

City of Bedford Heights, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

**Issued by: Finance Department
Allison J. Chance, Director of Finance**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Bedford Heights, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 23, 2010

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**INTRODUCTORY
SECTION**

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City of Bedford Heights, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2009

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The City of Bedford Heights



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MAYOR FLETCHER BERGER

ALLISON J. CHANCE

Director of Finance

Tax Administrator

June 29, 2010

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

Transmittal of the Comprehensive Annual Financial Report

The City of Bedford Heights, Ohio (City) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2009. The CAFR is a more extensive report than the basic financial statements and it is believed that it demonstrates the City's ongoing commitment to be accountable not only to its citizenry but also to excellence in financial reporting. While no single report can be all things to all people, the goal in presenting this report is to provide any person or entity interested in the City with information needed to gain a fair understanding of the City's financial position, results of operations and cash flows.

The State of Ohio requires that all cities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America. The City issues this Comprehensive Annual Financial Report for the year ended December 31, 2009 therefore.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements of the City have been audited by Ciuni & Panichi, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of the CAFR.

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

Profile of the City

The City of Bedford Heights, Ohio is located in the eastern portion of Cuyahoga County, approximately 14 miles southeast of downtown Cleveland. According to the most recent data from the United States Census Bureau, the City's 2009 population was 11,375.

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

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

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

Economic Conditions

Local Economy

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

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

In 2009, the city received an approximate \$831,000 in grants and loans from the Ohio Department of Transportation and the city of Cleveland water department. The grants and loans provided funding for the construction, resurfacing, and water line replacement of Sunset Drive in Bedford Heights.

Because of the twenty-year development plan, Bedford Heights became home to manufactures in the automobile and machine parts industry. The economic environment, especially in the auto industry, adversely affected many of our manufacturers. The unseen benefit to this is parts manufactured for the auto industry are

the same type of parts used in the wind industry. The wind industry experienced exponential growth in 2009 and is projected to continue to grow exponentially over the next ten years.

In 2009, the City received a \$100,000 grant from the Cuyahoga County's Community Development Block Grant Program. The grant enabled the city to replace the storm sewer that crosses Sweet Birch and Randolph Road, which was approximately 40 years old. The estimated cost of the project was \$144,000, the county's grant covered 70% of the project cost.

In response to ongoing retention and expansion calls to businesses located on Richmond and Fargo Roads, the city consistently heard requests to construct a sidewalk on Richmond Road (SR-175). Upon hearing these requests, the city actively pursued grants to fund the construction of an all-purpose trail on Richmond Road, from the intersection of Miles road to the Solon Corporate boundary. In September 2009, the Ohio Department of Natural Resources awarded a \$375,000 (75%) grant to construct the all-purpose trail. In addition, the city received support from the local metropolitan planning organization to fund the balance of the project cost \$125,000 (25%) through the federal Transportation Enhancement Program. The goal is to have the all-purpose trail designed and bid by the end of 2010 and construction done by summer 2011.

The City, using the Cuyahoga County Storefront Renovation Program, assisted in obtaining \$27,299 in grants for five property owners and businesses. The grants leverage \$63,332 worth of improvements to the main commercial corridors; improvements made included new windows, painting, lighting, landscaping and signage.

Mayfield Collision Center completed a renovation of the former Carpet Barn building at 26001 Aurora Road in 2009. The cost to renovate, \$1,300,000, is miniscule compared to the value of the aesthetic improvement made to the Aurora Road corridor. In addition, Mayfield Collision immediately hired 15 skilled employees that will generate approximately \$800,000 in annual payroll. MCC projects within three years to hire an additional 10 skilled technicians and generate an annual payroll of approximately \$1,400,000.

Secure State, an existing Bedford Heights company, recently purchased their leased facility on Miles Road. Secure State offers ethical hacking services to for-profit companies, non-profit organizations and various levels of government. Secure's most recent contract with the National Aeronautics and Space Administration (NASA) is a \$1 billion, five-year contract. During our four-year working relationship, the City and Secure State worked together to obtain financing to purchase their existing property. In addition, the City amended the tax abatement agreement and offered them a one-year, 100% payroll grant and a four-year 50% payroll grant through the Job Creation Tax Grant program. This relationship resulted in the retention and creation of 60 full-time employees and approximately \$3.2 million in annual payroll.

The City welcomed 25 new businesses to the community. The types of businesses range from manufacturing to medical and engineering firms. There is an estimated 150 people employed at these companies.

Long-Term Financial Planning

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

Cleveland State University to provide an Economic Development Master Plan that will address job retention and creation.

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

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

Major Initiatives

Current year –The City continues to implement revenue-generating fees to offset increased operating costs. In 1994, the City implemented a fee for ambulance service. This fee is projected to generate approximately \$240,000 annually and is designated for use within a Special Revenue Fund, specifically for capital improvements (equipment) in the Police and Fire Departments.

In January of 2009, the City implemented a rate structure that will increase residential and commercial sewer rates by \$3/MCF over three years. The new rate structure is expected to generate the following estimated increases over three years: 2009 – \$198,000; 2010 – \$210,000 over 2009; 2011 – \$242,000 over 2010. Additionally, the City has agreements with neighboring communities to promote the utilization of the City sewage treatment facility for new developments and growth areas that are contiguous with the City. This plan would, of course, provide a larger customer base for the City's sewerage treatment facility. Finally, the City has become active in the treatment of nonhazardous ground water on a contract basis.

Future years – The City plans on spending over \$600,000 in 2010 on road resurfacing and construction projects that are planned for various streets throughout the City. In November 2004, the City passed a renewal 2-mill, 10-year Street Improvement Levy. This levy will generate approximately \$600,000. The proceeds of the levy are dedicated to street improvements. This renewal funding will allow the City to aggressively maintain the quality of street improvements for the next eight years.

The City's Charter allows for millage to be set at 13 mills per tax collection year. For the 2001 and 2002 tax collection years, the millage was levied at 12 mills. In the 2003 and 2004 tax collection years, the City levied the additional 1.0 mills of authorized millage. This millage generated approximately \$300,000 in fiscal 2003 and approximately \$320,000 in 2004, 2005 and 2006. The Fund Balance in the Contingency Fund for 2008 is approximately \$2,700,000 and is projected to be approximately \$3,000,000 at the end of fiscal year 2009.

The City completed construction of the 2nd floor to the Correction Facility in May of 2004. The City received a grant from the U.S. Department of Justice in the amount of \$1,530,000 to offset the cost of the \$2,000,000 additions. The City contracts with Federal, County and local agencies to house prisoners. The City had an outstanding note in the amount of \$400,000 from the construction of the addition on the 2nd floor. The City reduced the note to approximately \$225,000 in 2005, \$175,000 in 2006, \$125,000 in 2007, and \$50,000 in 2008. The City plans to retire the \$50,000 note in 2009.

Awards and Acknowledgements

Certificate of Achievement

For the twentieth time, the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,



Allison J. Chance
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bedford Heights
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

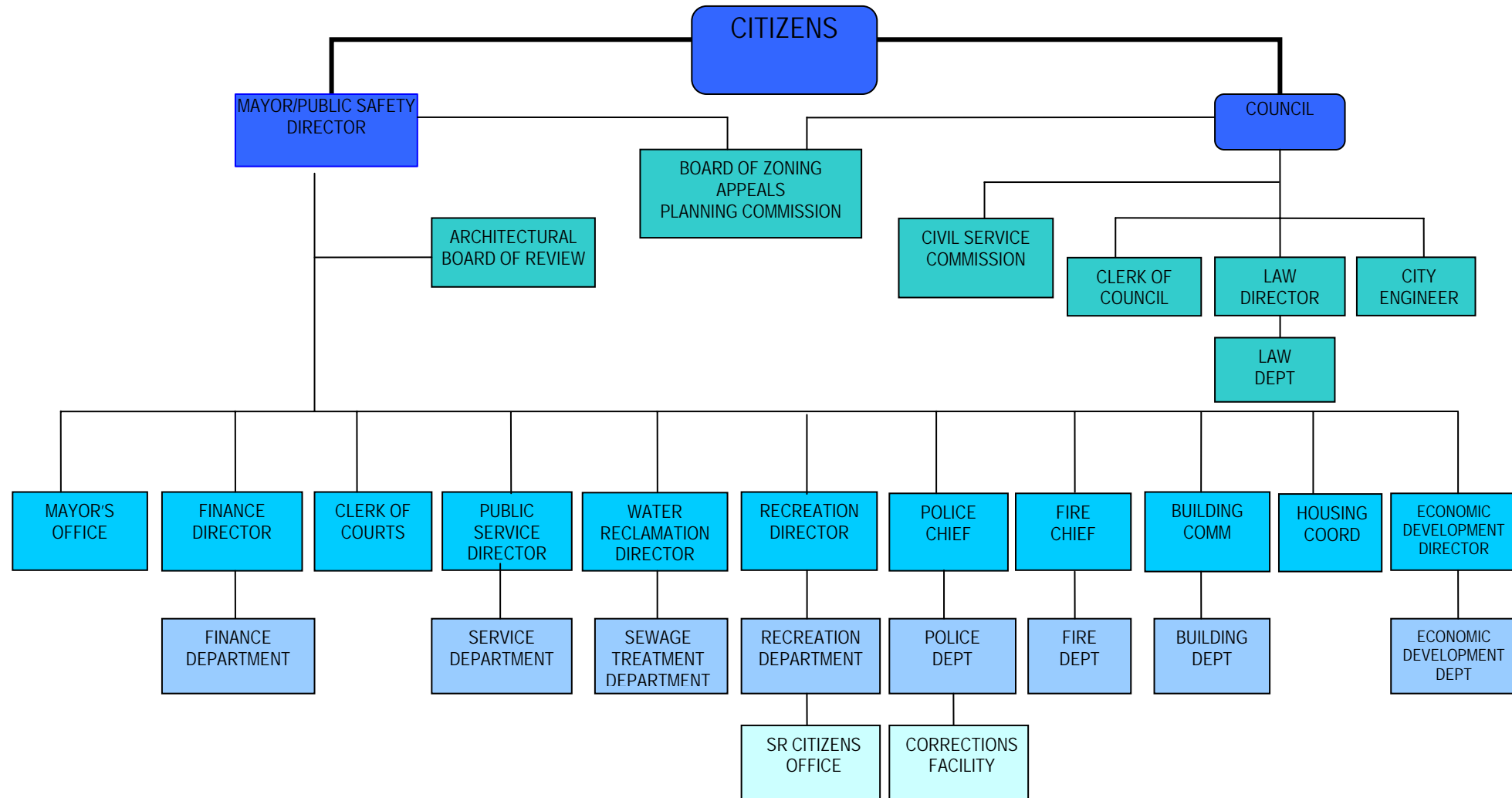
City of Bedford Heights, Ohio

List of Principal Officials

December 31, 2009

<u>Title</u>	<u>Name</u>
Mayor/Director of Public Safety	Fletcher Berger
Council Member – President-At-Large	Phillip D. Saunders
Council Member – At-Large	Wendolyn J. Grant
Council Member – At-Large	Michael Moore
Council Member – Ward 1	Barbara MacKenzie
Council Member – Ward 2	Harvey Brown
Council Member – Ward 3	Alton Tinker
Council Member – Ward 4	Karen Gilliam
Clerk of Council	Patricia Stahl
Director of Law	Ross Cirincione
Director of Finance/Tax Administrator	Mark A. Cegelka
Director of Public Service	Nick Baucco
Director of Water Reclamation	Dave Pocaro
Police Chief	Mark Kwiatkowski
Corrections Administrator	Cmdr. William Schultz
Fire Chief	Ken Ledford
Director of Community Life	Ruth Gray
City Engineer	Don Bierut
City Architect	Robert Madison
Building Commissioner	Paul Konys
Director of Economic Development and Community	Martine Divito
Clerk of Courts	Nancy Catalano

City of Bedford Heights Organizational Chart December 31, 2009



**FINANCIAL
SECTION**

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Independent Auditors' Report

Honorable Mayor and
Members of the City Council
Bedford Heights, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights, Ohio (the "City") as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund and the Fire Levy Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, during the year ended December 31, 2009, the City implemented Governmental Accounting Standard Board (GASB) Statements No. 52, *Land and Other Real Estate Held as Investments by Endowments*; GASB Statement No. 55, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*.

Honorable Mayor and
Members of the City Council
Bedford Heights, Ohio

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Ciani & Panichi, Inc.

Cleveland, Ohio
June 29, 2010

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

The discussion and analysis of the City of Bedford Heights' financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ◆ The assets of, the City of Bedford Heights exceeded its liabilities at the close of the most recent fiscal year by \$28,072,648. Of this amount, \$6,308,417 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Total assets decreased by \$1,468,983, which represents a decrease of approximately 3.5 percent from 2008. The two largest decreases were taxes receivable of \$722,239 and cash and cash equivalents of \$580,221. These changes were offset by an increase in intergovernmental receivable of \$391,350.
- ◆ Total liabilities decreased by \$1,575,404, which represents a decrease of approximately 11.4 percent over 2008. The main factors contributing to this change was a decrease of \$837,436 in long-term liabilities, a decrease of \$405,538 in deferred revenue and a decrease of \$404,301 in accrued wages and benefits. These decreases were offset by an increase of \$117,199 in mature compensated absences.
- ◆ In total, net assets in governmental activities decreased by \$552,218 during 2009. This represents a 2.7 percent decrease from 2008.

Using this Annual Financial Report

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

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

Statement of Net Assets and the Statement of Activities

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

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

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

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

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

Fund Financial Statements

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

Governmental Funds

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

The City of Bedford Heights maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the general fund, fire levy special revenue fund, and the capital improvements capital projects fund, all of which are considered to be major funds.

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

Proprietary Funds

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

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

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

Notes to the Financial Statements

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

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

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

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

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

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

Table 1 provides a summary of the City's net assets for 2009 as compared to 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008
Assets						
Current and Other Assets	\$ 11,706,983	\$ 13,390,330	\$ 2,094,003	\$ 1,581,357	\$ 13,800,986	\$ 14,971,687
Capital Assets, Net	<u>18,901,808</u>	<u>19,123,191</u>	<u>7,624,930</u>	<u>7,701,829</u>	<u>26,526,738</u>	<u>26,825,020</u>
Total Assets	<u>30,608,791</u>	<u>32,513,521</u>	<u>9,718,933</u>	<u>9,283,186</u>	<u>40,327,724</u>	<u>41,796,707</u>
Liabilities						
Current Liabilities and Other						
Liabilities	3,689,493	4,374,196	115,567	168,832	3,805,060	4,543,028
Long-term Liabilities						
Due Within One Year	1,657,000	1,410,235	195,715	158,083	1,852,715	1,568,318
Due In More Than One Year	<u>5,501,710</u>	<u>6,416,284</u>	<u>1,095,591</u>	<u>1,302,850</u>	<u>6,597,301</u>	<u>7,719,134</u>
Total Liabilities	<u>10,848,203</u>	<u>12,200,715</u>	<u>1,406,873</u>	<u>1,629,765</u>	<u>12,255,076</u>	<u>13,830,480</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	14,037,308	14,069,874	6,991,041	7,106,450	21,028,349	21,176,324
Restricted for:						
Capital Projects	467,652	787,465	-	-	467,652	787,465
Debt Service	140,922	90,950	-	-	140,922	90,950
Public Safety	127,308	104,698	-	-	127,308	104,698
Unrestricted	<u>4,987,398</u>	<u>5,259,819</u>	<u>1,321,019</u>	<u>546,971</u>	<u>6,308,417</u>	<u>5,806,790</u>
Total Net Assets	<u>\$ 19,760,588</u>	<u>\$ 20,312,806</u>	<u>\$ 8,312,060</u>	<u>\$ 7,653,421</u>	<u>\$ 28,072,648</u>	<u>\$ 27,966,227</u>

Total assets decreased \$1,468,983. Even though intergovernmental receivable increased by \$391,350, decreases in cash and cash equivalents of \$580,221 and in taxes receivable of \$722,239 offset this increase. The decrease in cash and cash equivalents is mainly due to the decrease in accounts payable and accrued wages and benefits. The decrease in taxes receivable is mainly due to the difficult year businesses had in 2009, which caused net profits to sink and employees to be laid off. This caused an over decrease in the income taxes the City could collect.

The total net assets of the City increased by \$106,421. The following factors were responsible for this increase:

- A decrease in cash and cash equivalents of \$580,221
- A decrease in taxes receivable of \$722,239
- A decrease in accrued wages and benefits of \$404,301
- A decrease in deferred revenue of \$405,538
- A decrease in long-term liabilities of \$837,436

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

The City makes concerted efforts to maximize the return on investments of its cash and cash equivalents and uses these funds to provide liquidity for planned future capital purchases. Due to the interest rates in the past, the investments have remained in liquid money market accounts, i.e. STAROhio and Huntington National Bank. However, even though the State code allows for investments with maturities of five years or less, the City has not invested in any instrument with a maturity of more than one year.

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

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

The net assets of the business-type activities increased by approximately 8.6 percent in 2009. The City generally can only use these net assets to finance the continuing operations of the sewer system. The increase was mainly due to a decrease in personal services and contractual services expenses as well as an increase in contributed capital. These changes were offset by a decrease in charges for services.

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

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2009	2008	2009	2008	2009	2008
Program Revenues						
Charges for Services	\$ 4,872,096	\$ 5,993,085	\$ 3,015,533	\$ 3,220,868	\$ 7,887,629	\$ 9,213,953
Operating Grants	156,500	67,427	-	-	156,500	67,427
Capital Grants and Contributions	784,585	-	323,816	-	1,108,401	-
Total Program Revenues	<u>5,813,181</u>	<u>6,060,512</u>	<u>3,339,349</u>	<u>3,220,868</u>	<u>9,152,530</u>	<u>9,281,380</u>
General Revenues						
Property Taxes	3,393,741	3,653,579	-	-	3,393,741	3,653,579
Income Taxes	7,961,003	9,951,407	-	-	7,961,003	9,951,407
Grants and Entitlements	2,051,473	2,087,754	-	-	2,051,473	2,087,754
Investment Earnings	34,633	213,843	609	5,598	35,242	219,441
Miscellaneous	66,601	65,378	13,398	15,818	79,999	81,196
Total Revenues	<u>19,320,632</u>	<u>22,032,473</u>	<u>3,353,356</u>	<u>3,242,284</u>	<u>22,673,988</u>	<u>25,274,757</u>
Program Expenses						
General Government Security of Persons and Property	3,617,618	4,149,257	-	-	3,617,618	4,149,257
Public Health and Welfare	10,784,582	11,186,209	-	-	10,784,582	11,186,209
Leisure Time Activities	392,705	412,760	-	-	392,705	412,760
Community Development	1,651,924	1,678,454	-	-	1,651,924	1,678,454
Basic Utility Services	379,029	399,975	-	-	379,029	399,975
Transportation	758,278	784,933	-	-	758,278	784,933
Interest and Fiscal Charges	2,075,528	1,902,672	-	-	2,075,528	1,902,672
Sewer	213,186	274,677	-	-	213,186	274,677
Total Program Expenses	<u>19,872,850</u>	<u>20,788,937</u>	<u>2,694,717</u>	<u>2,992,409</u>	<u>22,567,567</u>	<u>23,781,346</u>
Increase (Decrease) in Net Assets before Transfers	(552,218)	1,243,536	658,639	249,875	106,421	1,493,411
Transfers	-	186,044	-	(186,044)	-	-
Change in Net Assets	(552,218)	1,429,580	658,639	63,831	106,421	1,493,411
Net Assets, Beginning of Year	<u>20,312,806</u>	<u>18,883,226</u>	<u>7,653,421</u>	<u>7,589,590</u>	<u>27,966,227</u>	<u>26,472,816</u>
Net Assets, End of Year	<u>\$ 19,760,588</u>	<u>\$ 20,312,806</u>	<u>\$ 8,312,060</u>	<u>\$ 7,653,421</u>	<u>\$ 28,072,648</u>	<u>\$ 27,966,227</u>

Governmental Activities

Several revenue sources fund our governmental activities with the City's property and income tax being the largest contributors. The City's income tax revenue source is the largest contributor with a rate of two percent on gross income which has not changed since 1982. Residents of the City who work in another community and pay the withholding tax for that community receive a 100 percent tax credit on their City tax for 100 percent, the credit limit being two percent. During 2009, the revenues generated from this tax amounted to \$7,961,003. The City continues to enforce a delinquent letter program and the subpoena program to ensure compliance with the local tax laws.

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

Security of Persons and Property and General Government are the major activities of the City generating 72 percent of the governmental expenses. Currently, there are 32 full-time sworn officers in the police department. During 2009, the department continued to place strong emphasis on the training of its employees to keep up with the rapidly changing laws, practices and technology. The City has made a concerted effort to monitor expenses. The decrease in expenses during the year was due to a focused effort on cutting costs.

