

**CITY OF BROADVIEW HEIGHTS, OHIO**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 1999**

CITY OF BROADVIEW HEIGHTS, OHIO  
FOR THE YEAR ENDED DECEMBER 31, 1999

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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The Honorable Mayor and City Council  
City of Broadview Heights  
Broadview Heights, Ohio

We have reviewed the Independent Auditor's Report of the City of Broadview Heights, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO  
Auditor of State

July 14, 2000

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**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

June 2, 2000

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
To the City Council  
City of Broadview Heights, Ohio

We have audited the accompanying general purpose financial statements of the City of Broadview Heights, Ohio, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Broadview Heights, Ohio management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Broadview Heights, Ohio, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2000, on our consideration of the City of Broadview Heights, Ohio, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Rea & Associates, Inc.*

CITY OF BROADVIEW HEIGHTS, OHIO  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and other debits</b>				
Equity in pooled cash and equivalents	\$ 2,010,301	\$ 607,384	\$ 2,227,939	\$ 2,140,888
Receivables, net				
Taxes	1,549,071	1,347,501	36,110	145,905
Special assessments	-	-	10,629,000	-
Accounts and other	18,642	1,953	-	22,796
Due from other governments	40,063	117,093	-	172,500
Interfund receivable	377,072	655	11,816	800,355
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available in debt service	-	-	-	-
Amount to be provided for debt	-	-	-	-
Amount to be provided for benefits	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 3,995,149</b>	<b>\$ 2,074,586</b>	<b>\$ 12,904,865</b>	<b>\$ 3,282,444</b>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Enterprise	Trust and Agency	
\$ 602,378	\$ 854,898	\$ -	\$ -	\$ 8,443,788
-	-	-	-	3,078,587
-	-	-	-	10,629,000
151,780	-	-	-	195,171
-	-	-	-	329,656
-	-	-	-	1,189,898
17,905,060	-	10,144,860	-	28,049,920
(5,300,367)	-	-	-	(5,300,367)
-	-	-	2,227,939	2,227,939
-	-	-	10,967,238	10,967,238
-	-	-	738,002	738,002
<b>\$ 13,358,851</b>	<b>\$ 854,898</b>	<b>\$ 10,144,860</b>	<b>\$ 13,933,179</b>	<b>\$ 60,548,832</b>

CITY OF BROADVIEW HEIGHTS, OHIO  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, fund equity and other credits</b>				
<b>Liabilities</b>				
Accounts payable	\$ 161,245	\$ 11,339	\$ -	\$ 124,930
Accrued liabilities				
Salaries and wages	65,021	30,500	-	-
Interest	1,400	-	11,816	-
Other	-	-	-	-
Due to other governments	82,124	25,416	-	-
Interfund payable	-	-	-	1,168,195
Due to others	-	-	-	-
Deferred revenue	1,119,761	1,342,435	10,665,110	-
Notes payable	300,000	-	-	-
OWDA loans payable	-	-	-	-
Bonds payable				
General obligations	-	-	-	-
Special assessments	-	-	-	-
Compensated absences payable	16,445	12,498	-	-
<b>Total liabilities</b>	<b>1,745,996</b>	<b>1,422,188</b>	<b>10,676,926</b>	<b>1,293,125</b>
<b>Fund equity and other credits</b>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balance				
Reserved for encumbrances	90,795	23,482	-	32,416
Reserved for debt service	-	-	2,227,939	-
Unreserved	2,158,358	628,916	-	1,956,903
<b>Total fund equity and other credits</b>	<b>2,249,153</b>	<b>652,398</b>	<b>2,227,939</b>	<b>1,989,319</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 3,995,149</b>	<b>\$ 2,074,586</b>	<b>\$ 12,904,865</b>	<b>\$ 3,282,444</b>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-term Debt	
Enterprise	Trust and Agency			
\$ 20,029	\$ -	\$ -	\$ -	\$ 317,543
2,099	-	-	-	97,620
-	-	-	-	13,216
-	10,889	-	-	10,889
284	-	-	242,102	349,926
-	21,703	-	-	1,189,898
-	805,203	-	-	805,203
-	-	-	-	13,127,306
-	-	-	-	300,000
-	-	-	6,472,677	6,472,677
-	-	-	3,531,742	3,531,742
-	-	-	3,190,758	3,190,758
4,136	-	-	495,900	528,979
26,548	837,795	-	13,933,179	29,935,757
-	-	10,144,860	-	10,144,860
8,682,033	-	-	-	8,682,033
4,650,270	-	-	-	4,650,270
-	-	-	-	146,693
-	-	-	-	2,227,939
-	17,103	-	-	4,761,280
13,332,303	17,103	10,144,860	-	30,613,075
\$ 13,358,851	\$ 854,898	\$ 10,144,860	\$ 13,933,179	\$ 60,548,832

