,176</u>	<u>\$41,532,573</u>	<u>\$39,430,780</u>
Total Gross Indebtedness	19,351,000	20,467,000	11,383,000	12,059,000
Less:				
Special Assessment Bonds	(6,476,000)	(7,087,000)	(7,668,000)	(8,209,000)
Debt Service Fund Balance	<u>(513,283)</u>	<u>(479,498)</u>	<u>(504,219)</u>	<u>(456,726)</u>
Net Debt within 5 1/2% Limitation	<u>12,361,717</u>	<u>12,900,502</u>	<u>3,210,781</u>	<u>3,393,274</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$29,167,134</u>	<u>\$28,347,674</u>	<u>\$38,321,792</u>	<u>\$36,037,506</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	70.23%	68.72%	92.27%	91.39%

Source: City Financial Records

2001	2000	1999	1998	1997	1996
12,186	12,186	10,677	10,677	10,677	10,677
<u>\$713,817,941</u>	<u>\$704,187,234</u>	<u>\$625,979,001</u>	<u>\$615,421,121</u>	<u>\$580,801,639</u>	<u>\$538,828,988</u>
\$0	\$0	\$0	\$0	\$0	\$0
6,000,000	2,000,000	2,600,000	600,000	600,000	600,000
6,505,000	6,966,000	6,842,000	7,272,000	7,707,000	8,122,000
12,505,000	8,966,000	9,442,000	7,872,000	8,307,000	8,722,000
(6,505,000)	(6,966,000)	(6,842,000)	(7,272,000)	(7,707,000)	(8,122,000)
0	(712,780)	(713,027)	(691,806)	(721,360)	692,486
6,000,000	1,287,220	1,886,973	(91,806)	(121,360)	1,292,486
0.84%	0.18%	0.30%	-0.01%	-0.02%	0.24%
492	106	177	(9)	(11)	121
74,950,884	73,939,660	65,727,795	64,619,218	60,984,172	56,577,044
<u>68,950,884</u>	<u>72,652,440</u>	<u>63,840,822</u>	<u>64,711,024</u>	<u>61,105,532</u>	<u>55,284,558</u>
91.99%	98.26%	97.13%	100.14%	100.20%	97.72%
\$39,259,987	\$38,730,298	\$34,428,845	\$33,848,162	\$31,944,090	\$29,635,594
12,505,000	8,966,000	9,442,000	7,872,000	8,307,000	8,722,000
(6,505,000)	(6,966,000)	(6,842,000)	(7,272,000)	(7,707,000)	(8,122,000)
0	(712,780)	(713,027)	(691,806)	(721,360)	692,486
6,000,000	1,287,220	1,886,973	(91,806)	(121,360)	1,292,486
<u>\$33,259,987</u>	<u>\$37,443,078</u>	<u>\$32,541,872</u>	<u>\$33,939,968</u>	<u>\$32,065,450</u>	<u>\$28,343,108</u>
84.72%	96.68%	94.52%	100.27%	100.38%	95.64%

**City of Beachwood, Ohio**

*Computation of Direct and Overlapping Governmental Activities Debt*

*December 31, 2005*

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	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Beachwood</u>
<b>Direct - City of Beachwood, Ohio</b>			
General Obligation Bonds	\$13,058,012	66.85%	\$13,058,012
Special Assessment Bonds	<u>6,476,000</u>	33.15%	<u>6,476,000</u>
<i>Total Direct</i>	<u>19,534,012</u>	100.00%	<u>19,534,012</u>
<b>Overlapping</b>			
Cuyahoga County	231,365,971	2.46%	5,691,603
Beachwood City Schools	18,034,982	98.58%	17,778,885
Regional Transit Authority	<u>139,790,000</u>	2.46%	<u>3,438,834</u>
<i>Total Overlapping</i>	<u>389,190,953</u>		<u>26,909,322</u>
<i>Totals</i>	<u>\$408,724,965</u>		<u>\$46,443,334</u>

Source: Cuyahoga County, Ohio; County Auditor

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

**City of Beachwood, Ohio**  
*Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years*

Year	General Bonded Debt		Other Governmental Activities Debt							Total Debt	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (1)	Special Assessment Bonds	Bond Anticipation Notes	Total Debt					
2005	\$13,058,012	\$755,070,022	1.73%	\$1,072	\$6,476,000	\$0	\$19,534,012	3.96%	\$1,603			
2004	13,572,644	749,966,828	1.81	1,114	7,087,000	0	20,659,644	4.19	1,695			
2003	3,715,000	755,137,685	0.49	305	7,668,000	0	11,383,000	2.31	934			
2002	3,850,000	716,923,271	0.54	316	8,209,000	0	12,059,000	2.44	990			
2001	0	713,817,941	0.00	0	6,505,000	2,000,000	8,505,000	1.72	698			
2000	0	704,187,234	0.00	0	6,966,000	2,000,000	8,966,000	1.82	736			
1999	0	625,979,001	0.00	0	6,842,000	2,000,000	8,842,000	2.77	828			
1998	0	615,421,121	0.00	0	7,272,000	600,000	7,872,000	2.47	737			
1997	0	580,801,639	0.00	0	7,707,000	600,000	8,307,000	2.60	778			
1996	0	538,828,988	0.00	0	8,122,000	600,000	8,722,000	2.73	817			

(1) See Schedule on S16 for personal income and population data.

