



Dave Yost • Auditor of State

**CITY OF BROADVIEW HEIGHTS
CUYAHOGA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

City of Broadview Heights
Cuyahoga County
9543 Broadview Road
Broadview Heights, Ohio 44147

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire Levy funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 31, 2011

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The discussion and analysis of the City of Broadview Heights' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- The City's net assets increased approximately \$.9 million as a result of this year's operations. Net assets of our governmental activities increased by \$1.5 million, or 4.5% while business-type activities decreased by approximately \$.6 million, or 10.5%.
- The City had \$18.2 million in expenses related to governmental activities; \$4.9 million of these expenses was offset by program specific charges for services, grants, contributions and interest. General revenues (primarily taxes) of \$14.8 million were enough to cover expenses for an increase in net assets of \$1.5 million.
- The City's business-type activities had \$1.9 million in expenses offset by \$1.2 million in program revenues. The \$.02 million in general revenues were not adequate to provide for these programs.
- The general fund, the City's largest major fund, had revenues of \$12.0 million in 2010, an increase of \$1.1 million or 10% from 2009 revenues. The expenditures of the general fund totaled \$10.3 million in 2010, a decrease of \$.5 million or 4.2% from 2009 expenditures.
- Capital assets of the governmental activities decreased \$.8 million and business-type activities decreased \$.5 million through depreciation exceeding acquisitions. At the end of 2010, the City had \$.7 million in road and storm sewer improvement projects in progress.
- The City did not issue any new debt in 2010 and retired \$1.3 million in bonds and loans.

The Statement of Net Assets and the Statement of Activities (on pages 13 and 14-15, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 16. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off or worse off as a result of the year's activities?". The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (land, roads, building, water and sewer lines etc...) to assess the *overall health* of the City.

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

- **Governmental Activities** - Most of the City's basic services are reported here, including the police, fire, street and highway maintenance, capital improvement, vehicle acquisition, parks and recreation, and general administrative. Income taxes, property taxes, undivided local government, ambulance user fees and state and federal grants finance most of these activities.
- **Business-Type Activities** - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sanitation operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 10. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds are governmental, proprietary and fiduciary, which use different accounting approaches.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Governmental Funds - Most of the City's basic 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. 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation alongside the fund financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, fire levy fund, general bond retirement fund and streets capital improvement fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the general fund and fire levy fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 16.

Proprietary Funds - When the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business-type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements begin on page 22.

Fiduciary Funds - These 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. The accounting for the fiduciary funds is much like that used to account for proprietary funds.

The fiduciary fund financial statements begin on page 25.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 27.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The City as a Whole

Recall that the Statement of Net Assets provides the perspective of the City as a whole.

Table 1 provides a summary of the City's net assets for 2010 compared to 2009:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$ 17,677,817	\$ 16,527,044	\$ 1,474,879	\$ 1,523,024	\$ 19,152,696	\$ 18,050,068
Capital Assets, Net	31,478,923	32,315,809	3,543,991	4,061,013	35,022,914	36,376,822
Total Assets	49,156,740	48,842,853	5,018,870	5,584,037	54,175,610	54,426,890
Liabilities						
Current and Other Liabilities	4,239,303	4,162,048	28,009	13,824	4,267,312	4,175,872
Long Term Liabilities						
Due Within One Year	1,642,808	1,700,495	6,773	4,741	1,649,581	1,705,236
Due in More than One Year	9,449,885	10,611,245	23,352	23,069	9,473,237	10,634,314
Total Liabilities	15,331,996	16,473,788	58,134	41,634	15,390,130	16,515,422
Net Assets						
Invested in Capital Assets Net of Debt	22,930,338	22,633,964	3,543,991	4,061,013	25,468,999 *	25,631,194
Restricted						
Other Purposes	777,874	817,950	0	0	777,874	817,950
Debt Service	4,903,467	5,154,633	0	0	4,903,467	5,154,633
Capital Projects	1,463,189	1,049,956	0	0	1,463,189	1,049,956
Unrestricted	3,749,876	2,712,562	1,416,745	1,481,390	6,171,951 *	5,257,735
Total Net Assets	\$ 33,824,744	\$ 32,369,065	\$ 4,960,736	\$ 5,542,403	\$ 38,785,480	\$ 37,911,468

* The totals for governmental and business-type activities represents their respective investment in capital assets, net of related debt, and the total of the City reflects all capital assets and debt which includes debt for business-type assets recorded in the governmental activities. See Note 12 for more information.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The City's *combined* net assets changed from a year ago, *increasing* from \$37.9 million to \$38.8 million.

Net assets in the City's governmental activities increased by 4.5% (\$33.8 million compared to \$32.4 million). Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased approximately \$1.0 million. Restricted net assets, those restricted mainly for capital projects and special purposes such as street cleaning or maintenance increased by \$.4 million. Net assets restricted for debt obligations decreased \$.3 million through principal retirement. The investments in capital assets, net of debt category increased by \$.3 million. The City continued to pay down its debt and kept costs under control contributing to the increase in governmental net assets.

Net assets in the City's business-type activities decreased by 10.5%. The City can only use these net assets to finance the continuing operations of sanitary sewer maintenance.

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 2,958,172	\$ 2,586,218	\$ 1,250,211	\$ 1,302,733	\$ 4,208,383	\$ 3,888,951
Operating Grants and Contributions	938,467	1,093,073	0	0	938,467	1,093,073
Capital Grants and Contributions	923,836	116,478	0	0	923,836	116,478
Total Program Revenues	4,820,475	3,795,769	1,250,211	1,302,733	6,070,686	5,098,502
<i>General Revenues:</i>						
City Income Taxes	8,327,837	8,739,221	0	0	8,327,837	8,739,221
Property Taxes	3,552,790	3,775,713	0	0	3,552,790	3,775,713
Hotel Tax	3,333	3,969	0	0	3,333	3,969
Grants and Contributions	2,032,828	1,876,618	0	0	2,032,828	1,876,618
Interest and Investment Earnings	2,284	10,420	460	1,582	2,744	12,002
Other	914,279	102,112	19,985	27,903	934,264	130,015
Total General Revenues	14,833,351	14,508,053	20,445	29,485	14,853,796	14,537,538
Total Revenues	19,653,826	18,303,822	1,270,656	1,332,218	20,924,482	19,636,040
Program Expenses						
General Government	5,022,400	5,284,704	0	0	5,022,400	5,284,704
Security of Persons and Property	6,854,355	7,393,789	0	0	6,854,355	7,393,789
Public Health	285,220	306,623	0	0	285,220	306,623
Community Development	441,120	418,668	0	0	441,120	418,668
Transportation	3,181,851	3,394,636	0	0	3,181,851	3,394,636
Basic Utility	934,767	904,650	0	0	934,767	904,650
Leisure Time Activities	998,317	951,585	0	0	998,317	951,585
Interest on Long Term Debt	480,117	538,160	0	0	480,117	538,160
Sewer Maintenance	0	0	1,852,323	1,826,562	1,852,323	1,826,562
Total Expenses	18,198,147	19,192,815	1,852,323	1,826,562	20,050,470	21,019,377
Increase (Decrease) in Net Assets	\$ 1,455,679	\$ (888,993)	\$ (581,667)	\$ (494,344)	\$ 874,012	\$ (1,383,337)

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Governmental Activities

Governmental activities increased the City's net assets by \$1.5 million, or 4.5%. An increase in grants for road projects and proceeds from the sale of an easement contributed to this increase.

