



THE CITY OF BEACHWOOD OHIO  
Comprehensive Annual Financial Report

CAFR

*for the year ended*  
DECEMBER 31, 2017

CITY OF  
*Beachwood*

**THE CITY OF BEACHWOOD OHIO**  
**Comprehensive Annual Financial Report**

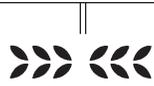
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**PREPARED BY:** *Office of the Finance Director*  
*Larry A. Heiser, CPA*  
*Finance Director*

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**INTRODUCTORY SECTION**



**City of Beachwood, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2017*  
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June 29, 2018

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

It is our privilege to present to you the City of Beachwood's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Beachwood's operations and financial position for the year ended December 31, 2017, and has been developed to accurately detail the status of City finances to Beachwood residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of year end.

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

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

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State's Office performed these services for the year 2017. The independent auditor's report is presented in the Financial Section of this report.

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

## **Profile of the Government**

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

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

Voters first adopted the City Charter on November 3, 1959. It was extensively revised and re-adopted in its entirety at the general election of November 8, 1994. In 2017 City Council passed Ordinance 2017-75 providing for a nine person Charter review commission for the purposes of a comprehensive review of the Charter. The Charter governs operations of the City of Beachwood and provides for a Mayor-Council form of municipal government. All legislative authority is vested in a seven-member Council. Council members are elected on an at-large basis at the regular municipal election in November of odd numbered years for a term of four years, and serve staggered terms commencing on the first day of January after the election.

Pursuant to the Charter, the Mayor is to be elected every fourth year. The Mayor is considered to be the Chief Executive Officer of the City, and is responsible for all contracts, conveyances, evidences of indebtedness and other instruments to which the City is a party. The Mayor serves as the official and ceremonial head of the City government.

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

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

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

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

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

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

## **Local Economy**

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

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

The City has consistently enjoyed the benefits of a strong commercial employment base that has provided for a consistent level of withholding tax collections. This strong commercial base allows the City of Beachwood to be one of the few communities in northeast Ohio that gives a 100 percent income tax credit to its residents. This credit allows residents working in locations outside Beachwood to receive 100 percent credit for all income taxes paid to other taxing districts. This credit, in addition to the low property tax rates levied by the City, has continued to make Beachwood an attractive alternative to new homebuyers and proved to be a factor in the overall stability of the City's residential population. This strong commercial base should provide the City with funds to continue to provide the extraordinary level of services our residents have come to expect for several years to come.

The area of Beachwood known as Chagrin Highlands is the largest area of future commercial development in the City. Commercial development in this area promises to deliver a blend of custom designed corporate headquarters, multi-tenant buildings, hotels, restaurants and business service enterprises that will add to the tax base of the City. Of this 630-acre site, 408.25 acres are located in the City; the remaining acres are located in the following entities: Village of Highland Hills, Village of Orange and City of Warrensville Heights. Chagrin Highlands continues to be a focal point of future economic growth for the City. Recent projects in the Chagrin Highlands include a new office building by Palmieri Builders and Rose Assisted Living.

The Cleveland Clinic, Eaton Corporation, and University Hospitals are the City's largest employers. These companies should provide the City with a strong core employment base for years to come.

In an effort to provide the highest level of services to its residential and business community the City has spent over \$95,196,000 over the past fifteen years on City streets, facilities and recreational areas. Most of these improvements were financed with existing funds; only \$30,625,000 in general obligation debt was issued to finance these improvements and \$18,195,000 is still outstanding. The City issued \$9 million in debt for a new fire station in 2017.

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

## **Long-term financial planning and relevant financial policies**

The City has remained focused on an extensive Master Plan which continues to be updated to meet the future growth of the City. These initiatives are designed to improve the general level of operations of the City and to enhance the level of services and benefits provided to its residential and commercial residents. Since 2001, residents have benefited from construction of a new fire station, new recreational facilities, which include tennis courts, the Beachwood Family Aquatic Center, a park with walking/jogging trails, a sledding hill, and a picnic pavilion, the expansion and remodeling of the existing Municipal Building and Community Center, and a new Service Center Building.

Additionally, on an annual basis, the City budgets for road improvement projects. These projects are generally funded out of the capital improvement fund. The capital improvement fund is funded by excess reserves accumulated in the general fund that are transferred to the capital improvement fund on a periodic basis.

As an informal policy, the City attempts to maintain a General Fund balance of approximately 50 percent of general fund revenues.

## **Major initiatives**

In 2015 the Cuyahoga County Planning Commission presented to the City a Five Year Master Plan and addresses action items related to land use, housing, economic development, community image, parks and recreation, transportation, and quality government. There is an active Master Plan Committee meeting regularly to discuss priorities and implementation of Master Plan items. For a complete copy of the Five Year Master Plan please visit the City's website at [beachwoodohio.com](http://beachwoodohio.com).

Encore Medical Center began construction of a two-story surgical building at the corner of Chagrin and Richmond Roads in 2017 and the facility with 69,800 square feet and 25 patient beds will open in early 2019. The "Aster" is a new upscale apartment building being built on Park Drive with 206 units and an investment of \$26.6 million.

## AWARDS

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beachwood for its comprehensive annual financial report for the year ended December 31, 2016. This was the nineteenth consecutive year that the City has achieved this prestigious award.

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

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

## ACKNOWLEDGMENTS

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

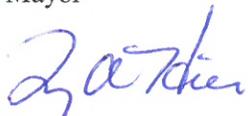
In addition, we would like to thank Beachwood City Council, without whose positive leadership and encouragement, the preparation of this report would not have been possible.

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

Respectfully submitted,



Martin S. Horwitz  
Mayor



Larry A. Heiser, CPA  
Director of Finance

**City of Beachwood, Ohio**

*City Officials - as of December 31, 2017*

**ELECTED OFFICIALS**

Mayor-Safety Director ..... Merle S. Gorden (1)  
President of Council ..... Martin S. Horwitz (3)  
  
Council Member ..... Justin Berns  
Council Member ..... Alec Isaacson  
Council Member ..... Melvin M. Jacobs (1)  
Council Member ..... Barbara Bellin Janovitz  
Council Member ..... Brian Linick (2)  
Council Member ..... James Pasch

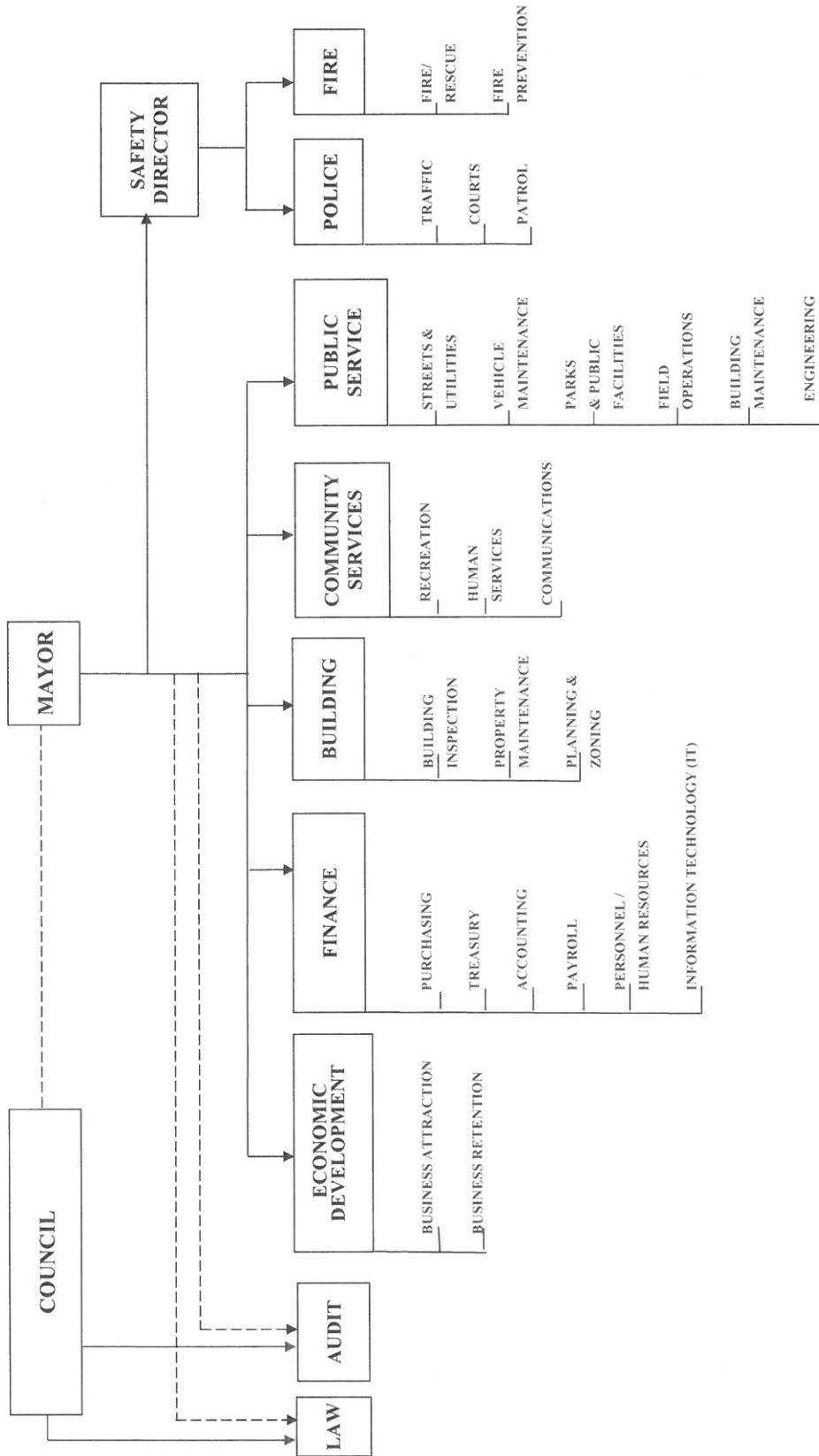
**APPOINTED OFFICIALS**

Finance Director ..... Larry Heiser  
Police Chief ..... Gary Haba  
Fire Chief ..... Patrick J. Kearns  
Service Director ..... Dale H. Pekarek  
Building Commissioner..... William B. Griswold  
Clerk of Courts ..... Kelly L. Bowen  
Community Service Director ..... Karen A. Carmen  
Law Director ..... Hope Jones  
City Auditor ..... Harvey S. Rose  
Clerk of Council ..... Whitney Crook

- (1) On November 7, 2017, Martin S. Horwitz was elected as Mayor and Eric Synenberg was elected to Council, replacing Melvin M. Jacobs, effective January 1, 2018.
- (2) Effective January 1, 2018, Brian Linick became President of Council.
- (3) On January 25, 2018, Council appointed June Taylor to fill the vacated spot when Martin S. Horwitz was elected as Mayor.

# CITY OF BEACHWOOD

## Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Beachwood  
Ohio**

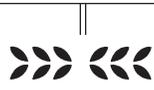
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Beachwood, Cuyahoga County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 29, 2018

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**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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The discussion and analysis of the City of Beachwood's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for 2017 are as follows:

- The City's net position decreased by \$6,651,013 which is due to requirements of Governmental Accounting Standards Board (GASB) Statement 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. Excluding adjustments related to these standards, the City's net position decreased by \$2,773,884.
- Due to a Municipal Utility District agreement with the City of Cleveland, Cleveland assumed ownership of \$4,580,453 in waterlines previously owned by the City of Beachwood. See page 9 for more details.
- The City issued \$9,000,000 in general obligation bonds to construct a new fire station.
- In 2017, the City invested approximately \$3.1 million (cash basis) on road improvements.

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

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

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

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

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

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

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

***Fund Financial Statements***

The fund financial statements which begin on page 18, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Beachwood, the most significant governmental funds are the general fund, bond retirement fund and capital improvements fund.

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

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

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

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

**The City of Beachwood as a Whole**

***Statement of Net Position***

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2017 and 2016.

	<b>Table 1</b>		
	<b>Net Position</b>		
	Governmental Activities		
	2017	2016	Change
<b>Assets</b>			
Total Current and Other Assets	\$67,265,679	\$62,388,258	\$4,877,421
Nondepreciable Capital Assets	20,071,309	15,266,615	4,804,694
Depreciable Capital Assets, Net	70,643,795	74,721,544	(4,077,749)
<b>Total Assets</b>	<b>157,980,783</b>	<b>152,376,417</b>	<b>5,604,366</b>
<b>Deferred Outflows of Resources</b>			
Pension	11,678,045	11,981,420	(303,375)
<b>Liabilities</b>			
Total Current and Other Liabilities	2,859,794	2,132,827	726,967
Net Pension Liability	41,984,574	38,261,506	3,723,068
Long-Term Liabilities:			
Due Within One Year	3,245,825	2,975,496	270,329
Due Within More Than One Year	24,815,680	17,538,416	7,277,264
<b>Total Liabilities</b>	<b>72,905,873</b>	<b>60,908,245</b>	<b>11,997,628</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,781,607	2,677,917	103,690
Pension	173,653	322,967	(149,314)
<b>Total Deferred Inflows of Resources</b>	<b>2,955,260</b>	<b>3,000,884</b>	<b>(45,624)</b>
<b>Net Position</b>			
Net Investment in Capital Assets	70,352,464	72,371,648	(2,019,184)
Restricted for:			
Debt Service	7,499,706	8,290,601	(790,895)
Unclaimed Monies	44,750	49,041	(4,291)
Streets	1,597,714	1,086,391	511,323
Other Purposes	596,320	598,607	(2,287)
Unrestricted	13,706,741	18,052,420	(4,345,679)
<b>Total Net Position</b>	<b>\$93,797,695</b>	<b>\$100,448,708</b>	<b>(\$6,651,013)</b>

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service;
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange"- that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
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The largest portion of the City's net position (75.0 percent) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The City's financial position decreased from 2016 to 2017 as indicated by the decrease in total net position for governmental activities of \$6,651,013. If deferred inflows and net pension liability are added to total net position and deferred outflows related to pension are subtracted from total net position, the total net position for 2017 and 2016 respectively is \$124,277,877 and \$127,051,761. Under this scenario, the City's financial position decreased by \$2,773,884.

The decrease is largely due to the following: The City entered into a Municipal Utility District agreement with the City of Cleveland, whereas, the City of Cleveland owns and controls a water distribution system. As part of a regional development initiative, the City of Cleveland assumed ownership of the City of Beachwood's water lines. The City of Beachwood removed \$4,580,453 in water lines from capital assets. As only \$1,779,228 of this amount had been depreciated, the remaining balance of \$2,801,225 was expensed in 2017.

