



Mary Taylor, CPA
Auditor of State

City of Broadview Heights, Ohio

For the Year Ended December 31, 2008

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City of Broadview Heights, Ohio

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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, 2008, 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, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and budgetary comparisons for the General Fund and the Fire Levy Fund 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 October 27, 2009, 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.

City of Broadview Heights
Cuyahoga County
Independent Accountants' Report
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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

October 27, 2009

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008

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, 2008. 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 2008 are as follows:

- The City's net assets decreased approximately \$.9 million as a result of this year's operations. Net assets of our business-type activities decreased by approximately \$.3 million, or 5.1%, and net assets of governmental activities decreased by \$.6 million, or 1.6%.
- General revenues accounted for \$15.0 million or 72.5% of total governmental activities revenue. Program specific revenues accounted for \$5.7 million or 27.5% of total governmental activities revenue.
- Capital assets of the governmental activities increased \$.8 million and business-type activities decreased \$.6 million.
- The City had \$21.3 million in expenses related to governmental activities; \$5.7 million of these expenses was offset by program specific charges for services, grants, contributions and interest. General revenues (primarily taxes) of \$15.0 million were not adequate to provide for these programs.
- The general fund, the City's largest major fund, had revenues of \$11.1 million in 2008, a decrease of \$.05 million or .4% from 2007 revenues. The expenditures of the general fund totaled \$11.7 million in 2008, an increase of \$.5 million or 4.1% from 2007 expenditures.
- The City issued \$.2 million in loans in 2008 and retired \$1.91 million in bonds and loans.

The Statement of Net Assets and the Statement of Activities (on pages 15 and 16-17) 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 18. 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, 2008

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
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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 18.

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 24.

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 27.

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 29.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008

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 2008 compared to 2007:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$ 19,047,413	\$ 21,838,398	\$ 968,072	\$ 659,050	\$ 20,015,485	\$ 22,497,448
Capital Assets, Net	33,565,580	32,781,383	4,616,780	5,211,778	38,182,360	37,993,161
Total Assets	<u>52,612,993</u>	<u>54,619,781</u>	<u>5,584,852</u>	<u>5,870,828</u>	<u>58,197,845</u>	<u>60,490,609</u>
Liabilities						
Current and Other Liabilities	5,061,236	4,949,669	55,463	45,440	5,116,699	4,995,109
Long Term Liabilities						
Due Within One Year	1,708,208	2,313,904	7,232	6,701	1,715,440	2,320,605
Due in More than One Year	11,871,242	12,820,555	20,218	21,857	11,891,460	12,842,412
Total Liabilities	<u>18,640,686</u>	<u>20,084,128</u>	<u>82,913</u>	<u>73,998</u>	<u>18,723,599</u>	<u>20,158,126</u>
Net Assets						
Invested in Capital Assets Net of Debt	22,783,671	20,413,835	4,616,780	5,211,778	26,278,747 *	24,446,443
Restricted						
Other Purposes	877,840	1,040,236	0	0	877,840	1,040,236
Debt Service	6,617,438	7,832,296	0	0	6,617,438	7,832,296
Capital Projects	1,388,663	2,156,644	0	0	1,388,663	2,156,644
Unrestricted (Deficit)	<u>2,304,695</u>	<u>3,092,642</u>	<u>885,159</u>	<u>585,052</u>	<u>4,311,558 *</u>	<u>4,856,864</u>
Total Net Assets	<u>\$ 33,972,307</u>	<u>\$ 34,535,653</u>	<u>\$ 5,501,939</u>	<u>\$ 5,796,830</u>	<u>\$ 39,474,246</u>	<u>\$ 40,332,483</u>

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

City of Broadview Heights
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Management's Discussion and Analysis
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The City's *combined* net assets changed from a year ago, *decreasing* from \$40.3 million to \$39.5 million.

Net assets in the City's governmental activities decreased by 1.6% (\$34.0 million compared to \$34.5 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 decreased approximately \$.8 million. Restricted net assets, those restricted mainly for capital projects and special purposes such as street cleaning or maintenance decreased by \$.9 million. Net assets restricted for debt obligations decreased \$1.2 million and the investments in capital assets, net of debt category increased by \$2.4 million.

Net assets in the City's business-type activities decreased by 5.1% (\$5.5 million compared to \$5.8 million). 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
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Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 2,824,146	\$ 2,326,946	\$ 1,520,284	\$ 1,221,311	\$ 4,344,430	\$ 3,548,257
Operating Grants and Contributions	1,402,444	1,196,327	0	0	1,402,444	1,196,327
Capital Grants and Contributions	1,467,703	93,237	0	0	1,467,703	93,237
Total Program Revenues	5,694,293	3,616,510	1,520,284	1,221,311	7,214,577	4,837,821
<i>General Revenues:</i>						
City Income Taxes	9,491,847	9,444,300	0	0	9,491,847	9,444,300
Property Taxes	3,826,366	3,879,651	0	0	3,826,366	3,879,651
Hotel Tax	6,398	6,602	0	0	6,398	6,602
Grants and Contributions	1,517,391	1,393,474	0	0	1,517,391	1,393,474
Interest and Investment Earnings	84,382	252,535	8,263	16,333	92,645	268,868
Rentals	0	138,068	0	0	0	138,068
Other	102,716	101,678	42,486	58,120	145,202	159,798
Total General Revenues	15,029,100	15,216,308	50,749	74,453	15,079,849	15,290,761
<i>Total Revenues</i>	<u>20,723,393</u>	<u>18,832,818</u>	<u>1,571,033</u>	<u>1,295,764</u>	<u>22,294,426</u>	<u>20,128,582</u>
Program Expenses						
General Government	6,479,671	7,301,420	0	0	6,479,671	7,301,420
Security of Persons and Property	7,321,241	6,720,879	0	0	7,321,241	6,720,879
Public Health	380,157	348,658	0	0	380,157	348,658
Community Development	337,203	419,628	0	0	337,203	419,628
Transportation	3,792,527	2,648,184	0	0	3,792,527	2,648,184
Basic Utility	889,976	847,867	0	0	889,976	847,867
Leisure Time Activities	1,248,626	1,242,116	0	0	1,248,626	1,242,116
Interest on Long Term Debt	837,338	687,300	0	0	837,338	687,300
Sewer Maintenance	0	0	1,865,924	1,803,118	1,865,924	1,803,118
<i>Total Expenses</i>	<u>21,286,739</u>	<u>20,216,052</u>	<u>1,865,924</u>	<u>1,803,118</u>	<u>23,152,663</u>	<u>22,019,170</u>
<i>Increase (Decrease) in Net Assets</i>	<u>\$ (563,346)</u>	<u>\$ (1,383,234)</u>	<u>\$ (294,891)</u>	<u>\$ (507,354)</u>	<u>\$ (858,237)</u>	<u>\$ (1,890,588)</u>

