



Mary Taylor, CPA
Auditor of State

**CITY OF BROADVIEW HEIGHTS
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

July 8, 2010

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

The discussion and analysis of the City of Broadview Heights' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The City's net assets decreased approximately \$1.4 million as a result of this year's operations. Net assets of our business-type activities decreased by approximately \$.5 million, or 8.2%, and net assets of governmental activities decreased by \$.9 million, or 2.7%.
- General revenues accounted for \$14.5 million or 79.3% of total governmental activities revenue. Program specific revenues accounted for \$3.8 million or 20.7% of total governmental activities revenue.
- Capital assets of the governmental activities decreased \$1.2 million and business-type activities decreased \$.6 million.
- The City had \$19.2 million in expenses related to governmental activities; \$3.8 million of these expenses was offset by program specific charges for services, grants, contributions and interest. General revenues (primarily taxes) of \$14.5 million were not adequate to provide for these programs.
- The general fund, the City's largest major fund, had revenues of \$11.0 million in 2009, a decrease of \$.1 million or 1% from 2008 revenues. The expenditures of the general fund totaled \$10.8 million in 2009, a decrease of \$.9 million or 7.6% from 2008 expenditures.
- The City did not issue any new debt in 2009 and retired \$1.2 million in bonds and loans.

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

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

The governmental fund financial statements begin on page 16.

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

The proprietary fund financial statements begin on page 22.

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

The fiduciary fund financial statements begin on page 25.

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

The City as a Whole

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

Table 1 provides a summary of the City's net assets for 2009 compared to 2008:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008
Assets						
Current and Other Assets	\$ 16,527,044	\$ 18,333,164	\$ 1,523,024	\$ 1,502,880	\$ 18,050,068	\$ 19,836,044
Capital Assets, Net	32,315,809	33,565,580	4,061,013	4,616,780	36,376,822	38,182,360
Total Assets	48,842,853	51,898,744	5,584,037	6,119,660	54,426,890	58,018,404
Liabilities						
Current and Other Liabilities	4,162,048	5,061,236	13,824	55,463	4,175,872	5,116,699
Long Term Liabilities						
Due Within One Year	1,700,495	1,708,208	4,741	7,232	1,705,236	1,715,440
Due in More than One Year	10,611,245	11,871,242	23,069	20,218	10,634,314	11,891,460
Total Liabilities	16,473,788	18,640,686	41,634	82,913	16,515,422	18,723,599
Net Assets						
Invested in Capital Assets Net of Debt	22,633,964	22,783,671	4,061,013	4,616,780	25,631,194 *	26,221,281
Restricted						
Other Purposes	817,950	877,840	0	0	817,950	877,840
Debt Service	5,154,633	5,903,189	0	0	5,154,633	5,903,189
Capital Projects	1,049,956	1,388,663	0	0	1,049,956	1,388,663
Unrestricted (Deficit)	2,712,562	2,304,695	1,481,390	1,419,967	5,257,735 *	4,903,832
Total Net Assets	\$ 32,369,065	\$ 33,258,058	\$ 5,542,403	\$ 6,036,747	\$ 37,911,468	\$ 39,294,805

* The totals for governmental and business-type activities represents their respective investment in capital assets, net of related debt, and the total of the City reflects all capital assets and debt which includes debt for business-type assets recorded in the governmental activities. See Note 13 for more information.

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The City's *combined* net assets changed from a year ago, *decreasing* from \$39.3 million to \$37.9 million.

Net assets in the City's governmental activities decreased by 2.7% (\$32.4 million compared to \$33.3 million). Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased approximately \$.4 million. Restricted net assets, those restricted mainly for capital projects and special purposes such as street cleaning or maintenance decreased by \$.3 million. Net assets restricted for debt obligations decreased \$.7 million through principal retirement. The investments in capital assets, net of debt category decreased by \$.1 million.

Net assets in the City's business-type activities decreased by 8.19%. The City can only use these net assets to finance the continuing operations of sanitary sewer maintenance.

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 2,586,218	\$ 2,824,146	\$ 1,302,733	\$ 1,520,284	\$ 3,888,951	\$ 4,344,430
Operating Grants and Contributions	1,093,073	1,402,444	0	0	1,093,073	1,402,444
Capital Grants and Contributions	116,478	1,467,703	0	0	116,478	1,467,703
Total Program Revenues	3,795,769	5,694,293	1,302,733	1,520,284	5,098,502	7,214,577
<i>General Revenues:</i>						
City Income Taxes	8,739,221	9,491,847	0	0	8,739,221	9,491,847
Property Taxes	3,775,713	3,826,366	0	0	3,775,713	3,826,366
Hotel Tax	3,969	6,398	0	0	3,969	6,398
Grants and Contributions	1,876,618	1,517,391	0	0	1,876,618	1,517,391
Interest and Investment Earnings	10,420	84,382	1,582	8,263	12,002	92,645
Other	102,112	102,716	27,903	42,486	130,015	145,202
Total General Revenues	14,508,053	15,029,100	29,485	50,749	14,537,538	15,079,849
Total Revenues	18,303,822	20,723,393	1,332,218	1,571,033	19,636,040	22,294,426
Program Expenses						
General Government	5,284,704	6,479,671	0	0	5,284,704	6,479,671
Security of Persons and Property	7,393,789	7,321,241	0	0	7,393,789	7,321,241
Public Health	306,623	380,157	0	0	306,623	380,157
Community Development	418,668	337,203	0	0	418,668	337,203
Transportation	3,394,636	3,792,527	0	0	3,394,636	3,792,527
Basic Utility	904,650	889,976	0	0	904,650	889,976
Leisure Time Activities	951,585	1,248,626	0	0	951,585	1,248,626
Interest on Long Term Debt	538,160	837,338	0	0	538,160	837,338
Sewer Maintenance	0	0	1,826,562	1,865,924	1,826,562	1,865,924
Total Expenses	19,192,815	21,286,739	1,826,562	1,865,924	21,019,377	23,152,663
Increase (Decrease) in Net Assets	\$ (888,993)	\$ (563,346)	\$ (494,344)	\$ (294,891)	\$ (1,383,337)	\$ (858,237)

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Governmental Activities

Governmental activities decreased the City's net assets by \$.9 million, or 2.7%. A decrease in income taxes as a result of the economic downturn contributed to this amount.

