City of Bedford, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2003
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June 15, 2004

Honorable Mayor Dan Pocek
Members of City Council
Citizens of Bedford, Ohio

The Comprehensive Annual Financial Report of the City of Bedford, Ohio, for the year ended December 31, 2003 is submitted herewith. The City, and more specifically the Department of Finance, assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures contained within this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. We have included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The Comprehensive Annual Financial Report is presented in three sections:

> **The Introductory Section** which includes a table of contents, this transmittal letter, a list of the City's principal officials, an organizational chart and the GFOA Certificate of Achievement.
>
> **The Financial Section** which includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
>
> **The Statistical Section**, which includes selected financial and demographic information, generally presented on a multi-year basis.

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

The Bedford City School District, Bedford Community Development Corporation and the (Cleveland) Regional Transit Authority have not been included in the accompanying financial statements. The boards of these entities are not appointed by the City, nor is either fiscally dependent on the City of Bedford.

History of Bedford and Form of Government

The City of Bedford, located in northeastern Ohio and southeast of Cleveland, has a good mix of business and industry as well as a long established residential community, and covers 5.6 square miles. The City's 2000 estimated population from the Federal Census was 14,214. The City was first established as a Township in 1797 and became a Village in 1837. It was incorporated as a City under Ohio Law in 1932 and operates under its own Charter, which was adopted that same year. The Charter provides that the City operate under the Council/Manager Form of Government. The City Manager, Law Director, Clerk of Council and Director of Finance are appointed by the seven-member elected Council. The City Manager is the Chief Administrative Officer of the City.

The City Manager, under the City Charter, has the authority to appoint and to remove all other administrative officers and employees. Other administrative officers include the positions of Directors of Service, Public Works and Recreation. Also, appointments to Building Commissioner and Police and Fire Chiefs are under his authority. The Police and Fire Chief also follow the Civil Service Commission appointment rules and procedures.

City Council holds its regular bi-monthly Council Meetings on the first and third Mondays of each month, with the exception of summer months when the City Council meets once a month, scheduled by Council before the summer months. The Charter provides procedures for special or emergency meetings, if the need arises. The City Manager, Director of Finance, Law Director and Council Clerk attend all Council Meetings. City Council generally meets in Committee of the Whole on these scheduled Monday evenings prior to the Council Meetings.

The Police Department enforces local, state, and federal laws in addition to protecting citizens and their property. The department has taken a more community oriented policing approach that has met with great success. Numerous programs are offered to citizens and students. The department, which is headed by the Chief of Police, consists of jail operations, animal control, auxiliary police, as well as a staff of patrol officers. Administrative services consist of secretaries, dispatchers, school guards and community service programs such as DARE and the Juvenile diversion program. The Police Department is located adjacent to City Hall.

The Fire Department provides fire protection and emergency medical services (paramedic) to citizens, as well as placing strong emphasis on community involvement and education. A Chief and his assistant lead the department. A fire prevention officer focuses on the reduction of potential fires and loss of property within the City. The fire facility is located in a separate facility in front of City Hall.

The Service Department is comprised of several divisions administered by a Director and the Public Works Director. The service department is responsible for the maintenance of all City vehicles, street signs, and snow and leaf removal. The City purchases water in bulk from the City of Cleveland through master meters and then distributes the water to City residents through the City's water mains. The City owns and maintains the water mains and bills all water users for the consumption of water on a monthly basis. The City in the last ten years has invested heavily in the improvement of its water system to tighten it from leaks or any loss of water in the system. Therefore, billings to the public in line with payments for water usage to the City of Cleveland are more accurately reflected. Another service provided is the storm/sanitary sewers maintenance for proper drainage control. The department assists with the writing of recycling grants and overseeing the contractors that collect waste and process recyclables. The parks division is also under the direction of the service department and maintains parks. The City utilizes the services of a forester to monitor tree plantings and removal of trees throughout the City. The City has received the award of Tree City, U.S.A., sponsored by the National Arbor Day Foundation in cooperation with the U.S. Forestry Service.

The service department is responsible for all non-contractual street repairs. The City also owns and operates one cemetery.

The Recreation Department in addition to the basic services, the City continues to offer superior recreational facilities for its residents. The City operates four municipal playgrounds and tot lots, Hutchinson Soccer Field, a swimming pool, the Ellenwood Recreation and Senior Citizens Center (a former grade school building which has been converted to a municipal recreation and senior citizen activity center). Included within the parks are the usual sports, playground and picnic facilities. The City abuts the Cuyahoga County Metroparks – Bedford Reservation Nature area. This provides even more recreational facilities including horseback riding trails, walking, hiking and biking trails and golf. The recreation department provides numerous courses and programs throughout the year. During summer months, the department operates the pool located on Lamson Drive where swimming lessons are also offered. The City owns the skateboard park also located on Lamson Drive.

The Director of Economic and Community Development is responsible for promoting the City to businesses while creating jobs and development within the City. This department also has the responsibility of writing grants for all major projects to achieve proper funding levels.

The Finance Department is responsible for the accurate recording of all receipts and disbursements. The department issues bi-weekly payrolls, and maintains a capital asset system. The department compiles the annual budget, prepares the Comprehensive Annual Financial Report and assists the Mayor, City Council and City Manager in all financial decisions.

The Municipal Income Tax Department is responsible for the collection of the municipal income tax from 10,000 resident returns, 2,500 business net profits returns and the collection from 2,000 withholding accounts from businesses in the City. The department offers on our website, **http//www.bedfordoh.gov** an award winning free on-line municipal income tax preparation program as well as free preparation in house service for the municipal tax returns.

The Law Department advises the Mayor, Council, the City Manager and all departments on legal matters concerning the City. The department prepares all contract, legislation and legal documents. The Prosecutor is the Law Director and the law department has an assistant law director.

The Building Department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections and licenses all contractors. The department works with qualifying residents to improve their housing through the CDBG housing grant program. This program provides funding for repairs at a slight cost to qualifying residents.

Economic Condition and Outlook

The City of Bedford administration created the Bedford Community Development Corporation a 501C (3) organization to dedicate itself to the renovation and expansion of its Historic Downtown Business District and at the same time help promote future growth and development of the entire City's Industrial areas. The City of Bedford has on hand an Economic Development Director to promote economic and community development throughout the City of Bedford.

The City established an enterprise zone, which includes all land within the boundaries of the City of Bedford in April of 1990. The City established a community reinvestment area in 1997, which also included all land within the boundaries of the City of Bedford. The establishment of the enterprise zone and the community reinvestment areas gave the City the ability to maintain and expand business located in the City and create new jobs. The City utilizes a jobs grant program to attract business development with non-tax dollars while retaining and creating new jobs within the City.

Ben Venue Laboratories, Inc., the City of Bedford's largest employer was acquired by Boehringer Ingelheim Corporation on December 1, 1997. Boehringer Ingelheim is privately held and is the nineteenth largest pharmaceutical company in the world having more than 34,000 employees with locations on every continent. Under Boehringer Ingelheim's ownership, Ben Venue has many options as to where to manufacture and distribute Ben Venue's products. Boehringer Ingelheim has recently invested tens of millions of dollars into two highly automated manufacturing facilities located in Mexico City, Mexico and Barcelona, Spain. On

August 17, 2001, Ben Venue Laboratories was approved by the City for abatement in the community reinvestment area regarding real estate development and applied for a tax exemption on recovered property through the City's enterprise zone program. Ben Venue Laboratories has agreed to an expansion of its facilities by 165,000 square feet to expand its manufacturing operations of pharmaceutical products. Ben Venue has a long-standing reputation as the premier contract manufacturer of Lyo & Liquid injectable pharmaceuticals. Ben Venue has the number one market position in this core business and has the largest capacity for the manufacturing of lyophilized (freeze-dried) and vacuum-dried injectable drugs in the United States. Since 1995, Ben Venue obtained over eighty Abbreviated New Drug Applications ("ANDA") approvals for injectable drugs from the FDA, more than any other firm and has become a major player in the injectable pharmaceutical industry. Ben Venue wishes to continue to work with the City of Bedford, Cuyahoga County and the State of Ohio in adding value to the community.

Ben Venue had previously entered into two agreements with the City of Bedford for building expansions. The first agreement was in 1996. Ben Venue added over 50,000 square feet of office and plant expansion and committed to add 30 jobs over 60 months. Through June 30, 2001, or 5 years, Ben Venue has added 152 jobs for this project. The second agreement was in 1999 when Ben Venue added approximately 44,000 square feet of office and plant expansion and new filling line. Through June 30, 2001, or in just 2 years, Ben Venue has added much more than the 75 jobs it originally committed to add over 5 years. In the current abatement applications, Ben Venue has substantially completed the project and invested $71.5 million to date on the site. Included in this investment to date is $50 million for a new building and building improvements and $20 million for machinery and equipment. The company will invest in the near future $1 million in furniture and fixtures and $14.5 million in increased inventory. Ben Venue created 125 jobs to date within a time frame of less than 2 years. They will increase this employment up to 300 new full time permanent jobs within 5 years and will retain 691 existing full time jobs at the projected sites. The annual payroll has increased approximately $3,750,000 due to the new hires and the new employees in the future will lead to a total additional payroll of $9 million and generate an additional $202,500 in City income tax withholding. The annual payroll retained in existing jobs will be at $26,766,804. The abatement agreement between the City of Bedford, the Bedford City School District, County and State of Ohio is as follows:

- The enterprise zone agreement number 3 for personal property is 100 percent for the first seven years and 80 percent for 3 final years starting January 1, 2004 (10 years total).

- The community reinvestment area abatement on Real estate construction will be 100 percent for the first 7 years and 80 percent for the final 8 years (15 years total).

- The City will share 30 percent of the payroll withholding taxes through the abatement period with the School District. The City will benefit solely on any net profit tax that is obtained through the Company's operations annually.

The City of Bedford takes pride in its downtown shopping area and promotes community and economic development opportunities for businesses. In the years 2002 and 2003, the City applied for two Community Development Block Grants of $150,000 each and a NOACA Streetscape grant of $340,785 to completely rehabilitate the sidewalks and enhance the downtown with trees, brick pavers, decorative old light poles and lights. The City is committing the matching resources $688,000 making the total project approximately $1.3 million. Due to the City's commitment of enhancing the downtown area, building owners have followed suit. They have improved the looks of their storefronts and installed awnings with the help of the City's non-tax revenues at a cost of $15,000. Included in the community development block grants is to allow conduit and utility lines to be buried underground in the downtown Historic District shopping area.

Two small businesses were added in 2003 to the Downtown shopping area: **Curves Inc.** and **Forever Stamping Inc.**

The Family Dollar store renovated a vacated pharmacy store approximately 2 blocks from the downtown shopping area in 2003.

IHOP (The International House of Pancakes) built a restaurant in the Meadowbrook Shopping Center at a cost of $1.5 million. They hired 70 new employees and they have been doing very well in business since its inception in late 2003.

Arabica Café is a welcome addition to the downtown area as they updated and improved their building, investing $250,000 in the 2,000 square foot facility, located in the heart of historic downtown Bedford. This investment will bring approximately 10 new jobs to the downtown.

Ampere Electric an electrical contractor, purchased an old dilapidated building and renovated it, spending over $500,000. Ampere is leasing this site to a Day Care and Pre-School Center and moved to another location and retained the 20 jobs in the City of Bedford throughout 2003.

Giant Eagle a grocery chain, invested approximately $2.2 million in its existing store located at 900 Northfield Road. This store is approximately 38,000 square feet.

Acura Volvo completed a new expansion spending $800,000 in total investment to their existing facility. With this investment they will create 5 new jobs and retain their existing payroll of $2,555,428.

The Leader Mortgage Corporation has transferred to the City of Bedford 210 employees with a payroll of $6 million and the potential to grow to 425 employees within 5 years. The company moved into the vacated Alltel/Topps headquarters building and renovated the same in the amount of $300,000. The property had been vacant over one year.

Ganley Real Estate Co. has committed to bringing to the City a Volkswagen Dealership and building a retail establishment at a cost of $2.04 million with a personal property investment of $4 million. The Volkswagen dealership will transfer from another city a staff of 42 full time employees and the will create an additional 50-60 jobs over the next 10 years. The City has afforded the company incentives in the form of a Community Reinvestment Area Agreement that includes a 50 percent abatement on real property taxes, for a period of 10 years and a jobs creation credit.

The United Auto Group has committed to bringing to the City a Maserati of Cleveland/Bedford Collision Center. This facility will bring 15-20 new jobs and have an annual payroll of $980,000.

The Bedford Nissan dealer has expanded their business and created 4 new jobs within the City.

Future projects that required the City to apply for various grants are:

> The City applied and received a grant in the amount of $850,000 from The Ohio Department of Development, State of Ohio Account 629 Funds for the improvement in the Brownfield area known as Brush-Wellman Property. The Cuyahoga County Department of Development under the direction of the Cuyahoga County Commissioners is spearheading an application for a Brownfield Economic Development Grant (BEDI) in the amount of $2 million to help with the remediation, infrastructure improvements, redevelopment and the development of a publicly dedicated road on this Brownfield site. The County has also agreed to help in the form of loans and grants to improve the property.
>
> Prior to these applications, the City applied and received a grant in the amount of $25,000 from Cuyahoga County for the soil testing of the Brush Wellman Property. This property of approximately 50 acres has a good possibility of being developed in the near future with the aid of Brownfield monies and other possible grants. The City is looking forward to having the Taylor Chair Company continue operations in Bedford and relocate its manufacturing plant to this site. The current building is approximately 110 years old and a new building is desperately needed. The Taylor Chair Company is the oldest continuing furniture manufacturing plant in Ohio's History (188 years).

The City in conjunction with the County Engineers, and the Village of Oakwood, has applied for and received a CDBG grant in the amount of $150,000 for the installation of a new waterline, storm sewers, curbs and roadway replacement for the Forbes Road Reconstruction project. Total cost is estimated to be $401,550.

In 1999, the City issued $5 million of general obligation bonds to partially fund the construction of a new municipal center. The City issued its final debt regarding the new municipal center. There were two issues in 2002, $5.2 million related to the income tax increase and $2 million that the Bedford Municipal Court has backed for payment with court fees. Construction was completed on time and at $16.25 million, well under the projected budget of $16.7 million. In conjunction with the sale of these bonds, the City of Bedford received an upgraded rating from Moody's Investor Services in 1999 and has maintained these ratings to date. The new rating from Moody's Investor Services was an A1 and Standard and Poor's awarded an A+ credit.

Major Initiatives

During 2003, the City completed or made substantial progress toward several major goals or projects. These projects enhanced the quality of life and helped the City provide the highest level of service in a cost effective manner to all residents.

The City of Bedford completed the new Municipal City Hall, a new fire station and a new Municipal Court/Police Station complex. The project was under budget and completed on time. The old square footage of the City Hall was 33,000 square feet, whereas the new complex created 88,000 square feet of new buildings. The project was completed in April of 2003.

The City administration prepared, and through Council, adopted the 2004 annual budget (appropriations) before December 31, 2003; thereby allowing the City Departments to bid early in the spring to take advantage of lower bids on construction costs and allows more efficiency in preparing for recreational activities of the Summer.

The General Fund ended the year with a fund balance of $7,546,164. The fund balance represents 48.2 percent of total expenditures or 177 days of operating expenditures.

The street lighting rate was maintained for the third year at 1.2 mills, as industry moved in and values of properties increased.

The City realized its ninth-year of wastewater savings from refinancing the 20-year bonds in an amount of $200,000. Without this transaction, wastewater rates would have increased by 25.5 percent more than what the City is charging today (over $1,800,000 has been saved to date).

The Bedford Fire Department performed 1,534 ambulance runs in the year 2003. The ambulance runs generated a total of $212,339, net of the administrative billing costs. The fire department applied for and received $71,985 from a FEMA Grant for various safety equipment purchases. The City of Bedford's ISO fire rating was upgraded to a Class 4. This upgrade was due in part to continuously improved operations, equipment, record keeping and training.

The Finance Department purchased a new software upgrade for municipal income tax collection purposes from Municipal Income Tax Systems (MITS) in the amount of $8,000. Installation was completed and the software was being utilized in 2003. The Tax Department implemented the innovation award winning (2003 Ohio Government Finance Officers Association Innovation Award) on-line income tax preparation system during the 2003 tax season. Taxpayers and professional tax preparers were able to complete accurate returns with software that simplified the preparation process. The users of this system found it accurate and available for use 24 hours a day. The program allows the taxpayer convenience of this preparation in the comfort of their home or office.

The Greencroft Avenue Rehabilitation Project was let out to bid and is in the process of completion and will conclude with a final construction cost of $449,624.

The City was awarded a grant of $84,225 from the U.S. Department of Justice for the continuation of the Southeast Area Law Enforcement Program. The program was extended for three months to change the fiscal year end to a calendar year end grant. This program assists the police monetarily in their efforts to arrest those that sell or use illegal drugs. This program has led to various arrests and items have been confiscated including currency. This year the total funding was $279,401.

Construction and Miscellaneous Projects:

The prevailing wage reporting and review process was completed this year with a record number of contracts, twenty-two, that required precise examination of payroll records, rates of pay, verification of pay rates with the State of Ohio per employee and contract, benefit analysis per employee, lien recognition and verification of waivers of liens per each requested payment and entry of all payroll reported into our income tax system. Our tax collector, who is a lawyer and has extensive knowledge of labor law, completed these procedures.

The Ohio Department of Transportation completed the resurfacing and handicap ramps on Broadway Avenue and the approximate cost to the City was $212,357. The estimated total project cost was $950,000. The City's responsibility was 20 percent and the handicap ramps were replaced at the City's expense of around $80,000. This project was completed in 2003.

The Service Department spending on sidewalks and street improvements were $28,749 and $39,166 respectively. The pending sidewalk and street improvements from 2003 were $9,868 and $244,798 respectively.

The Recreation Department completed the construction of a picnic pavilion at the Metroparks at a cost of $15,000. This park is being utilized by the residents of Bedford.

The City has applied for and received OWDA and OPWC loans for the Rapid Sand-filter system in the amount of $2,429,285. The City received a 20-year low interest loan (4.8 percent) for the Rapid Sand-filter project from the Ohio Water Development Authority. The total cost to date amounts to $2,427,022.

The City was awarded a grant for $945,000 (45 percent) for the Oxidation Tower Project and a zero percent loan for $945,000. The City has only utilized the grant portion of the project. The City received a total of $486,012 of which $345,871 was received in 2002. The City's matching portion towards the oxidation tower is $210,000. The total cost of the Oxidation Tower will not exceed $2,100,000. The total cost to date amounts to $244,316.

The Wastewater plant started the improvement of the Sludge Thickener. The cost of the project is expected to be $170,000.

The City of Bedford was awarded an additional grant of $150,000 from the Community Development Block Grant Program for the improvement of the Downtown Streetscape. The City also received a NOACA grant in the amount of $230,000 to continue the improvements to the Historic Downtown District. The City also was also awarded an additional $45,000 from the Community Development Block Grant Program for residential housing improvements. These improvements to 12 houses were completed in 2003.

The City of Bedford completed the replacement of Storm Sewers on Cresswell Avenue and Dogwood Drive at costs of $44,046 and $19,853 respectively.

The John Street Sewer improvement was completed at a cost of $56,500.

The City of Bedford completed construction of the Municipal Complex, which included the construction of a City Hall, Police Headquarters / Municipal Court building and a Fire Station at a cost of $16.2 million. This project was completed on time and under budget of its estimated construction budget of $16.7 million dollars.

Financial Information

Accounting policies and budgetary control

The City of Bedford utilizes automated governmental accounting software developed and licensed by Software Solutions Incorporated (SSI). This software controls budgetary, accounting, payroll and fixed assets. The City utilizes a software package for utility billing developed by Fund Balance Inc.

The City of Bedford's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These funds are segregated for the purposes of carrying on specific activities or attaining certain objectives in accordance with the special regulations, restrictions, or limitations. Generally accepted accounting principles determine the type of funds used.

The level of budgetary control is at the department level. All non-fiduciary funds are budgeted annually. The City also controls its expenditures at levels of personal services and all other expenditures as required by the City's Charter. The City did have amendments to the original appropriations ordinance to account for new funds and increased grants received during 2003.

The City Manager is authorized to transfer appropriations between line items within a department. Any increase in the total appropriation for a department must be approved by City Council. The City's fully automated financial system maintains the budgetary control through its purchase order/encumbrance feature. The purchase order, required before making any purchase, creates the encumbrance against the current sufficient unobligated budget to accept the encumbrance without a budget overrun. Encumbrances do not lapse at year-end and are a reserve of fund equity, which is carried forward into the next year.

Internal accounting and reporting control

As part of its continuing commitment to excellence in financial reporting, the City utilizes a fully integrated, computerized financial accounting, budgeting and reporting system. Because the system is integrated, the financial and budgetary information maintained by the system is available to the City's management on a daily basis. The timeliness and accuracy of the information provided by the City's accounting, budgeting and reporting system provides each member of the City's management with a solid, informed financial basis for daily decision-making performance evaluation and planning.

The City has built internal accounting controls into its financial accounting, budgeting and reporting system to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss resulting from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The internal accounting controls built into the City's system were developed within the framework of the concept of reasonable assurance.

This concept recognizes that the cost of control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. Regular reviews of internal controls occur within this policy framework. We believe that the City's internal accounting controls adequately safeguard the City's assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Financial Reporting

The City has prepared financial statements under the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments". GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

> **Government-wide financial statements** These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.
>
> **Fund financial statements** These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and includes a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.
>
> **Statement of budgetary comparisons** These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing Management's Discussion and Analysis of the City. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the City's finances for 2003. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights – Internal Service Fund

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of vision, dental, prescription drug and hospital/medical benefits to the City employees. The internal service fund had net assets of $140,441 at December 31, 2003 compared with net assets of $193,871 at December 31, 2002, reflecting a change in net assets of ($53,430). This fund did maintain a good and sound ending fund balance level for 2003.

Cash Management

Cash management is a vital component in the City of Bedford's overall financial strategy. The primary objective of the City's investment activity is the preservation of capital and the protection of investment principal. A prudent investment program is maintained to assure the overnight and over-the-weekend investments of all possible dollars, as well as longer term investments. In addition to the security of the investment, a major consideration is the timing of needed cash to pay City liabilities. Cash resources of all City funds are combined for maximum return and are invested in accordance with the Ohio Revised Code. The total interest earned during 2003 was $246,394.

The City maintains an investment board consisting of the City Manager, Law Director and Director of Finance. They meet weekly to plan investment strategy, utilizing cash flow analysis programs for maximum investment yield in line with cash flow needs and the City's investment policy.

