



Dave Yost • Auditor of State

**CITY OF BROADVIEW HEIGHTS
CUYAHOGA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Broadview Heights
Cuyahoga County
9543 Broadview Rd.
Broadview Heights, Ohio 44147

To the City Council:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2014, 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 thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 4, 2015

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

The discussion and analysis of the City of Broadview Heights's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position increased \$255,502. Net position of governmental activities decreased \$287,515. Net position of business-type activities increased \$543,017.
- Total capital assets decreased \$902,163 in 2014. Capital assets of governmental activities decreased \$1,334,863 and capital assets of business-type activities increased \$432,700. Depreciation exceeded capital outlays and capital contributions in 2014.
- Outstanding long term debt increased from \$7.3 million to \$8.1 million in 2014 due the issuance of Bonds and offset by principal payments.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Broadview Heights as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2014 and how they affected the operations of the City as a whole.

Reporting the City of Broadview Heights as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City of Broadview Heights, the General Fund is by far the most significant fund. Business-type funds consist of the Sanitary Sewer and Sewer Capital Funds.

A question typically asked about the City's finances is "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
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For the Year Ended December 31, 2014
(Unaudited)

These two statements report the City's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community and economic development, leisure time activities and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's Sanitary Sewer and Sewer Capital Fund are reported as business-type activities.

Reporting the City of Broadview Heights's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund, the Fire Levy Fund, the General Bond Retirement Fund, and the Streets Capital Improvement Fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

The City of Broadview Heights as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2014 compared to 2013:

Table 1 Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 19,296,993	\$ 19,411,917	\$ 914,360	\$ 860,652	\$ 20,211,353	\$ 20,272,569
Capital assets, net	31,890,534	33,225,397	3,152,101	2,719,401	35,042,635	35,944,798
Total Assets	51,187,527	52,637,314	4,066,461	3,580,053	55,253,988	56,217,367
LIABILITIES						
Current and other liabilities	1,256,566	3,502,988	26,864	87,984	1,283,430	3,590,972
Long-term liabilities:						
Due within one year	1,652,931	1,579,439	17,485	12,147	1,670,416	1,591,586
Due in more than one year	7,999,026	7,290,987	32,780	33,607	8,031,806	7,324,594
Total Liabilities	10,908,523	12,373,414	77,129	133,738	10,985,652	12,507,152
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	4,296,652	3,994,033	-	-	4,296,652	3,994,033
NET POSITION						
Net Investment in						
Capital Assets	24,798,280	25,954,933	3,152,101	2,719,401	26,994,916 *	26,400,710
Restricted	6,154,427	4,393,748	-	-	6,154,427	4,393,748
Unrestricted	5,029,645	5,921,186	837,231	726,914	6,822,341 *	8,921,724
Total Net Position	\$ 35,982,352	\$ 36,269,867	\$ 3,989,332	\$ 3,446,315	\$ 39,971,684	\$ 39,716,182

* The totals for governmental and business-type activities represent their respective net investment in capital assets 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 13 for more information.

At year end, capital assets represented 63 percent of total assets. Capital assets include land, intangible, buildings, improvements, furniture and fixtures, machinery and equipment, vehicles, infrastructure and construction in progress. The net investment in capital assets was \$27.0 million at December 31, 2014, with \$24.8 million in governmental activities and \$3.2 million in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

CITY OF BROADVIEW HEIGHTS
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A portion of the City's net position, \$6.2 million or 15 percent, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$6.8 million may be used to meet the government's ongoing obligations to citizens and creditors.

Capital assets in the governmental activities showed a decrease from 2013 due to depreciation exceeding capital outlay and contributions in 2014. Capital assets in the business type activities showed an increase from 2013 due to capital outlay and contributions exceeding depreciation in 2014.

Current and other liabilities in the governmental activities decreased around \$2.2 million mainly due to the 2013 notes paid off in 2014.

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for services	\$ 3,656,719	\$ 3,633,395	\$ 1,352,893	\$ 1,258,635	\$ 5,009,612	\$ 4,892,030
Operating grants and contributions	1,022,746	1,056,358	-	-	1,022,746	1,056,358
Capital grants and contributions	666,878	452,711	-	-	666,878	452,711
Total Program Revenues	5,346,343	5,142,464	1,352,893	1,258,635	6,699,236	6,401,099
General Revenues:						
Property taxes	4,059,655	4,068,152	-	-	4,059,655	4,068,152
Municipal income taxes	11,205,339	10,991,993	-	-	11,205,339	10,991,993
Grants and entitlements	979,683	1,376,746	-	-	979,683	1,376,746
Investment income	24,293	15,023	492	470	24,785	15,493
All other revenues	41,197	45,648	26,391	3,830	67,588	49,478
Total General Revenues	16,310,167	16,497,562	26,883	4,300	16,337,050	16,501,862
Total Revenues	21,656,510	21,640,026	1,379,776	1,262,935	23,036,286	22,902,961
EXPENSES						
Program Expenses:						
Security of persons and property	7,917,821	7,856,685	-	-	7,917,821	7,856,685
Public health services	326,602	454,821	-	-	326,602	454,821
Leisure time activities	1,303,609	1,114,428	-	-	1,303,609	1,114,428
Community environment	458,120	481,037	-	-	458,120	481,037
Basic utility services	908,440	886,473	-	-	908,440	886,473
Transportation	3,552,259	3,580,271	-	-	3,552,259	3,580,271
General government	6,307,755	6,304,117	-	-	6,307,755	6,304,117
Interest and fiscal charges	382,913	342,200	-	-	382,913	342,200
Sanitary Sewer	-	-	1,623,265	1,773,910	1,623,265	1,773,910
Sewer Capital	-	-	-	7,879	-	7,879
Total Expenses	21,157,519	21,020,032	1,623,265	1,781,789	22,780,784	22,801,821
Increase (Decrease) in Net Position	498,991	619,994	(243,489)	(518,854)	255,502	101,140
Transfers	(786,506)	(204,760)	786,506	204,760	-	-
Change in Net Position	(287,515)	415,234	543,017	(314,094)	255,502	101,140
Net Position - Beginning of Year	36,269,867	35,854,633	3,446,315	3,760,409	39,716,182	39,615,042
Net Position - End of Year	\$ 35,982,352	\$ 36,269,867	\$ 3,989,332	\$ 3,446,315	\$ 39,971,684	\$ 39,716,182

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
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Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements, charges for services and investment interest.

The 2 percent 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 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 52 percent of the total revenue of the governmental activities.

Other general revenues, including property taxes, grants and entitlements, such as local government funds, and interest, account for 23 percent of governmental activities revenue. Program revenues, which include charges for services and operating and capital grants, account for the remaining 25 percent of total revenues. With the combination of these revenues, all expenses in the governmental activities are funded. The City monitors its sources of revenues very closely for fluctuations.

Revenues overall remained consistent with 2013, however Capital Grants increased by \$0.2 million due to a grant received for fire equipment and a nature works grant received for the new City splash park. Municipal tax increased \$0.2 million, which was offset by a \$0.4 million decrease in grants and entitlements due to a reduction in estate tax revenue in 2014.

Expenses increased \$0.1 million in 2014. The largest part of this is a \$0.2 million increase in leisure time activities due to improvements to the fields in 2014. This was offset by a \$0.1 million decrease from 2013 in public health services. The largest program function of the City relates to security of persons and property, which includes the Police and Fire departments and represents approximately 37 percent of program expenses. The next largest expense was for general government, which represents approximately 30 percent of program expenses in 2014.