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008

Governmental Activities

Governmental activities decreased the City's net assets by \$.6 million, which accounts for a 1.6% decrease.

Revenues provided by specific programs include charges for services which are 13.6% of all governmental revenue. In 2008, it was determined that rental income, which was previously recorded as a general revenue will be reported as a program revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another 13.9%.

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 45.8% of the total revenue of the governmental activities.

Another major component of general revenue is property taxes, which amounted to 18.5% of total revenues.

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

Table 3
Governmental Activities

	2008		2007	
	Total Cost	Net Cost	Total Cost	Net Cost
General Government	\$ 6,479,671	\$ 5,035,641	\$ 7,301,420	\$ 6,245,208
Security of Persons and Property	7,321,241	6,487,777	6,720,879	6,186,446
Public Health	380,157	380,157	348,658	348,658
Community Development	337,203	334,543	419,628	415,428
Transportation	3,792,527	1,913,152	2,648,184	1,540,607
Basic Utility	889,976	889,976	847,867	847,867
Leisure Time	1,248,626	300,954	1,242,116	328,028
Interest and Fiscal Charges	837,338	250,246	687,300	687,300
<i>Total Expenses</i>	<u>\$ 21,286,739</u>	<u>\$ 15,592,446</u>	<u>\$ 20,216,052</u>	<u>\$ 16,599,542</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, 2008

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 \$.3 million or 5.1%. 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 18. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$21.4 million and expenditures of \$23.9 million. The General Fund balance decreased approximately \$.6 million through a general increase in expenses.

The Fire Levy Fund balance decreased by \$.03 million, the General Bond Retirement Fund increased by \$.2 million and the Streets Capital Improvement Fund had a decrease of \$.1 million. The OWDA Bond Retirement Fund decreased by \$.6 million through a residual equity transfer to the General Bond Retirement Fund.

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 24.

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, 2008

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 \$.9 million less than final budgeted revenue and \$.7 million less than original budgeted revenue. There was an unexpected fluctuation in the estimated tax revenue. Actual expenditures were \$.08 million less than final budgeted expenditures and \$.3 million more than original budgeted expenditures. Nothing individually significant caused these minor variances.

Capital Asset and Debt Administration

Capital Assets

At the end of 2008, the City had approximately \$38.2 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 2008 balances compared with 2007.

(Table 4)
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,989,593	\$ 2,989,593	\$ 0	\$ 0	\$ 2,989,593	\$ 2,989,593
Construction in Progress	571,875	0	0	0	571,875	0
Buildings	4,481,238	4,513,567	465,676	494,096	4,946,914	5,007,663
Improvements	2,569,296	2,551,786	0	0	2,569,296	2,551,786
Furniture and Fixtures	7,468	10,035	0	0	7,468	10,035
Machinery and Equipment	728,225	704,638	82,779	110,398	811,004	815,036
Vehicles	821,295	921,926	19,071	25,799	840,366	947,725
Infrastructure	21,396,590	21,089,838	4,049,254	4,581,485	25,445,844	25,671,323
Totals	\$ 33,565,580	\$ 32,781,383	\$ 4,616,780	\$ 5,211,778	\$ 38,182,360	\$ 37,993,161

Acquisitions exceeded depreciation expense in 2008, resulting in a net increase of \$.2 million from 2007.

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

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
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Debt

At December 31, 2008, the City had \$10.0 million in bonds, \$1.7 million in OWDA loans and \$.5 million in OPWC and Brownfield Cleanup Revolving loans.

(Table 5)
Outstanding Debt, at December 31, 2008

	Governmental Activities	
	2008	2007
General Obligation Bonds	\$ 6,854,226	\$ 7,502,747
Special Assessment Bonds	3,130,839	3,503,416
Loans Payable	522,692	394,401
OWDA Loans	1,697,777	2,509,985
Totals	\$ 12,205,534	\$ 13,910,549

At December 31, 2008, the City had outstanding long-term debt obligations in the amount of \$12.2 million, down \$1.7 million from 2007. This represents a 12.2% 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 12).

Current Issues

In 2008, the City received a zero interest loan from the Ohio Public Works Commission to renovate the elevator tower.

The energy conservation improvements have been completed which should provide substantial savings to the City.

City of Broadview Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008

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 Linda Pertz, Director of Finance, 9543 Broadview Road, Bldg 7, Broadview Heights, Ohio 44147.