Risk Management

The City of Bedford's Finance Department coordinates comprehensive general liability, automobile physical damage and liability, property, boiler and machinery, fire fighters errors and omissions, ambulance professional, miscellaneous floater and money and securities insurance through the Ohio Municipal League Pool (OML). The City joined this pool in 1993. The City and OML pool use three important criteria for the Insurance Program:

- Cost
- Extended Coverage
- Continuity of Coverage and Carriers

The City carries a blanket bond on all employees for $25,000 in line with collections and a faithful performance bond on the City's Director of Finance, Law Director and City Manager in the amount of $100,000 and $250,000 for the Clerk of Courts.

Independent Audit

In accordance with Ohio law an annual independent audit is required to be performed on all financial operations of the City. These audits are conducted by either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm. Betty Montgomery, Auditor of State, performed these services for 2003, and an unqualified opinion is presented in the financial section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) award a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The 2002 CAFR received the Certificate of Achievement and we believe our current report will conform to the requirements and standards of the Certificate of Achievement Program. Thus, we are submitting the 2003 Comprehensive Annual Report to the GFOA for award consideration.

Acknowledgments

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors, but especially to those employees in the Department of Finance and the employees of the Local Government Services Section of the Auditor of State, which contributed significantly to the preparation of this report. Finally, City Administration wants to extend its appreciation to the Mayor and City Council for their support and commitment to responsible fiscal reporting.

Postscript

The employees of the City of Bedford are proud of the Community in which we work and live. We pledge our continued dedication to providing the highest possible level of service to the citizens of the City, and we commit ourselves to enhancing the quality of life which our residents have come to expect and enjoy.

Respectfully submitted,

Frank C. Gambosi, CPA
Finance Director

Robert R. Reid
City Manager

City of Bedford, Ohio
List of Principal Officials
December 31, 2003

Elected Officials

Mayor ..... Dan Pocek

Vice Mayor ..... Marilyn B. Zolata

Council Member ..... Paula Mizak

Council Member ..... Donald A. Saunders

Council Member ..... Gregory E. Pozar

Council Member ..... Stanley Koci

Council Member ..... Ronald A. Lisy

Presiding Judge ..... Peter J. Junkin

Municipal Judge ..... Brian J. Melling

Appointed Officials

City Manager ..... Robert R. Reid

Director of Finance ..... Frank C. Gambosi

Director of Law ..... Kenneth A. Schuman

Prosecutor ..... Kenneth A. Schuman

Clerk of Council ..... Gayle C. Pastor

Building Commissioner ..... Philip A. Seybolt

Service Director ..... Clint E. Bellar

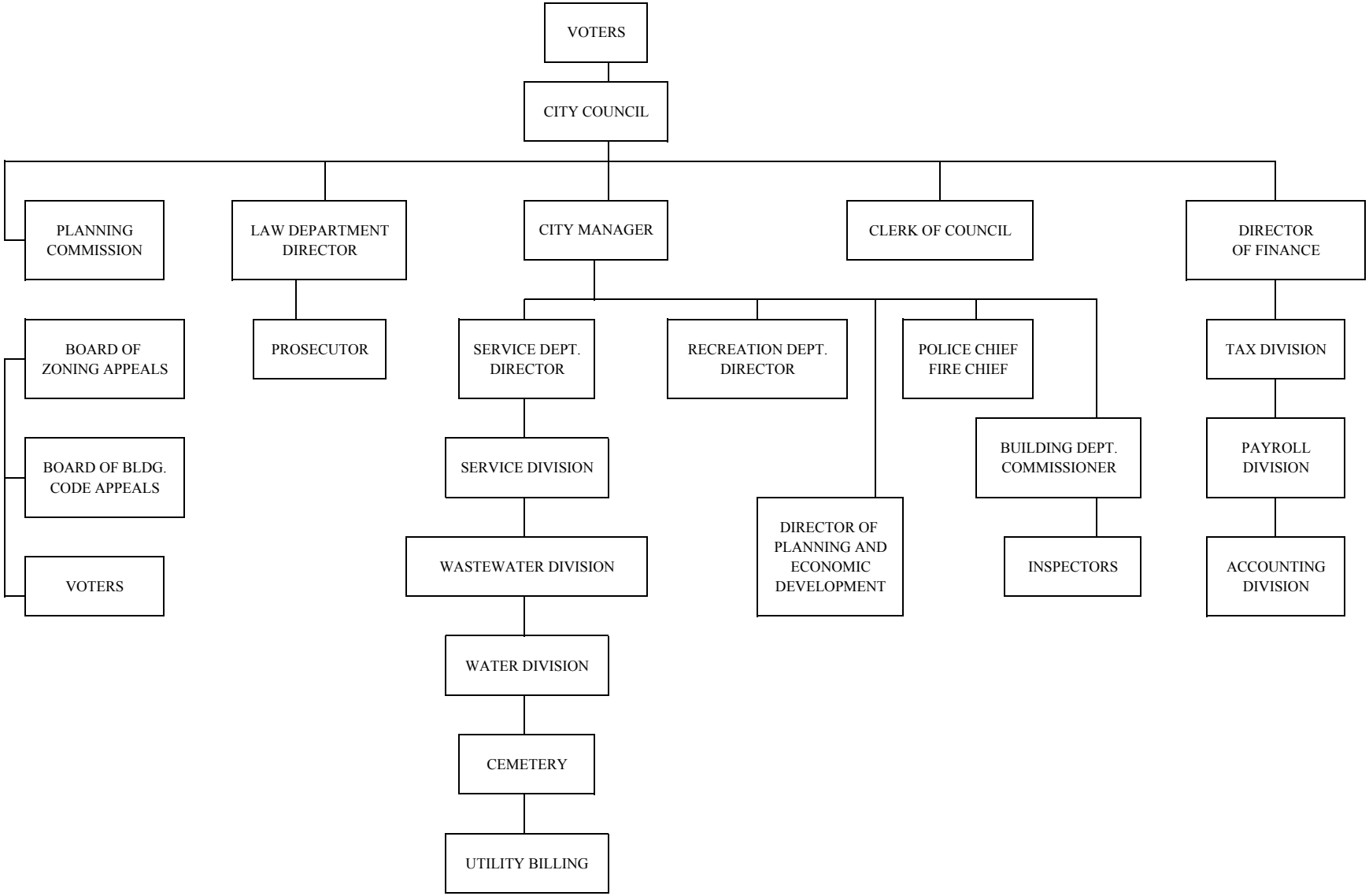
Superintendent of Public Works ..... Robert L. Duber

Chief of Fire ..... Kenneth A. Rybka

Executive Lieutenant of Police ..... Gregory A. Duber

Director of Recreation ..... Randall J. Lewis

ORGANIZATIONAL CHART
CITY OF BEDFORD, OHIO



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The discussion and analysis of the City of Bedford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- Total assets of the City of Bedford exceeded its liabilities at the close of the most recent year (2003) by $51,711,224 and $51,421,632 in the year 2002 (*net assets*). Of this amount $13,609,016 in 2003 and $12,612,721 in 2002 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.

- Total Depreciable Assets of Governmental Activities increased by $13,330,011, which represents a 50.59 percent increase from 2002.

- Total Assets decreased by $2,968,211 due to less cash on hand due to payments to contractors for the construction of the municipal complex and the decreases in receivables from special assessments due at year-end.

- Total Capital Assets increased by $2,335,947 or 4.46 percent over 2002.

- As of the close of the current year, the City of Bedford's governmental funds reported combined ending fund balances of $14,344,623, a decrease of $3,288,003 in comparison with the prior year. This was due to the payments to contractors in the construction of the new municipal complex. Approximately 88 percent of this fund balance is *available for spending* at the government's discretion limited by the State or Federal government or the tax levy (*unreserved fund balance)*.

- The City of Bedford's total debt decreased by $2,234,211, (8.41 percent) during the current year. The key factors in this decrease were the refunding payments for the Water Fund revenue and general obligation bonds with proceeds received in 2002 and the payment of principal, interest and premiums occurring in January 2003. The total amount of principal paid in the refunding was $1,700,000, of which $1,070,000 was to refund the 1991 revenue bonds and $630,000 was paid on the Water Fund general obligation bonds outstanding. The City also increased its debt in the Wastewater fund by obtaining funds associated with a twenty-year Ohio Water Development Authority Loan (3.9 percent) for the Rapid Sandfilter improvements with the amount of $2,429,286 being received to date.

- On a cash basis, City income tax collections have shown an average increase of 5.35 percent per year over the last five years. The City income tax increased $1,744,539 from 2001 to 2002; however, the income tax collections on a cash basis decreased by ($1,117,407) from 2002 to 2003. This decrease was anticipated and budgeted throughout 2003 as one of our largest taxpayer's net profits tax was affected by a one-time surge in revenues from a new product, which was not anticipated to repeat sales in the following year. The City expects this entity to incur net profits in a more reasonable, steady increased pattern in the future years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bedford's basic financial statements. The City of Bedford's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements *The government-wide financial statements* are designed to provide readers with a broad overview of the City of Bedford's finances, in a manner similar to private sector businesses. The *statement of net assets* and *statement of activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in total in one column.

The *statement of net assets* presents information on all of the City of Bedford's 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 is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City of Bedford that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Bedford include general government, security of persons and property (Police and Fire), public health and welfare, leisure time activities, community development, transportation and basic utility services. The business-type activities include water and wastewater.

The government –wide financial statements can be found starting on page 19 of this report.

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 objectives. The City of Bedford, 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 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 funds financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental

fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities.* The City of Bedford maintains twenty-nine 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 Medic Levy special revenue Fund, Special Assessment Bond Retirement debt service fund and the City Hall capital projects fund all of which are considered to be major funds. Data from the other twenty-five governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City of Bedford adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided as supplementary information for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary Funds The City of Bedford maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance program of health related employee benefits. Because this predominately benefits governmental rather than business functions, it has been included within governmental activities in the government-wide financial statements. The proprietary fund financial statements provide separate information for the water and wastewater operations as they are considered major funds. The internal service fund is for self-insurance for health benefits. The basic proprietary fund financial statements can be found on pages 28 through 31 of this report.

Notes to the Basic 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 basic financial statements can be found on pages 33 through 60 of this report.

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented as well as individual detailed budgetary comparisons for all funds. This information can be found starting on page 62 of this report.

Government-Wide Financial Analysis While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net assets and the changes in those assets. The change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

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

The City of Bedford as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. The following provides a summary of the City's net assets for 2003 compared to 2002.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	$23,169,738	$26,342,804	$5,198,342	$7,329,434	$28,368,080	$33,672,238
Capital Assets, Net	42,925,509	40,988,002	11,840,918	11,442,478	54,766,427	52,430,480
Total Assets	66,095,247	67,330,806	17,039,260	18,771,912	83,134,507	86,102,718
Liabilities						
Current and Other Liabilities	5,349,752	5,890,049	537,401	1,103,155	5,887,153	6,993,204
Long-Term Liabilities:						
Due Within One Year	745,169	662,158	777,480	750,500	1,522,649	1,412,658
Due in More than One Year	13,619,442	14,108,345	10,394,039	12,166,879	24,013,481	26,275,224
Total Liabilities	19,714,363	20,660,552	11,708,920	14,020,534	31,423,283	34,681,086
Net Assets						
Invested in Capital Assets						
Net of Debt	30,244,755	27,844,368	1,072,113	1,185,779	31,316,868	29,030,147
Restricted:						
Capital Projects	3,057,559	4,707,736	0	0	3,057,559	4,707,736
Debt Service	1,176,626	1,366,567	0	0	1,176,626	1,366,567
Renewal and Replacement	0	0	0	1,196,296	0	1,196,296
Fire	97,233	32,999	0	0	97,233	32,999
Streets	1,183,863	1,143,523	0	0	1,183,863	1,143,523
Other Purposes	1,270,059	1,331,643	0	0	1,270,059	1,331,643
Unrestricted	9,350,789	10,243,418	4,258,227	2,369,303	13,609,016	12,612,721
Total Net Assets	$46,380,884	$46,670,254	$5,330,340	$4,751,378	$51,711,224	$51,421,632

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Bedford, total assets exceed total liabilities by $51,711,224 at the close of the most recent year.

The largest portion of the City's net assets (60.70 percent) reflects investments in capital assets (i.e. land, construction in progress, buildings, improvements, machinery and equipment, vehicles and infrastructure), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide

services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets decreased by $2,968,211 from 2002 to 2003, while the City's total liabilities decreased by $3,257,803. The most significant changes were a decrease in Equity in Pooled Cash and Cash Equivalents, where there was a decrease of $5,023,147 and an increase in depreciable capital assets in the amount of $13,154,174 and a decrease in nondepreciable capital assets in the amount of $10,818,227 during the year. These changes were due to the City completing construction in building the new municipal complex. The municipal construction was recorded as construction in progress in the prior year and as a depreciable asset at the completion date in 2003. Other items affecting the results were increases in property taxes, decrease in municipal income taxes and intergovernmental revenues. The decrease in liabilities was mainly due to the construction contracts completed during the year and reducing the payable. The long-term liabilities were decreased due to the payment of the refunded issues in January 2003 in the amount of $1,700,000. In 2002 the City issued general obligation bonds in the amount of $1,855,000 to pay for refunding of the 1991 and 1997 water fund revenue bond issues. These bonds allowed the City to obtain a cash flow savings of $138,810. General Obligation Bonds were also issued for sewer improvements in the amount of $725,000 in prior years. These bonds will be paid from user charges. If the user charges are insufficient then part of the one-fourth of a percent income tax increase will be used.

At the end of the current year, the City of Bedford is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

Our total net assets of the City's governmental activities decreased $289,370 during the current year. Most of this decrease is due to the decrease in municipal income tax and the State of Ohio Intergovernmental Revenue stream. Due to the State of Ohio's budget problems, and the Ohio's legislature's mindset to change the tax structure of the State and thus affecting their payments to local governments, the State of Ohio has increased the inheritance tax level of reporting for residents from $25,000 to $338,000 this has and will have an effect on the revenue stream in the City for any one year from a loss of $350,000 to $500,000. The State of Ohio, in an attempt to balance their budget, has also decreased the local government revenue funds sent to the cities in 2003 and has affected the City by the amount of $45,000. The State of Ohio has also lowered the amount they are reimbursing the cities for the exempt valuation portion of our personal property tax returns ($10,000 per return) and this also led to a decrease in revenue in the City of approximately $28,000. The State of Ohio has also enacted a reduction of 1 percent per year personal property (inventory only) tax rate until the rate and taxes are nonexistent. The current tax rate for 2003 is 23 percent. This will not show an effect on the City's collection of property taxes until the value of the tax rate is zero. This is due to the amount of inventory basis subject to the tax being increased by more than 1 percent per year. The balance of the increase in net assets is due to the degree in which resources in ongoing revenues have outstripped similar increases in ongoing expenses.

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 2003 and 2002.

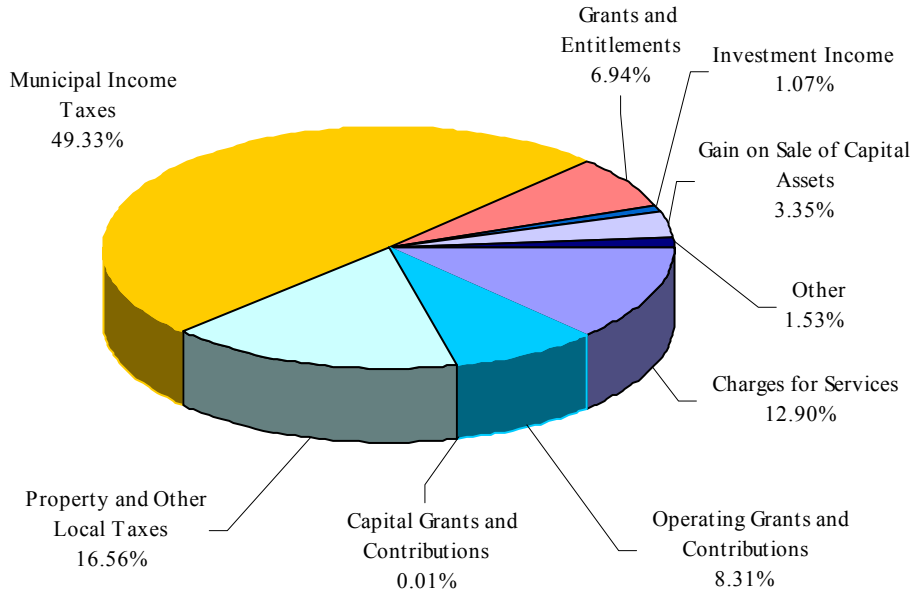
(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues						
Charges for Services	$2,441,722	$2,047,590	$5,106,619	$5,427,326	$7,548,341	$7,474,916
Operating Grants and Contributions	1,563,389	592,712	0	0	1,563,389	592,712
Capital Grants and Contributions	630	673,126	140,141	345,871	140,771	1,018,997
Total Program Revenues	4,005,741	3,313,428	5,246,760	5,773,197	9,252,501	9,086,625
General Revenues						
Property Taxes	3,127,368	3,228,368	0	0	3,127,368	3,228,368
Municipal Income Taxes	9,315,967	10,223,290	377,810	0	9,693,777	10,223,290
Grants and Entitlements not Restricted to Specific Programs	1,310,787	1,697,045	0	0	1,310,787	1,697,045
Investment Income	202,952	455,414	43,442	78,400	246,394	533,814
Gain on Sale of Capital Assets	632,343	3,000	2,834	0	635,177	3,000
Miscellaneous	288,177	227,074	3,881	0	292,058	227,074
Total General Revenues	14,877,594	15,834,191	427,967	78,400	15,305,561	15,912,591
Total Revenues	$18,883,335	$19,147,619	$5,674,727	$5,851,597	$24,558,062	$24,999,216
Program Expenses						
General Government	4,516,277	4,060,361	0	0	4,516,277	4,060,361
Security of Persons and Property						
Police	4,099,951	3,849,577	0	0	4,099,951	3,849,577
Fire	3,026,454	2,880,439	0	0	3,026,454	2,880,439
Public Health and Welfare	243,755	45,199	0	0	243,755	45,199
Leisure Time Activities	1,249,546	1,311,478	0	0	1,249,546	1,311,478
Community Development	613,461	1,019,191	0	0	613,461	1,019,191
Transportation	3,786,962	3,954,442	0	0	3,786,962	3,954,442
Basic Utility Services	915,928	787,321	0	0	915,928	787,321
Interest and Fiscal Charges	720,371	364,581	0	0	720,371	364,581
Water	0	0	3,105,244	3,396,720	3,105,244	3,396,720
Wastewater	0	0	1,990,521	2,423,832	1,990,521	2,423,832
Total Program Expenses	19,172,705	18,272,589	5,095,765	5,820,552	24,268,470	24,093,141
Increase (Decrease) in Net Assets	(289,370)	875,030	578,962	31,045	289,592	906,075
Net Assets Beginning of Year	46,670,254	45,795,224	4,751,378	4,720,333	51,421,632	50,515,557
Net Assets End of Year	$46,380,884	$46,670,254	$5,330,340	$4,751,378	$51,711,224	$51,421,632

Governmental Activities

Governmental activities decreased the City's net assets by $289,370, thereby accounting for a reduction in total net assets; however, the business-type activities increased by $578,962 allowing for the overall increased growth in the total net assets of $289,592. The primary reason for the decrease in net assets relates to the decrease in municipal income tax and intergovernmental (State of Ohio) revenues. Several types of revenues fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate was 2.25 percent for 2003, the same as the prior year. Both residents of the City and non-residents who work inside the City are subject to the income tax. However, if residents work in a locality that has a municipal income tax, the City provides up to 100 percent credit up to 1.50 percent for those who pay income tax to another City. City Council could by Ordinance, chose to vary that income tax credit and create additional revenues for the City.

Revenues by Source - Governmental Activities

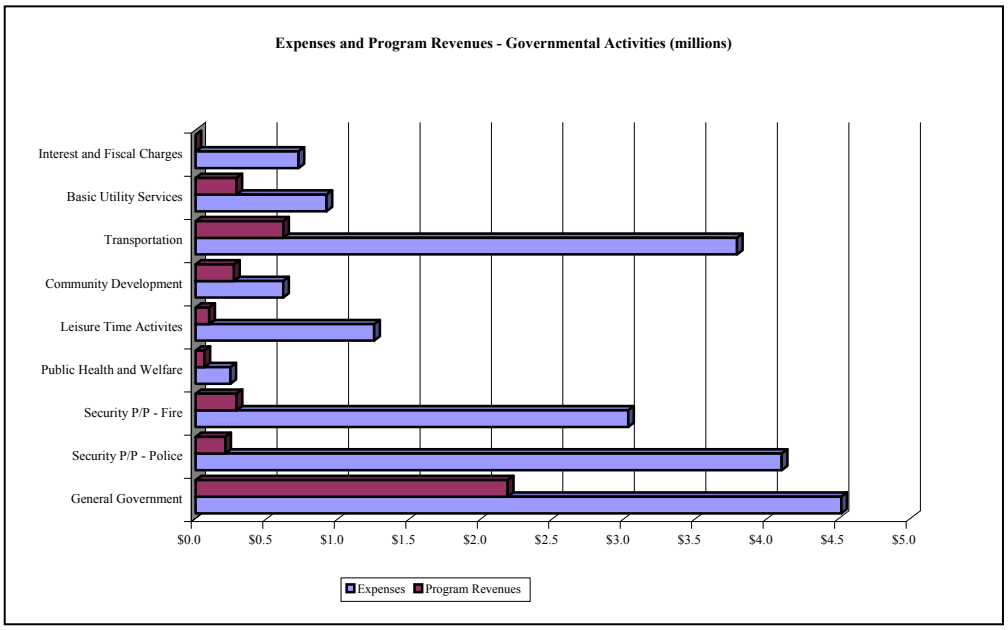


The income tax revenue for 2003 was $9,315,967. Of the $18,883,335 in total governmental revenues, income tax accounts for 49.33 percent of that total. Property taxes of $3,127,368 account for 16.56 percent of total revenues, and operating grants, capital grants and contributions, general revenues from grants and entitlements account for 15.26 percent of total revenues, and charges for services, and other revenue make up the remaining 18.85 percent.

General revenues from grants and entitlements, such as local government funds, are also revenue generators. With the combination of property tax, income tax and intergovernmental funding all expenses but $289,370 in the governmental activities are funded. The City monitors its source of revenues very closely for fluctuations.