Business-Type Activities

The City's major enterprise fund is the Sanitary Sewer Fund. The revenues are generated primarily from charges for services. In 2014, charges for services of \$1.4 million accounted for nearly 100 percent of the business type revenues. The total expenses were \$1.6 million in 2014. The change in net position for the business-type activities was an increase of \$0.5 million in 2014.

Revenues increased \$0.1 million in 2014 primarily due to an increase in sewer rates. Expenses decreased \$0.2 million in 2014 due to staffing reduction along with reduced supplies and equipment purchases.

The government activities contributed \$0.8 million in capital assets to the business-type activities.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

The City's Funds

Governmental Funds

Information about the City's governmental funds begins on page 13. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues and other financing sources of \$25.1 million and expenditures and other financing uses of \$22.8 million. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The General Fund's net change in fund balance for fiscal year 2014 was an increase of \$1.3 million. Expenditures increased \$0.3 million mainly due to an increase in transfers out, offset by a decrease in general government. Revenues increased \$2.1 million primarily due to Bond proceeds and increases in Income tax revenue, Building Permit fees and Property tax revenue.

The fund balance of the Fire Levy Fund increased by \$71,367. Revenues and expenditures remained fairly consistent with the prior year.

The fund balance of the General Bond Retirement Fund decreased by \$64,487. Revenues and expenditures remained fairly consistent with the prior year.

The fund balance of the Streets Capital Improvement increased by \$0.5 million. A decrease in expenditures of \$0.6 million, consisting of \$0.3 million in capital outlay and \$0.3 million in transfers out is the main reason.

The fund balance in the other governmental funds increased by \$0.4 million. An increase in expenditures of \$0.7 million, consisting mainly of an increase in capital outlay, offset by the increase in revenues of \$0.3 million is the main reason.

Proprietary Funds

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

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$0.8 million. The total increase in net position for the Fund was \$0.5 million. Other factors concerning the finances of this Fund have already been addressed in the discussion of the business-type activities.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2014, the City amended its General Fund budget. All recommendations for appropriation changes come to Council from the City Finance Director. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

CITY OF BROADVIEW HEIGHTS
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For the General Fund, the original and final budget basis revenue was \$14.5 million.

Actual expenditures of \$14,619,399 were \$220,877 lower than the final appropriations of \$14,840,276. Original appropriations of \$14.9 million were higher than final appropriations by \$57,137.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2014, the City had \$35.0 million invested in capital assets. A total of \$31.9 million of this was for governmental activities and \$3.1 million being attributable to business-type activities. Table 3 shows fiscal year 2014 balances compared with 2013.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 4,775,874	\$ 4,437,274	\$ -	\$ -	\$ 4,775,874	\$ 4,437,274
Intangible	22,142	22,142	-	-	22,142	22,142
Construction in progress	506,503	2,134,703	-	-	506,503	2,134,703
Total Non-Depreciable	5,304,519	6,594,119	-	-	5,304,519	6,594,119
Buildings	3,776,944	3,898,599	295,150	323,571	4,072,094	4,222,170
Land improvements	2,892,950	2,768,850	-	-	2,892,950	2,768,850
Machinery and equipment	954,954	1,003,729	76,812	67,627	1,031,766	1,071,356
Furniture and fixtures	2,080	2,978	-	-	2,080	2,978
Vehicles	1,987,868	617,713	-	-	1,987,868	617,713
Infras tructure:						
Traffic Signals	53,174	67,029	-	-	53,174	67,029
Roads	7,075,342	8,007,262	-	-	7,075,342	8,007,262
Waterlines	4,710,677	4,881,669	-	-	4,710,677	4,881,669
Storm Sewers	5,132,026	5,383,449	-	-	5,132,026	5,383,449
Sanitary sewers	-	-	2,780,139	2,328,203	2,780,139	2,328,203
Total Depreciable,						
Net of Depreciation	26,586,015	26,631,278	3,152,101	2,719,401	29,738,116	29,350,679
Total Capital Assets,						
Net of Depreciation	\$ 31,890,534	\$ 33,225,397	\$ 3,152,101	\$ 2,719,401	\$ 35,042,635	\$ 35,944,798

The \$1.3 million decrease in capital assets of governmental activities and the \$0.4 million increase in capital assets of the business-type activities were attributable to current year depreciation and disposals exceeding additional purchases in the governmental activities and additions exceeding current year depreciation in the business-type activities. See Note 9 for additional information about the capital assets of the City.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Management's Discussion and Analysis
 For the Year Ended December 31, 2014
 (Unaudited)

Debt

The outstanding long term debt for the City as of December 31, 2014 was \$8.1 million. See Note 13 for additional details. Table 4 summarizes outstanding debt.

Table 4 Outstanding Debt, at December 31

	Governmental Activities	
	2014	2013
General Obligation Bonds	\$ 3,780,124	\$ 3,293,719
Unamortized Bond Premium	66,528	49,564
Special Assessment Bonds	2,660,665	1,912,624
OPWC Loan	90,000	110,000
OWDA Loans	610,599	815,562
Capital Leases	898,758	1,130,037
Contract Payable	7,573	15,146
Total Outstanding Debt	\$ 8,114,247	\$ 7,326,652

Contacting the City's Finance Department

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

Cuyahoga County, Ohio

Statement of Net Position

December 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 7,053,347	\$ 132,906	\$ 7,186,253
Materials and Supplies Inventory	50,660	-	50,660
Accounts Receivable	1,117,968	436,031	1,553,999
Intergovernmental Receivable	890,117	-	890,117
Municipal Income Taxes Receivable	3,547,792	-	3,547,792
Property Taxes Receivable	4,440,211	-	4,440,211
Special Assessments Receivable	2,196,898	345,423	2,542,321
Nondepreciable Capital Assets	5,304,519	-	5,304,519
Depreciable Capital Assets	26,586,015	3,152,101	29,738,116
Total Assets	51,187,527	4,066,461	55,253,988
LIABILITIES			
Accounts Payable	371,848	5,064	376,912
Contracts Payable	155,871	-	155,871
Accrued Wages and Benefits	254,927	8,306	263,233
Intergovernmental Payable	410,960	13,494	424,454
Matured Compensated Absences Payable	8,082	-	8,082
Accrued Interest Payable	42,378	-	42,378
Unearned Revenue	12,500	-	12,500
Long-term Liabilities:			
Due within one year	1,652,931	17,485	1,670,416
Due in more than one year	7,999,026	32,780	8,031,806
Total Liabilities	10,908,523	77,129	10,985,652
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	4,296,652	-	4,296,652
Total Deferred Inflows of Resources	4,296,652	-	4,296,652
NET POSITION			
Net Investment in Capital Assets	24,798,280	3,152,101	26,994,916
Restricted for:			
Debt Service	2,113,366	-	2,113,366
Capital Projects	2,739,838	-	2,739,838
Police and Fire	559,566	-	559,566
Streets and Highways	322,119	-	322,119
Recreation Center	215,332	-	215,332
Service Equipment	127,813	-	127,813
Other Purposes	76,393	-	76,393
Unrestricted	5,029,645	837,231	6,822,341
Total Net Position	\$ 35,982,352	\$ 3,989,332	\$ 39,971,684

Debt related to certain business-type assets is included in the governmental activities. This debt has not been included in the net investment in capital assets for the governmental or business-type activities but has been reflected in the entity-wide total. See Note 13.