CITY OF BROADVIEW HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Local taxes	\$ 5,772,816	\$ 1,289,086	\$ 32,831	\$ 1,932,483
Intergovernmental revenue	894,531	868,338	4,180	172,500
Special assessments	-	-	1,070,737	-
Charges for services	160,283	23,150	-	-
Fines, licenses, and permits	1,364,715	498,225	-	44,160
Investment income	170,322	15,250	(18,323)	94,739
Miscellaneous	27,763	223,962	3,283	143,218
Total revenues	8,390,430	2,918,011	1,092,708	2,387,100
Expenditures				
Current				
Security of persons and property	2,502,084	1,795,860	-	401,009
Public health and welfare	33,602	-	-	4,884
Leisure time activities	240,457	307,100	-	-
Community environment	591,656	-	-	-
Basic utility services	279,098	-	-	-
Transportation	478,572	670,743	-	-
General government	3,859,831	277,783	-	5,367
Capital outlay	-	7,184	-	3,904,221
Debt service				
Principal	-	-	780,245	5,030,200
Interest and fiscal charges	6,887	-	791,657	93,511
Total expenditures	7,992,187	3,058,670	1,571,902	9,439,192
Excess (deficiency) of revenues over expenditures	398,243	(140,659)	(479,194)	(7,052,092)
Other financing sources (uses)				
Operating transfers-in	80,000	167,000	251,258	333,755
Bond proceeds	-	-	11	3,480,000
Note proceeds	-	-	-	2,455,200
Operating transfers-out	(314,500)	(98,000)	-	(419,513)
Total other financing sources (uses)	(234,500)	69,000	251,269	5,849,442
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	163,743	(71,659)	(227,925)	(1,202,650)
Fund balances, beginning of year	2,085,410	724,057	2,455,864	3,191,969
Fund balances, end of year	\$ 2,249,153	\$ 652,398	\$ 2,227,939	\$ 1,989,319

The accompanying notes are an integral part of these financial statements.

Fiduciary  
Fund Type

Expendable Trust	Totals (Memorandum Only)
\$ -	\$ 9,027,216
-	1,939,549
-	1,070,737
-	183,433
-	1,907,100
-	261,988
7,350	405,576
<hr/>	<hr/>
7,350	14,795,599
<hr/>	<hr/>
-	4,698,953
-	38,486
-	547,557
-	591,656
-	279,098
-	1,149,315
-	4,142,981
330	3,911,735
-	5,810,445
-	892,055
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330	22,062,281
<hr/>	<hr/>
7,020	(7,266,682)
<hr/>	<hr/>
-	832,013
-	3,480,011
-	2,455,200
-	(832,013)
<hr/>	<hr/>
-	5,935,211
<hr/>	<hr/>
7,020	(1,331,471)
10,083	8,467,383
<hr/>	<hr/>
\$ 17,103	\$ 7,135,912

CITY OF BROADVIEW HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Local taxes	\$ 5,755,727	\$ 5,755,727	\$ -
Intergovernmental revenue	865,617	865,617	-
Special assessments	-	-	-
Charges for services	160,283	160,283	-
Fines, licenses, and permits	1,372,831	1,372,831	-
Interest	170,322	170,322	-
Miscellaneous	24,577	24,577	-
<b>Total revenues</b>	<b>8,349,357</b>	<b>8,349,357</b>	<b>-</b>
<b>Expenditures</b>			
Current			
Security of persons and property	2,618,162	2,616,994	1,168
Public health and welfare	33,602	33,602	-
Leisure time activities	244,693	243,119	1,574
Community environment	585,362	584,456	906
Basic utility services	293,203	293,203	-
Transportation	501,758	493,431	8,327
General government	4,032,866	4,020,648	12,218
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>8,309,646</b>	<b>8,285,453</b>	<b>24,193</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>39,711</b>	<b>63,904</b>	<b>24,193</b>
<b>Other financing sources (uses)</b>			
Operating transfers-in	80,000	80,000	-
Bond proceeds	-	-	-
Note proceeds	-	-	-
Operating transfers-out	(509,618)	(509,618)	-
<b>Total other financing sources (uses)</b>	<b>(429,618)</b>	<b>(429,618)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b>(389,907)</b>	<b>(365,714)</b>	<b>24,193</b>
Prior year encumbrances	269,985	269,985	-
Fund balances, beginning of year (as adjusted)	1,964,912	1,964,912	-
<b>Fund balances, end of year</b>	<b>\$ 1,844,990</b>	<b>\$ 1,869,183</b>	<b>\$ 24,193</b>