For the most part, increases in expenses closely parallel inflation and growth in the demand for services. The largest program function for the City relates to the security of persons and property police and fire program expenses. During 2003, $7,126,405 was spent or 37.17 percent of program expenses related to security of

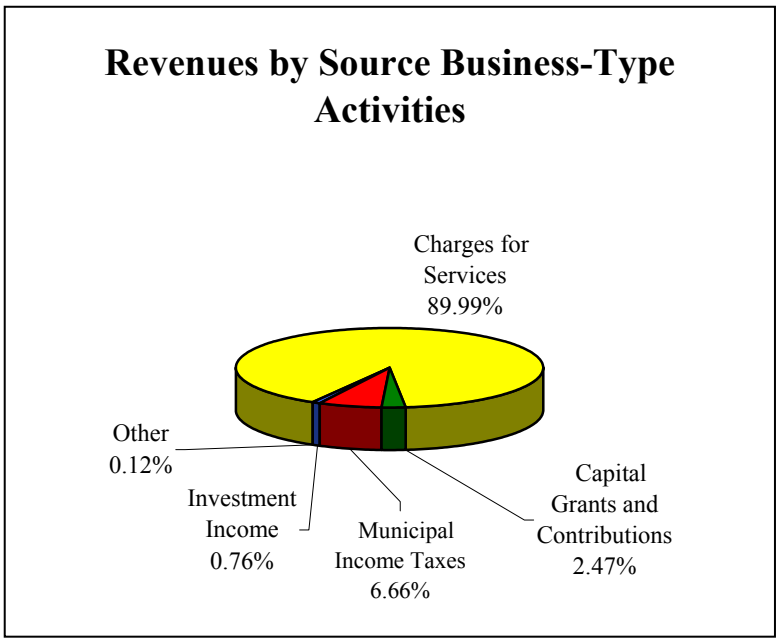
persons and property as compared to 2002; whereas, $6,730,016 was spent or 36.83 percent. The next largest function was for general government expenses. Most of these expenses were for the operations of the municipal court. In 2003 23.56 percent of program expenses went for general government activities as compared to 2002, 22.22 percent was spent on this program. The third largest program expenses were related to the transportation system for street and highway maintenance, including snow removal. In 2003, 19.75 percent as compared to 2002, 21.64 percent of program expenses were related to the transportation system.

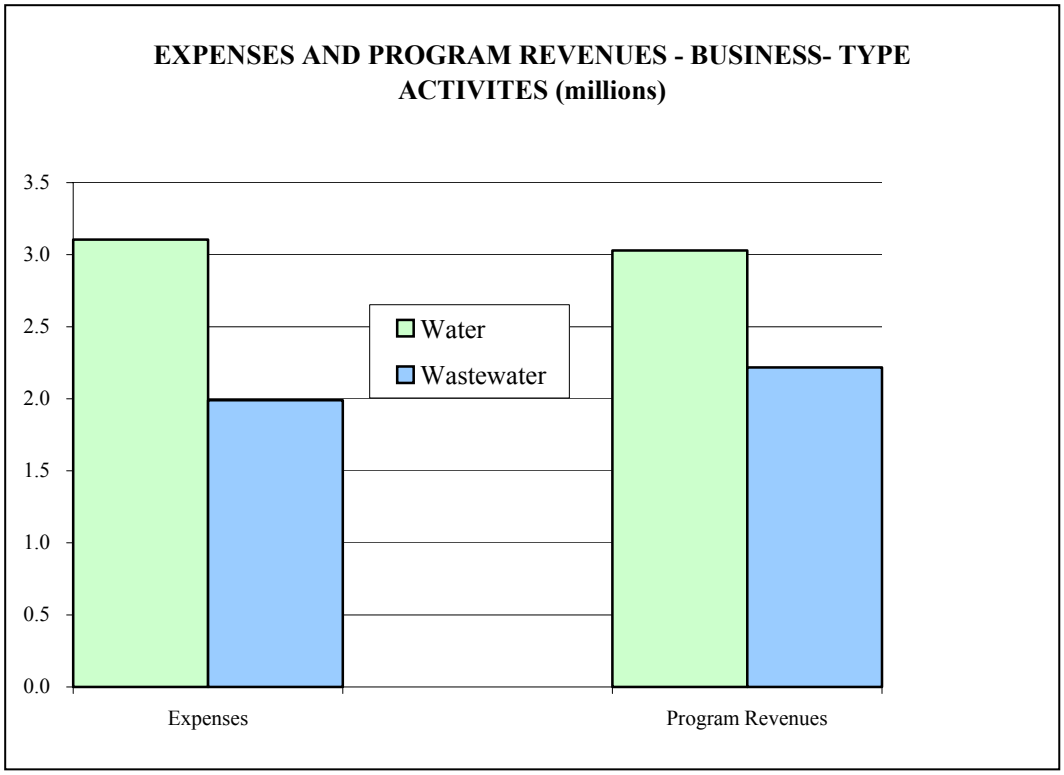


Leisure time activities, primarily the expenses for the Ellenwood Recreation Center and the outdoor pool, accounted for 6.52 percent in 2003 and 7.18 percent in 2002 of total program expenses, and slightly behind is Basic Utility Services at 4.78 percent in 2003 compared to 4.31 percent in 2002 of total program expenses. The community development expenses were decreased due to the timing of expenses in the early stages of starting the Phase II work in 2003 for grants related to the improvement of the downtown Bedford Historic District and in the prior year accounting for the finished costs of Phase I and the Gateway Project.

Business-Type Activities

The business-type activities of the City, which include the City's water and wastewater operations increased the City's net assets by $578,962.





Net program revenues were less than program expenses in the amount of $76,390 for the water operations for 2003. This decrease in net assets is due to excessive water line leaks and overall decrease in revenue received in 2003. This revenue is classified as charges for services. The water system is currently being sounded and leaks are to be repaired which was responsible for this 2.12 percent decrease in charges for services. Net program revenues exceeded program expenses in the amount of $227,385 for the wastewater operations for 2003. The water business-type fund's budgetary reflects a large decrease in the non operating expenses as the two water issues were defeased in 2003, a 1991 revenue bond series and a 1997 general obligation bond series. See Note 13 to the basic financial statements for more details of this transaction.

Financial Analysis of the Government's Funds

As noted earlier, the City of Bedford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 22. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of the current fiscal year 2003 and the year-end 2002, the City of Bedford's governmental funds reported combined ending fund balances of $14,344,623 and $17,632,626 respectively. Of these amounts, $12,579,504 and $14,019,573 constitutes unreserved fund balances, which is available for spending. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period in the amount of $1,765,119 for 2003 and $3,613,053 at the end of 2002.

All governmental funds had total revenues of $17,871,017 in 2003 and $19,240,323 in 2002. and total expenditures of $21,978,199 in 2003 and $29,171,081 in 2002, leaving a difference of expenditures over revenues of ($4,107,182) and ($9,930,758) respectively. The most significant change in our funds from 2003 versus 2002 was the payment of contracts to build the Municipal Complex. This project was accounted for under the City Hall fund and was presented as a major fund and classified as a capital projects fund.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance for the general fund was $8,360,831 in 2003 and $9,854,048 in 2002 of which $8,266,852 in 2003 and $9,742,716 in 2002 was unreserved at year-end. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The 2003 unreserved fund balance represents 81.86 percent of total general fund expenditures, while total fund balance represents 82.79 percent of that same amount. The unreserved fund balance of $8,266,852 will cover 192 days of City expenditures in one year. This is another way to express the City general fund's liquidity. These numbers are important representation of the City's solid financial performance and condition.

During the current year, the fund balance of the City's general fund decreased by $1,493,217. The decrease in the general fund balance is due to the decrease in collections of municipal income taxes (specifically net profits taxes) in 2003. The income tax revenue in the general fund for 2003 was $8,517,875 and in 2002 was $9,322,150. The amount of tax decrease was $804,275, or an 8.63 percent decrease over 2002. The transfers-out of $5,650,857 was sent to other funds for capital improvements and for various operating purposes. The excess of revenues over expenditures for the general fund for the current fiscal year is $4,052,404 versus $5,713,190 excess in 2002.

Other major funds included in the Governmental Funds are the Fire Medic Levy Fund, the Special Assessment Bond Retirement Fund, and the City Hall Fund.

The Fire Medic Levy fund's fund balance as of December 31, 2003 was $102,756. This fund balance is $53,056 less than last year's. The costs of operation were more in 2003 pursuant to union agreements. This is the first year that this fund qualified as a major fund classification.

The Special Assessment Bond Retirement fund ended the year with a fund balance of $222,008. This balance was $24,456 less than reported in 2002. The reason for this decrease was due to the delinquent payments on the Palmetto Avenue Assessment collections in 2003. We expect collections to increase when the County Auditor takes collection action.

The City Hall fund ended the year with an unreserved fund balance of $1,088,267. This was well below the fund balance of 2002, $3,802,420, due to finalizing payments on the municipal complex. The fund balance remaining after 2004 will be transferred to a Capital Improvement Fund in accordance with the ¼ percent tax increase voted upon by the residents of Bedford.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of 2003, the City amended its general fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund. The general fund supports many of our major activities such as our police and fire departments as well as most legislative and executive activities. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the general fund, original budgeted revenues were $14,063,860. The final budgeted revenue amount was $14,488,430. The general fund's original appropriations were budgeted at $10,327,930. The final budgeted appropriations were $10,727,315. The City of Bedford's ending unencumbered cash balance in the general fund was $379,323 above the final budgeted amount.

The differences between the general fund's original and final amended budget were minor, except for the changes as follows:

- The most significant change was $424,570 in anticipated additional revenue to increase amounts budgeted for municipal income tax collections; however, the business net profits taxes were substantially decreased in 2003 collections over 2002 due to our largest taxpayer making a one time additional payment of net profit taxes to the City as their net income grew 25 percent in 2002 and not being able to continue to make such a profit in 2003.

- An additional $95,000 in the finance department was added to the original general fund budget due mostly to cover the increased costs of the property insurance and deductibles.

- An increase in estimated appropriations was necessary in the transfers-out of the General fund to the Police, $25,000 and Fire Pension, $33,230 funds to pay for the pension costs that were from wage increases in 2003.

Capital Assets and Debt Administration

Capital Assets

(Table 3)
Capital Assets at December 31,
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Land	$2,756,565	$2,756,565	$28,620	$28,620	$2,785,185	$2,785,185
Construction in Progress	491,422	11,883,926	2,600,803	2,026,526	3,092,225	13,910,452
Buildings and Improvements	15,738,540	1,654,074	2,972,475	3,068,815	18,711,015	4,722,889
Machinery and Equipment	2,297,973	1,729,312	1,302,677	1,607,066	3,600,650	3,336,378
Furniture and Fixtures	570,128	96,530	0	0	570,128	96,530
Vehicles	1,346,002	1,220,647	100,149	96,145	1,446,151	1,316,792
Infrastructure						
Roads	16,366,973	18,244,536	0	0	16,366,973	18,244,536
Traffic Signals	1,374,191	1,434,152	0	0	1,374,191	1,434,152
Storm Sewers	1,983,715	1,968,260	0	0	1,983,715	1,968,260
Water Lines	0	0	2,646,027	2,549,284	2,646,027	2,549,284
Sewer Lines	0	0	2,190,167	2,066,022	2,190,167	2,066,022
Total	$42,925,509	$40,988,002	$11,840,918	$11,442,478	$54,766,427	$52,430,480

Total capital assets for governmental activities of the City of Bedford for the year 2003 were $42,925,509 and in 2002 were $40,988,002, $1,937,507 more than in 2002. The most significant increases in our capital assets were in the categories of buildings and improvements, storm sewers, vehicles, machinery and equipment, and furniture and fixtures. Some of the major projects in place included the new City hall construction, which accounted for most of the decrease in construction in progress, and the downtown Bedford Historic District phase I improvements. Capital assets for business-type activities were $11,840,918 in 2003 and $11,442,478 at the end of 2002. The capital assets increased by $398,440 due to the City's ongoing sewer projects (a new Rapid Sandfilter and Oxidation Tower at the wastewater plant).

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 improvements and adding additional facilities to complement our current structures. Additional information concerning the City's capital assets can be found in Note 9 to the basic financial statements.

Debt

As of December 31, 2003, the City of Bedford had governmental debt of $13,265,515 and $13,754,567 in bonds, loans, pension and leases outstanding as of December 31, 2002. As of December 31, 2003 the City's governmental debt included $554,109 due within one year. On December 31, 2002, the City had business-type debt of $12,816,816 in bonds and loans outstanding with $766,974 due within one year. The city had business-type debt of $11,071,657 as of December 31, 2003. This was a decrease of $1,745,159, mostly attributable to the Water fund refunding payments that occurred in January 2003 in the amount of $1,700,000.

(Table 4)
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	$11,590,000	$11,855,000	$2,434,896	$3,210,000	$14,024,896	$15,065,000
Special Assessment Bonds	785,000	850,000	80,000	120,000	865,000	970,000
Mortgage Revenue Bonds	0	0	0	1,070,000	0	1,070,000
OPWC Loans	674,522	722,711	45,796	49,959	720,318	772,670
OWDA Loans	0	0	8,510,965	8,366,857	8,510,965	8,366,857
Police Pension	212,250	215,424	0	0	212,250	215,424
Capital Leases	3,743	111,432	0	0	3,743	111,432
Total	$13,265,515	$13,754,567	$11,071,657	$12,816,816	$24,337,172	$26,571,383

The General Obligation bonds are composed of (1) a Municipal Complex Court bond issued in 2002 and repaid from court fees and the one-fourth of a percent increase in municipal income tax rate voted in by the public in 1998; (2) the 2002 Municipal Complex Improvement – this issue is repaid from the one-fourth of a percent income tax increase in rate also; (3) the 1999 Municipal Complex Improvement - this issue is repaid from the one fourth of a percent income tax increase in rate also; and (4) the Bedford Schools manuscript bond issue. The City is obligated to pay the School District the principal only on a sale of the old library building and its land at $50,000 per year over a 4-year period. As of December 31, 2003 the balance for this bond is $50,000.

The special assessment bonds consist of various street-resurfacing projects. The principal and interest for these bonds are paid from the collection of special assessments by the County Auditor from the specific property owners who primarily benefit from the projects.

There are two OPWC loans that are being paid semi-annually from the debt service fund and funded by general fund revenues. These two loans are no interest 20-year loans for the Willard and Wandle Avenue street rehabilitation projects. The amounts outstanding as of December 31, 2003 were $233,730, and $440,792 respectively.

The Police pension liability loan is the unfunded portion of the pension due from employees hired before the Police and Firemen's Disability and Pension Fund was established. The rate of interest to be paid is 4.25 percent and as of December 31, 2003 the balance was $212,250.

The Business-type debt consisted of the following:

The General Obligation bonds are composed of (1) a sewer improvement bond issued in 2002; (2) the refunding bonds issued in 2002 were to pay off the water system mortgage revenue bonds outstanding from the 1991 issue – this new issue is to be repaid from the water rates and water bill collections; the second refunded issue in the amount of $1.165 million was to pay off the general obligation bonds outstanding from the 1997 water issue. This new issue is to be repaid from the water rates and water bill collections; and (3) the $630,000 general obligation water bond issue 1997 as well as the 1991 $1,070,000 water issues has been fully paid off on January 15, 2003 from the proceeds of the refunding bonds.

The additional ¼ percent income tax collection pays for the retirement of an Ohio Public Works Commission Loan (Oxidation Tower Project) and the Ohio Water Development Authority Loan (Rapid Sandfilter Project). The principal amounts outstanding as of December 31, 2003 are $0 and $2,429,286 respectively. The OPWC - Oxidation Tower Loan has been granted up to the amount of $945,000. There is another OPWC loan is for the flow control project and an OWDA loan for plant improvements that are paid through sewer user rates and from sewer collections.

The special assessment bonds consist of the Krick Road water project. The principal and interest for these bonds are paid from the collection of special assessments by the county auditor from the specific property owners who primarily benefit from the project.

Most of the OWDA loans were for refinancing previously issued Wastewater Plant improvement bond issues prior to 1994. The loan is for 20 years at 4.80 percent. The amount outstanding from this loan as of December 31, 2003 is $6,782,412.

State statues limit the amount of general obligation debt a governmental entity may issue to 10 ½ percent of total assessed valuation. The City's overall legal debt margin was $16,832,314 on December 31, 2003.

Additional information concerning the City's debt can be found in Notes 13 and 14 to the basic financial statements.

Current Financial Related Activities

The City of Bedford is financially strong as evidenced by Moody's Investors Service's affirmation of our A1 rating and Standard and Poor's affirmation of our A+ rating both awarded to the City in 2002.

The Administration and City Council developed a master plan for the development of our downtown area and the building or upgrading of City facilities as well as a 5-year capital improvement plan. As a result, we have seen a remarkable increase in our capital assets over that period of time. We completed the construction of the new municipal complex facilities consisting of three buildings, the city hall and court/police department connected by a hallway and the fire station, at a construction cost that was under budget at $16,250,000, $450,000 under the original budget of $16,700,000.

Contacting The City's Finance Department

This financial report is designed to provide our citizens, tax payers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information please contact Frank C. Gambosi, Director of Finance, City of Bedford, 165 Center Road, Bedford, Ohio 44146, telephone (440) 232-1600, or use our web site at www.bedfordoh.gov.

Basic Financial Statements

City of Bedford, Ohio
Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$14,136,860	$3,777,873	$17,914,733
Cash and Cash Equivalents with Fiscal Agents	377,315	0	377,315
Materials and Supplies Inventory	114,001	104,643	218,644
Accrued Interest Receivable	35,323	428	35,751
Accounts Receivable	69,155	908,916	978,071
Internal Balances	(14,650)	14,650	0
Intergovernmental Receivable	987,925	2,970	990,895
Prepaid Items	4,136	0	4,136
Income Taxes Receivable	2,213,960	0	2,213,960
Property Taxes Receivable	3,511,136	0	3,511,136
Special Assessments Receivable	1,477,066	87,846	1,564,912
Unamortized Bond Issuance Costs	257,511	301,016	558,527
Nondepreciable Capital Assets	3,247,987	2,629,423	5,877,410
Depreciable Capital Assets, Net	39,677,522	9,211,495	48,889,017
Total Assets	66,095,247	17,039,260	83,134,507
Liabilities			
Accounts Payable	209,909	257,983	467,892
Accrued Wages and Benefits	412,978	40,538	453,516
Intergovernmental Payable	431,475	14,599	446,074
Vacation Benefits Payable	543,309	53,827	597,136
Claims Payable	102,306	0	102,306
Deferred Revenue	3,217,433	0	3,217,433
Retainage Payable	377,315	0	377,315
Accrued Interest Payable	55,027	170,454	225,481
Long-Term Liabilities:			
Due Within One Year	745,169	777,480	1,522,649
Due In More Than One Year	13,619,442	10,394,039	24,013,481
Total Liabilities	19,714,363	11,708,920	31,423,283
Net Assets			
Invested in Capital Assets, Net of Related Debt	30,244,755	1,072,113	31,316,868
Restricted for:			
Capital Projects	3,057,559	0	3,057,559
Debt Service	1,176,626	0	1,176,626
Fire	97,233	0	97,233
Streets	1,183,863	0	1,183,863
Other Purposes	1,270,059	0	1,270,059
Unrestricted	9,350,789	4,258,227	13,609,016
Total Net Assets	$46,380,884	$5,330,340	$51,711,224

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Activities
For the Year Ended December 31, 2003

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	$4,516,277	$1,649,919	$533,316	$0
Security of Persons and Property				
Police	4,099,951	48,104	160,110	0
Fire	3,026,454	212,339	75,022	0
Public Health and Welfare	243,755	49,584	12,812	0
Leisure Time Activities	1,249,546	90,675	5,044	0
Community Development	613,461	114,584	154,524	0
Basic Utility Services	915,928	270,348	16,390	0
Transportation	3,786,962	6,169	606,171	630
Interest and Fiscal Charges	720,371	0	0	0
Total Governmental Activities	19,172,705	2,441,722	1,563,389	630
Business-Type Activities				
Water	3,105,244	3,028,854	0	0
Wastewater	1,990,521	2,077,765	0	140,141
Total Business-Type Activities	5,095,765	5,106,619	0	140,141
Total	$24,268,470	$7,548,341	$1,563,389	$140,771

General Revenues
Property Taxes Levied for:
General Purposes
Other Purposes
Municipal Income Taxes Levied for:
General Purposes
Capital Outlay
Other Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Income
Gain on Sale of Capital Assets
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($2,333,042)	$0	($2,333,042)
(3,891,737)	0	(3,891,737)
(2,739,093)	0	(2,739,093)
(181,359)	0	(181,359)
(1,153,827)	0	(1,153,827)
(344,353)	0	(344,353)
(629,190)	0	(629,190)
(3,173,992)	0	(3,173,992)
(720,371)	0	(720,371)
(15,166,964)	0	(15,166,964)
0	(76,390)	(76,390)
0	227,385	227,385
0	150,995	150,995
(15,166,964)	150,995	(15,015,969)
2,306,655	0	2,306,655
820,713	0	820,713
8,749,253	0	8,749,253
566,714	0	566,714
0	377,810	377,810
1,310,787	0	1,310,787
202,952	43,442	246,394
632,343	2,834	635,177
288,177	3,881	292,058
14,877,594	427,967	15,305,561
(289,370)	578,962	289,592
46,670,254	4,751,378	51,421,632
$46,380,884	$5,330,340	$51,711,224