Revenues provided by specific programs include charges for services which are 15.0% of all governmental revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another 9.5% in 2010.

The 2% income tax is the largest revenue source for the City. Income tax revenues are allocated based on City ordinance. The revenue and expense of collection of the income tax is allocated among the General Fund, the Fire Levy Fund, the Safety Equipment Fund, the Service Equipment Fund, the Fire Equipment Fund, the Streets Capital Improvement Fund and the Storm Sewer Maintenance Fund. Income taxes account for 42.4% of the total revenue of the governmental activities.

Another major component of general revenue is property taxes, which amounted to 18.1% of total revenues. Grants and contributions and other revenue make up the remaining 15% of governmental activities revenues.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	2010		2009	
	Total Cost	Net Cost	Total Cost	Net Cost
General Government	\$ 5,022,400	\$ 3,412,429	\$ 5,284,704	\$ 3,935,109
Security of Persons and Property	6,854,355	6,274,459	7,393,789	6,826,796
Public Health	285,220	285,220	306,623	306,623
Community Development	441,120	437,670	418,668	416,868
Transportation	3,181,851	1,387,554	3,394,636	2,416,816
Basic Utility	934,767	934,767	904,650	904,650
Leisure Time	998,317	166,234	951,585	108,225
Interest and Fiscal Charges	480,117	479,339	538,160	481,959
<i>Total Expenses</i>	<u>\$ 18,198,147</u>	<u>\$ 13,377,672</u>	<u>\$ 19,192,815</u>	<u>\$ 15,397,046</u>

The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. The net cost of transportation decreased substantially from 2009, which is primarily due to the timing of grant funds received at year end for road repairs to be done in 2011.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Business-Type Activities

The City's only Enterprise Fund is the the Sewer Maintenance Fund. For a description of this fund, see accompanying Notes to the Basic Financial Statements.

The Sewer Maintenance net assets decreased by \$.6 million or 10.5%. There was a decrease in charges for services while expenses remained fairly consistent with 2009. The basic financial statements for the major fund are included in this report.

The City's Funds

Governmental Funds

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$20.8 million and expenditures of \$18.8 million.

The General Fund balance increased approximately \$1.3 million in 2010. The City sold an easement for \$.9 million and expenditures in general were down 4.2%.

The Fire Levy Fund balance increased by \$.1 million, mainly from cutting costs. The General Bond Retirement Fund increased by \$.4 million from the timing of transfers from other funds to help pay bond principal payments. The Streets Capital Improvement Fund had an increase of \$.4 million through grants received for upcoming road projects.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Information about the City's major proprietary fund begins on page 22.

Budgeting Highlights

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Ordinance: all are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level. Any budgetary modifications at this level may only be made by resolution of City Council.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The Finance Director continually monitors the encumbrances and expenditures against the budgeted appropriations and against the County Auditor's Certificate of Estimated Resources. Using the budget prepared by the City the preceding July and including the carry over balances less carry over encumbrances at year-end, the County Auditor arrives at and issues the Certificate of Estimated Resources for the City. Ohio Law prohibits total fund appropriations from exceeding the amounts by fund on the County Auditor's certificate.

The General Fund actual and final budgeted revenue were \$1.2 million more than original budgeted revenue. There was an unexpected fluctuation in the estimated tax revenue. Actual expenditures were \$.02 million less than final budgeted expenditures and \$.5 million less than original budgeted expenditures. No individually significant line items contributed to this change.

Capital Asset and Debt Administration

Capital Assets

At the end of 2010, the City had approximately \$35.0 million invested in a broad range of capital assets, including police and fire equipment, land, construction in progress, buildings, improvements, park facilities, roads, bridges, and water and sewer lines (see below). Table 4 shows fiscal year 2010 balances compared with 2009.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 3,334,193	\$ 2,989,593	\$ 0	\$ 0	\$ 3,334,193	\$ 2,989,593
Construction in Progress	699,609	0	0	0	699,609	0
Buildings	4,270,490	4,355,470	408,802	437,255	4,679,292	4,792,725
Improvements	2,962,555	3,144,198	0	0	2,962,555	3,144,198
Furniture and Fixtures	5,672	6,570	0	0	5,672	6,570
Machinery and Equipment	499,839	641,240	54,932	84,153	554,771	725,393
Vehicles	557,691	677,305	5,613	12,342	563,304	689,647
Infrastructure	19,148,874	20,501,433	3,074,644	3,527,263	22,223,518	24,028,696
Totals	\$ 31,478,923	\$ 32,315,809	\$ 3,543,991	\$ 4,061,013	\$ 35,022,914	\$ 36,376,822

Depreciation expense exceeded acquisitions in 2010, resulting in a net decrease of \$1.4 million from 2009. In 2010, the City had construction in progress for storm sewers and road reconstruction.

More detailed information about the City's capital assets is presented in Note 8 to the basic financial statements.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Debt

At December 31, 2010, the City had \$8.0 million in bonds, \$1.4 million in OWDA loans and \$.3 million in OPWC and Brownfield Cleanup Revolving loans.

Table 5
Outstanding Debt
December 31, 2010

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$ 5,517,388	\$ 6,196,319
Special Assessment Bonds	2,484,040	2,792,198
Loans Payable	349,274	440,983
OWDA Loans	1,382,487	1,556,527
Totals	\$ 9,733,189	\$ 10,986,027

At December 31, 2010, the City had outstanding long-term debt obligations in the amount of \$9.7 million, down \$1.3 million from 2009. This represents a 11.4% decrease through principal payments for the governmental activities.

The City's rating with Moody's Investor Service is currently AA2.

Other obligations include capital leases and accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements (Note 12).

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with 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 the Director of Finance, 9543 Broadview Road, Bldg 7, Broadview Heights, Ohio 44147.

City of Broadview Heights, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,957,588	\$ 265,004	\$ 6,222,592
Receivables:			
Accounts	518,316	724,698	1,243,014
Taxes	5,578,415	0	5,578,415
Intergovernmental	1,514,843	5,425	1,520,268
Special Assessments	4,108,655	479,752	4,588,407
Noncurrent Assets:			
Land and Construction in Progress	4,033,802	0	4,033,802
Depreciable Capital Assets, Net of Depreciation	27,445,121	3,543,991	30,989,112
<i>Total Assets</i>	<u>49,156,740</u>	<u>5,018,870</u>	<u>54,175,610</u>
Liabilities			
Accounts Payable	197,471	11,660	209,131
Intergovernmental Payable	450,394	11,963	462,357
Accrued Salaries, Wages and Benefits	122,795	4,386	127,181
Deferred Revenue	3,412,904	0	3,412,904
Accrued Interest	55,739	0	55,739
Non Current Liabilities:			
Due Within One Year	1,642,808	6,773	1,649,581
Due In More Than One Year	9,449,885	23,352	9,473,237
<i>Total Liabilities</i>	<u>15,331,996</u>	<u>58,134</u>	<u>15,390,130</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	22,930,338	3,543,991	25,468,999
Restricted for:			
Other Purposes	777,874	0	777,874
Debt Service	4,903,467	0	4,903,467
Capital Projects	1,463,189	0	1,463,189
Unrestricted	3,749,876	1,416,745	6,171,951
<i>Total Net Assets</i>	<u>\$ 33,824,744</u>	<u>\$ 4,960,736</u>	<u>\$ 38,785,480</u>

Debt related to certain business-type assets is included in the governmental activities. This debt has not been included in the invested in capital assets, net of related debt for the governmental or business-type activities but has been reflected in the entity-wide total. See Note 12.