The fire department normally consists of 29 full-time fire fighters, including the Chief and Assistant Chief. All but four of these fire fighters are fully trained paramedics. Again, training plays a crucial role in the day-to-day operation of the fire department. Techniques such as live practice burn-downs, continuing education classes, practice drills and watching training videos help keep the firefighters updated to perform their jobs most efficiently. The department handled 1,696 calls for assistance of which approximately 1,344 were for EMS and the rest for fire and fire related incidents. The total amount spent on overtime expenses during 2009 was \$82,718 as compared to \$64,717 during 2008. The total cost of operating the Fire and EMS department during 2009 was \$2,722,540 within the Fire Levy Fund. The City annually transfers into the Fire Levy Fund the difference between the revenue generated from the 3 mill fire levy and the operating expenses incurred. In 2009, the transfer from the General Fund was \$1,840,000.

The City spent approximately \$265,000 on its annual road program entailing major and minor resurfacing of the various streets in Bedford Heights. The annual road program is funded from the 2-mill Street Construction Levy.

Business-Type Activities

The Business-Type activities of the City, which include the City's sewer operations, increased the City's net assets by \$658,639.

Net program revenue exceeded program expenses in the amount of \$644,632 for the sewer operations for 2009. This is mainly due to decreases in personal services and contractual services expenses during the year.

The City's Funds

Governmental Funds

Information about the City's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$22,688,101 and expenditures and other financing uses of \$24,021,910. The net change in fund balance for the year was most significant in the General Fund showing a decrease in fund balance of \$1,272,667 which decreased the fund balance to \$5,070,060. The decrease in fund balance was mainly due to a decrease in municipal income tax revenues of \$1,439,005. The two main reasons for the reduction in income tax revenue were the decreases in net profit taxes and withholder taxes of approximately \$861,033 and \$648,399, respectively.

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

The Capital Improvements Fund also had a decrease in fund balance. The Capital Improvements Fund reflected a decrease in fund balance of \$319,813, which caused the fund balance to drop to \$467,652. The decrease can be attributed to a decrease in proceeds received from the sale of debt in 2009 compared to 2008.

The Fire Levy Fund and the non-major governmental funds increased \$74,014 and \$184,657, respectively. The main source for the increase in the Fire Levy Fund was the increase in the transfer from the General Fund of \$210,000. The increase in fund balance in the non-major governmental funds was caused by a decrease in Transportation expenditures.

Overall the revenue base continued to meet City obligations and reflects the current solid financial condition of the City as a whole. To combat the uncertain economic times, the City has taken cost-cutting measures to ensure its viability for many years to come. Revenue forecasting will become more difficult as estimates are more imprecise now than they have been in the recent past. The City's expectation is that it will lose property taxes due to the decrease in home values and income taxes due to the decrease in workforce.

General Fund Budgeting Highlights

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

For the General Fund, final budget-basis revenue and other financing sources of \$15,420,212 was lower than the original budget estimates of \$15,869,050. The original appropriations for the general fund were \$16,650,877, including other financing uses. The final appropriations, including other financing uses, were \$16,489,154. The City historically budgets to expend nearly 100 percent of their available resources, when actually 106 percent of available resources were expended in 2009. The City's actual expenditures ended \$325,192 below the final budgeted amount.

The City's ending unobligated budgetary fund balance was \$200,836 higher than the final budgeted amount mostly due to lower than anticipated general government and security of persons and property expenditures.

Business-Type Funds

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

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

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the City of Bedford Heights had \$26,526,738 invested in land, buildings, equipment, vehicles and infrastructure.

Table 3 shows fiscal 2009 balances of Capital Assets as compared to 2008:

Table 3
 Capital Assets at December 31

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 1,786,987	\$ 1,716,387	\$ 99,200	\$ 99,200	\$ 1,886,187	\$ 1,815,587
Buildings and improvements	18,626,445	18,253,961	3,922,813	3,909,669	22,549,258	22,163,630
Machinery and equipment	1,477,972	1,435,514	7,360,754	7,452,723	8,838,726	8,888,237
Furniture and fixtures	997,124	997,124	50,228	24,862	1,047,352	1,021,986
Vehicles	3,292,157	3,325,568	387,181	387,181	3,679,338	3,712,749
Infrastructure	14,192,999	13,825,917	6,332,009	6,008,193	20,525,008	19,834,110
Construction in progress	109,719	-	-	-	109,719	-
Less: accumulated depreciation	(21,581,595)	(20,431,280)	(10,527,255)	(10,179,999)	(32,108,850)	(30,611,279)
Total capital assets	\$ 18,901,808	\$ 19,123,191	\$ 7,624,930	\$ 7,701,829	\$ 26,526,738	\$ 26,825,020

The City has an aggressive stance on maintaining its assets, including infrastructure, in excellent condition. Vehicles such as fire trucks and ambulances are planned for well in advance by the respective department heads and a scheduled maintenance and replacement timetable is followed to provide peak performance for the maximum time frame (5 to 6 years). The City's practice is to replace three-to-four police vehicles each year to replenish the safety fleet. The older vehicles are either traded in to the dealers or sold to the highest bidder at auction.

With regards to the infrastructure, the City's engineering, public works and water reclamation departments maintain a comprehensive listing of all the streets, bridges, culverts and sewer lines in the City. As part of the City's annual road maintenance program, the Engineer evaluates the condition of each street after each winter and prepares a list of streets to be either resurfaced or cracksealed and in the case of concrete roads, either replaced or repaired. After approval from council, the projects are bid in early to late spring to get the best possible pricing from contractors. This program is paid for out of the street construction levy fund and capital improvements fund of the City. Capital assets for business-type activities decreased \$76,899, due to the City's conscious effort to decrease expenditures to combat decreasing revenues.

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

The City is committed to a long-term goal of meeting the needs of its infrastructure and facilities. We have a five-year capital plan in place that provides for street, sanitary and storm improvements and maintaining our current structures. See Note 7 for more information on capital assets.

Debt

At December 31, 2009, the City of Bedford Heights had \$8,450,016 in outstanding debt, compensated absences, and claims payable, of which \$4,970,000 was in general obligation bonds. Table 4 summarizes the outstanding obligations of the City.

Table 4
Outstanding Debt at Year End

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 4,056,500	\$ 4,637,800	\$ 913,500	\$ 962,200	\$ 4,970,000	\$ 5,600,000
Capital leases payable	559,274	731,606	-	-	559,274	731,606
OPWC loans payable	248,726	-	-	-	248,726	-
Compensated absences	1,851,456	2,457,113	377,806	498,733	2,229,262	2,955,846
Claims payable	442,754	-	-	-	442,754	-
<i>Total</i>	<u>\$ 7,158,710</u>	<u>\$ 7,826,519</u>	<u>\$ 1,291,306</u>	<u>\$ 1,460,933</u>	<u>\$ 8,450,016</u>	<u>\$ 9,287,452</u>

At December 31, 2009, the City's overall legal debt margin was \$20,610,064. At year-end, the outstanding general obligation debt was \$4,970,000. Other obligations include capital leases, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 9 of the basic financial statements.

Current Related Financial Activities

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

City of Bedford Heights
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2009

Contacting the City of Bedford Heights' Finance Department

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact Director of Finance, Allison Chance, City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio 44146, telephone (440) 786-3200.

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City of Bedford Heights, Ohio

Statement of Net Assets

December 31, 2009

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
Assets:			
Cash and cash equivalents	\$ 5,364,612	\$ 663,388	\$ 6,028,000
Accounts receivable	203,439	1,346,314	1,549,753
Intergovernmental receivable	1,329,749	-	1,329,749
Supplies and materials inventory	95,623	62,643	158,266
Prepaid assets	53,024	21,658	74,682
Taxes receivable	4,660,536	-	4,660,536
Non-depreciable capital assets	1,896,706	99,200	1,995,906
Depreciable assets, net	<u>17,005,102</u>	<u>7,525,730</u>	<u>24,530,832</u>
Total assets	<u>30,608,791</u>	<u>9,718,933</u>	<u>40,327,724</u>
Liabilities:			
Accounts payable	224,830	53,014	277,844
Accrued wages and benefits	571,332	38,720	610,052
Intergovernmental payable	175,259	21,375	196,634
Unearned revenue	2,570,310	-	2,570,310
Accrued interest payable	24,428	2,458	26,886
Matured compensated absences	123,334	-	123,334
Long term liabilities:			
Due within one year	1,657,000	195,715	1,852,715
Due in more than one year	<u>5,501,710</u>	<u>1,095,591</u>	<u>6,597,301</u>
Total liabilities	<u>10,848,203</u>	<u>1,406,873</u>	<u>12,255,076</u>
Net assets:			
Invested in capital assets, net of related debt	14,037,308	6,991,041	21,028,349
Restricted for:			
Debt service	140,922	-	140,922
Capital projects	467,652	-	467,652
Public safety	127,308	-	127,308
Unrestricted	<u>4,987,398</u>	<u>1,321,019</u>	<u>6,308,417</u>
Total net assets	<u>\$ 19,760,588</u>	<u>\$ 8,312,060</u>	<u>\$ 28,072,648</u>

See Accompanying Notes to the Basic Financial Statements

City of Bedford Heights, Ohio

Statement of Activities

For The Year Ended December 31, 2009

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Government activities:				
General government	\$ 3,617,618	\$ 767,696	\$ 100,000	\$ 202,135
Security of persons and property	10,784,582	353,023	56,500	-
Public health and welfare	392,705	3,307,849	-	-
Leisure time activities	1,651,924	231,055	-	-
Community development	379,029	212,473	-	-
Basic utility services	758,278	-	-	-
Transportation	2,075,528	-	-	582,450
Interest and fiscal charges	213,186	-	-	-
Total governmental activities	<u>19,872,850</u>	<u>4,872,096</u>	<u>156,500</u>	<u>784,585</u>
Business-type activities:				
Sewer	<u>2,694,717</u>	<u>3,015,533</u>	<u>-</u>	<u>323,816</u>
 Total	 \$ <u>22,567,567</u>	 \$ <u>7,887,629</u>	 \$ <u>156,500</u>	 \$ <u>1,108,401</u>

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

Total general revenues and transfers

Change in net assets

Net assets at beginning of year, restated

Net assets at end of year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (2,547,787)	\$ -	\$ (2,547,787)
(10,375,059)	-	(10,375,059)
2,915,144	-	2,915,144
(1,420,869)	-	(1,420,869)
(166,556)	-	(166,556)
(758,278)	-	(758,278)
(1,493,078)	-	(1,493,078)
(213,186)	-	(213,186)
(14,059,669)	-	(14,059,669)
-	644,632	644,632
(14,059,669)	644,632	(13,415,037)
1,456,332	-	1,456,332
917,721	-	917,721
509,844	-	509,844
509,844	-	509,844
7,961,003	-	7,961,003
2,051,473	-	2,051,473
34,633	609	35,242
66,601	13,398	79,999
13,507,451	14,007	13,521,458
(552,218)	658,639	106,421
20,312,806	7,653,421	27,966,227
\$ 19,760,588	\$ 8,312,060	\$ 28,072,648

City of Bedford Heights, Ohio

Balance Sheet Governmental Funds

December 31, 2009

	<u>General</u>	<u>Fire Levy</u>
Assets:		
Cash and cash equivalents	\$ 3,789,126	\$ 23,471
Accounts receivable	20,975	-
Intergovernmental receivable	890,249	58,402
Supplies and materials inventory	19,290	-
Prepaid assets	53,024	-
Taxes receivable	<u>2,881,869</u>	<u>702,108</u>
 Total assets	 \$ <u>7,654,533</u>	 \$ <u>783,981</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 168,835	\$ -
Accrued wages and benefits	185,413	28,046
Intergovernmental payable	128,423	39,808
Deferred revenue	1,978,468	760,510
Matured compensated absences	<u>123,334</u>	<u>-</u>
 Total liabilities	 <u>2,584,473</u>	 <u>828,364</u>
Fund balances:		
Reserved for encumbrances	39,340	4,057
Reserved for inventory	19,290	-
Reserve for prepaids	53,024	-
Unreserved: undesignated (deficits), reported in:		
General fund	4,958,406	-
Special revenue funds	-	(48,440)
Debt service fund	-	-
Capital projects fund	<u>-</u>	<u>-</u>
 Total fund balances (deficits)	 <u>5,070,060</u>	 <u>(44,383)</u>
 Total liabilities and fund balances	 \$ <u>7,654,533</u>	 \$ <u>783,981</u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 519,586	\$ 728,482	\$ 5,060,665
-	182,464	203,439
38,936	342,162	1,329,749
-	76,333	95,623
-	-	53,024
<u>468,071</u>	<u>608,488</u>	<u>4,660,536</u>
<u>\$ 1,026,593</u>	<u>\$ 1,937,929</u>	<u>\$ 11,403,036</u>
\$ 51,935	\$ 4,060	\$ 224,830
-	357,873	571,332
-	7,028	175,259
507,006	980,704	4,226,688
<u>-</u>	<u>-</u>	<u>123,334</u>
<u>558,941</u>	<u>1,349,665</u>	<u>5,321,443</u>
32,230	17,891	93,518
-	76,333	95,623
-	-	53,024
-	-	4,958,406
-	353,118	304,678
-	140,922	140,922
<u>435,422</u>	<u>-</u>	<u>435,422</u>
<u>467,652</u>	<u>588,264</u>	<u>6,081,593</u>
<u>\$ 1,026,593</u>	<u>\$ 1,937,929</u>	<u>\$ 11,403,036</u>

City of Bedford Heights, Ohio

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

December 31, 2009

Total Governmental fund balances \$ 6,081,593

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 18,901,808

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

Property and other taxes	\$ 497,694
Municipal income taxes	389,795
Charges for services	119,485
Intergovernmental	<u>649,404</u>

Total 1,656,378

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (24,428)

Internal service funds are used by management to charge the costs of certain activities, such Worker's Compensation Insurance and Health Insurance that are not reported in the Governmental Funds. The net revenue (expense) of the Internal Service Fund is reported with Governmental Activities. (138,807)

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

General obligation bonds	(4,056,500)
OPWC loans payable	(248,726)
Capital lease payable	(559,274)
Compensated absences	<u>(1,851,456)</u>

Total (6,715,956)

Net assets of governmental activities \$ 19,760,588

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City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>General</u>	<u>Fire Levy</u>
Revenues:		
Property taxes	\$ 1,410,977	\$ 739,570
Municipal income taxes	8,053,573	-
Intergovernmental	1,001,890	197,031
Charges for services	3,465,619	-
Licenses and permits	211,354	-
Fines and forfeitures	171,331	-
Investment income	28,907	-
Miscellaneous income	<u>325,169</u>	<u>19,780</u>
Total revenues	<u>14,668,820</u>	<u>956,381</u>
Expenditures:		
Current operations and maintenance:		
Security of persons and property	6,574,438	2,722,540
Public health and welfare	383,888	-
Leisure time activities	1,344,025	-
Community development	366,986	-
Basic utility services	711,748	-
Transportation	14	-
General government	3,559,387	-
Capital outlay	12,727	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>
Total expenditures	<u>12,953,213</u>	<u>2,722,540</u>
Excess of revenues over (under) expenditures	<u>1,715,607</u>	<u>(1,766,159)</u>
Other financing sources (uses):		
Sale of capital assets	3,957	173
Issuance of debt	-	-
Transfers – in	-	1,840,000
Transfers – out	<u>(2,992,231)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,988,274)</u>	<u>1,840,173</u>
Net change in fund balances	(1,272,667)	74,014
Fund balances (deficits) at beginning of year	<u>6,342,727</u>	<u>(118,397)</u>
Fund balances (deficits) at end of year	\$ <u><u>5,070,060</u></u>	\$ <u><u>(44,383)</u></u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 493,046	\$ 640,960	\$ 3,284,553
-	-	8,053,573
842,134	920,072	2,961,127
-	250,592	3,716,211
140,660	57,267	409,281
-	4,137	175,468
4,658	822	34,387
<u>18,798</u>	<u>224,793</u>	<u>588,540</u>
<u>1,499,296</u>	<u>2,098,643</u>	<u>19,223,140</u>
-	1,462,714	10,759,692
-	-	383,888
13,131	-	1,357,156
-	-	366,986
68,591	-	780,339
824,101	724,523	1,548,638
379,244	24,188	3,962,819
648,005	-	660,732
-	753,632	753,632
-	<u>217,758</u>	<u>217,758</u>
<u>1,933,072</u>	<u>3,182,815</u>	<u>20,791,640</u>
<u>(433,776)</u>	<u>(1,084,172)</u>	<u>(1,568,500)</u>
2,500	13,566	20,196
248,726	-	248,726
50,388	1,305,651	3,196,039
<u>(187,651)</u>	<u>(50,388)</u>	<u>(3,230,270)</u>
<u>113,963</u>	<u>1,268,829</u>	<u>234,691</u>
(319,813)	184,657	(1,333,809)
<u>787,465</u>	<u>403,607</u>	<u>7,415,402</u>
\$ <u><u>467,652</u></u>	\$ <u><u>588,264</u></u>	\$ <u><u>6,081,593</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

Net change in fund balances - total governmental funds \$ (1,333,809)

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

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

Capital outlay	\$ 1,331,785	
Depreciation	<u>(1,387,823)</u>	
Total		(56,038)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (165,345)

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

Property and other taxes	109,188	
Municipal income taxes	(92,570)	
Intergovernmental	(24,226)	
Charges for services	<u>34,254</u>	
Total		26,646

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 581,300

Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the OPWC loans. (248,726)

Internal service funds are used by management to charge costs of certain activities, such as worker's compensation insurance and health insurance. The net revenue (expense) of the Internal Service Funds are reported with the Governmental Activities. (138,807)

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

Compensated absences	605,657	
Capital leases payable	172,332	
Accrued interest payable	<u>4,572</u>	
Total		<u>782,561</u>

Change in net assets of governmental activities \$ (552,218)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 1,420,000	\$ 1,436,500	\$ 1,410,977	\$ (25,523)
Municipal income taxes	8,420,000	8,407,000	8,386,890	(20,110)
Other local taxes	6,500	-	-	-
Intergovernmental	1,092,200	1,071,200	1,042,600	(28,600)
Charges for services	4,207,900	3,759,100	3,726,116	(32,984)
Licenses and permits	260,450	237,800	213,287	(24,513)
Fines and forfeitures	153,000	173,000	168,563	(4,437)
Investment income	45,000	45,000	28,907	(16,093)
Miscellaneous income	<u>264,000</u>	<u>286,612</u>	<u>268,123</u>	<u>(18,489)</u>
Total revenues	<u>15,869,050</u>	<u>15,416,212</u>	<u>15,245,463</u>	<u>(170,749)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	6,997,255	6,891,255	6,750,524	140,731
Public health and welfare	403,950	402,000	391,021	10,979
Leisure time activities	1,418,821	1,421,646	1,376,199	45,447
Community development	387,220	384,735	375,317	9,418
Basic utility services	773,845	737,150	721,382	15,768
Transportation	17,050	380	283	97
General government	3,825,536	3,642,488	3,544,278	98,210
Capital outlay	<u>26,200</u>	<u>14,000</u>	<u>12,727</u>	<u>1,273</u>
Total expenditures	<u>13,849,877</u>	<u>13,493,654</u>	<u>13,171,731</u>	<u>321,923</u>
Excess of revenues over (under) expenditures	<u>2,019,173</u>	<u>1,922,558</u>	<u>2,073,732</u>	<u>151,174</u>
Other financing sources (uses):				
Sale of equipment	-	4,000	3,957	(43)
Transfers – out	<u>(2,801,000)</u>	<u>(2,995,500)</u>	<u>(2,992,231)</u>	<u>3,269</u>
Total other financing sources (uses):	<u>(2,801,000)</u>	<u>(2,991,500)</u>	<u>(2,988,274)</u>	<u>3,226</u>
Net change in fund balance	(781,827)	(1,068,942)	(914,542)	154,400
Fund balance at beginning of year	4,657,232	4,657,232	4,657,232	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>46,436</u>	<u>46,436</u>
Fund balance at end of year	\$ <u>3,875,405</u>	\$ <u>3,588,290</u>	\$ <u>3,789,126</u>	\$ <u>200,836</u>

See Accompanying Notes to the Basic Financial Statements

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 800,000	\$ 740,000	\$ 739,570	\$ (430)
Intergovernmental	192,224	197,124	197,031	(93)
Miscellaneous income	<u>20,500</u>	<u>23,000</u>	<u>19,780</u>	<u>(3,220)</u>
Total revenues	1,012,724	960,124	956,381	(3,743)
Expenditures:				
Current operations and maintenance:				
Security of persons and property	<u>2,742,450</u>	<u>2,819,600</u>	<u>2,807,576</u>	<u>12,024</u>
Excess of revenues over (under) expenditures	<u>(1,729,726)</u>	<u>(1,859,476)</u>	<u>(1,851,195)</u>	<u>8,281</u>
Other financing sources (uses):				
Sale of equipment	-	200	173	(27)
Transfers – in	<u>1,700,000</u>	<u>1,840,000</u>	<u>1,840,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,700,000</u>	<u>1,840,200</u>	<u>1,840,173</u>	<u>(27)</u>
Net change in fund balance	(29,726)	(19,276)	(11,022)	8,254
Fund balance at beginning of year	30,437	30,437	30,437	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>4,056</u>	<u>4,056</u>
Fund balance at end of year	\$ <u>711</u>	\$ <u>11,161</u>	\$ <u>23,471</u>	\$ <u>12,310</u>