City of Bedford, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Fire Medic Levy	Special Assessment Bond Retirement	City Hall	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$7,748,575	$230,622	$222,008	$1,174,681	$4,518,227	$13,894,113
Cash and Cash Equivalents With Fiscal Agents	0	0	0	321,677	55,638	377,315
Property Taxes Receivable	2,578,477	768,087	0	0	164,572	3,511,136
Income Taxes Receivable	2,213,960	0	0	0	0	2,213,960
Accounts Receivable	60,252	0	0	0	8,903	69,155
Intergovernmental Receivable	628,025	39,974	0	0	319,926	987,925
Accrued Interest Receivable	34,065	0	0	1,254	4	35,323
Materials and Supplies Inventory	79,721	0	0	0	34,280	114,001
Prepaid Items	3,632	374	0	0	130	4,136
Special Assessments Receivable	0	0	1,203,518	0	273,548	1,477,066
Total Assets	$13,346,707	$1,039,057	$1,425,526	$1,497,612	$5,375,228	$22,684,130
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$92,460	$5,477	$0	$14,527	$97,445	$209,909
Accrued Wages and Benefits	287,754	93,017	0	0	32,207	412,978
Intergovernmental Payable	156,077	31,008	0	0	15,491	202,576
Retainage Payable	0	0	0	321,677	55,638	377,315
Deferred Revenue	4,449,585	806,799	1,203,518	0	676,827	7,136,729
Total Liabilities	4,985,876	936,301	1,203,518	336,204	877,608	8,339,507
Fund Balances						
Reserved for Encumbrances	93,979	2,142	0	73,141	1,595,857	1,765,119
Unreserved						
Undesignated, Reported in:						
General Fund	8,266,852	0	0	0	0	8,266,852
Special Revenue Funds	0	100,614	0	0	1,979,325	2,079,939
Debt Service Funds	0	0	222,008	0	79,634	301,642
Capital Projects Funds	0	0	0	1,088,267	842,804	1,931,071
Total Fund Balances	8,360,831	102,756	222,008	1,161,408	4,497,620	14,344,623
Total Liabilities and Fund Balances	$13,346,707	$1,039,057	$1,425,526	$1,497,612	$5,375,228	$22,684,130

See accompanying notes to the basic financial statements

City of Bedford, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2003

Total Governmental Fund Balances		$14,344,623
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.		42,925,509
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	273,876	
Income Taxes	1,479,173	
Special Assessments	1,477,066	
Intergovernmental	689,181	
Total		3,919,296
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(228,899)
An internal serivce fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
Net Assets	140,441	
Internal Balances	(14,650)	
Total		125,791
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		257,511
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(55,027)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(543,309)
Long-term liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(11,590,000)	
Special Assessment Bonds	(785,000)	
OPWC Loans	(674,522)	
Police and Fire Liability	(212,250)	
Capital Leases	(3,743)	
Compensated Absences	(1,099,096)	
Total		(14,364,611)
Net Assets of Governmental Activities		$46,380,884

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Fire Medic Levy	Special Assessment Bond Retirement	City Hall	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Taxes	$2,251,810	$659,538	$0	$0	$141,330	$3,052,678
Municipal Income Taxes	8,517,875	0	0	566,714	0	9,084,589
Charges for Services	293,405	0	0	0	358,848	652,253
Fees, Licenses and Permits	120,220	255	0	0	6,169	126,644
Fines and Forfeitures	1,115,827	0	0	0	307,089	1,422,916
Intergovernmental	1,659,519	78,685	0	0	954,690	2,692,894
Special Assessments	0	0	90,688	0	259,782	350,470
Interest	107,534	3,643	2,791	40,972	44,161	199,101
Rentals	1,400	0	0	0	0	1,400
Other	83,317	0	0	9,928	194,827	288,072
Total Revenues	14,150,907	742,121	93,479	617,614	2,266,896	17,871,017
Expenditures						
Current:						
General Government	4,184,819	0	0	0	18,475	4,203,294
Security of Persons and Property:						
Police	3,326,567	0	0	0	674,167	4,000,734
Fire	0	2,403,003	0	0	575,708	2,978,711
Public Health and Welfare	44,063	0	0	0	202,872	246,935
Leisure Time Activities	209,051	0	0	0	1,030,834	1,239,885
Community Development	386,311	0	0	0	731,606	1,117,917
Basic Utility Services	541,655	0	0	0	315,109	856,764
Transportation	1,390,981	0	0	0	663,199	2,054,180
Capital Outlay	0	0	0	3,201,082	808,052	4,009,134
Debt Service:						
Principal Retirement	5,635	0	65,000	0	418,417	489,052
Interest and Fiscal Charges	9,421	0	52,935	0	671,238	733,594
Bond Issuance Costs	0	0	0	47,999	0	47,999
Total Expenditures	10,098,503	2,403,003	117,935	3,249,081	6,109,677	21,978,199
Excess of Revenues Over (Under) Expenditures	4,052,404	(1,660,882)	(24,456)	(2,631,467)	(3,842,781)	(4,107,182)
Other Financing Sources (Uses)						
Sale of Capital Assets	34,292	0	0	784,887	0	819,179
Transfers In	70,944	1,607,826	0	0	4,948,273	6,627,043
Transfers Out	(5,650,857)	0	0	(794,432)	(181,754)	(6,627,043)
Total Other Financing Sources (Uses)	(5,545,621)	1,607,826	0	(9,545)	4,766,519	819,179
Net Change in Fund Balances	(1,493,217)	(53,056)	(24,456)	(2,641,012)	923,738	(3,288,003)
Fund Balances Beginning of Year	9,854,048	155,812	246,464	3,802,420	3,573,882	17,632,626
Fund Balances End of Year	$8,360,831	$102,756	$222,008	$1,161,408	$4,497,620	$14,344,623

See accompanying notes to the basic financial statements

City of Bedford, 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, 2003

Net Change in Fund Balances - Total Governmental Funds		($3,288,003)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	4,848,215	
Depreciation	(2,721,975)	
Total		2,126,240
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.		(188,733)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	74,690	
Income Taxes	231,378	
Charges for Services	(31,839)	
Special Assessments	(80,122)	
Intergovernmental	181,912	
Total		376,019
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		489,052
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		47,999
Some expenses reported in the statement of activities do no require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Interest on Bonds	24,220	
Amortization of Issuance Costs	(10,997)	
Totals		13,223
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable (which represent contractually required pension contributions) do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(83,160)	
Vacation Benefits Payable	52,474	
Pension Obligation	213,377	
Total		182,691
The internal service fund used to charge the costs of insurance to individual funds is not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated amoung the governmental and business-type activities.		
Change in Net Assets	(53,430)	
Change in Internal Balance	5,572	
Total		(47,858)
Change in Net Assets of Governmental Activities		($289,370)

See accompanying notes to the basic financial statements

City of Bedford, Ohio

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	$2,202,920	$2,202,920	$2,251,810	$48,890
Municipal Income Taxes	8,410,000	8,834,570	8,500,718	(333,852)
Charges for Services	218,100	218,100	255,275	37,175
Fees, Licenses and Permits	151,175	151,175	120,714	(30,461)
Fines and Forfeitures	1,279,284	1,279,284	1,019,322	(259,962)
Intergovernmental	1,475,081	1,475,081	1,681,396	206,315
Interest	285,000	285,000	108,664	(176,336)
Rentals	0	0	1,400	1,400
Other	42,300	42,300	83,317	41,017
Total Revenues	14,063,860	14,488,430	14,022,616	(465,814)
Expenditures				
Current:				
General Government	4,340,411	4,670,841	4,159,313	511,528
Security of Persons and Property:				
Police	3,351,862	3,376,862	3,312,391	64,471
Public Health and Welfare	44,063	44,063	44,063	0
Leisure Time Activities	241,555	241,555	237,008	4,547
Community Development	389,169	391,924	379,553	12,371
Basic Utility Services	475,000	516,200	504,630	11,570
Transportation	1,485,870	1,485,870	1,357,994	127,876
Total Expenditures	10,327,930	10,727,315	9,994,952	732,363
Excess of Revenues Over Expenditures	3,735,930	3,761,115	4,027,664	266,549
Other Financing Sources (Uses)				
Sale of Capital Assets	20,000	20,000	34,292	14,292
Transfers In	0	70,944	70,944	0
Transfers Out	(5,634,942)	(5,749,339)	(5,650,857)	98,482
Total Other Financing Sources (Uses)	(5,614,942)	(5,658,395)	(5,545,621)	112,774
Net Change in Fund Balance	(1,879,012)	(1,897,280)	(1,517,957)	379,323
Fund Balance Beginning of Year	8,935,509	8,935,509	8,935,509	0
Prior Year Encumbrances Appropriated	128,612	128,612	128,612	0
Fund Balance End of Year	$7,185,109	$7,166,841	$7,546,164	$379,323

See accompanying notes to the basic financial statements

City of Bedford, Ohio

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Medic Levy Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	$701,790	$701,790	$659,538	($42,252)
Fees, Licenses and Permits	690	690	255	(435)
Intergovernmental	73,930	73,930	77,423	3,493
Interest	8,000	8,000	3,643	(4,357)
Other	100	100	0	(100)
Total Revenues	784,510	784,510	740,859	(43,651)
Expenditures				
Current:				
Security of Persons and Property:				
Fire	2,448,146	2,448,146	2,373,518	74,628
Excess of Revenues Under Expenditures	(1,663,636)	(1,663,636)	(1,632,659)	30,977
Other Financing Sources				
Transfers In	1,636,595	1,655,810	1,607,826	(47,984)
Net Change in Fund Balance	(27,041)	(7,826)	(24,833)	(17,007)
Fund Balance Beginning of Year	226,878	226,878	226,878	0
Prior Year Encumbrances Appropriated	22,221	22,221	22,221	0
Fund Balance End of Year	$222,058	$241,273	$224,266	($17,007)

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2003

	Enterprise			
	Water	Wastewater	Total	Internal Service
Assets				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	$1,601,859	$2,176,014	$3,777,873	$242,747
Receivables:				
Accounts	534,512	374,404	908,916	0
Intergovernmental	0	2,970	2,970	0
Accrued Interest	0	428	428	0
Materials and Supplies Inventory	45,584	59,059	104,643	0
Unamortized Bond Issuance Costs	168,735	132,281	301,016	0
Total Current Assets	2,350,690	2,745,156	5,095,846	242,747
Noncurrent Assets				
Special Assessments Receivable	87,846	0	87,846	0
Nondepreciable Capital Assets	0	2,629,423	2,629,423	0
Depreciable Capital Assets, Net	2,701,796	6,509,699	9,211,495	0
Total Noncurrent Assets	2,789,642	9,139,122	11,928,764	0
Total Assets	5,140,332	11,884,278	17,024,610	242,747
Liabilities				
Current Liabilities				
Accounts Payable	209,705	48,278	257,983	0
Accrued Wages	13,410	27,128	40,538	0
Intergovernmental Payable	5,628	8,971	14,599	0
Vacation Benefits Payable	17,509	36,318	53,827	0
Compensated Absences Payable	10,420	86	10,506	0
Accrued Interest Payable	5,151	165,303	170,454	0
General Obligation Bonds Payable	155,000	25,000	180,000	0
Special Assessment Bonds Payable	40,000	0	40,000	0
OPWC Loans Payable	0	4,163	4,163	0
OWDA Loans Payable	0	542,811	542,811	0
Claims Payable	0	0	0	102,306
Total Current Liabilities	456,823	858,058	1,314,881	102,306
Long-Term Liabilities (net of current portion)				
Compensated Absences Payable	18,149	71,207	89,356	0
General Obligation Bonds Payable	1,569,896	685,000	2,254,896	0
Special Assessment Bonds Payable	40,000	0	40,000	0
OPWC Loans Payable	0	41,633	41,633	0
OWDA Loans Payable	0	7,968,154	7,968,154	0
Total Long-Term Liabilities	1,628,045	8,765,994	10,394,039	0
Total Liabilities	2,084,868	9,624,052	11,708,920	102,306
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,065,635	6,478	1,072,113	0
Unrestricted	1,989,829	2,253,748	4,243,577	140,441
Total Net Assets	$3,055,464	$2,260,226	5,315,690	$140,441

Net assets reported for business-type activities in the statement of net assets are different because they include accumulated overpayments to the internal service fund:	14,650
Net assets of business-type activities	$5,330,340

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Enterprise			
	Water	Wastewater	Total	Internal Service
Operating Revenues				
Charges for Services	$3,028,854	$2,077,765	$5,106,619	$1,503,281
Other	3,718	0	3,718	105
Total Operating Revenues	3,032,572	2,077,765	5,110,337	1,503,386
Operating Expenses				
Personal Services	384,454	769,833	1,154,287	0
Contractual Services	2,396,629	143,972	2,540,601	215,196
Materials and Supplies	189,564	126,345	315,909	0
Depreciation	47,867	441,028	488,895	0
Claims	0	0	0	1,345,471
Other	42,820	42,950	85,770	0
Total Operating Expenses	3,061,334	1,524,128	4,585,462	1,560,667
Operating Income (Loss)	(28,762)	553,637	524,875	(57,281)
Non-Operating Revenues (Expenses)				
Interest	22,328	21,114	43,442	3,851
Capital Grants	0	140,141	140,141	0
Municipal Income Taxes	0	377,810	377,810	0
Interest and Fiscal Charges	(41,744)	(462,988)	(504,732)	0
Gain on Sale of Capital Assets	0	2,835	2,835	0
Other Non-Operating Revenues	0	163	163	0
Total Non-Operating Revenues (Expenses)	(19,416)	79,075	59,659	3,851
Change in Net Assets	(48,178)	632,712	584,534	(53,430)
Net Assets Beginning of Year - Restated (Note 3)	3,103,642	1,627,514		193,871
Net Assets End of Year	$3,055,464	$2,260,226		$140,441

Some amounts reported for business-type activities in the statement of activities are different because a portion of the change in net assets of the internal service fund is reported with business-type activities:	(5,572)
Change in net assets of business-type activities	$578,962

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Enterprise			Internal Service
	Water	Wastewater	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$3,144,995	$2,127,024	$5,272,019	$0
Cash Received from Interfund Services Provided	0	0	0	1,503,281
Cash Received from Municipal Income Taxes	0	377,810	377,810	0
Other Cash Receipts	3,718	0	3,718	105
Non-Operating Revenues	0	163	163	0
Cash Payments to Employees for Services	(401,129)	(800,197)	(1,201,326)	(215,196)
Cash Payments for Goods and Services	(2,743,370)	(579,626)	(3,322,996)	0
Cash Payments for Claims	0	0	0	(1,315,453)
Other Cash Payments	(42,820)	(42,950)	(85,770)	0
Net Cash Provided by (Used in) Operating Activities	(38,606)	1,082,224	1,043,618	(27,263)
Cash Flows from Capital and Related Financing Activities				
Capital Grants Received	0	137,171	137,171	0
Cash Received from Sale of Capital Assets	0	5,300	5,300	0
Proceeds from Loans	0	588,011	588,011	0
Principal Paid on General Obligation Bonds	(690,000)	(15,000)	(705,000)	0
Interest Paid on General Obligation Bonds	(100,161)	(46,801)	(146,962)	0
Principal Paid on Mortgage Revenue Bonds	(1,070,000)	0	(1,070,000)	0
Interest Paid on Mortgage Revenue Bonds	(36,290)	0	(36,290)	0
Principal Paid on Special Assessment Bonds	(40,000)	0	(40,000)	0
Interest Paid on Special Assessment Bonds	(6,040)	0	(6,040)	0
Principal Paid on Loans	0	(521,828)	(521,828)	0
Interest Paid on Loans	0	(344,265)	(344,265)	0
Payments for Capital Acquisitions	(3,250)	(886,550)	(889,800)	0
Net Cash Used in Capital and Related Financing Activities	(1,945,741)	(1,083,962)	(3,029,703)	0
Cash Flows from Investing Activities				
Interest on Investments	22,435	20,686	43,121	3,851
Net Increase (Decrease) in Cash and Cash Equivalents	(1,961,912)	18,948	(1,942,964)	(23,412)
Cash and Cash Equivalents Beginning of Year	3,563,771	2,157,066	5,720,837	266,159
Cash and Cash Equivalents End of Year	$1,601,859	$2,176,014	$3,777,873	$242,747

(continued)

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2003

	Enterprise			Internal Service
	Water	Wastewater	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	($28,762)	$553,637	$524,875	($57,281)
Non-Operating Revenue				
Municipal Income Taxes	0	377,810	377,810	0
Adjustments:				
Depreciation	47,867	441,028	488,895	0
Non-Operating Revenues	0	163	163	0
(Increase) Decrease in Assets:				
Accounts Receivable	83,987	49,259	133,246	0
Special Assessment Receivable	32,154	0	32,154	0
Materials and Supplies Inventory	(7,929)	(3,515)	(11,444)	0
Prepaid Items	0	110	110	0
Increase (Decrease) in Liabilities:				
Accounts Payable	207,065	28,863	235,928	0
Contracts Payable	(356,313)	(256,743)	(613,056)	0
Retainage Payable	0	(78,024)	(78,024)	0
Accrued Wages	(2,558)	1,413	(1,145)	0
Compensated Absences Payable	6,145	(6,846)	(701)	0
Vacation Benefits Payable	(9,320)	(6,130)	(15,450)	0
Intergovernmental Payable	(10,942)	(18,801)	(29,743)	0
Claims Payable	0	0	0	30,018
Total Adjustments	(9,844)	528,587	518,743	30,018
Net Cash Provided by (Used in) Operating Activities	($38,606)	$1,082,224	$1,043,618	($27,263)

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

Assets	
Equity in Pooled Cash and Cash Equivalents	$32
Cash and Cash Equivalents in Segregated Accounts	18,821
Total Assets	$18,853
Liabilities	
Deposits Held and Due to Others	$18,853

See accompanying notes to the basic financial statements

Note 1 – Description of the City and Reporting Entity

The City of Bedford was incorporated as a village in 1837. In 1932, the residents of the City adopted the City's first charter. The City is a home rule municipal corporation under the laws of the State of Ohio and operates under the Council-Manager form of government with the Council appointing the City Manager, Finance Director, Law Director and Clerk of Council. The legislative power of the City is vested in the seven-member Council.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Bedford this includes the agencies and departments that provide the following services: police, fire, rescue, recreation programs, street maintenance and repairs, sanitation, water, wastewater treatment, municipal court and general administrative services. The City purchases its water from the City of Cleveland and in turn bills its customers. The City of Bedford owns and operates its own wastewater treatment facility. Except for water and sewage, the major utilities are provided by private entities.

The clerk of courts is an appointed official by the presiding Judge who has a fiduciary responsibility for the collection and distribution of court fees and fines. The Court Judges are elected by residents of the participating cities and work under the authority of the Chief Justices of the Supreme Court of Ohio.

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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program 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. Nonmajor 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 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 and/or the general laws of Ohio.
>
> ***Fire Medic Levy Fund*** – The fire medic levy special revenue fund accounts for the property tax revenue collected for the paramedic services as well as firefighting services.
>
> ***Special Assessment Bond Retirement Fund*** The special assessment bond retirement fund is used to account for the collection of special assessments levied against benefited properties for the payment of special assessment bond principal, interest and related costs.

City Hall Fund The City Hall fund accounts for income taxes and interest revenue to be used for the construction of the new City Hall.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Water Fund The water fund accounts for the provision of water service to the residents and commercial users located within the City.

Wastewater Fund The wastewater fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's only internal service fund is a health fund that accounts for vision, dental, prescription drug and hospital/medical claims of the City employees.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for the State inspection fee program and the amounts collected by the municipal court that are paid to other governments.

C. Measurement Focus

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of 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 finances and meets the cash flow 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 Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Pooled Cash and Cash Equivalents

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

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

The City utilizes a financial institution to account for a retainage account. The balance in this account is presented as "Cash and Cash Equivalents with Fiscal Agents."

During 2003, investments were limited to repurchase agreements, non negotiable certificates of deposit, federal home loan bank notes, federal national mortgage association notes and STAROhio, the State Treasurer's Investment Pool.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2003.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the City hall capital projects fund during 2003 amounted to $40,972, of which $24,296 was assigned from other funds.

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 presented on the financial statements as cash equivalents.

F. Materials and Supplies Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise 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 maintains a capitalization threshold of two thousand five hundred dollars. 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 proprietary fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	50 years	50 years
Machinery and Equipment	5-20 years	5-20 years
Furniture and Fixtures	10 years	10 years
Vehicles	5-10 years	7-10 years
Infrastructure	20-50 years	50 years

The City's infrastructure consists of roads, traffic signals, storm sewers and water and sewer lines.

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from transactions between funds for services provided or goods received and from short-term interfund loans are classified 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, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. 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. The City records a liability for all accumulated unused vacation time when earned for all employees.

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 (those employees who will be eligible to receive termination payments in the next twenty years). The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy.

K. Accrued Liabilities and Long-term Obligations

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

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

L. 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.

M. 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 constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include community development and recreational activities.

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

N. 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 charges for services for water and sewer services and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

O. Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the City Hall general obligation bonds and various water and sewer enterprise funds' general obligation bonds are being amortized using the straight-line

method over the life of the bonds on the government-wide statements and in the City's enterprise funds. The straight-line method of amortization is not materially different from the effective-interest method.

P. Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of the water and sewer refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the new debt and is presented net of the general obligation bonds payable and OWDA loan payable on the statement of net assets.

Q. Interfund Activity

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

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

R. 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.

S. 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.

T. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department level for all funds. Each fund is also budgeted at the object level of personal services and other expenditures. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. Authority to further allocate Council appropriations within departments has been given to the Director of Finance.

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

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

Note 3 – Restatement of Prior Year's Balances

During 2003, it was determined that special assessment receivable was overstated. This restatement decreased governmental activities' net assets $262,982 from $46,933,236 to $46,670,254. This restatement decreased the net change in fund equity $262,982 from $1,138,012 to $875,030.

During 2003, it was determined that intergovernmental receivables were overstated and OWDA loans payable were understated. These restatements had the following effect on net assets as they were previously reported.

	Water	Wastewater	Internal Balance	Business-Type Activities
Net Assets, December 31, 2002	$3,103,642	$2,253,140	$20,222	$5,377,004
Intergovernmental Receivable	0	(253,306)	0	(253,306)
OWDA Loans Payable	0	(372,320)	0	(372,320)
Adjusted Net Assets, December 31, 2002	$3,103,642	$1,627,514	$20,222	$4,751,378

These restatements had the following effect on changes in net assets as they were previously reported.

	Water	Wastewater	Internal Balance	Business-Type Activities
Change in Net Assets for the Year Ended December 31, 2002	($110,464)	$378,524	$16,291	$284,351
Intergovernmental Receivable	0	(253,306)	0	(253,306)
Adjusted Change in Net Assets for the Year Ended December 31, 2002	($110,464)	$125,218	$16,291	$31,045

Note 4 - Budgetary Basis of Accounting

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

Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general and fire medic levy funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but is reported on the operating statements prepared using GAAP.

5. Investments are reported at cost (budget) rather than fair value (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the GAAP basis to the Budget basis are as follows:

Net Change in Fund Balances
General and Fire Medic Levy Special Revenue

	General	Fire Medic Levy
GAAP Basis	($1,493,217)	($53,056)
Net Adjustment for Revenue Accruals	(40,515)	(1,262)
Beginning Fair Value of Adjustments for Investments	3,578	0
Ending Fair Value of Adjustments for Investments	(775)	0
Ending Unrecorded Cash	(90,579)	0
Net Adjustment for Expenditure Accruals	214,608	35,842
Encumbrances	(111,057)	(6,357)
Budget Basis	($1,517,957)	($24,833)

Note 5 - Deposits and Investments

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies can be invested in the following obligations:

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, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this 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 (STAROhio).