Revenues provided by specific programs include charges for services which are 14.1% of all governmental revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another 6.6% in 2009.

The 2% income tax is the largest revenue source for the City. Income tax revenues are allocated based on City ordinance. The revenue and expense of collection of the income tax is allocated among the General Fund, the Fire Levy Fund, the Safety Equipment Fund, the Fire Equipment Fund, the Streets Capital Improvement Fund and the Storm Sewer Maintenance Fund. Income taxes account for 47.8% of the total revenue of the governmental activities.

Another major component of general revenue is property taxes, which amounted to 20.6% of total revenues. These revenues remained relatively consistent from the prior year.

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

Table 3
Governmental Activities

	2009		2008	
	Total Cost	Net Cost	Total Cost	Net Cost
General Government	\$ 5,284,704	\$ 3,935,109	\$ 6,479,671	\$ 5,035,641
Security of Persons and Property	7,393,789	6,826,796	7,321,241	6,487,777
Public Health	306,623	306,623	380,157	380,157
Community Development	418,668	416,868	337,203	334,543
Transportation	3,394,636	2,416,816	3,792,527	1,913,152
Basic Utility	904,650	904,650	889,976	889,976
Leisure Time	951,585	108,225	1,248,626	300,954
Interest and Fiscal Charges	538,160	481,959	837,338	250,246
<i>Total Expenses</i>	<u>\$ 19,192,815</u>	<u>\$ 15,397,046</u>	<u>\$ 21,286,739</u>	<u>\$ 15,592,446</u>

The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Business-Type Activities

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

The Sewer Maintenance net assets decreased by \$.5 million or 8.2%. There was a decrease in charges for services while expenses remained fairly consistent with 2008. The basic financial statements for the major fund are included in this report.

The City's Funds

Governmental Funds

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$19.3 million and expenditures of \$19.2 million. The General Fund balance increased approximately \$.1 million through a slight decrease in general government and transportation expenses.

The Fire Levy Fund balance decreased by \$.08 million, the General Bond Retirement Fund decreased by \$.03 million and the Streets Capital Improvement Fund had a decrease of \$.2 million, none of which are deemed to have a financial impact on future services to be provided.

Proprietary Funds

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

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

Budgeting Highlights

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

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

The General Fund actual revenue was \$.07 million less than final budgeted revenue and \$1.6 million less than original budgeted revenue. There was an unexpected fluctuation in the estimated tax revenue. Actual expenditures were \$.07 million less than final budgeted expenditures and \$.3 million less than original budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of 2009, the City had approximately \$36.4 million invested in a broad range of capital assets, including police and fire equipment, land, construction in progress, buildings, park facilities, roads, bridges, and water and sewer lines (see below). Table 4 shows fiscal year 2009 balances compared with 2008.

(Table 4)
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,989,593	\$ 2,989,593	\$ 0	\$ 0	\$ 2,989,593	\$ 2,989,593
Construction in Progress	0	571,875	0	0	0	571,875
Buildings	4,355,470	4,481,238	437,255	465,676	4,792,725	4,946,914
Improvements	3,144,198	2,569,296	0	0	3,144,198	2,569,296
Furniture and Fixtures	6,570	7,468	0	0	6,570	7,468
Machinery and Equipment	641,240	728,225	84,153	82,779	725,393	811,004
Vehicles	677,305	821,295	12,342	19,071	689,647	840,366
Infrastructure	20,501,433	21,396,590	3,527,263	4,049,254	24,028,696	25,445,844
Totals	\$ 32,315,809	\$ 33,565,580	\$ 4,061,013	\$ 4,616,780	\$ 36,376,822	\$ 38,182,360

Depreciation expense exceeded acquisitions in 2009, resulting in a net decrease of \$1.8 million from 2008.

More detailed information about the City's capital assets is presented in Note 9 to the basic financial statements.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Debt

At December 31, 2009, the City had \$9.0 million in bonds, \$1.6 million in OWDA loans and \$.4 million in OPWC and Brownfield Cleanup Revolving loans.

(Table 5)
Outstanding Debt, at December 31, 2009

	Governmental Activities	
	2009	2008
General Obligation Bonds	\$ 6,196,319	\$ 6,854,226
Special Assessment Bonds	2,792,198	3,130,840
Loans Payable	440,983	522,692
OWDA Loans	1,556,527	1,697,777
Totals	\$ 10,986,027	\$ 12,205,535

At December 31, 2009, the City had outstanding long-term debt obligations in the amount of \$11.0 million, down \$1.2 million from 2008. This represents a 10.0% decrease through principal payments for the governmental activities.

The City's rating with Moody's Investor Service is currently Aa3.

Other obligations include capital leases and accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements (Note 13).

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, 9543 Broadview Road, Bldg 7, Broadview Heights, Ohio 44147.

City of Broadview Heights, Ohio
Statement of Net Assets
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,879,286	\$ 293,764	\$ 5,173,050
Receivables:			
Accounts (Net of Allowance)	315,810	725,912	1,041,722
Taxes	5,874,693	0	5,874,693
Intergovernmental	714,756	0	714,756
Special Assessments	4,742,499	503,348	5,245,847
Noncurrent Assets:			
Land and Construction in Progress	2,989,593	0	2,989,593
Depreciable Capital Assets, Net of Depreciation	29,326,216	4,061,013	33,387,229
<i>Total Assets</i>	<u>48,842,853</u>	<u>5,584,037</u>	<u>54,426,890</u>
Liabilities			
Accounts Payable	187,037	3,086	190,123
Intergovernmental Payable	399,152	8,523	407,675
Accrued Salaries, Wages and Benefits	130,985	2,215	133,200
Deferred Revenue	3,381,711	0	3,381,711
Accrued Interest	63,163	0	63,163
Non Current Liabilities:			
Due Within One Year	1,700,495	4,741	1,705,236
Due In More Than One Year	10,611,245	23,069	10,634,314
<i>Total Liabilities</i>	<u>16,473,788</u>	<u>41,634</u>	<u>16,515,422</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	22,633,964	4,061,013	25,631,194
Restricted for:			
Other Purposes	817,950	0	817,950
Debt Service	5,154,633	0	5,154,633
Capital Projects	1,049,956	0	1,049,956
Unrestricted	2,712,562	1,481,390	5,257,735
<i>Total Net Assets</i>	<u>\$ 32,369,065</u>	<u>\$ 5,542,403</u>	<u>\$ 37,911,468</u>