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2010

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 5,022,400	\$ 1,525,084	\$ 5,445	\$ 79,442
Security of Persons and Property	6,854,355	423,488	156,408	0
Public Health	285,220	0	0	0
Community Development	441,120	3,450	0	0
Transportation	3,181,851	204,955	745,726	843,616
Basic Utility	934,767	0	0	0
Leisure Time	998,317	801,195	30,888	0
Interest and Fiscal Charges	480,117	0	0	778
<i>Total Governmental Activities</i>	<u>18,198,147</u>	<u>2,958,172</u>	<u>938,467</u>	<u>923,836</u>
Business-Type Activities				
Sewer	1,852,323	1,250,211	0	0
<i>Total Business-Type Activities</i>	<u>1,852,323</u>	<u>1,250,211</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$ 20,050,470</u>	<u>\$ 4,208,383</u>	<u>\$ 938,467</u>	<u>\$ 923,836</u>

General Revenues

Municipal Income Tax Levied For:
General Purposes
Other Purposes
Capital Outlay
Property Taxes Levied For:
General Purposes
Police and Fire
Debt Service
Hotel Tax
Grants and Entitlements not Restricted to Specific Programs
Interest and Investment Earnings
Other

Total General Revenues

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (3,412,429)	\$ 0	\$ (3,412,429)
(6,274,459)	0	(6,274,459)
(285,220)	0	(285,220)
(437,670)	0	(437,670)
(1,387,554)	0	(1,387,554)
(934,767)	0	(934,767)
(166,234)	0	(166,234)
(479,339)	0	(479,339)
<u>(13,377,672)</u>	<u>0</u>	<u>(13,377,672)</u>
<u>0</u>	<u>(602,112)</u>	<u>(602,112)</u>
<u>0</u>	<u>(602,112)</u>	<u>(602,112)</u>
<u>(13,377,672)</u>	<u>(602,112)</u>	<u>(13,979,784)</u>
6,556,180	0	6,556,180
292,879	0	292,879
1,478,778	0	1,478,778
1,502,485	0	1,502,485
1,995,468	0	1,995,468
54,837	0	54,837
3,333	0	3,333
2,032,828	0	2,032,828
2,284	460	2,744
<u>914,279</u>	<u>19,985</u>	<u>934,264</u>
14,833,351	20,445	14,853,796
1,455,679	(581,667)	874,012
<u>32,369,065</u>	<u>5,542,403</u>	<u>37,911,468</u>
<u>\$ 33,824,744</u>	<u>\$ 4,960,736</u>	<u>\$ 38,785,480</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

	General	Fire Levy	General Bond Retirement	Streets Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 2,122,147	\$ 211,170	\$ 825,788	\$ 347,094	\$ 2,451,389	\$ 5,957,588
Receivables:						
Accounts	251,168	17,731	0	203,133	46,284	518,316
Taxes	3,018,798	1,805,729	55,808	318,186	379,894	5,578,415
Intergovernmental	420,649	120,558	3,767	526,662	443,207	1,514,843
Special Assessments	37,492	0	4,071,163	0	0	4,108,655
Advances to Other Funds	0	0	0	0	112,000	112,000
<i>Total Assets</i>	<u>\$ 5,850,254</u>	<u>\$ 2,155,188</u>	<u>\$ 4,956,526</u>	<u>\$ 1,395,075</u>	<u>\$ 3,432,774</u>	<u>\$ 17,789,817</u>
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	\$ 146,268	\$ 4,440	\$ 0	\$ 0	\$ 46,763	\$ 197,471
Intergovernmental Payable	230,997	130,291	0	0	89,106	450,394
Accrued Salaries, Wages and Benefits	77,450	27,237	0	0	18,108	122,795
Deferred Revenue	2,038,580	1,907,909	4,130,738	202,975	541,299	8,821,501
Advances From Other Funds	0	0	0	0	112,000	112,000
<i>Total Liabilities</i>	<u>2,493,295</u>	<u>2,069,877</u>	<u>4,130,738</u>	<u>202,975</u>	<u>807,276</u>	<u>9,704,161</u>
Fund Balances						
Reserved for Encumbrances	77,600	9,388	0	1,891	259,826	348,705
Reserved for Advances	0	0	0	0	112,000	112,000
Unreserved, Undesignated, Reported In:						
General Fund	3,279,359	0	0	0	0	3,279,359
Special Revenue Funds	0	75,923	0	0	401,203	477,126
Debt Service Fund	0	0	825,788	0	0	825,788
Capital Projects Funds	0	0	0	1,190,209	1,852,469	3,042,678
<i>Total Fund Balances (Deficit)</i>	<u>3,356,959</u>	<u>85,311</u>	<u>825,788</u>	<u>1,192,100</u>	<u>2,625,498</u>	<u>8,085,656</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,850,254</u>	<u>\$ 2,155,188</u>	<u>\$ 4,956,526</u>	<u>\$ 1,395,075</u>	<u>\$ 3,432,774</u>	<u>\$ 17,789,817</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2010*

Total Governmental Fund Balances	\$	8,085,656
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		31,478,923
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	\$ 176,410	
Municipal Income Tax	150,893	
Special Assessments	4,108,655	
Intergovernmental	740,239	
Charges for Services	232,400	5,408,597
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(55,739)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(5,517,388)	
Special Assessment Bonds	(2,484,040)	
Long Term Loans Payable	(1,731,761)	
Compensated Absences Payable	(1,359,504)	(11,092,693)
 <i>Net Assets of Governmental Activities</i>	 <u>\$</u>	 <u>33,824,744</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2010