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

1. Bonds of the State of Ohio;

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

3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreement, 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.

Cash on Hand At year end, the City had $8,350 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

Deposits At year end, the carrying amount of the City's deposits was $11,494,830 and the bank balance was $11,586,694. Of the bank balance:

1. $910,002 was covered by Federal depository insurance, by collateral held by the City, or by collateral held by the City's agent in the name of the City; and

2. $10,676,692 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements" requires that local governments disclose the market value and carrying amounts of investments, classified by risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	$4,275,805	$4,275,805	$4,275,805
Federal Home Loan Bank Notes	1,100,775	1,100,775	1,100,775
STAROhio		1,431,141	1,431,141
Total Investments	$5,376,580	$6,807,721	$6,807,721

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	$18,310,901	$0
Cash on Hand	(8,350)	0
Investments:		
Repurchase Agreements	(4,275,805)	4,275,805
Federal Home Loan Bank Notes	(1,100,775)	1,100,775
STAROhio	(1,431,141)	1,431,141
GASB Statement No. 3	$11,494,830	$6,807,721

Note 6 - Receivables

Receivables at December 31, 2003, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to $1,025,609 in the special assessment bond retirement fund and $1,311 in the water enterprise fund. At December 31, 2003 the amount of delinquent special assessments was $148,692.

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 2003 for real and public property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003 on the assessed value as of January 1, 2003 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

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. 2003 public utility property taxes which became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2003 was $12.80 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	$221,219,050
Public Utility Tangible Property	9,583,040
Tangible Personal Property	45,552,210
Total	$276,354,300

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Bedford. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general fund and fire medic levy, police pension and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies an income tax of 2.25 percent on all income earned within the City as well as income of residents earned outside the City. The City allows a credit of 1.50 percent of the tax paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Local Government	$426,416
Gasoline Tax	245,681
Homestated and Rollback	176,969
Permissive Tax	46,912
Real Estate Tax Refund	29,892
Grants	24,892
Estate Tax	18,314
Court Costs	15,929
Prisoner Reimbursements	2,920
Total Governmental Activities	987,925
Business-Type Activities	
Sewer Charges	2,970
Total All Activities	$990,895

Note 7 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2003.

B. Litigation

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

Note 8 - Interfund Transfers

	Transfer From					
Transfer To	General	City Hall	Municipal Court Special Programs	Capital Improvement	Turney Road	Total
General	$0	$0	$0	$0	$70,944	$70,944
Fire Medic Levy	1,607,826	0	0	0	0	1,607,826
Other Governmental Funds:						
Community Development Block Grant	93,043	0	0	0	0	93,043
Enterprise Zone	362,520	0	0	0	0	362,520
Recreation	992,346	0	0	0	0	992,346
Cemetery	96,131	0	0	0	0	96,131
Street Construction Maintenance and Repair	283,455	0	0	0	0	283,455
Grants	8,887	0	0	0	0	8,887
Police Pension	296,880	0	0	0	0	296,880
Fire Pension	330,450	0	0	0	0	330,450
General Obligation Bond Retirement	90,195	794,432	85,810	0	0	970,437
NOACA Rockside Road Improvement	429,500	0	0	25,000	0	454,500
Capital Improvement	610,000	0	0	0	0	610,000
Greencroft Road Rehabilitation	449,624	0	0	0	0	449,624
Total	$5,650,857	$794,432	$85,810	$25,000	$70,944	$6,627,043

The general fund transfers to the major and nonmajor governmental funds were made to provide additional resources for current operations. The transfer from the capital improvement capital projects fund to the NOACA Rockside road improvement capital projects fund was for the Phase II of the streetscape project. The transfer from the municipal court special programs special revenue fund to the general obligation bond retirement fund was to pay the Court's portion of the bond payment. The Turney road capital projects fund transfer to the general fund was to close the Turney road fund.

Note 9 – Capital Assets

A summary of changes in capital assets during 2003 follows:

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$2,756,565	$0	$0	$2,756,565
Construction in Progress	11,883,926	4,120,369	(15,512,873)	491,422
Total Capital Assets Not Being Depreciated	14,640,491	4,120,369	(15,512,873)	3,247,987
Capital Assets Being Depreciated				
Buildings and Improvements	3,830,605	14,364,989	(1,178,408)	17,017,186
Machinery and Equipment	2,586,860	765,857	(9,366)	3,343,351
Furniture and Fixtures	266,200	516,865	0	783,065
Vehicles	3,435,406	390,132	(124,924)	3,700,614
Infrastructure:				
Roads	37,553,959	138,977	(3,019,353)	34,673,583
Traffic Signals	1,463,420	0	0	1,463,420
Storm Sewers	2,400,810	63,899	0	2,464,709
Total Capital Assets Being Depreciated	51,537,260	16,240,719	(4,332,051)	63,445,928
Less Accumulated Depreciation:				
Buildings and Improvements	(2,176,531)	(99,834)	997,719	(1,278,646)
Machinery and Equipment	(857,548)	(194,031)	6,201	(1,045,378)
Furniture and Fixtures	(169,670)	(43,267)	0	(212,937)
Vehicles	(2,214,759)	(259,898)	120,045	(2,354,612)
Infrastructure:				
Roads	(19,309,423)	(2,016,540)	3,019,353	(18,306,610)
Traffic Signals	(29,268)	(59,961)	0	(89,229)
Storm Sewers	(432,550)	(48,444)	0	(480,994)
Total Accumulated Depreciation	(25,189,749)	(2,721,975) *	4,143,318	(23,768,406)
Total Capital Assets Being Depreciated, Net	26,347,511	13,518,744	(188,733)	39,677,522
Governmental Activities Capital Assets, Net	$40,988,002	$17,639,113	($15,701,606)	$42,925,509

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$28,620	$0	$0	$28,620
Construction in Progress	2,026,526	804,295	(230,018)	2,600,803
Total Capital Assets Not Being Depreciated	2,055,146	804,295	(230,018)	2,629,423
Capital Assets, Being Depreciated				
Buildings and Improvements	5,160,150	0	0	5,160,150
Machinery and Equipment	6,209,327	7,809	0	6,217,136
Furniture and Fixtures	93,772	0	0	93,772
Vehicles	279,482	20,486	(24,527)	275,441
Infrastructure:				
Water Lines	3,041,119	133,755	0	3,174,874
Sanitary Sewer Lines	2,583,334	153,473	(2,465)	2,734,342
Total Capital Assets, Being Depreciated	17,367,184	315,523	(26,992)	17,655,715
Less Accumulated Depreciation:				
Buildings and Improvements	(2,091,335)	(96,339)	0	(2,187,674)
Machinery and Equipment	(4,602,261)	(312,198)	0	(4,914,459)
Furniture and Fixtures	(93,772)	0	0	(93,772)
Vehicles	(183,337)	(16,482)	24,527	(175,292)
Infrastructure:				
Water Lines	(491,835)	(37,013)	0	(528,848)
Sanitary Sewer Lines	(517,312)	(26,863)	0	(544,175)
Total Accumulated Depreciation	(7,979,852)	(488,895)	24,527	(8,444,220)
Total Capital Assets, Being Depreciated, Net	9,387,332	(173,372)	(2,465)	9,211,495
Total Business-Type Capital Assets, Net	$11,442,478	$630,923	($232,483)	$11,840,918

* Depreciation expense was charged to governmental functions as follows:

General Government	$159,992
Security of Persons and Property	
Police	114,258
Fire	111,651
Public Health and Welfare	677
Leisure Time Activities	74,636
Basic Utilities Services	59,164
Transportation	2,201,597
Total	$2,721,975

Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were $558,189, $426,070, and $409,458 respectively; 92.3 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were $394 made by the City and $247 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2003, 2002, and 2001 were $515,836, $543,625, and $719,471 respectively, equal to the required contributions for each year.

The full amount has been contributed for 2002 and 2001. 71.55 percent has been contributed for 2003 with the remainder being reported as a liability.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2003, the unfunded liability of the City was $212,250 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

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

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were $326,426. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $18.7 billion and $8.7 billion, respectively.

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were $149,741 for police and $137,739 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was $141,028,006, which was net of member contributions of $12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

Note 12 – Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be accumulated up to one year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of one and one quarter days per month of service. Employees with accumulated sick leave in excess of 120 days at November 1 of each year receive payment for the excess over 120 days at the rate of one half the accumulated sick leave over 120 days. Upon retirement, employees are paid one half of the accumulated sick leave.

Note 13 - Long-term Obligations

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

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount
Governmental Activities				
General Obligation Bonds				
City Hall	1999	2019	3.85-5.45 %	$5,000,000
City Hall	2002	2027	3.0-5.0	5,200,000
Bedford Schools	2000	2005	0.00	200,000
City Hall Court	2002	2027	1.7-5.0	2,000,000
Special Assessment Bonds				
Palmetto	1985	2005	9.75	282,000
Rockside Road Water	1988	2008	7.50	195,300
Rockside Road Sanitary	1988	2008	7.50	217,000
Northfield and Rockside Resurfacing	1993	2012	6.50-6.40	250,000
Northfield and Rockside Resurfacing #2	1996	2015	4.6-6.625	760,000
Ohio Public Works Commission Loans				
Willard Avenue	1994	2014	0.00	445,200
Wandle Avenue	2001	2021	0.00	518,579
Police Pension	1968	2035	4.25	245,922
Business-Type Activities				
General Obligation Bonds				
Water				
Water System	1997	2017	4.00-5.875	750,000
Water Refunding #1	2002	2017	1.45-4.65	690,000
Water Refunding #2	2002	2012	1.45-3.95	1,165,000
Sewer				
Sewer Improvement	2002	2022	3.00-5.00	725,000
Ohio Water Development Loans				
Sewer				
Sewer System	1994	2013	4.80	11,002,916
Rapid Sandfilter	2002	n/a	0.00	1,468,955
Ohio Public Works Commission Loan				
Sewer				
Flow Control	1995	2015	0.00	83,265
Mortgage Revenue Bonds				
Water				
Water System	1991	2012	5.00-6.75	1,650,000
Special Assessment Bonds				
Water				
Krick Road Water	1995	2005	6.625-5.15	335,000

Changes in long-term obligations during the year ended December 31, 2003, consisted of the following:

	Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
City Hall	$4,555,000	$0	$180,000	$4,375,000	$185,000
City Hall	5,200,000	0	35,000	5,165,000	135,000
Bedford Schools	100,000	0	50,000	50,000	50,000
City Hall Court	2,000,000	0	0	2,000,000	55,000
Total General Obligation Bonds	11,855,000	0	265,000	11,590,000	425,000
Special Assessment Bonds					
Palmetto	45,000	0	15,000	30,000	15,000
Rockside Road Water	67,500	0	9,000	58,500	9,000
Rockside Road Sanitary	7,500	0	1,000	6,500	1,000
Northfield and Rockside Resurfacing	155,000	0	10,000	145,000	15,000
Northfield and Rockside Resurfacing #2	575,000	0	30,000	545,000	35,000
Total Special Assessment Bonds	850,000	0	65,000	785,000	75,000
Ohio Public Works Commission Loans					
Willard Avenue	255,990	0	22,260	233,730	22,260
Wandle Avenue	466,721	0	25,929	440,792	25,929
Total Ohio Public Works Commission Loans	722,711	0	48,189	674,522	48,189
Other Long-Term Obligations					
Police Pension	215,424	0	3,174	212,250	3,310
Capital Leases Payable	111,432	0	107,689	3,743	2,610
Compensated Absences Payable	1,015,936	364,110	280,950	1,099,096	191,060
Total Other Long-Term Obligations	1,342,792	364,110	391,813	1,315,089	196,980
Total Governmental Activities	$14,770,503	$364,110	$770,002	$14,364,611	$745,169

	Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts Due in One Year
Business-Type Activities					
General Obligation Bonds					
Water System	$630,000	$0	$630,000	0	$0
Water Refunding #1	690,000	0	20,000	670,000	40,000
Unamortized Loss	0	(30,641)	(2,043)	(28,598)	0
Total Water Refunding #1	690,000	(30,641)	17,957	641,402	40,000
Water Refunding #2	1,165,000	0	40,000	1,125,000	115,000
Unamortized Loss	0	(46,118)	(4,612)	(41,506)	0
Total Water Refunding #2	1,165,000	(46,118)	35,388	1,083,494	115,000
Sewer Improvement	725,000	0	15,000	710,000	25,000
Total General Obligation Bonds	$3,210,000	($76,759)	$698,345	$2,434,896	$180,000

	Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts Due in One Year
OWDA Loans					
Sewer System	$7,300,077	$0	$517,665	$6,782,412	$542,811
Unamortized Loss	(774,495)	0	(73,762)	(700,733)	0
Total Sewer System	6,525,582	0	443,903	6,081,679	542,811
Rapid Sandfilter	1,841,275	588,011	0	2,429,286	0
Total OWDA Loans	8,366,857	588,011	443,903	8,510,965	542,811
OPWC Loans					
Flow Control	49,959	0	4,163	45,796	4,163
Other Long-Term Liabilities					
Water System Mortgage Revenue Bonds	1,070,000	0	1,070,000	0	0
Krick Road Water Special Assessment Bonds	120,000	0	40,000	80,000	40,000
Compensated Absences	100,563	36,946	37,647	99,862	10,506
Total Other Long-Term Liabilities	1,290,563	36,946	1,147,647	179,862	50,506
Total Business-Type Activites	$12,917,379	$548,198	$2,294,058	$11,171,519	$777,480

General obligation bonds will be paid from the general obligation bond retirement debt service fund as well as user charges from the appropriate enterprise fund. Special assessment bonds will be paid from the proceeds of special assessments against benefited property owners. Special assessment monies will be received in and the debt will be retired from the special assessment debt service and the water enterprise funds. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

The OPWC loans will be paid from the general bond retirement debt service fund as well as user charges from the appropriate enterprise fund. The OWDA loans will be paid from user charges.

Compensated absences will be paid from the general fund, enterprise zone, recreation, street construction maintenance and repair, fire medic levy and cemetery special revenue funds and water and wastewater enterprise funds. The capital leases payable will be paid from the general and municipal court improvement capital projects funds. The police pension loan will be paid from the police pension special revenue fund.

The City of Bedford advance refunded the 1986 and 1990 Wastewater Bond issues in favor of a low interest loan from the Ohio Water Development Authority. The City also advance refunded the 1991 and 1997 Wastewater mortgage revenue bond and general obligation bond issues in favor of two low interest general obligation bond issues. Under GASB Statement No. 23, the City is amortizing the loss over the life of the new issue.

On December 1, 2002 the City issued general obligation bonds in the amount of $1,165,000 at an average coupon rate of 3.307 percent over a 10-year period. These bonds were issued to refinance the $1,070,000 outstanding 1991 water construction mortgage revenue bonds. Proceeds of $1,116,118 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding bonds. As a result, $1,070,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements.

The City decreased its total debt service payments by $105,482 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of $117,707.

On December 1, 2002 the City issued general obligation bonds in the amount of $690,000 at an average coupon rate of 3.824 percent for $630,000 serial bonds and 4.65 percent for $60,000 in 2019 term bonds over a 15-year period. The average coupon was at 3.947 percent. These bonds were issued to refinance the $630,000 outstanding 1997 water construction general obligation bonds. Proceeds of $660,641 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding bonds. As a result, $630,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed.

The City decreased its total debt service payments by $33,328 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of $40,274.

A line of credit has been established with the Ohio Water Development Authority in the amount of $2,454,875 for the Rapid Sandfilter, however, since the loan has not been finalized, a repayment schedule is not included in the schedule of debt service requirements.

The City's overall legal debt margin was $16,832,314 at December 31, 2003. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2003, are as follows:

Governmental Activities

	General Obligation Bonds		Special Assessment Bonds		
Year	Principal	Interest	Principal	Interest	Bedford School
2004	$375,000	$539,986	$75,000	$48,663	$50,000
2005	385,000	527,807	75,000	43,783	0
2006	400,000	514,218	65,000	38,852	0
2007	415,000	499,196	70,000	34,930	0
2008	435,000	482,722	70,000	30,705	0
2009-2013	2,455,000	2,113,798	315,000	93,275	0
2014-2018	3,095,000	1,476,111	115,000	10,675	0
2019-2023	2,185,000	744,904	0	0	0
2024-2028	1,795,000	230,500	0	0	0
2029-2033	0	0	0	0	0
2034-2035	0	0	0	0	0
Total	$11,540,000	$7,129,242	$785,000	$300,883	$50,000

(continued)

	Police Pension		
Year	Principal	Interest	OPWC Loan
2004	$3,310	$8,986	$48,189
2005	3,453	8,844	48,189
2006	3,601	8,696	48,189
2007	3,755	8,541	48,189
2008	3,917	8,379	48,189
2009-2013	22,256	39,225	240,945
2014-2018	27,464	34,017	140,775
2019-2023	33,893	27,588	51,857
2024-2028	41,824	19,658	0
2029-2033	51,612	9,899	0
2034-2035	17,165	723	0
Total	$212,250	$174,556	$674,522

Business-Type Activities

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		
Year	Principal	Interest	Principal	Interest	Principal	Interest	OPWC Loan
2004	$180,000	$88,038	$40,000	$4,080	$542,811	$319,119	$4,163
2005	180,000	84,827	40,000	2,060	569,179	292,752	4,163
2006	185,000	81,041	0	0	596,827	265,103	4,163
2007	190,000	76,405	0	0	625,819	236,112	4,163
2008	200,000	71,000	0	0	656,218	205,712	4,163
2009-2013	945,000	246,566	0	0	3,791,558	518,094	20,817
2014-2018	425,000	104,576	0	0	0	0	4,164
2019-2022	200,000	25,560	0	0	0	0	0
Total	$2,505,000	$778,013	$80,000	$6,140	$6,782,412	$1,836,892	$45,796

Note 14- Capital Leases

In prior years, the City entered into a lease for a copier for the City Hall. The City's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and has been recorded on the government-wide statements. The equipment has been capitalized in the amount of $11,931, the present value of the minimum lease payments at the inception of the lease. The book value as of December 31, 2003 was $7,159. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments are as follows:

Year Ending December 31,	
2004	$2,760
2005	1,150
Total minimum lease payments	3,910
Less: Amount representing interest	167
Present value of minimum lease payments	$3,743

Capital lease payments have been reclassified and reflected as debt service in the fund financial statement for the general and municipal court capital projects funds. These expenditures are reflected as program expenditures on a budgetary basis.

Note 15 - Construction and Other Significant Commitments

The City has a $1,449,920 remaining balance on a construction contract with Standard Contracting & Engineering, Inc. for the Oxidation Tower Improvements located at the Wastewater Plant.

The City has a $391,848 remaining balance on a construction contract with Don Mould Plantation for the downtown renovation.

Note 16 - Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year the City contracted with the Ohio Municipal League for all insurance. The coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
Automobile Liability	$1,000,000	$500 Single $250 Comprehensive
General Liability	5,000,000 aggregate 5,000,000 per occurrence	1,000
Property Liability	24,593,872	1,000
Boiler and Machinery	2,000,000	1,000
Firefighters Erros and Omissions	5,000,000 aggregate 5,000,000 per occurrence	1,000
Ambulance Professional	5,000,000 aggregate 1,000,000 per occurrence	2,500

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The City has elected to provide employee hospital/medical, prescription, dental, and vision insurance benefits through a partially self insured program. The City established a health insurance internal service fund to account for and finance the cost of this program.

The City has one hospitalization plan with no deductibles or other out of pocket expenses other than a $25 deductible for non-admitted emergency room use and a $20 co-pay for doctor office visits. The plan includes two levels of prescription deductibles and a partial reimbursement plan for dental and vision claims depending upon the type of claim.

Medical Mutual of Ohio serves as our third party administrator who reviews and processes medical, prescription, dental and vision claims which the City then pays after discounts are applied. The departments are charged an amount annually equal to the estimated costs for the year divided by the number of qualified covered employees.

The claims liability of $102,306 as estimated by the third party administrator and reported in the health insurance internal service fund at December 31, 2003, 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 funds claims liability amount in 2001 and 2002 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	$97,165	$1,164,937	$1,189,814	$72,288
2003	72,288	1,345,471	1,315,453	102,306

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

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Community Development Block Grant Fund - To account for monies received from the Federal Government and expenditures as prescribed under the Community Development Block Grant Program.

Enterprise Zone Fund - To account for monies collected from a contract with the City of Solon used to promote economic development for the City of Bedford.

State Highway Fund - To account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

Indigent Drivers Fund - To account for the additional fees levied by the Bedford Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

Recreation Fund - To account for the receipts of recreation activity fees to pay for the cost of operating the City's recreation programs.

SEAL Narcotics Fund - To account for monies received from the Governor's Office of Criminal Justice Services for the enforcement of drug law violations within multi-jurisdiction organizations.

Cemetery Fund - To account for the operation and maintenance of City owned cemeteries.

Enforcement and Education Fund - To account for court fines used to pay costs incurred in educating the public about the dangers of and enforcing the laws against operating a motor vehicle while under the influence of alcohol.

Street Lighting Fund - To account for the collection of special assessments for the purpose of providing street lighting.

Street Construction Maintenance and Repair Fund - To account for that portion of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Law Enforcement Trust Fund - To account for monies received from the confiscated property and all fines from drug law violations to be used solely for drug law enforcement purposes.

Motor Vehicle License Fund - To account for the City's share of additional motor vehicle registration fees. Expenditures are restricted by State law for the maintenance and repair of streets and the purchase of road salt.

Fire Equipment Fund - To account for ambulance reimbursements and for funding future small equipment and fire apparatus purchases.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Grants Fund - To account for monies received through donations given to the City for the food bank program and other various grants.

Municipal Court Special Programs Fund - To account for the receipts of specific municipal court fees and related expenditures.

Police Pension Fund - To account for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund - To account for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Cemetery Trust Fund - To account for donations used for maintaining gravesites.

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

General Obligation Bond Retirement Fund - To account for resources used for the payment of principal and interest and fiscal charges on general obligation debt.

Nonmajor Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds.)

Municipal Court Improvement Fund - To account for the receipt of specific court fees and related expenditures which are restricted to the purchase of equipment and supplies for the Court.

NOACA Grant - Rockside Road Improvement Fund - To account for the receipt of grant monies to be used for the downtown revitalization and the community development streetscape.

Capital Improvement Fund - To account for various revenues to be used for various capital improvements.