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County
 Statement of Activities
 For the Year Ended December 31, 2014

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government:							
Governmental activities:							
Security of Persons and Property	\$ 7,917,821	\$ 384,409	\$ 25,110	\$ 103,980	\$ (7,404,322)	\$ -	\$ (7,404,322)
Public Health Services	326,602	-	-	-	(326,602)	-	(326,602)
Leisure Time Activities	1,303,609	880,066	1,995	162,722	(258,826)	-	(258,826)
Community Environment	458,120	3,000	-	-	(455,120)	-	(455,120)
Basic Utility Services	908,440	-	-	-	(908,440)	-	(908,440)
Transportation	3,552,259	-	974,275	52,931	(2,525,053)	-	(2,525,053)
General Government	6,307,755	2,389,244	21,366	132,620	(3,764,525)	-	(3,764,525)
Interest and Fiscal Charges	382,913	-	-	214,625	(168,288)	-	(168,288)
Total Governmental activities	<u>21,157,519</u>	<u>3,656,719</u>	<u>1,022,746</u>	<u>666,878</u>	<u>(15,811,176)</u>	<u>-</u>	<u>(15,811,176)</u>
Business-type activities:							
Sanitary Sewer	1,623,265	1,313,011	-	-	-	(310,254)	(310,254)
Sewer Capital	-	39,882	-	-	-	39,882	39,882
Total Business-type activities	<u>1,623,265</u>	<u>1,352,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,372)</u>	<u>(270,372)</u>
Total Primary Government	<u>\$ 22,780,784</u>	<u>\$ 5,009,612</u>	<u>\$ 1,022,746</u>	<u>\$ 666,878</u>	<u>(15,811,176)</u>	<u>(270,372)</u>	<u>(16,081,548)</u>
General Revenues:							
Property Taxes levied for:							
General Purposes					1,526,838	-	1,526,838
Police and Fire					2,532,817	-	2,532,817
Municipal Income Taxes levied for:							
General Purposes					9,232,921	-	9,232,921
Capital Outlay					1,824,133	-	1,824,133
Other Purposes					148,285	-	148,285
Grants & Entitlements not restricted to specific programs					979,683	-	979,683
Investment Income					24,293	492	24,785
All Other Revenues					41,197	26,391	67,588
Transfers					<u>(786,506)</u>	<u>786,506</u>	<u>-</u>
Total General Revenues and Transfers					<u>15,523,661</u>	<u>813,389</u>	<u>16,337,050</u>
Change in Net Position					<u>(287,515)</u>	<u>543,017</u>	<u>255,502</u>
Net Position - Beginning of Year					<u>36,269,867</u>	<u>3,446,315</u>	<u>39,716,182</u>
Net Position - End of Year					<u>\$ 35,982,352</u>	<u>\$ 3,989,332</u>	<u>\$ 39,971,684</u>

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS

Cuyahoga County, Ohio

Balance Sheet

Governmental Funds

December 31, 2014

	General Fund	Fire Lew	General Bond Retirement	Streets Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 3,499,307	\$ 427,329	\$ 827,869	\$ 987,618	\$ 1,311,224	\$ 7,053,347
Materials and Supplies Inventory	50,660	-	-	-	-	50,660
Accounts Receivable	438,671	107,846	-	65,777	505,674	1,117,968
Interfund Receivable	-	-	-	-	112,000	112,000
Intergovernmental Receivable	232,350	159,473	-	52,931	445,363	890,117
Municipal Income Taxes Receivable	2,767,277	-	-	567,647	212,868	3,547,792
Property Taxes Receivable	1,544,817	2,302,924	-	-	592,470	4,440,211
Special Assessments Receivable	26,734	-	2,170,164	-	-	2,196,898
Total Assets	\$ 8,559,816	\$ 2,997,572	\$ 2,998,033	\$ 1,673,973	\$ 3,179,599	\$ 19,408,993
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 316,290	\$ 5,178	\$ -	\$ 4,766	\$ 45,614	\$ 371,848
Accrued Wages and Benefits	162,195	55,611	-	-	37,121	254,927
Contracts Payable	-	-	49,758	97,212	8,901	155,871
Intergovernmental Payable	277,224	111,681	-	-	22,055	410,960
Matured Compensated Absences Payable	3,352	4,730	-	-	-	8,082
Interfund Payable	-	-	-	-	112,000	112,000
Unearned Revenue	-	-	-	-	12,500	12,500
Total Liabilities	759,061	177,200	49,758	101,978	238,191	1,326,188
Deferred Inflows of Resources:						
Property Taxes	1,494,524	2,227,594	-	-	574,534	4,296,652
Unavailable Revenue - Delinquent Property Taxes	50,293	75,330	-	-	17,936	143,559
Unavailable Revenue - Income Taxes	1,645,052	-	-	337,447	126,544	2,109,043
Unavailable Revenue - Special Assessments	26,734	-	2,170,164	-	-	2,196,898
Unavailable Revenue - Other	172,110	212,500	-	45,578	537,419	967,607
Total Deferred Inflows of Resources	3,388,713	2,515,424	2,170,164	383,025	1,256,433	9,713,759
Fund Balances:						
Nonspendable	50,774	-	-	-	-	50,774
Restricted	-	304,948	778,111	-	389,836	1,472,895
Committed	-	-	-	1,188,970	1,416,730	2,605,700
Assigned	207,348	-	-	-	-	207,348
Unassigned (Deficits)	4,153,920	-	-	-	(121,591)	4,032,329
Total Fund Balances	4,412,042	304,948	778,111	1,188,970	1,684,975	8,369,046
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,559,816	\$ 2,997,572	\$ 2,998,033	\$ 1,673,973	\$ 3,179,599	\$ 19,408,993

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS

Cuyahoga County, Ohio

*Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
December 31, 2014*

Total Governmental Funds Balance \$ 8,369,046

*Amounts reported for Governmental Activities in the Statement of Net Position
are different because:*

Capital Assets used in Governmental Activities are not financial resources
and, therefore, are not reported in the funds 31,890,534

Other long-term assets are not available to pay for current-period expenditures
and, therefore, are unavailable revenue in the funds:

Delinquent property taxes	\$ 143,559	
Municipal income taxes	2,109,043	
Special assessments	2,196,898	
Intergovernmental	657,344	
Charges for services	310,263	
Total		5,417,107

In the Statement of Activities, interest is accrued on outstanding
bonds, whereas in Governmental funds, an interest expenditure
is reported when due. (42,378)

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

General obligation bonds	(3,780,124)	
Special assessment bonds	(2,660,665)	
Unamortized bond premiums	(66,528)	
Loans Payable	(700,599)	
Contract Payable	(7,573)	
Capital leases	(898,758)	
Compensated absences	(1,537,710)	
Total		(9,651,957)