City Of Bedford Heights, Ohio

Statement of Fund Net Assets Proprietary Funds

December 31, 2009

	<u>Business-Type Activities</u> Sewer Treatment Fund	<u>Governmental Activities</u> Internal Service Fund
Assets:		
Current assets		
Cash and cash equivalents	\$ 663,388	\$ 303,947
Accounts receivable	1,346,314	-
Supplies and materials inventory	62,643	-
Prepaid assets	<u>21,658</u>	<u>-</u>
Total current assets	<u>2,094,003</u>	<u>303,947</u>
Noncurrent assets:		
Non-depreciable capital assets	99,200	-
Depreciable capital assets, net	<u>7,525,730</u>	<u>-</u>
Total noncurrent assets	<u>7,624,930</u>	<u>-</u>
Total assets	<u>9,718,933</u>	<u>303,947</u>
Liabilities:		
Current liabilities:		
Accounts payable	53,014	-
Accrued wages and benefits	38,720	-
Intergovernmental payable	21,375	-
Accrued interest payable	2,458	-
Claims payable	-	231,591
Accrued compensated absences	107,665	-
General obligation bond payable	<u>88,050</u>	<u>-</u>
Total current liabilities	<u>311,282</u>	<u>231,591</u>
Long-term liabilities (net of current portion):		
Claims payable	-	211,163
Accrued compensated absences	270,141	-
General obligation bond payable	<u>825,450</u>	<u>-</u>
Total long-term liabilities	<u>1,095,591</u>	<u>211,163</u>
Total liabilities	<u>1,406,873</u>	<u>442,754</u>
Net assets:		
Invested in capital assets, net of related debt	6,991,041	-
Unrestricted	<u>1,321,019</u>	<u>(138,807)</u>
Total net assets	<u>\$ 8,312,060</u>	<u>\$ (138,807)</u>

See Accompanying Notes to the Basic Financial Statements

City Of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>Business-Type Activities</u> Sewer Treatment Fund	<u>Governmental Activities</u> Internal Service Fund
Operating revenues:		
Charges for services	\$ 3,015,533	\$ 1,261,346
Other	<u>13,398</u>	<u>-</u>
Total operating revenues	<u>3,028,931</u>	<u>1,261,346</u>
Operating expenses:		
Personal services	1,471,020	-
Travel and education	18,296	-
Contractual services	546,187	-
Supplies and materials	189,639	-
Claims	-	1,434,630
Depreciation	<u>417,612</u>	<u>-</u>
Total operating expenses	<u>2,642,754</u>	<u>1,434,630</u>
Operating income (loss)	<u>386,177</u>	<u>(173,284)</u>
Non-operating revenues (expenses):		
Investment income	609	246
Contributed capital	323,816	-
Loss on disposal of capital assets	(21,133)	-
Interest and fiscal charges	<u>(30,830)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>272,462</u>	<u>246</u>
Income (loss) before transfers	658,639	(173,038)
Transfers – in	<u>-</u>	<u>34,231</u>
Change in net assets	658,639	(138,807)
Net assets at beginning of year	<u>7,653,421</u>	<u>-</u>
Net assets at end of year	<u>\$ 8,312,060</u>	<u>\$ (138,807)</u>

See Accompanying Notes to the Basic Financial Statements

City Of Bedford Heights, Ohio

Statement of Cash Flows Proprietary Fund Types

For the Year Ended December 31, 2009

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Sewer Treatment Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 2,621,517	\$ -
Cash received from interfund services	-	1,261,346
Cash payments for goods and services	(571,763)	-
Cash payments to employees for services and benefits	(1,636,540)	-
Cash payments for materials and supplies	(184,806)	-
Cash payments for claims	-	(991,876)
Cash received for other operating activities	<u>13,398</u>	<u>-</u>
Net cash provided by operating activities	<u>241,806</u>	<u>269,470</u>
Cash flows from capital and related financing activities		
Acquisition and construction of assets	(38,510)	-
Sale of capital assets	480	-
Principal paid	(48,700)	-
Interest paid	<u>(30,951)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(117,681)</u>	<u>-</u>
Cash flows from investing activities		
Interest received	<u>609</u>	<u>246</u>
Cash flows from non-capital financing activities:		
Transfers – in	<u>-</u>	<u>34,231</u>
Net increase in cash and cash equivalents	124,734	303,947
Cash and cash equivalents at beginning of year	<u>538,654</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>663,388</u></u>	\$ <u><u>303,947</u></u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>		
Operating income (loss)	\$ 386,177	\$ (173,284)
Adjustments:		
Depreciation	417,612	-
Changes in assets/liabilities		
Increase in accounts receivable	(394,016)	-
Decrease in supplies and materials inventory	4,833	-
Decrease in prepaid assets	1,271	-
Decrease in accounts payable	(8,551)	-
Decrease in accrued wages and benefits	(44,971)	-
Increase in claims payable	-	442,754
Decrease in accrued compensated absences	(120,927)	-
Increase in intergovernmental payable	<u>378</u>	<u>-</u>
Net cash provided by operating activities	\$ <u><u>241,806</u></u>	\$ <u><u>269,470</u></u>

Schedule of non-cash investing, capital, and financing activities:

As of December 31, 2009, the Sewer Fund received \$323,816 as contributions to capital assets from governmental activities.

City Of Bedford Heights, Ohio

Statement of Fiduciary Net Assets
Agency Funds

December 31, 2009

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ <u>32,088</u>
Liabilities:	
Intergovernmental payable	\$ <u>32,088</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2009

Note 1: The Reporting Entity

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

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

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

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

Jointly Governed Organizations

Northeast Ohio Public Energy Council – The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 162 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 1: The Reporting Entity (continued)

Jointly Governed Organizations (continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Bedford Heights did not contribute to NOPEC during 2009. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

Note 2: Summary of Significant Accounting Policies

The financial statements of the City of Bedford Heights have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board Codification, Statements and Interpretations issued after November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. On December 31, 2009, the City adopted authoritative guidance by the Financial Accounting Standards Board ("FASB") which established the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America. The City has modified its disclosures in this report to comply with the requirements. Accordingly, references to authoritative accounting principles after the effective date with reference the codification and not the previous accounting guidance. The adoption of the guidance did not have a material effect on the City's financial statements. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

B. Fund Accounting

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

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

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

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

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

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

Proprietary Funds - The proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either Enterprise or Internal Service.

Enterprise Fund – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City’s major enterprise fund is the Sewer Treatment Fund. This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City maintains two separate internal service funds to account for its worker’s compensation self-insurance activity and medical self-insurance activity.

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

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

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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, 2009, but which were levied to finance year 2010 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

E. Budgetary Process

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

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

Tax Budget

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

Estimated Resources

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments are made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission finds the revised estimates to be reasonable. The amounts reported in the budgetary statements as original represent the amounts in the first official certificate of estimated resources issued during 2009. The amounts reported in the budgetary as final reflect the amounts in the final amended official certificate of estimated resources issued during 2009.

Annual Estimate

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

Appropriations

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

Lapsing of Appropriations

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

Budgeted Level of Expenditure

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

Encumbrances

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

F. Cash and Cash Equivalents

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

During fiscal year 2009, the City invested in STAR Ohio, money market accounts and municipal savings accounts.

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2009.

Following Ohio statutes, City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Individual investments are specifically identified as to which fund or funds the investment relates, and which funds are to be credited with the related interest earnings. During 2009, interest revenue credited to the General Fund amounted to \$28,907, of which, \$5,413 was from other funds.

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

G. Inventory

Inventories for all governmental funds are valued using the first-in/first out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued using the first-in/first-out method and expensed when used rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the allocation method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

I. Capital Assets

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

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

In the case of the initial capitalization of general infrastructure the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets by estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	6 to 50 years
Machinery and equipment	3 to 40 years
Furniture and fixtures	10 to 40 years
Vehicles	5 to 15 years
Infrastructure:	
Streets	15 to 20 years
Sewer lines	50 to 75 years

J. Interfund Balances

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

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$735,882 of restricted net assets, none of which is restricted by enabling legislation.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are reimbursements for the sewer-treatment plant. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither occurred in 2009.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (continued)

R. Estimates

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

S. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 29, 2010, the date the financial statements were available to be issued.

T. Comparative Data/Reclassifications

Prior year data presented in Management's Discussion and Analysis and Statistical Section have been reclassified in order to be comparative and provide an understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2008 financial statements in order to conform to the 2009 presentation.

Note 3: Budgetary Basis of Accounting

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Fire Levy Fund.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 3: Budgetary Basis of Accounting (continued)

	<u>Net Change in Fund Balances</u>	
	<u>General</u>	<u>Fire Levy</u>
GAAP basis	\$ (1,272,667)	\$ 74,014
<u>Increase (Decrease) due to:</u>		
Revenue accruals	576,643	-
Expenditure accruals	(172,082)	(80,980)
Encumbrances	<u>(46,436)</u>	<u>(4,056)</u>
Budget basis	\$ <u>(914,542)</u>	\$ <u>(11,022)</u>

Note 4: Deposits and Investments

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

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

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

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Investment grade obligations of state and local governments, and public authorities;

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 4: Deposits and Investments (continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge as security for repayment of all public moneys.

At year-end, the carrying amount of the City's deposits was \$2,809,589 and the bank balance was \$3,097,198. Of the bank balance, \$940,215 was covered by Federal depository insurance and \$2,156,983 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the City's name.

Investments

The City has a formal investment policy. The City follows GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools", and reports all its investments at fair value. As of December 31, 2009, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
STAR Ohio	\$ <u>3,250,499</u>	<u>N/A</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 4: Deposits and Investments (continued)

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than one year.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed by the City's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. All investments of the city are registered and carry a "AAAm" money market rating by Standard & Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the City's allocation as of December 31, 2009:

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

Note 5: Receivables

Receivables at December 31, 2009 consisted primarily of taxes, intergovernmental receivables arising from grants, special assessments, charges for sewer treatment services, charges for ambulance services, and charges for prisoner housing. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2009 for real and public utility property taxes represents collections for 2008 taxes. Property tax payments received during 2009 for tangible personal property (and other public utility property) are for 2009 taxes.

Real property taxes (other than public utility property) are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by the Cuyahoga County Auditor at 35 percent of the appraised market value, and reappraisal of all property is required every six years with a triennial update. The last reappraisal was completed for tax year 2006 affecting collections beginning in 2007.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 5: Receivables (continued)

A. Property Taxes (continued)

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due mid January with the remainder payable by mid July. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. Public utility real and tangible personal property taxes collected during the calendar year were levied in the preceding calendar year based on assessed values as of January 1 of that preceding year, the lien date.

Tangible personal property used in business (except for public utilities) is currently assessed for *ad valorem* taxation purposes and is being phased out – the assessment percentage for all property including inventory for 2009 is zero. Amounts 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 by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

While property tax rates are levied by the City, the Cuyahoga County Auditor is statutorily responsible for administering and collecting real property taxes on the behalf of all taxing authorities in the county, including the City.

The assessed values per category applicable to the 2009 tax are as follows:

Assessed Value

Category	
Real estate	\$ 250,367,170
Tangible personal	21,139,183
Public utility	<u>4,713,280</u>
Total	\$ <u>276,219,633</u>

The tax rate levied to finance the City's services for the years ended December 31, 2009 and December 31, 2008 was \$13.00 per \$1,000 of real estate and personal property valuation.

B. Income Tax

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 5: Receivables (continued)

C. Intergovernmental

A summary of intergovernmental receivables is as follows:

Governmental activities:	<u>Amounts</u>
Local governmental	\$ 290,642
Homestead and rollback	133,431
Gasoline tax	188,280
Motor vehicle license	88,551
CAT tax	119,649
Estate tax	18,047
Mayor's court	13,210
Permissive auto registration	6,521
Prisoner housing	400,126
Miscellaneous	<u>71,292</u>
Total	<u>\$ 1,329,749</u>

Note 6: Interfund Transactions

Interfund transfers for the year ended December 31, 2009, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Non-major Governmental Funds</u>	
Fire Levy Fund	\$ 1,840,000	\$ -	\$ -	\$ 1,840,000
Capital Improvements Fund	-	-	50,388	50,388
Non-Major Governmental Funds	1,118,000	187,651	-	1,305,651
Internal Service Funds	<u>34,231</u>	<u>-</u>	<u>-</u>	<u>34,231</u>
	<u>\$ 2,992,231</u>	<u>\$ 187,651</u>	<u>\$ 50,388</u>	<u>\$ 3,230,270</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The City had no transfers that either did not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer. The transfer from the non-major governmental funds to the capital improvement funds was for the purpose of paying debt.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 7: Capital Assets

A summary of changes in capital assets during 2009 follows:

	Restated Balance 12/31/08	Additions	Disposals	Balance 12/31/09
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,716,387	\$ 70,600	\$ -	\$ 1,786,987
Construction in progress	<u>-</u>	<u>109,719</u>	<u>-</u>	<u>109,719</u>
Total non-depreciable assets	<u>1,716,387</u>	<u>180,319</u>	<u>-</u>	<u>1,896,706</u>
Depreciable assets:				
Buildings and improvements	18,253,961	372,484	-	18,626,445
Furniture and fixtures	997,124	-	-	997,124
Machinery and equipment	1,435,514	42,458	-	1,477,972
Vehicles	3,325,568	122,836	(156,247)	3,292,157
Infrastructure:				
Streets	<u>13,825,917</u>	<u>613,688</u>	<u>(246,606)</u>	<u>14,192,999</u>
Total depreciable assets	<u>37,838,084</u>	<u>1,151,466</u>	<u>(402,853)</u>	<u>38,586,697</u>
Less accumulated depreciation:				
Buildings and improvements	(9,079,206)	(505,038)	-	(9,584,244)
Furniture and fixtures	(726,202)	(35,082)	-	(761,284)
Machinery and equipment	(1,059,722)	(89,050)	-	(1,148,772)
Vehicles	(1,836,743)	(245,483)	98,655	(1,983,571)
Infrastructure:				
Streets	<u>(7,729,407)</u>	<u>(513,170)</u>	<u>138,853</u>	<u>(8,103,724)</u>
Total accumulated depreciation	<u>(20,431,280)</u>	<u>(1,387,823)</u>	<u>237,508</u>	<u>(21,581,595)</u>
Total depreciable assets, net	<u>17,406,804</u>	<u>(236,357)</u>	<u>(165,345)</u>	<u>17,005,102</u>
Governmental activities capital assets, net	\$ <u>19,123,191</u>	\$ <u>(56,038)</u>	\$ <u>(165,345)</u>	\$ <u>18,901,808</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 7: Capital Assets (continued)

	Balance 12/31/08	Additions	Disposals	Balance 12/31/09
Business-type activities:				
Non-depreciable assets:				
Land	\$ 99,200	\$ -	\$ -	\$ 99,200
Depreciable assets:				
Buildings and improvements	3,909,669	13,144	-	3,922,813
Furniture and fixtures	24,862	25,366	-	50,228
Machinery and equipment	7,452,723	-	(91,969)	7,360,754
Vehicles	387,181	-	-	387,181
Infrastructure:				
Sewers	6,008,193	323,816	-	6,332,009
Total depreciable assets	17,782,628	362,326	(91,969)	18,052,985
Less accumulated depreciation:				
Buildings and improvements	(2,642,852)	(90,373)	-	(2,733,225)
Furniture and fixtures	(15,918)	(1,384)	-	(17,302)
Machinery and equipment	(5,720,191)	(195,331)	70,356	(5,845,166)
Vehicles	(321,362)	(6,124)	-	(327,486)
Infrastructure:				
Sewers	(1,479,676)	(124,400)	-	(1,604,076)
Total accumulated depreciation	(10,179,999)	(417,612)	70,356	(10,527,255)
Total depreciable assets, net	7,602,629	(55,286)	(21,613)	7,525,730
Business-type capital assets, net	\$ 7,701,829	\$ (55,286)	\$ (21,613)	\$ 7,624,930

*Depreciation expense was charged to governmental activities as follows:

General government	\$ 188,834
Security of persons and property	325,237
Public health and welfare	9,925
Leisure time activities	297,729
Community development	10,464
Basic utility services	35,211
Transportation	520,423
Total	\$ 1,387,823

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 8: Notes Payable

Note debt activity for the year ended December 31, 2009, consisted of the following:

	<u>Balance</u> <u>12/31/08</u>	<u>(Retired)</u> <u>Issued</u>	<u>Balance</u> <u>12/31/09</u>
Governmental Activities:			
3.10% 2008 Corrections facility improvement	\$ <u>50,000</u>	\$ <u>(50,000)</u>	\$ <u>-</u>

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

Note 9: Long-Term Debt

A. Original Issues

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

<u>Debt Issue</u>	<u>Original</u> <u>Issue Date</u>	<u>Interest Rate</u>	<u>Original</u> <u>Issue Amount</u>
General Obligation Bonds:			
Community Center Expansion	1994	4.90% - 6.00%	\$ 3,700,000
Jail Facilities	2004	2.00% - 4.00%	3,300,000
Various Purpose Bonds	2008	3.00% - 3.63%	1,352,800
Various Purpose Bonds	2008	3.00% - 3.63%	982,200
OPWC Loan	2009	0.00%	248,727

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 9: Long-Term Debt (continued)

B. Bonded Debt and Other Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2009 was as follows:

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/09</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
General obligation bonds:					
Community center expansion, due through 2014	\$ 1,550,000	\$ -	\$ (225,000)	\$ 1,325,000	\$ 235,000
Refunded jail facilities improvement, due through 2018	1,755,000	-	(280,000)	1,475,000	290,000
Various purpose bonds, due through 2018	<u>1,332,800</u>	<u>-</u>	<u>(76,300)</u>	<u>1,256,500</u>	<u>121,950</u>
Total general obligation bonds	<u>4,637,800</u>	<u>-</u>	<u>(581,300)</u>	<u>4,056,500</u>	<u>646,950</u>
Ohio Public Works Commission Loan:					
Sunset Drive improvements, due through 2030	<u>-</u>	<u>248,726</u>	<u>-</u>	<u>248,726</u>	<u>6,218</u>
Other long-term obligations:					
Claims payable	-	442,754	-	442,754	231,591
Capital leases payable	731,606	-	(172,332)	559,274	123,080
Accrued compensated absences	<u>2,457,113</u>	<u>1,050,947</u>	<u>(1,656,604)</u>	<u>1,851,456</u>	<u>649,161</u>
Total other long-term obligations	<u>3,188,719</u>	<u>1,493,701</u>	<u>(1,828,936)</u>	<u>2,853,484</u>	<u>1,003,832</u>
Total governmental activities long-term liabilities	<u>\$ 7,826,519</u>	<u>\$ 1,742,427</u>	<u>\$ (2,410,236)</u>	<u>\$ 7,158,710</u>	<u>\$ 1,657,000</u>
Business-type activities:					
General obligation bonds:					
Various purpose bonds, due through 2018	\$ 962,200	\$ -	\$ (48,700)	\$ 913,500	\$ 88,050
Other long-term obligations:					
Accrued compensated absences	<u>498,733</u>	<u>338,456</u>	<u>(459,383)</u>	<u>377,806</u>	<u>107,665</u>
Total business-type activities long-term liabilities	<u>\$ 1,460,933</u>	<u>\$ 338,456</u>	<u>\$ (508,083)</u>	<u>\$ 1,291,306</u>	<u>\$ 195,715</u>

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 9: Long-Term Debt (continued)

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

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2009 are as follows:

Year	General Obligation Bonds				OPWC Loans
	Governmental		Business-Type		Governmental
	Principal	Interest	Principal	Interest	Principal
2010	\$ 646,950	\$ 160,622	\$ 88,050	\$ 29,490	\$ 6,218
2011	672,650	136,146	92,350	26,849	12,436
2012	705,500	109,932	94,500	24,078	12,436
2013	733,350	81,434	96,650	21,243	12,436
2014	626,200	51,054	98,800	18,344	12,436
2015-2019	671,850	61,099	443,150	39,464	62,180
2020-2024	-	-	-	-	62,180
2025-2029	-	-	-	-	62,180
2030	-	-	-	-	6,224
Totals	\$ <u>4,056,500</u>	\$ <u>600,287</u>	\$ <u>913,500</u>	\$ <u>159,468</u>	\$ <u>248,726</u>

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

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

Compensated absences will be paid from the General Fund, Street Construction Maintenance and Repair Fund, Fire Pension Fund and Sewer Treatment Fund.