Turney Road Improvement Fund - To account for improvements to Turney Road. Improvements are funded by the County with a 10 percent local share for repavement and 100 percent local share for sanitary sewer and water utility improvements.

Five Points Intersection Fund - To account for the grant monies for the rehabilitation and widening of Powers road. Since this grant was not obtained the fund was removed from the books.

Greencroft Road Rehabilitiation Fund - To account for the rehabilitiation of the Greencroft road project.

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$2,522,694	$79,634	$1,915,899	$4,518,227
Cash and Cash Equivalents With Fiscal Agents	0	0	55,638	55,638
Property Taxes Receivable	164,572	0	0	164,572
Accounts Receivable	8,903	0	0	8,903
Intergovernmental Receivable	319,926	0	0	319,926
Accrued Interest Receivable	4	0	0	4
Materials and Supplies Inventory	34,280	0	0	34,280
Prepaid Items	130	0	0	130
Special Assessments Receivable	273,548	0	0	273,548
Total Assets	$3,324,057	$79,634	$1,971,537	$5,375,228
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$77,697	$0	$19,748	$97,445
Accrued Wages and Benefits	32,207	0	0	32,207
Intergovernmental Payable	15,491	0	0	15,491
Retainage Payable	0	0	55,638	55,638
Deferred Revenue	676,827	0	0	676,827
Total Liabilities	802,222	0	75,386	877,608
Fund Balances				
Reserved for Encumbrances	542,510	0	1,053,347	1,595,857
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	1,979,325	0	0	1,979,325
Debt Service Fund	0	79,634	0	79,634
Capital Projects Funds	0	0	842,804	842,804
Total Fund Balances	2,521,835	79,634	1,896,151	4,497,620
Total Liabilities and Fund Balances	$3,324,057	$79,634	$1,971,537	$5,375,228

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	$141,330	$0	$0	$141,330
Charges for Services	358,848	0	0	358,848
Fees, Licenses and Permits	6,169	0	0	6,169
Fines and Forfeitures	176,038	0	131,051	307,089
Intergovernmental	954,060	0	630	954,690
Special Assessments	259,782	0	0	259,782
Interest	27,313	3,491	13,357	44,161
Other	194,827	0	0	194,827
Total Revenues	2,118,367	3,491	145,038	2,266,896
Expenditures				
Current:				
General Government:	18,475	0	0	18,475
Security of Persons and Property:				
Police	674,167	0	0	674,167
Fire	575,708	0	0	575,708
Public Health and Welfare	202,872	0	0	202,872
Leisure Time Activities	1,030,834	0	0	1,030,834
Community Development	731,606	0	0	731,606
Basic Utility Services	315,109	0	0	315,109
Transportation	663,199	0	0	663,199
Capital Outlay	346,894	0	461,158	808,052
Debt Service:				
Principal Retirement	0	313,189	105,228	418,417
Interest and Fiscal Charges	0	665,241	5,997	671,238
Total Expenditures	4,558,864	978,430	572,383	6,109,677
Excess of Revenues Under Expenditures	(2,440,497)	(974,939)	(427,345)	(3,842,781)
Other Financing Sources (Uses)				
Transfers In	2,463,712	970,437	1,514,124	4,948,273
Transfers Out	(85,810)	0	(95,944)	(181,754)
Total Other Financing Sources (Uses)	2,377,902	970,437	1,418,180	4,766,519
Net Change in Fund Balances	(62,595)	(4,502)	990,835	923,738
Fund Balances Beginning of Year	2,584,430	84,136	905,316	3,573,882
Fund Balances End of Year	$2,521,835	$79,634	$1,896,151	$4,497,620

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Community Development Block Grant	Enterprise Zone	State Highway	Indigent Drivers
Assets				
Equity in Pooled Cash and Cash Equivalents	$139,026	$32,561	$74,651	$100,749
Property Taxes Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	8,097	0	15,880	0
Accrued Interest Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	$147,123	$32,561	$90,531	$100,749
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$0	$0	$0	$1,500
Accrued Wages and Benefits	0	2,727	0	0
Intergovernmental Payable	0	924	0	0
Deferred Revenue	8,097	0	10,852	0
Total Liabilities	8,097	3,651	10,852	1,500
Fund Balances				
Reserved for Encumbrances	5,772	19,279	68,137	0
Unreserved, Undesignated	133,254	9,631	11,542	99,249
Total Fund Balances	139,026	28,910	79,679	99,249
Total Liabilities and Fund Balances	$147,123	$32,561	$90,531	$100,749

Recreation	SEAL Narcotics	Cemetery	Enforcement and Education	Street Lighting	Street Construction Maintenance and Repair
$61,283	$14,047	$41,135	$8,600	$185,436	$696,145
0	0	0	0	0	0
0	0	2,734	0	0	0
0	10,940	0	0	0	229,801
0	0	0	0	0	0
34,280	0	0	0	0	0
130	0	0	0	0	0
0	0	0	0	273,548	0
$95,693	$24,987	$43,869	$8,600	$458,984	$925,946
$9,296	$0	$0	$0	$21,041	$6,221
17,908	0	5,356	0	0	6,216
10,640	0	1,792	0	0	2,135
0	0	0	0	273,548	179,040
37,844	0	7,148	0	294,589	193,612
1,239	0	0	0	0	404,097
56,610	24,987	36,721	8,600	164,395	328,237
57,849	24,987	36,721	8,600	164,395	732,334
$95,693	$24,987	$43,869	$8,600	$458,984	$925,946

(continued)

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2003

	Law Enforcement Trust	Motor Vehicle License	Fire Equipment	Grants
Assets				
Equity in Pooled Cash and Cash Equivalents	$7,769	$176,855	$362,423	$15,048
Property Taxes Receivable	0	0	0	0
Accounts Receivable	0	6,169	0	0
Intergovernmental Receivable	0	46,912	0	0
Accrued Interest Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	$7,769	$229,936	$362,423	$15,048
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$0	$38,038	$1,601	$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	32,422	0	0
Total Liabilities	0	70,460	1,601	0
Fund Balances				
Reserved for Encumbrances	1,684	40,309	0	1,993
Unreserved, Undesignated	6,085	119,167	360,822	13,055
Total Fund Balances	7,769	159,476	360,822	15,048
Total Liabilities and Fund Balances	$7,769	$229,936	$362,423	$15,048

Municipal Court Special Programs	Police Pension	Fire Pension	Cemetery Trust	Total Nonmajor Special Revenue Funds
$423,379	$95,016	$45,726	$42,845	$2,522,694
0	82,286	82,286	0	164,572
0	0	0	0	8,903
0	4,148	4,148	0	319,926
0	0	0	4	4
0	0	0	0	34,280
0	0	0	0	130
0	0	0	0	273,548
$423,379	$181,450	$132,160	$42,849	$3,324,057
$0	$0	$0	$0	$77,697
0	0	0	0	32,207
0	0	0	0	15,491
0	86,434	86,434	0	676,827
0	86,434	86,434	0	802,222
0	0	0	0	542,510
423,379	95,016	45,726	42,849	1,979,325
423,379	95,016	45,726	42,849	2,521,835
$423,379	$181,450	$132,160	$42,849	$3,324,057

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	Community Development Block Grant	Enterprise Zone	State Highway	Indigent Drivers
Revenues				
Property and Other Taxes	$0	$0	$0	$0
Charges for Services	6,365	0	0	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	146,427	0	32,954	12,812
Special Assessments	0	0	0	0
Interest	0	316	774	1,463
Other	0	5,068	0	0
Total Revenues	152,792	5,384	33,728	14,275
Expenditures				
Current:				
General Government:	0	0	0	0
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	0	0	0
Public Health and Welfare	0	0	0	55,125
Leisure Time Activities	0	0	0	0
Community Development	375,383	356,223	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	375,383	356,223	0	55,125
Excess of Revenues Over (Under) Expenditures	(222,591)	(350,839)	33,728	(40,850)
Other Financing Sources (Uses)				
Transfers In	93,043	362,520	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	93,043	362,520	0	0
Net Change in Fund Balances	(129,548)	11,681	33,728	(40,850)
Fund Balances Beginning of Year	268,574	17,229	45,951	140,099
Fund Balances End of Year	$139,026	$28,910	$79,679	$99,249

Recreation	SEAL Narcotics	Cemetery	Enforcement and Education	Street Lighting	Street Construction Maintenance and Repair
$0	$0	$0	$0	$0	$0
90,675	0	49,584	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	90,131	0	1,343	0	396,021
0	0	0	0	259,782	0
1,380	0	568	117	2,001	9,157
153	189,270	191	0	0	95
92,208	279,401	50,343	1,460	261,783	405,273
0	0	0	0	0	0
0	200,125	0	1,888	0	0
0	0	0	0	0	0
0	0	147,747	0	0	0
1,025,790	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	298,719	0
0	0	0	0	0	433,459
72,261	62,535	898	0	0	211,200
1,098,051	262,660	148,645	1,888	298,719	644,659
(1,005,843)	16,741	(98,302)	(428)	(36,936)	(239,386)
992,346	0	96,131	0	0	283,455
0	0	0	0	0	0
992,346	0	96,131	0	0	283,455
(13,497)	16,741	(2,171)	(428)	(36,936)	44,069
71,346	8,246	38,892	9,028	201,331	688,265
$57,849	$24,987	$36,721	$8,600	$164,395	$732,334

(continued)

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2003

	Law Enforcement Trust	Motor Vehicle License	Fire Equipment	Grants
Revenues				
Property and Other Taxes	$0	$0	$0	$0
Charges for Services	0	0	212,084	140
Fees, Licenses and Permits	0	6,169	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	92,689	71,985	93,107
Special Assessments	0	0	0	0
Interest	150	2,449	3,554	0
Other	0	0	0	0
Total Revenues	150	101,307	287,623	93,247
Expenditures				
Current:				
General Government:	0	0	0	18,475
Security of Persons and Property:				
Police	11,500	0	0	85,578
Fire	0	0	146,123	3,037
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	5,044
Community Development	0	0	0	0
Basic Utility Services	0	0	0	16,390
Transportation	0	229,740	0	0
Capital Outlay	0	0	0	0
Total Expenditures	11,500	229,740	146,123	128,524
Excess of Revenues Over (Under) Expenditures	(11,350)	(128,433)	141,500	(35,277)
Other Financing Sources (Uses)				
Transfers In	0	0	0	8,887
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	8,887
Net Change in Fund Balances	(11,350)	(128,433)	141,500	(26,390)
Fund Balances Beginning of Year	19,119	287,909	219,322	41,438
Fund Balances End of Year	$7,769	$159,476	$360,822	$15,048

Municipal Court Special Programs	Police Pension	Fire Pension	Cemetery Trust	Total Nonmajor Special Revenue Funds
$0	$70,665	$70,665	$0	$141,330
0	0	0	0	358,848
0	0	0	0	6,169
176,038	0	0	0	176,038
0	8,295	8,296	0	954,060
0	0	0	0	259,782
4,960	0	0	424	27,313
0	0	0	50	194,827
180,998	78,960	78,961	474	2,118,367
0	0	0	0	18,475
0	375,076	0	0	674,167
0	0	426,548	0	575,708
0	0	0	0	202,872
0	0	0	0	1,030,834
0	0	0	0	731,606
0	0	0	0	315,109
0	0	0	0	663,199
0	0	0	0	346,894
0	375,076	426,548	0	4,558,864
180,998	(296,116)	(347,587)	474	(2,440,497)
0	296,880	330,450	0	2,463,712
(85,810)	0	0	0	(85,810)
(85,810)	296,880	330,450	0	2,377,902
95,188	764	(17,137)	474	(62,595)
328,191	94,252	62,863	42,375	2,584,430
$423,379	$95,016	$45,726	$42,849	$2,521,835

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003

	Municipal Court Improvement	NOACA Grant - Rockside Road Improvement	Capital Improvement	Greencroft Road Rehabilitation	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$148,536	$428,162	$946,768	$392,433	$1,915,899
Cash and Cash Equivalents With Fiscal Agents	0	0	55,638	0	55,638
Total Assets	$148,536	$428,162	$1,002,406	$392,433	$1,971,537
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	$0	$0	$19,748	$0	$19,748
Retainage Payable	0	0	55,638	0	55,638
Total Liabilities	0	0	75,386	0	75,386
Fund Balances					
Reserved for Encumbrances	0	187,817	473,682	391,848	1,053,347
Unreserved, Undesignated	148,536	240,345	453,338	585	842,804
Total Fund Balances	148,536	428,162	927,020	392,433	1,896,151
Total Liabilities and Fund Balances	$148,536	$428,162	$1,002,406	$392,433	$1,971,537

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003

	Municipal Court Improvement	NOACA Grant - Rockside Road Improvement	Capital Improvement	Turney Road Improvement	Greencroft Road Rehabilitation	Total Nonmajor Capital Projects Funds
Revenues						
Fines and Forfeitures	$131,051	$0	$0	$0	$0	$131,051
Intergovernmental	0	0	630	0	0	630
Interest	2,611	0	10,746	0	0	13,357
Total Revenues	133,662	0	11,376	0	0	145,038
Expenditures						
Capital Outlay	186,037	26,338	191,592	0	57,191	461,158
Debt Service:						
Principal Retirement	105,228	0	0	0	0	105,228
Interest and Fiscal Charges	5,997	0	0	0	0	5,997
Total Expenditures	297,262	26,338	191,592	0	57,191	572,383
Excess of Revenues Under Expenditures	(163,600)	(26,338)	(180,216)	0	(57,191)	(427,345)
Other Financing Sources (Uses)						
Transfers In	0	454,500	610,000	0	449,624	1,514,124
Transfers Out	0	0	(25,000)	(70,944)	0	(95,944)
Total Other Financing Sources (Uses)	0	454,500	585,000	(70,944)	449,624	1,418,180
Net Change in Fund Balances	(163,600)	428,162	404,784	(70,944)	392,433	990,835
Fund Balances Beginning of Year	312,136	0	522,236	70,944	0	905,316
Fund Balances End of Year	$148,536	$428,162	$927,020	$0	$392,433	$1,896,151

Combining Statements - Agency Funds

Agency Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governmental units. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Municipal Court Fund - To account for assets received and disbursed by the Bedford Municipal Court to the participating cities pursuant to the laws of the State of Ohio.

State Inspection Fee Fund - To account for receipts associated with the State Inspection Fee Program.

City of Bedford, Ohio

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2003

	Beginning Balance 12/31/02	Additions	Deductions	Ending Balance 12/31/03
Municipal Court				
Assets				
Cash and Cash Equivalents In Segregated Accounts	$150,897	$4,003,524	$4,135,600	$18,821
Liabilities				
Deposits Held and Due to Others	$150,897	$4,003,524	$4,135,600	$18,821
State Inspection Fee				
Assets				
Equity in Pooled Cash and Cash Equivalents	$24	$504	$496	$32
Liabilities				
Deposits Held and Due to Others	$24	$504	$496	$32
All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	$24	$504	$496	$32
Cash and Cash Equivalents In Segregated Accounts	150,897	4,003,524	4,135,600	18,821
Total Assets	$150,921	$4,004,028	$4,136,096	$18,853
Liabilities				
Deposits Held and Due to Others	$150,921	$4,004,028	$4,136,096	$18,853

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

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	$2,202,920	$2,202,920	$2,251,810	$48,890
Municipal Income Taxes	8,410,000	8,834,570	8,500,718	(333,852)
Charges for Services	218,100	218,100	255,275	37,175
Fees, Licenses and Permits	151,175	151,175	120,714	(30,461)
Fines and Forfeitures	1,279,284	1,279,284	1,019,322	(259,962)
Intergovernmental	1,475,081	1,475,081	1,681,396	206,315
Interest	285,000	285,000	108,664	(176,336)
Rentals	0	0	1,400	1,400
Other	42,300	42,300	83,317	41,017
Total Revenues	14,063,860	14,488,430	14,022,616	(465,814)
Expenditures				
Current:				
General Government:				
Council and Clerk:				
Personal Services	203,795	203,795	193,088	10,707
Capital Outlay	6,500	6,500	0	6,500
Other	54,376	88,876	55,686	33,190
Total Council and Clerk	264,671	299,171	248,774	50,397
Finance Department:				
Personal Services	298,822	319,624	301,941	17,683
Capital Outlay	3,122	24,122	7,214	16,908
Other	325,194	420,193	370,810	49,383
Total Finance Department	627,138	763,939	679,965	83,974
Income Tax Department:				
Personal Services	160,214	164,214	154,865	9,349
Capital Outlay	11,959	22,482	21,462	1,020
Other	128,233	184,989	155,338	29,651
Total Income Tax Department	300,406	371,685	331,665	40,020
City Manager:				
Personal Services	248,666	272,166	262,956	9,210
Capital Outlay	0	0	0	0
Other	35,150	35,150	20,782	14,368
Total City Manager	$283,816	$307,316	$283,738	$23,578

(continued)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Law Department:				
Personal Services	$101,660	$104,310	$102,939	$1,371
Other	108,038	108,038	107,714	324
Total Law Department	209,698	212,348	210,653	1,695
Engineering:				
Personal Services	17,340	17,340	14,968	2,372
Other	36,000	36,000	30,280	5,720
Total Engineering	53,340	53,340	45,248	8,092
Municipal Court:				
Personal Services	1,596,053	1,596,053	1,461,876	134,177
Other	220,322	220,322	198,537	21,785
Total Municipal Court	1,816,375	1,816,375	1,660,413	155,962
Special Projects:				
Other	45,300	45,300	38,889	6,411
Civil Service Commission:				
Personal Services	4,970	4,970	2,724	2,246
Other	30,400	30,400	25,437	4,963
Total Civil Service Commission	35,370	35,370	28,161	7,209
Land and Building:				
Personal Services	169,378	169,378	118,164	51,214
Capital Outlay	18,700	20,200	20,121	79
Other	472,619	510,819	439,476	71,343
Total Land and Building	660,697	700,397	577,761	122,636
County Auditor Deductions:				
Other	43,600	65,600	54,046	11,554
Total General Government	$4,340,411	$4,670,841	$4,159,313	$511,528

(continued)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Security of Persons and Property:				
Police:				
Law Department:				
Personal Services	$2,961,581	$2,976,581	$2,933,937	$42,644
Capital Outlay	124,276	124,076	119,226	4,850
Other	266,005	276,205	259,228	16,977
Total Security of Persons and Property	3,351,862	3,376,862	3,312,391	64,471
Public Health and Welfare:				
Health Department:				
Other	44,063	44,063	44,063	0
Leisure Time Activities:				
Parks and Playground:				
Personal Services	14,530	16,530	16,494	36
Capital Outlay	2,000	229	229	0
Other	225,025	224,796	220,285	4,511
Total Leisure Time Activities	241,555	241,555	237,008	4,547
Community Development:				
Planning Commission Department:				
Personal Services	2,000	2,000	682	1,318
Other	3,725	3,725	1,738	1,987
Total Planning Commission Department	5,725	5,725	2,420	3,305
Board of Zoning Appeals:				
Other	600	600	450	150
Building Department:				
Personal Services	342,234	342,234	337,222	5,012
Capital Outlay	11,000	14,509	14,454	55
Other	29,610	28,856	25,007	3,849
Total Building Department	382,844	385,599	376,683	8,916
Total Community Development	389,169	391,924	379,553	12,371
Basic Utility Services:				
Refuse Collection:				
Personal Services	$475,000	$516,200	$504,630	$11,570

(continued)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Transportation:				
Service Department:				
Personal Services	$1,441,787	$1,441,787	$1,325,827	$115,960
Capital Outlay	3,500	3,500	2,913	587
Other	40,583	40,583	29,254	11,329
Total Transportation	1,485,870	1,485,870	1,357,994	127,876
Total Expenditures	10,327,930	10,727,315	9,994,952	732,363
Excess of Revenues Over Expenditures	3,735,930	3,761,115	4,027,664	266,549
Other Financing Sources (Uses)				
Sale of Capital Assets	20,000	20,000	34,292	14,292
Transfers In	0	70,944	70,944	0
Transfers Out	(5,634,942)	(5,749,339)	(5,650,857)	98,482
Total Other Financing Sources (Uses)	(5,614,942)	(5,658,395)	(5,545,621)	112,774
Net Change in Fund Balance	(1,879,012)	(1,897,280)	(1,517,957)	379,323
Fund Balance Beginning of Year	8,935,509	8,935,509	8,935,509	0
Prior Year Encumbrances Appropriated	128,612	128,612	128,612	0
Fund Balance End of Year	$7,185,109	$7,166,841	$7,546,164	$379,323

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Medic Levy Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	$701,790	$701,790	$659,538	($42,252)
Fees, Licenses and Permits	690	690	255	(435)
Intergovernmental	73,930	73,930	77,423	3,493
Interest	8,000	8,000	3,643	(4,357)
Other	100	100	0	(100)
Total Revenues	784,510	784,510	740,859	(43,651)
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Department:				
Personal Services	2,285,941	2,285,941	2,214,633	71,308
Capital Outlay	36,819	36,799	34,750	2,049
Other	125,386	125,406	124,135	1,271
Total Expenditures	2,448,146	2,448,146	2,373,518	74,628
Excess of Revenues Under Expenditures	(1,663,636)	(1,663,636)	(1,632,659)	30,977
Other Financing Sources				
Transfers In	1,636,595	1,655,810	1,607,826	(47,984)
Net Change in Fund Balance	(27,041)	(7,826)	(24,833)	(17,007)
Fund Balance Beginning of Year	226,878	226,878	226,878	0
Prior Year Encumbrances Appropriated	22,221	22,221	22,221	0
Fund Balance End of Year	$222,058	$241,273	$224,266	($17,007)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special Assessments	$117,937	$117,937	$90,688	($27,249)
Interest	7,000	7,000	2,791	(4,209)
Total Revenues	124,937	124,937	93,479	(31,458)
Expenditures				
Debt Service:				
Principal Retirement	65,000	65,000	65,000	0
Interest and Fiscal Charges	52,937	52,937	52,935	2
Total Expenditures	117,937	117,937	117,935	2
Net Change in Fund Balance	7,000	7,000	(24,456)	(31,456)
Fund Balance Beginning of Year	246,464	246,464	246,464	0
Fund Balance End of Year	$253,464	$253,464	$222,008	($31,456)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
City Hall Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	$558,000	$558,000	$566,714	$8,714
Interest	15,000	15,000	51,834	36,834
Other	0	0	9,928	9,928
Total Revenues	573,000	573,000	628,476	55,476
Expenditures				
Capital Outlay	3,628,492	4,051,996	3,654,409	397,587
Debt Service:				
Interest and Fiscal Charges	100,000	0	0	0
Bond Issuance Costs	188,916	47,999	47,999	0
Total Debt Service	288,916	47,999	47,999	0
Total Expenditures	3,917,408	4,099,995	3,702,408	397,587
Excess of Revenues Under Expenditures	(3,344,408)	(3,526,995)	(3,073,932)	453,063
Other Financing Sources (Uses)				
Sale of Capital Assets	787,500	787,500	784,887	(2,613)
Transfers Out	(794,432)	(794,432)	(794,432)	0
Total Other Financing Sources (Uses)	(6,932)	(6,932)	(9,545)	(2,613)
Net Change in Fund Balance	(3,351,340)	(3,533,927)	(3,083,477)	450,450
Fund Balance Beginning of Year	969,729	969,729	969,729	0
Prior Year Encumbrances Appropriated	3,200,761	3,200,761	3,200,761	0
Fund Balance End of Year	$819,150	$636,563	$1,087,013	$450,450