Net Position of Governmental Activities \$ 35,982,352

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2014

	General	Fire	General Bond	Streets Capital	Other Governmental	Total Governmental
	Fund	Levy	Retirement	Improvement	Funds	Funds
REVENUES						
Property Taxes	\$ 1,534,142	\$ 2,293,388	\$ -	\$ -	\$ 241,619	\$ 4,069,149
Municipal Income Taxes	9,629,682	-	-	977,604	758,043	11,365,329
Intergovernmental	560,583	348,271	1,944	7,353	1,336,147	2,254,298
Interest	14,965	3,007	-	3,000	3,321	24,293
Fees, Licenses, and Permits	627,482	-	-	-	86,858	714,340
Fines and Forfeitures	235,447	-	-	-	45,109	280,556
Rentals	178,003	-	-	-	33,432	211,435
Charges for Services	699,076	331,478	-	-	1,392,042	2,422,596
Contributions and Donations	10,450	-	-	-	1,995	12,445
Special Assessments	29,434	-	404,755	-	164,583	598,772
All Other Revenues	20,184	728	-	4,764	15,521	41,197
Total Revenues	13,539,448	2,976,872	406,699	992,721	4,078,670	21,994,410
EXPENDITURES						
Security of Persons and Property	4,521,474	2,770,759	-	-	241,310	7,533,543
Public Health Services	326,602	-	-	-	-	326,602
Leisure Time Activities	298,346	-	-	-	860,583	1,158,929
Community Environment	409,648	-	-	-	2,947	412,595
Basic Utility Services	908,440	-	-	-	-	908,440
Transportation	599,875	-	-	110,000	961,753	1,671,628
General Government	4,444,055	-	53,758	32,772	268,335	4,798,920
Capital Outlay	303,366	134,746	-	972,213	1,970,562	3,380,887
Debt Service:						
Principal Retirement	413,840	-	445,517	20,000	225,012	1,104,369
Interest and Fiscal Charges	62,203	-	172,244	-	81,274	315,721
Bond Issuance Costs	58,167	-	21,894	-	-	80,061
Total Expenditures	12,346,016	2,905,505	693,413	1,134,985	4,611,776	21,691,695
Excess of Revenues (Under) Expenditures	1,193,432	71,367	(286,714)	(142,264)	(533,106)	302,715
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	-	-	-	59,250	59,250
Bonds Issued	945,000	-	-	-	930,000	1,875,000
Premium on Debt Issuance	-	-	27,523	-	-	27,523
Transfers In	86,000	-	194,704	665,000	225,000	1,170,704
Transfers Out	(890,000)	-	-	-	(280,704)	(1,170,704)
Total Other Financing Sources (Uses)	141,000	-	222,227	665,000	933,546	1,961,773
Net Change in Fund Balances	1,334,432	71,367	(64,487)	522,736	400,440	2,264,488
Fund Balances - Beginning of Year	3,077,610	233,581	842,598	666,234	1,284,535	6,104,558
Fund Balances - End of Year	\$ 4,412,042	\$ 304,948	\$ 778,111	\$ 1,188,970	\$ 1,684,975	\$ 8,369,046

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS

Cuyahoga County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2014*

Net Change in Fund Balances-Total Governmental Funds \$ 2,264,488

*Amounts reported for Governmental Activities in the Statement of Activities
are different because:*

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

Capital Outlay	\$ 226,872	
Capital Contributions	822,306	
Depreciation	<u>(2,384,041)</u>	
Total		(1,334,863)

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

Delinquent property taxes	(9,494)	
Municipal income taxes	(159,990)	
Special assessments	(359,958)	
Intergovernmental	56,161	
Charges for services	<u>27,792</u>	
Total		(445,489)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of Bonds and the respective premiums issued. (1,902,523)

Repayment of various debt principal are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,104,369

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	6,064	
Accrued interest on bonds	9,880	
Amortization of bond premiums	<u>10,559</u>	
Total		<u>26,503</u>

Change in Net Position of Governmental Activities \$ (287,515)

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 1,546,797	\$ 1,550,840	\$ 1,534,142	\$ (16,698)
Municipal Income Taxes	9,445,485	9,470,177	9,368,209	(101,968)
Intergovernmental	611,236	612,834	606,235	(6,599)
Interest	12,985	13,019	12,879	(140)
Fees, Licenses and Permits	632,633	634,287	627,457	(6,830)
Fines and Forfeitures	234,065	234,677	232,150	(2,527)
Rentals	178,211	178,677	176,753	(1,924)
Charges for Services	706,054	707,900	700,278	(7,622)
Contributions and Donations	10,536	10,564	10,450	(114)
Special Assessments	29,677	29,754	29,434	(320)
All Other Revenues	23,074	23,134	22,885	(249)
Total Revenues	<u>13,430,753</u>	<u>13,465,863</u>	<u>13,320,872</u>	<u>(144,991)</u>
Expenditures:				
Current:				
Security of Persons and Property	4,637,022	4,634,714	4,596,826	37,888
Public Health & Services	363,018	352,469	351,842	627
Leisure Time Activities	457,037	455,104	450,603	4,501
Community Environment	404,459	414,688	413,250	1,438
Basic Utility Services	1,007,940	1,072,565	1,069,356	3,209
Transportation	540,455	665,026	654,570	10,456
General Government	4,999,844	4,893,507	4,730,749	162,758
Debt Service				
Principal Retirement	1,400,000	1,400,000	1,400,000	-
Interest and Fiscal Charges	66,773	62,203	62,203	-
Total Expenditures	<u>13,876,548</u>	<u>13,950,276</u>	<u>13,729,399</u>	<u>220,877</u>
Excess of Revenues Over (Under) Expenditures	(445,795)	(484,413)	(408,527)	75,886
Other Financing Sources (Uses)				
Bonds Issued	945,000	945,000	945,000	-
Transfers In	86,000	86,000	86,000	-
Transfers Out	(1,020,865)	(890,000)	(890,000)	-
Total Other Financing Sources (Uses)	<u>10,135</u>	<u>141,000</u>	<u>141,000</u>	<u>-</u>
Net Change in Fund Balance	(435,660)	(343,413)	(267,527)	75,886
Fund Balance Beginning of Year	3,061,086	3,061,086	3,061,086	-
Prior Year Encumbrances	343,194	343,194	343,194	-
Fund Balance End of Year	<u>\$ 2,968,620</u>	<u>\$ 3,060,867</u>	<u>\$ 3,136,753</u>	<u>\$ 75,886</u>

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
Fire Levy Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 2,321,917	\$ 2,304,296	\$ 2,293,388	\$ (10,908)
Intergovernmental	352,603	349,927	348,271	(1,656)
Interest	3,044	3,021	3,007	(14)
Charges for Services	335,009	332,467	330,893	(1,574)
Total Revenues	3,012,573	2,989,711	2,975,559	(14,152)
Expenditures:				
Current:				
Security of Persons and Property	3,030,698	2,986,796	2,956,580	30,216
Total Expenditures	3,030,698	2,986,796	2,956,580	30,216
Net Change in Fund Balance	(18,125)	2,915	18,979	16,064
Fund Balance Beginning of Year	365,970	365,970	365,970	-
Prior Year Encumbrances	18,125	18,125	18,125	-
Fund Balance End of Year	\$ 365,970	\$ 387,010	\$ 403,074	\$ 16,064

See accompanying notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS

Cuyahoga County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities		
	Sanitary Sewer Fund	Other Enterprise Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 83,903	\$ 49,003	\$ 132,906
Accounts Receivable	436,031	-	436,031
Special Assessments Receivable	345,423	-	345,423
<i>Total Current Assets</i>	<u>865,357</u>	<u>49,003</u>	<u>914,360</u>
Noncurrent Assets:			
Capital Assets:			
Depreciable Assets, Net of Depreciation	3,152,101	-	3,152,101
Total Assets	<u>4,017,458</u>	<u>49,003</u>	<u>4,066,461</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,064	-	5,064
Accrued Wages and Benefits	8,306	-	8,306
Intergovernmental Payable	13,494	-	13,494
Compensated Absences Payable	17,485	-	17,485
<i>Total Current Liabilities</i>	<u>44,349</u>	<u>-</u>	<u>44,349</u>
Noncurrent Liabilities:			
Compensated Absences Payable	32,780	-	32,780
Total Liabilities	<u>77,129</u>	<u>-</u>	<u>77,129</u>
NET POSITION			
Investment in Capital Assets	3,152,101	-	3,152,101
Unrestricted	788,228	49,003	837,231
Total Net Position	<u>\$ 3,940,329</u>	<u>\$ 49,003</u>	<u>\$ 3,989,332</u>