The accompanying notes are an integral part of these financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,289,442	\$ 1,289,442	\$ -	\$ 32,831	\$ 32,831	\$ -
788,629	788,629	-	4,180	4,180	-
-	-	-	1,070,737	1,070,737	-
21,197	21,197	-	-	-	-
497,570	497,570	-	-	-	-
15,250	15,250	-	145,311	145,311	-
223,962	223,962	-	5,959	5,959	-
2,836,050	2,836,050	-	1,259,018	1,259,018	-
1,837,157	1,833,717	3,440	-	-	-
310,310	306,098	4,212	-	-	-
-	-	-	-	-	-
702,920	701,517	1,403	-	-	-
423,113	418,112	5,001	-	-	-
7,184	7,184	-	-	-	-
-	-	-	954,845	954,845	-
-	-	-	777,320	777,320	-
3,280,684	3,266,628	14,056	1,732,165	1,732,165	-
(444,634)	(430,578)	14,056	(473,147)	(473,147)	-
167,000	167,000	-	408,845	408,845	-
-	-	-	11	11	-
(98,000)	(98,000)	-	-	-	-
69,000	69,000	-	408,856	408,856	-
(375,634)	(361,578)	14,056	(64,291)	(64,291)	-
236,085	236,085	-	-	-	-
703,248	703,248	-	1,347,109	1,347,109	-
\$ 563,699	\$ 577,755	\$ 14,056	\$ 1,282,818	\$ 1,282,818	\$ -

CITY OF BROADVIEW HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Local taxes	\$ 1,942,724	\$ 1,942,724	\$ -
Intergovernmental revenue	-	-	-
Special assessments	-	-	-
Charges for services	-	-	-
Fines, licenses, and permits	44,160	44,160	-
Interest	106,109	106,109	-
Miscellaneous	120,113	120,113	-
Total revenues	2,213,106	2,213,106	-
Expenditures			
Current			
Security of persons and property	434,986	427,400	7,586
Public health and welfare	4,884	4,884	-
Leisure time activities	-	-	-
Community environment	-	-	-
Basic utility services	-	-	-
Transportation	-	-	-
General government	5,644	5,644	-
Capital outlay	4,210,137	4,203,592	6,545
Debt service			
Principal	5,030,200	5,030,200	-
Interest and fiscal charges	69,933	69,933	-
Total expenditures	9,755,784	9,741,653	14,131
Excess (deficiency) of revenues over expenditures	(7,542,678)	(7,528,547)	14,131
Other financing sources (uses)			
Operating transfers-in	382,286	382,286	-
Bond proceeds	3,480,000	3,480,000	-
Note proceeds	2,455,200	2,455,200	-
Operating transfers-out	(430,513)	(430,513)	-
Total other financing sources (uses)	5,886,973	5,886,973	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,655,705)	(1,641,574)	14,131
Prior year encumbrances	120,954	120,954	-
Fund balances, beginning of year (as adjusted)	3,559,448	3,559,448	-
Fund balances at end of year	\$ 2,024,697	\$ 2,038,828	\$ 14,131

The accompanying notes are an integral part of these financial statements.

Totals  
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 9,020,724	\$ 9,020,724	\$ -
1,658,426	1,658,426	-
1,070,737	1,070,737	-
181,480	181,480	-
1,914,561	1,914,561	-
436,992	436,992	-
374,611	374,611	-
<u>14,657,531</u>	<u>14,657,531</u>	<u>-</u>
4,890,305	4,878,111	12,194
38,486	38,486	-
555,003	549,217	5,786
585,362	584,456	906
293,203	293,203	-
1,204,678	1,194,948	9,730
4,461,623	4,444,404	17,219
4,217,321	4,210,776	6,545
5,985,045	5,985,045	-
847,253	847,253	-
<u>23,078,279</u>	<u>23,025,899</u>	<u>52,380</u>
<u>(8,420,748)</u>	<u>(8,368,368)</u>	<u>52,380</u>
1,038,131	1,038,131	-
3,480,011	3,480,011	-
2,455,200	2,455,200	-
(1,038,131)	(1,038,131)	-
<u>5,935,211</u>	<u>5,935,211</u>	<u>-</u>
<u>(2,485,537)</u>	<u>(2,433,157)</u>	<u>52,380</u>
627,024	627,024	-
<u>7,574,717</u>	<u>7,574,717</u>	<u>-</u>
\$ 5,716,204	\$ 5,768,584	\$ 52,380