	General	Fire Levy	General Bond Retirement	Streets Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Local Taxes	\$ 8,729,257	\$ 1,832,760	\$ 54,406	\$ 1,467,867	\$ 618,346	\$ 12,702,636
Intergovernmental Revenue	990,942	341,019	10,438	842,538	964,647	3,149,584
Fees, Licenses and Permits	584,987	0	0	0	915,667	1,500,654
Fines and Forfeitures	247,953	0	0	0	105,643	353,596
Special Assessments	13,779	0	630,456	0	0	644,235
Charges for Services	398,932	326,240	0	0	569,368	1,294,540
Interest Income	2,284	536	0	1,078	1,949	5,847
Rentals	169,074	0	0	0	83,904	252,978
Gifts and Donations	3,045	0	0	0	0	3,045
Miscellaneous	905,914	0	0	0	33,765	939,679
<i>Total Revenues</i>	12,046,167	2,500,555	695,300	2,311,483	3,293,289	20,846,794
Expenditures						
Current:						
General Government	3,975,124	0	0	0	25,757	4,000,881
Security of Persons and Property	3,866,757	2,399,973	0	0	502,258	6,768,988
Public Health	285,220	0	0	0	0	285,220
Community Development	341,455	0	0	0	0	341,455
Transportation	315,351	0	0	0	1,059,076	1,374,427
Basic Utility	934,767	0	0	0	0	934,767
Leisure Time	111,339	0	0	0	780,876	892,215
Capital Outlay	0	0	0	1,500,681	981,796	2,482,477
Debt Service:						
Principal Retirement	320,000	0	912,838	20,000	10,585	1,263,423
Interest and Fiscal Charges	178,113	0	309,012	0	416	487,541
<i>Total Expenditures</i>	10,328,126	2,399,973	1,221,850	1,520,681	3,360,764	18,831,394
<i>Excess of Revenues Over (Under) Expenditures</i>	1,718,041	100,582	(526,550)	790,802	(67,475)	2,015,400
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	0	0	0	0	63,750	63,750
Insurance Recoveries	1,080	0	0	0	0	1,080
Transfers In	0	0	904,823	0	440,000	1,344,823
Transfers Out	(440,000)	0	0	(434,894)	(469,929)	(1,344,823)
<i>Total Other Financing Sources (Uses)</i>	(438,920)	0	904,823	(434,894)	33,821	64,830
<i>Net Change in Fund Balances</i>	1,279,121	100,582	378,273	355,908	(33,654)	2,080,230
<i>Fund Balances, Beginning of Year</i>	2,077,838	(15,271)	447,515	836,192	2,659,152	6,005,426
<i>Fund Balances, (Deficit) End of Year</i>	<u>\$ 3,356,959</u>	<u>\$ 85,311</u>	<u>\$ 825,788</u>	<u>\$ 1,192,100</u>	<u>\$ 2,625,498</u>	<u>\$ 8,085,656</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds	\$	2,080,230
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 1,352,016	
Current Year Depreciation	<u>(2,126,971)</u>	(774,955)
 Net effect of transactions involving the disposal of capital assets are not reflected in the funds.		
		(61,931)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds,		
Delinquent Property Taxes	27,648	
Municipal Income Tax	(846,324)	
Special Assessments	(633,844)	
Intergovernmental	205,984	
Charges for Services	<u>232,400</u>	(1,014,136)
 The issuance of long term debt provides current financial resources to the governmental funds while the repayment of principal of long term debt consumes the current financial resources, and reduces long-term liabilities in the statement of net assets.		
Bond Principal	678,931	
Special Assessment Bond principal	308,158	
OWDA Principal	174,040	
Loan Principal	91,709	
Capital Leases	<u>10,585</u>	1,263,423
 In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
		7,424
 Some expenses reported in the statement of activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(44,376)</u>
 <i>Change in Net Assets of Governmental Activities</i>		 <u>\$ 1,455,679</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 General Fund
 For the Fiscal Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$ 7,624,431	\$ 8,388,741	\$ 8,388,741	\$ 0
Intergovernmental Revenue	805,493	925,633	925,633	0
Fees, Licenses, and Permits	562,134	645,976	645,976	0
Fines and Forfeitures	220,761	253,688	253,688	0
Special Assessments	11,991	13,779	13,779	0
Charges for Services	349,035	401,094	401,094	0
Interest Income	1,988	2,284	2,284	0
Rentals	10,592	146,407	146,407	0
Gifts and Donations	2,650	3,045	3,045	0
Miscellaneous	901,415	901,626	901,626	0
<i>Total Revenues</i>	<u>10,490,490</u>	<u>11,682,273</u>	<u>11,682,273</u>	<u>0</u>
Expenditures				
Current:				
General Government	4,215,600	3,993,654	3,994,761	(1,107)
Security of Persons and Property	4,203,327	3,872,244	3,892,184	(19,940)
Public Health	284,678	289,266	289,243	23
Community Development	336,172	345,111	345,051	60
Transportation	305,271	311,188	311,934	(746)
Basic Utility	924,000	938,865	938,865	0
Leisure Time	125,217	125,845	125,132	713
Debt Service:				
Principal Retirement	320,000	320,000	320,000	0
Interest and Fiscal Charges	178,113	178,113	178,113	0
<i>Total Expenditures</i>	<u>10,892,378</u>	<u>10,374,286</u>	<u>10,395,283</u>	<u>(20,997)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(401,888)</u>	<u>1,307,987</u>	<u>1,286,990</u>	<u>(20,997)</u>
Other Financing Sources (Uses)				
Insurance Recoveries	0	1,080	1,080	0
Transfers Out	0	(440,000)	(440,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(438,920)</u>	<u>(438,920)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(401,888)</u>	<u>869,067</u>	<u>848,070</u>	<u>(20,997)</u>
<i>Fund Balance, Beginning of Year</i>	1,042,859	1,042,859	1,042,859	0
Prior Year Encumbrances Appropriated	113,307	113,307	113,307	0
<i>Fund Balance, End of Year</i>	<u>\$ 754,278</u>	<u>\$ 2,025,233</u>	<u>\$ 2,004,236</u>	<u>\$ (20,997)</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Fire Levy Fund
 For the Fiscal Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Taxes	\$ 1,815,074	\$ 1,827,634	\$ 1,827,634	\$ 0
Intergovernmental Revenue	298,544	341,019	341,019	0
Charges for Services	263,915	333,068	333,068	0
Interest Income	312	536	536	0
<i>Total Revenues</i>	<u>2,377,845</u>	<u>2,502,257</u>	<u>2,502,257</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	2,480,142	2,419,488	2,410,999	8,489
<i>Total Expenditures</i>	<u>2,480,142</u>	<u>2,419,488</u>	<u>2,410,999</u>	<u>8,489</u>
<i>Net Change in Fund Balance</i>	(102,297)	82,769	91,258	8,489
<i>Fund Balance, Beginning of Year</i>	97,942	97,942	97,942	0
Prior Year Encumbrances Appropriated	9,357	9,357	9,357	0
<i>Fund Balance, (Deficit) End of Year</i>	<u>\$ 5,002</u>	<u>\$ 190,068</u>	<u>\$ 198,557</u>	<u>\$ 8,489</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Fund Net Assets
Proprietary Fund
December 31, 2010

	Business-Type Activities
	Enterprise Fund
	Sewer
	Maintenance
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 265,004
Receivables:	
Accounts	724,698
Intergovernmental	5,425
Special Assessments	479,752
<i>Total Current Assets</i>	1,474,879
<i>Non Current Assets:</i>	
Depreciable Capital Assets, Net of Depreciation	3,543,991
<i>Total Non Current Assets</i>	3,543,991
<i>Total Assets</i>	5,018,870
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	11,660
Intergovernmental Payable	11,963
Accrued Salaries, Wages and Benefits	4,386
Compensated Absences - Current Portion	6,773
<i>Total Current Liabilities</i>	34,782
<i>Long Term Liabilities</i>	
Compensated Absences	23,352
<i>Total Long Term Liabilities</i>	23,352
<i>Total Liabilities</i>	58,134
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,543,991
Unrestricted	1,416,745
<i>Total Net Assets</i>	\$ 4,960,736

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended December 31, 2010

	Business-Type Activities
	Enterprise Fund
	Sewer
	Maintenance
Operating Revenues	
Charges for Services	\$ 1,250,211
Other	19,985
<i>Total Operating Revenues</i>	<i>1,270,196</i>
Operating Expenses	
Personal Services	466,521
Contractual Service	778,344
Materials and Supplies	55,536
Depreciation	513,486
Other	38,436
<i>Total Operating Expenses</i>	<i>1,852,323</i>
<i>Operating Income (Loss)</i>	<i>(582,127)</i>
Non-Operating Revenues (Expenses)	
Interest Income	460
<i>Change in Net Assets</i>	<i>(581,667)</i>
<i>Net Assets at Beginning of Year</i>	<i>5,542,403</i>
<i>Net Assets at the End of the Year</i>	<i>\$ 4,960,736</i>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended December 31, 2010