See accompany notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities		
	Sanitary Sewer Fund	Other Enterprise Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 1,313,011	39,882	1,352,893
Miscellaneous	16,391	10,000	26,391
Total Operating Revenues	1,329,402	49,882	1,379,284
OPERATING EXPENSES			
Personal Services	424,519	-	424,519
Materials and Supplies	30,602	-	30,602
Contractual Services	724,913	-	724,913
Depreciation	385,282	-	385,282
Other	57,949	-	57,949
Total Operating Expense	1,623,265	-	1,623,265
Operating Income (Loss)	(293,863)	49,882	(243,981)
NONOPERATING REVENUES			
Interest	492	-	492
Total Nonoperating Revenues	492	-	492
Capital Contributions	786,506	-	786,506
Change in Net Position	493,135	49,882	543,017
Net Position - Beginning of Year	3,447,194	(879)	3,446,315
Net Position - End of Year	\$ 3,940,329	\$ 49,003	\$ 3,989,332

See accompany notes to the basic financial statements.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities		
	Sanitary Sewer Fund	Other Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$ 1,341,112	\$ -	\$ 1,341,112
Cash Received from Other Operating Receipts	16,491	-	16,491
Tap In Fees	-	39,882	39,882
Other Cash Receipts	-	2,121	2,121
Cash Payments to Employees for Services	(421,282)	-	(421,282)
Cash Payments for Goods and Services	(810,028)	-	(810,028)
Other Cash Payments	(55,403)	-	(55,403)
Net Cash Provided by Operating Activities	70,890	42,003	112,893
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments for Capital Acquisitions	(31,476)	-	(31,476)
Net Cash (Used for) Capital and Related Financing Activities	(31,476)	-	(31,476)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	492	-	492
Net Cash Provided by Investing Activities	492	-	492
Net Increase in Cash and Cash Equivalents	39,906	42,003	81,909
Cash and Cash Equivalents - Beginning of Year	43,997	7,000	50,997
Cash and Cash Equivalents - End of Year	\$ 83,903	\$ 49,003	\$ 132,906
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (293,863)	\$ 49,882	\$ (243,981)
Adjustments:			
Depreciation	385,282	-	385,282
(Increase) Decrease in Assets:			
Accounts Receivable	(3,573)	-	(3,573)
Special Assessments Receivable	31,774	-	31,774
Increase (Decrease) in Liabilities:			
Accounts Payable	(51,967)	-	(51,967)
Contracts Payable	-	(7,879)	(7,879)
Accrued Wages and Benefits	(1,160)	-	(1,160)
Intergovernmental Payable	(114)	-	(114)
Compensated Absences Payable	4,511	-	4,511
Net Cash Provided by Operating Activities	\$ 70,890	\$ 42,003	\$ 112,893
Schedule of Noncash Investing, Capital and Related Financing Activities			
Capital Contributions from Sprague Road Sanitary Sewer Fund to Sanitary Sewer Fund	\$ 714,716	\$ -	\$ 714,716
Capital Contributions from Storm Sewer Fund to Sanitary Sewer Fund	71,790	-	71,790

See accompanying notes to the basic financial statements

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Statement of Fiduciary Assets and Liabilities
December 31, 2014

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 602,877
Cash and Cash Equivalents: in Segregated Accounts	<u>38,492</u>
Total Assets	<u><u>\$ 641,369</u></u>
Liabilities	
Undistributed Monies	<u>\$ 641,369</u>
Total Liabilities	<u><u>\$ 641,369</u></u>

See accompanying notes to the basic financial statements

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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 which operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted November 7, 1961. 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 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 position 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 Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (Continued)

The Statement of Net Position 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 proprietary 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund accounts for 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 and Charter.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Fire Levy Fund – The Fire Levy Fund accounts for the operating expenses of a full time Fire Department, and is restricted exclusively for that purpose. The revenue is primarily from property taxes through charter millage.

General Bond Retirement Fund – 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 Fund – 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 to which the City is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds

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

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:

Sanitary Sewer Fund – The Sanitary Sewer 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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City 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, along with deposits held for the City's Mayor's Court.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Revenues - Exchange and Non-exchange Transactions (Continued)

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 8). 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, grants, fees and rentals.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, there were no deferred outflows of resources in 2014.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, special assessments, intergovernmental, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Expenses/Expenditures

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

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014.

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 Investments

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.

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

During 2014, investments were limited to STAROhio, Federal Home Loan Mortgage Corp Note and a Negotiable CD.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

The City has invested funds in STAROhio during the year 2014. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2014.

Within STAROhio, the City is participating in the STAR Plus program. This program leverages the safety of FDIC insurance with the convenience of a single account, while offering competitive yields. This is accomplished in a network that deposits funds in carefully-selected FDIC-insured banks via a single account.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2014 amounted to \$14,965 which includes \$2,913 assigned from other City funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are presented on the financial statements as "cash". Investments with an original maturity of more than three months are reported as "investments".

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 position 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 Position 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 street signs and guardrails, storm and sanitary sewers, roads, traffic signals and water 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, intangible and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2014
 (Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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, intangible assets, and construction in progress are required to be depreciated using a depreciation method (specifically the straight line method) over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	10 to 50 years	10 to 50 years
Improvements	10 to 50 years	N/A
Furniture and Fixtures	10 to 20 years	N/A
Machinery and Equipment	10 to 15 years	10 to 15 years
Vehicles	6 to 15 years	6 to 15 years
Infrastructure	10 to 50 years	10 to 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 nonspendable fund balance, 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 position, 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.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the City Council. The City Council, by resolution, authorized the Finance Director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net position reports \$6,154,427 of the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position 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 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. In 2014, the Sewer Maintenance Enterprise Fund received \$786,506 in capital assets transferred from governmental activities and the Governmental Funds received donated land with a value of \$35,800.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in 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 2014.

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.

Changes in Accounting Principles

GASB Statement Number 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013 and have been implemented by the City.

GASB Statement Number 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2013 and have been implemented by the City.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
 (Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principles (Continued)

GASB Statement Number 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2013 and have been implemented by the City.

These GASB Statements did not have an effect on the City's financial statements

NOTE 3: FUND DEFICITS

Fund balances at December 31, 2014 included the following individual fund deficits:

	Fund Deficit
Nonmajor Governmental Funds:	
Circle Building Fund	\$ 110,553
Recreation Capital	11,038

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

NOTE 4: FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 4: FUND BALANCE (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Fire Levy	General Bond Retirement	Streets Capital Improvement	Other Governmental Funds	Total
<i>Nonspendable</i>						
Unclaimed Monies	\$ 114	\$ -	\$ -	\$ -	\$ -	\$ 114
Inventory	50,660	-	-	-	-	50,660
<i>Total Nonspendable</i>	<u>50,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,774</u>
<i>Restricted for</i>						
Fire Services	-	304,948	-	-	-	304,948
Bond Retirement	-	-	778,111	-	-	778,111
Court Operations and Capital Outlay	-	-	-	-	45,156	45,156
Road Repair and Improvement	-	-	-	-	144,433	144,433
Law Enforcement	-	-	-	-	199,771	199,771
Other Purposes	-	-	-	-	476	476
<i>Total Restricted</i>	<u>-</u>	<u>304,948</u>	<u>778,111</u>	<u>-</u>	<u>389,836</u>	<u>1,472,895</u>
<i>Committed to</i>						
Fire and Safety Equipment	-	-	-	-	452,159	452,159
Street Improvement	-	-	-	1,188,970	-	1,188,970
Storm Sewer Improvement	-	-	-	-	452,006	452,006
Recreation	-	-	-	-	224,317	224,317
City Facility Improvement	-	-	-	-	112,194	112,194
Service Department Equipment	-	-	-	-	111,119	111,119
Tree Planting and Maintenance	-	-	-	-	64,335	64,335
Other Purposes	-	-	-	-	600	600
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,188,970</u>	<u>1,416,730</u>	<u>2,605,700</u>
<i>Assigned to</i>						
Fiscal Year 2015 Appropriations	56,516	-	-	-	-	56,516
Purchases on Order	150,832	-	-	-	-	150,832
<i>Total Assigned</i>	<u>207,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,348</u>
<i>Unassigned (Deficit)</i>	4,153,920	-	-	-	(121,591)	4,032,329
Total Fund Balances	<u><u>\$4,412,042</u></u>	<u><u>\$304,948</u></u>	<u><u>\$ 778,111</u></u>	<u><u>\$ 1,188,970</u></u>	<u><u>\$ 1,684,975</u></u>	<u><u>\$8,369,046</u></u>

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 5: 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.