Table 2 shows the changes in net position for 2017 and 2016 and corresponds to the Statement of Activities.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

**Table 2**  
**Change in Net Position**

	Governmental Activities		
	2017	2016	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$4,122,334	\$4,362,654	(\$240,320)
Operating Grants, Contributions and Interest	577,788	580,804	(3,016)
General Revenues			
Property Taxes	2,585,121	2,378,774	206,347
Municipal Income Tax	31,142,611	31,406,702	(264,091)
Admission, Lodging and Franchise Taxes	1,530,036	1,588,838	(58,802)
Estate Taxes	16,795	12,140	4,655
Grants and Entitlements	873,277	399,031	474,246
Investment Earnings	282,320	279,519	2,801
Health Care Reimbursements	539,444	486,753	52,691
Other	315,586	525,789	(210,203)
<b>Total Revenues</b>	<b>41,985,312</b>	<b>42,021,004</b>	<b>(35,692)</b>
<b>Program Expenses</b>			
General Government	6,006,746	5,259,319	747,427
Public Safety:			
Police	10,912,329	11,441,604	(529,275)
Fire	8,834,478	8,427,825	406,653
Public Services	17,334,140	13,799,108	3,535,032
Health and Welfare	653,796	624,340	29,456
Culture and Recreation	3,068,098	2,919,961	148,137
Building and Community Development	1,315,950	1,238,072	77,878
Interest and Fiscal Charges	510,788	546,941	(36,153)
<b>Total Expenses</b>	<b>48,636,325</b>	<b>44,257,170</b>	<b>4,379,155</b>
Change in Net Position	(6,651,013)	(2,236,166)	(4,414,847)
Net Position Beginning of Year	100,448,708	102,684,874	(2,236,166)
Net Position End of Year	<u>\$93,797,695</u>	<u>\$100,448,708</u>	<u>(\$6,651,013)</u>

The increase in public services expenses is largely due to the removal of water lines explained above.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
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***Governmental Activities***

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside of the City. The City gives a 100 percent credit for taxes paid to another municipality on income earned outside of the City. On a full accrual basis, the City received \$31,142,611 in income tax collections or 74.2 percent of total 2017 revenue. Other significant sources of revenue include property taxes and EMS charges for services of which the City received \$2,585,121 and \$1,067,227 respectively in 2017.

In 2017, the City experienced a decrease in income taxes (\$31,406,702 in 2016 compared to \$31,142,611 in 2017 – full accrual basis). The chart below identifies income tax receipts for the last five years.

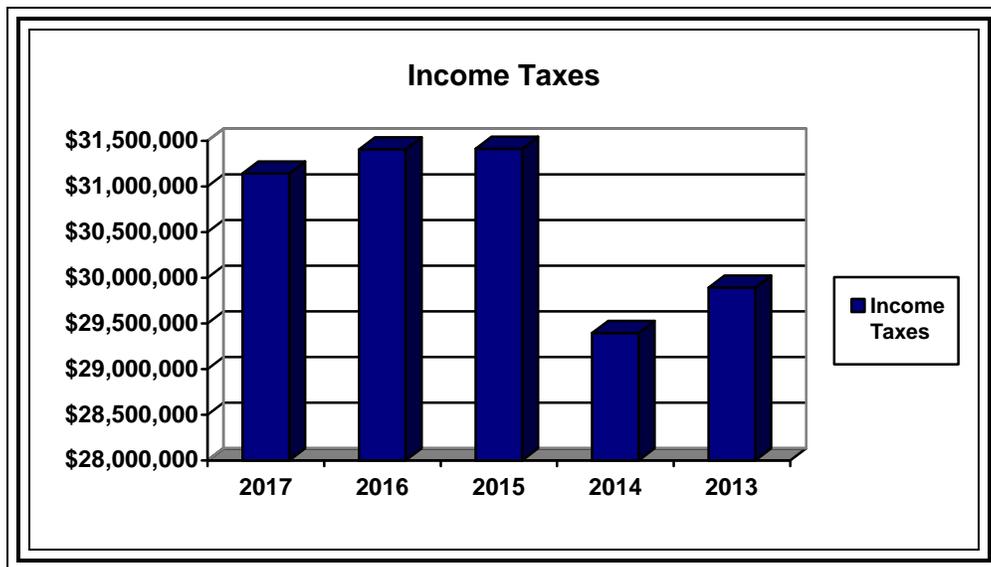


Table 3 presents a summary of governmental activity expenses and the net cost of providing these services (excluding general revenues).

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
General Government	\$6,006,746	(\$5,944,542)	\$5,259,319	(\$5,135,349)
Public Safety				
Police	10,912,329	(9,976,856)	11,441,604	(10,482,142)
Fire	8,834,478	(7,767,251)	8,427,825	(7,309,617)
Public Services	17,334,140	(16,771,343)	13,799,108	(13,233,435)
Health and Welfare	653,796	(501,959)	624,340	(448,900)
Culture and Recreation	3,068,098	(2,156,793)	2,919,961	(2,033,155)
Building and				
Community Development	1,315,950	(306,671)	1,238,072	(124,173)
Interest and Fiscal Charges	510,788	(510,788)	546,941	(546,941)
<b>Total</b>	<b>\$48,636,325</b>	<b>(\$43,936,203)</b>	<b>\$44,257,170</b>	<b>(\$39,313,712)</b>

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services both increased in 2017.

Public safety expenses account for approximately 40.6 percent of total 2017 expenses. A significant portion of these expenses can be attributed to salaries, wages and employee benefits. Other significant expenses include public service expenses which make up approximately 35.6 percent of total expenses. The majority of public services expenses include salaries, benefits and infrastructure depreciation.

**The City's Funds**

Information about the City's major governmental funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting.

The general fund is the chief operating fund of the City. The total fund balance at December 31, 2017 and 2016 was \$30,098,297 and \$29,199,978 respectively.

The bond retirement fund is used to account for the accumulation of resources for, and the payment of, various types of debt principal, interest and related costs. The fund balance at December 31, 2017 and 2016 was \$1,045,726 and \$862,918 respectively. The bond retirement fund receives revenue through special assessments levied against various property owners. Additional monies are received from other financing sources such as the issuance of bonds and notes and transfers from the general fund.

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

The capital improvements fund is used to account for the flow of resources related to the construction, acquisition, and renovation of capital assets. This fund is funded with excess revenue from the general fund. The City strives to maintain a general fund balance which is 50 percent of general fund revenues. Any excess may be transferred to the capital improvements fund. The fund balance at December 31, 2017 and 2016 was \$17,703,289 and \$14,701,568 respectively. The increase is due to the issuance of debt for construction of a new fire station.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues were \$42,077,052; and actual revenue collections were \$40,871,676. Final budgeted appropriations (excluding transfers) were \$41,787,384 and actual expenditures (excluding transfers) were \$37,970,705. Appropriations are always conservatively budgeted on the high side which accounts for the difference between budgeted appropriations and actual expenditures.

**Debt Administration and Capital Assets**

***Debt***

Table 4 summarizes outstanding debt at December 31, 2017 compared to December 31, 2016.

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

**Table 4**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$18,822,122	\$10,948,316
Special Assessment Bonds	6,050,351	6,446,580
<i>Totals</i>	\$24,872,473	\$17,394,896

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

***Capital Assets***

Table 5 compares capital assets as of December 31, 2017 to balances at December 31, 2016.

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

	Governmental Activities	
	2017	2016
Land	\$14,235,641	\$14,235,641
Land Improvements	2,255,446	2,622,303
Buildings and Improvements	32,182,961	33,080,194
Furniture and Equipment	1,709,809	1,646,413
Vehicles	2,712,664	2,623,631
Construction in Progress	5,835,668	1,030,974
Infrastructure		
Streets	27,000,214	27,267,074
Water Lines	0	2,801,225
Sanitary Sewers	1,725,220	1,775,603
Storm Sewers	1,700,089	1,550,696
I-Net Fiber	788,837	776,403
Traffic Signals	568,555	578,002
<i>Totals</i>	\$90,715,104	\$89,988,159

Significant capital asset additions mainly include road improvements and construction on the new fire station. In 2017, work was done on the following roads: Buckhurst Drive, Cedarview Road, Community Drive, Greenwich Lane and Harvard Road. The new fire station is expected to be completed in 2018.

With regards to the City's infrastructure, the Service Director maintains a comprehensive listing of all streets, waterlines and sanitary and storm sewer lines. As part of the annual road maintenance program, the Service Director evaluates the condition of the streets and identifies which roads need to be repaired or replaced the following year. Over the last five years, the City has averaged \$3.0 million a year for the road maintenance program.

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

**City of Beachwood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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**Current Financial Related Activities**

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

**Contacting the City's Finance Department**

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

**City of Beachwood, Ohio**  
*Statement of Net Position*  
*December 31, 2017*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$47,951,554
Cash and Cash Equivalents in Segregated Accounts	2,500
Accounts Receivable	124,941
Admission Taxes Receivable	29,677
Lodging Taxes Receivable	63,716
Franchise Taxes Receivable	33,123
Intergovernmental Receivable	355,577
Materials and Supplies Inventory	801,296
Prepaid Items	185,755
Property Taxes Receivable	3,075,094
Income Taxes Receivable	7,239,817
Special Assessments Receivable	7,402,629
Nondepreciable Capital Assets	20,071,309
Depreciable Capital Assets, Net	70,643,795
<i>Total Assets</i>	157,980,783
<b>Deferred Outflows of Resources</b>	
Pension	11,678,045
<b>Liabilities</b>	
Accounts Payable	494,815
Retainage Payable	637,038
Accrued Wages	392,128
Matured Compensated Absences	51,083
Intergovernmental Payable	360,158
Accrued Interest Payable	99,816
Contracts Payable	719,826
Claims Payable	104,930
Long-Term Liabilities:	
Due Within One Year	3,245,825
Due In More Than One Year	
Net Pension Liability (See Note 12)	41,984,574
Other Amounts	24,815,680
<i>Total Liabilities</i>	72,905,873
<b>Deferred Inflows of Resources</b>	
Property Taxes	2,781,607
Pension	173,653
<i>Total Deferred Inflows of Resources</i>	2,955,260
<b>Net Position</b>	
Net Investment in Capital Assets	70,352,464
Restricted for:	
Debt Service	7,499,706
Unclaimed Monies	44,750
Streets	1,597,714
Other Purposes	596,320
Unrestricted	13,706,741
<i>Total Net Position</i>	\$93,797,695

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2017

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants Contributions and Interest</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
General Government	\$6,006,746	\$62,204	\$0	(\$5,944,542)
Public Safety:				
Police	10,912,329	920,482	14,991	(9,976,856)
Fire	8,834,478	1,067,227	0	(7,767,251)
Public Services	17,334,140	0	562,797	(16,771,343)
Health and Welfare	653,796	151,837	0	(501,959)
Culture and Recreation	3,068,098	911,305	0	(2,156,793)
Building and				
Community Development	1,315,950	1,009,279	0	(306,671)
Interest and Fiscal Charges	510,788	0	0	(510,788)
<i>Total Governmental Activities</i>	<u>\$48,636,325</u>	<u>\$4,122,334</u>	<u>\$577,788</u>	<u>(43,936,203)</u>
<b>General Revenues</b>				
Property Taxes Levied for				
General Purposes				2,391,231
Police Pension				193,890
Municipal Income Taxes Levied for				
General Purposes				31,142,611
Admission, Lodging and Franchise Taxes				1,530,036
Estate Taxes				16,795
Grants and Entitlements not Restricted to Specific Programs				873,277
Investment Earnings				282,320
Health Care Reimbursements				539,444
Other				315,586
<i>Total General Revenues</i>				<u>37,285,190</u>
Change in Net Position				(6,651,013)
<i>Net Position Beginning of Year</i>				<u>100,448,708</u>
<i>Net Position End of Year</i>				<u>\$93,797,695</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2017*

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$24,252,181	\$1,045,726	\$19,056,394	\$2,052,503	\$46,406,804
Cash and Cash Equivalents In Segregated Accounts	2,500	0	0	0	2,500
Property Taxes Receivable	2,844,460	0	0	230,634	3,075,094
Income Taxes Receivable	7,239,817	0	0	0	7,239,817
Admission Taxes Receivable	29,677	0	0	0	29,677
Lodging Taxes Receivable	63,716	0	0	0	63,716
Franchise Taxes Receivable	33,123	0	0	0	33,123
Accounts Receivable	124,941	0	0	0	124,941
Intergovernmental Receivable	141,243	0	0	214,334	355,577
Materials and Supplies Inventory	801,296	0	0	0	801,296
Prepaid Items	185,755	0	0	0	185,755
Special Assessments Receivable	0	7,272,796	129,833	0	7,402,629
Restricted Assets: Equity in Pooled Cash and Cash Equivalents	44,750	0	0	0	44,750
<b>Total Assets</b>	<b>\$35,763,459</b>	<b>\$8,318,522</b>	<b>\$19,186,227</b>	<b>\$2,497,471</b>	<b>\$65,765,679</b>
<b>Liabilities</b>					
Accounts Payable	\$403,759	\$0	\$6,234	\$84,822	\$494,815
Retainage Payable	0	0	627,045	9,993	637,038
Accrued Wages	392,128	0	0	0	392,128
Matured Compensated Absences	51,083	0	0	0	51,083
Intergovernmental Payable	360,158	0	0	0	360,158
Contracts Payable	0	0	719,826	0	719,826
<b>Total Liabilities</b>	<b>1,207,128</b>	<b>0</b>	<b>1,353,105</b>	<b>94,815</b>	<b>2,655,048</b>
<b>Deferred Inflows of Resources</b>					
Property Taxes	2,572,985	0	0	208,622	2,781,607
Unavailable Revenue	1,885,049	7,272,796	129,833	162,367	9,450,045
<b>Total Deferred Inflows of Resources</b>	<b>4,458,034</b>	<b>7,272,796</b>	<b>129,833</b>	<b>370,989</b>	<b>12,231,652</b>
<b>Fund Balances</b>					
Nonspendable	1,031,801	0	0	0	1,031,801
Restricted	0	1,045,726	5,147,697	2,031,667	8,225,090
Committed	330,578	0	886,010	0	1,216,588
Assigned	924,832	0	11,669,582	0	12,594,414
Unassigned	27,811,086	0	0	0	27,811,086
<b>Total Fund Balances</b>	<b>30,098,297</b>	<b>1,045,726</b>	<b>17,703,289</b>	<b>2,031,667</b>	<b>50,878,979</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$35,763,459</b>	<b>\$8,318,522</b>	<b>\$19,186,227</b>	<b>\$2,497,471</b>	<b>\$65,765,679</b>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2017*