The City's overall legal debt margin was \$20,610,064 at December 31, 2009.

In 2004, the City issued a par amount of \$3,300,000 of Jail Facilities bonds with an average coupon rate of 2.518 percent to advance refund the portion of the 1995 Prior Issue stated to mature on December 1, 2018 in the aggregate principal amount of \$1,340,000 with an interest rate of 2.9 percent. The net proceeds from the issuances of the general obligation bonds and cash payment of \$49,496 were used to purchase U.S Government Securities in the amount of \$1,442,145 and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Jail Facilities bonds are called on December 1, 2014. The advance refunding met the requirements of an in-substance debt defeasance and the Jail Facilities bonds were removed from the City's government-wide financial statements. As of December 31, 2009, the amount of defeased debt outstanding but removed from the financial statements amounted to \$775,000.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 10: Capital Leases

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

	<u>Governmental Activities</u>
Assets:	
Machinery and equipment	\$ 29,916
Less: accumulated depreciation	<u>(6,631)</u>
Total	<u>\$ 23,285</u>
Vehicles	\$ 1,133,262
Less: accumulated depreciation	<u>(368,793)</u>
Total	<u>\$ 764,469</u>

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

<u>Year</u>	<u>Governmental Activities</u>
2010	\$ 148,185
2011	120,570
2012	92,845
2013	92,845
2014	92,845
2015	<u>92,845</u>
Total minimum lease payments	640,135
Less: Amount representing interest	<u>(80,861)</u>
Present value of minimum lease payments	<u>\$ 559,274</u>

Lease payments are made from the Street Construction Maintenance and Repair fund and Ambulance Billing fund. The lease payments will be paid with current, available resources that have accumulated in the fund for payment early in the following year.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 11: Compensated Absences

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 2009. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

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

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

Note 12: Pension Plans

A. *Ohio Public Employees Retirement System*

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling 614-222-5601 or 800-222-7377.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 12: Pension Plans (continued)

A. Ohio Public Employees Retirement System (continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City contributed 14.0 percent of covered payroll.

The City's required contributions for pension obligations, excluding healthcare, to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$491,807, \$447,101, and \$520,063, respectively. The full amount has been contributed for 2008 and 2007. For 2009, 92.6 percent has been contributed, with the remainder being reported as a liability.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by state statute. The City's contributions to the Fund for police and firefighters were \$479,426 and \$515,704, respectively, for the year ended December 31, 2009, \$482,051 and \$497,810, respectively, for the year ended December 31, 2008, and \$459,552 and \$470,153, respectively, for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. For 2009, 73.8 percent for police and 72.9 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 13: Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 13: Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH, 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, the City contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of the post employment health care benefits. For 2009, the employer contribution allocated to health care was 7.0 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care for the years ended December 31, 2009, 2008, and 2007 were \$355,614, \$447,101, and \$342,556, respectively. The full amount has been contributed for 2008 and 2007. For 2009, 92.6 percent has been contributed, with the remainder being reported as a liability.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 13: Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 and 401(h).

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

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 13: Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The City's contributions to OP&F for police and fire for the years ending December 31, 2009, 2008, and 2007 were \$479,426 and \$515,704, \$482,051 and \$497,810, and \$459,552 and \$470,153, respectively, of which \$165,955 and \$145,042, \$166,684 and \$140,009, and \$159,076 and \$132,231, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2008 and 2007. For 2009, 73.8 percent for police and 72.9 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 14: Risk Management

A. Property and Liability

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

Each member provides operating resources to NORMA based on actuarially determined rates and shares in NORMA's residual equity based on the City's percentage of contributions. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$150,000 per occurrence, will be paid from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool. As of December 31, 2009, NORMA had an aggregate stop loss ranging from \$400,000 to \$750,000 per policy year. Any losses over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment. This has not been necessary throughout the 20-year history of the pool.

B. Workers' Compensation Program

Historically, under the Ohio Workers' Compensation System for public employer taxing districts, a city could be fully insured against worker compensation claims. The City paid a premium determined by the "base rate" as modified by the "experience factor". Prior to 2008, the City was a part of the fully insured program.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 14: Risk Management (continued)

B. Workers' Compensation Program (continued)

Ohio law was amended to permit a plan based on a so called "Retrospective Rating." Ohio employers that meet the eligibility requirements and standards are able to participate in this plan which transfers a certain portion of the claim risk to the employer. Under the terms of the Retrospective Rating Plan, an employer is required to make three forms of payment.

- First a minimum premium payment, which is a fraction of the premium it would have been under the fully insured plan.
- Second, the employer is responsible for all selection year claims paid by the Bureau within the next ten years upon leaving the Retrospective Rating Plan.
- Third, at the end of the ten-year period, the Bureau will compute a final premium liability for all remaining, unresolved claims.

The City applied for and was accepted into the Retrospective Rating Plan in 2008. The City's Workers' Compensation Self-Insurance Fund (an Internal Service Fund) is used to account for and pay Workers' Compensation claims from the accumulated assets of the fund. The City's Retrospective Rating Plan provided for a \$200,000 catastrophic limit per claim and an aggregate claim limit of 200% fully insured premium that would have been payable by the City for the year in which the injury occurred.

The claims liability of \$315,668 reported in the Workers' Compensation Self-Insurance Fund is based on the requirements of Governmental Standards Board No. 30, which requires a liability for the unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the Fund's claims liability amount in 2009 were as follows:

	<u>2009</u>
Unpaid claims, beginning of year	\$ -
Incurred claims	315,668
Claims payments	-
Unpaid claims, end of year	\$ <u>315,668</u>

C. Health Insurance Benefits

The City carried commercial insurance for employee health, dental and vision insurance from January 1, 2009 through February 28, 2009. Effective March 1, 2009 the City provides health, dental and vision insurance to its employees through a self-insurance plan. The City pays a monthly administrative premium, including a stop-loss fee, for the self-insurance plan. The City contracts with a third party administrator to direct this program. During 2009, self-insurance was in effect for claims up to \$75,000 per covered individual. Any claims exceeding this threshold are covered by stop-loss.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 14: Risk Management (continued)

C. Health Insurance Benefits (continued)

The claims liability of \$127,086 as estimated by the third party administrator and reported in the Hospitalization Reserve Fund (an Internal Service Fund) at December 31, 2009, is based on the requirements of GASB Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Fund's claims liability amount in 2009 were as follows:

	<u>2009</u>
Unpaid claims, beginning of year	\$ -
Incurred claims	1,118,962
Claims payments	<u>(991,876)</u>
Unpaid claims, end of year	<u>\$ 127,086</u>

Note 15: Contingencies/Pending Litigation

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

Note 16: Accountability

There are deficits in the Fire Levy, Police Pension, Fire Pension, and Workers' Compensation Reserve Funds of \$(44,383), \$(128,624), \$(186,253), and \$(205,641), respectively, caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 17: Change in Accounting Principles and Restatement of Net Assets

A. Changes in Accounting Principles

For 2009, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance contained in the AICPA Statements on Auditing Standards*.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 17: Change in Accounting Principles and Restatement of Net Assets (continued)

A. Changes in Accounting Principles (continued)

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accounts (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments – related party transactions, going concern considerations and subsequent events. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Net Assets

	<u>Governmental Activities</u>
Net assets, December 31, 2008	\$ 22,717,268
Restatement of capital assets	<u>(2,404,462)</u>
Net assets, December 31, 2008, restated	<u>\$ 20,312,806</u>

The capital assets were overstated due to an accounting error which was detected during the compilation of the City's 2009 capital assets.

Note 18: Fair Value Measurements

In accordance with the "Fair Value Measurements" topic of the FASB ASC, the City uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

City Of Bedford Heights, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2009

Note 18: Fair Value Measurements (continued)

In accordance with the “Fair Value Measurements” topic of the FASV ASC, the City has elected to not apply the provisions of topic 820, as discussed in paragraph 820-10-15-1A of the FASB ASC, no non-financial assets and liabilities, except for those items that are recognized or disclosed at fair value in an entity’s financial statements on a recurring basis.

Financial assets consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>12/31/2009</u>
STAROhio	\$ 3,224,499	\$ -	\$ -	\$ 3,224,499
Sweep/Money Market Accounts	<u>2,155,895</u>	<u>-</u>	<u>-</u>	<u>2,155,895</u>
	<u>\$ 5,380,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,380,394</u>

Note 19: Construction Commitments

The City has active construction projects as of December 31, 2009. As of December 31, 2009, the City’s construction commitments with contractors were as follows:

<u>Project</u>	<u>Project Expenditures as of 12/31/2009</u>	<u>Remaining Commitments</u>
Sweet Birch/Randolph Rd Project	\$ 96,715	\$ 113,848

City of Bedford Heights, Ohio

Combining Statements
Non-Major Governmental Funds

Non-Major Special Revenue Funds

State Highway Improvement Fund

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

Street Maintenance and Repair Fund

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

Safety Department Equipment Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Law Enforcement Trust Fund

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

D.U.I. Enforcement and Education Fund

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

Ambulance Service Fund

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

JAG Byrne Fund

Accounts for the proceeds and disbursements of a federal grant used to control crime.

City of Bedford Heights, Ohio

Combining Statements
Non-Major Governmental Funds (continued)

Non-Major Special Revenue Funds (continued)

COPS Fund

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

Commissary Fund

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

Mayor's Court Computer Fund

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

Local Law Enforcement Grant Fund

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

Juvenile Community Diversion Fund

Accounts for reimbursements received from Cuyahoga County Juvenile Court to promote and develop a community diversion program to address juvenile misdemeanor and status offenders.

Sobriety Checkpoint and Education Fund

Accounts for Mayor's Court costs imposed to finance sobriety checkpoints throughout the City and the education of Police Officers regarding sobriety checkpoints.

Cable TV and Programming Fund

Accounts for cable television franchise fees.

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City of Bedford Heights, Ohio

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2009

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in city treasury cash	\$ 587,558	\$ 140,924	\$ 728,482
Accounts receivable	182,464	-	182,464
Intergovernmental receivable	305,988	36,174	342,162
Supplies and materials inventory	76,333	-	76,333
Taxes receivable	<u>140,418</u>	<u>468,070</u>	<u>608,488</u>
 Total assets	 <u>\$ 1,292,761</u>	 <u>\$ 645,168</u>	 <u>\$ 1,937,929</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 4,060	\$ -	\$ 4,060
Accrued wages and benefits	357,873	-	357,873
Intergovernmental payable	7,028	-	7,028
Deferred revenue	<u>476,458</u>	<u>504,246</u>	<u>980,704</u>
 Total liabilities	 <u>845,419</u>	 <u>504,246</u>	 <u>1,349,665</u>
Fund balances:			
Reserved for encumbrances	17,891	-	17,891
Reserved for inventory	76,333	-	76,333
Unreserved; undesignated	<u>353,118</u>	<u>140,922</u>	<u>494,040</u>
 Total fund balances	 <u>447,342</u>	 <u>140,922</u>	 <u>588,264</u>
 Total liabilities and fund balances	 <u>\$ 1,292,761</u>	 <u>\$ 645,168</u>	 <u>\$ 1,937,929</u>

City of Bedford Heights, Ohio

Combining Statement of Revenues, Expenditures, and Changes In Fund Balances Non-Major Governmental Funds

For the Year Ended December 31, 2009

	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Revenues:			
Property taxes	\$ 147,914	\$ 493,046	\$ 640,960
Intergovernmental	811,145	108,927	920,072
Charges for services	250,592	-	250,592
Licenses and permits	57,267	-	57,267
Fines and forfeitures	4,137	-	4,137
Investment Income	-	822	822
Miscellaneous revenue	224,793	-	224,793
Total revenues	<u>1,495,848</u>	<u>602,795</u>	<u>2,098,643</u>
Expenditures:			
Current operations and maintenance:			
Security of persons and property	1,462,714	-	1,462,714
Transportation	724,523	-	724,523
General government	24,188	-	24,188
Principal retirement	172,332	581,300	753,632
Interest and fiscal charges	33,972	183,786	217,758
Total expenditures	<u>2,417,729</u>	<u>765,086</u>	<u>3,182,815</u>
Excess of revenues over (under) expenditures	<u>(921,881)</u>	<u>(162,291)</u>	<u>(1,084,172)</u>
Other financing sources (uses):			
Sale of capital assets	13,566	-	13,566
Transfers – in	1,043,000	262,651	1,305,651
Transfers – out	-	(50,388)	(50,388)
Total other financing sources (uses)	<u>1,056,566</u>	<u>212,263</u>	<u>1,268,829</u>
Net change in fund balances	134,685	49,972	184,657
Fund balances at beginning of year	<u>312,657</u>	<u>90,950</u>	<u>403,607</u>
Fund balances at end of year	<u>\$ 447,342</u>	<u>\$ 140,922</u>	<u>\$ 588,264</u>

City of Bedford Heights, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2009

	State Highway <u>Improvement</u>	Street Maintenance & <u>Repair</u>	Safety Department <u>Equipment</u>	Police <u>Pension</u>
Assets:				
Cash and cash equivalents	\$ 85,411	\$ 66,358	\$ 23,613	\$ 13,925
Accounts receivable	-	-	-	-
Intergovernmental receivable	20,762	273,289	-	5,841
Supplies and materials inventory	-	76,333	-	-
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,209</u>
 Total assets	 \$ <u><u>106,173</u></u>	 \$ <u><u>415,980</u></u>	 \$ <u><u>23,613</u></u>	 \$ <u><u>89,975</u></u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ 254	\$ -	\$ -
Accrued wages and benefits	-	26,468	-	142,550
Intergovernmental payable	-	5,689	-	-
Deferred revenue	<u>15,366</u>	<u>189,509</u>	<u>-</u>	<u>76,049</u>
 Total liabilities	 <u>15,366</u>	 <u>221,920</u>	 <u>-</u>	 <u>218,599</u>
Fund balances:				
Reserved for encumbrances	-	7,459	-	-
Reserved for inventory	-	76,333	-	-
Unreserved (deficit); undesignated	<u>90,807</u>	<u>110,268</u>	<u>23,613</u>	<u>(128,624)</u>
 Total fund balances (deficit)	 <u>90,807</u>	 <u>194,060</u>	 <u>23,613</u>	 <u>(128,624)</u>
 Total liabilities and fund balances	 \$ <u><u>106,173</u></u>	 \$ <u><u>415,980</u></u>	 \$ <u><u>23,613</u></u>	 \$ <u><u>89,975</u></u>

<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement & Education</u>	<u>Ambulance Service</u>	<u>JAG Byrne Grant</u>	<u>COPS</u>
\$ 1,472	\$ 2,544	\$ 1,925	\$ 244,000	\$ 12,061	\$ 6,032
-	-	-	151,226	-	-
5,841	-	-	-	-	-
-	-	-	-	-	-
<u>70,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>77,522</u>	\$ <u>2,544</u>	\$ <u>1,925</u>	\$ <u>395,226</u>	\$ <u>12,061</u>	\$ <u>6,032</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
187,726	-	-	-	219	910
-	-	-	-	-	1,336
<u>76,049</u>	<u>-</u>	<u>-</u>	<u>119,485</u>	<u>-</u>	<u>-</u>
<u>263,775</u>	<u>-</u>	<u>-</u>	<u>119,485</u>	<u>219</u>	<u>2,246</u>
-	-	-	-	-	2
-	-	-	-	-	-
<u>(186,253)</u>	<u>2,544</u>	<u>1,925</u>	<u>275,741</u>	<u>11,842</u>	<u>3,784</u>
<u>(186,253)</u>	<u>2,544</u>	<u>1,925</u>	<u>275,741</u>	<u>11,842</u>	<u>3,786</u>
\$ <u>77,522</u>	\$ <u>2,544</u>	\$ <u>1,925</u>	\$ <u>395,226</u>	\$ <u>12,061</u>	\$ <u>6,032</u>

(continued)

City Of Bedford Heights, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds (Continued)

December 31, 2009

	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>Juvenile Community Diversion</u>
Assets:				
Cash and cash equivalents	\$ 95,704	\$ 7,535	\$ 7,523	\$ 2,565
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	255	-	-
Supplies and materials inventory	-	-	-	-
Taxes receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>95,704</u>	\$ <u>7,790</u>	\$ <u>7,523</u>	\$ <u>2,565</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 3,806	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Intergovernmental payable	-	-	-	3
Deferred revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,806</u>	<u>-</u>	<u>-</u>	<u>3</u>
Fund balances:				
Reserved for encumbrances	448	-	7,650	-
Reserved for inventory	-	-	-	-
Unreserved (deficit); undesignated	<u>91,450</u>	<u>7,790</u>	<u>(127)</u>	<u>2,562</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>91,898</u>	<u>7,790</u>	<u>7,523</u>	<u>2,562</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>95,704</u>	\$ <u>7,790</u>	\$ <u>7,523</u>	\$ <u>2,565</u>

<u>Sobriety Checkpoint and Education</u>	<u>Cable TV and Programming</u>	<u>Total</u>
\$ 118	\$ 16,772	\$ 587,558
-	31,238	182,464
-	-	305,988
-	-	76,333
<u>-</u>	<u>-</u>	<u>140,418</u>
<u>\$ 118</u>	<u>\$ 48,010</u>	<u>\$ 1,292,761</u>
\$ -	\$ -	\$ 4,060
-	-	357,873
-	-	7,028
<u>-</u>	<u>-</u>	<u>476,458</u>
<u>-</u>	<u>-</u>	<u>845,419</u>
-	2,332	17,891
-	-	76,333
<u>118</u>	<u>45,678</u>	<u>353,118</u>
<u>118</u>	<u>48,010</u>	<u>447,342</u>
<u>\$ 118</u>	<u>\$ 48,010</u>	<u>\$ 1,292,761</u>

City Of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	State Highway <u>Improvement</u>	Street Maintenance & <u>Repair</u>	Safety Department <u>Equipment</u>	Police <u>Pension</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ 73,957
Intergovernmental	39,776	569,755	-	19,222
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	17,351	20,000	-
	<u>-</u>	<u>17,351</u>	<u>20,000</u>	<u>-</u>
Total revenues	<u>39,776</u>	<u>587,106</u>	<u>20,000</u>	<u>93,179</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	-	-	18,632	480,799
Transportation	9,433	715,090	-	-
General government	-	-	-	-
Principal retirement	-	62,551	-	-
Interest and fiscal charges	-	6,641	-	-
	<u>-</u>	<u>6,641</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,433</u>	<u>784,282</u>	<u>18,632</u>	<u>480,799</u>
Excess of revenues (under) expenditures	<u>30,343</u>	<u>(197,176)</u>	<u>1,368</u>	<u>(387,620)</u>
Other financing sources (uses):				
Sale of capital assets	-	13,566	-	-
Transfers – in	-	200,000	-	390,000
	<u>-</u>	<u>213,566</u>	<u>-</u>	<u>390,000</u>
Total other financing sources (uses)	<u>-</u>	<u>213,566</u>	<u>-</u>	<u>390,000</u>
Net change in fund balances	30,343	16,390	1,368	2,380
Fund balances (deficit) at beginning of year	<u>60,464</u>	<u>177,670</u>	<u>22,245</u>	<u>(131,004)</u>
Fund balances (deficit) at end of year	\$ <u>90,807</u>	\$ <u>194,060</u>	\$ <u>23,613</u>	\$ <u>(128,624)</u>

<u>Fire Pension</u>	<u>Law Enforcement Trust</u>	<u>DUI Enforcement & Education</u>	<u>Ambulance Service</u>	<u>JAG Byrne Grant</u>	<u>COPS</u>
\$ 73,957	\$ -	\$ -	\$ -	\$ -	\$ -
19,222	-	-	-	100,000	48,232
-	-	-	250,592	-	-
-	-	-	-	-	-
-	-	294	-	-	-
-	125	-	-	-	-
<u>93,179</u>	<u>125</u>	<u>294</u>	<u>250,592</u>	<u>100,000</u>	<u>48,232</u>
520,247	25	-	70,293	88,158	91,212
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	109,781	-	-
-	-	-	27,331	-	-
<u>520,247</u>	<u>25</u>	<u>-</u>	<u>207,405</u>	<u>88,158</u>	<u>91,212</u>
<u>(427,068)</u>	<u>100</u>	<u>294</u>	<u>43,187</u>	<u>11,842</u>	<u>(42,980)</u>
-	-	-	-	-	-
<u>413,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
<u>413,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
(14,068)	100	294	43,187	11,842	(2,980)
<u>(172,185)</u>	<u>2,444</u>	<u>1,631</u>	<u>232,554</u>	<u>-</u>	<u>6,766</u>
\$ <u>(186,253)</u>	\$ <u>2,544</u>	\$ <u>1,925</u>	\$ <u>275,741</u>	\$ <u>11,842</u>	\$ <u>3,786</u>

(continued)