		Business-Type Activities Enterprise Fund Sewer Maintenance
Cash Flows From Operating Activities		
Cash Received from Customers	\$	1,275,021
Cash Paid for Goods and Services		(865,631)
Cash Paid to Employees		(458,595)
Other Operating Revenue		19,985
		(29,220)
<i>Net Cash Provided By (Used For) Operating Activities</i>		
Cash Flows From Investing Activities		
Interest on Investments		460
		460
<i>Net Cash Provided By (Used For) Investing Activities</i>		
		(28,760)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>		
		293,764
		293,764
<i>Cash and Cash Equivalents at Beginning of Year</i>		
		\$ 265,004
		265,004
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities		
Operating Income (Loss)	\$	(582,127)
Adjustments:		
Depreciation Expense		513,486
Loss on Disposal of Assets		3,536
(Increase) Decrease in Assets:		
Accounts Receivable		1,214
Special Assessments Receivable		23,596
Intergovernmental Receivable		(5,425)
Increase (Decrease) in Liabilities:		
Accounts Payable		8,574
Intergovernmental Payable		3,440
Accrued Salaries, Wages and Benefits		2,171
Compensated Absences		2,315
		552,907
<i>Total Adjustments</i>		
		(29,220)
		(29,220)
<i>Net Cash Provided By (Used For) Operating Activities</i>		

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2010

Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 541,974
Cash in Segregated Accounts	<u>41,923</u>
<i>Total Assets</i>	<u><u>\$ 583,897</u></u>
Liabilities	
Undistributed Monies	<u>\$ 583,897</u>
<i>Total Liabilities</i>	<u><u>\$ 583,897</u></u>

See accompanying notes to the basic financial statements.

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City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 1 – Description of the City and Reporting Entity

The City of Broadview Heights (the City) is a municipal corporation incorporated under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. The Mayor and Council are elected. The City provides police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services to the citizens of the City.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. A primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government of the City includes City departments and agencies that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water, sewer and sanitation. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City has no component units.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board ("FASB") to its governmental and business-type activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

The most significant of the City's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

Fire Levy Fund - The fire levy fund accounts for the operating expenses of a full time fire department, and is reserved exclusively for that purpose. The revenue is primarily from property taxes through charter millage.

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General Bond Retirement – The general bond retirement fund is used to account for the accumulation of resources for the payment of interest and principal on long term general obligation debt.

Streets Capital Improvement – The streets capital improvement fund accounts for capital expenses associated with the reconstruction, maintenance, and repair of roads and infrastructure associated with City roads.

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

Proprietary Funds

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

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

Sewer Maintenance Fund – The sewer maintenance fund is an enterprise fund used to account for operations of the sanitary sewer system on a continuing basis and is financed through user charges.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The City's agency fund accounts for deposits and retainers held for contractors and developers.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

City of Broadview Heights, Ohio
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For the Year Ended December 31, 2010

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 net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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 period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, tuition, grants, fees and rentals.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue on modified accrual only. On governmental fund financial statements,

City of Broadview Heights, Ohio
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For the Year Ended December 31, 2010

receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated, however, only governmental funds are required to be reported. 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 object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2010.

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.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not re-appropriated.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, except funds requiring that interest proceeds follow the invested principal, are maintained in this pool. Individual fund integrity is maintained through the City's records.

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The City has segregated a portion of cash balances, reported as "Cash in segregated accounts" which are used for the payment of agency fund activities.

During 2010, investments were limited to STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price investments could be sold for on December 31, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 amounted to \$2,284, which includes \$1,371 assigned from other City funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Capital Assets

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

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

All reported 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 Engineer's interpretation of historical records of necessary improvements and replacement. All reported capital assets except land and construction in progress are required to be depreciated using a depreciation method (specifically the straight line method) over the following useful lives:

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Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Construction in Progress	N/A	N/A
Buildings	10 - 50 Years	10 - 50 Years
Improvements	10 - 50 Years	N/A
Furniture and Fixtures	10 - 20 Years	N/A
Machinery and Equipment	10 - 15 Years	10 - 15 Years
Vehicles	6 - 15 Years	6 - 15 Years
Infrastructure	10 - 50 Years	10 - 50 Years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as “advances to/from other funds” on the balance sheet and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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,

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. The City reports amounts representing encumbrances and advances as reservations of the fund balance in governmental funds.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City reported no significant net asset balances restricted by enabling legislation. Net assets restricted for other purposes include recreation, street construction and repair and operation of the police and fire departments.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services sewer services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. There were no capital contributions in the current year.

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other

City of Broadview Heights, Ohio
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For the Year Ended December 31, 2010

financing sources/uses in governmental funds and after nonoperating revenues/expenses in business-type activities. Interfund transfers are eliminated when reported in the entity wide financial statements for both the governmental and business-type activities. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund, and as a reduction of expenditures/expenses in the fund that is reimbursed.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

Estimates

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

Note 3 – Fund Deficits

Fund balances at December 31, 2010 included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
Nonmajor Governmental Fund:	
Circle Building Fund	\$ 110,553
Police Pension	72,947

The deficits in these governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and will provide transfers when cash is required, not when accruals occur.

Note 4 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the 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 5-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.

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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, by surety company bonds with the City Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreements must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Effective September 27, 1996, investments in stripped principal or interest obligations are no longer allowed to be purchased. Reverse repurchase agreements and derivatives are also prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash on Hand: At year end, the City had \$526 in undeposited cash on hand which is included on the statement of net assets and balance sheet of the City as part of equity in pooled cash and cash equivalents.

Deposits: The carrying value of the City's deposits totaled \$3,725,570 and the bank balances of the deposits totaled \$3,940,288. Of the bank balance \$2,178,844 was covered by depository insurance; and \$1,761,444 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State 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 FDIC).

Investments

Investments are reported at fair value. As of December 31, 2010, the City had the following investment:

Rating by Standard & Poor's	Investment	Fair Value	Investment Maturities (in years) less than 1	Percentage of Total Investments
AAAm	Star Ohio	\$ 3,080,393	\$ 3,080,393	100.00%

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The City's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the City.

Credit Risk: The City's investments credit ratings are summarized above.

Concentration of Credit Risk: The City places no limit on the amount the City may invest in any one issuer. The investment percentages are listed above.

Note 5 – 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 Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Major Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

City of Broadview Heights, Ohio
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1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	\$ 1,279,121	\$ 100,582
Adjustments:		
Revenue accruals	(363,894)	1,702
Expenditure accruals	50,753	1,588
Encumbrances	(117,910)	(12,614)
Budget basis	\$ 848,070	\$ 91,258

Note 6 – Transfers and Interfund Balances

Interfund Transfers

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

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Transfer In	Transfer Out			Total
	General Fund	Streets Capital Improvement	Other Governmental Funds	
General Bond Retirement	\$ 0	\$ 434,894	\$ 469,929	\$ 904,823
Other Governmental Funds	440,000	0	0	440,000
Total	\$ 440,000	\$ 434,894	\$ 469,929	\$ 1,344,823

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The transfers from the Streets Capital Improvement Fund and Other Governmental Funds to the Bond Retirement Fund were to pay for the debt issues for storm sewer, Broadview Center renovations and various street improvement projects.