<b>Total Governmental Fund Balances</b>		<b>\$50,878,979</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		90,715,104
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		
Delinquent Property Taxes	293,487	
Intergovernmental	262,122	
Special Assessments	7,402,629	
Municipal Income Taxes	<u>1,491,807</u>	
Total		9,450,045
An internal service fund is used by management to charge the cost of workers compensation to individual funds/departments. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,395,070
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(99,816)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	11,678,045	
Deferred Inflows - Pension	(173,653)	
Net Pension Liability	<u>(41,984,574)</u>	
Total		(30,480,182)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Special Assessment Bonds	(6,050,351)	
General Obligation Bonds	(18,822,122)	
Compensated Absences	<u>(3,189,032)</u>	
Total		<u>(28,061,505)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$93,797,695</u></u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$2,564,499	\$0	\$0	\$207,938	\$2,772,437
Municipal Income Taxes	30,875,367	0	0	0	30,875,367
Charges for Services	2,811,098	0	0	0	2,811,098
Fines, Licenses and Permits	1,267,602	0	0	23,174	1,290,776
Intergovernmental	886,429	0	0	569,797	1,456,226
Estate Taxes	16,795	0	0	0	16,795
Admission Taxes	340,084	0	0	0	340,084
Lodging Taxes	1,056,185	0	0	0	1,056,185
Franchise Taxes	133,767	0	0	0	133,767
Health Care Reimbursements	539,444	0	0	0	539,444
Special Assessments	0	568,731	20,118	20,460	609,309
Interest	277,603	0	0	12,733	290,336
Other	261,829	0	343	53,414	315,586
<i>Total Revenues</i>	<u>41,030,702</u>	<u>568,731</u>	<u>20,461</u>	<u>887,516</u>	<u>42,507,410</u>
<b>Expenditures</b>					
Current:					
General Government	5,197,950	0	0	3,246	5,201,196
Public Safety:					
Police	9,462,536	0	0	307,561	9,770,097
Fire	7,565,990	0	0	0	7,565,990
Public Services	9,821,085	0	0	53,600	9,874,685
Health and Welfare	674,271	0	0	0	674,271
Culture and Recreation	2,509,420	0	0	0	2,509,420
Building and					
Community Development	1,140,131	0	0	0	1,140,131
Capital Outlay	0	0	8,018,740	0	8,018,740
Debt Service:					
Principal Retirement	0	1,840,000	0	0	1,840,000
Interest and Fiscal Charges	0	513,813	0	0	513,813
Bond Issuance Costs	0	171,180	0	0	171,180
<i>Total Expenditures</i>	<u>36,371,383</u>	<u>2,524,993</u>	<u>8,018,740</u>	<u>364,407</u>	<u>47,279,523</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,659,319</u>	<u>(1,956,262)</u>	<u>(7,998,279)</u>	<u>523,109</u>	<u>(4,772,113)</u>
<b>Other Financing Sources (Uses)</b>					
General Obligation Bonds Issued	9,000,000	0	0	0	9,000,000
General Obligation Bonds Premium	0	378,070	0	0	378,070
Transfers In	0	1,761,000	11,000,000	0	12,761,000
Transfers Out	<u>(12,761,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,761,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(3,761,000)</u>	<u>2,139,070</u>	<u>11,000,000</u>	<u>0</u>	<u>9,378,070</u>
<i>Net Change in Fund Balances</i>	898,319	182,808	3,001,721	523,109	4,605,957
<i>Fund Balances Beginning of Year</i>	<u>29,199,978</u>	<u>862,918</u>	<u>14,701,568</u>	<u>1,508,558</u>	<u>46,273,022</u>
<i>Fund Balances End of Year</i>	<u>\$30,098,297</u>	<u>\$1,045,726</u>	<u>\$17,703,289</u>	<u>\$2,031,667</u>	<u>\$50,878,979</u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2017*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$4,605,957
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Asset Additions		
Capital Outlays	8,814,131	
Current Year Depreciation	(4,644,918)	
Total	4,169,213	4,169,213
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.		
		(3,442,268)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(187,316)	
Intergovernmental	(13,177)	
Special Assessments	(588,849)	
Municipal Income Taxes	267,244	
Total	(522,098)	(522,098)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,840,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Interest on Bonds	(57,468)	
Amortization of Premium	60,493	
Total	3,025	3,025
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(70,016)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,079,464
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(6,956,593)
The internal service fund used by management to charge the costs of workers' compensation to individual departments is not reported in the entity wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		20,373
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.		
General Obligation Bonds Issued	(9,000,000)	
Premium on General Obligation Bonds Issued	(378,070)	
Total	(9,378,070)	(9,378,070)
<i>Change in Net Position of Governmental Activities</i>		<b>(\$6,651,013)</b>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$2,664,561	\$2,664,561	\$2,564,499	(\$100,062)
Municipal Income Taxes	32,412,391	32,412,391	30,549,274	(1,863,117)
Charges for Services	2,973,500	2,973,500	2,803,167	(170,333)
Fines, Licenses and Permits	1,141,200	1,141,200	1,267,352	126,152
Intergovernmental	390,800	390,800	893,298	502,498
Estate Taxes	0	0	16,795	16,795
Admission Taxes	334,700	334,700	336,459	1,759
Lodging Taxes	1,050,000	1,050,000	1,058,088	8,088
Franchise Taxes	140,000	140,000	135,979	(4,021)
Health Care Reimbursements	490,000	490,000	539,444	49,444
Interest	248,100	248,100	447,908	199,808
Other	231,800	231,800	259,413	27,613
<i>Total Revenues</i>	42,077,052	42,077,052	40,871,676	(1,205,376)
<b>Expenditures</b>				
Current:				
General Government	6,136,493	6,164,693	5,136,917	1,027,776
Public Safety:				
Police	10,640,836	10,752,486	9,827,195	925,291
Fire	8,233,988	8,205,788	7,988,658	217,130
Public Services	11,688,630	11,688,630	10,571,220	1,117,410
Health and Welfare	780,666	780,666	697,087	83,579
Culture and Recreation	2,931,756	2,931,756	2,589,672	342,084
Building and Community Development	1,263,365	1,263,365	1,159,956	103,409
<i>Total Expenditures</i>	41,675,734	41,787,384	37,970,705	3,816,679
<i>Excess of Revenues Over Expenditures</i>	401,318	289,668	2,900,971	2,611,303
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0	0	9,000,000	9,000,000
Transfers Out	(5,761,000)	(12,761,000)	(12,761,000)	0
<i>Total Other Financing Sources (Uses)</i>	(5,761,000)	(12,761,000)	(3,761,000)	9,000,000
<i>Net Change in Fund Balance</i>	(5,359,682)	(12,471,332)	(860,029)	11,611,303
<i>Fund Balance Beginning of Year</i>	21,975,144	21,975,144	21,975,144	0
Prior Year Encumbrances Appropriated	1,816,873	1,816,873	1,816,873	0
<i>Fund Balance End of Year</i>	\$18,432,335	\$11,320,685	\$22,931,988	\$11,611,303

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*December 31, 2017*

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	<u>Internal Service</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,500,000
<b>Liabilities</b>	
Claims Payable	<u>104,930</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,395,070</u></u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Year Ended December 31, 2017*

	<u>Internal Service</u>
<b>Operating Revenues</b>	
Charges for Services	\$179,475
<b>Operating Expenses</b>	
Claims	159,102
<i>Change in Net Position</i>	20,373
<i>Net Position Beginning of Year</i>	1,374,697
<i>Net Position End of Year</i>	\$1,395,070

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Year Ended December 31, 2017*

	<u>Internal Service</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$179,475
Cash Payments for Claims	<u>(179,475)</u>
<i>Increase in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,500,000</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,500,000</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$20,373
Adjustments:	
Decrease in Claims Payable	<u>(20,373)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$0</u></u>
See accompanying notes to the basic financial statements	

**City of Beachwood, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2017*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,193	\$4,820,504
<b>Liabilities</b>		
Undistributed Monies	0	\$5,933
Deposits Held and Due to Others	0	4,814,571
<i>Total Liabilities</i>	0	\$4,820,504
<b>Net Position</b>		
Held in Trust for Recreation	\$1,193	

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Statement of Changes in Fund Net Position*  
*Private Purpose Trust Fund*  
*For the Year Ended December 31, 2017*

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	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	\$10
<b>Deductions</b>	
	<u>0</u>
<i>Change in Net Position</i>	10
<i>Net Position Beginning of Year</i>	<u>1,183</u>
<i>Net Position End of Year</i>	<u><u>\$1,193</u></u>

See accompanying notes to the basic financial statements

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

***Reporting Entity***

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

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

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

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

The City is associated with three jointly governed organizations and one shared risk pool. The Northeast Ohio Public Energy Council, the Heights-Hillcrest Technical Rescue Team and the City of Beachwood, Ohio Energy Special Improvement District, Inc. are jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. These organizations are described in Note 7 and 15 of the Basic Financial Statements.

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

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

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

***A. Basis of Presentation***

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

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

**B. Fund Accounting**

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

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

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

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

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

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

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

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

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

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

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

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

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

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

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, special assessments, municipal income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Government Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

**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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

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

During fiscal year 2017, investments were limited to U.S. treasury notes, negotiable certificate of deposits, municipal bonds, federal farm credit bonds, federal home loan bank bonds, federal home loan mortgage bonds, federal national mortgage association bonds and STAR Ohio.

Investments, except STAR Ohio, are reported at fair market value, which is based on quoted market prices. STAR Ohio is reported at net asset value per share.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amounted to \$277,603, which includes \$125,728 assigned from other City funds.

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

***G. Inventory***

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

***H. Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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***I. Bond Premium***

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

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***J. Fund Balance***

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

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

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

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

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

**K. Capital Assets**

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

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

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

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

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

**L. Compensated Absences**

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

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

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

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

***N. Net Position***

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

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

***O. Internal Activity***

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

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.

***P. 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.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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***Q. Budgetary Process***

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

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

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

***R. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Note 3 - Receivables**

Receivables at December 31, 2017, consisted primarily of municipal income taxes, property, admissions, lodging, and franchise taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full. All receivables except property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$6,670,385 in the Bond Retirement Fund and \$106,943 in the Capital Improvement Fund. At December 31, 2017 the amount of delinquent special assessments was \$1,359.

***A. Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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2017 real property taxes are levied after October 1, 2017 on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and collected in 2018 real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$4.00 per 1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

Real Property	\$748,166,500
Public Utility Property	11,438,280
Total Valuation	\$759,604,780

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Beachwood. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2017 and for which there is an enforceable legal claim. In the general and police pension funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***B. Municipal Income Taxes***

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

***C. Intergovernmental Receivable***

A summary of intergovernmental receivables follows:

Gasoline Tax	\$253,152
Homestead and Rollback	97,417
Other	5,008
Total	\$355,577

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 - Budgetary Basis of Accounting**

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

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

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

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

Net Change in Fund Balance	
GAAP Basis	\$898,319
Net Adjustments for Revenue Accruals	(602,885)
Beginning Fair Value Adjustment for Investments	136,777
Ending Fair Value Adjustment for Investments	307,082
Net Adjustments for Expenditure Accruals	72,703
Encumbrances	<u>(1,672,025)</u>
Budget Basis	<u><u>(\$860,029)</u></u>

**Note 5 – Interfund Transfers**

A transfer of \$1,761,000 and \$11,000,000 was made during calendar year 2017 from the general fund to the bond retirement and capital improvements funds, respectively. The transfer to the bond retirement was to move money for the payment of bonds and notes and the transfer to the capital improvements fund was to move money for capital projects.

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

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

City employees earn sick leave at the rate of 4.6 hours per pay period during which the employee is in active pay status, and do not accrue for additional overtime hours worked. Sick leave accrual is based on an 80 hour pay period; employees who do not record 80 hours of work, approved paid leave, or a combination thereof receive a sick leave accrual proportionate to the number of hours worked and approved paid leave hours recorded. Firefighters who are on a 100.8 hour pay period receive sick leave at a rate of 5.8 hours per pay period. Annually, any employee who has in excess of 1,500 sick leave hours will receive a lump sum cash payment of 33 1/3 percent of the hours in excess of 1,500 hours. Upon death or retirement, employees with accumulated service time of 20 years or more or who qualify for retirement, at date of termination, under the Public Employees Retirement System or the Ohio Police and Fire Pension Fund, are entitled to convert 50 percent of their unused sick leave balance into a lump sum cash payment to be included in the final payroll warrant issued to the employee.

**Note 7 - Jointly Governed Organization**

***A. Northeast Ohio Public Energy Council***

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 194 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Beachwood did not contribute to NOPEC during 2017. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

***B. Heights-Hillcrest Technical Rescue Team***

The City is a member of the Heights-Hillcrest Technical Rescue Team (HHTRT). HHTRT is a council of governments, with a governing body comprised of the Fire Chiefs of the member cities. The governing body exercises total control over the operations of the HHTRT including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the governing body. HHTRT was established to provide mutual aid for the provision of emergency fire protection and rescue squad services and to organize, train and equip a special rescue team to conduct rescue activities requiring unusual training and/or equipment in participating communities. Annual member receipts are based on an agreed formula based on the member cities population. During 2017, the City contributed \$7,500 to HHTRT. Financial information can be obtained by contacting Heights-Hillcrest Technical Rescue Team, 3400 Lee Road, Shaker Heights, Ohio, 44120.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**C. City of Beachwood, Ohio Energy Special Improvement District Inc.**

The City of Beachwood, Ohio Energy Special Improvement District, Inc. (the “District”) is a jointly governed organization that is to enhance the value of properties within the District and improve the environment by developing and assisting in developing the District special energy improvement projects. For 2017, the City did not contribute to the District. For more information contact Sandra H. Noll, President, at SJL Management Group, 723 South Muller Road, Fairlawn, Ohio, 44333.

**Note 8 - Deposits and Investments**

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
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5. Bonds and other obligations of the State of Ohio and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio); an
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$1,614,727 of the City's bank balance of \$4,238,551 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Two of the City's four financial institutions were in the process of joining OPCS; however, at December 31, 2017, the financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

**Investments**

Investments are reported at fair value. As of December 31, 2017, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	\$933,785	Less than 6 months	AAAm*	1.86%
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	11,941,710	Less than five years	Aaa	23.85%
Municipal Bonds				
Canton Ohio	1,999,200	Less than 6 months	N/A	3.99%
Akron Development	159,485	Less than 1 year	A+*	0.32%
Sheffield Lake	1,249,258	Less than 1 year	A2	2.49%
Elyria	148,503	Less than 5 years	A2	0.30%
Brookville Ohio	570,934	Less than 5 years	AA2	1.14%
Ohio Capital Fund	701,491	Less than 5 years	AA-*	1.40%
Olentangy	306,672	Less than 5 years	Aa1	0.61%
Negotiable Certificate of Deposits	4,193,068	Less than five years	N/A	8.37%
Federal Farm Credit Bonds	4,059,634	Less than five years	Aaa	8.11%
Federal National Mortgage Association Bonds	4,945,570	Less than five years	Aaa	9.88%
Federal Home Loan Mortgage Bonds	8,929,840	Less than five years	Aaa	17.83%
Federal Home Loan Bank Bonds	9,942,330	Less than five years	Aaa	19.85%
Total Fair Value - Level Two Inputs	<u>49,147,695</u>			
Total Investments	<u>\$50,081,480</u>			

\*Standard & Poor's rating

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2017. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

**Credit Risk** The Moody's ratings of the City's investments are listed in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy does not address credit risk.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

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**Concentration of Credit Risk** The City places no limit on the amount it may invest in any one issuer.

**Note 9 - Contingencies**

**A. Grants**

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2017.