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

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2009

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 5,284,704	\$ 1,344,259	\$ 5,336	\$ 0
Security of Persons and Property	7,393,789	309,680	257,313	0
Public Health	306,623	0	0	0
Community Development	418,668	1,800	0	0
Transportation	3,394,636	140,635	776,908	60,277
Basic Utility	904,650	0	0	0
Leisure Time	951,585	789,844	53,516	0
Interest and Fiscal Charges	538,160	0	0	56,201
<i>Total Governmental Activities</i>	<u>19,192,815</u>	<u>2,586,218</u>	<u>1,093,073</u>	<u>116,478</u>
Business-Type Activities				
Sewer	<u>1,826,562</u>	<u>1,302,733</u>	<u>0</u>	<u>0</u>
<i>Total Business-Type Activities</i>	<u>1,826,562</u>	<u>1,302,733</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 21,019,377</u>	<u>\$ 3,888,951</u>	<u>\$ 1,093,073</u>	<u>\$ 116,478</u>

General Revenues

Municipal Income Tax Levied For:

General Purposes

Other Purposes

Capital Outlay

Property Taxes Levied For:

General Purposes

Police and Fire

Debt Service

Hotel Tax

Grants and Entitlements not Restricted to Specific Programs

Interest and Investment Earnings

Other

Total General Revenues

Change in Net Assets

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

Net Assets, End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,935,109)	\$ 0	\$ (3,935,109)
(6,826,796)	0	(6,826,796)
(306,623)	0	(306,623)
(416,868)	0	(416,868)
(2,416,816)	0	(2,416,816)
(904,650)	0	(904,650)
(108,225)	0	(108,225)
(481,959)	0	(481,959)
<u>(15,397,046)</u>	<u>0</u>	<u>(15,397,046)</u>
<u>0</u>	<u>(523,829)</u>	<u>(523,829)</u>
<u>0</u>	<u>(523,829)</u>	<u>(523,829)</u>
<u>(15,397,046)</u>	<u>(523,829)</u>	<u>(15,920,875)</u>
6,933,528	0	6,933,528
99,844	0	99,844
1,705,849	0	1,705,849
1,576,224	0	1,576,224
2,140,591	0	2,140,591
58,898	0	58,898
3,969	0	3,969
1,876,618	0	1,876,618
10,420	1,582	12,002
102,112	27,903	130,015
<u>14,508,053</u>	<u>29,485</u>	<u>14,537,538</u>
(888,993)	(494,344)	(1,383,337)
<u>33,258,058</u>	<u>6,036,747</u>	<u>39,294,805</u>
<u>\$ 32,369,065</u>	<u>\$ 5,542,403</u>	<u>\$ 37,911,468</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Balance Sheet
Governmental Funds
December 31, 2009

	General	Fire Levy Fund	General Bond Retirement	Streets Capital Improvement	Other Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,156,166	\$ 107,299	\$ 447,515	\$ 583,917	\$ 2,584,389
Receivables:					
Accounts (Net of Allowance)	229,181	24,364	0	20,857	41,408
Taxes	3,346,160	1,777,792	54,824	375,030	320,887
Intergovernmental	156,446	126,692	3,959	15,944	411,715
Special Assessments	41,658	0	4,700,841	0	0
Advances to Other Funds	0	0	0	0	112,000
<i>Total Assets</i>	<u>\$ 4,929,611</u>	<u>\$ 2,036,147</u>	<u>\$ 5,207,139</u>	<u>\$ 995,748</u>	<u>\$ 3,470,399</u>
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 143,151	\$ 5,815	\$ 0	\$ 0	\$ 38,071
Intergovernmental Payable	188,193	119,747	0	0	91,212
Accrued Salaries, Wages and Benefits	72,617	34,839	0	0	23,529
Deferred Revenue	2,447,812	1,891,017	4,759,624	159,556	546,435
Advances From Other Funds	0	0	0	0	112,000
<i>Total Liabilities</i>	<u>2,851,773</u>	<u>2,051,418</u>	<u>4,759,624</u>	<u>159,556</u>	<u>811,247</u>
Fund Balances					
Reserved for Encumbrances	78,470	5,228	0	60,187	58,049
Reserved for Advances	0	0	0	0	112,000
Unreserved, Undesignated, Reported In:					
General Fund	1,999,368	0	0	0	0
Special Revenue Funds	0	(20,499)	0	0	523,577
Debt Service Fund	0	0	447,515	0	0
Capital Projects Funds	0	0	0	776,005	1,965,526
<i>Total Fund Balances (Deficit)</i>	<u>2,077,838</u>	<u>(15,271)</u>	<u>447,515</u>	<u>836,192</u>	<u>2,659,152</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,929,611</u>	<u>\$ 2,036,147</u>	<u>\$ 5,207,139</u>	<u>\$ 995,748</u>	<u>\$ 3,470,399</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2009*

Total Governmental Funds	Total Governmental Fund Balances	\$ 6,005,426
	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 4,879,286	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,315,809
315,810		
5,874,693	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
714,756	Delinquent Property Taxes	\$ 148,762
4,742,499	Municipal Income Tax	997,217
112,000	Special Assessments	4,742,499
<u>\$ 16,639,044</u>	Intergovernmental	<u>534,255</u>
		6,422,733
\$ 187,037	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(63,163)
399,152		
130,985	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
9,804,444	General Obligation Bonds	(6,196,319)
112,000	Special Assessment Bonds	(2,792,198)
<u>10,633,618</u>	Long Term Notes Payable	(1,997,510)
	Capital Leases	(10,585)
201,934	Compensated Absences Payable	<u>(1,315,128)</u>
112,000		<u>(12,311,740)</u>
1,999,368	<i>Net Assets of Governmental Activities</i>	<u>\$ 32,369,065</u>
503,078		
447,515		
2,741,531		
<u>6,005,426</u>		
<u>\$ 16,639,044</u>		