City Of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>Commissary</u>	<u>Mayor's Court Computer</u>	<u>Local Law Enforcement Grant</u>	<u>Juvenile Community Diversion</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	14,938	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	3,843	-	-
Miscellaneous income	<u>181,692</u>	<u>-</u>	<u>-</u>	<u>5,625</u>
Total revenues	<u>181,692</u>	<u>3,843</u>	<u>14,938</u>	<u>5,625</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property	175,715	-	11,404	6,229
Transportation	-	-	-	-
General government	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>175,715</u>	<u>-</u>	<u>11,404</u>	<u>6,229</u>
Excess of revenues (under) expenditures	<u>5,977</u>	<u>3,843</u>	<u>3,534</u>	<u>(604)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers – in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,977	3,843	3,534	(604)
Fund balances (deficit) at beginning of year	<u>85,921</u>	<u>3,947</u>	<u>3,989</u>	<u>3,166</u>
Fund balances (deficit) at end of year	\$ <u><u>91,898</u></u>	\$ <u><u>7,790</u></u>	\$ <u><u>7,523</u></u>	\$ <u><u>2,562</u></u>

<u>Sobriety Checkpoint and Education</u>	<u>Cable TV and Programming</u>	<u>Total</u>
\$ -	\$ -	\$ 147,914
-	-	811,145
-	-	250,592
-	57,267	57,267
-	-	4,137
-	-	<u>224,793</u>
<u>-</u>	<u>57,267</u>	<u>1,495,848</u>
-	-	1,462,714
-	-	724,523
269	23,919	24,188
-	-	172,332
-	-	<u>33,972</u>
<u>269</u>	<u>23,919</u>	<u>2,417,729</u>
<u>(269)</u>	<u>33,348</u>	<u>(921,881)</u>
-	-	13,566
-	-	<u>1,043,000</u>
-	-	<u>1,056,566</u>
(269)	33,348	134,685
<u>387</u>	<u>14,662</u>	<u>312,657</u>
\$ <u><u>118</u></u>	\$ <u><u>48,010</u></u>	\$ <u><u>447,342</u></u>

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

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,420,000	\$ 1,436,500	\$ 1,410,977	\$ (25,523)
Municipal income taxes	8,420,000	8,407,000	8,386,890	(20,110)
Other local taxes	6,500	-	-	-
Intergovernmental	1,092,200	1,071,200	1,042,600	(28,600)
Charges for services	4,207,900	3,759,100	3,726,116	(32,984)
Licenses and permits	260,450	237,800	213,287	(24,513)
Fines and forfeitures	153,000	173,000	168,563	(4,437)
Investment income	45,000	45,000	28,907	(16,093)
Miscellaneous income	<u>264,000</u>	<u>286,612</u>	<u>268,123</u>	<u>(18,489)</u>
Total revenues	<u>15,869,050</u>	<u>15,416,212</u>	<u>15,245,463</u>	<u>(170,749)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	3,165,500	3,162,600	3,111,459	51,141
Travel and education	47,000	41,000	37,622	3,378
Contractual services	86,700	73,400	61,980	11,420
Supplies and materials	152,000	149,000	141,682	7,318
Other expenditures	<u>400</u>	<u>400</u>	<u>112</u>	<u>288</u>
Total police law enforcement	<u>3,451,600</u>	<u>3,426,400</u>	<u>3,352,855</u>	<u>73,545</u>
Corrections facility				
Personal service	2,202,600	2,067,300	2,050,881	16,419
Travel and education	7,000	6,000	4,791	1,209
Contractual services	507,700	552,100	523,442	28,658
Supplies and materials	<u>91,000</u>	<u>81,200</u>	<u>72,263</u>	<u>8,937</u>
Total corrections facility	<u>2,808,300</u>	<u>2,706,600</u>	<u>2,651,377</u>	<u>55,223</u>
Police and fire communications				
Personal service	485,350	488,850	486,140	2,710
Travel and education	700	-	-	-
Contractual services	200	200	163	37
Supplies and materials	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total police and fire communications	<u>487,250</u>	<u>490,050</u>	<u>487,303</u>	<u>2,747</u>
Animal control				
Contractual services	<u>26,500</u>	<u>25,500</u>	<u>25,480</u>	<u>20</u>

(continued)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety director				
Personal service	<u>124,015</u>	<u>123,415</u>	<u>122,333</u>	<u>1,082</u>
Street lighting				
Contractual services	<u>78,000</u>	<u>97,000</u>	<u>89,355</u>	<u>7,645</u>
Traffic lights				
Personal service	<u>21,590</u>	<u>22,290</u>	<u>21,821</u>	<u>469</u>
Total security of persons and property	<u>6,997,255</u>	<u>6,891,255</u>	<u>6,750,524</u>	<u>140,731</u>
Public health and welfare				
Assistance to the needy and aged				
Personal service	188,150	192,250	189,674	2,576
Travel and education	100	50	15	35
Contractual services	143,500	143,200	137,433	5,767
Supplies and materials	<u>30,100</u>	<u>24,400</u>	<u>21,811</u>	<u>2,589</u>
Total assistance to the needy and aged	<u>361,850</u>	<u>359,900</u>	<u>348,933</u>	<u>10,967</u>
County health board				
Contractual services	<u>42,100</u>	<u>42,100</u>	<u>42,088</u>	<u>12</u>
Total public health and welfare	<u>403,950</u>	<u>402,000</u>	<u>391,021</u>	<u>10,979</u>
Leisure time activities				
Swimming facilities				
Personal service	19,275	25,676	24,325	1,351
Contractual services	240,312	223,210	218,972	4,238
Supplies and materials	22,000	15,900	14,833	1,067
Other expenditures	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total swimming facilities	<u>281,687</u>	<u>264,786</u>	<u>258,130</u>	<u>6,656</u>

(continued)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community center				
Personal service	506,865	519,465	509,226	10,239
Travel and education	2,443	950	698	252
Contractual services	195,200	237,000	231,558	5,442
Supplies and materials	58,500	66,500	58,076	8,424
Other expenditures	<u>13,600</u>	<u>14,100</u>	<u>13,286</u>	<u>814</u>
Total community center	<u>776,608</u>	<u>838,015</u>	<u>812,844</u>	<u>25,171</u>
Parks and playgrounds				
Personal service	33,490	32,990	31,641	1,349
Contractual services	500	700	577	123
Supplies and materials	<u>20,500</u>	<u>13,800</u>	<u>12,048</u>	<u>1,752</u>
Total parks and playgrounds	<u>54,490</u>	<u>47,490</u>	<u>44,266</u>	<u>3,224</u>
Public recreation				
Personal service	206,219	188,450	184,477	3,973
Travel and education	200	-	-	-
Contractual services	28,858	21,950	19,021	2,929
Supplies and materials	40,750	39,750	36,592	3,158
Other expenditures	<u>30,009</u>	<u>21,205</u>	<u>20,869</u>	<u>336</u>
Total public recreation	<u>306,036</u>	<u>271,355</u>	<u>260,959</u>	<u>10,396</u>
Total leisure time activities	<u>1,418,821</u>	<u>1,421,646</u>	<u>1,376,199</u>	<u>45,447</u>
Community development				
Building department				
Personal service	279,960	286,260	283,532	2,728
Travel and education	1,300	400	58	342
Contractual services	12,400	12,700	10,754	1,946
Supplies and materials	<u>4,950</u>	<u>5,000</u>	<u>4,083</u>	<u>917</u>
Total building department	<u>298,610</u>	<u>304,360</u>	<u>298,427</u>	<u>5,933</u>
Planning commission				
Personal service	8,915	5,485	4,425	1,060
Supplies and materials	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total planning commission	<u>8,990</u>	<u>5,485</u>	<u>4,425</u>	<u>1,060</u>

(continued)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Housing department				
Personal service	64,565	65,165	64,389	776
Travel and education	1,200	550	198	352
Contractual services	1,150	100	-	100
Supplies and materials	<u>1,700</u>	<u>1,000</u>	<u>965</u>	<u>35</u>
Total housing department	<u>68,615</u>	<u>66,815</u>	<u>65,552</u>	<u>1,263</u>
Board of zoning appeals				
Personal service	<u>11,005</u>	<u>8,075</u>	<u>6,913</u>	<u>1,162</u>
Total community development	<u>387,220</u>	<u>384,735</u>	<u>375,317</u>	<u>9,418</u>
Basic utility services				
Service director				
Personal service	192,385	194,185	192,090	2,095
Travel and education	5,500	5,300	3,759	1,541
Contractual services	1,100	1,280	1,120	160
Supplies and materials	1,400	300	104	196
Other expenditures	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total service director	<u>201,385</u>	<u>201,065</u>	<u>197,073</u>	<u>3,992</u>
Sanitary sewers and sewage disposal				
Personal service	96,810	94,410	90,847	3,563
Contractual services	2,500	2,500	1,986	514
Supplies and materials	7,700	7,500	6,752	748
Other expenditures	<u>2,500</u>	<u>1,500</u>	<u>1,193</u>	<u>307</u>
Total sanitary sewers and sewage disposal	<u>109,510</u>	<u>105,910</u>	<u>100,778</u>	<u>5,132</u>
Storm sewers and drains				
Personal service	9,750	2,475	1,162	1,313
Travel and education	11,000	8,000	7,196	804
Contractual services	6,000	1,700	1,244	456
Supplies and materials	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total storm sewers and drains	<u>27,950</u>	<u>12,175</u>	<u>9,602</u>	<u>2,573</u>
Refuse collection and disposal				
Contractual services	<u>435,000</u>	<u>418,000</u>	<u>413,929</u>	<u>4,071</u>
Total basic utility services	<u>773,845</u>	<u>737,150</u>	<u>721,382</u>	<u>15,768</u>

(continued)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Sidewalks				
Personal service	9,550	280	278	2
Supplies and materials	<u>7,500</u>	<u>100</u>	<u>5</u>	<u>95</u>
Total transportation	<u>17,050</u>	<u>380</u>	<u>283</u>	<u>97</u>
General government				
Mayor's court				
Personal service	138,100	125,840	124,620	1,220
Travel and education	500	500	-	500
Contractual services	100,000	113,600	112,758	842
Supplies and materials	<u>600</u>	<u>600</u>	<u>-</u>	<u>600</u>
Total mayor's court	<u>239,200</u>	<u>240,540</u>	<u>237,378</u>	<u>3,162</u>
Civil service commission				
Personal service	7,486	7,486	7,463	23
Travel and education	500	-	-	-
Contractual services	15,500	-	-	-
Supplies and materials	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total civil service commission	<u>24,386</u>	<u>7,486</u>	<u>7,463</u>	<u>23</u>
Mayor's office				
Personal service	151,430	152,430	150,467	1,963
Travel and education	7,900	9,600	8,702	898
Contractual services	16,800	16,100	15,092	1,008
Supplies and materials	6,700	5,800	5,141	659
Other expenditures	<u>3,000</u>	<u>1,100</u>	<u>966</u>	<u>134</u>
Total mayor's office	<u>185,830</u>	<u>185,030</u>	<u>180,368</u>	<u>4,662</u>
Legal administration				
Personal service	307,465	311,465	309,779	1,686
Travel and education	1,600	2,100	1,925	175
Contractual services	14,800	8,800	7,532	1,268
Supplies and materials	<u>1,300</u>	<u>1,300</u>	<u>1,064</u>	<u>236</u>
Total legal administration	<u>325,165</u>	<u>323,665</u>	<u>320,300</u>	<u>3,365</u>

(continued)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance administration				
Personal service	376,770	375,770	373,355	2,415
Travel and education	6,850	7,600	7,047	553
Contractual services	10,000	15,000	13,366	1,634
Supplies and materials	6,500	8,650	8,534	116
Other expenditures	1,000	-	-	-
Total finance administration	<u>401,120</u>	<u>407,020</u>	<u>402,302</u>	<u>4,718</u>
Legislative activities				
Personal service	232,815	233,215	231,649	1,566
Travel and education	35,000	26,000	24,716	1,284
Contractual services	37,500	31,900	30,615	1,285
Supplies and materials	4,500	4,050	3,830	220
Total legislative activities	<u>309,815</u>	<u>295,165</u>	<u>290,810</u>	<u>4,355</u>
Labor relations				
Contractual services	<u>60,000</u>	<u>51,000</u>	<u>50,295</u>	<u>705</u>
Engineering				
Personal service	44,340	45,840	45,310	530
Supplies and materials	300	300	300	-
Total engineering	<u>44,640</u>	<u>46,140</u>	<u>45,610</u>	<u>530</u>
Land and buildings				
Personal service	1,041,200	861,600	857,981	3,619
Contractual services	411,400	420,600	409,310	11,290
Supplies and materials	101,000	80,000	70,619	9,381
Total land and buildings	<u>1,553,600</u>	<u>1,362,200</u>	<u>1,337,910</u>	<u>24,290</u>
Tax department				
Contractual services	<u>255,000</u>	<u>267,000</u>	<u>266,882</u>	<u>118</u>

(continued)

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general government				
Personal service	143,430	148,730	147,099	1,631
Travel and education	1,600	1,600	1,013	587
Contractual services	132,150	137,550	124,549	13,001
Supplies and materials	12,400	12,550	10,425	2,125
Other expenditures	<u>137,200</u>	<u>156,812</u>	<u>121,874</u>	<u>34,938</u>
Total other general government	<u>426,780</u>	<u>457,242</u>	<u>404,960</u>	<u>52,282</u>
Total general government	<u>3,825,536</u>	<u>3,642,488</u>	<u>3,544,278</u>	<u>98,210</u>
Capital outlay:				
Miscellaneous equipment	<u>26,200</u>	<u>14,000</u>	<u>12,727</u>	<u>1,273</u>
Total expenditures	<u>13,849,877</u>	<u>13,493,654</u>	<u>13,171,731</u>	<u>321,923</u>
Excess of revenues over (under) expenditures	2,019,173	1,922,558	2,073,732	151,174
Other financing sources (uses):				
Sale of equipment	-	4,000	3,957	(43)
Transfers – out	<u>(2,801,000)</u>	<u>(2,995,500)</u>	<u>(2,992,231)</u>	<u>3,269</u>
Total other financing sources (uses)	<u>(2,801,000)</u>	<u>(2,991,500)</u>	<u>(2,988,274)</u>	<u>3,226</u>
Net change in fund balance	(781,827)	(1,068,942)	(914,542)	154,400
Fund balance at beginning of year	4,657,232	4,657,232	4,657,232	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>46,436</u>	<u>46,436</u>
Fund balance at end of year	\$ <u>3,875,405</u>	\$ <u>3,588,290</u>	\$ <u>3,789,126</u>	\$ <u>200,836</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 800,000	\$ 740,000	\$ 739,570	\$ (430)
Intergovernmental	192,224	197,124	197,031	(93)
Miscellaneous income	20,500	23,000	19,780	(3,220)
Total revenues	<u>1,012,724</u>	<u>960,124</u>	<u>956,381</u>	<u>(3,743)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	2,647,100	2,733,700	2,730,164	3,536
Travel and education	13,900	9,400	6,750	2,650
Contractual services	13,000	10,600	7,733	2,867
Supplies and materials	52,450	50,000	47,217	2,783
Other expenditures	16,000	15,900	15,712	188
Total expenditures	<u>2,742,450</u>	<u>2,819,600</u>	<u>2,807,576</u>	<u>12,024</u>
Excess of revenues over (under) expenditures	<u>(1,729,726)</u>	<u>(1,859,476)</u>	<u>(1,851,195)</u>	<u>8,281</u>
Other financing sources (uses):				
Sale of equipment	-	200	173	(27)
Transfers – in	1,700,000	1,840,000	1,840,000	-
Total other financial sources (uses)	<u>1,700,000</u>	<u>1,840,200</u>	<u>1,840,173</u>	<u>(27)</u>
Net change in fund balance	(29,726)	(19,276)	(11,022)	8,254
Fund balance at beginning of year	30,437	30,437	30,437	-
Encumbrances at end of year	-	-	4,056	4,056
Fund balance at end of year	\$ <u>711</u>	\$ <u>11,161</u>	\$ <u>23,471</u>	\$ <u>12,310</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 530,000	\$ 495,000	\$ 493,046	\$ (1,954)
Intergovernmental	911,332	810,332	842,134	31,802
Licenses and permits	145,100	168,100	167,101	(999)
Investment income	39,600	16,415	10,764	(5,651)
Miscellaneous income	-	20,000	18,798	(1,202)
Total revenues	<u>1,626,032</u>	<u>1,509,847</u>	<u>1,531,843</u>	<u>21,996</u>
Expenditures:				
Current operations and maintenance:				
Leisure time activities				
Community center				
Contractual services	<u>51,000</u>	<u>13,350</u>	<u>13,131</u>	<u>219</u>
Basic utility services				
Storm sewers				
Contractual services	<u>70,000</u>	<u>105,000</u>	<u>100,821</u>	<u>4,179</u>
Transportation				
Sidewalks				
Contractual services	<u>864,660</u>	<u>834,182</u>	<u>831,177</u>	<u>3,005</u>
General government				
Land and buildings				
Contractual services	<u>405,000</u>	<u>370,500</u>	<u>361,876</u>	<u>8,624</u>
Capital outlay:				
Street paving and repair	550,000	490,000	481,254	8,746
Miscellaneous equipment	84,500	61,000	59,493	1,507
Land purchases	5,000	28,200	28,124	76
Transportation	<u>62,800</u>	<u>85,000</u>	<u>79,808</u>	<u>5,192</u>
Total capital outlay	<u>702,300</u>	<u>664,200</u>	<u>648,679</u>	<u>15,521</u>
Total expenditures	<u>2,092,960</u>	<u>1,987,232</u>	<u>1,955,684</u>	<u>31,548</u>
Excess of revenues over (under) expenditures	<u>(466,928)</u>	<u>(477,385)</u>	<u>(423,841)</u>	<u>53,544</u>
Other financing sources (uses):				
Issuance of notes	291,478	284,000	248,726	(35,274)
Sale of equipment	-	2,500	2,500	-
Transfers out	<u>(162,736)</u>	<u>(187,651)</u>	<u>(187,651)</u>	<u>-</u>
Total other financing sources (uses)	<u>128,742</u>	<u>98,849</u>	<u>63,575</u>	<u>(35,274)</u>
Net change in fund balance	(338,186)	(378,536)	(360,266)	18,270
Fund balance at beginning of year	813,055	813,055	813,055	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>66,797</u>	<u>66,797</u>
Fund balance at end of year	\$ <u>474,869</u>	\$ <u>434,519</u>	\$ <u>519,586</u>	\$ <u>85,067</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>45,000</u>	\$ <u>45,000</u>	\$ <u>40,806</u>	\$ <u>(4,194)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Street construction, maintenance and repair				
Contractual services	20,700	-	-	-
Snow and ice removal				
Supplies and materials	<u>17,000</u>	<u>17,000</u>	<u>9,433</u>	<u>7,567</u>
Total expenditures	<u>37,700</u>	<u>17,000</u>	<u>9,433</u>	<u>7,567</u>
Net change in fund balance	7,300	28,000	31,373	3,373
Fund balance at beginning of year	<u>54,038</u>	<u>54,038</u>	<u>54,038</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>61,338</u></u>	\$ <u><u>82,038</u></u>	\$ <u><u>85,411</u></u>	\$ <u><u>3,373</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 594,000	\$ 608,000	\$ 582,361	\$ (25,639)
Miscellaneous income	<u>27,000</u>	<u>17,000</u>	<u>15,747</u>	<u>(1,253)</u>
Total revenues	<u>621,000</u>	<u>625,000</u>	<u>598,108</u>	<u>(26,892)</u>
Expenditures:				
Current operations and maintenance:				
Transportation				
Traffic control				
Personal service	78,475	77,765	74,640	3,125
Contractual services	33,328	36,028	33,303	2,725
Supplies and materials	<u>6,300</u>	<u>4,300</u>	<u>2,507</u>	<u>1,793</u>
Total traffic control	<u>118,103</u>	<u>118,093</u>	<u>110,450</u>	<u>7,643</u>
Street construction, maintenance and repair				
Personal service	310,080	295,700	288,156	7,544
Contractual services	98,300	90,300	82,209	8,091
Supplies and materials	<u>87,800</u>	<u>101,800</u>	<u>78,440</u>	<u>23,360</u>
Total street construction, maintenance and repair	<u>496,180</u>	<u>487,800</u>	<u>448,805</u>	<u>38,995</u>
Snow and ice removal				
Personal service	82,990	85,390	73,085	12,305
Contractual services	11,000	22,000	19,347	2,653
Supplies and materials	156,000	166,000	143,794	22,206
Other expenditures	<u>6,200</u>	<u>6,200</u>	<u>5,117</u>	<u>1,083</u>
Total snow and ice removal	<u>256,190</u>	<u>279,590</u>	<u>241,343</u>	<u>38,247</u>
Total expenditures	<u>870,473</u>	<u>885,483</u>	<u>800,598</u>	<u>84,885</u>
Excess of revenues over (under) expenditures	<u>(249,473)</u>	<u>(260,483)</u>	<u>(202,490)</u>	<u>57,993</u>
Other financing sources (uses):				
Sale of equipment	2,500	13,700	13,566	(134)
Transfers – in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>202,500</u>	<u>213,700</u>	<u>213,566</u>	<u>(134)</u>
Net change in fund balance	(46,973)	(46,783)	11,076	57,859
Fund balance at beginning of year	47,824	47,824	47,824	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>7,458</u>	<u>7,458</u>
Fund balance at end of year	\$ <u>851</u>	\$ <u>1,041</u>	\$ <u>66,358</u>	\$ <u>65,317</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	<u>42,245</u>	<u>20,000</u>	<u>18,632</u>	<u>1,368</u>
Net change in fund balance	(22,245)	-	1,368	1,368
Fund balance at beginning of year	<u>22,245</u>	<u>22,245</u>	<u>22,245</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>22,245</u></u>	\$ <u><u>23,613</u></u>	\$ <u><u>1,368</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 77,500	\$ 75,700	\$ 73,957	\$ (1,743)
Intergovernmental	<u>19,222</u>	<u>19,222</u>	<u>19,222</u>	<u>-</u>
Total revenues	96,722	94,922	93,179	(1,743)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>495,000</u>	<u>492,000</u>	<u>490,154</u>	<u>1,846</u>
Excess of revenues over (under) expenditures	(398,278)	(397,078)	(396,975)	103
Other financing sources (uses):				
Transfers – in	<u>380,000</u>	<u>390,000</u>	<u>390,000</u>	<u>-</u>
Net change in fund balance	(18,278)	(7,078)	(6,975)	103
Fund balance at beginning of year	<u>20,900</u>	<u>20,900</u>	<u>20,900</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>2,622</u></u>	\$ <u><u>13,822</u></u>	\$ <u><u>13,925</u></u>	\$ <u><u>103</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 77,500	\$ 75,700	\$ 73,957	\$ (1,743)
Intergovernmental	<u>19,222</u>	<u>19,222</u>	<u>19,222</u>	<u>-</u>
Total revenues	96,722	94,922	93,179	(1,743)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Fire fighting, prevention and inspection				
Personal service	<u>510,000</u>	<u>514,000</u>	<u>512,809</u>	<u>1,191</u>
Excess of revenues over (under) expenditures	(413,278)	(419,078)	(419,630)	(552)
Other financing sources (uses):				
Transfers – in	<u>406,000</u>	<u>413,000</u>	<u>413,000</u>	<u>-</u>
Net change in fund balance	(7,278)	(6,078)	(6,630)	(552)
Fund balance at beginning of year	<u>8,102</u>	<u>8,102</u>	<u>8,102</u>	<u>-</u>
Fund balance at end of year	\$ <u>824</u>	\$ <u>2,024</u>	\$ <u>1,472</u>	\$ <u>(552)</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ -	\$ 125	\$ 125	\$ -
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	<u>2,444</u>	<u>2,525</u>	<u>25</u>	<u>2,500</u>
Net change in fund balance	(2,444)	(2,400)	100	2,500
Fund balance at beginning of year	<u>2,444</u>	<u>2,444</u>	<u>2,444</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>44</u></u>	\$ <u><u>2,544</u></u>	\$ <u><u>2,500</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 7,500	\$ 1,000	\$ 319	\$ (681)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Travel and education	<u>7,500</u>	<u>1,700</u>	<u>-</u>	<u>1,700</u>
Net change in fund balance	-	(700)	319	1,019
Fund balance at beginning of year	<u>1,606</u>	<u>1,606</u>	<u>1,606</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,606</u></u>	\$ <u><u>906</u></u>	\$ <u><u>1,925</u></u>	\$ <u><u>1,019</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ <u>265,000</u>	\$ <u>265,000</u>	\$ <u>254,383</u>	\$ <u>(10,617)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	207,300	196,300	192,080	4,220
Other expenditures	<u>72,000</u>	<u>20,000</u>	<u>15,325</u>	<u>4,675</u>
Total expenditures	<u>279,300</u>	<u>216,300</u>	<u>207,405</u>	<u>8,895</u>
Net change in fund balance	(14,300)	48,700	46,978	(1,722)
Fund balance at beginning of year	<u>197,022</u>	<u>197,022</u>	<u>197,022</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>182,722</u></u>	\$ <u><u>245,722</u></u>	\$ <u><u>244,000</u></u>	\$ <u><u>(1,722)</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 100,000	\$ 100,000	\$ -
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal services	-	23,000	13,710	9,290
Other expenditures	-	77,000	74,229	2,771
Total expenditures	-	100,000	87,939	12,061
Net change in fund balance	-	-	12,061	12,061
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 12,061	\$ 12,061