**B. Litigation**

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

**Note 10 – Capital Assets**

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$14,235,641	\$0	\$0	\$14,235,641
Construction in Progress	1,030,974	4,804,694	0	5,835,668
<i>Total Capital Assets, not being depreciated</i>	<u>15,266,615</u>	<u>4,804,694</u>	<u>0</u>	<u>20,071,309</u>
<i>Capital Assets, being depreciated</i>				
Land Improvements	7,830,943	0	0	7,830,943
Buildings and Improvements	45,946,956	34,309	0	45,981,265
Furniture and Equipment	6,338,687	358,165	(36,228)	6,660,624
Vehicles	9,852,727	740,399	(241,283)	10,351,843
Infrastructure				
Streets	68,153,982	2,655,022	(2,883,665)	67,925,339
Water Lines	4,580,453	0	(4,580,453) **	0
Sanitary Sewers	2,519,136	0	0	2,519,136
Storm Sewers	2,199,224	193,377	0	2,392,601
I-Net Fiber	786,535	28,165	0	814,700
Traffic Signals	614,055	0	0	614,055
<i>Total Capital Assets, being depreciated</i>	<u>\$148,822,698</u>	<u>\$4,009,437</u>	<u>(\$7,741,629)</u>	<u>\$145,090,506</u>

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
<b>Governmental Activities</b>				
Less Accumulated Depreciation				
Land Improvements	(\$5,208,640)	(\$366,857)	\$0	(\$5,575,497)
Buildings and Improvements	(12,866,762)	(931,542)	0	(13,798,304)
Furniture and Equipment	(4,692,274)	(287,937)	29,396	(4,950,815)
Vehicles	(7,229,096)	(651,366)	241,283	(7,639,179)
Infrastructure				
Streets	(40,886,908)	(2,287,671)	2,249,454	(40,925,125)
Water Lines	(1,779,228)	0	1,779,228 **	0
Sanitary Sewers	(743,533)	(50,383)	0	(793,916)
Storm Sewers	(648,528)	(43,984)	0	(692,512)
I-Net Fiber	(10,132)	(15,731)	0	(25,863)
Traffic Signals	(36,053)	(9,447)	0	(45,500)
<i>Total Accumulated Depreciation</i>	<u>(74,101,154)</u>	<u>(4,644,918) *</u>	<u>4,299,361</u>	<u>(74,446,711)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>74,721,544</u>	<u>(635,481)</u>	<u>(3,442,268)</u>	<u>70,643,795</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$89,988,159</u></u>	<u><u>\$4,169,213</u></u>	<u><u>(\$3,442,268)</u></u>	<u><u>\$90,715,104</u></u>

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

General Government	\$557,936
Public Safety:	
Police	158,781
Fire	421,922
Public Services	3,085,204
Health and Welfare	9,895
Culture and Recreation	408,819
Building and Community Development	2,361
Total Depreciation Expense	<u><u>\$4,644,918</u></u>

\*\*The City entered into a Municipal Utility District Agreement with the City of Cleveland, whereas, the City of Cleveland owns and controls a water distribution system. As part of a regional development initiative, the City of Cleveland assumed ownership of the City of Beachwood's water lines.

**City of Beachwood, Ohio**  
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For the Year Ended December 31, 2017

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Activities
<b>Nonspendable:</b>					
Prepays	\$185,755	\$0	\$0	\$0	\$185,755
Inventory	801,296	0	0	0	801,296
Unclaimed Funds	44,750	0	0	0	44,750
<i>Total Nonspendable</i>	<u>1,031,801</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,031,801</u>
<b>Restricted for:</b>					
Street Maintenance	0	0	0	1,464,665	1,464,665
Mayor's Court Computers	0	0	0	57,768	57,768
Drug and Alcohol Enforcement	0	0	0	379,891	379,891
Police Pension	0	0	0	29,540	29,540
Street Lighting	0	0	0	99,803	99,803
Capital Improvements	0	0	5,147,697	0	5,147,697
Bond Retirement	0	1,045,726	0	0	1,045,726
<i>Total Restricted</i>	<u>0</u>	<u>1,045,726</u>	<u>5,147,697</u>	<u>2,031,667</u>	<u>8,225,090</u>
<b>Committed to:</b>					
Capital Improvement	0	0	886,010	0	886,010
Purchases on Order for:					
General Government	18,049	0	0	0	18,049
Police	156,650	0	0	0	156,650
Service	142,159	0	0	0	142,159
Human Services	8,370	0	0	0	8,370
Recreation	5,350	0	0	0	5,350
<i>Total Committed</i>	<u>330,578</u>	<u>0</u>	<u>886,010</u>	<u>0</u>	<u>1,216,588</u>
<b>Assigned to:</b>					
Capital Improvement	0	0	11,669,582	0	11,669,582
Purchases on Order for:					
Legal Services	33,310	0	0	0	33,310
Utilities	199,915	0	0	0	199,915
Pension	274,325	0	0	0	274,325
Gasoline	62,916	0	0	0	62,916
Other	354,366	0	0	0	354,366
<i>Total Assigned</i>	<u>924,832</u>	<u>0</u>	<u>11,669,582</u>	<u>0</u>	<u>12,594,414</u>
<b>Unassigned</b>	<u>27,811,086</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,811,086</u>
<b>Total Fund Balances</b>	<u>\$30,098,297</u>	<u>\$1,045,726</u>	<u>\$17,703,289</u>	<u>\$2,031,667</u>	<u>\$50,878,979</u>

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**Note 12 - Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**City of Beachwood, Ohio**  
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	State and Local
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$1,297,107 for 2017. Of this amount, \$138,409 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.)

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Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2017 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,782,357 for 2017. Of this amount, \$204,025 is reported as an intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0751760%	0.3933340%	
Prior Measurement Date	<u>0.0753490%</u>	<u>0.3918830%</u>	
Change in Proportionate Share	<u>-0.0001730%</u>	<u>0.0014510%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$17,071,192	\$24,913,382	\$41,984,574
Pension Expense	\$3,695,331	\$3,261,262	\$6,956,593

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$23,139	\$7,048	\$30,187
Changes of assumptions	2,707,700	0	2,707,700
Net difference between projected and actual earnings on pension plan investments	2,542,294	2,422,717	4,965,011
Changes in proportion and differences between City contributions and proportionate share of contributions	95,707	799,976	895,683
City contributions subsequent to the measurement date	<u>1,297,107</u>	<u>1,782,357</u>	<u>3,079,464</u>
Total Deferred Outflows of Resources	<u>\$6,665,947</u>	<u>\$5,012,098</u>	<u>\$11,678,045</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$101,599	\$57,361	\$158,960
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>14,693</u>	<u>0</u>	<u>14,693</u>
Total Deferred Inflows of Resources	<u>\$116,292</u>	<u>\$57,361</u>	<u>\$173,653</u>

\$3,079,464 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	OPERS	OP&F	Total
Year Ending December 31:			
2018	\$2,208,107	\$1,107,516	\$3,315,623
2019	2,215,833	1,107,516	3,323,349
2020	903,129	887,966	1,791,095
2021	(74,521)	23,021	(51,500)
2022	0	44,938	44,938
Thereafter	0	1,423	1,423
Total	\$5,252,548	\$3,172,380	\$8,424,928

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

**City of Beachwood, Ohio**  
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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
<b>Total</b>	<b>100.00 %</b>	<b>5.66 %</b>

**Discount Rate** The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$26,080,058	\$17,071,192	\$9,563,891

**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

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Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
	plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
	<hr/>	
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

\* levered 2x

**City of Beachwood, Ohio**  
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OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$33,181,671	\$24,913,382	\$17,905,893

***Changes between Measurement Date and Report Date***

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact to the City’s net pension liability.

**Note 13 – Postemployment Benefits**

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

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**City of Beachwood, Ohio**  
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In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$100,199, \$197,588, and \$177,078, respectively. For 2017, 98 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

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

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

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OP&F for the years ended December 31, 2017, 2016, and 2015 were \$2,080,522, \$2,110,835 and \$1,966,326, respectively, of which \$292,553, \$308,276, and \$286,112, respectively, was allocated to the healthcare plan. For 2017, 98 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2016 and 2015.

## **Note 14 - Risk Management**

### ***A. Property and Liability***

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 2017, the City joined the Northern Ohio Risk Management Association (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability, and vehicle insurance and providing for a formalized, jointly administered self-insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the General Fund. There has not been a significant reduction in coverage from the prior year.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**B. Workers' Compensation**

The City is self-insured for worker's compensation coverage. The City is accounting for the worker's compensation self-insurance through the Self-Insurance Fund (an Internal Service Fund). For 2017, Sedgwick Claims Management Services was the City's third-party administrator. The retention point for excess insurance is \$450,000, which is through Midwest Employers. The insurance will cover the City for each incident that goes beyond \$450,000. The claims liability of \$104,930 reported in the fund as December 31, 2017, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claim liability amount for 2016 and 2017 were:

	Beginning of Year	Claims	Payments	End of Year
2016	\$41,032	\$181,427	\$97,156	\$125,303
2017	125,303	159,102	179,475	104,930

**Note 15 – Shared Risk Pool**

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Beachwood, Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid and University Heights. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of one representative from each of the participating members.

Each entity must remain a member for at least three years from the date of joining. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

**Note 16 - Long-Term Obligations**

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

	Outstanding 12/31/2016	Additions	(Reductions)	Outstanding 12/31/2017	Amounts Due In One Year
<b>Special Assessment Bonds with Governmental Commitment</b>					
\$5,315,000 2015 3.000% - 4.000%					
Eaton Boulevard Improvements	\$5,165,000	\$0	(\$205,000)	\$4,960,000	\$210,000
Premium on Eaton Boulevard Bonds	<u>301,580</u>	<u>0</u>	<u>(16,229)</u>	<u>285,351</u>	<u>0</u>
Total Eaton Boulevard Bonds	5,466,580	0	(221,229)	5,245,351	210,000
\$555,000 2000 5.400%					
Street and Sewer Improvements	170,000	0	(40,000)	130,000	40,000
\$2,330,000 2010 1.500% - 3.750%					
Various Improvements Bond Refunding	<u>810,000</u>	<u>0</u>	<u>(135,000)</u>	<u>675,000</u>	<u>140,000</u>
<i>Total Special Assessments Bonds</i>	<u>6,446,580</u>	<u>0</u>	<u>(396,229)</u>	<u>6,050,351</u>	<u>390,000</u>
<b>General Obligation Bonds</b>					
\$9,000,000 2017 2.000% - 4.000%					
Fire Station #2 Bonds	0	9,000,000	0	9,000,000	220,000
Premium on Fire Station #2 Bonds	<u>0</u>	<u>378,070</u>	<u>(2,520)</u>	<u>375,550</u>	<u>0</u>
Total Fire Station #2 Bonds	<u>0</u>	<u>9,378,070</u>	<u>(2,520)</u>	<u>9,375,550</u>	<u>220,000</u>
\$6,250,000 2012 1.500% - 3.750%					
Refunding Bonds	4,890,000	0	(550,000)	4,340,000	565,000
Premium on Refunding Bonds	<u>189,366</u>	<u>0</u>	<u>(24,175)</u>	<u>165,191</u>	<u>0</u>
Total Refunding Bonds	<u>5,079,366</u>	<u>0</u>	<u>(574,175)</u>	<u>4,505,191</u>	<u>565,000</u>
\$4,840,000 2010 1.500% - 3.750%					
Refunding Bonds	1,495,000	0	(250,000)	1,245,000	255,000
Premium on Refunding Bonds	<u>34,034</u>	<u>0</u>	<u>(5,752)</u>	<u>28,282</u>	<u>0</u>
Total Refunding Bonds	<u>1,529,034</u>	<u>0</u>	<u>(255,752)</u>	<u>1,273,282</u>	<u>255,000</u>
\$7,970,000 2010 1.500% - 3.750%					
Service Center Serial Bonds	4,270,000	0	(660,000)	3,610,000	680,000
Premium on Service Center Bonds	<u>69,916</u>	<u>0</u>	<u>(11,817)</u>	<u>58,099</u>	<u>0</u>
Total Service Center Bonds	<u>4,339,916</u>	<u>0</u>	<u>(671,817)</u>	<u>3,668,099</u>	<u>680,000</u>
<i>Total General Obligation Bonds</i>	<u>\$10,948,316</u>	<u>\$9,378,070</u>	<u>(\$1,504,264)</u>	<u>\$18,822,122</u>	<u>\$1,720,000</u>

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

	<u>Outstanding</u> <u>12/31/2016</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding</u> <u>12/31/2017</u>	<u>Amounts Due</u> <u>In One Year</u>
Net Pension Liability					
OPERS	\$13,051,398	\$4,019,794	\$0	\$17,071,192	\$0
OP&F	<u>25,210,108</u>	<u>0</u>	<u>(296,726)</u>	<u>24,913,382</u>	<u>0</u>
<i>Total Net Pension Liability</i>	38,261,506	4,019,794	(296,726)	41,984,574	0
Compensated Absences	<u>3,119,016</u>	<u>151,253</u>	<u>(81,237)</u>	<u>3,189,032</u>	<u>1,135,825</u>
<i>Total General Long-term Obligations</i>	<u>\$58,775,418</u>	<u>\$13,549,117</u>	<u>(\$2,278,456)</u>	<u>\$70,046,079</u>	<u>\$3,245,825</u>

General obligation bonds will be paid from the bond retirement fund from transfers from the general fund. The special assessment bonds are backed by the full faith and credit of the City and will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The compensated absences liability will be paid from the general fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the general fund. For additional information related to the net pension liability see Note 12.

In 2010, the City issued \$12,810,000 in general obligation bonds for the purpose of purchasing and renovating the new Service Center and to refund a portion of various special assessment and general obligation issues in order to take advantage of lower interest rates. The bonds were sold at a premium of \$84,309. Proceeds of \$4,871,983 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$4,555,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

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

In 2015, the City issued \$5,315,000 in special assessment bonds at interest rates varying from 3.00 percent to 4.00 percent. The bond issue included \$4,385,000 in serial bonds and \$930,000 in term bonds.

The term bonds maturing on December 1, 2033 are subject to mandatory sinking fund redemption prior to maturity at price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

<u>Year</u>	<u>Amount</u>
2030	\$300,000
2031	310,000
2032	320,000

The term bonds maturing on or after December 1, 2026 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2025, at 100 percent of par plus interest accrued to the redemption date.

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

On October 12, 2017, the City issued \$9,000,000 in general obligation bonds for the purpose of building a new Fire Station #2. The bonds were sold at a premium of \$378,070 and have varying interest rates between 2.00 percent and 4.00 percent. The bonds were issued for a 25 year period with final maturity on December 1, 2042. The bond issue included \$6,575,000 in serial bonds and \$2,425,000 in term bonds. At December 31, 2017, the City had unspent proceeds of \$5,147,697 remaining to be used for the construction of the fire station.

The term bonds maturing on December 1, 2039 and December 1, 2042 are subject to mandatory sinking fund redemption prior to maturity at price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Year	Amount
2038	\$450,000
2039	470,000
2040	485,000
2041	500,000
2042	520,000

The term bonds maturing on or after December 1, 2026 are subject to prior redemption at the option of the City, either in whole or in part, on any date on or after December 1, 2025, at 100 percent of par plus interest accrued to the redemption date.