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City of Broadview Heights, Ohio
Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,229,507	\$ 334,155	\$ 5,563,662
Receivables:			
Accounts (Net of Allowance)	370,075	633,917	1,003,992
Interest	455	0	455
Taxes	6,292,646	0	6,292,646
Intergovernmental	978,533	0	978,533
Special Assessments	6,176,197	0	6,176,197
Noncurrent Assets:			
Land and Construction in Progress	3,561,468	0	3,561,468
Depreciable Capital Assets, Net of Depreciation	30,004,112	4,616,780	34,620,892
<i>Total Assets</i>	<u>52,612,993</u>	<u>5,584,852</u>	<u>58,197,845</u>
Liabilities			
Accounts Payable	159,816	27,166	186,982
Contracts Payable	360,514	0	360,514
Intergovernmental Payable	464,587	11,289	475,876
Accrued Salaries, Wages and Benefits	391,507	17,008	408,515
Deferred Revenue	3,614,775	0	3,614,775
Accrued Interest	70,037	0	70,037
Non Current Liabilities:			
Due Within One Year	1,708,208	7,232	1,715,440
Due In More Than One Year	11,871,242	20,218	11,891,460
<i>Total Liabilities</i>	<u>18,640,686</u>	<u>82,913</u>	<u>18,723,599</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	22,783,671	4,616,780	26,278,747
Restricted for:			
Other Purposes	877,840	0	877,840
Debt Service	6,617,438	0	6,617,438
Capital Projects	1,388,663	0	1,388,663
Unrestricted	2,304,695	885,159	4,311,558
<i>Total Net Assets</i>	<u>\$ 33,972,307</u>	<u>\$ 5,501,939</u>	<u>\$ 39,474,246</u>

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

City of Broadview Heights, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 6,479,671	\$ 1,409,120	\$ 34,910	\$ 0
Security of Persons and Property	7,321,241	387,161	446,303	0
Public Health	380,157	0	0	0
Community Development	337,203	2,660	0	0
Transportation	3,792,527	131,049	867,715	880,611
Basic Utility	889,976	0	0	0
Leisure Time	1,248,626	894,156	53,516	0
Interest and Fiscal Charges	837,338	0	0	587,092
<i>Total Governmental Activities</i>	<u>21,286,739</u>	<u>2,824,146</u>	<u>1,402,444</u>	<u>1,467,703</u>
Business-Type Activities				
Sewer	1,865,924	1,520,284	0	0
<i>Total Business-Type Activities</i>	<u>1,865,924</u>	<u>1,520,284</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$ 23,152,663</u>	<u>\$ 4,344,430</u>	<u>\$ 1,402,444</u>	<u>\$ 1,467,703</u>

General Revenues

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

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,035,641)	\$ 0	\$ (5,035,641)
(6,487,777)	0	(6,487,777)
(380,157)	0	(380,157)
(334,543)	0	(334,543)
(1,913,152)	0	(1,913,152)
(889,976)	0	(889,976)
(300,954)	0	(300,954)
(250,246)	0	(250,246)
<u>(15,592,446)</u>	<u>0</u>	<u>(15,592,446)</u>
<u>0</u>	<u>(345,640)</u>	<u>(345,640)</u>
<u>0</u>	<u>(345,640)</u>	<u>(345,640)</u>
<u>(15,592,446)</u>	<u>(345,640)</u>	<u>(15,938,086)</u>
7,063,867	0	7,063,867
227,579	0	227,579
2,200,401	0	2,200,401
1,598,774	0	1,598,774
2,168,694	0	2,168,694
58,898	0	58,898
6,398	0	6,398
1,517,391	0	1,517,391
84,382	8,263	92,645
102,716	42,486	145,202
<u>15,029,100</u>	<u>50,749</u>	<u>15,079,849</u>
(563,346)	(294,891)	(858,237)
<u>34,535,653</u>	<u>5,796,830</u>	<u>40,332,483</u>
<u>\$ 33,972,307</u>	<u>\$ 5,501,939</u>	<u>\$ 39,474,246</u>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Balance Sheet
Governmental Funds
December 31, 2008

	General	Fire Levy Fund	General Bond Retirement	OWDA Bond Retirement	Streets Capital Improvement
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,167,995	\$ 261,526	\$ 481,090	\$ 0	\$ 1,109,116
Receivables:					
Accounts (Net of Allowance)	263,037	12,477	0	0	23,637
Interest	455	0	0	0	0
Taxes	3,542,533	1,896,524	58,470	0	382,073
Intergovernmental	161,783	126,018	3,938	0	125,465
Special Assessments	45,824	0	6,130,373	0	0
Advances to Other Funds	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 5,181,627</u>	<u>\$ 2,296,545</u>	<u>\$ 6,673,871</u>	<u>\$ 0</u>	<u>\$ 1,640,291</u>
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 136,365	\$ 5,536	\$ 0	\$ 0	\$ 0
Contracts Payable	0	0	0	0	313,503
Intergovernmental Payable	231,258	131,457	0	0	0
Accrued Salaries, Wages and Benefits	260,148	89,201	0	0	0
Deferred Revenue	2,600,663	2,007,832	6,192,781	0	279,303
Advances From Other Funds	0	0	0	0	0
<i>Total Liabilities</i>	<u>3,228,434</u>	<u>2,234,026</u>	<u>6,192,781</u>	<u>0</u>	<u>592,806</u>
Fund Balances					
Reserved for Encumbrances	80,484	2,511	0	0	105,026
Reserved for Advances	0	0	0	0	0
Unreserved, Undesignated, Reported In:					
General Fund	1,872,709	0	0	0	0
Special Revenue Funds	0	60,008	0	0	0
Debt Service Fund	0	0	481,090	0	0
Capital Projects Funds	0	0	0	0	942,459
<i>Total Fund Balances (Deficit)</i>	<u>1,953,193</u>	<u>62,519</u>	<u>481,090</u>	<u>0</u>	<u>1,047,485</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,181,627</u>	<u>\$ 2,296,545</u>	<u>\$ 6,673,871</u>	<u>\$ 0</u>	<u>\$ 1,640,291</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, 2008*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 5,936,282
		<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 2,209,780	\$ 5,229,507	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,565,580
70,924	370,075		
0	455	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
413,046	6,292,646	Delinquent Property Taxes	\$ 130,195
561,329	978,533	Municipal Income Tax	1,076,130
0	6,176,197	Special Assessments	6,176,197
112,000	112,000	Intergovernmental	<u>737,410</u>
<u>\$ 3,367,079</u>	<u>\$ 19,159,413</u>		8,119,932
		In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(70,037)
\$ 17,915	\$ 159,816	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
47,011	360,514	General Obligation Bonds	(6,854,226)
101,872	464,587	Special Assessment Bonds	(3,130,840)
42,158	391,507	OWDA Bonds	(1,697,777)
654,128	11,734,707	Long Term Notes Payable	(522,692)
112,000	112,000	Capital Leases	(20,770)
<u>975,084</u>	<u>13,223,131</u>	Compensated Absences Payable	<u>(1,353,145)</u>
202,745	390,766		(13,579,450)
112,000	112,000		
0	1,872,709	<i>Net Assets of Governmental Activities</i>	<u>\$ 33,972,307</u>
461,412	521,420		
0	481,090		
1,615,838	2,558,297		
<u>2,391,995</u>	<u>5,936,282</u>		
<u>\$ 3,367,079</u>	<u>\$ 19,159,413</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, 2008