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2009

	General	Fire Levy Fund	General Bond Retirement	Streets Capital Improvement	Other Governmental Funds
Revenues					
Local Taxes	\$ 8,563,268	\$ 1,964,001	\$ 58,617	\$ 1,241,142	\$ 752,221
Intergovernmental Revenue	978,491	345,363	10,775	189,258	896,767
Fees, Licenses and Permits	586,766	0	0	0	917,122
Fines and Forfeitures	284,129	0	0	0	37,947
Special Assessments	39,711	0	771,484	0	0
Charges for Services	421,548	282,068	0	0	686,852
Interest Income	10,420	1,770	0	3,270	5,775
Rentals	61,027	0	0	0	74,868
Gifts and Donations	833	0	0	0	0
Miscellaneous	7,972	0	525	0	70,782
<i>Total Revenues</i>	10,954,165	2,593,202	841,401	1,433,670	3,442,334
Expenditures					
Current:					
General Government	4,151,747	0	0	0	53,667
Security of Persons and Property	3,922,873	2,670,992	0	0	334,799
Public Health	306,623	0	0	0	0
Community Development	336,282	0	0	0	0
Transportation	543,350	0	0	0	844,997
Basic Utility	904,650	0	0	0	0
Leisure Time	111,402	0	0	0	863,246
Capital Outlay	0	0	0	1,390,885	985,388
Debt Service:					
Principal Retirement	310,000	0	899,507	10,000	10,185
Interest and Fiscal Charges	192,593	0	351,625	0	817
<i>Total Expenditures</i>	10,779,520	2,670,992	1,251,132	1,400,885	3,093,099
<i>Excess of Revenues Over (Under) Expenditures</i>	174,645	(77,790)	(409,731)	32,785	349,235
Other Financing Sources (Uses)					
Transfers In	0	0	376,156	0	50,000
Transfers Out	(50,000)	0	0	(244,078)	(132,078)
<i>Total Other Financing Sources (Uses)</i>	(50,000)	0	376,156	(244,078)	(82,078)
<i>Net Change in Fund Balances</i>	124,645	(77,790)	(33,575)	(211,293)	267,157
<i>Fund Balances, Beginning of Year</i>	1,953,193	62,519	481,090	1,047,485	2,391,995
<i>Fund Balances, (Deficit) End of Year</i>	<u>\$ 2,077,838</u>	<u>\$ (15,271)</u>	<u>\$ 447,515</u>	<u>\$ 836,192</u>	<u>\$ 2,659,152</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2009*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$ 69,144
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$ 12,579,249	Governmental funds report capital outlay as expenditures. However,	
2,420,654	in the statement of activities, the cost of those assets is allocated over	
1,503,888	their estimated useful lives as depreciation expense. This is the amount	
322,076	by which depreciation exceeded capital outlay in the current period.	
811,195	Capital Asset Additions	\$ 647,267
1,390,468	Current Year Depreciation	<u>(1,897,038)</u>
21,235		(1,249,771)
135,895	Revenues in the statement of activities that do not provide	
833	current financial resources are not reported as revenues	
79,279	in the funds,	
19,264,772	Delinquent Property Taxes	18,567
	Municipal Income Tax	(43,565)
	Special Assessments	(719,449)
	Intergovernmental	<u>(238,503)</u>
		(982,950)
4,205,414	The issuance of long term debt provides current financial resources	
6,928,664	to the governmental funds while the repayment of principal of long	
306,623	term debt consumes the current financial resources, but reduces	
336,282	long-term liabilities in the statement of net assets.	
1,388,347	Bond Principal	657,907
904,650	Special Assessment Bond principal	338,642
974,648	OWDA Principal	141,250
2,376,273	Capital Leases	10,185
	Note and Loan Principal	<u>81,709</u>
		1,229,693
1,229,692	In the statement of activities interest is accrued on outstanding	
545,035	bonds, whereas in governmental funds, interest is expensed	
19,195,628	when due.	6,874
69,144	Some expenses reported in the statement of activities do not use the	
	current financial resources and therefore are not reported as	
	expenditures in governmental funds.	
426,156	Compensated Absences	<u>38,017</u>
(426,156)		
0	<i>Change in Net Assets of Governmental Activities</i>	<u>\$ (888,993)</u>
69,144		
5,936,282		
<u>\$ 6,005,426</u>		

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$ 9,833,552	\$ 8,688,455	\$ 8,638,016	\$ (50,439)
Intergovernmental Revenue	1,115,830	981,737	975,443	(6,294)
Fees, Licenses, and Permits	694,862	603,948	599,681	(4,267)
Fines and Forfeitures	332,003	288,565	286,526	(2,039)
Special Assessments	46,014	39,994	39,711	(283)
Charges for Services	488,304	424,416	421,417	(2,999)
Interest Income	12,601	10,952	10,875	(77)
Rentals	70,713	61,461	61,027	(434)
Gifts and Donations	965	839	833	(6)
Miscellaneous	9,237	8,029	7,972	(57)
<i>Total Revenues</i>	12,604,081	11,108,396	11,041,501	(66,895)
Expenditures				
Current:				
General Government	4,345,112	4,312,876	4,244,580	68,296
Security of Persons and Property	4,112,233	4,074,805	4,074,450	355
Public Health	294,478	314,406	314,406	0
Community Development	371,420	372,375	372,375	0
Transportation	650,692	581,458	581,368	90
Basic Utility	891,000	903,274	903,274	0
Leisure Time	155,920	123,604	123,591	13
Debt Service:				
Principal Retirement	310,000	310,000	310,000	0
Interest and Fiscal Charges	192,593	192,593	192,593	0
<i>Total Expenditures</i>	11,323,448	11,185,391	11,116,637	68,754
<i>Excess of Revenues Over (Under) Expenditures</i>	1,280,633	(76,995)	(75,136)	1,859
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	(50,000)	(50,000)	(50,000)	0
<i>Net Change in Fund Balance</i>	1,230,633	(126,995)	(125,136)	1,859
<i>Fund Balance, Beginning of Year</i>	1,048,453	1,048,453	1,048,453	0
Prior Year Encumbrances Appropriated	119,542	119,542	119,542	0
<i>Fund Balance, End of Year</i>	\$ 2,398,628	\$ 1,041,000	\$ 1,042,859	\$ 1,859