The City's legal debt margin was \$62,609,228 at December 31, 2017. Principal and interest requirements to retire outstanding general obligation and special assessment bonds at December 31, 2017, are as follows:

Year	General Obligation Bonds			
	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2018	\$1,720,000	\$576,038	\$0	\$0
2019	1,800,000	496,738	0	0
2020	1,870,000	448,738	0	0
2021	1,915,000	396,487	0	0
2022	1,870,000	340,050	0	0
2023-2027	2,805,000	1,242,550	0	0
2028-2032	1,750,000	927,213	0	0
2033-2037	2,040,000	637,112	0	0
2038-2042	0	0	2,425,000	252,388
Total	\$15,770,000	\$5,064,926	\$2,425,000	\$252,388

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

Year	Special Assessment Bonds			
	Current Serial Bonds		Current Term Bonds	
	Principal	Interest	Principal	Interest
2018	\$390,000	\$196,142	\$0	\$0
2019	405,000	183,833	0	0
2020	415,000	170,252	0	0
2021	380,000	155,998	0	0
2022	340,000	143,660	0	0
2023-2027	1,305,000	548,900	0	0
2028-2032	580,000	152,670	930,000	161,420
2033-2035	1,020,000	70,780	0	0
Total	<u>\$4,835,000</u>	<u>\$1,622,235</u>	<u>\$930,000</u>	<u>\$161,420</u>

**Note 17 – Significant Commitments**

***Encumbrances***

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

Fund	Encumbrances at 12/31/2017
General	\$1,672,025
Capital Improvement	6,944,324
Other Governmental Funds	111,128
Total	<u>\$8,727,477</u>

***Contractual Commitments***

At December 31, 2017, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Harvard Road	\$1,494,993	\$1,198,364	\$296,629
2016 Road Program	100,000	89,933	10,067
2017 Road Program	1,046,119	938,534	107,585
Fire Station #2 Construction	10,048,000	3,852,303	6,195,697
Fire Station #2 Architect	954,992	875,856	79,136
Total	<u>\$13,644,104</u>	<u>\$6,954,990</u>	<u>\$6,689,114</u>

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

**City of Beachwood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 18 – Change in Accounting Principle**

For 2017, the City implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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## Required Supplementary Information

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**City of Beachwood, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0751760%	0.0753490%	0.0731160%	0.0731160%
City's Proportionate Share of the Net Pension Liability	\$17,071,192	\$13,051,398	\$8,818,607	\$8,619,424
City's Covered Payroll	\$9,718,925	\$9,370,217	\$8,964,117	\$8,465,315
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.65%	139.29%	98.38%	101.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

**City of Beachwood, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Four Years (1)*

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.3933340%	0.3918830%	0.3699959%	0.3699959%
City's Proportionate Share of the Net Pension Liability	\$24,913,382	\$25,210,108	\$19,167,330	\$18,019,961
City's Covered Payroll	\$8,411,080	\$7,905,343	\$7,288,792	\$7,185,479
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	296.20%	318.90%	262.97%	250.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

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**City of Beachwood, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Five Years (1)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,297,107	\$1,166,271	\$1,124,426	\$1,075,694	\$1,100,491
Contributions in Relation to the Contractually Required Contribution	<u>(1,297,107)</u>	<u>(1,166,271)</u>	<u>(1,124,426)</u>	<u>(1,075,694)</u>	<u>(1,100,491)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$9,977,746	\$9,718,925	\$9,370,214	\$8,964,117	\$8,465,315
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

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**City of Beachwood, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,782,357	\$1,788,221	\$1,680,214	\$1,548,409
Contributions in Relation to the Contractually Required Contribution	<u>(1,782,357)</u>	<u>(1,788,221)</u>	<u>(1,680,214)</u>	<u>(1,548,409)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,350,537	\$8,411,080	\$7,905,343	\$7,288,792
Contributions as a Percentage of Covered Payroll:	21.34%	21.26%	21.25%	21.24%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,299,075	\$1,083,438	\$1,070,060	\$1,062,866	\$1,042,087	\$969,826
<u>(1,299,075)</u>	<u>(1,083,438)</u>	<u>(1,070,060)</u>	<u>(1,062,866)</u>	<u>(1,042,087)</u>	<u>(969,826)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,185,479	\$7,242,762	\$7,140,421	\$7,119,171	\$6,990,295	\$6,496,745
18.08%	14.96%	14.99%	14.93%	14.91%	14.93%

**City of Beachwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2017**

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**Changes in Assumptions - OPERS**

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

## **Combining and Individual Fund Statements and Schedules**

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

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

#### **Nonmajor Special Revenue Funds**

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

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

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

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

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

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

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

**City of Beachwood, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2017*

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,151,603	\$260,635	\$57,768	\$447,479
Property Taxes Receivable	0	0	0	0
Intergovernmental Receivable	191,523	15,505	0	0
<i>Total Assets</i>	<u>\$1,343,126</u>	<u>\$276,140</u>	<u>\$57,768</u>	<u>\$447,479</u>
<b>Liabilities</b>				
Accounts Payable	\$11,559	\$0	\$0	\$67,588
Retainage Payable	9,993	0	0	0
<i>Total Liabilities</i>	<u>21,552</u>	<u>0</u>	<u>0</u>	<u>67,588</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	0	0	0	0
Unavailable Revenue	123,093	9,956	0	0
<i>Total Deferred Inflows of Resources</i>	<u>123,093</u>	<u>9,956</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted	1,198,481	266,184	57,768	379,891
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,343,126</u>	<u>\$276,140</u>	<u>\$57,768</u>	<u>\$447,479</u>

Police Pension	Street Lights	Total Nonmajor Governmental Funds
\$29,540	\$105,478	\$2,052,503
230,634	0	230,634
7,306	0	214,334
<u>\$267,480</u>	<u>\$105,478</u>	<u>\$2,497,471</u>
\$0	\$5,675	\$84,822
0	0	9,993
0	5,675	94,815
208,622	0	208,622
29,318	0	162,367
<u>237,940</u>	<u>0</u>	<u>370,989</u>
29,540	99,803	2,031,667
<u>\$267,480</u>	<u>\$105,478</u>	<u>\$2,497,471</u>

**City of Beachwood, Ohio**  
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2017*

	Street Construction, Maintenance and Repair	State Highway	Mayor's Court Improvement	Law Enforcement Trust
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	10,225	12,949
Intergovernmental	513,233	41,615	0	0
Special Assessments	0	0	0	0
Interest	8,016	2,126	0	2,591
Other	0	0	0	53,414
<i>Total Revenues</i>	<u>521,249</u>	<u>43,741</u>	<u>10,225</u>	<u>68,954</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	3,246	0
Public Safety:				
Police	0	0	0	67,588
Public Services	53,600	0	0	0
<i>Total Expenditures</i>	<u>53,600</u>	<u>0</u>	<u>3,246</u>	<u>67,588</u>
<i>Net Change in Fund Balances</i>	467,649	43,741	6,979	1,366
<i>Fund Balances Beginning of Year</i>	<u>730,832</u>	<u>222,443</u>	<u>50,789</u>	<u>378,525</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,198,481</u></u>	<u><u>\$266,184</u></u>	<u><u>\$57,768</u></u>	<u><u>\$379,891</u></u>

Police Pension	Street Lights	Total Nonmajor Governmental Funds
\$207,938	\$0	\$207,938
0	0	23,174
14,949	0	569,797
0	20,460	20,460
0	0	12,733
0	0	53,414
<u>222,887</u>	<u>20,460</u>	<u>887,516</u>
0	0	3,246
219,764	20,209	307,561
0	0	53,600
<u>219,764</u>	<u>20,209</u>	<u>364,407</u>
3,123	251	523,109
26,417	99,552	1,508,558
<u>\$29,540</u>	<u>\$99,803</u>	<u>\$2,031,667</u>

## Combining Statement - Fiduciary Funds

### *Fiduciary Funds*

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

### *Private Purpose Trust Fund*

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

### *Agency Funds*

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

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

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

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

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

**City of Beachwood, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2017*

	Beginning Balance 12/31/16	Additions	Deductions	Ending Balance 12/31/17
<b>Commercial Permits Tax</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$918	\$22,989	\$17,974	\$5,933
<b>Liabilities</b>				
Undistributed Monies	\$918	\$22,989	\$17,974	\$5,933
<b>Special Trust and Agency</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$6,817,100	\$6,817,100	\$0
<b>Liabilities</b>				
Deposits Held and Due to Others	\$0	\$6,817,100	\$6,817,100	\$0
<b>Deposits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$194,073	\$448,057	\$417,074	\$225,056
<b>Liabilities</b>				
Deposits Held and Due to Others	\$194,073	\$448,057	\$417,074	\$225,056
<b>Eaton Tax Increment Financing</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,598,775	\$4,683,428	\$3,692,688	\$4,589,515
<b>Liabilities</b>				
Deposits Held and Due to Others	\$3,598,775	\$4,683,428	\$3,692,688	\$4,589,515
<b>Omnova Tax Increment Financing</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$352,955	\$352,955	\$0
<b>Liabilities</b>				
Deposits Held and Due to Others	\$0	\$352,955	\$352,955	\$0
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,793,766	\$12,324,529	\$11,297,791	\$4,820,504
<b>Liabilities</b>				
Undistributed Monies	\$918	\$22,989	\$17,974	\$5,933
Deposits Held and Due to Others	3,792,848	12,301,540	11,279,817	4,814,571
<i>Total Liabilities</i>	\$3,793,766	\$12,324,529	\$11,297,791	\$4,820,504

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

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,664,561	\$2,664,561	\$2,564,499	(\$100,062)
Municipal Income Taxes	32,412,391	32,412,391	30,549,274	(1,863,117)
Charges for Services	2,973,500	2,973,500	2,803,167	(170,333)
Fines, Licenses and Permits	1,141,200	1,141,200	1,267,352	126,152
Intergovernmental	390,800	390,800	893,298	502,498
Estate Taxes	0	0	16,795	16,795
Admission Taxes	334,700	334,700	336,459	1,759
Lodging Taxes	1,050,000	1,050,000	1,058,088	8,088
Franchise Taxes	140,000	140,000	135,979	(4,021)
Health Care Reimbursements	490,000	490,000	539,444	49,444
Interest	248,100	248,100	447,908	199,808
Other	231,800	231,800	259,413	27,613
<i>Total Revenues</i>	42,077,052	42,077,052	40,871,676	(1,205,376)
<b>Expenditures</b>				
Current:				
General Government:				
Council:				
Personal Services	128,030	128,030	126,473	1,557
Contractual Services	20,500	20,500	16,225	4,275
Materials and Supplies	1,400	9,600	9,184	416
Capital Outlay	74,571	73,871	72,571	1,300
Other	70,256	62,756	57,307	5,449
Total Council	294,757	294,757	281,760	12,997
Mayor:				
Personal Services	527,945	527,945	510,781	17,164
Contractual Services	121,694	121,694	115,481	6,213
Materials and Supplies	11,201	11,201	8,716	2,485
Capital Outlay	59,000	59,000	7,251	51,749
Other	20,344	20,344	8,038	12,306
Total Mayor	740,184	740,184	650,267	89,917
Economic Development:				
Personal Services	281,831	281,831	94,932	186,899
Contractual Services	113,495	113,495	106,292	7,203
Materials and Supplies	4,892	4,892	1,911	2,981
Capital Outlay	2,000	2,000	1,523	477
Other	380,834	380,834	374,325	6,509
Total Economic Development	\$783,052	\$783,052	\$578,983	\$204,069

(continued)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance Director:				
Personal Services	\$1,487,910	\$1,437,910	\$1,325,221	\$112,689
Contractual Services	1,175,709	1,235,709	1,138,481	97,228
Materials and Supplies	28,868	28,868	15,567	13,301
Capital Outlay	295,000	313,200	150,134	163,066
Other	505,385	505,385	433,616	71,769
<b>Total Finance Director</b>	3,492,872	3,521,072	3,063,019	458,053
Law Department:				
Personal Services	588,207	573,207	398,759	174,448
Contractual Services	178,183	191,183	114,636	76,547
Materials and Supplies	16,919	16,919	12,186	4,733
Capital Outlay	4,000	6,000	5,203	797
Other	38,319	38,319	32,104	6,215
<b>Total Law Department</b>	825,628	825,628	562,888	262,740
<b>Total General Government</b>	6,136,493	6,164,693	5,136,917	1,027,776
Public Safety:				
Police Department:				
Personal Services	9,432,922	9,432,922	8,733,601	699,321
Contractual Services	543,550	655,200	544,727	110,473
Materials and Supplies	128,998	128,998	123,520	5,478
Capital Outlay	411,623	411,623	315,884	95,739
Other	123,743	123,743	109,463	14,280
<b>Total Police Department</b>	10,640,836	10,752,486	9,827,195	925,291
Fire Department:				
Personal Services	7,300,831	7,430,831	7,312,510	118,321
Contractual Services	231,572	209,472	164,374	45,098
Materials and Supplies	129,679	129,679	103,548	26,131
Capital Outlay	442,519	321,619	317,493	4,126
Other	129,387	114,187	90,733	23,454
<b>Total Fire Department</b>	8,233,988	8,205,788	7,988,658	217,130
<b>Total Public Safety</b>	18,874,824	18,958,274	17,815,853	1,142,421
Public Services:				
Service Department:				
Personal Services	6,819,124	6,819,124	6,391,357	427,767
Contractual Services	1,643,337	1,643,337	1,475,876	167,461
Materials and Supplies	2,345,747	2,345,747	1,866,772	478,975
Capital Outlay	825,607	825,607	792,761	32,846
Other	54,815	54,815	44,454	10,361
<b>Total Public Services</b>	\$11,688,630	\$11,688,630	\$10,571,220	\$1,117,410

(continued)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Human Services Department:				
Personal Services	\$385,452	\$385,452	\$373,680	\$11,772
Contractual Services	229,091	222,091	175,034	47,057
Materials and Supplies	48,221	48,221	40,782	7,439
Capital Outlay	81,500	88,500	84,767	3,733
Other	36,402	36,402	22,824	13,578
Total Health and Welfare	780,666	780,666	697,087	83,579
Culture and Recreation				
Recreation Administration:				
Personal Services	855,747	855,747	806,936	48,811
Contractual Services	455,943	449,943	429,509	20,434
Materials and Supplies	66,091	72,091	59,793	12,298
Capital Outlay	15,450	15,450	9,224	6,226
Other	25,706	25,706	23,405	2,301
Total Recreation Administration	1,418,937	1,418,937	1,328,867	90,070
Recreation Camps:				
Personal Services	312,800	322,800	318,031	4,769
Contractual Services	168,849	158,849	133,081	25,768
Materials and Supplies	36,562	36,562	22,764	13,798
Other	3,900	3,900	3,798	102
Total Recreation Camps	522,111	522,111	477,674	44,437
Recreation Sports Programs:				
Personal Services	25,505	25,505	10,797	14,708
Contractual Services	42,152	42,152	32,370	9,782
Materials and Supplies	22,072	22,072	17,570	4,502
Capital Outlay	6,800	6,800	4,852	1,948
Total Recreation Sports Programs	96,529	96,529	65,589	30,940
Recreation Other Programs:				
Personal Services	86,158	86,158	78,678	7,480
Contractual Services	99,191	99,191	85,846	13,345
Materials and Supplies	6,127	6,127	5,184	943
Other	6,580	6,580	5,035	1,545
Total Recreation Other Programs	\$198,056	\$198,056	\$174,743	\$23,313