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 48,000	\$ 48,600	\$ 48,232	\$ (368)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Personal service	<u>88,165</u>	<u>95,265</u>	<u>93,463</u>	<u>1,802</u>
Excess of revenues over (under) expenditures	(40,165)	(46,665)	(45,231)	1,434
Other financing sources (uses):				
Transfers – in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balance	(165)	(6,665)	(5,231)	1,434
Fund balance at beginning of year	11,261	11,261	11,261	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Fund balance at end of year	\$ <u>11,096</u>	\$ <u>4,596</u>	\$ <u>6,032</u>	\$ <u>1,436</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ <u>189,000</u>	\$ <u>198,000</u>	\$ <u>181,692</u>	\$ <u>(16,308)</u>
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Support of prisoners				
Supplies and materials	89,000	95,000	89,936	5,064
Other expenditures	<u>150,000</u>	<u>110,000</u>	<u>93,848</u>	<u>16,152</u>
Total expenditures	<u>239,000</u>	<u>205,000</u>	<u>183,784</u>	<u>21,216</u>
Net change in fund balance	(50,000)	(7,000)	(2,092)	4,908
Fund balance at beginning of year	95,148	95,148	95,148	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>2,648</u>	<u>2,648</u>
Fund balance at end of year	\$ <u><u>45,148</u></u>	\$ <u><u>88,148</u></u>	\$ <u><u>95,704</u></u>	\$ <u><u>7,556</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 3,000	\$ 4,000	\$ 3,783	\$ (217)
Expenditures:				
Current operations and maintenance:				
General government				
Mayor’s court				
Contractual services	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net change in fund balance	(3,000)	(2,000)	3,783	5,783
Fund balance at beginning of year	<u>3,752</u>	<u>3,752</u>	<u>3,752</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>752</u></u>	\$ <u><u>1,752</u></u>	\$ <u><u>7,535</u></u>	\$ <u><u>5,783</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 16,000	\$ 14,938	\$ (1,062)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Police law enforcement				
Contractual services	<u>3,000</u>	<u>19,500</u>	<u>19,054</u>	<u>446</u>
Net change in fund balance	(3,000)	(3,500)	(4,116)	(616)
Fund balance at beginning of year	3,989	3,989	3,989	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>7,650</u>	<u>7,650</u>
Fund balance at end of year	\$ <u><u>989</u></u>	\$ <u><u>489</u></u>	\$ <u><u>7,523</u></u>	\$ <u><u>7,034</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ 14,600	\$ 7,500	\$ 5,625	\$ (1,875)
Expenditures:				
Current operations and maintenance:				
Security of persons and property				
Miscellaneous				
Personal service	5,745	3,345	317	3,028
Travel and education	2,200	5,000	4,068	932
Contractual Services	2,000	2,000	2,000	-
Supplies and materials	3,000	-	-	-
Total expenditures	12,945	10,345	6,385	3,960
Net change in fund balance	1,655	(2,845)	(760)	2,085
Fund balance at beginning of year	3,325	3,325	3,325	-
Fund balance at end of year	\$ 4,980	\$ 480	\$ 2,565	\$ 2,085

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 400	\$ 400	\$ -	\$ (400)
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Supplies and materials	<u>400</u>	<u>400</u>	<u>269</u>	<u>131</u>
Net change in fund balance	-	-	(269)	(269)
Fund balance at beginning of year	<u>387</u>	<u>387</u>	<u>387</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>387</u></u>	\$ <u><u>387</u></u>	\$ <u><u>118</u></u>	\$ <u><u>(269)</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 27,000	\$ 35,000	\$ 34,843	\$ (157)
Expenditures:				
Current operations and maintenance:				
General government				
Miscellaneous				
Contractual services	<u>32,500</u>	<u>32,500</u>	<u>26,251</u>	<u>6,249</u>
Net change in fund balance	(5,500)	2,500	8,592	6,092
Fund balance at beginning of year	5,848	5,848	5,848	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>2,332</u>	<u>2,332</u>
Fund balance at end of year	\$ <u>348</u>	\$ <u>8,348</u>	\$ <u>16,772</u>	\$ <u>8,424</u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 530,000	\$ 495,000	\$ 493,046	\$ (1,954)
Intergovernmental	108,927	108,927	108,927	-
Investment income	9,500	1,500	822	(678)
Total revenues	<u>648,427</u>	<u>605,427</u>	<u>602,795</u>	<u>(2,632)</u>
Expenditures:				
Debt service:				
Principal retirement	631,300	631,300	631,300	-
Interest and fiscal charges	<u>185,300</u>	<u>185,300</u>	<u>184,174</u>	<u>1,126</u>
Total expenditures	<u>816,600</u>	<u>816,600</u>	<u>815,474</u>	<u>1,126</u>
Excess of revenues over (under) expenditures	(168,173)	(211,173)	(212,679)	(1,506)
Other financing sources (uses):				
Transfers – in	<u>237,736</u>	<u>262,651</u>	<u>262,651</u>	<u>-</u>
Net change in fund balance	69,563	51,478	49,972	(1,506)
Fund balance at beginning of year	<u>90,952</u>	<u>90,952</u>	<u>90,952</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>160,515</u></u>	\$ <u><u>142,430</u></u>	\$ <u><u>140,924</u></u>	\$ <u><u>(1,506)</u></u>

City of Bedford Heights, Ohio

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

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,219,600	\$ 3,119,600	\$ 2,598,447	\$ (521,153)
Licenses and permits	17,000	28,000	23,070	(4,930)
Investment income	2,000	2,000	609	(1,391)
Miscellaneous income	<u>11,300</u>	<u>14,000</u>	<u>13,398</u>	<u>(602)</u>
Total revenues	<u>3,249,900</u>	<u>3,163,600</u>	<u>2,635,524</u>	<u>(528,076)</u>
Expenses:				
Current operations and maintenance:				
Personal service	1,751,880	1,736,930	1,637,190	99,740
Travel and education	16,750	16,750	12,636	4,114
Contractual services	744,650	746,650	569,378	177,272
Supplies and materials	312,550	332,550	225,594	106,956
Debt service:				
Principal	48,700	48,700	48,700	-
Interest and fiscal charges	<u>31,000</u>	<u>31,000</u>	<u>30,951</u>	<u>49</u>
Total expenses	<u>2,905,530</u>	<u>2,912,580</u>	<u>2,524,449</u>	<u>388,131</u>
Excess of revenues over (under) expenditures	344,370	251,020	111,075	(139,945)
Other financing sources (uses):				
Sale of equipment	<u>-</u>	<u>500</u>	<u>480</u>	<u>(20)</u>
Net change in fund equity	344,370	251,520	111,555	(139,965)
Fund equity at beginning of year	538,654	538,654	538,654	-
Encumbrances at end of year	<u>-</u>	<u>-</u>	<u>13,179</u>	<u>13,179</u>
Fund equity at end of year	\$ <u>883,024</u>	\$ <u>790,174</u>	\$ <u>663,388</u>	\$ <u>(126,786)</u>

City of Bedford Heights, Ohio

Schedule of Revenues, Expenses, and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual – Worker’s Compensation Reserve Fund

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ 41,000	\$ 75,731	\$ 34,731
Investment income	-	100	65	(35)
Total revenues	-	41,100	75,796	34,696
Other financing sources (uses):				
Transfers – in	-	35,000	34,231	(769)
Net change in fund balance	-	76,100	110,027	33,927
Fund equity at the beginning of the year	-	-	-	-
Fund equity at the end of the year	\$ -	\$ 76,100	\$ 110,027	\$ 33,927

City of Bedford Heights, Ohio

Schedule of Revenues, Expenses, and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual – Hospitalization Reserve Fund

For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ 1,186,000	\$ 1,185,615	\$ (385)
Investment income	-	200	181	(19)
Total revenues	-	1,186,200	1,185,796	(404)
Expenses:				
Current operations and maintenance:				
Contractual services	-	1,100,000	991,876	108,124
Net change in fund balance	-	86,200	193,920	107,720
Fund equity at the beginning of the year	-	-	-	-
Fund equity at the end of the year	\$ -	\$ 86,200	\$ 193,920	\$ 107,720

City of Bedford Heights, Ohio

Combining Statements
Non-Major Internal Services Funds

For The Year Ended December 31, 2009

Worker's Compensation Self-Insurance Fund

Accounts for assets set aside for claim settlements and related liabilities associated with the workers' compensation self-insurance program.

Hospitalization Reserve Fund

Accounts for a self-insurance program for employee medical, dental and vision benefits.

City of Bedford Heights, Ohio

Combining Statement of Fund Net Assets Nonmajor Internal Service Funds

December 31, 2009

	Worker's Compensation Self <u>Insurance</u>	Hospitalization <u>Reserve</u>	Total Internal Service <u>Funds</u>
Assets:			
Equity in city treasury cash	\$ <u>110,027</u>	\$ <u>193,920</u>	\$ <u>303,947</u>
Liabilities:			
Current liabilities:			
Claims payable	104,505	127,086	231,591
Long-term liabilities (net of current portion):			
Claims payable	<u>211,163</u>	<u>-</u>	<u>211,163</u>
Total liabilities	<u>315,668</u>	<u>127,086</u>	<u>442,754</u>
Net assets:			
Unrestricted (deficit)	\$ <u><u>(205,641)</u></u>	\$ <u><u>66,834</u></u>	\$ <u><u>(138,807)</u></u>

City of Bedford Heights, Ohio

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Nonmajor Internal Service Funds

For The Year Ended December 31, 2009

	Worker's Compensation Self Insurance	Hospitalization Reserve	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 75,731	\$ 1,185,615	\$ 1,261,346
Operating expenses:			
Claims	<u>315,668</u>	<u>1,118,962</u>	<u>1,434,630</u>
Operating income (loss)	(239,937)	66,653	(173,284)
Non-operating revenues:			
Interest earnings	<u>65</u>	<u>181</u>	<u>246</u>
Operating income (loss) before transfers	(239,872)	66,834	(173,038)
Transfers-in	<u>34,231</u>	<u>-</u>	<u>34,231</u>
Change in net assets	(205,641)	66,834	(138,807)
Net assets (deficit) at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) at end of year	\$ <u><u>(205,641)</u></u>	\$ <u><u>66,834</u></u>	\$ <u><u>(138,807)</u></u>

City of Bedford Heights, Ohio

Combining Statements of Cash Flows Non-Major Internal Services Funds

For The Year Ended December 31, 2009

	Worker's Compensation Self <u>Insurance</u>	Hospitalization <u>Reserve</u>	Total Internal Service <u>Funds</u>
Cash flows from operating activities			
Cash received from interfund services	\$ 75,731	\$ 1,185,615	\$ 1,261,346
Cash payments for claims	<u>-</u>	<u>(991,876)</u>	<u>(991,876)</u>
Net cash provided by operating activities	75,731	193,739	269,470
Cash flows from investing activities			
Interest received	65	181	246
Cash flows from non-capital financing activities			
Transfers – in	<u>34,231</u>	<u>-</u>	<u>34,231</u>
Net increase in cash and cash equivalents	110,027	193,920	303,947
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u>110,027</u>	\$ <u>193,920</u>	\$ <u>303,947</u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>			
Operating income (loss)	\$ (239,937)	\$ 66,653	\$ (173,284)
Adjustments:			
Changes in liabilities:			
Increase in claims payable	<u>315,668</u>	<u>127,086</u>	<u>442,754</u>
Net cash provided by operating activities	\$ <u>75,731</u>	\$ <u>193,739</u>	\$ <u>269,470</u>

City of Bedford Heights, Ohio

Agency Funds

Veteran's Memorial Fund

To account for proceeds and expenditures related to the Veteran's Memorial. Expenditures will be made to purchase pavement bricks and replacement flags surrounding the monument.

Glenwillow Sanitary Sewer Maintenance and Repair Fund

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

Mayor's Court Fund

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

City of Bedford Heights, Ohio

Combining Statement of Assets and Liabilities – All Agency Funds

December 31, 2009

	<u>Veteran's Memorial</u>	<u>Glenwillow Sanitary Sewer Maintenance and Repair</u>	<u>Mayor's Court</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ <u>584</u>	\$ <u>17,950</u>	\$ <u>13,554</u>	\$ <u>32,088</u>
Liabilities:				
Intergovernmental payable	\$ <u>584</u>	\$ <u>17,950</u>	\$ <u>13,554</u>	\$ <u>32,088</u>

City of Bedford Heights, Ohio

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

December 31, 2009

	Beginning Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/09</u>
Veteran’s memorial fund				
Assets:				
Cash and cash equivalents	\$ <u> -</u>	\$ <u> 584</u>	\$ <u> -</u>	\$ <u> 584</u>
Liabilities:				
Due to others	\$ <u> -</u>	\$ <u> 584</u>	\$ <u> -</u>	\$ <u> 584</u>
Glenwillow sanitary sewer maintenance and repair fund				
Assets:				
Cash and cash equivalents	\$ <u> 15,385</u>	\$ <u> 8,824</u>	\$ <u> (6,259)</u>	\$ <u> 17,950</u>
Liabilities:				
Intergovernmental payable	\$ <u> 15,385</u>	\$ <u> 8,824</u>	\$ <u> (6,259)</u>	\$ <u> 17,950</u>
Mayor’s court fund				
Assets:				
Cash and cash equivalents	\$ <u> 12,292</u>	\$ <u> 249,010</u>	\$ <u> (247,748)</u>	\$ <u> 13,554</u>
Liabilities:				
Intergovernmental payable	\$ <u> 12,292</u>	\$ <u> 249,010</u>	\$ <u> (247,748)</u>	\$ <u> 13,554</u>
Total all agency funds				
Assets:				
Cash and cash equivalents	\$ <u> 27,677</u>	\$ <u> 258,418</u>	\$ <u> (254,007)</u>	\$ <u> 32,088</u>
Liabilities:				
Intergovernmental payable	\$ <u> 27,677</u>	\$ <u> 258,418</u>	\$ <u> (254,007)</u>	\$ <u> 32,088</u>

**STATISTICAL
SECTION**

City of Bedford Heights, Ohio

Statistical Section

This part of the City of Bedford Heights' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	114-119
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	120-125
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	126-129
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	130-131
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	132-135

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Bedford Heights, Ohio

Net Assets by Component – Last Seven Years

Last Seven Years

Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:							
Invested in capital assets, net of related debt	\$ 12,951,678	\$ 13,048,396	\$ 13,741,270	\$ 13,712,808	\$ 13,970,553	\$ 14,069,874	\$ 14,037,308
Restricted for:							
Debt services	132,195	162,661	194,437	192,468	142,615	90,950	140,922
Capital projects	-	-	166,599	116,253	-	787,465	467,652
Public safety	-	17,699	96,478	123,929	134,277	104,698	127,308
Unrestricted	<u>2,457,003</u>	<u>5,018,252</u>	<u>5,029,713</u>	<u>5,507,170</u>	<u>4,635,781</u>	<u>5,259,819</u>	<u>4,987,398</u>
Total net assets – governmental activities	<u>15,540,876</u>	<u>18,247,008</u>	<u>19,228,497</u>	<u>19,652,628</u>	<u>18,883,226</u>	<u>20,312,806</u>	<u>19,760,588</u>
Business-type activities:							
Invested in capital assets, net of related debt	5,680,342	7,444,582	7,251,253	7,045,595	6,987,345	7,106,450	6,991,041
Unrestricted	<u>597,241</u>	<u>518,501</u>	<u>518,729</u>	<u>591,568</u>	<u>602,245</u>	<u>546,971</u>	<u>1,321,019</u>
Total net assets – business-type activities	<u>6,277,583</u>	<u>7,963,083</u>	<u>7,769,982</u>	<u>7,637,163</u>	<u>7,589,590</u>	<u>7,653,421</u>	<u>8,312,060</u>
Primary government:							
Invested in capital assets, net of related debt	18,632,020	20,492,978	20,992,523	20,758,403	20,957,898	21,176,324	21,028,349
Restricted for:							
Debt services	132,195	162,661	194,437	192,468	142,615	90,950	140,922
Capital projects	-	-	166,599	116,253	-	787,465	467,652
Public safety	-	17,699	96,478	123,929	134,277	104,698	127,308
Unrestricted	<u>3,054,244</u>	<u>5,536,753</u>	<u>5,548,442</u>	<u>6,098,738</u>	<u>5,238,026</u>	<u>5,806,790</u>	<u>6,308,417</u>
Total net assets – primary government	\$ <u>21,818,459</u>	\$ <u>26,210,091</u>	\$ <u>26,998,479</u>	\$ <u>27,289,791</u>	\$ <u>26,472,816</u>	\$ <u>27,966,227</u>	\$ <u>28,072,648</u>