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

Advances from/to Other Funds

Advances to/from Other Funds	Receivables	Payables
Other Governmental Funds:		
Safety Equipment	\$ 112,000	\$ 0
Circle Building	0	112,000
Total	\$ 112,000	\$ 112,000

As of December 31, 2010, the advances to and from other funds balance is made up of a loan made to the Circle Building Fund for \$112,000 that the Safety Equipment Fund does not expect to collect until sometime in the future.

Note 7 – Receivables

Receivables at December 31, 2010, consisted of taxes, special assessments, accounts (billings for user charged services), and intergovernmental receivables. All of these receivables are considered fully collectible.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of the 2009 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

City of Broadview Heights, Ohio
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For the Year Ended December 31, 2010

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In 2007-2010, the City will be fully reimbursed for the lost revenue. In 2011-2017, the reimbursements will be phased out.

The full tax rate for all City operations for the year ended December 31, 2010 was \$9.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$ 617,568,910	98.88%
Public Utility Tangible Property	<u>7,026,190</u>	<u>1.12%</u>
Total	<u>\$ 624,595,100</u>	<u>100.00%</u>

Real property taxes are payable annually or semiannually. If paid annually, the payment is due by December 31; if paid semiannually, 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.

The County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2010. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2010 operations. The receivable is offset by deferred revenue.

Income Taxes

The City levies a municipal income tax of 2% on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as income of residents earned outside of the City. In the latter case, the City allows a credit of 75% of the tax paid to another municipality to a maximum of the total amount assessed. The Regional Income Tax Agency (RITA) is the City's agent for administering income tax collecting and accounting.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures for 2010, are credited to the following funds: 79.6% to the General Fund, 1% to the Fire Levy Special Revenue Fund, 16.0% to the Streets Capital Improvement Fund and 3.4% to other governmental funds.

City of Broadview Heights, Ohio
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Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
Local Government	\$ 257,855
Gasoline and Excise Tax	391,461
Permissive Tax	10,200
Estate Tax	61,303
Homestead/Rollback	237,937
Grants	526,662
Other	<u>29,425</u>
Total	<u><u>\$ 1,514,843</u></u>
Business-Type Activities:	
Other	<u><u>\$ 5,425</u></u>

Taxes Receivable

A summary of taxes receivable follows:

	<u>Amount</u>
Governmental Activities:	
Real Estate Tax	\$ 3,589,314
Municipal Income Tax	1,988,662
Hotel/Motel Tax	<u>439</u>
Total	<u><u>\$ 5,578,415</u></u>

City of Broadview Heights, Ohio
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Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land and Improvements	\$ 2,989,593	\$ 344,600	\$ 0	\$ 3,334,193
Construction in Progress	0	699,609	0	699,609
Total Capital Assets, not being depreciated	2,989,593	1,044,209	0	4,033,802
<i>Capital Assets, being depreciated:</i>				
Buildings	6,020,380	42,195	0	6,062,575
Improvements	3,954,841	0	0	3,954,841
Furniture & Fixtures	34,642	0	0	34,642
Machinery & Equipment	1,948,964	0	0	1,948,964
Vehicles	3,310,771	192,635	(433,845)	3,069,561
Infrastructure				
Traffic Signals	443,207	0	0	443,207
Roads	21,553,854	0	0	21,553,854
Waterlines	10,715,637	0	0	10,715,637
Street Signs & Guard Rails	26,710	0	0	26,710
Storm Sewers	11,826,496	72,977	0	11,899,473
Total Capital Assets, being depreciated	59,835,502	307,807	(433,845)	59,709,464
<i>Less Accumulated Depreciation:</i>				
Buildings	(1,664,910)	(127,175)	0	(1,792,085)
Improvements	(810,643)	(181,643)	0	(992,286)
Furniture & Fixtures	(28,072)	(898)	0	(28,970)
Machinery & Equipment	(1,307,724)	(141,401)	0	(1,449,125)
Vehicles	(2,633,466)	(250,318)	371,914	(2,511,870)
Infrastructure				
Traffic Signals	(320,759)	(13,855)	0	(334,614)
Roads	(12,459,373)	(841,090)	0	(13,300,463)
Waterlines	(5,142,120)	(174,407)	0	(5,316,527)
Street Signs & Guard Rails	(26,573)	(69)	0	(26,642)
Storm Sewers	(6,115,646)	(396,115)	0	(6,511,761)
Total Accumulated Depreciation	(30,509,286)	(2,126,971)	371,914	(32,264,343)
Total Capital Assets being depreciated, net	29,326,216	(1,819,164)	(61,931)	27,445,121
Governmental Activities Capital Assets, Net	\$ 32,315,809	\$ (774,955)	\$ (61,931)	\$ 31,478,923

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010
Business-Type Activities				
<i>Capital Assets, being depreciated:</i>				
Buildings	\$ 1,136,841	\$ 0	\$ 0	\$ 1,136,841
Machinery & Equipment	622,642	0	(17,682)	604,960
Vehicles	239,681	0	0	239,681
Infrastructure				
Sanitary Sewers	14,774,012	0	0	14,774,012
Total Capital Assets, being depreciated	16,773,176	0	(17,682)	16,755,494
Less Accumulated Depreciation:				
Buildings	(699,586)	(28,453)	0	(728,039)
Machinery & Equipment	(538,489)	(25,685)	14,146	(550,028)
Vehicles	(227,339)	(6,729)	0	(234,068)
Infrastructure				
Sanitary Sewers	(11,246,749)	(452,619)	0	(11,699,368)
Total Accumulated Depreciation	(12,712,163)	(513,486)	14,146	(13,211,503)
Business-Type Activities Capital Assets, Net	\$ 4,061,013	\$ (513,486)	\$ (3,536)	\$ 3,543,991

Depreciation was charged as follows:

Governmental Funds:

General government	\$ 844,568
Security of persons and property	232,902
Community development	115,777
Leisure time activities	63,691
Transportation	870,033
	\$ 2,126,971

Proprietary Funds:

Sewer maintenance	\$ 513,486
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City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 9 – Defined Benefit Pension Plans

Ohio Public Employee Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in State and local classifications contributed 10.0% of covered payroll and public safety and law enforcement members contributed 10.5% and 11.1%, respectively. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0%, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1%.

The City's contribution rate for 2010 was 14.0%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87% of covered payroll. For 2010, a portion of the City's contribution of covered payroll was allocated to fund the post-employment health care plan. The portion of employer contributions allocated to health care for member in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for member in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$369,932, \$341,466 and \$354,572, respectively; 92% has been contributed for 2010 and 100% for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$23,363 made by the City and \$16,688 made by the plan members.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Ohio Police and Firemen's Disability and Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24.0% for firefighters. Contributions are authorized by State statute. For 2010 a portion of the City's contribution equal to 6.75% of covered payroll was allocated to fund the post-employment health care plan. For 2009, this allocation was also 6.75%. The City's contributions to the OP&F for police and firefighters were \$278,399 and \$226,665 for the year ending December 31, 2010, \$275,218 and \$231,775 for the year ended December 31, 2009, and \$275,822 and \$236,148 for the year ended December 31, 2008; The full amount has been contributed for 2009 and 2008. 71.0% has been contributed for 2010, with the remainder being reported as a liability.

Note 10 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained 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 post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.0% of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

member in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for member in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected. Active members do not make contributions to the post-employment health care plans.