CITY OF BROADVIEW HEIGHTS, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS —  
ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise
Operating revenues	
Charges for services	\$ 521,493
Miscellaneous	9,202
Total operating revenues	<u>530,695</u>
Operating expenses	
Personal services	127,815
Contractual services	341,158
Depreciation	428,369
Total operating expenses	<u>897,342</u>
Operating (loss)	<u>(366,647)</u>
Nonoperating revenues	
Interest	25,959
Total nonoperating revenues	<u>25,959</u>
Net (loss)	<u>(340,688)</u>
Add depreciation on fixed assets acquired by capital grants which reduces contributed capital from such grants	254,546
Retained earnings, beginning of year	4,736,412
Retained earnings, end of year	<u>\$ 4,650,270</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BROADVIEW HEIGHTS, OHIO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise
Cash flows from operating activities:	
Operating (loss)	\$ (366,647)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	428,369
Changes in net assets (increase) decrease and liabilities increase (decrease)	
Receivables, accounts and other	(15,872)
Accounts payable	(1,407)
Accrued salaries and wages	(4,262)
Due to other governments	(1,672)
Compensated absences payable	587
Total adjustments	405,743
Net cash provided by operating activities	39,096
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	(112,965)
Net cash (used in) capital and related financing activities	(112,965)
Cash flows from investing activities:	
Interest income	25,959
Net cash provided by investing activities	25,959
Net (decrease) in cash and cash equivalents	(47,910)
Equity in pooled cash and equivalents, beginning of year	650,288
Equity in pooled cash and equivalents, end of year	\$ 602,378
 Non-cash transactions:	
Fixed assets acquired with contributed capital from other funds	\$ 706,692

The accompanying notes are an integral part of these financial statements.

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CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 1999

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The City of Broadview Heights, Ohio, was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Broadview Heights Charter was adopted by the electorate on November 7, 1961. The City, under its charter, operates with an elected Council/Mayor form of government. The responsibilities for the major financial functions of the City are divided among the Mayor, Council, and Finance Director. The City's fiscal year corresponds with the calendar year.

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

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 organizations' 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 organizations' resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City does not have any component units, therefore the financial statements are that of the primary government.

The following entity which performs activities within the City's boundaries for the benefit of its residents is excluded from the accompanying financial statements because the City is not financially accountable for this entity nor is it fiscally dependent on the City.

Southwest Council of Governments - The Southwest Council of Governments was established to foster cooperation between municipalities in all areas of municipal service. This includes but is not limited to the effective exchange of information, pooling of manpower and resources for the efficient solutions of specific problems dealing with reciprocal service, mutual aid, and parallel action, and the exchange of ideas relating to area-wide interest. This is a jointly governed organization. The City's participation is disclosed in Note 20 to the financial statements.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The City has the following fund types and account groups:

Governmental Fund Types

Governmental fund types are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be approximately thirty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made. Other revenues including fines and forfeits, licenses and permits, certain charges for services, income taxes other than employer withholding, and miscellaneous revenues, are recognized when received since they are generally not measurable until collected.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Governmental Fund Types (continued)

Debt Service Funds - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

Proprietary Fund Types

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the City has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations. Proprietary funds include the following fund type:

Enterprise Funds - used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the City in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Agency Funds - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Account Groups

Account groups are used to distinguish fixed assets not related to a specific fund and long-term liabilities not related to a specific fund. For reporting purposes, account groups included in these financial statements consisted of:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

B. CASH AND CASH EQUIVALENTS

The City pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code.

For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

C. INVESTMENTS

Nonparticipating interest-earning contracts are stated at cost. Money market investments and participating interest earning contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

D. RECEIVABLES

Taxes receivable are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible. Other receivables are reflected at their gross value.

E. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the City are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The City does not capitalize items of infrastructure.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. FIXED ASSETS AND DEPRECIATION (continued)

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful life for buildings and improvements is between 40-45 years, for machinery and equipment between 3-10 years, and for vehicles 10 years.

G. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group. Special assessment bonded debt with governmental commitment has been reflected in the general long-term debt account group.

H. UNPAID COMPENSATED ABSENCES

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the 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.

I. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

J. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those results.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the major account level (personnel, employee benefits, miscellaneous, debt service, capital projects, and transfers) within each fund. Budgetary modifications may only be made by ordinance of the City Council.

Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1.

As part of the certification, the City receives the official certificate of estimated resources which states the projected revenue of each fund.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Estimated Resources (continued)

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the major account level (personnel, employee benefits, miscellaneous, debt service, capital projects, and transfers) and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by an ordinance of City Council. Certain supplemental appropriation ordinances were legally enacted by Council during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

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 need not be reappropriated.

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Encumbrances

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

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

- 1.) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2.) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds are as follows:

Excess (deficiency) of revenues over  
 expenditures and other financing sources (uses) -  
 reconciliation of budget basis to GAAP basis

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Budget basis	\$ (365,714)	\$ (361,578)	\$ (64,291)	\$(1,641,574)
Adjustments, increase (decrease)				
Revenue accruals	41,073	81,961	(323,897)	125,463
Expenditure accruals	<u>488,384</u>	<u>207,958</u>	<u>160,263</u>	<u>313,461</u>
GAAP basis, as reported	<u>\$ 163,743</u>	<u>\$ (71,659)</u>	<u>\$ (227,925)</u>	<u>\$(1,202,650)</u>

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. FUND EQUITY DEFICITS

Not apparent in the general purpose financial statements are deficit fund balances of \$ 86,346 in the MacIntosh Sewer fund, \$ 68,631 in the Sewer District fund, \$ 139,678 in the EPA Sewer fund, \$ 174,398 in the Mill Road Sewer fund, \$ 20,347 in the Towpath Sewer fund, \$ 42,978 in the Avery Road fund, and \$ 63,486 in the Recreation Capital Improvement fund. These deficit fund balances at year-end result from reflecting expenditures in accordance with the modified accrual basis, which are substantially larger than the amounts recognized on the budget basis. The City, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

NOTE 4 ADJUSTMENT TO NON-GAAP BUDGETARY BASIS BEGINNING FUND BALANCES

Beginning non-GAAP budgetary basis fund balances of certain funds have been adjusted to agree with the amounts certified to the county. The change is due to revised information. The changes are as follows:

<u>Fund Types</u>	<u>As previously reported 12-31-98</u>	<u>Adjustment</u>	<u>As adjusted 12-31-98</u>
General	\$ 1,881,967	\$ 82,945	\$ 1,964,912
Special Revenue	\$ 672,513	\$ 30,735	\$ 703,248
Debt Service	\$ 1,350,752	\$ (3,643)	\$ 1,347,109
Capital Projects	\$ 3,259,834	\$ 299,614	\$ 3,559,448

NOTE 5 POOLED CASH AND EQUIVALENTS, DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

Inactive deposits are public deposits that the City has identified as not required for use within the current two 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.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 5 POOLED CASH AND EQUIVALENTS, DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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. 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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3.) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4.) Bonds and other obligations of the State of Ohio;
- 5.) No-load money market mutual funds consisting exclusively of obligations described in 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 (STAR Ohio);
- 7.) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five 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 rating classifications by at least two nationally recognized rating agencies.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 5 POOLED CASH AND EQUIVALENTS, DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

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

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

The City maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and equivalents."

B. DEPOSITS AND CASH ON HAND

At year-end, the carrying amount of the City's deposits was \$ 100,771 and the bank balance was \$ 359,477. Of the bank balance, \$ 200,000 is collateralized by federal depository insurance and \$ 159,477 by collateral held by third party trustees in accordance with the Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions, which amount is considered uncollateralized as defined by the Government Accounting Standards Board.

C. INVESTMENTS

During 1999, the City realized interest income in the OWDA accounts of \$ 144,197. The calculation of realized gains is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net decrease in the fair value of investments during 1999 \$ 163,634. This amount takes into account all changes in fair value, including purchases and sales, that occurred during the year.