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$7,500	$7,500	$6,365	($1,135)
Intergovernmental	217,500	429,218	252,515	(176,703)
Total Revenues	225,000	436,718	258,880	(177,838)
Expenditures				
Current:				
Community Development:				
CDBG Department:				
Other	2,400	280,443	254,674	25,769
Lamson Avenue Project:				
Other	112	112	0	112
2001 Housing Grant:				
Other	75,000	75,000	52,298	22,702
CDBG Downtown Phase II				
Other	393,000	230,000	74,183	155,817
Total Community Development	470,512	585,555	381,155	204,400
Total Expenditures	470,512	585,555	381,155	204,400
Excess of Revenues Under Expenditures	(245,512)	(148,837)	(122,275)	26,562
Other Financing Sources				
Transfers In	230,000	93,043	93,043	0
Net Change in Fund Balance	(15,512)	(55,794)	(29,232)	26,562
Fund Balance Beginning of Year	159,975	159,975	159,975	0
Prior Year Encumbrances Appropriated	2,511	2,511	2,511	0
Fund Balance End of Year	$146,974	$106,692	$133,254	$26,562

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enterprise Zone Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	$450	$450	$316	($134)
Other	4,250	4,250	5,068	818
Total Revenues	4,700	4,700	5,384	684
Expenditures				
Current:				
Community Development:				
Enterprise Zone:				
Personal Services	85,487	85,487	82,892	2,595
Capital Outlay	1,000	543	0	543
Other	68,639	300,411	291,463	8,948
Total Expenditures	155,126	386,441	374,355	12,086
Excess of Revenues Under Expenditures	(150,426)	(381,741)	(368,971)	12,770
Other Financing Sources				
Transfers In	147,520	362,520	362,520	0
Net Change in Fund Balance	(2,906)	(19,221)	(6,451)	12,770
Fund Balance Beginning of Year	16,987	16,987	16,987	0
Prior Year Encumbrances Appropriated	2,746	2,746	2,746	0
Fund Balance End of Year	$16,827	$512	$13,282	$12,770

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$35,500	$35,500	$31,218	($4,282)
Interest	1,500	1,500	774	(726)
Total Revenues	37,000	37,000	31,992	(5,008)
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	74,637	74,637	68,137	6,500
Net Change in Fund Balance	(37,637)	(37,637)	(36,145)	1,492
Fund Balance Beginning of Year	5,022	5,022	5,022	0
Prior Year Encumbrances Appropriated	37,637	37,637	37,637	0
Fund Balance End of Year	$5,022	$5,022	$6,514	$1,492

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$22,000	$22,000	$17,875	($4,125)
Interest	6,500	6,500	1,463	(5,037)
Total Revenues	28,500	28,500	19,338	(9,162)
Expenditures				
Current:				
Public Health and Welfare:				
Indigent Drivers:				
Other	50,000	70,000	58,125	11,875
Net Change in Fund Balance	(21,500)	(41,500)	(38,787)	2,713
Fund Balance Beginning of Year	139,086	139,086	139,086	0
Fund Balance End of Year	$117,586	$97,586	$100,299	$2,713

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$105,150	$105,150	$90,675	($14,475)
Interest	3,500	3,500	1,380	(2,120)
Other	440	440	153	(287)
Total Revenues	109,090	109,090	92,208	(16,882)
Expenditures				
Current:				
Leisure Time Activities:				
Playgrounds:				
Personal Services	307,588	322,588	302,253	20,335
Other	143,050	153,950	133,770	20,180
Total Playgrounds	450,638	476,538	436,023	40,515
Swimming Pool:				
Personal Services	100,634	108,919	108,620	299
Other	46,384	47,099	46,370	729
Total Swimming Pool	147,018	156,018	154,990	1,028
Ellenwood Center:				
Personal Services	346,202	346,202	342,190	4,012
Other	99,122	95,087	75,884	19,203
Total Ellenwood Center	445,324	441,289	418,074	23,215
Total Leisure Time Activities	1,042,980	1,073,845	1,009,087	64,758
Capital Outlay	92,145	91,280	77,761	13,519
Total Expenditures	1,135,125	1,165,125	1,086,848	78,277
Excess of Revenues Under Expenditures	(1,026,035)	(1,056,035)	(994,640)	61,395
Other Financing Sources				
Transfers In	1,017,105	1,017,105	992,346	(24,759)
Net Change in Fund Balance	(8,930)	(38,930)	(2,294)	36,636
Fund Balance Beginning of Year	51,854	51,854	51,854	0
Prior Year Encumbrances Appropriated	5,154	5,154	5,154	0
Fund Balance End of Year	$48,078	$18,078	$54,714	$36,636

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
SEAL Narcotics Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$102,319	$102,319	$90,552	($11,767)
Other	189,271	189,271	189,270	(1)
Total Revenues	291,590	291,590	279,822	(11,768)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
SEAL Narcotics:				
Personal Services	0	174,077	174,077	0
Other	0	33,384	32,284	1,100
Total Security of Persons and Property	0	207,461	206,361	1,100
Capital Outlay	87,250	87,250	62,535	24,715
Total Expenditures	87,250	294,711	268,896	25,815
Net Change in Fund Balance	204,340	(3,121)	10,926	14,047
Fund Balance Beginning of Year	3,121	3,121	3,121	0
Fund Balance End of Year	$207,461	$0	$14,047	$14,047

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$45,000	$45,000	$46,850	$1,850
Interest	1,400	1,400	568	(832)
Other	500	500	191	(309)
Total Revenues	46,900	46,900	47,609	709
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Personal Services	130,616	130,616	128,498	2,118
Other	23,596	24,126	17,371	6,755
Total Public Health and Welfare	154,212	154,742	145,869	8,873
Capital Outlay	1,700	1,170	898	272
Total Expenditures	155,912	155,912	146,767	9,145
Excess of Revenues Under Expenditures	(109,012)	(109,012)	(99,158)	9,854
Other Financing Sources				
Transfers In	104,870	104,870	96,131	(8,739)
Net Change in Fund Balance	(4,142)	(4,142)	(3,027)	1,115
Fund Balance Beginning of Year	43,435	43,435	43,435	0
Prior Year Encumbrances Appropriated	727	727	727	0
Fund Balance End of Year	$40,020	$40,020	$41,135	$1,115

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$2,000	$2,000	$1,293	($707)
Interest	400	400	117	(283)
Total Revenues	2,400	2,400	1,410	(990)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	4,200	4,200	1,618	2,582
Other	2,050	2,050	270	1,780
Total Expenditures	6,250	6,250	1,888	4,362
Net Change in Fund Balance	(3,850)	(3,850)	(478)	3,372
Fund Balance Beginning of Year	8,778	8,778	8,778	0
Prior Year Encumbrances Appropriated	250	250	250	0
Fund Balance End of Year	$5,178	$5,178	$8,550	$3,372

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special Assessments	$247,000	$247,000	$259,782	$12,782
Interest	6,000	6,000	2,001	(3,999)
Total Revenues	253,000	253,000	261,783	8,783
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting:				
Other	280,000	283,000	277,678	5,322
Net Change in Fund Balance	(27,000)	(30,000)	(15,895)	14,105
Fund Balance Beginning of Year	201,331	201,331	201,331	0
Fund Balance End of Year	$174,331	$171,331	$185,436	$14,105

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$410,000	$410,000	$386,212	($23,788)
Interest	18,000	18,000	9,157	(8,843)
Other	150	150	95	(55)
Total Revenues	428,150	428,150	395,464	(32,686)
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Personal Services	166,657	196,657	183,596	13,061
Other	699,190	653,452	594,436	59,016
Total Transportation	865,847	850,109	778,032	72,077
Capital Outlay	229,862	265,600	265,156	444
Total Expenditures	1,095,709	1,115,709	1,043,188	72,521
Excess of Revenues Under Expenditures	(667,559)	(687,559)	(647,724)	39,835
Other Financing Sources				
Transfers In	283,455	283,455	283,455	0
Net Change in Fund Balance	(384,104)	(404,104)	(364,269)	39,835
Fund Balance Beginning of Year	342,034	342,034	342,034	0
Prior Year Encumbrances Appropriated	314,283	314,283	314,283	0
Fund Balance End of Year	$272,213	$252,213	$292,048	$39,835

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines and Forfeitures	$1,500	$1,500	$0	($1,500)
Interest	650	650	150	(500)
Total Revenues	2,150	2,150	150	(2,000)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Other	15,000	15,000	13,184	1,816
Net Change in Fund Balance	(12,850)	(12,850)	(13,034)	(184)
Fund Balance Beginning of Year	19,119	19,119	19,119	0
Fund Balance End of Year	$6,269	$6,269	$6,085	($184)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$103,000	$103,000	$91,740	($11,260)
Interest	5,000	5,000	2,449	(2,551)
Total Revenues	108,000	108,000	94,189	(13,811)
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	305,144	305,144	305,144	0
Net Change in Fund Balance	(197,144)	(197,144)	(210,955)	(13,811)
Fund Balance Beginning of Year	112,319	112,319	112,319	0
Prior Year Encumbrances Appropriated	197,144	197,144	197,144	0
Fund Balance End of Year	$112,319	$112,319	$98,508	($13,811)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Equipment Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$197,000	$197,000	$212,084	$15,084
Intergovernmental	0	66,923	71,985	5,062
Interest	13,000	13,000	3,554	(9,446)
Total Revenues	210,000	276,923	287,623	10,700
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Equipment:				
Other	138,261	212,619	144,522	68,097
Net Change in Fund Balance	71,739	64,304	143,101	78,797
Fund Balance Beginning of Year	191,661	191,661	191,661	0
Prior Year Encumbrances Appropriated	27,661	27,661	27,661	0
Fund Balance End of Year	$291,061	$283,626	$362,423	$78,797

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$0	$0	$140	$140
Intergovernmental	28,454	141,583	104,786	(36,797)
Total Revenues	28,454	141,583	104,926	(36,657)
Expenditures				
Current:				
General Government:				
Court Security Grant:				
Other	20,642	20,642	18,475	2,167
Security of Persons and Property:				
Police:				
Law Enforcement:				
Capital Outlay	0	2,366	2,366	0
BPD and YMCA Partnership:				
Personal Services	0	6,216	2,412	3,804
Capital Outlay	0	406	0	406
Other	0	7,115	6,256	859
Total BPD and YMCA Partnership	0	13,737	8,668	5,069
Community Diversion:				
Personal Services	0	23,598	23,204	394
Other	0	10,387	3,159	7,228
Total Community Diversion	0	33,985	26,363	7,622
Sobriety Checkpoint				
Personal Services	10,816	10,816	3,000	7,816
BP Oil Donation:				
Other	309	309	309	0
Violence Against Women:				
Personal Services	0	47,800	36,664	11,136
Other	0	852	822	30
Total Violence Against Women	$0	$48,652	$37,486	$11,166

(continued)

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund (continued)
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
DARE Enforcement:				
Personal Services	$4,936	$4,137	$2,028	$2,109
Cops in Shops - ID Check				
Personal Services	2,128	7,351	7,351	0
Total Police	18,189	121,353	87,571	33,782
Fire:				
Fire Department:				
Other	0	2,241	2,241	0
Smoke Detector Grant:				
Other	814	1,172	796	376
Total Fire	814	3,413	3,037	376
Total Security of Persons and Property	19,003	124,766	90,608	34,158
Leisure Time Activities:				
Greencroft Park:				
Other	0	524	524	0
Food bank - Recreation:				
Other	4,511	6,011	4,520	1,491
Total Leisure Time Activities	4,511	6,535	5,044	1,491
Basic Utility Services:				
Service Department:				
Other	15,861	16,390	16,390	0
Total Expenditures	60,017	168,333	130,517	37,816
Excess of Revenues Under Expenditures	(31,563)	(26,750)	(25,591)	1,159
Other Financing Sources				
Transfers In	8,887	8,887	8,887	0
Net Change in Fund Balance	(22,676)	(17,863)	(16,704)	1,159
Fund Balance Beginning of Year	28,741	28,741	28,741	0
Prior Year Encumbrances Appropriated	1,018	1,018	1,018	0
Fund Balance End of Year	$7,083	$11,896	$13,055	$1,159

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Special Programs Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines and Forfeitures	$130,000	$130,000	$160,720	$30,720
Interest	12,000	12,000	4,960	(7,040)
Total Revenues	142,000	142,000	165,680	23,680
Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	142,000	142,000	165,680	23,680
Other Financing Uses				
Transfers Out	(100,000)	(100,000)	(85,810)	14,190
Net Change in Fund Balance	42,000	42,000	79,870	37,870
Fund Balance Beginning of Year	328,191	328,191	328,191	0
Fund Balance End of Year	$370,191	$370,191	$408,061	$37,870

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	$75,200	$75,200	$70,665	($4,535)
Intergovernmental	7,920	7,920	8,295	375
Total Revenues	83,120	83,120	78,960	(4,160)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	363,000	403,000	375,076	27,924
Excess of Revenues Under Expenditures	(279,880)	(319,880)	(296,116)	23,764
Other Financing Sources				
Transfers In	279,880	304,880	296,880	(8,000)
Net Change in Fund Balance	0	(15,000)	764	15,764
Fund Balance Beginning of Year	94,252	94,252	94,252	0
Fund Balance End of Year	$94,252	$79,252	$95,016	$15,764

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	$75,200	$75,200	$70,665	($4,535)
Intergovernmental	7,920	7,920	8,296	376
Total Revenues	83,120	83,120	78,961	(4,159)
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Department:				
Personal Services	406,770	448,000	426,548	21,452
Excess of Revenues Under Expenditures	(323,650)	(364,880)	(347,587)	17,293
Other Financing Sources				
Transfers In	306,220	339,450	330,450	(9,000)
Net Change in Fund Balance	(17,430)	(25,430)	(17,137)	8,293
Fund Balance Beginning of Year	62,863	62,863	62,863	0
Fund Balance End of Year	$45,433	$37,433	$45,726	$8,293

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Trust Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	$2,200	$2,200	$732	($1,468)
Other	0	0	50	50
Total Revenues	2,200	2,200	782	(1,418)
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery Trust:				
Other	2,000	2,000	0	2,000
Net Change in Fund Balance	200	200	782	582
Fund Balance Beginning of Year	42,063	42,063	42,063	0
Fund Balance End of Year	$42,263	$42,263	$42,845	$582

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	$8,000	$8,000	$3,491	($4,509)
Expenditures				
Current:				
General Government:				
Bond Retirement:				
Other	8,000	8,000	0	8,000
Debt Service:				
Principal Retirement	313,190	313,190	313,189	1
Interest and Fiscal Charges	679,435	679,435	665,241	14,194
Total Debt Service	992,625	992,625	978,430	14,195
Total Expenditures	1,000,625	1,000,625	978,430	22,195
Excess of Revenues Under Expenditures	(992,625)	(992,625)	(974,939)	17,686
Other Financing Sources				
Transfers In	984,627	984,627	970,437	(14,190)
Net Change in Fund Balance	(7,998)	(7,998)	(4,502)	3,496
Fund Balance Beginning of Year	84,136	84,136	84,136	0
Fund Balance End of Year	$76,138	$76,138	$79,634	$3,496

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Improvement Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines and Forfeitures	$114,000	$114,000	$119,563	$5,563
Interest	12,500	12,500	2,611	(9,889)
Total Revenues	126,500	126,500	122,174	(4,326)
Expenditures				
Capital Outlay	218,500	318,500	313,592	4,908
Net Change in Fund Balance	(92,000)	(192,000)	(191,418)	582
Fund Balance Beginning of Year	314,966	314,966	314,966	0
Prior Year Encumbrances Appropriated	13,500	13,500	13,500	0
Fund Balance End of Year	$236,466	$136,466	$137,048	$582

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
NOACA Grant - Rockside Road Improvement Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$230,000	$230,000	$0	($230,000)
Expenditures				
Capital Outlay	603,000	684,500	214,155	470,345
Excess of Revenues Under Expenditures	(373,000)	(454,500)	(214,155)	240,345
Other Financing Sources				
Transfers In	454,500	454,500	454,500	0
Net Change in Fund Balance	81,500	0	240,345	240,345
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	$81,500	$0	$240,345	$240,345

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$0	$0	$630	$630
Interest	20,000	20,000	10,746	(9,254)
Total Revenues	20,000	20,000	11,376	(8,624)
Expenditures				
Capital Outlay	704,869	940,330	677,548	262,782
Excess of Revenues Under Expenditures	(684,869)	(920,330)	(666,172)	254,158
Other Financing Sources				
Transfers In	610,000	610,000	610,000	0
Transfers Out	0	(25,000)	(25,000)	0
Total Other Financing Sources (Uses)	610,000	585,000	585,000	0
Net Change in Fund Balance	(74,869)	(335,330)	(81,172)	254,158
Fund Balance Beginning of Year	466,641	466,641	466,641	0
Prior Year Encumbrances Appropriated	67,869	67,869	67,869	0
Fund Balance End of Year	$459,641	$199,180	$453,338	$254,158

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Turney Road Improvement Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	$0	$0	$0	$0
Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	0	0	0	0
Other Financing Uses				
Transfers Out	(70,944)	(70,944)	(70,944)	0
Net Change in Fund Balance	(70,944)	(70,944)	(70,944)	0
Fund Balance Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	70,944	70,944	70,944	0
Fund Balance End of Year	$0	$0	$0	$0

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Five Points Intersection Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	$0	$0	$0	$0
Expenditures				
Capital Outlay	701,000	0	0	0
Excess of Revenues Under Expenditures	(701,000)	0	0	0
Other Financing Sources				
Transfers In	701,000	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	$0	$0	$0	$0

City of Bedford, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Greencroft Road Rehabilitation Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	$0	$0	$0	$0
Expenditures				
Capital Outlay	400,000	449,624	449,039	585
Excess of Revenues Under Expenditures	(400,000)	(449,624)	(449,039)	585
Other Financing Sources				
Transfers In	400,000	449,624	449,624	0
Net Change in Fund Balance	0	0	585	585
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	$0	$0	$585	$585

City of Bedford, Ohio

Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$3,108,145	$3,184,330	$3,144,995	($39,335)
Other	8,000	8,000	3,718	(4,282)
Interest	30,000	30,000	22,435	(7,565)
Total Revenues	3,146,145	3,222,330	3,171,148	(51,182)
Expenses				
Personal Services	417,275	417,275	401,233	16,042
Contractual Services	2,344,054	2,640,010	2,543,237	96,773
Materials and Supplies	53,971	202,144	200,133	2,011
Capital Outlay	123,319	8,659	3,250	5,409
Other	53,200	52,600	42,820	9,780
Debt Service:				
Principal Retirement	150,000	150,000	100,000	50,000
Payment to Refunded Bond Escrow Agent	0	1,776,759	1,776,759	0
Interest and Fiscal Charges	112,960	114,049	65,732	48,317
Total Expenses	3,254,779	5,361,496	5,133,164	228,332
Net Change in Fund Equity	(108,634)	(2,139,166)	(1,962,016)	177,150
Fund Equity Beginning of Year	3,451,277	3,451,277	3,451,277	0
Prior Year Encumbrances Appropriated	112,494	112,494	112,494	0
Fund Equity End of Year	$3,455,137	$1,424,605	$1,601,755	$177,150

City of Bedford, Ohio

Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Wastewater Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$2,099,905	$2,099,905	$2,127,024	$27,119
Municipal Income Taxes	391,430	391,430	377,810	(13,620)
Interest	62,000	62,000	20,686	(41,314)
Proceeds of OWDA Loans	0	588,011	588,011	0
Capital Grants	0	1,735,361	137,171	(1,598,190)
Sale of Capital Assets	0	0	5,300	5,300
Other Non-Operating	10,000	10,000	163	(9,837)
Total Revenues	2,563,335	4,886,707	3,256,165	(1,630,542)
Expenses				
Personal Services	816,586	816,586	800,301	16,285
Contractual Services	203,604	203,604	166,759	36,845
Materials and Supplies	361,139	386,139	344,018	42,121
Capital Outlay	1,184,281	3,454,420	1,213,798	2,240,622
Other	54,300	54,300	42,950	11,350
Debt Service:				
Principal Retirement	584,079	584,478	536,828	47,650
Interest and Fiscal Charges	390,398	396,933	391,066	5,867
Total Expenses	3,594,387	5,896,460	3,495,720	2,400,740
Net Change in Fund Equity	(1,031,052)	(1,009,753)	(239,555)	770,198
Fund Equity Beginning of Year	1,138,872	1,138,872	1,138,872	0
Prior Year Encumbrances Appropriated	940,170	940,170	940,170	0
Fund Equity End of Year	$1,047,990	$1,069,289	$1,839,487	$770,198

City of Bedford, Ohio

Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Health Insurance Fund
For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$1,617,100	$1,617,100	$1,503,281	($113,819)
Interest	6,000	6,000	3,851	(2,149)
Other	0	0	105	105
Total Revenues	1,623,100	1,623,100	1,507,237	(115,863)
Expenses				
Contractual Services	257,000	257,000	215,196	41,804
Claims	1,394,000	1,394,000	1,315,453	78,547
Total Expenses	1,651,000	1,651,000	1,530,649	120,351
Net Change in Fund Equity	(27,900)	(27,900)	(23,412)	4,488
Fund Equity Beginning of Year	266,159	266,159	266,159	0
Fund Equity End of Year	$238,259	$238,259	$242,747	$4,488

City of Bedford, Ohio

Governmental Activities

Revenues by Source and Expenses by Program

Last Two Years

	2003	2002
Program Revenues		
Charges for Services	$2,441,722	$2,047,590
Operating Grants and Contributions	1,563,389	592,712
Capital Grants and Contributions	630	673,126
General Revenues		
Property Taxes	3,127,368	3,228,368
Municipal Income Taxes	9,315,967	10,223,734
Grants and Entitlements not Restrictred to Specific Programs	1,310,787	1,697,045
Investment Income	202,952	455,414
Gain on Sale of Capital Assets	632,343	3,000
Miscellaneous	288,177	227,074
Total	$18,883,335	$19,148,063
Expenses		
General Government	$4,516,277	$4,060,361
Security of Persons and Property		
Police	4,099,951	3,849,577
Fire	3,026,454	2,880,439
Public Health and Welfare	243,755	45,199
Leisure Time Activities	1,249,546	1,311,478
Community Development	613,461	1,019,191
Transportation	3,786,962	3,954,442
Basic Utility Services	915,928	787,321
Interest and Fiscal Charges	720,371	364,581
Total	$19,172,705	$18,272,589

Source: City Financial Records

City of Bedford, Ohio

Governmental Revenues by Source
and Expenditures by Function (1)
Last Ten Years

	2003	2002	2001	2000
Taxes (2)	$12,137,267	$13,344,953	$14,351,392	$13,995,566
Charges for Services	652,253	574,762	470,216	450,995
Fees, Licenses and Permits	126,644	138,713	119,478	127,469
Fines and Forfeitures	1,422,916	1,043,171	1,159,891	818,085
Intergovernmental	2,692,894	3,087,774	2,476,698	1,192,488
Special Assessments	350,470	374,681	0	0
Interest	199,101	449,195	1,099,035	1,094,591
Rentals	1,400	0	0	0
Other	288,072	227,074	915,115	592,867
Total	$17,871,017	$19,240,323	$20,591,825	$18,272,061
Expenditures				
Current:				
General Government	$4,203,294	$3,588,172	$3,526,175	$3,478,323
Security of Persons and Property: (3)			5,936,959	5,824,821
Police	4,000,734	3,841,773	N/A	N/A
Fire	2,978,711	2,889,019	N/A	N/A
Public Health and Welfare	246,935	217,804	232,125	195,743
Leisure Time Activities	1,239,885	1,277,894	1,010,467	1,072,776
Community Development	1,117,917	1,072,361	615,877	403,115
Basic Utility Services	856,764	729,050	761,940	258,135
Transportation	2,054,180	1,915,424	1,719,426	1,730,093
Capital Outlay (4)	4,009,134	12,652,137	5,659,045	3,882,535
Debt Service (4)	1,270,645	987,447	N/A	N/A
Total	$21,978,199	$29,171,081	$19,462,014	$16,845,541

Source: City financial records

(1) Includes general, special revenue, debt service and capital projects funds.