	General	Fire Levy Fund	General Bond Retirement	OWDA Bond Retirement	Streets Capital Improvement
Revenues					
Local Taxes	\$ 8,614,671	\$ 2,012,483	\$ 59,478	\$ 0	\$ 1,538,610
Intergovernmental Revenue	890,384	252,592	7,893	0	690,866
Fees, Licenses and Permits	618,464	0	0	0	0
Fines and Forfeitures	244,343	0	0	0	0
Special Assessments	24,538	0	727,109	660,104	0
Charges for Services	504,434	272,074	0	0	0
Interest Income	84,382	11,131	0	5,792	29,899
Rentals	60,847	0	0	0	0
Gifts and Donations	2,454	0	0	0	0
Miscellaneous	23,108	0	4,023	0	437
<i>Total Revenues</i>	11,067,625	2,548,280	798,503	665,896	2,259,812
Expenditures					
Current:					
General Government	4,534,221	0	0	0	0
Security of Persons and Property	3,937,297	2,581,889	0	0	0
Public Health	380,157	0	0	0	0
Community Development	379,182	0	0	0	0
Transportation	846,907	0	0	0	0
Basic Utility	889,976	0	0	0	0
Leisure Time	288,781	0	0	0	0
Capital Outlay	0	0	0	0	2,323,417
Debt Service:					
Principal Retirement	253,800	0	1,013,793	637,421	0
Interest and Fiscal Charges	156,174	0	464,048	250,106	0
<i>Total Expenditures</i>	11,666,495	2,581,889	1,477,841	887,527	2,323,417
<i>Excess of Revenues Over (Under) Expenditures</i>	(598,870)	(33,609)	(679,338)	(221,631)	(63,605)
Other Financing Sources (Uses)					
Proceeds of Loans	0	0	0	0	200,000
Transfers In	0	0	903,324	0	167,333
Transfers Out	0	0	0	(417,096)	(445,041)
<i>Total Other Financing Sources (Uses)</i>	0	0	903,324	(417,096)	(77,708)
<i>Net Change in Fund Balances</i>	(598,870)	(33,609)	223,986	(638,727)	(141,313)
<i>Fund Balances Beginning of Year</i>	2,552,063	96,128	257,104	638,727	1,188,798
<i>Fund Balances (Deficit) End of Year</i>	\$ 1,953,193	\$ 62,519	\$ 481,090	\$ 0	\$ 1,047,485

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, 2008*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$ (2,265,627)
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$ 1,145,989	\$ 13,371,231	Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
1,038,286	2,880,021	Capital Asset Additions	\$ 3,056,513
1,055,199	1,673,663	Current Year Depreciation	<u>(2,241,255)</u>
130,408	374,751		815,258
0	1,411,751		
484,665	1,261,173		
29,553	160,757		
97,600	158,447		
0	2,454	Net effect of transactions involving the disposal of capital assets are not reflected in the funds.	(31,061)
94,869	122,437		
4,076,569	21,416,685	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds,	
		Delinquent Property Taxes	(37,302)
457,143	4,991,364	Municipal Income Tax	(43,904)
390,775	6,909,961	Special Assessments	(819,068)
0	380,157	Intergovernmental	<u>229,157</u>
0	379,182		(671,117)
919,809	1,766,716	The issuance of long term debt provides current financial resources to the governmental funds while the repayment of principal of long term debt consumes the current financial resources, but reduces long-term liabilities in the statement of net assets.	
0	889,976	Proceeds from Bonds and Notes	(200,000)
903,923	1,192,704	Bond Principal	648,521
2,262,491	4,585,908	Special Assessment Bond principal	372,576
		OWDA Principal	812,208
9,800	1,914,814	Capital Leases	9,800
1,202	871,530	Note and Loan Principal	<u>71,709</u>
4,945,143	23,882,312		1,714,814
(868,574)	(2,465,627)	In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.	34,192
0	200,000		
112,909	1,183,566	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.	
(321,429)	(1,183,566)	Compensated Absences	<u>(159,805)</u>
(208,520)	200,000		
(1,077,094)	(2,265,627)		
3,469,089	8,201,909	<i>Change in Net Assets of Governmental Activities</i>	<u>\$ (563,346)</u>
\$ 2,391,995	\$ 5,936,282		