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 5 POOLED CASH AND EQUIVALENTS, DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS (continued)

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the City's name. Investment in STAR Ohio, the State Treasurer's Investment Pool, is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category			Carrying value	Market value
	1	2	3		
Government securities	\$ -	\$ -	\$ 1,836,546	\$ 1,836,546	\$ 1,836,546
Repurchase agreements	-	2,755,541	-	2,755,541	2,755,541
Investment in State Treasurer's investment pool				3,750,930	3,750,930
				\$ 8,343,017	\$ 8,343,017

NOTE 6 TAXES RECEIVABLES

Taxes receivable, net of allowance for estimated uncollectibles, consisted of:

Property taxes - current	\$ 2,394,613
Property taxes - delinquent	79,137
Municipal income taxes, employer withholding	506,614
Estate tax	98,223
	\$ 3,078,587

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 7 FIXED ASSETS

A. GENERAL FIXED ASSETS ACCOUNT GROUP

The changes in general fixed assets during the year consisted of:

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, December 31</u>
Land	\$ 985,000	\$ 180,450	\$ -	\$ 1,165,450
Buildings and improvements	2,089,942	10,400	-	2,100,342
Equipment and vehicles	3,957,755	493,606	211,520	4,239,841
Construction in process	<u>819,767</u>	<u>1,819,460</u>	<u>-</u>	<u>2,639,227</u>
	<u>\$ 7,852,464</u>	<u>\$ 2,503,916</u>	<u>\$ 211,520</u>	<u>\$ 10,144,860</u>

B. PROPRIETARY FUND FIXED ASSETS

Proprietary fund fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>Balance, December 31</u>
Buildings and improvements	\$ 17,179,125
Machinery and equipment	488,759
Vehicles	187,478
Construction in progress	<u>49,698</u>
	17,905,060
Accumulated depreciation	<u>(5,300,367)</u>
Fixed assets, net of accumulated depreciation	<u>\$ 12,604,693</u>

NOTE 8 DEFERRED REVENUE

Deferred revenue at year-end consisted of:

Property taxes receivable	\$ 2,473,750
Special assessments receivable	10,629,000
Estate taxes receivable	<u>24,556</u>
	<u>\$ 13,127,306</u>

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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NOTE 9 NOTES PAYABLE

The City issued bond anticipation notes (BANS) against authorized but unissued bonds. BANS at year end consisted of the following:

<u>General Fund</u>	<u>Rate of Interest</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance, December 31</u>
BAN payable	5.60%	10-08-96	12-01-01	\$ 300,000

NOTE 10 GENERAL LONG-TERM DEBT

Changes in general long-term debt consisted of the following:

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31</u>
Due to other governments	\$ 217,556	\$ 242,102	\$ 217,556	\$ 242,102
Bond anticipation notes	2,575,000	2,455,200	5,030,200	-
OWDA loans payable	6,200,241	626,681	354,245	6,472,677
General obligation bonds	904,037	2,850,000	222,295	3,531,742
Special assessment bonds	2,764,463	630,000	203,705	3,190,758
Compensated absences payable	448,920	46,980	-	495,900
	<u>\$ 13,110,217</u>	<u>\$ 6,850,963</u>	<u>\$ 6,028,001</u>	<u>\$ 13,933,179</u>

Debt service requirements, including principal and interest, to retire loans payable and bond obligations outstanding at December 31, 1999, consisted of:

<u>Year</u>	<u>General obligation bonds</u>	<u>Special assessment bonds</u>	<u>OWDA loans</u>	<u>Total</u>
2000	\$ 559,944	\$ 456,249	\$ 902,709	\$ 1,918,902
2001	499,221	443,955	902,709	1,845,885
2002	348,909	432,115	902,709	1,683,733
2003	272,554	421,336	902,709	1,596,599
2004	271,266	417,394	902,709	1,591,369
2005-				
2009	1,338,317	1,681,955	3,813,704	6,833,976
2010-				
2014	1,198,847	562,246	1,014,336	2,775,429
2015-				
2019	1,177,095	263,396	340,159	1,780,650
	<u>\$ 5,666,153</u>	<u>\$ 4,678,646</u>	<u>\$ 9,681,744</u>	<u>\$ 20,026,543</u>

CITY OF BROADVIEW HEIGHTS, OHIO  
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NOTE 11 BONDS PAYABLE

Bonds payable at year-end consisted of:

	<u>Outstanding,</u> <u>12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding,</u> <u>12/31/99</u>
<u>General obligation bonds</u>				
Street improvement (1986) 6.750% through 2002	280,000	-	70,000	210,000
Street improvement (1986) 6.750% through 2001	405,000	-	135,000	270,000
Street improvement (1988) 7.375% through 2008	107,580	-	10,758	96,822
Sewer improvement (1989) 7.140% through 2009	68,510	-	3,689	64,821
Street improvement (1989) 7.000% through 2009	25,921	-	2,116	23,805
Street improvement (1991) 6.772% through 2009	14,526	-	732	13,794
Sidewalk improvements (1977) 5.250%	2,500	-	-	2,500
Various purpose (1999) 4.5%-5.65% through 2019	-	<u>2,850,000</u>	-	<u>2,850,000</u>
Total general obligation bonds	<u>904,037</u>	<u>2,850,000</u>	<u>222,295</u>	<u>3,531,742</u>
<u>Special assessment bonds with City commitment</u>				
Street improvement (1985) 9.250% through 2005	305,000	-	40,000	265,000
Street improvement (1988) 7.375% through 2008	492,420	-	49,242	443,178
Sewer improvement (1989) 7.140% through 2009	581,490	-	31,311	550,179
Street improvement (1989) 7.000% through 2009	464,079	-	37,884	426,195
Street improvement (1990) 7.850% through 2010	115,000	-	5,000	110,000
Street improvement (1991) 6.772% through 2009	680,474	-	34,268	646,206
Sewer improvement (1994) 5.500% through 2014	92,000	-	5,000	87,000
Sewer improvement (1995) 6.383% through 2015	34,000	-	1,000	33,000
Various purpose (1999) 4.5%-5.65% through 2019	-	<u>630,000</u>	-	<u>630,000</u>
Total special assessment bonds	<u>2,764,463</u>	<u>630,000</u>	<u>203,705</u>	<u>3,190,758</u>
Total bonds payable	<u>\$ 3,668,500</u>	<u>\$3,480,000</u>	<u>\$ 426,000</u>	<u>\$ 6,722,500</u>

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 12 OHIO WATER DEVELOPMENT AUTHORITY (OWDA) LOANS PAYABLE

OWDA loans payable at year-end consisted of:

	<u>Outstanding,</u> <u>12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding,</u> <u>12/31/99</u>
<u>Ohio Water Development</u>				
<u>Authority Loans</u>				
Sewer system (1985)				
4.04% - 9.78%				
through 2019	<u>\$ 6,200,241</u>	<u>\$ 626,681</u>	<u>\$ 354,245</u>	<u>\$ 6,472,677</u>

NOTE 13 INTERFUND TRANSACTIONS

Interfund balances at December 31, 1999 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$ 377,072</u>	<u>\$ -</u>
Special Revenue Funds		
Drug Fines	<u>655</u>	<u>-</u>
Debt Service Funds		
General Bond	<u>11,816</u>	<u>-</u>
Capital Projects Funds		
Mayor's court computer	755	-
ODNR Improvement	-	11,000
Towpath Construction	-	481,536
MacIntosh Sewer	-	93,118
EPA Sewer	-	139,678
Avery Road	-	37,531
Streets Capital Improvement	799,600	-
Broadview Sewer	-	99,008
Broadview Akins	-	591
Broadview Center Renovation	-	9,689
Mill Road	-	174,398
Recreation Capital Improvement	-	113,700
Lazarro Road	<u>-</u>	<u>7,946</u>
	<u>800,355</u>	<u>1,168,195</u>
Trust and Agency Funds		
Mayor's Court	<u>-</u>	<u>21,703</u>
	<u>\$ 1,189,898</u>	<u>\$ 1,189,898</u>

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 14 PROPERTY TAXES

Property taxes include amounts levied on all real and public utility property and business tangible personal property which is located in the City. Cuyahoga County is responsible for assessing, collecting, and remitting these property taxes to the City.

Real property taxes collected in 1999 were based on assessed value equal to thirty-five percent of appraised value. The Cuyahoga County Auditor reappraises real property every six years with a triennial update, which last update was completed for 1999. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Cuyahoga County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 1999 before certain homestead and rollback reductions, which reductions are reimbursed to the City by the State of Ohio, amounted to \$ 9.40 per \$ 1,000 of assessed valuation. The effective rate applied after adjustment for inflationary increases in property values was \$ 6.49 per \$ 1,000 of assessed valuation for residential and agricultural real property, and \$ 7.25 per \$ 1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30, of each year. The property is assessed for tax purposes at 25% of statutory true value. The tax rate applied to tangible personal property for the current year ended December 31, 1999 was \$ 9.40 per \$ 1,000 of valuation.