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Fire Levy Fund
 For the Fiscal Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Taxes	\$ 2,016,251	\$ 1,970,637	\$ 1,965,516	\$ (5,121)
Intergovernmental Revenue	227,440	359,860	345,363	(14,497)
Charges for Services	133,810	263,456	269,929	6,473
Interest Income	951	1,671	1,770	99
<i>Total Revenues</i>	<u>2,378,452</u>	<u>2,595,624</u>	<u>2,582,578</u>	<u>(13,046)</u>
Expenditures				
Current:				
Security of Persons and Property	2,599,244	2,718,726	2,746,162	(27,436)
<i>Total Expenditures</i>	<u>2,599,244</u>	<u>2,718,726</u>	<u>2,746,162</u>	<u>(27,436)</u>
<i>Net Change in Fund Balance</i>	(220,792)	(123,102)	(163,584)	(40,482)
<i>Fund Balance, Beginning of Year</i>	255,247	255,247	255,247	0
Prior Year Encumbrances Appropriated	6,279	6,279	6,279	0
<i>Fund Balance, (Deficit) End of Year</i>	<u>\$ 40,734</u>	<u>\$ 138,424</u>	<u>\$ 97,942</u>	<u>\$ (40,482)</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Fund Net Assets
Proprietary Fund
December 31, 2009

	Business-Type Activities Enterprise Fund Sewer Maintenance
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 293,764
Accounts Receivable (Net of Allowance)	725,912
<i>Total Current Assets</i>	1,523,024
<i>Non Current Assets:</i>	
Depreciable Capital Assets, Net of Depreciation	4,061,013
<i>Total Non Current Assets</i>	4,061,013
<i>Total Assets</i>	5,584,037
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	3,086
Intergovernmental Payable	8,523
Accrued Salaries, Wages and Benefits	2,215
Compensated Absences - Current Portion	4,741
<i>Total Current Liabilities</i>	18,565
<i>Long Term Liabilities</i>	
Compensated Absences	23,069
<i>Total Long Term Liabilities</i>	23,069
<i>Total Liabilities</i>	41,634
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,061,013
Unrestricted	1,481,390
<i>Total Net Assets</i>	\$ 5,542,403

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended December 31, 2009

	Business-Type Activities Enterprise Fund Sewer Maintenance
Operating Revenues	
Charges for Services	\$ 1,302,733
Other	27,903
	1,330,636
<i>Total Operating Revenues</i>	<i>1,330,636</i>
Operating Expenses	
Personal Services	380,989
Contractual Service	718,355
Materials and Supplies	62,505
Depreciation	580,752
Other	83,961
	1,826,562
<i>Total Operating Expenses</i>	<i>1,826,562</i>
<i>Operating Income (Loss)</i>	<i>(495,926)</i>
Non-Operating Revenues (Expenses)	
Interest Income	1,582
	1,582
<i>Total Non-Operating Revenues (Expenses)</i>	<i>1,582</i>
<i>Change in Net Assets</i>	<i>(494,344)</i>
<i>Net Assets at Beginning of Year (Restated, See Note 3)</i>	<i>6,036,747</i>
<i>Net Assets at the End of the Year</i>	<i>\$ 5,542,403</i>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended December 31, 2009

		Business-Type Activities Enterprise Fund Sewer Maintenance
<hr/>		
Cash Flows From Operating Activities		
Cash Received from Customers	\$	1,270,101
Cash Paid for Goods and Services		(888,901)
Cash Paid to Employees		(398,188)
		<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>		<i>(16,988)</i>
<hr/>		
Cash Flows From Investing Activities		
Interest on Investments		1,582
		<hr/>
<i>Net Cash Provided By (Used For) Investing Activities</i>		<i>1,582</i>
<hr/>		
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Acquisitions		(24,985)
		<hr/>
<i>Net Cash Used for Capital and Related Financing Activities</i>		<i>(24,985)</i>
<hr/>		
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>		<i>(40,391)</i>
<hr/>		
<i>Cash and Cash Equivalents at Beginning of Year</i>		<i>334,155</i>
<hr/>		
<i>Cash and Cash Equivalents at End of Year</i>	\$	<i>293,764</i>
<hr/>		
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities		
Operating Income (Loss)	\$	(495,926)
Adjustments:		
Depreciation Expense		580,752
(Increase) Decrease in Assets:		
Accounts Receivable		(91,995)
Increase (Decrease) in Liabilities:		
Accounts Payable		(24,080)
Intergovernmental Payable		(2,766)
Accrued Salaries, Wages and Benefits		(14,793)
Compensated Absences		360
		<hr/>
<i>Total Adjustments</i>		<i>478,938</i>
<hr/>		
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$	<i>(16,988)</i>
<hr/>		

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2009

Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 553,520
Cash in Segregated Accounts	<u>49,321</u>
<i>Total Assets</i>	<u><u>\$ 602,841</u></u>
 Liabilities	
Undistributed Monies	<u>\$ 602,841</u>
<i>Total Liabilities</i>	<u><u>\$ 602,841</u></u>

See accompanying notes to the basic financial statements.

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City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City also has the option to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations.

For the year ended December 31, 2009, the City has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments," GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the City.

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

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 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, tuition, grants, fees and rentals.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue on modified accrual only. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

Appropriations

A temporary appropriation ordinance 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 fund, department and object level. The appropriation ordinance may be amended during the year by action of Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among funds and departments may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant effect on the original appropriations. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all amendments and modifications.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Lapsing of Appropriations

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

Cash and Cash Equivalents

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

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

During 2009, investments were limited to STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price investments could be sold for on December 31, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2009 amounted to \$10,420, which includes \$5,538 assigned from other City funds.

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of bridges, culverts, storm sewers, streets, traffic signals and water and sewer lines. Improvements

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City Engineer's interpretation of historical records of necessary improvements and replacement. All reported capital assets except land and construction in progress are required to be depreciated using a depreciation method (specifically the straight line method) over the following useful lives:

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

Interfund Balances

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

Compensated Absences

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

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

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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 Reserves

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

Net Assets

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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 2009.

Estimates

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

Note 3 – Restatement of Net Assets

It was determined that a portion of the special assessments receivable reported in the general bond retirement fund in 2008 should have been a receivable in the sewer maintenance fund. It was also determined that the delinquent special assessments reported in 2008 were overstated. The change in net assets for those funds is as follows:

	Governmental Activities	Business-Type Activities - Sewer Maintenance Fund
Net Assets at December 31, 2008	\$ 33,972,307	\$ 5,501,939
Adjustment for Special Assessments Receivable	(714,249)	534,808
Restated Net Assets at January 1, 2009	\$ 33,258,058	\$ 6,036,747

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 4 – Fund Deficits

Fund balances at December 31, 2009 included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
Fire Levy Fund	\$ 15,271
Nonmajor Governmental Fund:	
Police Pension	76,981
Mandatory Drug Fines	4,160

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

Note 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,

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreements must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits: The carrying value of the City's deposits totaled \$450,016 and the bank balances of the deposits totaled \$636,642. All of the bank balance was covered by depository insurance. 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).