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$ 9,009,058	\$ 9,220,930	\$ 8,502,054	\$ (718,876)
Intergovernmental Revenue	953,208	963,284	892,345	(70,939)
Fees, Licenses, and Permits	570,478	577,223	529,736	(47,487)
Fines and Forfeitures	386,323	390,891	358,733	(32,158)
Special Assessments	26,425	26,738	24,538	(2,200)
Charges for Services	515,136	521,227	478,346	(42,881)
Interest Income	90,382	91,450	86,815	(4,635)
Rentals	76,847	77,756	71,359	(6,397)
Gifts and Donations	2,643	2,674	2,454	(220)
Miscellaneous	29,549	29,899	27,439	(2,460)
<i>Total Revenues</i>	11,660,049	11,902,072	10,973,819	(928,253)
Expenditures				
Current:				
General Government	4,618,942	4,697,216	4,628,021	69,195
Security of Persons and Property	3,894,357	3,994,069	3,980,556	13,513
Public Health	290,531	386,927	386,927	0
Community Development	399,854	375,410	375,321	89
Transportation	667,120	876,109	875,680	429
Basic Utility	885,000	879,449	879,449	0
Leisure Time	289,419	288,512	288,132	380
Debt Service:				
Principal Retirement	300,000	253,800	253,800	0
Interest and Fiscal Charges	206,298	156,174	156,174	0
<i>Total Expenditures</i>	11,551,521	11,907,666	11,824,060	83,606
<i>Net Change in Fund Balance</i>	108,528	(5,594)	(850,241)	(844,647)
<i>Fund Balance Beginning of Year</i>	1,782,138	1,782,138	1,782,138	0
Prior Year Encumbrances Appropriated	116,556	116,556	116,556	0
<i>Fund Balance End of Year</i>	\$ 2,007,222	\$ 1,893,100	\$ 1,048,453	\$ (844,647)

See accompanying notes and accountant's compilation report.

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$ 1,962,270	\$ 1,954,108	\$ 2,012,866	\$ 58,758
Intergovernmental Revenue	204,890	178,599	252,592	73,993
Charges for Services	155,211	233,474	261,173	27,699
Interest Income	6,936	4,624	11,446	6,822
<i>Total Revenues</i>	<u>2,329,307</u>	<u>2,370,805</u>	<u>2,538,077</u>	<u>167,272</u>
Expenditures				
Current:				
Security of Persons and Property	2,477,042	2,598,996	2,582,629	16,367
<i>Total Expenditures</i>	<u>2,477,042</u>	<u>2,598,996</u>	<u>2,582,629</u>	<u>16,367</u>
<i>Net Change in Fund Balance</i>	(147,735)	(228,191)	(44,552)	183,639
<i>Fund Balance Beginning of Year</i>	296,854	296,854	296,854	0
Prior Year Encumbrances Appropriated	2,945	2,945	2,945	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 152,064</u>	<u>\$ 71,608</u>	<u>\$ 255,247</u>	<u>\$ 183,639</u>

See accompanying notes and accountant's compilation report.

City of Broadview Heights, Ohio

Statement of Net Assets

Proprietary Funds

December 31, 2008

	Business-Type Activities
	Enterprise Fund
	Sewer
	Maintenance
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 334,155
Accounts Receivable (Net of Allowance)	633,917
<i>Total Current Assets</i>	968,072
Non Current Assets:	
Depreciable Capital Assets, Net of Depreciation	4,616,780
<i>Total Non Current Assets</i>	4,616,780
<i>Total Assets</i>	5,584,852
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	27,166
Intergovernmental Payable	11,289
Accrued Salaries, Wages and Benefits	17,008
Compensated Absences - Current Portion	7,232
<i>Total Current Liabilities</i>	62,695
<i>Long Term Liabilities</i>	
Compensated Absences	20,218
<i>Total Long Term Liabilities</i>	20,218
<i>Total Liabilities</i>	82,913
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,616,780
Unrestricted	885,159
<i>Total Net Assets</i>	\$ 5,501,939

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2008

	Business-Type Activities Enterprise Fund Sewer Maintenance
Operating Revenues	
Charges for Services	\$ 1,520,284
Other	42,486
	1,562,770
<i>Total Operating Revenues</i>	<i>1,562,770</i>
Operating Expenses	
Personal Services	439,482
Contractual Service	739,647
Materials and Supplies	55,201
Depreciation	594,998
Other	36,596
	1,865,924
<i>Total Operating Expenses</i>	<i>1,865,924</i>
<i>Operating Income (Loss)</i>	<i>(303,154)</i>
Non Operating Revenues (Expenses)	
Interest Income	8,263
	8,263
<i>Change in Net Assets</i>	<i>(294,891)</i>
<i>Net Assets at Beginning of Year</i>	<i>5,796,830</i>
	5,796,830
<i>Net Assets at the End of the Year</i>	<i>\$ 5,501,939</i>
	5,501,939

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2008

		Business-Type Activities Enterprise Fund Sewer Maintenance
<hr/>		
Cash Flows From Operating Activities		
Cash Received from Customers	\$	1,325,702
Cash Paid for Goods and Services		(812,907)
Cash Paid to Employees		(449,104)
		<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>		63,691
		<hr/>
Cash Flows From Investing Activities		
Interest on Investments		8,263
		<hr/>
<i>Net Cash Provided By (Used For) Investing Activities</i>		8,263
		<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>		71,954
		<hr/>
<i>Cash and Cash Equivalents at Beginning of Year</i>		262,201
		<hr/>
<i>Cash and Cash Equivalents at End of Year</i>	\$	334,155
		<hr/> <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities		
Operating Income (Loss)	\$	(303,154)
Adjustments:		
Depreciation Expense		594,998
(Increase) Decrease in Assets:		
Accounts Receivable		(237,068)
Increase (Decrease) in Liabilities:		
Accounts Payable		18,537
Intergovernmental Payable		(8,249)
Accrued Salaries, Wages and Benefits		(265)
Compensated Absences		(1,108)
		<hr/>
<i>Total Adjustments</i>		366,845
		<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$	63,691
		<hr/> <hr/>

See accompanying notes to the basic financial statements.