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

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Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2005	12,186	\$493,642,674	\$40,509	\$65,406	51.6
2004	12,186	493,642,674	40,509	65,406	51.6
2003	12,186	493,642,674	40,509	65,406	51.6
2002	12,186	493,642,674	40,509	65,406	51.6
2001	12,186	493,642,674	40,509	65,406	51.6
2000	12,186	493,642,674	40,509	65,406	51.6
1999	10,677	318,932,667	29,871	54,340	50.9
1998	10,677	318,932,667	29,871	54,340	50.9
1997	10,677	318,932,667	29,871	54,340	50.9
1996	10,677	318,932,667	29,871	54,340	50.9

(1) Source: U.S. Census

(a) Years 2000 through 2005 - 2000 Federal Census

(b) Years 1996 through 1999 - 1990 Federal Census

(2) Source: Beachwood City Schools

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

(4) Ohio Labor Market Website: [www.lmi.state.oh.us](http://www.lmi.state.oh.us)

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property	Total Assessed Property Value
1,541	50.9%	6.1%	n/a	\$755,070,022
1,539	50.9	6.6	\$296,751	749,966,828
1,521	50.9	6.2	277,111	755,137,685
1,521	50.9	6.6	264,818	716,923,271
1,628	50.9	4.6	249,356	713,817,941
1,574	50.9	4.5	266,900	704,187,234
1,549	44.2	4.5	244,900	625,979,001
1,528	44.2	4.5	227,600	615,421,121
1,474	44.2	4.5	219,800	580,801,639
1,485	44.2	5.0	209,500	538,828,988

**City of Beachwood, Ohio**

*Principal Employers*

*Current Year (1)*

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2005

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

Source: Regional Income Tax Agency

(1) Only the current year information was available.



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

Function/Program	2005	2004	2003
<b>General Government</b>			
Number of Ordinances and Resolutions	149	172	171
Number of checks processed (excluding payroll)	4,823	4,901	5,092
Number of purchase orders issued	4,278	4,158	4,338
<b>Public Safety</b>			
<b>Police</b>			
Total arrests	576	633	636
Drug arrests	21	36	30
OVI arrests (formally DUI)	53	86	69
Warrents served	243	236	288
Total complaints	3,725	3,832	6,589
<b>Fire</b>			
Total EMS and Fire responses	3,701	3,495	3,240
Total Fire responses	1,150	1,088	1,031
Total EMS responses	2,551	2,407	2,209
Routine fire safety inspections	908	711	1,174
Re-inspections	481	388	396
New construction inspections	103	27	115
<b>Public Services</b>			
Tons of rubbish picked up	4,836	5,192	5,085
Tons of leaves collected for recycling	2,588	1,631	1,404
Number of trees planted	251	198	505
Number of catch basins cleaned and repaired	381	347	312
Tons of cold patch used	66	26	29
Tons of concrete poured and finished	423	606	794
Tons of salt purchased	13,908	8,803	9,648
<b>Health and Welfare</b>			
Number of trips taken	48	59	56
<b>Culture and Recreation</b>			
Total attendance at Aquatic Center (2)	76,526	67,561	46,536
<b>Building and Community Development</b>			
Number of permits issued	248	265	245

(1) Information prior to 2003 is not available.

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

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

<b>Function/Program</b>	2005	2004	2003	2002
<b>General Government</b>				
Square Footage Occupied (2)	70,786	37,206	37,206	37,206
Vehicles	2	2	2	2
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	72,254	68,170	68,170	68,170
Vehicles	31	30	30	29
<b>Fire Station</b>				
Stations	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2	5,472	5,472	5,472	5,472
Vehicles	10	10	10	11
<b>Public Service</b>				
Streets (miles)	46	46	46	46
Vehicles	55	55	55	52
Square Footage of Building	41,285	41,285	41,285	41,285
<b>Health and Welfare</b>				
Vehicles	2	2	2	2
<b>Culture and Recreation</b>				
Number of Parks	2	2	1	1
Number of Pools	1	1	1	1
Vehicles	1	1	1	1
Square Footage of Community Center	8,000	8,000	8,000	8,000
<b>Building and Community Development</b>				
Vehicles	7	7	7	7

(1) Information prior to 2002 is not available.

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

**City of Beachwood, Ohio**

*Full-Time Equivalent City Government Employees by Function/Program*

*Last Four Years (1)*

	2005	2004	2003	2002
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	4.5	4.0	4.0	4.0
Finance	12.0	10.0	12.0	10.0
Law	4.0	4.0	4.0	4.0
Security of Persons and Property				
Police Administration	3.0	3.0	3.0	3.0
Police Officers	40.0	40.0	42.0	42.0
Dispatchers	11.0	11.0	11.0	11.0
Police - Correction Officers	9.0	8.0	8.0	8.0
Police - Crossing Guards	6.5	6.0	6.0	6.0
Fire Administration	4.5	3.5	3.5	4.0
Fire Fighters	39.0	39.0	36.0	36.0
Public Service				
Administration	10.0	13.0	13.0	13.0
Buildings and Grounds	11.0	12.0	16.0	15.0
Fleet Maintenance	7.0	7.0	7.0	7.0
Streets, Sidewalks & Sewers	17.0	17.0	15.0	15.0
Sanitation	13.0	14.5	17.5	11.5
Community Services				
Human Services	6.5	6.5	6.0	5.5
Recreation Administration	5.0	5.0	5.0	5.0
Recreation Camps	44.5	44.0	35.0	34.5
Recreation Sports	13.0	14.5	12.5	7.5
Recreation Other	16.5	14.5	13.5	13.5
Pool and Parks	45.0	43.5	46.0	29.5
Building Department	12.0	12.0	13.0	13.0
<b>Total</b>	<b>341.0</b>	<b>339.0</b>	<b>336.0</b>	<b>305.0</b>

Source: City of Beachwood 2005 Annual Budget

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

Counts are as of December 31st of each year.

(1) Information prior to 2002 is not available

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**Auditor of State  
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**CITY OF BEACHWOOD**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 13, 2006**