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Investments

Investments are reported at fair value. As of December 31, 2009, the City had the following investment:

Rating by Standard & Poor's	Investment	Fair Value	Investment Maturities (in years) less than 1	Percentage of Total Investments
AAAm	Star Ohio	\$ 5,325,349	\$ 5,325,349	100.00%

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

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

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

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

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	\$ 124,645	\$ (77,790)
Adjustments:		
Revenue accruals	87,336	(10,624)
Expenditure accruals	(223,810)	(65,814)
Encumbrances	<u>(113,307)</u>	<u>(9,356)</u>
Budget basis	<u>\$ (125,136)</u>	<u>\$ (163,584)</u>

Note 7 – Transfers and Interfund Balances

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, 2009, consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>			Total
	General Fund	Streets Capital Improvement	Other Governmental Funds	
General Bond Retirement	\$ 0	\$ 244,078	\$ 132,078	\$ 376,156
Other Governmental Funds	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Total	<u>\$ 50,000</u>	<u>\$ 244,078</u>	<u>\$ 132,078</u>	<u>\$ 426,156</u>

The transfers from the Streets Capital Improvement Fund to the Bond Retirement Fund were to pay for the debt issues for storm sewer and Broadview Center renovations. The other governmental funds receive revenue to pay the debt for ongoing improvements projects and transferred funds to the General Bond Retirement Fund.

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, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 8 – Receivables

Receivables at December 31, 2009, consisted of taxes, special assessments, accounts (billings for user charged services), and intergovernmental receivables. All of these receivables are considered fully collectible.

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

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2009 was \$9.40 per \$1,000 of assessed value. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.27 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$6.81 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

rollback reductions is reimbursed to the City by the State of Ohio. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$ 649,620,780	96.81%
Public Utility Tangible Property	6,344,630	0.95%
Tangible Personal Property	<u>15,024,890</u>	<u>2.24%</u>
 Total	 <u>\$ 670,990,300</u>	 <u>100.00%</u>

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2009. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2009 operations. The receivable is offset by deferred revenue.

Income Taxes

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures for 2009, are credited to the following funds: 78.7% to the General Fund, 1% to the Fire Levy Special Revenue Fund, 14.0% to the Streets Capital Improvement Fund and 6.3% to other governmental funds.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
Local Government	\$ 49,811
Charges for Services	21,019
Gasoline and Excise Tax	385,116
Permissive Tax	10,424
Homestead/Rollback	<u>248,386</u>
 Total	 <u><u>\$ 714,756</u></u>

Taxes Receivable

A summary of taxes receivable follows:

	<u>Amount</u>
Governmental Activities:	
Real Estate Tax	\$ 3,530,473
Municipal Income Tax	2,343,935
Hotel/Motel Tax	<u>285</u>
 Total	 <u><u>\$ 5,874,693</u></u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land and Improvements	\$ 2,989,593	\$ 0	\$ 0	\$ 2,989,593
Construction in Progress	571,875	0	(571,875)	0
Total Capital Assets, not being depreciated	3,561,468	0	(571,875)	2,989,593
<i>Capital Assets, being depreciated:</i>				
Buildings	6,020,380	0	0	6,020,380
Improvements	3,198,296	756,545	0	3,954,841
Furniture & Fixtures	34,642	0	0	34,642
Machinery & Equipment	1,892,568	56,396	0	1,948,964
Vehicles	3,195,860	114,911	0	3,310,771
Infrastructure				
Traffic Signals	443,207	0	0	443,207
Roads	21,475,084	78,770	0	21,553,854
Waterlines	10,715,637	0	0	10,715,637
Street Signs & Guard Rails	26,710	0	0	26,710
Storm Sewers	11,613,976	212,520	0	11,826,496
Total Capital Assets, being depreciated	58,616,360	1,219,142	0	59,835,502
Less Accumulated Depreciation:				
Buildings	(1,539,142)	(125,768)	0	(1,664,910)
Improvements	(629,000)	(181,643)	0	(810,643)
Furniture & Fixtures	(27,174)	(898)	0	(28,072)
Machinery & Equipment	(1,164,343)	(143,381)	0	(1,307,724)
Vehicles	(2,374,565)	(258,901)	0	(2,633,466)
Infrastructure				
Traffic Signals	(306,905)	(13,854)	0	(320,759)
Roads	(11,856,977)	(602,396)	0	(12,459,373)
Waterlines	(4,966,707)	(175,413)	0	(5,142,120)
Street Signs & Guard Rails	(26,445)	(128)	0	(26,573)
Storm Sewers	(5,720,990)	(394,656)	0	(6,115,646)
Total Accumulated Depreciation	(28,612,248)	(1,897,038)	0	(30,509,286)
Total Capital Assets being depreciated, net	30,004,112	(677,896)	0	29,326,216
Governmental Activities Capital Assets, Net	\$ 33,565,580	\$ (677,896)	\$ (571,875)	\$ 32,315,809

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009
Business-Type Activities				
<i>Capital Assets, being depreciated:</i>				
Buildings	\$ 1,136,841	\$ 0	\$ 0	\$ 1,136,841
Machinery & Equipment	597,657	24,985	0	622,642
Vehicles	239,681	0	0	239,681
Infrastructure				
Sanitary Sewers	14,774,012	0	0	14,774,012
Total Capital Assets, being depreciated	16,748,191	24,985	0	16,773,176
Less Accumulated Depreciation:				
Buildings	(671,165)	(28,421)	0	(699,586)
Machinery & Equipment	(514,878)	(23,611)	0	(538,489)
Vehicles	(220,610)	(6,729)	0	(227,339)
Infrastructure				
Sanitary Sewers	(10,724,758)	(521,991)	0	(11,246,749)
Total Accumulated Depreciation	(12,131,411)	(580,752)	0	(12,712,163)
Business-Type Activities Capital Assets, Net	\$ 4,616,780	\$ (555,767)	\$ 0	\$ 4,061,013

Depreciation was charged as follows:

Governmental Funds:

General government	\$ 863,541
Security of persons and property	237,661
Community development	102,155
Leisure time activities	62,284
Transportation	631,397
	\$ 1,897,038

Proprietary Funds:

Sewer maintenance	\$ 580,752
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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 plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in State and local classifications contributed 10.0% of covered payroll and public safety and law enforcement members contributed 10.1%.