City of Broadview Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2008

Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 760,844
Cash in Segregated Accounts	<u>45,888</u>
<i>Total Assets</i>	<u><u>\$ 806,732</u></u>
Liabilities	
Undistributed Monies	<u>\$ 806,732</u>
<i>Total Liabilities</i>	<u><u>\$ 806,732</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, 2008

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 2008, the City has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers.

GASB Statement No. 49 provides guidance on calculating and reporting the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The implementation of GASB Statement No. 45, No. 49, and No. 50 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.

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.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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.

OWDA Bond Retirement – The OWDA 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 associated with the construction of a sanitary sewer system in the City of Broadview Heights. The debt shall be fully retired in 2021.

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, 2008

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's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account 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, 2008

is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See [Note 7](#)). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, tuition, grants, fees and rentals.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 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, 2008

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 2008, investments were limited to certificates of deposit and STAROhio.

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.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price investments could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$84,382, which includes \$43,092 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, 2008

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, 2008

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, 2008

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 2008.

Estimates

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

Note 3 – Fund Deficit

Fund balances at December 31, 2008 included the following individual fund deficit:

	Deficit Fund Balance
Nonmajor Governmental Fund:	
Police Pension	\$ 83,654

The deficit in this governmental fund 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.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current 5-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreements must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 \$575 in undeposited cash on hand which is included on the 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 \$1,059,141 and the bank balances of the deposits totaled \$1,146,408. 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).

Investments

Investments are reported at fair value. As of December 31, 2008, the City had the following investments:

Rating by Standard & Poor's	Investment	Fair Value	Investment Maturities (in years) less than 1	Percentage of Total Investments
AAAm	StarOhio	\$ 5,310,678	\$ 5,310,678	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.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 5 – Budgetary Basis of Accounting

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

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 Department Levy Fund.

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis (as reported)	\$ (598,870)	\$ (33,609)
Adjustments:		
Revenue accruals	(93,806)	(10,203)
Expenditure accruals	(38,020)	5,539
Encumbrances	(119,545)	(6,279)
Budget basis	\$ (850,241)	\$ (44,552)

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 6 – 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, 2008, consisted of the following:

Transfer In	Transfer Out			Total
	Streets Capital Improvement	OWDA Bond Retirement	Other Governmental Funds	
General Bond Retirement	\$ 332,132	\$ 417,096	\$ 154,096	\$ 903,324
Streets Capital Improvement	0	0	167,333	167,333
Other Governmental Funds	112,909	0	0	112,909
Total	<u>\$ 445,041</u>	<u>\$ 417,096</u>	<u>\$ 321,429</u>	<u>\$ 1,183,566</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 transfers to other governmental funds were for road reconstruction projects. The OWDA Bond Retirement Fund transferred the residual to the Bond Retirement Fund after the debt was paid in full. The other governmental funds receive revenue to pay the debt for ongoing improvements projects and transferred funds to the General Bond Retirement Fund. The Avery Road fund transferred the residual to the Streets Capital Improvements Fund after completion of the project.

At December 31, 2008, the only interfund obligation outstanding is an advance between other governmental funds that will be repaid some time in the future. The advances due to/from other funds consisted of the following:

Advance To Other Funds	Advance From Other Funds
	Other Governmental
Other Governmental	<u>\$ 112,000</u>

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, 2008

Note 7 – Receivables

Receivables at December 31, 2008, consisted of taxes, interest, 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 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. For 2008, tangible personal property is assessed at 6.25% for property including inventory. This percentage will be reduced zero for 2009.

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 will be eliminated by 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, 2008 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 rollback reductions is reimbursed to the City by the State of Ohio. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Real Property	\$ 644,421,840	97.18%
Public Utility Tangible Property	5,971,250	0.90%
Tangible Personal Property	<u>12,714,707</u>	<u>1.92%</u>
Total	<u>\$ 663,107,797</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.

Tangible personal property taxes 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 at September 20.

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 and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2008. 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 2008 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, are credited to the following funds: 76.7% to the General Fund, 1% to the Fire Levy Special Revenue Fund, 15.5% to the Streets Capital Improvement Fund and and 6.8% to other governmental funds.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
Local Government	\$ 59,723
Gasoline and Excise Tax	403,436
Permissive Tax	10,789
Estate Tax	1,065
Homestead/Rollback	247,034
Grants	<u>256,486</u>
 Total	 <u><u>\$ 978,533</u></u>

Taxes Receivable

A summary of taxes receivable follows:

	<u>Amount</u>
Governmental Activities:	
Real Estate Tax	\$ 3,744,971
Municipal Income Tax	2,547,150
Hotel/Motel Tax	<u>525</u>
 Total	 <u><u>\$ 6,292,646</u></u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land and Improvements	\$ 2,989,593	\$ 0	\$ 0	\$ 2,989,593
Construction in Progress	0	571,875	0	571,875
Total Capital Assets, not being depreciated	2,989,593	571,875	0	3,561,468
<i>Capital Assets, being depreciated:</i>				
Buildings	5,926,941	93,439	0	6,020,380
Improvements	3,029,723	168,573	0	3,198,296
Furniture & Fixtures	34,642	0	0	34,642
Machinery & Equipment	1,765,416	177,416	(50,264)	1,892,568
Vehicles	3,248,690	211,120	(263,950)	3,195,860
Infrastructure				
Traffic Signals	443,207	0	0	443,207
Roads	20,061,106	1,413,978	0	21,475,084
Waterlines	10,715,637	0	0	10,715,637
Street Signs & Guard Rails	26,710	0	0	26,710
Storm Sewers	11,193,864	420,112	0	11,613,976
Total Capital Assets, being depreciated	56,445,936	2,484,638	(314,214)	58,616,360
Less Accumulated Depreciation:				
Buildings	(1,413,374)	(125,768)	0	(1,539,142)
Improvements	(477,937)	(151,063)	0	(629,000)
Furniture & Fixtures	(24,607)	(2,567)	0	(27,174)
Machinery & Equipment	(1,060,778)	(149,176)	45,611	(1,164,343)
Vehicles	(2,326,764)	(285,343)	237,542	(2,374,565)
Infrastructure				
Traffic Signals	(287,616)	(19,289)	0	(306,905)
Roads	(10,895,000)	(961,977)	0	(11,856,977)
Waterlines	(4,791,124)	(175,583)	0	(4,966,707)
Street Signs & Guard Rails	(26,250)	(195)	0	(26,445)
Storm Sewers	(5,350,696)	(370,294)	0	(5,720,990)
Total Accumulated Depreciation	(26,654,146)	(2,241,255)	283,153	(28,612,248)
Total Capital Assets being depreciated, net	29,791,790	243,383	(31,061)	30,004,112
Governmental Activities Capital Assets, Net	\$ 32,781,383	\$ 815,258	\$ (31,061)	\$ 33,565,580

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
Business-Type Activities				
<i>Capital Assets, being depreciated:</i>				
Buildings	\$ 1,136,841	\$ 0	\$ 0	\$ 1,136,841
Machinery & Equipment	597,657	0	0	597,657
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	0	0	16,748,191
Less Accumulated Depreciation:				
Buildings	(642,745)	(28,420)	0	(671,165)
Machinery & Equipment	(487,259)	(27,619)	0	(514,878)
Vehicles	(213,882)	(6,728)	0	(220,610)
Infrastructure				
Sanitary Sewers	(10,192,527)	(532,231)	0	(10,724,758)
Total Accumulated Depreciation	(11,536,413)	(594,998)	0	(12,131,411)
Business-Type Activities Capital Assets, Net	\$ 5,211,778	\$ (594,998)	\$ 0	\$ 4,616,780

Depreciation was charged as follows:

Governmental Funds:

General government	\$ 811,038
Security of persons and property	243,021
Community development	124,831
Leisure time activities	66,847
Transportation	995,518
	\$ 2,241,255

Proprietary Funds:

Sewer maintenance	\$ 594,998
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City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 9 – Defined Benefit Pension Plans

Ohio Public Employee Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, 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 2008 was 14.0%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4% of covered payroll. For 2008, a portion of the City's contribution equal to 7.0% of covered payroll was allocated to fund the post-employment health care plan. 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, 2008, 2007, and 2006 were \$354,572, \$405,359, and \$424,457 respectively; 93% has been contributed for 2008 and 100% for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$12,439 made by the City and \$8,885 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, 2008

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 2008, a portion of the City's contribution equal to 6.75% of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to the OP&F for police and firefighters were \$275,822 and \$236,148 for the year ending December 31, 2008, \$261,471 and \$214,659 for the year ended December 31, 2007, and \$239,906 and \$199,000 for the year ended December 31, 2006; The full amount has been contributed for 2007 and 2006. 74.0% has been contributed for 2008, with the remainder being reported as a liability.

Note 10 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, 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 for 2008.

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, 2008

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, 2008, 2007 and 2006 were \$342,156 and \$8,357, \$260,349 and \$5,469 and \$202,615 and \$3,701 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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which 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.

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 year ended December 31, 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 adequately funded and also is limited by the provisions of Section 401(h).

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 City's contributions to OP&F which were allocated to fund post-employment health care benefits for police officers and firefighters were \$146,023 and \$92,406 for the year ended December 31, 2008, \$138,426 and \$83,997 for the year ended December 31, 2007 and \$158,236 and \$94,908 for the year ended December 31, 2006. The full amount has been contribution for 2007 and 2006. 72%% has been contributed for 2008.

Note 11 – Compensated Absences

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

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

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

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)

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 12 – Long Term Obligations

General Obligation Bonds

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

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

General obligation bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
1977 Sidewalk Improvement	1983	5.25%	\$ 10,584
1988 Street Improvement	2008	7.38%	215,519
1989 Street Improvement	2009	7.00%	44,965
1989 Street Improvement	2009	7.14%	91,698
1991 Street Improvement	2009	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>\$ 9,787,970</u></u>

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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
2009	\$ 660,413	\$ 313,748	\$ 974,161
2010	678,935	285,965	964,900
2011	694,217	256,770	950,987
2012	757,947	226,412	984,359
2013	738,814	192,742	931,556
2014 - 2018	2,214,056	574,005	2,788,061
2019 - 2023	796,141	159,253	955,394
2024 - 2026	313,703	26,704	340,407
Total	\$ 6,854,226	\$ 2,035,599	\$ 8,889,825

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			
1988 Street Improvement	2008	7.38%	\$ 986,481
1989 Street Improvement	2009	7.00%	805,035
1989 Sewer Improvement	2009	7.14%	778,302
1990 Street Improvement	2010	7.845%	150,000
1991 Street Improvement	2009	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			\$ 7,020,350

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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
2009	\$ 338,637	\$ 151,087	\$ 489,724
2010	308,151	132,275	440,426
2011	228,429	114,988	343,417
2012	161,299	103,403	264,702
2013	171,066	96,430	267,496
2014 - 2018	923,327	362,797	1,286,124
2019 - 2023	848,627	146,563	995,190
2024 - 2026	151,304	11,932	163,236
Total	\$ 3,130,840	\$ 1,119,475	\$ 4,250,315

OWDA Loans

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

OWDA loans currently outstanding are as follows:

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

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Year Ending December 31,	OWDA Loans		
	Governmental Activities		Total
	Principal	Interest	
2009	\$ 156,801	\$ 70,452	\$ 227,253
2010	176,240	63,395	239,635
2011	183,592	56,042	239,634
2012	191,252	48,383	239,635
2013	199,230	40,404	239,634
2014 - 2018	655,138	98,437	753,575
2019 - 2020	135,524	8,081	143,605
Total	\$ 1,697,777	\$ 385,194	\$ 2,082,971

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, 90% of which (\$573,675) is to be repaid at 0% interest over a period of 8 years and 10% was awarded as a grant.