The City's contributions allocated to fund post-employment health care benefits for local employees and public safety employees for the years ended December 31, 2010, 2009 and 2008 were \$217,164 and \$4,610, \$251,503 and \$7,081 and \$342,156 and \$8,357 respectively; 92.0% has been contributed for 2010 and 100% for 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Firemen's Disability and 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 the OP&F. OP&F provides health care benefits, including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check, or is a spouse or eligible dependent child of such person.

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

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

Funding Policy - OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the years ended December 31, 2010 and 2009, the employer contribution allocated to the health care plan was 6.75% 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 adequate funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The number of participants eligible to receive health care benefits as of December 31, 2009 (the latest information available), are 14,797 for Police and 10,915 for Firefighters. The total health care expense for the year ending December 31, 2009 was \$168,744,032, which was net of member contributions of \$59,148,831.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police officers and firefighters were \$147,387 and \$88,695 for the year ended December 31, 2010, \$145,704 and \$90,695 for the year ended December 31, 2009 and \$146,023 and \$92,406 for the year ended December 31, 2008. The full amount has been contribution for 2009 and 2008. 71% has been contributed for 2010.

Note 11 – Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated contracts, City ordinances and State laws. Employees earn one to five weeks of vacation per year, depending upon length of service. One year of vacation eligibility may be carried over to the following year.

Employees may bank up to annual eligibility plus earned vacation time toward retirement, payable at retirement or termination. Approval of any cash payment is within the sole discretion of the City of Broadview Heights.

Employees earn sick leave at the rate of 10 hours per month of service (fire department earns 13 hours of sick leave per month of service). Sick leave accumulation is unlimited. Upon retirement or death, employees can be paid the following:

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Department	Maximum
Service Department	1/3 of 140 days (373 hours)
Corrections	1/4 of 120 days (240 hours)
Dispatch:	
Hired prior to 1/1/88	1/3 of 160 days (427 hours)
Hired after 1/1/88	1/4 of 120 days (240 hours)
Patrol:	
Hired prior to 1/1/88	1/3 of 160 days (427 hours)
Hired after 1/1/88	1/3 of 120 days (320 hours)
Sergeant:	
Hired prior to 1/1/88	1/3 of 160 days (427 hours)
Hired after 1/1/88	1/3 of 120 days (320 hours)
Fire Department	1/4 (240 hours)
Level 1 and 2 hired prior to 1/1/96	1/3 of 160 days (427 hours)
Level 1 and 2 hired after 1/1/96	1/3 of 120 days (320 hours)
Level 3 & 4	1/3 of 120 days (320 hours)

Note 12 – Long Term Obligations

General Obligation Bonds

Outstanding general obligation bonds consist of utility system and government building construction issues. General obligation bonds have been issued for governmental activities.

General obligation bonds are direct obligations of the City for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the City.

General obligation bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
1977 Sidewalk Improvement	1983	5.25%	\$ 10,584
1991 Street Improvement	2011	6.77%	18,079
1999 Various Improvement	2019	4.50% to 5.65%	2,850,000
2000 Broadview Center Improvement	2013	4.60%	1,550,000
2003 Service Building	2013	4.20%	1,260,000
2003 Street Improvement	2023	4.58%	96,000
2004 Building Improvement	2024	3.00% - 5.00%	300,000
2006 Street Improvement	2026	3.75% - 5.00%	1,029,649
2006 Demolition Project	2026	3.75% - 5.00%	621,476
2007 Energy Improvement Project	2017	4.0% - 4.25%	1,700,000
Total			<u>\$ 9,435,788</u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	General Obligation Bonds		
	Governmental Activities		
	Principal	Interest	Total
2011	\$ 696,718	\$ 256,770	\$ 953,488
2012	757,947	226,412	984,359
2013	738,814	192,742	931,556
2014	450,585	158,837	609,422
2015	467,870	137,772	605,642
2016 - 2020	1,735,566	363,471	2,099,037
2021 - 2025	569,596	95,521	665,117
2026	100,292	4,361	104,653
Total	\$ 5,517,388	\$ 1,435,886	\$ 6,953,274

Special Assessment Bonds

Outstanding special assessment bonds consist of street and utility improvements which are payable from the proceeds of tax assessments against individual property owners.

Special assessment bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
1991 Street Improvement	2011	6.77%	\$ 846,922
1994 Sewer Improvement	2014	5.50%	112,000
1995 Sewer Improvement	2015	6.38%	37,735
1999 Various Purpose	2019	4.5% to 5.65%	630,000
2001 Sewer Improvement	2021	6.10%	211,000
2003 Street Improvement	2023	4.2%	200,000
2003 Street Improvement	2023	4.2%	800,000
2003 Sewer Improvement	2023	4.58%	304,000
2004 Street Improvement	2024	3.00% to 5.00%	505,000
2006 Sewer Improvement	2026	3.75% - 5.00%	582,448
2006 Sewer Improvement	2026	3.75% - 5.00%	71,427
Total			<u>\$ 4,300,532</u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending December 31,	Special Assessment Bonds		
	Governmental Activities		
	Principal	Interest	Total
2011	\$ 228,431	\$ 114,988	\$ 343,419
2012	161,299	103,403	264,702
2013	171,066	96,430	267,496
2014	179,969	88,977	268,946
2015	177,400	80,838	258,238
2016 - 2020	928,163	274,951	1,203,114
2021 - 2025	598,005	74,798	672,803
2026	39,707	1,728	41,435
Total	\$ 2,484,040	\$ 836,113	\$ 3,320,153

OWDA Loans

The City entered into various loan agreements with the Ohio Water Development Authority for the purpose of improving and expanding sanitary sewers. These loans are payable from the proceeds of tax assessments against individual property owners.

OWDA loans currently outstanding are as follows:

Purpose	Maturity Date	Interest Rate	Original Amount
Governmental Activities			
1994 Sanitary Sewer Project	2015	4.18% - 4.35%	\$ 1,939,258
1996 Sanitary Sewer Project	2017	4.04%	143,711
1997 Sanitary Sewer Project	2019	4.12%	607,188
1999 Sanitary Sewer Project	2021	4.02%	719,567
			<u>\$ 3,409,724</u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Annual debt service requirements to maturity for OWDA loans are as follows:

Year Ending December 31,	OWDA Loans		
	Governmental Activities		
	Principal	Interest	Total
2011	\$ 181,303	\$ 54,889	\$ 236,192
2012	188,869	47,323	236,192
2013	196,751	39,440	236,191
2014	204,964	31,230	236,194
2015	151,564	22,656	174,220
2016 - 2020	432,150	50,086	482,236
2021	26,886	539	27,425
Total	\$ 1,382,487	\$ 246,163	\$ 1,628,650

Loans Payable

On Sept. 8, 2003 the City entered into a contract with the Department of Development of the State of Ohio for Brownfield Cleanup Revolving Loan Funds. The City was awarded \$637,417, of which 90% (\$573,675) is to be repaid at 0% interest over a period of 8 years and 10% was awarded as a grant.

In 2008, the City obtained a loan with the Ohio Public Works Commission (OPWC) for road improvements in the amount of \$200,000 at 0% interest to be repaid over 20 years.