The City's contribution rate for 2009 was 14.0%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63% of covered payroll. For 2009, a portion of the City's contribution of covered payroll was allocated to fund the post-employment health care plan. From January 1 through March 31, 2009 this allocation was 7.0% and from April 1 through December 31, 2009 the allocation was 5.5%. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0%, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1%.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$341,466, \$354,572 and \$405,359, respectively; 93% has been contributed for 2009 and 100% for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$22,493 made by the City and \$16,066 made by the plan members.

Ohio Police and Firemen's Disability and Pension Fund

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24.0% for firefighters. Contributions are authorized by State statute. For 2009 a portion of the City's contribution equal to 6.75% of covered payroll was allocated to fund the post-employment health care plan. For 2008, this allocation was also 6.75%. The City's contributions to the OP&F for police and firefighters were \$275,218 and \$231,775 for the year ending December 31, 2009, \$275,822 and \$236,148 for the year ended December 31, 2008, and \$261,471 and \$214,659 for the year ended December 31, 2007; The full amount has been contributed for 2008 and 2007. 72.0% has been contributed for 2009, with the remainder being reported as a liability.

Note 11 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.0% of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008 actuarial valuation was 356,388.

The amount of \$10.7 billion represents the actuarial funding value of OPERS' net assets available for OPEB at December 31, 2008 (the latest information available). Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008 reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

The City's contributions allocated to fund post-employment health care benefits for local employees and public safety employees for the years ended December 31, 2009, 2008 and 2007 were \$251,503 and \$7,081, \$342,156 and \$8,357 and \$260,349 and \$5,469 respectively; 93.0% has been contributed for 2008 and 100% for 2007 and 2006.

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

Ohio Police and Firemen's Disability and Pension Fund

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

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

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

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

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the years ended December 31, 2009 and 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequate funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The number of participants eligible to receive health care benefits as of December 31, 2008 (the latest information available), are 14,567 for Police and 10,750 for Firefighters. The total health care expense for the year ending December 31, 2008 was \$96,472,398, which was net of member contributions of \$56,948,977.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police officers and firefighters were \$145,704 and \$90,695 for the year ended December 31, 2009, \$146,023 and \$92,406 for the year ended December 31, 2008 and \$138,426 and \$83,997 for the year ended December 31, 2007. The full amount has been contribution for 2008 and 2007. 72% has been contributed for 2009.

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:

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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

Note 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, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

General obligation bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
1977 Sidewalk Improvement	1983	5.25%	\$ 10,584
1989 Street Improvement	2009	7.00%	44,965
1989 Street Improvement	2010	7.14%	91,698
1991 Street Improvement	2011	6.77%	18,079
1999 Various Improvement	2019	4.50% to 5.65%	2,850,000
2000 Various Improvement	2013	4.60%	1,550,000
2003 Service Building	2013	4.20%	1,260,000
2003 Street Improvement	2023	4.58%	96,000
2004 Building Improvement	2024	3.00% - 5.00%	300,000
2006 Street Improvement	2026	3.75% - 5.00%	1,029,649
2006 Demolition Project	2026	3.75% - 5.00%	621,476
2007 Energy Improvement Project	2017	4.0% - 4.25%	<u>1,700,000</u>
 Total			 <u><u>\$ 9,572,451</u></u>

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
2010	\$ 681,438	\$ 285,965	\$ 967,403
2011	694,217	256,770	950,987
2012	757,947	226,412	984,359
2013	738,814	192,742	931,556
2014	450,585	158,837	609,422
2015 - 2019	2,091,478	466,744	2,558,222
2020 - 2024	584,850	121,451	706,301
2025 - 2026	196,990	12,930	209,920
 Total	 <u><u>\$ 6,196,319</u></u>	 <u><u>\$ 1,721,851</u></u>	 <u><u>\$ 7,918,170</u></u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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			
1989 Street Improvement	2009	7.00%	\$ 805,035
1989 Sewer Improvement	2010	7.14%	778,302
1990 Street Improvement	2010	7.845%	150,000
1991 Street Improvement	2011	6.77%	846,922
1994 Sewer Improvement	2014	5.50%	112,000
1995 Sewer Improvement	2015	6.38%	37,735
1999 Various Purpose	2019	4.5% to 5.65%	630,000
2001 Sewer Improvement	2021	6.10%	211,000
2003 Street Improvement	2023	4.2%	200,000
2003 Street Improvement	2023	4.2%	800,000
2003 Sewer Improvement	2023	4.58%	304,000
2004 Street Improvement	2024	3.00% to 5.00%	505,000
2006 Sewer Improvement	2026	3.75% - 5.00%	582,448
2006 Sewer Improvement	2026	3.75% - 5.00%	71,427
Total			<u><u>\$ 6,033,869</u></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
2010	\$ 308,154	\$ 132,275	\$ 440,429
2011	228,429	114,988	343,417
2012	161,299	103,403	264,702
2013	171,066	96,430	267,496
2014	179,969	88,977	268,946
2015 - 2019	945,953	329,670	1,275,623
2020 - 2024	719,319	99,408	818,727
2025 - 2026	78,009	5,122	83,131
Total	<u><u>\$ 2,792,198</u></u>	<u><u>\$ 970,273</u></u>	<u><u>\$ 3,762,471</u></u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

OWDA Loans

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

OWDA loans currently outstanding are as follows:

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

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

Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2010	\$ 174,040	\$ 62,152	\$ 236,192
2011	181,303	54,889	236,192
2012	188,869	47,323	236,192
2013	196,751	39,440	236,191
2014	204,964	31,230	236,194
2015 - 2019	531,524	70,082	601,606
2020 - 2021	79,076	3,199	82,275
Total	<u>\$ 1,556,527</u>	<u>\$ 308,315</u>	<u>\$ 1,864,842</u>