(2) Includes All Taxes.

(3) 2002 was the first year subcategories were identified for security of persons and property.

(4) Capital outlay and debt service were not separated until 2002.

1999	1998	1997	1996	1995	1994
$12,809,256	$12,461,443	$11,137,575	$10,751,694	$10,564,628	$8,970,787
443,085	432,307	371,513	352,527	431,027	448,240
137,676	89,822	90,057	86,883	102,639	65,607
1,058,403	971,021	928,764	796,980	952,502	752,580
992,445	1,021,359	779,666	1,088,484	765,689	1,079,954
0	0	0	0	0	0
696,567	573,467	577,087	562,706	600,364	397,256
0	0	0	0	0	0
813,867	532,755	452,884	556,830	454,948	474,788
$16,951,299	$16,082,174	$14,337,546	$14,196,104	$13,871,797	$12,189,212

$3,290,867	$2,968,997	$2,863,973	$2,714,820	$2,827,048	$2,830,431
5,235,581	5,153,393	5,007,669	4,720,095	4,539,935	4,023,828
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
189,367	163,662	159,606	152,745	156,613	144,968
1,003,178	951,743	939,397	895,481	899,637	845,997
279,060	269,188	212,156	352,100	223,072	192,043
271,079	270,861	269,635	269,286	267,811	266,133
1,750,178	1,524,296	1,601,997	1,647,163	1,691,032	1,435,693
3,190,558	2,602,904	1,822,755	2,677,077	3,518,172	2,719,078
N/A	N/A	N/A	N/A	N/A	N/A
$15,209,868	$13,905,044	$12,877,188	$13,428,767	$14,123,320	$12,458,171

City of Bedford, Ohio

Assessed Valuation and Estimated True Values of Taxable Property

Last Ten Years

Collection Year	Real Property	Public Utility Property	Tangible Personal Property	Total	Estimated (1) True Values of Taxable Property
2003	$221,219,050	$9,583,040	$45,552,210	$276,354,300	$840,997,333
2002	219,599,500	10,282,780	45,366,712	275,248,992	828,140,087
2001	220,742,490	11,224,870	43,255,357	275,222,717	$816,469,791
2000	194,046,280	12,821,650	41,445,946	248,313,876	$734,771,784
1999	194,520,910	12,856,640	39,817,596	247,195,146	$729,654,231
1998	192,314,690	13,137,450	38,919,537	244,371,677	$720,077,611
1997	174,698,500	13,793,880	38,537,810	227,030,190	$668,964,675
1996	173,358,610	14,082,810	35,114,286	222,555,706	$651,770,651
1995	173,375,520	14,798,530	34,329,521	222,503,571	$649,493,224
1994	162,324,770	14,813,380	31,013,190	208,151,340	$604,671,204

Source: Cuyahoga County, Ohio; County Auditor

(1) This amount is calculated based on the following percentages:
Real property is assessed at thirty-five percent of actual value.
Public utility is assessed at eighty-eight percent of actual value.
Tangible personal is assessed at twenty-five percent of actual value for capital assets and twenty-three percent for inventory.

City of Bedford, Ohio

Property Tax Rates - Direct and Overlapping Governments

(Per $1,000 of Assessed Valuation)

Last Ten Years

	City of Bedford						
Collection Year	General	Pensions	Fire Medic	Total	Bedford City School District	Cuyahoga County	Total
2003	$9.40	$0.60	$2.80	$12.80	$62.50	$19.40	$94.70
2002	9.40	0.60	2.80	12.80	63.90	16.20	92.90
2001	9.40	0.60	2.80	12.80	62.50	17.60	92.90
2000	9.40	0.60	2.80	12.80	57.70	16.70	87.20
1999	9.40	0.60	2.80	12.80	57.70	16.70	87.20
1998	9.40	0.60	2.80	12.80	59.00	16.60	88.40
1997	9.40	0.60	2.80	12.80	59.00	16.60	88.40
1996	9.40	0.60	2.80	12.80	59.00	16.60	88.40
1995	9.40	0.60	2.80	12.80	53.40	16.65	82.85
1994	9.40	0.60	0.00	10.00	53.40	17.80	81.20

City rates do not include 1.5 mills for street lighting assessment.

Source: Cuyahoga County Auditor

City of Bedford, Ohio

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2003	$2,956,252	$2,804,509	94.87%	$99,856	$2,904,365
2002	2,945,300	2,797,393	94.98	150,618	2,948,011
2001	2,961,620	2,790,577	94.22	90,090	2,880,667
2000	2,634,161	2,559,951	97.18	73,816	2,633,767
1999	2,643,590	2,547,540	96.37	61,049	2,608,589
1998	2,618,889	2,531,929	96.68	44,305	2,576,234
1997	2,412,697	2,332,212	96.66	105,067	2,437,279
1996	2,397,056	2,329,056	97.16	31,969	2,361,025
1995	2,392,480	2,283,758	95.46	39,321	2,323,079
1994	1,769,522	1,710,717	96.68	32,460	1,743,177

Source: Cuyahoga County, Ohio; County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
98.24%	$273,875	9.26%
100.09	199,186	6.76
97.27	191,148	6.45
99.99	106,576	4.05
98.68	95,378	3.61
98.37	136,358	5.21
101.02	71,335	2.96
98.50	121,701	5.08
97.10	90,868	3.80
98.51	85,879	4.85

City of Bedford, Ohio

Special Assessment Levies and Collections (1)

Last Ten Years

Year	Current Assessments Levied	Current Assessments Collected	Percentage of Current Assessments Collected to Levy	Total Outstanding Delinquent
2003	$439,892	$350,470	79.67%	$148,692
2002	437,358	374,681	85.67	117,916
2001	406,922	449,387	110.44	25,415
2000	430,890	423,400	98.26	97,312
1999	444,979	464,480	104.38	65,136
1998	442,626	427,493	96.58	91,263
1997	471,993	480,073	101.71	70,215
1996	480,459	464,114	96.60	73,186
1995	377,057	369,243	97.93	56,841
1994	404,324	417,733	103.32	49,027

Source: Cuyahoga County, Ohio; County Auditor

(1) These figures represent only amounts certified to and collected by the Cuyahoga County Auditor and does not include prepayments paid directly to the City.

City of Bedford, Ohio

Computation of Legal Debt Margin

December 31,2003

Total Assessed Property Value		$276,354,300
Overall Debt Limitation (10 ½ % of Assessed Valuation)		29,017,202
Gross Indebtedness		24,892,016
Less:	Ohio Public Works Loans	(45,796)
	Ohio Water Development Authority	(9,211,698)
	Special Assessment Bonds	(865,000)
	General Obligation Bonds	(2,505,000)
	General Obligation Bond Retirement Fund Balance	(79,634)
Net Debt Within 10 1/2% Limitations		12,184,888
Overall Legal Debt Margin Within 10 1/2% Limitations		$16,832,314
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)		$15,199,487
Gross Indebtedness		24,892,016
Less:	Ohio Public Works Loans	(45,796)
	Ohio Water Development Authority	(9,211,698)
	Special Assessment Bonds	(865,000)
	General Obligation Bonds	(2,505,000)
	General Obligation Bond Retirement Fund Balance	(79,634)
Net Debt Within 5 1/2% Limitations		12,184,888
Unvoted Legal Debt Margin Within 5 1/2% Limitations		$3,014,599

Source: City Financial Records

City of Bedford, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2003

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Bedford
Direct			
City of Bedford	$11,590,000	100.00%	$11,590,000
Overlapping			
Bedford School District	9,659,300	34.59	3,341,152
Cuyahoga County	183,239,636	.97	1,777,424
Greater Cleveland Regional Transit Authority	130,795,000	.97	1,268,712
Total Overlapping Debt	323,693,936		6,387,288
Total	$335,283,936		$17,977,288

Source: Cuyahoga County, Ohio; County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation. The debt outstanding includes general obligation bonds and note debt.

City of Bedford, Ohio

Ratio of Annual Debt Service Expenditures For
General Bonded Debt to Total Governmental Expenditures
Last Ten Years

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service To Total Governmental Expenditures
2003	$265,000	$230,033	$495,033	$21,978,199	2.25%
2002	175,000	237,383	412,383	29,171,081	1.41
2001	263,189	244,230	507,419	19,462,014	2.61
2000	127,260	310,341	437,601	16,845,541	2.60
1999	315,000	54,246	369,246	15,209,868	2.43
1998	297,260	25,440	322,700	13,905,044	2.32
1997	413,260	41,295	454,555	12,877,188	3.53
1996	507,000	59,432	566,432	13,428,767	4.22
1995	628,000	95,337	723,337	14,123,320	5.12
1994	504,000	14,314	518,314	12,458,171	4.16

Source: City financial records

City of Bedford, Ohio

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

Last Ten Years

Year	Population		Assessed (2) Value	Gross (3) Bonded Debt	Debt Service Monies Available
2003	14,214	b	$276,354,300	$11,590,000	$79,634
2002	14,214	b	275,248,992	11,855,000	84,136
2001	14,214	b	275,301,267	5,535,000	74,552
2000	14,214	b	248,313,876	5,775,000	424,738
1999	14,822	a	247,195,146	5,705,000	397,572
1998	14,822	a	244,371,677	1,020,000	470,454
1997	14,822	a	227,030,190	1,315,000	474,396
1996	14,822	a	222,555,706	830,000	524,502
1995	14,822	a	222,503,571	1,085,000	469,304
1994	14,822	a	208,151,340	1,335,000	338,091

Sources:

(1) U. S. Bureau of Census, Census of Population.
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Cuyahoga County Auditor

(3) Includes all general obligation bonded debt

Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capital
$11,510,366	4.17%	$809.79
11,770,864	4.28	828.12
5,460,448	1.98	384.16
5,350,262	2.15	376.41
5,307,428	2.15	358.08
549,546	0.22	37.08
840,604	0.37	56.71
305,498	0.14	20.61
615,696	0.28	41.54
996,909	0.48	67.26

City of Bedford, Ohio

Revenue Bond Coverage

Water System Bonds (1)

Last Ten Years

Year	Gross Revenues (2)	Direct Operating Expenses (3)	Net Revenue Available for Debt Service	Annual Debt Service Requirements	Coverage
2003	$3,054,900	$3,013,467	$41,433	$150,835	0.27
2002	3,292,588	2,864,202	428,386	255,536	1.68
2001	3,033,056	2,606,282	426,774	257,706	1.66
2000	2,851,050	2,412,977	438,073	259,521	1.69
1999	2,787,451	2,457,104	330,347	256,259	1.29
1998	2,677,666	2,120,844	556,822	266,159	2.09
1997	2,450,308	2,148,872	301,436	190,699	1.58
1996	2,342,787	1,915,839	426,948	201,523	2.12
1995	2,196,776	1,899,295	297,481	149,873	1.98
1994	2,114,698	1,780,040	334,658	147,213	2.27

(1) The Water System Mortgage Revenue Bonds were issued in the year 1991 in the amount of $1,650,000

(2) Gross revenues include operating revenues plus interest income. The revenue amounts were determined in accordance with Generally Accepted Accounting Principles.

(3) Direct operating expenses do not include depreciation and amortization expense.

City of Bedford, Ohio
Demographic Statistics
December 31, 2003

	2000		1990	
Population	14,214		14,822	
Per Capita Income	$20,076		$14,935	
Number of Dwelling Units	7,062		7,074	
Mean Person Per Household	2.00		2.00	
Median Age	39		36	
Percent of Owner-Occupied Dwelling Units	1.00		1.00	
Median Family Income	$47,142		$30,082	
Family Income Distribution				
$0 - $9,999	536	8.0%	675	10.3%
$10,000 - $14,999	599	9.0	540	8.2
$15,000 - $24,999	932	14.0	1,366	20.8
$25,000 - $34,999	993	14.9	1,423	21.6
$35,000 - $49,999	1,469	22.0	1,360	20.7
$50,000 - $74,999	1,418	21.2	946	14.4
$75,000 - $99,999	411	6.2	188	2.9
$100,000 - $149,999	243	3.6	60	0.9
Over $150,000	77	1.2	23	0.3
Total Families	6,678	100.0%	6,581	100.0%
Median household income	$36,943		$30,082	
School Enrollment				
(Persons 3 years and over enrolled in school)				
Preprimary School	198	6.4%	225	7.3%
Elementary or High School	2,196	71.4	1,791	58.3
College	680	22.1	788	25.6
Total School Enrollment	3,074	100.0%	2,804	100.0%
Educational Attainment				
(Persons 25 years and over)				
Less than 9th grade	315	3.0%	461	4.4%
9th to 12th grade, no diploma	1,419	13.7	1,994	19.2
High school graduate	4,141	40.0	4,485	43.3
Some college, no degree	2,004	19.3	1,965	19.0
Associate degree	601	5.8	529	5.1
Bachelor's degree	1,314	12.7	935	9.0
Graduate or professional degree	571	5.5	295	2.8
Total	10,365	100.0%	10,664	100.0%
Percent high school graduate or higher	83.3%		77.0%	
Percent bachelor's degree or higher	18.2%		11.5%	

Source: 2000 and 1990 Federal Census Data.

City of Bedford, Ohio

Employment Distribution by Occupation

December 31, 2003

Employed Persons 16 years and older	Number Employed	Percent of Total
2000 Census		
Management, Professional and related occupations	1,888	27.06%
Service	989	14.17
Sales and Office	2,105	30.16
Farming, Forestry and Fishing	0	0.00
Construction, Extraction and Maintenance	691	9.90
Production, Transportation and Material Moving	1,306	18.71
Total Employment	6,979	100.00%
1990 Census		
Executive, Administrative and Managerial	893	11.53%
Professional Specialty	733	9.46
Technician and Related Support	400	5.16
Sales	775	10.00
Administrative Support, Including Clerical	1,575	20.33
Private Household Service	4	0.05
Protective Service	176	2.27
Other Service	655	8.45
Farming, Forestry and Fishing	91	1.18
Precision Production, Craft and Repair	1,090	14.07
Machine Operators, Assemblers and Inspectors	760	9.81
Transportation and Material Moving	285	3.68
Handlers, Equipment Cleaners, Helpers and Laborers	311	4.01
Total Employment	7,748	100.00%

Source: 2000 and 1990 Federal Census Data.

City of Bedford, Ohio

Property Value, Construction and Bank Deposits

Last Ten Years

Year	Commercial Construction Value (1)	Residential Construction Value (1)	Assessed Valuation		Domestic Bank Deposits in the County (2) (in thousands)
			Commercial (1)	Residential (1)	
2003	$6,762,730	$218,930	$90,476,710	$152,563,070	$97,238,973
2002	1,347,820	158,700	81,783,120	137,816,380	95,761,917
2001	390,460	488,750	82,927,810	137,814,680	63,893,769
2000	2,635,510	135,290	73,536,000	120,510,280	61,942,764
1999	133,720	478,740	74,290,830	120,230,080	57,816,942
1998	3,163,910	326,110	72,248,380	100,066,310	58,904,596
1997	1,443,720	255,060	66,819,150	107,879,350	53,941,971 (3)
1996	292,860	429,170	65,784,730	107,592,970	27,068,211
1995	1,347,090	175,660	65,635,380	107,740,140	22,458,573
1994	81,480	32,990	64,090,850	98,233,920	20,885,453

Sources:

(1) Cuyahoga County Auditor

(2) Federal Reserve Bank of Cleveland

(3) Large increase in deposits due to KeyBank becoming a single charter in 1997.

City of Bedford, Ohio
Water Utility Statistics
Last Ten Years

	2003	2002	2001	2000
Water Purchased from Cleveland	106,665.40	101,389.20	100,084.60	92,267.30
Water Sold (Billed) to Users	75,071.30	79,344.80	72,249.40	71,872.70
Percent of Water Billed	70.38%	78.26%	72.19%	77.90%
Water Billings	$3,083,091	$3,116,242	$2,769,579	$2,652,814
Water Collections	$3,126,382	$3,164,975	$2,833,238	$2,640,467
Percentage Collected from Billings	101.40%	101.56%	102.30%	99.53%
Payments to City of Cleveland	$2,554,728	$2,339,734	$2,234,770	$1,982,641
Percentage of payments to the City of Cleveland compared to total water collections	81.72%	73.93%	78.88%	75.09%

Source: City of Bedford Water Department

1999	1998	1997	1996	1995	1994
92,843.20	92,668.40	96,700.00	93,216.00	92,639.00	89,668.00
74,438.80	76,645.00	75,892.30	77,494.30	79,403.10	84,595.30
80.18%	82.71%	78.48%	83.13%	85.71%	94.34%
$2,567,483	$2,440,326	$2,258,400	$2,329,050	$2,127,240	$1,970,492
$2,622,742	$2,485,012	$2,318,566	$2,335,941	$2,177,506	$2,014,565
102.15%	101.83%	102.66%	100.30%	102.36%	102.24%
$1,918,360	$1,755,173	$1,719,497	$1,515,443	$1,514,369	$1,290,767
73.14%	70.63%	74.16%	64.88%	69.55%	64.07%

City of Bedford, Ohio
Principal Real Property Taxpayers
December 31, 2003

Taxpayer	Permanent Parcel Number	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Bear Creek Property Company	# 813-02-003	$6,814,270	2.47%
Cleveland Electric Illuminating Company	# 814-34-520A	4,762,280	1.72
Ben Venue	# 814-08-009	4,686,310	1.70
Bedford Colony Club Apartments	# 812-20-001	4,225,420	1.53
Brandybrook LLC	# 811-26-001	3,964,120	1.43
Ohio Bell Telephone Company	# 814-34-550A	3,261,230	1.18
Aspen Woodside Village LLC	# 811-05-015	3,199,810	1.16
JBK Cuyahoga Holdings, LLC	# 812-16-005	2,742,440	0.99
Meadowbrook Development Corporation	# 813-05-004	2,079,090	0.75
Colony Club Apartments II	# 812-35-003	1,890,290	0.68
WXI/MCN Subs. Ii Real Estate	# 812-35-006	1,696,210	0.61
Tomken Inc	# 812-03-004	1,477,490	0.53
Pillman LLC	# 811-08-007	1,361,680	0.49
Euclid Clinic	# 813-02-002	1,342,110	0.49
Bedford Place	# 812-35-005	1,285,310	0.47
Fourteen Plus LLC	# 811-08-004	1,255,120	0.45
Galahad LLC	# 811-05-021	1,119,720	0.41
FB Properties LLC	# 811-05-020	1,090,810	0.39
Kaiser Foundation	# 811-07-022	954,310	0.36
Sovrain Acquisition Limited	# 814-34-004	883,260	0.33
LGS Properties	# 811-09-002	882,180	0.32
M&G Equities, A New York	# 813-21-033	855,190	0.31
Total		$51,828,650	18.75%
Total Assessed Valuation		$276,354,300	100.00%

(1) Source: Cuyahoga County Auditor

City of Bedford
Miscellaneous Statistics
December 31, 2003

Year Became a Township	1797
Date of Incorporation as a Village	March 15, 1837
Date of Incorporation as a City	January 1, 1932
City Charter Adopted	November 4, 1930
Form of Government	Council/Manager
Land Area:	
Total Acres	3423.8
Square Miles	5.6
Miles of Streets	48
Fire Protection:	
Number of Stations	1
Number of Fireman and Officers	29
Police Protection:	
Number of Stations	1
Number of Policeman and Officers	32
Number of Auxiliary Police	27
Number of Dispatchers - Full-time	6
Number of Dispatchers - Part-time	4
Sewers:	
Miles of Storm Sewer	48.7
Miles of Sanitary Sewer	41.8
Buildings:	
2003 Permits Issued	155
2003 Valuation of Construction	$6,981,660
Parks and Recreation	
Number of Parks	4
Number of Pools	1
Number of Ice Rinks	0
Number of Tennis Courts	0
Number of Skateboarding areas	1
Number of Baseball Diamonds	7
Number of Tot Lots	4
Number of Soccer Fields	1

Source: City of Bedford, Building Department and Finance Department

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