(continued)

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation Parks/Swimming Pools:				
Personal Services	\$281,200	\$281,200	\$234,129	\$47,071
Contractual Services	307,331	317,331	250,540	66,791
Materials and Supplies	90,776	90,776	55,439	35,337
Capital Outlay	13,000	3,000	0	3,000
Other	3,816	3,816	2,691	1,125
Total Recreation Parks/Swimming Pools	696,123	696,123	542,799	153,324
Total Culture and Recreation	2,931,756	2,931,756	2,589,672	342,084
Building and Community Development:				
Building Development:				
Personal Services	1,147,168	1,147,168	1,086,974	60,194
Contractual Services	68,859	68,859	37,947	30,912
Materials and Supplies	19,529	19,529	10,443	9,086
Capital Outlay	7,000	7,000	6,921	79
Other	20,809	20,809	17,671	3,138
Total Building and Community Development	1,263,365	1,263,365	1,159,956	103,409
<i>Total Expenditures</i>	41,675,734	41,787,384	37,970,705	3,816,679
<i>Excess of Revenues Over Expenditures</i>	401,318	289,668	2,900,971	2,611,303
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0	0	9,000,000	9,000,000
Transfers Out	(5,761,000)	(12,761,000)	(12,761,000)	0
<i>Total Other Financing Sources (Uses)</i>	(5,761,000)	(12,761,000)	(3,761,000)	9,000,000
<i>Net Change in Fund Balance</i>	(5,359,682)	(12,471,332)	(860,029)	11,611,303
<i>Fund Balance Beginning of Year</i>	21,975,144	21,975,144	21,975,144	0
Prior Year Encumbrances Appropriated	1,816,873	1,816,873	1,816,873	0
<i>Fund Balance End of Year</i>	\$18,432,335	\$11,320,685	\$22,931,988	\$11,611,303

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$639,000	\$568,731	(\$70,269)
<b>Expenditures</b>			
Debt Service:			
Principal Retirement	1,983,800	1,840,000	143,800
Interest and Fiscal Charges	516,200	513,813	2,387
Bond Issuance Costs	25,000	171,180	(146,180)
<i>Total Expenditures</i>	<u>2,525,000</u>	<u>2,524,993</u>	<u>7</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,886,000)</u>	<u>(1,956,262)</u>	<u>(70,262)</u>
<b>Other Financing Sources</b>			
General Obligation Bonds Premium	0	378,070	378,070
Transfers In	1,761,000	1,761,000	0
<i>Total Other Financing Sources</i>	<u>1,761,000</u>	<u>2,139,070</u>	<u>378,070</u>
<i>Net Change in Fund Balance</i>	(125,000)	182,808	307,808
<i>Fund Balance Beginning of Year</i>	<u>862,918</u>	<u>862,918</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$737,918</u></u>	<u><u>\$1,045,726</u></u>	<u><u>\$307,808</u></u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvements Fund*  
*For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$0	\$20,118	\$20,118
Other	0	343	343
<i>Total Revenues</i>	<u>0</u>	<u>20,461</u>	<u>20,461</u>
<b>Expenditures</b>			
Capital Outlay:			
Contractual Services	1,136,366	920,058	216,308
Capital Outlay	16,594,167	13,290,424	3,303,743
Other	1,200	397	803
<i>Total Expenditures</i>	<u>17,731,733</u>	<u>14,210,879</u>	<u>3,520,854</u>
<i>Excess of Revenues Under Expenditures</i>	(17,731,733)	(14,190,418)	3,541,315
<b>Other Financing Sources</b>			
Transfers In	<u>11,000,000</u>	<u>11,000,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,731,733)	(3,190,418)	3,541,315
<i>Fund Balance Beginning of Year</i>	14,165,754	14,165,754	0
Prior Year Encumbrances Appropriated	<u>1,136,733</u>	<u>1,136,733</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,570,754</u></u>	<u><u>\$12,112,069</u></u>	<u><u>\$3,541,315</u></u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$423,000	\$524,243	\$101,243
Interest	2,000	8,016	6,016
<i>Total Revenues</i>	<u>425,000</u>	<u>532,259</u>	<u>107,259</u>
<b>Expenditures</b>			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	73,649	60,207	13,442
Capital Outlay	658,584	18,010	640,574
<i>Total Expenditures</i>	<u>732,233</u>	<u>78,217</u>	<u>654,016</u>
<i>Net Change in Fund Balance</i>	(307,233)	454,042	761,275
<i>Fund Balance Beginning of Year</i>	638,415	638,415	0
Prior Year Encumbrances Appropriated	<u>32,233</u>	<u>32,233</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$363,415</u></u>	<u><u>\$1,124,690</u></u>	<u><u>\$761,275</u></u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$34,600	\$42,506	\$7,906
Interest	400	2,126	1,726
<i>Total Revenues</i>	<u>35,000</u>	<u>44,632</u>	<u>9,632</u>
<b>Expenditures</b>			
Current:			
Public Services:			
Streets, Sidewalks, and Maintenance:			
Contractual Services	10,000	0	10,000
Capital Outlay	165,000	0	165,000
<i>Total Expenditures</i>	<u>175,000</u>	<u>0</u>	<u>175,000</u>
<i>Net Change in Fund Balance</i>	(140,000)	44,632	184,632
<i>Fund Balance Beginning of Year</i>	<u>216,003</u>	<u>216,003</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$76,003</u></u>	<u><u>\$260,635</u></u>	<u><u>\$184,632</u></u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Mayor's Court Improvement Fund*  
*For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Fines, Licenses and Permits	\$12,000	\$10,225	(\$1,775)
<b>Expenditures</b>			
Current:			
General Government:			
Mayor:			
Contractual Services	1,000	0	1,000
Materials and Supplies	4,000	720	3,280
Capital Outlay	45,000	2,526	42,474
<i>Total Expenditures</i>	50,000	3,246	46,754
<i>Net Change in Fund Balance</i>	(38,000)	6,979	44,979
<i>Fund Balance Beginning of Year</i>	50,789	50,789	0
<i>Fund Balance End of Year</i>	\$12,789	\$57,768	\$44,979

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Law Enforcement Trust Fund  
For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Fines, Licenses and Permits	\$0	\$12,949	\$12,949
Interest	2,000	2,591	591
Intergovernmental	348,000	53,414	(294,586)
<i>Total Revenues</i>	<u>350,000</u>	<u>68,954</u>	<u>(281,046)</u>
<b>Expenditures</b>			
Current:			
Public Safety:			
Police Department:			
Materials and Supplies	5,090	0	5,090
Capital Outlay	307,542	78,538	229,004
Other	20,000	0	20,000
<i>Total Expenditures</i>	<u>332,632</u>	<u>78,538</u>	<u>254,094</u>
<i>Net Change in Fund Balance</i>	17,368	(9,584)	(26,952)
<i>Fund Balance Beginning of Year</i>	370,893	370,893	0
Prior Year Encumbrances Appropriated	<u>7,632</u>	<u>7,632</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$395,893</u></u>	<u><u>\$368,941</u></u>	<u><u>(\$26,952)</u></u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Police Pension Fund  
For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$201,045	\$207,938	\$6,893
Intergovernmental	15,000	14,949	(51)
<i>Total Revenues</i>	216,045	222,887	6,842
<b>Expenditures</b>			
Current:			
Public Safety:			
Police Department:			
Personal Services	220,000	219,764	236
<i>Net Changes in Fund Balance</i>	(3,955)	3,123	7,078
<i>Fund Balance Beginning of Year</i>	26,417	26,417	0
<i>Fund Balance End of Year</i>	\$22,462	\$29,540	\$7,078

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Lights Fund  
For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Special Assessments	\$9,701	\$20,460	\$10,759
<b>Expenditures</b>			
Current:			
Public Safety:			
Police:			
Contractual Services	22,078	21,054	1,024
Other	220	203	17
<i>Total Expenditures</i>	22,298	21,257	1,041
<i>Net Change in Fund Balance</i>	(12,597)	(797)	11,800
<i>Fund Balance Beginning of Year</i>	98,550	98,550	0
Prior Year Encumbrances Appropriated	2,048	2,048	0
<i>Fund Balance End of Year</i>	\$88,001	\$99,801	\$11,800

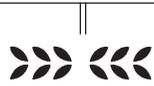
**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Year Ended December 31, 2017*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Charges for Services	\$250,000	\$179,475	(\$70,525)
<b>Expenses</b>			
Claims	<u>250,000</u>	<u>179,475</u>	<u>70,525</u>
<i>Net Change in Fund Equity</i>	0	0	0
<i>Fund Equity Beginning of Year</i>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,500,000</u></u>	<u><u>\$1,500,000</u></u>	<u><u>\$0</u></u>

**City of Beachwood, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Leo Weiss Trust Fund*  
*For the Year Ended December 31, 2017*

	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Interest	\$0	\$10	\$10
<b>Expenses</b>	0	0	0
<i>Net Change in Fund Equity</i>	0	10	10
<i>Fund Equity Beginning of Year</i>	1,183	1,183	0
<i>Fund Equity End of Year</i>	\$1,183	\$1,193	\$10

**STATISTICAL SECTION**



## Statistical Section

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

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014 (2)</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$70,352,464	\$72,371,648	\$68,776,471	\$68,483,072
Restricted	9,738,490	10,024,640	10,417,622	4,005,903
Unrestricted	<u>13,706,741</u>	<u>18,052,420</u>	<u>23,490,781</u>	<u>23,492,977</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$93,797,695</u>	<u>\$100,448,708</u>	<u>\$102,684,874</u>	<u>\$95,981,952</u>

(1) Reflects restated amount due to property taxes receivable overstatement.

(2) Reflects restated amount due to implementation of GASB 68.

2013	2012	2011	2010	2009	2008
\$69,178,482	\$69,977,360	\$67,950,971	\$63,035,089	\$71,402,619	\$72,898,821
9,570,500	4,405,108	4,752,490	4,887,268	6,235,047	6,676,611
40,034,861	37,588,939	35,358,483	33,534,624	30,286,504	32,938,913
<u>\$118,783,843</u>	<u>\$111,971,407</u>	<u>\$108,061,944</u>	<u>\$101,456,981</u>	<u>\$107,924,170</u>	<u>\$112,514,345</u>

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

	2017	2016	2015 (1)	2014	2013
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government (3)	\$62,204	\$123,970	\$50,062	\$47,133	\$63,237
Public Safety					
Police	920,482	944,331	738,114	881,280	533,700
Fire	1,067,227	1,118,208	1,040,227	972,782	907,496
Health and Welfare	151,837	175,440	183,947	148,586	119,648
Culture and Recreation	911,305	886,806	877,917	877,132	876,424
Building and Community Development	1,009,279	1,113,899	836,062	864,594	2,095,827
Operating Grants and Contributions	577,788	580,804	561,164	567,487	648,516
Capital Grants and Assessments	0	0	7,040,066	0	719,852
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>4,700,122</u>	<u>4,943,458</u>	<u>11,327,559</u>	<u>4,358,994</u>	<u>5,964,700</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	6,006,746	5,259,319	5,473,129	6,123,993	4,950,386
Public Safety					
Police	10,912,329	11,441,604	8,822,787	8,845,911	8,602,587
Fire	8,834,478	8,427,825	7,586,492	7,332,233	6,862,847
Public Services	17,334,140	13,799,108	12,630,671	13,373,133	12,271,829
Health and Welfare	653,796	624,340	582,497	576,967	513,481
Culture and Recreation	3,068,098	2,919,961	2,807,443	2,726,458	2,801,539
Building and Community Development	1,315,950	1,238,072	1,126,129	1,123,734	1,067,749
Interest and Fiscal Charges	510,788	546,941	458,314	785,182	823,376
<i>Total Governmental Activities Expenses</i>	<u>48,636,325</u>	<u>44,257,170</u>	<u>39,487,462</u>	<u>40,887,611</u>	<u>37,893,794</u>
<i>Total Primary Government Net Expense</i>	<u>(43,936,203)</u>	<u>(39,313,712)</u>	<u>(28,159,903)</u>	<u>(36,528,617)</u>	<u>(31,929,094)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Property and Other Local Taxes Levied For:					
General Purposes	2,391,231	2,200,373	427,661	3,081,419	2,936,550
Police Pension	193,890	178,401	36,662	253,704	241,277
Municipal Income Taxes Levied					
For General Purposes	31,142,611	31,406,702	31,413,201	29,394,461	29,892,959
Admission, Lodging, and Franchise Taxes	1,530,036	1,588,838	1,535,722	1,433,399	1,323,455
Estate Taxes (4)	16,795	12,140	34,935	1,762,024	2,580,934
Grants and Entitlements not Restricted to					
Specific Programs	873,277	399,031	407,038	436,170	385,209
Investment Earnings	282,320	279,519	148,034	169,279	174,277
Health Care Reimbursements (2)	539,444	486,753	455,050	573,207	530,652
Gain on Sale of Capital Assets	0	0	0	0	0
Other	315,586	525,789	404,522	638,345	676,217
<i>Total Governmental Activities</i>	<u>37,285,190</u>	<u>37,077,546</u>	<u>34,862,825</u>	<u>37,742,008</u>	<u>38,741,530</u>
<i>Total Primary Government</i>					
<i>Change in Net Position</i>	<u>(\$6,651,013)</u>	<u>(\$2,236,166)</u>	<u>\$6,702,922</u>	<u>\$1,213,391</u>	<u>\$6,812,436</u>

(1) Reflects restated amount due to overstatement of property taxes receivable. Due to a Ohio Board of Tax Appeals ruling, the Cleveland Clinic received property tax exemption status. The Cleveland Clinic and University Hospitals were both included in 2015 delinquent property taxes and should not have been. The significantly lower property tax amount in 2015 reflects the removal of these entities from delinquent property taxes.

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

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

In December, 2008, the City purchased a building that had tenants in it. During the course of 2009, several tenants left the building. As of December 31, 2012, all the tenants were out of the building.

(4) The Ohio Estate Tax law was repealed effective January 1, 2013.