Annual debt service requirements to maturity for the loans are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	
	Brownfield Cleanup Revolving Loan	OPWC Loan
2011	\$ 71,709	\$ 20,000
2012	71,709	20,000
2013	35,856	20,000
2014	0	20,000
2015	0	20,000
2016 - 2019	0	70,000
Total	\$ 179,274	\$ 170,000

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Changes in Long Term Liabilities

Long term liability activity for the year ended December 31, 2010 was as follows:

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010	Due Within One Year
<i>General Obligation Bonds</i>					
Various Improvement (1989) 7.140% through 2010	\$ 7,908	\$ 0	\$ (7,908)	\$ 0	\$ 0
Street Improvement (1991) 6.772 % through 2011	3,133	0	(1,567)	1,566	1,566
Sidewalk Improvements (1977) 5.250%	2,500	0	0	2,500	2,500
Broadview Center Improvement (2000) 4.6% through 2013	700,000	0	(160,000)	540,000	170,000
Various Purpose (1999) 4.50% - 5.65% through 2019	1,777,149	0	(139,224)	1,637,925	147,420
Service Building (2003) 4.20% through 2013	540,000	0	(130,000)	410,000	135,000
Sewer Improvements (2003) 4.58% through 2023	74,400	0	(3,600)	70,800 *	3,600
Building Improvements (2004) 3.00% - 5.00% through 2024	250,000	0	(15,000)	235,000	15,000
Street Improvements (2006) 3.75% - 5.00% through 2026	895,639	0	(44,670)	850,969	44,670
Demolition Project (2006) 3.75% - 5.00% through 2026	540,590	0	(26,962)	513,628	26,962
Energy Improvement Project (2007) 4.00% - 4.25% through 2017	1,405,000	0	(150,000)	1,255,000	150,000
Total General Obligation Bonds	6,196,319	0	(678,931)	5,517,388	696,718

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010	Due Within One Year
<i>Special Assessment Bonds With City Commitment</i>					
Various Improvement (1989) 7.140% through 2010	\$ 67,096	\$ 0	\$ (67,096)	\$ 0	\$ 0
Street Improvement (1990) 7.850% through 2010	15,000	0	(15,000)	0	0
Street Improvement (1991) 6.772 % through 2011	146,865	0	(73,431)	73,434	73,434
Sewer Improvement (1994) 5.500% through 2014	30,000	0	(6,000)	24,000 *	6,000
Sewer Improvement (1995) 6.383% through 2015	16,000	0	(2,000)	14,000	2,000
Various Purpose (1999) 4.50% - 5.65% through 2019	392,857	0	(30,778)	362,079	32,580
Sewer Improvement (2001) 6.1% through 2021	155,012	0	(9,085)	145,927 *	9,649
Street Improvement (2003) 4.20% through 2023	610,000	0	(35,000)	575,000	35,000
Street Improvement (2003) 4.20% through 2023	150,000	0	(10,000)	140,000	10,000
Sewer Improvement (2003) 4.58% through 2023	235,600	0	(11,400)	224,200 *	11,400
Street Improvement (2004) 3.00% - 5.00% through 2024	405,000	0	(20,000)	385,000	20,000
Sewer Improvement (2006) 3.75% - 5.00% through 2026	506,640	0	(25,269)	481,371 *	25,269
Sewer Improvement (2006) 3.75% - 5.00% through 2026	62,128	0	(3,099)	59,029 *	3,099
Total Special Assessment Bonds	2,792,198	0	(308,158)	2,484,040	228,431

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010	Due Within One Year
<i>OWDA Loans</i>					
Interest rates vary from 4.04% to 9.78%, due through 2021	\$ 1,556,527	\$ 0	\$ (174,040)	\$ 1,382,487	\$ 181,303
<i>OPWC Loan</i>					
0% due 2019	190,000	0	(20,000)	170,000	20,000
<i>Brownfields Cleanup Revolving Loan</i>					
0% due 2013	250,983	0	(71,709)	179,274	71,709
Capital Lease	10,585	0	(10,585)	0	0
Compensated Absences	1,315,128	491,241	(446,865)	1,359,504	444,647
Total Governmental Activities	<u>\$ 12,311,740</u>	<u>\$ 491,241</u>	<u>\$ (1,710,288)</u>	<u>\$ 11,092,693</u>	<u>\$ 1,642,808</u>
<i>Business-Type Activities</i>					
Compensated Absences	\$ 27,810	\$ 6,933	\$ (4,618)	\$ 30,125	\$ 6,773
Total Business-Type Activities	<u>\$ 27,810</u>	<u>\$ 6,933</u>	<u>\$ (4,618)</u>	<u>\$ 30,125</u>	<u>\$ 6,773</u>

* These debt issues are recorded in governmental funds to finance assets of the business-type activities. See notation on page 13 for a further description of the presentation on the statement of net assets.

Compensated absences will be paid from the fund from which the person is paid. This is generally from the general fund, fire levy fund, street maintenance and repair fund or recreation fund.

Note 13 – Risk Management

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 omission; injuries to employees and natural disasters. The City contracts with the Westfield Insurance Company for commercial property coverage, which has a \$20,160,000 limit and a \$1,000 deductible. The City also contracts with the Westfield Insurance Co. for boiler and machinery coverage, which has a \$50,000 per incident limit and a \$1,000 deductible. In addition, the City carries an equipment floater policy with a \$936,656 limit and a \$500 deductible and a general and vehicle liability policy of \$1,000,000.

The City carries a \$1,000,000 public official liability policy with United National, a police professional policy for \$1,000,000 with Scottsdale and a medical technical E&O policy with Western World for \$1,000,000. All of the liability coverage is capped with a blanket umbrella policy for \$1,000,000 with Colony National.

The City bonds the Mayor for his term, along with several specific employees (i.e. Finance Director, Clerk of Courts, etc) where required by Ohio Revised Code.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

Medical

The City provides life, health and dental benefits to full time city employees. Coverage is provided by a commercial insurance carrier under a shared-funding plan. The City will pay up to a predetermined amount toward each employee's healthcare costs after employees meet their deductible. Once this "funding corridor" has been met, the insurance company will pay the employee's remaining annual healthcare costs.

Worker's Compensation

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

Note 14 – Contingencies

The City of Broadview Heights, Ohio, is a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's management that any judgment against the City would not have a material adverse effect on the City's financial position, and would be covered by liability insurance maintained by the City.

Note 15 – Jointly Governed Organization

The Southwest Council of Governments (the Council) helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions, and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board. In 2010, the City contributed \$7,500 for the Southwest Council of Governments annual dues. The City contributed \$5,500 in additional funds for the Southwest Emergency Response Team annual dues.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("Haz Mat") which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to cities in the form of a Special Weapons and Tactics Team ("SWAT Team"). The Council's financial statements may be obtained by contacting the Southwest Council of Governments, Parma Heights, Ohio.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 16 - Contractual Commitments

As of December 31, 2010, the City had contractual commitments for the following:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 12/31/10</u>
Broadview North	\$ 2,450,000	\$ 680,327	\$ 1,769,673
Elsa Drive Storm Sewer	219,727	17,595	202,132
Richard Road Storm Sewer	<u>39,700</u>	<u>1,687</u>	<u>38,013</u>
	<u>\$ 2,709,427</u>	<u>\$ 699,609</u>	<u>\$ 2,009,818</u>



Dave Yost • Auditor of State

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

City of Broadview Heights
Cuyahoga County
9543 Broadview Road
Broadview Heights, Ohio 44147

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 31, 2011.

We intend this report solely for the information and use of management, City Council, and others within the City. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

August 31, 2011



Dave Yost • Auditor of State

CITY OF BROADVIEW HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2011**