Source: City of Bedford Heights, Finance Department

City of Bedford Heights, Ohio

Changes in Net Assets – Accrual Basis of Accounting

Last Seven Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Program revenues:							
Governmental activities:							
Charges for services							
General government	\$ 312,242	\$ 203,089	\$ 667,423	\$ 837,676	\$ 748,121	\$ 1,056,994	\$ 767,696
Security of persons and property	366,210	481,451	214,941	315,640	370,578	339,269	353,023
Public health and welfare	2,246,708	2,884,981	3,751,040	4,029,482	4,070,525	4,067,809	3,307,849
Leisure time activities	188,565	161,365	174,966	197,542	203,696	243,236	231,055
Community development	<u>73,577</u>	<u>126,928</u>	<u>419,653</u>	<u>282,932</u>	<u>251,697</u>	<u>285,777</u>	<u>212,473</u>
Total charges for services	<u>3,187,302</u>	<u>3,857,814</u>	<u>5,228,023</u>	<u>5,663,272</u>	<u>5,644,617</u>	<u>5,993,085</u>	<u>4,872,096</u>
Operating grants and contributions							
General government	-	-	53,444	19,096	-	-	100,000
Security of persons and property	36,655	42,948	38,537	49,368	34,948	67,427	56,500
Community development	156,598	-	-	-	-	-	-
Transportation	<u>-</u>	<u>26,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating grants and contributions	<u>193,253</u>	<u>69,160</u>	<u>91,981</u>	<u>68,464</u>	<u>34,948</u>	<u>67,427</u>	<u>156,500</u>
Capital grants and contributions							
General government	-	-	-	-	-	-	202,135
Security of persons and property	240,777	1,289,223	-	-	-	-	-
Community development	38,438	10,350	-	-	-	-	-
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,450</u>
Total grants and contributions	<u>279,215</u>	<u>1,299,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>784,585</u>
Total governmental activities program revenues	<u>3,659,770</u>	<u>5,226,547</u>	<u>5,320,004</u>	<u>5,731,736</u>	<u>5,679,565</u>	<u>6,060,512</u>	<u>5,813,181</u>
Business-type activities:							
Charges for services	2,497,061	2,522,827	2,558,829	2,783,791	3,037,885	3,220,868	3,015,533
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,732</u>	<u>-</u>	<u>323,816</u>
Total business-type activities	<u>2,497,061</u>	<u>2,522,827</u>	<u>2,558,829</u>	<u>2,783,791</u>	<u>3,486,617</u>	<u>3,220,868</u>	<u>3,339,349</u>
Total primary government program revenues	<u>6,156,831</u>	<u>7,749,374</u>	<u>7,878,833</u>	<u>8,515,527</u>	<u>9,166,182</u>	<u>9,281,380</u>	<u>9,152,530</u>

(Continued)

City of Bedford Heights, Ohio

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

Last Seven Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses:							
Governmental activities:							
General government	3,706,046	3,457,529	4,242,177	4,093,698	4,602,015	4,149,257	3,617,618
Security of persons and property	9,011,478	9,114,502	10,151,220	10,519,118	11,237,785	11,186,209	10,784,582
Public health services	351,341	328,601	365,842	329,303	393,631	412,760	392,705
Leisure time activities	1,427,498	1,119,587	1,674,142	1,922,742	1,888,063	1,678,454	1,651,924
Community Development	675,173	1,082,921	545,634	331,212	323,997	399,975	379,029
Basic utility services	467,832	519,054	682,991	600,410	890,125	784,933	758,278
Transportation	1,935,912	1,131,751	730,428	1,842,203	1,975,432	1,902,672	2,075,528
Interest and fiscal charges	<u>322,093</u>	<u>465,715</u>	<u>248,915</u>	<u>236,810</u>	<u>217,832</u>	<u>274,677</u>	<u>213,186</u>
Total governmental activities expenses	<u>17,897,373</u>	<u>17,219,660</u>	<u>18,641,349</u>	<u>19,875,496</u>	<u>21,528,880</u>	<u>20,788,937</u>	<u>19,872,850</u>
Business-type activities:							
Sewer revenue	<u>2,878,175</u>	<u>1,070,626</u>	<u>2,706,430</u>	<u>2,874,995</u>	<u>3,501,728</u>	<u>2,992,409</u>	<u>2,694,717</u>
Total primary government expenses	<u>20,775,548</u>	<u>18,290,286</u>	<u>21,347,779</u>	<u>22,750,491</u>	<u>25,030,608</u>	<u>23,781,346</u>	<u>22,567,567</u>
Net (expense) revenue:							
Governmental activities	(14,237,603)	(11,993,113)	(13,321,345)	(14,143,760)	(15,849,315)	(14,728,425)	(14,059,669)
Business-type activities	<u>(381,114)</u>	<u>1,452,201</u>	<u>(147,601)</u>	<u>(91,204)</u>	<u>(15,111)</u>	<u>228,459</u>	<u>644,632</u>
Total primary government net expense	<u>(14,618,717)</u>	<u>(10,540,912)</u>	<u>(13,468,946)</u>	<u>(14,234,964)</u>	<u>(15,864,426)</u>	<u>(14,499,966)</u>	<u>(13,415,037)</u>

(Continued)

City of Bedford Heights, Ohio

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

Last Seven Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes and other local taxes	4,048,224	4,222,238	3,928,562	3,890,975	3,882,388	3,653,579	3,393,741
Municipal income taxes	8,088,759	8,747,883	8,793,132	8,648,965	8,811,924	9,951,407	7,961,003
Grants and entitlements	1,459,130	1,395,309	1,347,948	1,657,800	1,898,417	2,087,754	2,051,473
Investment earnings	45,097	58,789	148,505	258,859	306,428	213,843	34,633
Miscellaneous	144,217	494,516	25,087	52,792	118,356	65,378	66,601
Transfers	-	(219,490)	59,600	58,500	62,400	186,044	-
Total governmental activities, general revenues, and other changes in net assets	<u>13,785,427</u>	<u>14,699,245</u>	<u>14,302,834</u>	<u>14,567,891</u>	<u>15,079,913</u>	<u>16,158,005</u>	<u>13,507,451</u>
Business-type activities:							
Investment earnings	-	787	2,547	5,677	19,355	5,598	609
Miscellaneous	10,739	13,022	11,553	11,208	10,583	15,818	13,398
Transfers	-	219,490	(59,600)	(58,500)	(62,400)	(186,044)	-
Total business-type activities, general revenues, and other changes in net assets	<u>10,739</u>	<u>233,299</u>	<u>(45,500)</u>	<u>(41,615)</u>	<u>(32,462)</u>	<u>(164,628)</u>	<u>14,007</u>
Total primary government general revenues and other changes in net assets	<u>13,796,166</u>	<u>14,932,544</u>	<u>14,257,334</u>	<u>14,526,276</u>	<u>15,047,451</u>	<u>15,993,377</u>	<u>13,521,458</u>
Change in net assets:							
Governmental activities	(452,176)	2,706,132	981,489	424,131	(769,402)	1,429,580	(552,218)
Business-type activities	<u>(370,375)</u>	<u>1,685,500</u>	<u>(193,101)</u>	<u>(132,819)</u>	<u>(47,573)</u>	<u>63,831</u>	<u>658,639</u>
Total primary government changes in net assets	\$ <u>(822,551)</u>	\$ <u>4,391,632</u>	\$ <u>788,388</u>	\$ <u>291,312</u>	\$ <u>(816,975)</u>	\$ <u>1,493,411</u>	\$ <u>106,421</u>

Source: City of Bedford Heights, Finance Department

City of Bedford Heights, Ohio

Fund Balances, Governmental Funds – Modified Accrual Basis of Accounting

Last Ten Years

Table 3

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ 99,757	\$ 151,676	\$ 90,745	\$ 113,428	\$ 140,790	\$ 105,256	\$ 154,626	\$ 114,143	\$ 101,440	\$ 111,654
Unreserved	<u>3,619,147</u>	<u>2,764,615</u>	<u>3,294,856</u>	<u>3,887,301</u>	<u>4,176,320</u>	<u>4,898,217</u>	<u>5,312,310</u>	<u>5,282,825</u>	<u>6,241,287</u>	<u>4,958,406</u>
Total general fund	<u>3,718,904</u>	<u>2,916,291</u>	<u>3,385,601</u>	<u>4,000,729</u>	<u>4,317,110</u>	<u>5,003,473</u>	<u>5,466,936</u>	<u>5,396,968</u>	<u>6,342,727</u>	<u>5,070,060</u>
All other governmental fun										
Reserved	186,818	680,016	177,676	83,626	260,494	192,556	144,478	166,042	239,672	130,511
Unreserved, undesignated										
Reported in:										
Special revenue funds	(50,373)	100,809	(10,832)	(287,780)	(49,307)	(122,762)	282,557	161,324	105,454	304,678
Debt service funds	37,196	81,197	59,115	132,195	162,661	194,437	192,468	142,615	90,950	140,922
Capital projects funds	<u>(514,650)</u>	<u>(1,072,964)</u>	<u>(1,257,796)</u>	<u>(1,596,733)</u>	<u>(211,583)</u>	<u>16,661</u>	<u>76,817</u>	<u>(52,924)</u>	<u>636,599</u>	<u>435,422</u>
Total all other governmental funds	<u>(341,009)</u>	<u>(210,942)</u>	<u>(1,031,837)</u>	<u>(1,668,692)</u>	<u>162,265</u>	<u>280,892</u>	<u>696,320</u>	<u>417,057</u>	<u>1,072,675</u>	<u>1,011,533</u>
Total governmental funds	\$ <u>3,377,895</u>	\$ <u>2,705,349</u>	\$ <u>2,353,764</u>	\$ <u>2,332,037</u>	\$ <u>4,479,375</u>	\$ <u>5,284,365</u>	\$ <u>6,163,256</u>	\$ <u>5,814,025</u>	\$ <u>7,415,402</u>	\$ <u>6,081,593</u>

Source: City of Bedford Heights, Finance Department

City of Bedford Heights, Ohio

Changes in Fund Balances, Governmental Funds – Modified Basis of Accounting

Last Ten Years

Table 4

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Property taxes	\$ 2,970,567	\$ 3,576,428	\$ 3,542,764	\$ 3,959,669	\$ 4,077,069	\$ 4,048,378	\$ 4,046,045	\$ 3,694,714	\$ 3,722,521	\$ 3,284,553
Income taxes	8,877,355	8,721,195	8,221,839	8,382,406	8,387,988	9,083,275	8,885,353	8,788,315	9,682,822	8,053,573
Other local taxes	63,840	57,644	47,770	36,628	20,333	26,710	18,894	5,235	11,998	-
Intergovernmental	1,331,276	1,562,972	1,617,799	2,312,189	2,751,367	1,458,915	1,817,886	1,841,126	2,121,939	2,961,127
Charges for services	180,479	200,683	213,785	2,412,516	3,079,438	3,758,055	4,133,715	4,163,791	4,495,695	3,716,211
Licenses and permits	430,601	416,976	686,402	448,815	454,781	591,367	670,746	666,860	526,433	409,281
Fines and forfeitures	187,329	174,019	161,017	168,426	218,887	207,565	191,406	165,916	156,415	175,468
Special assessments	106,370	96,371	30,238	38,438	10,350	123,450	13,294	18,441	-	-
Investment income	317,823	237,736	96,895	45,097	58,789	148,505	258,859	306,428	213,843	34,387
Miscellaneous	622,575	493,068	464,980	605,338	685,538	623,073	722,658	664,454	833,800	588,540
Total revenues	15,088,215	15,537,092	15,083,489	18,409,522	19,744,540	20,069,293	20,758,856	20,315,280	21,765,466	19,223,140
Expenditures:										
Current:										
Security of persons	6,238,277	6,292,833	6,929,512	8,676,087	9,075,578	9,987,413	11,320,885	10,793,992	10,843,356	10,759,692
Public health and welfare	291,131	368,465	398,598	353,262	327,778	400,997	358,521	428,895	395,020	383,888
Leisure time activities	1,206,713	1,266,381	1,193,662	1,236,545	1,257,821	1,456,808	1,678,665	1,734,452	2,061,075	1,357,156
Community development	449,488	480,879	449,551	675,173	1,088,902	584,070	354,193	333,983	378,349	366,986
Basic utility services	602,356	632,132	647,360	510,549	548,711	573,799	583,167	782,996	728,050	780,339
Transportation	1,068,529	1,059,464	1,404,293	1,267,914	1,230,116	1,031,746	887,927	1,053,589	1,006,699	1,548,638
General government	3,642,081	3,777,479	3,702,698	3,495,726	3,557,985	3,772,957	3,851,964	4,187,872	4,064,135	3,962,819
Capital outlay	1,469,223	1,741,834	683,252	1,290,015	1,602,374	936,614	1,254,903	1,009,582	596,174	660,732
Debt service:										
Principal retirement	385,000	403,000	403,000	338,000	1,769,000	569,000	654,000	944,000	1,380,832	753,632
Interest and fiscal charges	259,867	274,935	208,745	336,765	477,720	243,807	227,352	215,529	288,907	217,758
Total expenditures	15,612,665	16,297,402	16,020,671	18,180,036	20,935,985	19,557,211	21,171,577	21,484,890	21,742,597	20,791,640
Excess	(524,450)	(760,310)	(937,182)	229,486	(1,191,445)	512,082	(412,721)	(1,169,610)	22,869	(1,568,500)
Other financing sources (uses)										
Proceeds from sale of debt	-	-	-	-	3,300,000	-	250,000	450,000	1,352,800	248,726
Inception of capital leases	185,384	57,133	224,578	88,702	252,466	233,308	954,421	217,838	39,664	-
Sale of capital assets	-	30,631	-	21,104	5,807	-	28,691	90,140	-	20,196
Transfers in	11,915,317	3,738,110	2,849,225	2,948,131	2,724,868	2,750,270	2,896,470	2,662,400	2,916,044	3,196,039
Transfers out	(12,539,362)	(3,738,110)	(2,849,225)	(2,948,131)	(2,944,358)	(2,690,670)	(2,837,970)	(2,660,000)	(2,730,000)	(3,230,270)
Total other financing sources (uses)	(438,661)	87,764	224,578	109,806	3,338,783	292,908	1,291,612	760,378	1,578,508	234,691
Change in fund balances	\$ (963,111)	\$ (672,546)	\$ (712,604)	\$ 339,292	\$ 2,147,338	\$ 804,990	\$ 878,891	\$ (409,232)	\$ 1,601,377	\$ (1,333,809)
Debt service as a % of noncapital expenditures										
	4.27%	4.35%	4.00%	4.10%	12.08%	4.53%	4.57%	5.69%	8.12%	4.99%

Source: City of Bedford Heights, Finance Department

City of Bedford Heights, Ohio

Assessed Valuation and Estimated Actual Values of Taxable Property

Last Ten Years

Table 5

Tax Year	Real Property (1)		Personal Property (2)		Public Utility Property (3)		Total Direct Tax Rate	Total	
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		Assessed Value	Estimated True Value
2000	\$ 211,862,770	\$ 605,322,200	\$ 70,762,821	\$ 238,051,284	\$ 8,597,150	\$ 9,769,489	\$ 12.00	\$ 291,222,741	\$ 853,142,973
2001	215,690,920	619,116,914	78,483,159	313,932,636	6,940,000	7,886,363	12.00	301,114,079	940,935,913
2002	222,206,660	634,876,171	71,767,144	287,068,576	6,422,520	7,298,318	12.00	300,396,324	929,243,065
2003	236,562,720	675,893,486	76,452,960	332,404,173	6,661,320	7,569,682	13.00	319,677,000	1,015,867,341
2004	237,163,630	677,610,371	77,135,490	335,371,696	6,671,780	7,581,568	13.00	320,970,900	1,020,563,635
2005	236,817,590	676,621,686	76,532,016	332,747,896	6,419,870	7,295,307	13.00	319,769,476	1,016,664,889
2006	247,730,140	707,800,400	60,648,750	323,460,000	6,197,820	7,042,977	13.00	314,576,710	1,038,303,377
2007	249,772,040	713,634,400	43,050,748	344,405,984	4,583,450	5,208,466	13.00	297,406,238	1,063,248,850
2008	250,367,170	715,334,771	21,139,183	338,226,928	4,713,280	5,356,000	13.00	276,219,633	1,058,917,699
2009	237,405,040	678,300,114	-	-	4,872,500	5,536,932	13.00	242,277,540	683,837,046

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

(2) Total personal property assessed value was 25% for capital assets and 24% for inventory for tangible personal. For, 2006, personal property assessed value was 18.75%. For 2007, personal property assessed value was 12.5%. For 2008, personal property assessed value is 6.25%. For 2009, personal property assessed value is 0%.

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

Source: Cuyahoga County Auditor

City of Bedford Heights, Ohio

Income Tax Revenue Base and Collections (Cash Basis)

Last Ten Years

Table 6

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes from Individuals</u>	<u>Percentage of Taxes from Individuals</u>	<u>Taxes from Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>
2000	2.00%	\$ 8,648,407	\$ 7,540,862	87.19%	\$ 367,841	4.25%	\$ 739,704	8.56%
2001	2.00	9,256,245	7,385,679	79.79	394,930	4.27	1,475,636	15.94
2002	2.00	8,126,690	7,078,806	87.11	385,910	4.75	661,974	8.14
2003	2.00	8,312,165	7,047,115	84.78	339,208	4.08	925,842	11.14
2004	2.00	8,365,372	6,908,294	82.58	309,571	3.70	1,147,507	13.72
2005	2.00	8,915,969	6,745,265	75.65	337,041	3.78	1,833,663	20.57
2006	2.00	8,729,675	6,903,236	79.08	321,256	3.68	1,505,183	17.24
2007	2.00	8,801,666	7,157,632	81.32	270,881	3.08	1,373,153	15.60
2008	2.00	9,449,466	7,182,966	76.01	308,809	3.27	1,957,691	20.72
2009	2.00	8,227,661	6,692,988	81.35	266,827	3.24	1,267,846	15.41

Source: Regional Income Tax Agency

City of Bedford Heights, Ohio

Property Tax Rates – Direct and Overlapping Governments

Last Ten Years

Table 7

Fiscal Year	Total City Millage	Total County Millage	Total Bedford School Millage	Total Orange School Millage	Total City, County, and Bedford School	Total City, County, and Orange School
2000	\$ 12.00	\$ 14.65	\$ 62.50	\$ 81.10	\$ 92.10 (1)	\$ 110.70 (1)
2001	12.00	14.65	62.50	81.10	92.10 (1)	110.70 (1)
2002	12.00	14.65	62.50	81.10	92.10 (1)	110.70 (1)
2003	13.00 (4)	14.65	62.50	81.10	93.10 (1)	111.70 (1)
2004	13.00 (4)	13.52	62.50	81.10	91.97 (1)	110.57 (1)
2005	13.00 (4)	13.52	67.40	86.10	97.77 (2)	116.47 (2)
2006	13.00 (4)	13.52	67.40	86.10	97.77 (2)	116.47 (2)
2007	13.00 (4)	13.42	67.60	86.00	97.87 (2)	116.27 (2)
2008	13.00 (4)	13.32	67.60	86.00	101.20 (3)	119.60 (3)
2009	13.00 (4)	13.32	67.60	86.00	101.20 (3)	119.60 (3)

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

(2) Includes Metropark and Library Millage of 1.85 and 2.00, respectively.

(3) Includes Metropark, Library Millage, Cuyahoga Community College, and Cleveland-Cuyahoga Port Authority of 1.85, 2.50, 2.80, and 0.13, respectively.

(4) City's direct rate is comprised of \$5.40 in the general fund, \$3.00 in the Fire Levy Fund, \$0.30 in the Police Pension Fund, \$0.30 in the Fire Pension Fund, \$2.00 in the Debt Service Fund, and \$2.00 in the Capital Improvements Fund.