2012	2011	2010	2009	2008
\$339,527	\$380,073	\$602,562	\$658,618	\$281,149
412,230	335,925	399,182	314,298	112,680
916,111	890,715	837,207	777,082	732,496
157,381	151,147	132,167	131,533	177,335
864,037	888,741	862,658	836,987	780,475
877,811	1,755,022	653,884	732,246	1,034,730
695,557	807,577	610,933	597,827	545,007
0	1,250,000	0	0	0
4,262,654	6,459,200	4,098,593	4,048,591	3,663,872
5,383,560	4,533,871	4,987,961	4,875,105	4,447,184
8,513,081	8,038,163	7,756,727	7,920,359	7,546,514
6,609,326	5,955,042	6,155,855	5,982,995	5,606,352
11,927,501	10,348,729	11,749,819	10,531,157	10,634,883
583,900	549,513	587,883	539,326	637,802
2,828,722	2,608,014	2,663,673	2,813,885	2,715,802
959,081	968,373	919,717	979,295	959,136
746,738	925,241	758,681	785,037	788,112
37,551,909	33,926,946	35,580,316	34,427,159	33,335,785
(33,289,255)	(27,467,746)	(31,481,723)	(30,378,568)	(29,671,913)
2,674,494	2,563,866	2,677,944	2,829,210	2,715,452
216,427	209,099	198,870	257,116	164,358
28,447,634	25,680,596	17,577,324	18,401,803	20,499,143
1,336,222	1,264,247	1,132,370	843,488	1,075,743
3,115,899	3,107,091	2,008,052	2,643,793	4,593,353
496,054	670,301	672,345	112,837	837,516
145,983	235,120	518,573	486,690	1,879,351
479,070	0	0	0	0
0	0	0	0	7,508
286,935	342,389	229,056	213,456	256,164
37,198,718	34,072,709	25,014,534	25,788,393	32,028,588
\$3,909,463	\$6,604,963	(\$6,467,189)	(\$4,590,175)	\$2,356,675

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

	2017	2016	2015	2014
General Fund				
Nonspendable	\$1,031,801	\$1,256,882	\$1,257,388	\$1,197,983
Restricted	0	0	0	0
Committed	330,578	209,021	348,655	390,694
Assigned	924,832	983,890	948,993	1,266,580
Unassigned	27,811,086	26,750,185	23,731,765	22,513,741
Reserved	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A
<i>Total General Fund</i>	<u>30,098,297</u>	<u>29,199,978</u>	<u>26,286,801</u>	<u>25,368,998</u>
All Other Governmental Funds				
Restricted	8,225,090	2,371,476	2,136,854	1,847,522
Committed	886,010	691,523	2,612,281	194,360
Assigned	11,669,582	14,010,045	16,159,439	13,142,368
Unassigned (Deficit)	0	0	0	0
Reserved	N/A	N/A	N/A	N/A
Undesignated, Reported in:				
Special Revenue Funds	N/A	N/A	N/A	N/A
Debt Service Fund	N/A	N/A	N/A	N/A
Capital Projects Fund	N/A	N/A	N/A	N/A
<i>Total All Other Governmental Funds</i>	<u>20,780,682</u>	<u>17,073,044</u>	<u>20,908,574</u>	<u>15,184,250</u>
<i>Total Governmental Funds</i>	<u><u>\$50,878,979</u></u>	<u><u>\$46,273,022</u></u>	<u><u>\$47,195,375</u></u>	<u><u>\$40,553,248</u></u>

Note: The City implemented GASB 54 in 2010.

2013	2012	2011	2010	2009	2008
\$1,081,452	\$1,057,697	\$991,572	\$806,724	\$886,564	N/A
0	0	0	4,493	13,504	N/A
261,150	233,569	1,045,377	985,486	18,286	N/A
1,572,707	1,195,872	1,302,093	936,551	1,432,489	N/A
28,648,180	26,374,028	20,560,840	15,477,145	19,147,388	N/A
N/A	N/A	N/A	N/A	N/A	\$1,201,553
N/A	N/A	N/A	N/A	N/A	25,397,007
<u>31,563,489</u>	<u>28,861,166</u>	<u>23,899,882</u>	<u>18,210,399</u>	<u>21,498,231</u>	<u>26,598,560</u>
1,776,045	1,438,347	1,602,649	1,471,463	4,561,898	N/A
25,657	385,869	1,278,616	2,821,695	142,401	N/A
5,596,712	507,438	2,481,856	5,131,599	5,771,923	N/A
0	0	(133,555)	0	0	N/A
N/A	N/A	N/A	N/A	N/A	345,633
N/A	N/A	N/A	N/A	N/A	848,257
N/A	N/A	N/A	N/A	N/A	522,545
N/A	N/A	N/A	N/A	N/A	5,827,360
<u>7,398,414</u>	<u>2,331,654</u>	<u>5,229,566</u>	<u>9,424,757</u>	<u>10,476,222</u>	<u>7,543,795</u>
<u>\$38,961,903</u>	<u>\$31,192,820</u>	<u>\$29,129,448</u>	<u>\$27,635,156</u>	<u>\$31,974,453</u>	<u>\$34,142,355</u>

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

	2017	2016	2015	2014	2013
<b>Revenues</b>					
Property and Other Taxes	\$2,772,437	\$2,663,259	\$2,527,134	\$2,738,844	\$2,569,556
Municipal Income Taxes	30,875,367	33,039,556	30,538,900	29,169,007	29,578,663
Charges for Services	2,811,098	2,941,291	2,599,402	2,344,939	2,218,880
Fines, Licenses, and Permits	1,290,776	1,410,447	1,117,554	1,436,960	2,367,813
Intergovernmental	1,456,226	973,729	966,119	1,004,968	1,057,115
Estate Taxes	16,795	12,140	34,935	1,812,554	2,757,334
Admission Taxes	340,084	326,335	331,403	337,476	352,854
Lodging Taxes	1,056,185	1,121,150	1,059,815	977,506	843,102
Franchise Taxes	133,767	141,353	144,504	118,417	127,499
Rentals (1)	0	0	0	0	0
Health Care Reimbursements (2)	539,444	486,753	455,050	573,207	530,652
Special Assessments	609,309	701,663	466,165	531,205	467,562
Interest	290,336	283,735	150,277	172,286	177,324
Other	315,586	525,789	404,522	638,345	676,217
<b>Total Revenues</b>	<b>42,507,410</b>	<b>44,627,200</b>	<b>40,795,780</b>	<b>41,855,714</b>	<b>43,724,571</b>
<b>Expenditures</b>					
Current:					
General Government	5,201,196	4,766,021	4,983,494	5,008,868	4,494,993
Public Safety					
Police	9,770,097	10,455,847	8,765,233	8,740,855	8,556,641
Fire	7,565,990	7,488,100	7,093,500	6,994,656	6,620,419
Public Services	9,874,685	9,935,088	9,717,072	10,844,374	8,700,525
Health and Welfare	674,271	596,923	578,049	624,272	507,654
Culture and Recreation	2,509,420	2,464,090	2,464,934	2,319,497	2,414,088
Building and Community Development	1,140,131	1,200,045	1,110,528	1,108,407	1,063,829
Capital Outlay	8,018,740	6,187,647	2,807,187	2,305,856	1,291,946
Debt Service:					
Principal Retirement	1,840,000	1,835,000	1,785,000	1,800,000	1,750,000
Interest and Fiscal Charges	513,813	620,792	488,226	517,584	555,393
Bond Issuance Costs	171,180	0	0	0	0
<b>Total Expenditures</b>	<b>47,279,523</b>	<b>45,549,553</b>	<b>39,793,223</b>	<b>40,264,369</b>	<b>35,955,488</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<b>(4,772,113)</b>	<b>(922,353)</b>	<b>1,002,557</b>	<b>1,591,345</b>	<b>7,769,083</b>
<b>Other Financing Sources (Uses)</b>					
Payment to Refunded Bond Escrow Account	0	0	0	0	0
Premium on Bonds	378,070	0	324,570	0	0
General Obligation Bonds Issued	9,000,000	0	0	0	0
Special Assessment Bonds Issued	0	0	5,315,000	0	0
Transfers In	12,761,000	3,766,400	4,766,400	11,810,604	7,805,204
Transfers Out	(12,761,000)	(3,766,400)	(4,766,400)	(11,810,604)	(7,805,204)
<b>Total Other Financing Sources (Uses)</b>	<b>9,378,070</b>	<b>0</b>	<b>5,639,570</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>\$4,605,957</b>	<b>(\$922,353)</b>	<b>\$6,642,127</b>	<b>\$1,591,345</b>	<b>\$7,769,083</b>
Debt Service as a Percentage of Noncapital Expenditures	6.12%	6.49%	6.28%	6.37%	6.74%

(1) Starting in 2009, the City collected rental income from two tenants at the Commerce Park building. In 2010, the City also received rental income from the Beachwood Business Development Center. All renters were out of the building by the end of 2012.

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

2012	2011	2010	2009	2008
\$2,569,986	\$2,471,516	\$2,763,319	\$2,895,836	\$2,792,537
28,162,508	25,227,131	17,821,568	18,325,854	20,440,036
2,109,663	1,994,018	2,051,510	1,856,303	1,782,627
1,145,214	2,018,317	1,027,705	995,331	1,324,213
1,210,255	2,709,877	1,269,519	1,240,557	939,868
3,045,450	3,201,902	1,969,753	2,430,800	4,593,353
399,449	414,334	342,934	130,552	143,979
805,323	729,988	677,536	607,839	809,102
131,450	119,925	111,900	105,097	122,662
302,336	358,037	395,509	585,813	n/a
479,070	n/a	n/a	n/a	n/a
456,852	463,637	814,873	887,830	1,025,493
149,040	238,581	527,591	506,963	1,879,351
286,935	342,389	229,056	213,456	256,164
41,253,531	40,289,652	30,002,773	30,782,231	36,109,385
4,711,020	3,989,615	4,398,424	4,257,790	4,017,322
8,247,989	7,774,404	7,726,739	7,820,112	7,807,378
7,164,341	6,671,619	6,244,404	5,879,094	5,648,187
9,033,212	8,598,504	8,067,990	7,776,652	8,122,295
578,073	560,421	583,933	535,376	624,426
2,428,076	2,203,271	2,254,874	2,401,030	2,301,474
946,654	965,898	907,177	964,252	960,151
3,769,159	5,678,719	8,630,423	1,261,144	8,036,268
1,710,000	1,565,000	1,290,000	1,255,000	1,250,000
601,636	787,909	729,137	799,683	802,790
112,808	0	173,098	0	0
39,302,968	38,795,360	41,006,199	32,950,133	39,570,291
1,950,563	1,494,292	(11,003,426)	(2,167,902)	(3,460,906)
(6,427,283)	0	(4,871,983)	0	0
290,092	0	226,112	0	0
6,250,000	0	12,810,000	0	0
0	0	0	0	0
2,650,000	1,841,363	1,037,923	5,107,562	5,036,263
(2,650,000)	(1,841,363)	(2,537,923)	(5,107,562)	(5,036,263)
112,809	0	6,664,129	0	0
\$2,063,372	\$1,494,292	(\$4,339,297)	(\$2,167,902)	(\$3,460,906)
6.83%	7.79%	6.28%	8.52%	6.68%

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

Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits
2017	2.00%	\$31,142,611	\$24,602,663	79.00%	\$3,955,112
2016	2.00	31,406,702	25,439,429	81.00	3,580,364
2015	2.00	31,413,201	25,036,321	79.70	4,177,956
2014	2.00	29,394,461	24,221,036	82.40	3,027,629
2013	2.00	29,892,959	23,884,474	79.90	4,065,442
2012	2.00	28,447,634	22,729,660	79.90	3,698,192
2011	2.00	25,680,596	21,494,659	83.70	2,619,421
2010	1.50	17,577,324	14,940,725	85.00	1,581,959
2009	1.50	18,401,803	14,905,460	81.00	2,208,216
2008	1.50	20,499,143	16,255,820	79.30	2,254,906

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

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

Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
12.70%	\$2,584,837	8.30%
11.40	2,386,909	7.60
13.30	2,198,924	7.00
10.30	2,145,796	7.30
13.60	1,943,042	6.50
13.00	2,019,782	7.10
10.20	1,566,516	6.10
9.00	1,054,639	6.00
12.00	1,288,126	7.00
11.00	1,988,417	9.70

**City of Beachwood, Ohio**  
*Income Tax Statistics*  
 2016 (1) and Nine Years Ago

2016				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,029	25.40%	\$9,197,238	1.83%
\$25,000-\$49,999	540	13.33	19,925,599	3.97
\$50,000-\$74,999	489	12.07	30,043,036	5.99
\$75,000-\$99,999	382	9.43	33,530,605	6.68
Over \$100,000	1,611	39.77	409,101,171	81.53
Total	<u>4,051</u>		<u>\$501,797,649</u>	

2007				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0-\$24,999	1,263	33.83%	\$10,263,004	2.86%
\$25,000-\$49,999	587	15.72	21,559,322	6.02
\$50,000-\$74,999	430	11.52	26,812,840	7.48
\$75,000-\$99,999	324	8.68	28,083,345	7.84
Over \$100,000	1,129	30.25	271,701,078	75.80
Total	<u>3,733</u>		<u>\$358,419,589</u>	

(1) 2016 is the latest information available.

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

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

2017	
Taxpayer	Ranking
Cleveland Clinic Foundation	1
* Eaton Corporation	2
* University Hospitals	3
Developers Diversified	4
Menorah Park Center	5
BASF, Corporation	6
Tremco Incorporated	7
Beachwood City School District	8
Aleris Ohio Management	9
* OMNOVA	10

2008	
Taxpayer	Ranking
Bank of America	1
Cleveland Clinic Foundation	2
Developers Diversified	3
Lamson & Sessions	4
Menorah Park Center	5
Brulant Incorporated	6
Termco Incorporated	7
Aleris Ohio Management	8
Hexagram Inc.	9
Beachwood City School District	10

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

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

Source: Regional Income Tax Agency

**City of Beachwood, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2017	2016	2015	2014
Total Assessed Property Value	<u>\$759,604,780</u>	<u>\$756,858,970</u>	<u>\$813,853,540</u>	<u>\$806,226,910</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$18,195,000	\$10,655,000	\$12,085,000	\$13,470,000
Bond Anticipation Notes	0	0	0	5,200,000
Special Assessment Bonds	<u>5,765,000</u>	<u>6,145,000</u>	<u>6,550,000</u>	<u>1,635,000</u>
Total Gross Indebtedness	23,960,000	16,800,000	18,635,000	20,305,000
Less:				
Special Assessment Bonds	(5,765,000)	(6,145,000)	(6,550,000)	(1,635,000)
Debt Service Fund Balance	<u>(1,045,726)</u>	<u>(862,918)</u>	<u>(785,931)</u>	<u>(438,574)</u>
Total Net Debt Applicable to Debt Limit	<u>17,149,274</u>	<u>9,792,082</u>	<u>11,299,069</u>	<u>18,231,426</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>79,758,502</u>	<u>79,470,192</u>	<u>85,454,622</u>	<u>84,653,826</u>
Legal Debt Margin within 10 1/2% Limitation	<u>\$62,609,228</u>	<u>\$69,678,110</u>	<u>\$74,155,553</u>	<u>\$66,422,400</u>
Legal Debt Margin as a Percentage of the Debt Limit	78.50%	87.68%	86.78%	78.46%
Unvoted Debt Limitation 5 1/2% of Assessed Valuation	<u>\$41,778,263</u>	<u>\$41,627,243</u>	<u>\$44,761,945</u>	<u>\$44,342,480</u>
Total Gross Indebtedness	23,960,000	16,800,000	18,635,000	20,305,000
Less:				
Special Assessment Bonds	(5,765,000)	(6,145,000)	(6,550,000)	(1,635,000)
Debt Service Fund Balance	<u>(1,045,726)</u>	<u>(862,918)</u>	<u>(785,931)</u>	<u>(438,574)</u>
Net Debt within 5 1/2% Limitation	<u>17,149,274</u>	<u>9,792,082</u>	<u>11,299,069</u>	<u>18,231,426</u>
Unvoted Legal Debt Margin within 5 1/2% Limitation	<u>\$24,628,989</u>	<u>\$31,835,161</u>	<u>\$33,462,876</u>	<u>\$26,111,054</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	58.95%	76.48%	74.76%	58.88%