Loans Payable

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

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

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Governmental Activities		
Principal		
Year Ending December 31,	Brownfield Cleanup Revolving Loan	OPWC Loan
2010	\$ 71,709	\$ 20,000
2011	71,709	20,000
2012	71,709	20,000
2013	35,856	20,000
2014	0	20,000
2015 - 2019	0	90,000
Total	\$ 250,983	\$ 190,000

Changes in Long Term Liabilities

Long term liability activity for the year ended December 31, 2009 was as follows:

	Balance 12/31/08	Additions	Reductions	Balance 12/31/2009	Due Within One Year
<i>General Obligation Bonds</i>					
Various Improvement (1989) 7.140% through 2010	\$ 15,813	\$ 0	\$ (7,905)	\$ 7,908	\$ 7,908
Street Improvement (1989) 7.000% through 2009	2,377	0	(2,377)	0	0
Street Improvement (1991) 6.772 % through 2011	4,492	0	(1,359)	3,133	1,568
Sidewalk Improvements (1977) 5.250%	2,500	0	0	2,500	2,500
Broadview Center Improvement (2000) 4.6% through 2013	855,000	0	(155,000)	700,000	160,000
Various Purpose (1999) 4.50% - 5.65% through 2019	1,908,183	0	(131,034)	1,777,149	139,230
Service Building (2003) 4.20% through 2013	665,000	0	(125,000)	540,000	130,000
Sewer Improvements (2003) 4.58% through 2023	78,000	0	(3,600)	74,400 *	3,600
Building Improvements (2004) 3.00% - 5.00% through 2024	260,000	0	(10,000)	250,000	15,000
Street Improvements (2006) 3.75% - 5.00% through 2026	940,309	0	(44,670)	895,639	44,670
Demolition Project (2006) 3.75% - 5.00% through 2026	567,552	0	(26,962)	540,590	26,962
Energy Improvement Project (2007) 4.00% - 4.25% through 2017	1,555,000	0	(150,000)	1,405,000	150,000
Total General Obligation Bonds	6,854,226	0	(657,907)	6,196,319	681,438

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009	Due Within One Year
<i>Special Assessment Bonds With City Commitment</i>					
Various Improvement (1989) 7.140% through 2010	\$ 134,190	\$ 0	\$ (67,094)	\$ 67,096	\$ 67,096
Street Improvement (1989) 7.000% through 2009	42,616	0	(42,616)	0	0
Street Improvement (1990) 7.850% through 2010	30,000	0	(15,000)	15,000	15,000
Street Improvement (1991) 6.772 % through 2011	210,507	0	(63,642)	146,865	73,433
Street Improvement (1994) 5.500% through 2014	36,000	0	(6,000)	30,000 *	6,000
Sewer Improvement (1995) 6.383% through 2015	18,000	0	(2,000)	16,000	2,000
Various Purpose (1999) 4.50% - 5.65% through 2019	421,823	0	(28,966)	392,857	30,770
Sewer Improvement (2001) 6.1% through 2021	163,567	0	(8,555)	155,012 *	9,086
Street Improvement (2003) 4.20% through 2023	645,000	0	(35,000)	610,000	35,000
Street Improvement (2003) 4.20% through 2023	160,000	0	(10,000)	150,000	10,000
Sewer Improvement (2003) 4.58% through 2023	247,000	0	(11,400)	235,600 *	11,400
Street Improvement (2004) 3.00% - 5.00% through 2024	425,000	0	(20,000)	405,000	20,000
Sewer Improvement (2006) 3.75% - 5.00% through 2026	531,909	0	(25,269)	506,640 *	25,269
Sewer Improvement (2006) 3.75% - 5.00% through 2026	65,228	0	(3,100)	62,128 *	3,100
Total Special Assessment Bonds	3,130,840	0	(338,642)	2,792,198	308,154

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009	Due Within One Year
<i>OWDA Loans</i>					
Interest rates vary from 4.04% to 9.78%, due through 2021	\$ 1,697,777	\$ 0	\$ (141,250)	\$ 1,556,527	\$ 174,040
<i>OPWC Loan</i>					
0% due 2019	200,000	0	(10,000)	190,000	20,000
<i>Brownfields Cleanup Revolving Loan</i>					
0% due 2013	322,692	0	(71,709)	250,983	71,709
Capital Lease	20,770	0	(10,185)	10,585	10,585
Compensated Absences	1,353,145	454,178	(492,195)	1,315,128	434,569
Total Governmental Activities	<u>\$ 13,579,450</u>	<u>\$ 454,178</u>	<u>\$ (1,721,888)</u>	<u>\$ 12,311,740</u>	<u>\$ 1,700,495</u>
<i>Business-Type Activities</i>					
Compensated Absences	\$ 27,450	\$ 7,414	\$ (7,054)	\$ 27,810	\$ 4,741
Total Business-Type Activities	<u>\$ 27,450</u>	<u>\$ 7,414</u>	<u>\$ (7,054)</u>	<u>\$ 27,810</u>	<u>\$ 4,741</u>

* These debt issues are recorded in governmental funds to finance assets of the business-type activities. See notation on page 15 for a further description of the presentation on the statement of net assets.

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

Note 14 - Capitalized Leases

Capital lease obligations relate to equipment which is leased under a long-term agreement. The lease meets the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee. Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the other governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. 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, 2009.

Year	Amount
2010	\$ 11,002
Less Amount Representing Interest	417
Present Value of Minimum Lease Payments	<u>\$ 10,585</u>

The assets acquired have been capitalized in the governmental activities in the amount of \$51,000, which is the present value of the minimum lease payments at the inception of the lease.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 15 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. The City contracts with the Westfield Insurance Company for commercial property coverage, which has a \$19,784,700 limit and a \$500 deductible. The City also contracts with the Westfield Insurance Co. for boiler and machinery coverage, which has a \$50,000 per incident limit and a \$1,000 deductible. In addition, the City carries an equipment floater policy with a \$637,637 limit and a \$500 deductible and a general and vehicle liability policy of \$1,000,000.

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

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

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 and the City is not exposed to any risks related to health claims.

Worker's Compensation

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

Note 16 – 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 17 – 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 2009, the City contributed \$10,000 for the Southwest Council of

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Governments annual dues. The City contributed \$3,000 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, Parma Heights, Ohio.

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Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the Government's basic financial statements and have issued our report thereon dated July 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 8, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 8, 2010



Mary Taylor, CPA
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 7, 2010**