Property valuation consisted of:

Real property - 1998	
Residential/agricultural	\$ 299,652,070
Other real estate	60,768,130
Tangible personal property - 1999	
General	17,637,196
Public utilities	<u>12,655,510</u>
Total valuation	<u>\$ 390,712,906</u>

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 15 PENSION PLANS

Public Employees Retirement System of Ohio (PERS)

All employees other than policemen and firemen participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 13.55% of annual covered payroll. The City's contribution to PERS for the years ended December 31, 1999, 1998, and 1997, were \$ 381,700, \$300,500, and \$ 267,200, respectively, equal to the required contributions for each year. The full amount has been contributed for 1998 and 1997. For 1999, 72% has been contributed, with the remainder being reported as a liability within the general long-term debt account group.

Ohio Police and Fire Pension Fund (OP&F)

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 1999, 1998, and 1997 were \$ 454,600, \$ 390,000, and \$ 348,200, respectively, equal to the required contributions for each year. The full amount has been contributed for 1998 and 1997. For 1999, 73% has been contributed, with the remainder being reported as a liability within the general long-term debt account group.

CITY OF BROADVIEW HEIGHTS, OHIO  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS

Public Employees Retirement System of Ohio (PERS)

Public Employees Retirement System of Ohio (PERS) provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local government employer units was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for OPEB during 1999 were \$ 523,599,349. As of December 31, 1999, the unaudited estimated net assets available for the future OPEB payments were \$ 9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Ohio Police and Fire Pension Fund (OP&F)

The Fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). The Ohio Revised Code provides that health care cost paid from the funds of Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (continued)

Ohio Police and Fire Pension Fund (OP&F) (continued)

The Ohio Revised Code provides the statutory authority allowing the Fund's board of trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. Currently, 7% of covered payroll, the Board-defined allocation, is used to pay retiree health care expenses. The allocation is 7.25% in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. The number of participants eligible to receive health care benefits as of December 31, 1998 (the latest information available) are 11,424 for police and 9,186 for firefighters. The employer contributions actually made to pay postemployment benefits were \$ 98,600 for policemen and \$ 52,600 for firemen. The Fund's total health care expense for the year ending December 31, 1998 (the latest information available) was \$ 78,596,790, which was net of member contributions of \$ 5,331,515.

NOTE 17 CONTRIBUTED CAPITAL

The changes in the City's contributed capital accounts for its proprietary fund were as follows:

Contributed capital, 12/31/98	\$ 8,229,887
Acquisition of fixed assets	706,692
Reductions, depreciation	<u>(254,546)</u>
Contributed capital, 12/31/99	<u>\$ 8,682,033</u>

NOTE 18 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. For the past several years, settled claims from these risks have not exceeded commercial insurance coverage.

The City provides health and dental benefits for full-time city employees. Coverage is provided by a commercial insurance carrier and the City is not exposed to any risks related to health claims.

CITY OF BROADVIEW HEIGHTS, OHIO  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

NOTE 19 MUNICIPAL INCOME TAXES

The City levies an income tax of 2% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City. The City allows a credit of 75% of the tax paid to another municipality applied toward the total amount assessed, or 2%.

NOTE 20 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 1999, the City contributed \$ 4,500.

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, Broadview Heights, Ohio.

NOTE 21 CONTINGENCIES

The City of Broadview Heights, Ohio, is 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 22 CONTRACTUAL COMMITMENTS

As of December 31, 1999 the City had contractual commitments as follows:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Outstanding Commitments</u>
Thorin building- remodeling	\$ 1,334,062	\$ 1,315,593	\$ 18,469
Police and jail facility	<u>1,427,413</u>	<u>1,323,634</u>	<u>103,779</u>
	<u>\$ 2,761,475</u>	<u>\$ 2,639,227</u>	<u>\$ 122,248</u>

The Honorable Mayor and  
To the City Council  
City of Broadview Heights, Ohio

June 2, 2000

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the general purpose financial statements of the City of Broadview Heights, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Broadview Heights, Ohio, general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of City of Broadview Heights, Ohio, in a separate letter dated June 2, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Broadview Heights, Ohio, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of City of Broadview Heights, Ohio, in a separate letter dated June 2, 2000.

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

*Rea & Associates, Inc.*

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Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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 7, 2000**