Source: City Financial Records

2013	2012	2011	2010	2009	2008
<u>\$797,823,180</u>	<u>\$796,838,720</u>	<u>\$789,545,600</u>	<u>\$764,670,350</u>	<u>\$746,489,090</u>	<u>\$771,255,529</u>
\$14,885,000	\$16,265,000	\$17,130,000	\$18,350,000	\$10,750,000	\$11,300,000
5,200,000	5,200,000	6,000,000	6,000,000	3,000,000	3,000,000
<u>2,020,000</u>	<u>2,390,000</u>	<u>2,755,000</u>	<u>3,100,000</u>	<u>3,735,000</u>	<u>4,440,000</u>
22,105,000	23,855,000	25,885,000	27,450,000	17,485,000	18,740,000
(2,020,000)	(2,390,000)	(2,755,000)	(3,100,000)	(3,735,000)	(4,440,000)
<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>	<u>(619,113)</u>	<u>(521,467)</u>	<u>(522,545)</u>
<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>	<u>23,730,887</u>	<u>13,228,533</u>	<u>13,777,455</u>
<u>83,771,434</u>	<u>83,668,066</u>	<u>82,902,288</u>	<u>80,290,387</u>	<u>78,381,354</u>	<u>80,981,831</u>
<u>\$64,084,034</u>	<u>\$62,626,656</u>	<u>\$60,355,713</u>	<u>\$56,559,500</u>	<u>\$65,152,821</u>	<u>\$67,204,376</u>
76.50%	74.85%	72.80%	70.44%	83.12%	82.99%
<u>\$43,880,275</u>	<u>\$43,826,130</u>	<u>\$43,425,008</u>	<u>\$42,056,869</u>	<u>\$41,056,900</u>	<u>\$42,419,054</u>
22,105,000	23,855,000	25,885,000	27,450,000	17,485,000	18,740,000
(2,020,000)	(2,390,000)	(2,755,000)	(3,100,000)	(3,735,000)	(4,440,000)
<u>(397,600)</u>	<u>(423,590)</u>	<u>(583,425)</u>	<u>(619,113)</u>	<u>(521,467)</u>	<u>(522,545)</u>
<u>19,687,400</u>	<u>21,041,410</u>	<u>22,546,575</u>	<u>23,730,887</u>	<u>13,228,533</u>	<u>13,777,455</u>
<u>\$24,192,875</u>	<u>\$22,784,720</u>	<u>\$20,878,433</u>	<u>\$18,325,982</u>	<u>\$27,828,367</u>	<u>\$28,641,599</u>
55.13%	51.99%	48.08%	43.57%	67.78%	67.52%

**City of Beachwood, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2017*

	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Beachwood
<b>Direct - City of Beachwood, Ohio</b>			
General Obligation Bonds	\$18,822,122	100.00%	\$18,822,122
Special Assessment Bonds	6,050,351	100.00%	6,050,351
<i>Total Direct</i>	<u>24,872,473</u>		<u>24,872,473</u>
<b>Overlapping</b>			
Beachwood City Schools			
General Obligation Bonds	28,550,619	100.00%	28,550,619
Notes Payable	6,524,414	100.00%	6,524,414
Capital Leases	59,169	100.00%	59,169
Cuyahoga County			
General Obligation Bonds	222,259,855	2.72%	6,045,468
Revenue Bonds	712,717,846	2.72%	19,385,925
Certificates of Participation	246,517,627	2.72%	6,705,279
Loans Payable	1,677,337	2.72%	45,624
Capital Leases	361,144,312	2.72%	9,823,125
Regional Transit Authority	128,708,087	2.72%	3,500,860
<i>Total Overlapping</i>	<u>1,708,159,266</u>		<u>80,640,484</u>
<i>Totals</i>	<u><u>\$1,733,031,739</u></u>		<u><u>\$105,512,957</u></u>

Source: Cuyahoga County, Ohio; Fiscal Officer

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

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

Year	General Bonded Debt	Total Assessed Property Value	Percentage of Assessed Property Value	Per Capita (2)
2017	\$18,822,122	\$759,604,780	2.48%	\$1,575
2016	10,948,316	756,858,970	1.45	916
2015	12,422,396	813,853,540	1.53	1,039
2014	13,851,686	806,226,910	1.72	1,159
2013	15,310,976	797,823,180	1.92	1,281
2012	16,735,266	796,838,720	2.10	1,400
2011	17,459,539	789,545,600	2.21	1,461
2010	18,427,896	764,670,350	2.41	1,542
2009	10,894,484	746,489,090	1.46	894
2008	11,454,116	771,255,529	1.49	940

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

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

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Other Governmental  
Activities Debt

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Special Assessment Bonds	Total Debt	Percentage of Personal Income (2)	Per Capita (2)
\$6,050,351	\$24,872,473	4.33%	\$2,081
6,446,580	17,394,896	3.03	1,455
6,867,808	19,290,204	3.36	1,614
1,635,000	15,486,686	2.70	1,296
2,020,000	17,330,976	3.02	1,450
2,390,000	19,125,266	3.33	1,600
2,755,000	20,214,539	3.52	1,691
3,100,000	21,527,896	3.75	1,801
3,735,000	14,629,484	2.96	1,201
4,440,000	15,894,116	3.22	1,304

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

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Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2017	11,953	\$573,863,530	\$48,010	\$71,932	52.5
2016	11,953	573,863,530	48,010	71,932	52.5
2015	11,953	573,863,530	48,010	71,932	52.5
2014	11,953	573,863,530	48,010	71,932	52.5
2013	11,953	573,863,530	48,010	71,932	52.5
2012	11,953	573,863,530	48,010	71,932	52.5
2011	11,953	573,863,530	48,010	71,932	52.5
2010	11,953	573,863,530	48,010	65,406	51.6
2009	12,186	493,642,674	40,509	65,406	51.6
2008	12,186	493,642,674	40,509	65,406	51.6

- (1) Source: 2010 and 2000 U.S. Census.  
(2) Source: Beachwood City Schools  
(3) Computation of per capita personal income multiplied by population.  
(4) Ohio Labor Market Website: [www.lmi.state.oh.us](http://www.lmi.state.oh.us)  
(5) Source: Cuyahoga County Fiscal Officer

School Enrollment (2)	Educational Attainment: Bachelor's Degree or Higher (1)	Cuyahoga County Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value
1,510	55.6%	5.9%	\$301,775	\$759,604,780
1,498	55.6	5.4	282,364	756,858,970
1,435	55.6	5.0	277,514	813,853,540
1,414	55.6	6.4	269,365	806,226,910
1,497	55.6	7.2	274,896	797,823,180
1,536	55.6	7.1	252,595	796,838,720
1,552	55.6	8.0	231,819	789,545,600
1,524	50.9	8.6	281,328	764,670,350
1,598	50.9	9.2	276,796	746,489,090
1,571	50.9	7.1	269,676	771,255,529

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

2017		
Employer	Employees	Percentage of Total
Cleveland Clinic Foundation	2,894	11.46%
University Hospitals	1,959	7.76
Menorah Park Center	1,200	4.75
Eaton Corporation	861	3.41
Beachwood City School District	559	2.21
City of Beachwood	501	1.98
Lifetime Fitness Club	469	1.86
Montefiore Home	464	1.84
Developers Diversified	457	1.81
Penske Logistics	319	1.26
Total	<u>9,683</u>	<u>38.35%</u>
Total Employment within the City	<u>25,247</u>	

2008		
Employer	Employees	Percentage of Total
Bank of America	2,301	9.28%
Cleveland Clinic Foundation	1,204	4.85
Menorah Park Center	998	4.02
Beachwood Board of Education	586	2.36
City of Beachwood	488	1.97
Developers Diversified	450	1.81
Brulant	295	1.19
Tremco Incorporated	288	1.16
Hexagram	225	0.91
Aleris Ohio Management	177	0.71
Total	<u>7,012</u>	<u>28.27%</u>
Total Employment within the City	<u>24,805</u>	

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

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

<b>Function/Program</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>General Government</b>				
Square Footage Occupied	70,786	70,786	70,786	70,786
Vehicles	2	2	2	2
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	72,254	72,254	72,254	72,254
Vehicles	31	33	33	34
<b>Fire Station</b>				
Stations	2	2	2	2
Square Footage of Fire Station #1	21,970	21,970	21,970	21,970
Square Footage of Fire Station #2	5,472	5,472	5,472	5,472
Vehicles	16	16	15	15
<b>Public Service</b>				
Streets (miles)	46	46	46	46
Vehicles	66	68	63	60
Square Footage of Building (1)	198,000	198,000	198,000	198,000
<b>Health and Welfare</b>				
Vehicles	6	5	4	4
<b>Culture and Recreation</b>				
Number of Parks	2	2	2	2
Number of Pools	1	1	1	1
Vehicles	1	1	1	1
Square Footage of Community Center	14,000	14,000	14,000	14,000
<b>Building and Community Development</b>				
Vehicles	6	6	6	6

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

Source: City Hall records

2013	2012	2011	2010	2009	2008
70,786 2	70,786 2	70,786 2	70,786 2	70,786 2	70,786 2
1 72,254 35	1 72,254 35	1 72,254 35	1 72,254 35	1 72,254 35	1 72,254 35
2 21,970 5,472 14	2 21,970 5,472 14	2 21,970 5,472 13	2 21,970 5,472 13	2 21,970 5,472 12	2 21,970 5,472 12
46 56 198,000	46 56 198,000	46 54 198,000	46 54 41,285	46 54 41,285	46 56 41,285
3	3	3	2	2	3
2 1 2 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000	2 1 2 14,000
6	6	6	6	6	7

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

Function/Program	2017	2016	2015	2014
<b>General Government</b>				
Number of Ordinances and Resolutions	171	168	187	152
Number of non-payroll checks processed	4,286	4,326	4,234	4,280
Number of purchase orders issued	3,839	4,233	4,363	4,445
<b>Public Safety</b>				
<b>Police</b>				
Total arrests	955	745	733	N/A
Drug arrests	157	34	7	N/A
OVI arrests (formally DUI)	87	107	102	97
Warrants served	398	301	248	322
<b>Fire</b>				
Total EMS and Fire responses	5,178	5,262	4,980	4,609
Total Fire responses	979	985	957	907
Total EMS responses	4,199	4,277	4,023	3,702
Routine fire safety inspections	666	657	1,385	1,525
Re-inspections	373	306	611	830
New construction inspections	104	150	151	151
<b>Public Services</b>				
Tons of rubbish picked up	3,380	3,297	3,416	3,310
Tons of leaves collected for recycling	409	409	405	2,835
Number of trees planted	255	428	469	145
Number of catch basins cleaned and repaired	205	439	495	545
Tons of cold patch used	10	199	20	20
Yards of concrete poured and finished	662	1,275	530	1,152
Tons of salt purchased	8,414	7,345	10,532	16,457
<b>Health and Welfare</b>				
Number of senior trips planned	77	74	75	71
<b>Culture and Recreation</b>				
Total attendance at Aquatic Center	46,179	48,482	49,401	44,031
<b>Building and Community Development</b>				
Number of permits issued	365	419	454	375

N/A - Data not available

Source: City records

2013	2012	2011	2010	2009	2008
167	202	180	176	160	186
4,137	4,417	4,299	4,269	4,693	5,321
4,143	4,290	4,060	4,077	4,496	4,787
1,037	723	496	729	650	631
34	18	20	20	25	14
61	42	65	55	67	71
116	147	138	119	140	153
4,593	4,514	4,589	4,209	4,087	4,038
1,351	1,365	1,445	1,189	1,138	1,068
3,242	3,149	3,144	3,020	2,949	2,970
1,137	1,248	1,582	1,031	1,105	1,403
930	1,045	1,232	707	860	942
359	310	220	232	145	203
3,296	3,189	3,488	3,714	3,933	4,208
2,640	2,600	2,670	2,670	3,195	3,564
204	236	146	327	270	201
527	461	431	324	443	374
19	23	52	17	37	55
514	1,381	678	740	450	507
8,262	3,908	13,659	10,363	7,178	12,712
69	71	51	57	66	64
45,049	49,504	48,000	55,757	53,262	54,001
329	334	309	189	167	210

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

	2017	2016 (2)	2015	2014
General Government				
Council	7.0	7.0	7.0	7.0
Mayor's Office	3.0	3.0	3.0	3.0
Economic Development (1)	1.0	2.0	2.0	2.0
Finance	12.0	9.0	11.0	11.0
Law	3.5	2.5	4.5	4.5
Public Safety				
Police Administration	6.0	3.0	3.0	3.0
Police Officers	44.0	40.0	43.0	40.0
Dispatchers	15.0	14.0	15.0	13.0
Police - Correction Officers	9.0	9.0	10.0	9.0
Police - Crossing Guards	6.0	6.5	6.5	6.5
Fire Administration	5.0	6.0	6.0	6.5
Fire Fighters	42.0	40.0	42.0	42.0
Public Service	60.0	59.5	57.5	55.0
Culture and Recreation				
Human Services	5.5	5.5	5.0	5.5
Recreation Administration	8.0	8.0	8.0	8.0
Recreation Camps	51.5	47.0	48.5	50.5
Recreation Sports	6.0	7.0	6.5	8.5
Recreation Other	6.5	10.0	10.5	9.5
Pool and Parks	30.0	30.5	31.5	32.5
Building and Community Development				
Building Department	10.5	9.5	10.5	10.5
Total	331.5	319.0	331.0	327.5

Source: City of Beachwood records

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

Counts are as of December 31 of each year.

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

(2) The decrease in total employees is mostly due to nine full-time vacancies as of December 31, 2016.

2013	2012	2011	2010	2009	2008
7.0	7.0	7.0	7.0	7.0	7.0
3.0	3.0	3.0	3.0	3.0	3.0
2.0	1.5	0.0	2.0	0.0	0.0
11.0	11.5	12.5	12.5	15.0	12.0
2.5	2.5	2.5	2.5	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0
43.0	39.0	42.0	41.0	43.0	42.0
15.0	15.0	12.0	11.0	12.0	12.0
9.5	9.0	9.0	9.0	9.0	8.0
6.5	6.5	6.5	7.0	7.0	7.0
6.5	6.5	5.5	5.0	5.0	5.0
39.0	38.0	36.0	38.0	42.0	39.0
55.0	59.5	56.5	53.5	56.5	57.0
5.5	5.5	5.0	6.0	6.0	6.0
8.0	8.0	6.5	7.5	7.0	7.0
50.0	45.0	46.0	44.5	37.0	38.0
8.5	10.0	10.5	14.0	14.0	14.0
9.5	9.5	10.5	8.5	15.0	15.0
36.5	37.0	38.0	39.0	41.0	40.0
10.5	9.5	9.0	11.0	11.0	11.0
331.5	326.5	321.0	325.0	336.5	329.0

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