Source: Cuyahoga County Auditor

City of Bedford Heights, Ohio

Real Property Tax Levies and Collections

Last Ten Years

Table 8

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Current Tax Levy</u>	<u>Current Delinquent Taxes</u>	<u>Accumulated Delinquent Taxes</u>
2000	\$ 2,453,976	\$ 2,130,698	86.8%	\$ 71,091	\$ 2,201,789	89.7%	\$ 94,588	\$ 140,893
2001	2,641,971	2,444,198	92.5	99,375	2,543,573	96.2	141,624	200,927
2002	2,671,676	2,448,976	91.7	143,103	2,592,079	97.0	217,690	320,479
2003	3,003,452	2,764,967	92.1	200,005	2,964,972	98.7	230,987	413,103
2004	3,154,262	2,885,639	91.5	162,232	3,047,871	96.6	296,254	445,198
2005	3,186,836	2,803,824	88.0	201,094	3,004,918	94.3	233,928	352,758
2006	3,155,861	2,984,594	94.6	240,866	3,225,460	102.2	109,379	168,246
2007	3,313,087	2,971,853	89.7	138,001	3,109,854	93.9	207,343	269,690
2008	3,330,585	3,115,515	93.5	180,752	3,296,267	99.0	203,094	284,029
2009	3,328,634	2,997,628	90.1	137,894	3,135,522	94.2	233,766	389,526

Source: Cuyahoga County Auditor

City of Bedford Heights, Ohio

Principal Taxpayers – Real Estate Tax

2002 and 2009

Table 9

Name of Taxpayer	December 31, 2009	
	Assessed Value (1)	Percent of Total Assessed Value
Riser Foods Company	\$ 6,317,510	2.61%
Bear Creek Road, LLC	5,962,160	2.46%
South Pointe Towers, LTD	4,221,790	1.74%
Olympic Steel, Inc.	3,814,130	1.57%
A.M. Castle Co.	3,675,010	1.52%
Mayfred Co.	3,512,480	1.45%
Southgate Towers LLC	3,246,260	1.34%
Lowe's Home Center, Inc.	3,079,130	1.27%
Weston Inc.	2,707,180	1.12%
JE & MT Corporation	2,690,730	1.11%
Total	\$ 39,226,380	16.19%

Name of Taxpayer	December 31, 2002	
	Assessed Value (1)	Percent of Total Assessed Value
Riser Foods Company	\$ 7,595,000	2.52%
Bear Creek Inv. Co.	5,952,280	1.98%
Miles Road LLC	4,499,840	1.50%
Mayred Co.	3,960,960	1.32%
A.M. Castle Co.	3,933,400	1.31%
South Pointe Towers LTD	3,814,630	1.27%
Weston Inc.	3,577,460	1.19%
Southgate Towers LLC	3,325,210	1.11%
Sylvia Naiman Trust	3,056,730	1.02%
Marotta Glazer Realty Co.	3,056,280	1.02%
Total	\$ 42,771,790	14.24%

Information prior to 2002 is not available.

Source: Cuyahoga County Auditor
 (1) Excludes Public Utilities

City of Bedford Heights, Ohio

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

2005 and 2008

Table 10

2008				
<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Subject to Tax</u>	<u>Percentage of Total</u>
\$100,000 and higher	131	4.77%	\$ 16,376,945	15.25%
\$75,000 – \$99,999	208	7.58	18,129,202	16.88
\$50,000 – \$74,999	444	16.17	27,022,191	25.15
\$25,000 – \$49,999	922	33.59	33,573,155	31.25
\$10,000 – \$24,999	578	21.06	10,089,527	9.39
\$9,999 and lower	462	16.83	2,230,314	2.08
Total	2,745	100.00%	\$ 107,421,334	100.00%

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

Information for 2009 not available as all tax forms may not be processed.
 Information prior to 2005 is not available.

Source: Regional Income Tax Agency

City of Bedford Heights, Ohio

Ratio of Outstanding Debt to Total Personal Income and Debt per Capita

Last Ten Years

Table 11

Year	Governmental Activities					Business-Type Activities			Total	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessments	Capital Leases	Long-term Notes	OPWC Loans	General Obligation Bonds	Capital Leases	Long-term Notes			
2000	\$ 3,910,000	\$ 100,000	\$ 1,103,064	\$ -	\$ -	\$ 321,000	\$ -	\$ -	\$ 8,323,064	3.36%	\$ 732
2001	3,545,000	62,000	903,290	-	-	2,970,000	-	-	7,480,290	3.02	658
2002	3,155,000	49,000	908,912	-	-	2,720,000	-	-	6,832,912	2.76	601
2003	4,355,000	36,000	763,651	-	-	1,020,000	31,243	-	6,205,894	2.50	546
2004	5,895,000	27,000	756,978	-	-	835,000	5,074	-	7,519,052	3.03	661
2005	5,335,000	18,000	735,534	-	-	640,000	-	-	6,728,534	2.71	592
2006	4,690,000	9,000	1,000,522	250,000	-	440,000	31,264	-	6,420,786	2.59	564
2007	4,005,000	-	902,774	450,000	-	230,000	16,009	300,000	5,903,783	2.38	519
2008	4,637,800	-	731,606	-	-	962,200	-	-	6,331,606	2.55	557
2009	4,056,500	-	559,274	-	248,726	913,500	-	-	5,778,000	2.33	508

Note: Population and Personal Income data are presented in Table 15, on page 130.

City of Bedford Heights, Ohio

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

Last Ten Years

Table 12

<u>Tax Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross General Obligation Debt</u>	<u>Less: Debt Service Funds</u>	<u>Net General Obligation Debt</u>	<u>Ratio of Net Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
2000	11,375	\$ 291,222,741	\$ 7,520,000	\$ 176,313	\$ 7,343,687	2.52%	\$ 645.60
2001	11,375	301,114,079	8,265,000	81,197	8,183,803	2.72	719.45
2002	11,375	300,396,324	7,565,000	59,115	7,505,885	2.50	659.86
2003	11,375	319,677,000	8,715,000	132,195	8,582,805	2.68	754.53
2004	11,375	320,970,900	7,157,000	162,661	6,994,339	2.18	614.88
2005	11,375	319,769,476	6,218,000	194,437	6,023,563	1.88	529.54
2006	11,375	314,576,710	5,389,000	192,468	5,196,532	1.65	456.84
2007	11,375	297,406,238	4,985,000	142,615	4,842,385	1.63	425.70
2008	11,375	276,219,733	5,600,000	90,950	5,509,050	1.99	484.31
2009	11,375	242,277,540	4,970,000	140,922	4,829,078	1.99	424.53

(1) Source: U.S. Census Bureau

(2) Source: Cuyahoga County Auditor

City of Bedford Heights, Ohio

Computation of Direct and Overlapping Debt – General Obligation Debt

December 31, 2009

Table 13

<u>Jurisdiction</u>	Net General Obligation Debt <u>Outstanding (1)</u>	Percentage Applicable to <u>Government</u>	Amount Applicable to <u>Government</u>
Direct:			
City of Bedford Heights	\$ 4,970,000	100.00%	\$ 4,970,000
Overlapping:			
Cuyahoga County	336,472,572	0.69%	2,311,946
Regional Transit Authority	163,025,000	0.69%	1,120,166
Bedford School District	6,036,750	29.03%	1,752,219
Orange School District	<u>26,153,219</u>	3.14%	<u>820,285</u>
Total Overlapping Debt	<u>531,687,541</u>		<u>6,004,616</u>
Total	\$ <u>536,657,541</u>		\$ <u>10,974,616</u>

Source: Cuyahoga County Auditor

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

City of Bedford Heights, Ohio

Legal Debt Margin

Last Ten Fiscal Years

Table 14

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed valuation ⁽¹⁾	\$ <u>291,222,741</u>	\$ <u>301,114,079</u>	\$ <u>300,396,324</u>	\$ <u>319,677,000</u>	\$ <u>320,970,900</u>	\$ <u>319,769,476</u>	\$ <u>314,576,710</u>	\$ <u>297,406,238</u>	\$ <u>279,219,733</u>	\$ <u>242,277,540</u>
Debt Limit – 10.5% of assessed value	\$ <u>30,578,388</u>	\$ <u>31,616,978</u>	\$ <u>31,541,614</u>	\$ <u>33,566,085</u>	\$ <u>33,701,945</u>	\$ <u>33,575,795</u>	\$ <u>33,030,555</u>	\$ <u>31,227,655</u>	\$ <u>29,318,072</u>	\$ <u>25,439,142</u>
Gross indebtedness	7,620,000	8,327,000	7,614,000	8,751,000	7,157,000	6,218,000	5,564,000	5,110,000	5,650,000	5,218,726
Less: debt outside limitation	<u>(100,000)</u>	<u>(62,000)</u>	<u>(49,000)</u>	<u>(36,000)</u>	<u>(27,000)</u>	<u>(18,000)</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>	<u>(248,726)</u>
Debt within 10.5% limitation	7,520,000	8,265,000	7,565,000	8,715,000	7,130,000	6,200,000	5,555,000	5,110,000	5,650,000	4,970,000
Less: Amount available in debt service fund	<u>(176,313)</u>	<u>(81,197)</u>	<u>(59,115)</u>	<u>(132,195)</u>	<u>(162,661)</u>	<u>(194,437)</u>	<u>(192,468)</u>	<u>(142,615)</u>	<u>(90,950)</u>	<u>(140,922)</u>
Net debt within 10.5% limit	<u>7,343,687</u>	<u>8,183,808</u>	<u>7,505,885</u>	<u>8,582,805</u>	<u>6,967,339</u>	<u>6,005,563</u>	<u>5,362,532</u>	<u>4,967,385</u>	<u>5,559,050</u>	<u>4,829,078</u>
Legal debt margin	\$ <u>23,234,701</u>	\$ <u>23,433,175</u>	\$ <u>24,035,729</u>	\$ <u>24,983,280</u>	\$ <u>26,734,606</u>	\$ <u>27,570,232</u>	\$ <u>27,668,023</u>	\$ <u>26,260,270</u>	\$ <u>23,759,022</u>	\$ <u>20,610,064</u>
Debt limit – 5.5% of assessed value	\$ <u>16,017,251</u>	\$ <u>16,561,274</u>	\$ <u>16,521,798</u>	\$ <u>17,582,235</u>	\$ <u>17,653,400</u>	\$ <u>17,587,321</u>	\$ <u>17,301,719</u>	\$ <u>16,357,343</u>	\$ <u>15,357,085</u>	\$ <u>13,325,265</u>
Gross indebtedness	7,620,000	8,327,000	7,614,000	8,751,000	7,157,000	6,218,000	5,564,000	5,110,000	5,650,000	5,218,726
Less: debt outside limitation	<u>(100,000)</u>	<u>(62,000)</u>	<u>(49,000)</u>	<u>(36,000)</u>	<u>(27,000)</u>	<u>(18,000)</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>	<u>(248,726)</u>
Debt within 5.5% limitation	7,520,000	8,265,000	7,565,000	8,715,000	7,130,000	6,200,000	5,555,000	5,110,000	5,650,000	4,970,000
Less: amount available in debt service fund	<u>(176,313)</u>	<u>(81,197)</u>	<u>(59,115)</u>	<u>(132,195)</u>	<u>(162,661)</u>	<u>(194,437)</u>	<u>(192,468)</u>	<u>(142,615)</u>	<u>(90,950)</u>	<u>(140,922)</u>
Net debt within 5.5% limit	<u>7,343,687</u>	<u>8,183,803</u>	<u>7,505,885</u>	<u>8,582,805</u>	<u>6,967,339</u>	<u>6,005,563</u>	<u>5,362,532</u>	<u>4,967,385</u>	<u>5,559,050</u>	<u>4,829,078</u>
Unvoted debt margin	\$ <u>8,673,564</u>	\$ <u>8,377,471</u>	\$ <u>9,015,913</u>	\$ <u>9,002,430</u>	\$ <u>10,686,061</u>	\$ <u>11,581,758</u>	\$ <u>11,939,187</u>	\$ <u>11,389,958</u>	\$ <u>9,798,035</u>	\$ <u>8,496,187</u>

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

Source: Cuyahoga County Auditor and City Financial Records

City of Bedford Heights, Ohio

Demographic and Economic Statistics

Last Ten Years

Table 15

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>
2000	11,375	\$ 247,872,625	\$ 21,791	\$ 38,400	39	4,060	4.6%
2001	11,375	247,872,625	21,791	38,400	39	4,049	6.8
2002	11,375	247,872,625	21,791	38,400	39	3,992	6.6
2003	11,375	247,872,625	21,791	38,400	39	3,826	6.2
2004	11,375	247,872,625	21,791	38,400	39	3,890	6.6
2005	11,375	247,872,625	21,791	38,400	39	3,840	6.5
2006	11,375	247,872,625	21,791	38,400	39	3,908	6.6
2007	11,375	247,872,625	21,791	38,400	39	3,925	6.1
2008	11,375	247,872,625	21,791	38,400	39	3,883	6.8
2009	11,375	247,872,625	21,791	38,400	39	3,712	9.2

(1) Source: U. S. Census

(a) Years 2000 through 2008 – 2000 Federal Census

(b) Years 1999 – 1990 Federal Census

(2) Source: Ohio Department of Education Website

(3) Source: Ohio Bureau of Employment Services, U.S. Department of Labor, Bureau of Labor Statistics for Cleveland

(4) Computation of per capita personal income multiplied by population

N/A – Information not available

City of Bedford Heights, Ohio

Principal Employers

2005 and 2009

Table 16

2005		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Riser Foods Company	N/A	N/A
American Spring Wire Corporation	N/A	N/A
Sherwin-Williams Company	N/A	N/A
City of Bedford Heights	254	2.82%
New York Frozen Foods Inc.	253	2.81
Bedford Board of Education	N/A	N/A
Cleveland Coca-Cola Bottling Company	N/A	N/A
Majestic Steel USA Inc.	N/A	N/A
Olympic Steel Incorporated	182	2.02
Northeast Ohio Electric	N/A	N/A
Total City Employment	8,999	

2009		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Northeast Ohio Electric	759	9.55%
Riser Foods Company	754	9.49
City of Bedford Heights	300	3.77
New York Frozen Foods Incorporated	263	3.31
Cleveland Coca-Cola Bottling Company	256	3.22
American Spring Wire Corporation	251	3.16
Bedford Board of Education	219	2.76
Majestic Steel USA Incorporated	204	2.57
Olympic Steel Incorporated	183	2.30
The Sherwin-Williams Company	151	1.90
Total City Employment	7,948	

- (1) Source: Regional Income Tax Authority
 - (2) Information prior to 2005 is not available.
 - (3) Total information for top 10 employers not available.
- N/A – Information not available.

City of Bedford Heights, Ohio

Full Time City Employees by Function/Program

Last Three Years

Table 17

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function/program:			
General government:			
Council	1	1	1
Finance	4	4	4
Law	3	4	4
Administration	2	2	2
Security of persons and property:			
Police (1)	70	66	60
Fire	29	29	29
Leisure time activities:			
Community center	9	7	7
Community development:			
Building	3	4	4
Economic development	1	2	2
Transportation:			
Service/streets	26	22	22
Basic utility services:			
Wastewater treatment plant	<u>22</u>	<u>22</u>	<u>22</u>
 Totals	 <u>170</u>	 <u>163</u>	 <u>157</u>

Source: City Payroll Records

- (1) Includes dispatchers, safety director, corrections facility, and clerk of courts.
- (2) Information prior to 2007 is not available.

City of Bedford Heights, Ohio

Operating Indicators by Function/Program (1)

Last Eight Years

Table 18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function/program								
General government								
Council and clerk								
Number of ordinances and resolutions	163	212	218	215	269	260	241	210
Finance department								
Number of checks/ vouchers issued (excluding payroll)	4,189	4,702	4,814	4,936	4,772	4,889	4,882	4,243
Interest earnings for fiscal year (cash basis) \$	92,580	\$ 47,328	\$ 59,575	\$ 131,193	\$ 281,621	\$ 309,155	\$ 111,934	\$ 41,348
Number of receipts issued	N/A	2,698	2,724	3,893	4,234	4,822	5,293	5,555
Agency ratings – Moody’s Financial Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Civil service								
Number of exams given	2	4	3	4	2	5	2	-
Security of persons and property								
Police								
Number of traffic citations issued	3,553	3,642	4,826	5,005	2,792	2,547	1,906	1,887
Number of parking citations issued	496	522	250	297	376	365	365	214
Number of criminal arrests	520	728	683	1,449	263	286	293	196
Prisoners	2,036	3,147	2,177	5,017	2,130	3,932	3,913	3,887
Fire								
EMS calls	N/A	1,100	1,159	1,260	1,249	1,413	1,345	1,344
Fire and fire related calls	N/A	540	451	600	426	444	410	352
Community development								
Grant monies received due to Economic Development Dept.	\$ 24,639	\$ 134,666	\$ 174,762	\$ 91,488	\$ 153,450	\$ 12,880	\$ -	\$ 131,535

(Continued)

City of Bedford Heights, Ohio

Operating Indicators by Function/Program (1) (Continued)

Last Eight Years

Table 18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Basic utility services								
Refuse disposal per year (in tons) August-July	3,327	3,042	4,000	3,267	3,183	3,017	2,972	2,951
Refuse disposal costs per year	\$ 287,418	\$ 270,772	\$ 272,855	\$ 288,997	\$ 296,990	\$ 336,265	\$ 421,028	\$ 413,469
Annual recycling tonnage	231	280	220	298	306	364	374	269
Transportation								
Snowfall in inches	69.80	98.60	95.80	108.40	34.60	75.70	83.70	87.00
Tons of salt used	4,050	4,256	4,100	4,759	4,700	3,850	4,199	3,129
Asphalt used in road maintenance (tons)	410	525	475	310	235	115	70	104
Concrete used in road maintenance (yards)	250	295	275	320	335	201	210	180
Number of trees planted per year	130	35	33	45	40	45	25	10
Number of trees removed per year	78	49	63	73	60	83	82	71
Wastewater treatment plant								
Wastewater rates per 1st 300 Cu ft of water used	0.913	0.913	0.913	0.913	0.913	0.913	0.913	0.913
Total flow of wastewater treatment plan (billions of gallons)	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500

(1) Information prior to 2002 is not available.

City of Bedford Heights, Ohio

Capital Assets Statistics by Function/Program (1)

Last Eight Years

Table 19

	2002	2003	2004	2005	2006	2007	2008	2009
Function/program								
General government								
City Hall square footage	23,760	23,760	23,760	23,760	23,760	23,760	23,760	23,760
Administrative vehicles	1	1	1	2	2	2	2	2
Inspection vehicles	-	-	-	2	2	2	2	2
Security of persons and property								
Police								
Stations	1	1	1	1	1	1	1	1
Square footage of Police Station	18,822	18,822	18,822	18,822	18,822	18,822	18,822	18,822
Square footage of Jail Facilities	24,425	24,425	24,425	24,425	24,425	24,425	24,425	24,425
Vehicles	21	21	21	21	19	19	19	19
Fire								
Stations	1	1	1	1	1	1	1	1
Square footage of station	*	*	*	*	*	*	*	*
Vehicles	8	8	8	8	8	8	8	8
Leisure time activities								
Number of Parks	9	9	9	9	9	9	9	9
Number of Pools	2	2	2	2	2	2	2	2
Square Footage of Community Center	70,233	70,233	70,233	70,233	70,233	70,233	70,233	70,233
Vehicles (vans/buses)	3	3	3	3	3	3	3	3
Basic utility services								
Public works								
Streets (miles)	42	42	42	42	42	42	42	42
Service vehicles	28	28	28	28	29	29	29	31
Wastewater treatment plant								
Sanitary sewers (miles)	37	37	37	37	37	37	37	37
Storm sewers (miles)	37	37	37	37	37	37	37	37
Square footage of treatment plant	6,070	6,070	6,070	6,070	6,070	6,070	6,070	6,070
Vehicles	9	9	9	9	9	9	9	9

(1) Information prior to 2002 is not available

* Square footage of fire station is included with square footage of City Hall.

City of Bedford Heights, Ohio

December 31, 2009

City of Bedford Heights

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

Honorable Mayor and
Members of City Council
Bedford Heights, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford Heights, Ohio (the "City") as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2010, wherein we noted the City adopted *GASB Statement Nos. 52, 55, and 56*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2009-001.

Honorable Mayor and
Members of City Council

Compliance and Other Matters

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

The City's response to the finding identified in the audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Paricki, Inc.

Cleveland, Ohio
June 29, 2010

City of Bedford Heights

Schedule of Findings

December 31, 2009

1. Summary of Auditors' Results

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
Was there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
Was there any material noncompliance reported at the financial statement level (GAGAS)?	No

**2. Findings Related To The Financial Statements
Required To Be Reported In Accordance With GAGAS**

2009-001 – Material Weakness

Sound financial reporting is the responsibility of the City Finance Director and the City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The following corrections were made to the financial statements:

1. Restatement of Net Assets at December 31, 2008 for prior year overstatement of infrastructure assets.

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.

We recommend the City adopts policies and procedures for controls over year-end financial reporting to help ensure the information accurately reflects the activity of the City thereby increasing the reliability of the financial data at year-end. The City's management needs to review the statements to be sure that all items are being properly recorded.

3. Other Findings

None.

City of Bedford Heights

**5661 Perkins Road
Bedford Heights, Ohio 44146
(440) 439-1600**

**Response to Findings Associated with Audit Conducted
in Accordance with *Government Auditing Standards*
for the Year Ended December 31, 2009**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-001	Management will review ownership of all capital assets going forward.	N/A	Allison Chance, Finance Director



Mary Taylor, CPA
Auditor of State

CITY OF BEDFORD HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 2, 2010**