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;
6. The State Treasurer's investment pool (STAROhio and STAR Plus program);

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2014
 (Continued)

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

7. Certain banker's acceptances and commercial paper notes in an amount not to exceed 25 percent 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.

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 \$726 in undeposited cash on hand which is included on the statement of net position 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 \$6,579,281 and the bank balances of the deposits totaled \$6,614,656. Of the bank balance, \$4,517,237 was covered by depository insurance and \$2,097,419 was uninsured and collateralized. 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, 2014, the City had the following investments:

Rating by Standard & Poor's	Investment	Fair Value	Investment Maturities (in years)		Percentage of Total Investments
			<1	1-3	
N/A	Negotiable CD	\$ 249,930	\$ 249,930	\$ -	20.03%
AA+	FHLMC	997,680	-	997,680	79.97%
AAAM	STAR Ohio	5	5	-	0.00%
		<u>\$ 1,247,615</u>	<u>\$ 249,935</u>	<u>\$ 997,680</u>	<u>100.00%</u>

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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.

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio to maintain the highest rating provided by at least one nationally recognized standard rating service. The STAR Plus program investment pool has no market or credit risk, weekly liquidity with penalty free withdrawals.

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 6: 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:

- 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 The Unclaimed Funds Fund is included in the General Fund (GAAP basis), but has a separate legally adopted budget (budget basis).
- 4 Encumbrances are treated as expenditures (budget) rather than as a component 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.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2014
 (Continued)

NOTE 6: BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance		
	General	Fire Levy
GAAP Basis	\$ 1,334,432	\$ 71,367
Revenue Accruals	(218,545)	(1,313)
Expenditure Accruals	(1,018,748)	(26,820)
Excess of revenues and other financing sources and over (under) expenditures and other financing uses:		
Unclaimed Funds	164	-
Encumbrances (Budget Basis) outstanding at year end	(364,830)	(24,255)
Budget Basis	\$ (267,527)	\$ 18,979

NOTE 7: 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, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 86,000	\$ 890,000
General Bond Retirement	194,704	-
Streets Capital Improvement	665,000	-
Nonmajor Governmental Funds	225,000	280,704
Total	\$ 1,170,704	\$ 1,170,704

The transfers from other governmental funds to the General Bond Retirement Fund were to pay for the debt issues for storm sewer, Broadview Center renovations, and various street improvement projects. The General Fund transferred to other governmental funds to cover expenditures. A transfer of \$786,506 on the Statement of Activities represents a capital contribution from Governmental Activities to the Business-Type Activities – Sanitary Sewer.

Interfund Balances

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.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 7: TRANSFERS AND INTERFUND BALANCES (Continued)

Interfund Balances (Continued)

As of December 31, 2014, interfund receivable and payable 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 expects to collect in the subsequent year. Interfund payables and receivables were eliminated on the Statement of Net Position since they were within governmental activities.

NOTE 8: RECEIVABLES

Receivables at December 31, 2014, 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 and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of the 2013 taxes. Property tax payments received during 2014 for tangible personal property, except public utility property, are for prior year unpaid tangible personal property taxes.

Real property taxes (other than public utility property) are levied after October 1 on the assessed value as of prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value, and reappraisal of all property is required every six years with a triennial update. The last reappraisal was completed for tax year 2012 affecting collections beginning 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due mid January with the remainder payable by mid July. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

Tangible personal property used in business (except for public utilities) was phased out – the assessment percentage for all property including inventory for 2010 is zero. Amounts for prior year unpaid tangible personal property taxes may still be collected. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

The full tax rate for all City operations for the year ended December 31, 2014, was \$10.40 per \$1,000 of assessed valuation.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
 (Continued)

NOTE 8: RECEIVABLES (Continued)

Property Taxes (Continued)

The assessed values of real property upon which 2014 property tax receipts were based as follows:

Property Category	Assessed Value	Percent
Real Property	\$617,975,490	98.56 %
Public Utilities - Personal	9,060,630	1.44
Total	\$627,036,120	100.00 %

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Broadview Heights. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility real, and outstanding delinquencies which became measurable as of December 31, 2014, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2014 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Income Taxes

The City levies a municipal income tax of 2 percent 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 percent 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 2014, are credited to the following funds: 84.8 percent to the General Fund, 8.4 percent to the Streets Capital Improvement Fund, and 6.8 percent to other governmental funds.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Revenue Description	Amount
Local Government	\$ 107,691
Homestead and Rollback	278,189
Gasoline and Auto Registration tax	412,840
Estate tax	11,477
Permissive tax	10,911
Grants	58,651
Miscellaneous	10,358
Total	\$ 890,117

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 9: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
<u>Governmental Activities</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 4,437,274	\$ 338,600	\$ -	\$ 4,775,874
Intangible	22,142	-	-	22,142
Construction in Progress	2,134,703	302,861	(1,931,061)	506,503
<i>Total Capital Assets Not Being Depreciated</i>	<u>6,594,119</u>	<u>641,461</u>	<u>(1,931,061)</u>	<u>5,304,519</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	6,012,575	-	-	6,012,575
Improvements	4,332,853	337,771	-	4,670,624
Furniture and Fixtures	34,642	-	-	34,642
Machinery and Equipment	2,729,575	168,917	-	2,898,492
Vehicles	3,091,518	1,637,413	(364,516)	4,364,415
Infrastructure:				
Traffic Signals	443,207	-	-	443,207
Roads	24,155,790	-	-	24,155,790
Waterlines	10,715,637	-	-	10,715,637
Street Signs & Guard Rails	26,710	-	-	26,710
Storm Sewers	13,181,519	194,677	-	13,376,196
<i>Total Capital Assets Being Depreciated</i>	<u>64,724,026</u>	<u>2,338,778</u>	<u>(364,516)</u>	<u>66,698,288</u>
Less: Accumulated Depreciation				
Buildings	(2,113,976)	(121,655)	-	(2,235,631)
Improvements	(1,564,003)	(213,671)	-	(1,777,674)
Furniture and Fixtures	(31,664)	(898)	-	(32,562)
Machinery and Equipment	(1,725,846)	(217,692)	-	(1,943,538)
Vehicles	(2,473,805)	(267,258)	364,516	(2,376,547)
Infrastructure:				
Traffic Signals	(376,178)	(13,855)	-	(390,033)
Roads	(16,148,528)	(931,920)	-	(17,080,448)
Waterlines	(5,833,968)	(170,992)	-	(6,004,960)
Street Signs & Guard Rails	(26,710)	-	-	(26,710)
Storm Sewers	(7,798,070)	(446,100)	-	(8,244,170)
Total Accumulated Depreciation	<u>(38,092,748)</u>	<u>(2,384,041) *</u>	<u>364,516</u>	<u>(40,112,273)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>26,631,278</u>	<u>(45,263)</u>	<u>-</u>	<u>26,586,015</u>
Total Governmental Activities Capital Asset, Net	<u>\$ 33,225,397</u>	<u>\$ 596,198</u>	<u>\$ (1,931,061)</u>	<u>\$ 31,890,534</u>

*Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 259,737
Leisure Time Activities	93,140
Transportation	950,409
General Government	1,017,986
Community Environment	62,769
Total Depreciation Expense	<u>\$ 2,384,041</u>

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 9: CAPITAL ASSETS (Continued)

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
<u>Business-Type Activities</u>				
<i>Capital Assets Being Depreciated</i>				
Buildings	\$ 1,136,841	\$ -	\$ -	\$ 1,136,841
Machinery and Equipment	661,112	31,476	-	692,588
Vehicles	239,681	-	-	239,681
Infrastructure:				
Sanitary Sewers	15,256,457	786,506	-	16,042,963
<i>Total Capital Assets Being Depreciated</i>	<u>17,294,091</u>	<u>817,982</u>	<u>-</u>	<u>18,112,073</u>
Less: Accumulated Depreciation				
Buildings	(813,270)	(28,421)	-	(841,691)
Machinery and Equipment	(593,485)	(22,291)	-	(615,776)
Vehicles	(239,681)	-	-	(239,681)
Infrastructure:				
Sanitary Sewers	(12,928,254)	(334,570)	-	(13,262,824)
Total Accumulated Depreciation	<u>(14,574,690)</u>	<u>(385,282)</u>	<u>-</u>	<u>(14,959,972)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>2,719,401</u>	<u>432,700</u>	<u>-</u>	<u>3,152,101</u>
Total Business-Type Activities				
Capital Asset, Net	<u>\$ 2,719,401</u>	<u>\$ 432,700</u>	<u>\$ -</u>	<u>\$ 3,152,101</u>

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 10: 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 Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2014, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 13.0 percent, respectively.

The City's 2014 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The City's required contributions for pension obligations to the Traditional Pension and Combined plans for the years ended December 31, 2014, 2013, and 2012, were \$588,134, \$622,985, and \$434,904, respectively. For 2014, 92 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

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. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org

Funding Policy – From January 1, 2014 thru July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 thru December 31, 2014, plan members were required to contribute 11.50 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$489,625 and \$357,542 for the year ended December 31, 2014, \$380,280 and \$282,931 for the year ended December 31, 2013, and \$282,416 and \$219,043 for the year ended December 31, 2012, respectively. 85 percent for police and 83 percent for firefighters has been contributed for 2014. The full amount has been contributed for 2013 and 2012.

NOTE 11: POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on or after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 11: POST-EMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code permits, but does not mandate, 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees 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 members in the Traditional Plan was 2.0 percent during calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0 percent during calendar year 2014.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$98,022, \$47,922 and \$185,072, respectively. For 2014, 92 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 11: POST-EMPLOYMENT BENEFITS (Continued)

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 health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
 (Continued)

NOTE 11: POST-EMPLOYMENT BENEFITS (Continued)

Ohio Police and Firemen’s Disability and Pension Fund

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$12,885 and \$7,607 for the year ended December 31, 2014, \$77,405 and \$44,697 for the year ended December 31, 2013, and \$149,514 and \$85,712 for the year ended December 31, 2012. 85 percent has been contributed for police and 83 percent has been contributed for firefighters for 2014. The full amount has been contributed for 2013 and 2012.

NOTE 12: 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:

<u>Department</u>	<u>Maximum</u>
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 of 120 days (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 to 1/1/96	1/3 of 120 days (320 hours)
Level 3 & 4	1/3 of 120 days (320 hours)

NOTE 13: 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.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

General obligation bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
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	4.00% - 4.25%	1,700,000
2012 Various Improvement Refunding	2019	1.30% - 2.00%	1,490,000
2014 Street Improvement	2024	2.00% - 2.50%	700,000
2014 Telecommunications Project	2019	2.00%	245,000
Total			\$ 6,182,125

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
2015	\$ 578,595	\$ 119,322	\$ 697,917
2016	597,177	101,587	698,764
2017	612,177	83,275	695,452
2018	418,377	63,597	481,974
2019	426,958	52,243	479,201
2020-2024	949,850	147,026	1,096,876
2025-2026	196,990	12,930	209,920
	\$ 3,780,124	\$ 579,980	\$ 4,360,104

In February, 2012, the City issued \$1,820,000 refunded general obligation bonds. The proceeds of the bonds were used to refund \$1,490,999 of the City's outstanding municipal complex improvement bonds and \$329,502 of the sewer improvement special assessment bonds, Series 1999. The bonds were issued for an 8 year period with final maturity at December 1, 2019. At the date of the refunding, \$1,856,682 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of December 31, 2014, \$1,225,000 of these bonds are considered defeased.

The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$339,311. The issuance resulted in an economic gain of \$325,898.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2014
 (Continued)

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

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			
1994 Sewer Improvement	2014	5.50%	\$ 112,000
1995 Sewer Improvement	2015	6.38%	37,735
2001 Sewer Improvement	2021	6.10%	211,000
2003 Street Improvement	2023	4.20%	200,000
2003 Street Improvement	2023	4.20%	800,000
2003 Sewer Improvement	2023	4.58%	304,000
2004 Street Improvement	2024	3.00% - 5.00%	505,000
2006 Sewer Improvement	2026	3.75% - 5.00%	582,448
2006 Sewer Improvement	2026	3.75% - 5.00%	71,427
2012 Sewer Improvement Refunding	2019	1.30% - 2.00%	330,000
2014 Sewer Improvement	2034	2.00% - 3.50%	930,000
Total			<u>\$ 4,083,610</u>

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
2015	\$ 201,675	\$ 98,004	\$ 299,679
2016	200,853	85,984	286,837
2017	221,659	83,802	305,461
2018	241,316	75,623	316,939
2019	243,643	66,761	310,404
2020-2024	943,481	209,074	1,152,555
2025-2029	318,038	76,204	394,242
2030-2034	290,000	30,700	320,700
	<u>\$ 2,660,665</u>	<u>\$ 726,152</u>	<u>\$ 3,386,817</u>

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2014
 (Continued)

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

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:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>
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
Total			<u>\$ 3,409,724</u>

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

<u>Year Ending December 31,</u>	<u>OWDA Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 151,561	\$ 22,662	\$ 174,223
2016	94,580	17,676	112,256
2017	98,463	13,793	112,256
2018	91,578	9,860	101,438
2019	95,341	6,097	101,438
2020-2021	79,076	3,200	82,276
	<u>\$ 610,599</u>	<u>\$ 73,288</u>	<u>\$ 683,887</u>

Loan Payable

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 percent interest to be repaid over 10 years with payments beginning in 2009.

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

Annual debt service requirements to maturity for the loan is as follows:

<u>Year Ending December 31,</u>	<u>OPW C Loan</u>	
	Governmental Activities	
	Principal	
2015	\$	20,000
2016		20,000
2017		20,000
2018		20,000
2019		10,000
	\$	90,000

Contract Payable

In 2013, the City entered into an agreement with CivicPlus for the development of a City website. Total project development cost is \$22,719 with equal annual installments of \$7,753 for three years, with the first payment due in 2013.

Changes in Long Term Liabilities

Long term liability activity for the year ended December 31, 2014 was as follows:

	Balance 12/31/2013	Additions	Reductions	Balance 12/31/2014	Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
4.58 % through 2023	\$ 57,600	\$ -	\$ (4,800)	\$ 52,800	* \$ 4,800
Building Improvements (2004)					
3.00% - 5.00% through 2024	190,000	-	(15,000)	175,000	15,000
Street Improvements (2006)					
3.75% - 5.00% through 2026	714,725	-	(49,137)	665,588	49,137
Demolition Project (2006)					
3.75% - 5.00% through 2026	431,394	-	(29,658)	401,736	29,658
Energy Improvement Project (2007)					
4.00% - 4.25% through 2017	755,000	-	(180,000)	575,000	185,000
Municipal Complex Refunding					
Bonds (2012)					
1.30 % - 2.00 % through 2019	1,145,000	-	(180,000)	965,000	185,000
Unamortized Bond Premium	40,678	-	(7,873)	32,805	-
Various Purpose Bonds (2014)					
2.00%-2.50% through 2024	-	700,000	-	700,000	65,000
Unamortized Bond Premium		14,545	(424)	14,121	-
Various Purpose Bonds (2014)					
2.00% through 2019	-	245,000	-	245,000	45,000
Unamortized Bond Premium	-	8,078	(471)	7,607	-
Total General Obligation Bonds	3,334,397	967,623	(467,363)	3,834,657	578,595

CITY OF BROADVIEW HEIGHTS
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(Continued)

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

Changes in Long Term Liabilities (Continued)

	Balance 12/31/2013	Additions	Reductions	Balance 12/31/2014	Due Within One Year
<i>Special Assessment Bonds With City Commitment</i>					
Sewer Improvement (1994) 5.5% through 2014	\$ 6,000	\$ -	\$ (6,000)	\$ - *	\$ -
Sewer Improvement (1995) 6.383% through 2015	6,000	-	(3,000)	3,000	3,000
Sewer Improvement (2001) 6.1% through 2021	114,314	-	(11,554)	102,760 *	12,270
Street Improvement (2003) 4.20% through 2023	465,000	-	(40,000)	425,000	40,000
Street Improvement (2003) 4.20% through 2023	110,000	-	(10,000)	100,000	10,000
Sewer Improvements (2003) 4.58% through 2023	182,400	-	(15,200)	167,200 *	15,200
Street Improvement (2004) 3.00% - 5.00% through 2024	325,000	-	(25,000)	300,000	25,000
Sewer Improvements (2006) 3.75% - 5.00% through 2026	404,332	-	(27,796)	376,536 *	27,796
Sewer Improvements (2006) 3.75% - 5.00% through 2026	49,578	-	(3,409)	46,169 *	3,409
Sewer Improvement Refunding (2012) 1.30% - 2.00% through 2019	250,000	-	(40,000)	210,000 *	40,000
Unamortized Bond Premium	8,886	-	(1,720)	7,166	-
Sewer Improvements (2014) 2.00% - 3.50% through 2034	-	90,000	-	90,000	1,000
Sewer Improvements (2014) 2.00% - 3.50% through 2034	-	300,000	-	300,000	4,000
Sewer Improvements (2014) 2.00% - 3.50% through 2034	-	540,000	-	540,000	20,000
Unamortized Bond Premium	-	4,900	(71)	4,829	-
Total Special Assessments Bonds	1,921,510	934,900	(183,750)	2,672,660	201,675
<i>OWDA Loans</i>					
Interest rates vary from 4.02% to 4.35%, due through 2021	815,562	-	(204,963)	610,599	151,561
<i>OPWC Loan</i>					
0% due 2019	110,000	-	(20,000)	90,000	20,000
Capital Leases	1,130,037	-	(231,279)	898,758	227,712
Contract Payable	15,146	-	(7,573)	7,573	7,573
Compensated Absences	1,543,774	467,746	(473,810)	1,537,710	465,815
Total Governmental Activities	\$ 8,870,426	\$ 2,370,269	\$ (1,588,738)	\$ 9,651,957	\$ 1,652,931
<i>Business-Type Activities:</i>					
Compensated Absences	\$ 45,754	\$ 16,658	\$ (12,147)	\$ 50,265	\$ 17,485
Total Business-Type Activities	\$ 45,754	\$ 16,658	\$ (12,147)	\$ 50,265	\$ 17,485

*These debt issues are recorded in governmental funds to finance assets of the business-type activities. See notation on page 11 for a further description of the presentation on the statement of net position.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
 (Continued)

NOTE 13: LONG-TERM OBLIGATIONS (Continued)

Changes in Long Term Liabilities (Continued)

Compensated absences will be paid from the fund from which the person is paid. This is generally from the General Fund, the Fire Levy Fund, the Street Maintenance Fund, the Repair Fund, or the Recreation Fund.

NOTE 14: BOND ANTICIPATION NOTES

In May 2013, the City issued a bond anticipation note in the amount of \$810,000 at 0.39 percent that matured on October 11, 2013 to fund sanitary sewer projects. In December 2013, the City issued bond anticipation notes in the amount of \$1.0 million at 0.509 percent maturing on September 25, 2014 for road improvements and equipment upgrades. In December 2013, the City issued bond anticipation notes in the amount of 1.267 million at 1.0 percent maturing on September 25, 2014 to fund sanitary sewer projects. The notes were paid by the General Bond Retirement and General Fund.

	<u>Balance</u> <u>12/31/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2014</u>
2013 Bond Anticipation Note .509% due September, 2014	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
2013 Bond Anticipation Note 1.0% due September, 2014	1,267,000	-	(1,267,000)	-
Unamortized Note Premium	4,057	-	(4,057)	-
Total Notes	<u>\$ 2,271,057</u>	<u>\$ -</u>	<u>\$ (2,271,057)</u>	<u>\$ -</u>

NOTE 15: CAPITALIZED LEASES

Capital lease obligations relate to equipment and a vehicle which are leased under long-term agreements. These leases meet the criteria of a capital lease as defined under generally accepted accounting standards. Capital lease payments in the governmental funds will be reclassified and reflected as debt service in the basic financial statements for the general government and safety department equipment funds. These expenditures will be reflected as program/function expenditures on a budgetary basis.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2014
 (Continued)

NOTE 15: CAPITALIZED LEASES (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2014.

Year	Amount
2015	\$ 244,030
2016	203,731
2017	203,732
2018	194,282
2019	97,626
Total Minimum Lease Payments	943,401
Less Amount Representing Interest	(44,643)
Present Value of Minimum Lease Payments	\$ 898,758

The assets being acquired have been capitalized in the governmental activities in the amount of \$1,318,644, which is the present value of the minimum lease payments at the inception of each lease.

NOTE 16: 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. These risks are covered by commercial insurance purchased from independent third parties.

The City also maintains a variety of liability insurance coverages with varying deductibles.

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.

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 health care costs after employees meet their deductible. Once this "funding corridor" has been met, the insurance company will pay the employee's remaining annual health care costs.

CITY OF BROADVIEW HEIGHTS
 Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
 (Continued)

NOTE 16: RISK MANAGEMENT (Continued)

Workers' Compensation

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

NOTE 17: 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 18: 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 2014, the City contributed \$10,000 for the Southwest Council of Governments annual dues. The City contributed \$5,000 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, Berea, Ohio.

NOTE 19: COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	\$ 150,832
Fire Levy Fund	20,679
Streets Capital Improvement Fund	95,906
Nonmajor Governmental Funds	59,670
	\$ 327,087



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Rd.
Broadview Heights, Ohio 44147

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 4, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 4, 2015



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 17, 2015**