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 is as follows:

Year Ending December 31,	Governmental Activities	
	Principal	
	Brownfield Cleanup Revolving Loan	OPWC Loan
2009	\$ 71,709	\$ 10,000
2010	71,709	20,000
2011	71,709	20,000
2012	71,709	20,000
2013	35,856	20,000
2014 - 2018	0	100,000
2019	0	10,000
Total	\$ 322,692	\$ 200,000

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Changes in Long Term Liabilities

Long term liability activity for the year ended December 31, 2008 was as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Due Within One Year
<i>General Obligation Bonds</i>					
Street Improvement (1988) 7.375% through 2008	\$ 10,758	\$ 0	\$ (10,758)	\$ 0	\$ 0
Sewer Improvement (1989) 7.140% through 2009	22,664	0	(6,851)	15,813	7,905
Street Improvement (1989) 7.000% through 2009	4,758	0	(2,381)	2,377	2,377
Street Improvement (1991) 6.772 % through 2009	5,851	0	(1,359)	4,492	1,359
Sidewalk Improvements (1977) 5.250%	2,500	0	0	2,500	2,500
Broadview Center Improvement 4.6% through 2013	1,000,000	0	(145,000)	855,000	155,000
Various Purpose (1999) 4.50% - 5.65% through 2019	2,035,123	0	(126,940)	1,908,183	131,040
Service Building 4.20% through 2013	790,000	0	(125,000)	665,000	125,000
Street Improvements (2003) 4.58% through 2023	81,600	0	(3,600)	78,000 *	3,600
Building Improvements (2004) 3.00% - 5.00% through 2024	270,000	0	(10,000)	260,000	10,000
Street Improvements (2006) 3.75% - 5.00% through 2026	984,979	0	(44,670)	940,309	44,670
Demolition Project (2006) 3.75% - 5.00% through 2026	594,514	0	(26,962)	567,552	26,962
Energy Improvement Project (2007) 4.00% - 4.25% through 2017	1,700,000	0	(145,000)	1,555,000	150,000
Total General Obligation Bonds	7,502,747	0	(648,521)	6,854,226	660,413

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Due Within One Year
<i>Special Assessment Bonds With City Commitment</i>					
Street Improvement (1988) 7.375% through 2008	\$ 49,243	\$ 0	\$ (49,243)	\$ 0	\$ 0
Sewer Improvement (1989) 7.140% through 2009	192,340	0	(58,150)	134,190	67,095
Street Improvement (1989) 7.000% through 2009	85,236	0	(42,620)	42,616	42,616
Street Improvement (1990) 7.850% through 2010	40,000	0	(10,000)	30,000	15,000
Street Improvement (1991) 6.772 % through 2009	274,149	0	(63,642)	210,507	63,642
Sewer Improvement (1994) 5.500% through 2014	42,000	0	(6,000)	36,000 *	6,000
Sewer Improvement (1995) 6.383% through 2015	20,000	0	(2,000)	18,000	2,000
Various Purpose (1999) 4.50% - 5.65% through 2019	449,878	0	(28,055)	421,823	28,960
Sewer Improvement (2001) 6.1% through 2021	171,663	0	(8,096)	163,567 *	8,556
Street Improvement (2003) 4.20% through 2023	680,000	0	(35,000)	645,000	35,000
Street Improvement (2003) 4.20% through 2023	170,000	0	(10,000)	160,000	10,000
Sewer Improvement (2003) 4.58% through 2023	258,400	0	(11,400)	247,000 *	11,400
Street Improvement (2004) 3.00% - 5.00% through 2024	445,000	0	(20,000)	425,000	20,000
Sewer Improvement (2006) 3.75% - 5.00% through 2026	557,179	0	(25,270)	531,909 *	25,269
Sewer Improvement (2006) 3.75% - 5.00% through 2026	68,328	0	(3,100)	65,228 *	3,099
Total Special Assessment Bonds	3,503,416	0	(372,576)	3,130,840	338,637

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Due Within One Year
<i>OWDA Loans</i>					
Interest rates vary from 4.04% to 9.78%, due through 2021	\$ 2,509,985	\$ 0	\$ (812,208)	\$ 1,697,777	\$ 156,801
<i>OPWC Loan</i>					
0% due 2019	0	200,000	0	200,000	10,000
<i>Brownfields Cleanup Revolving Loan</i>					
0% due 2015	394,401	0	(71,709)	322,692	71,709
Capital Lease	30,570	0	(9,800)	20,770	10,185
Compensated Absences	<u>1,193,340</u>	<u>579,488</u>	<u>(419,683)</u>	<u>1,353,145</u>	<u>460,463</u>
Total Governmental Activities	<u>\$ 15,134,459</u>	<u>\$ 779,488</u>	<u>\$ (2,334,497)</u>	<u>\$ 13,579,450</u>	<u>\$ 1,708,208</u>
<i>Business-Type Activities</i>					
Compensated Absences	<u>\$ 28,558</u>	<u>\$ 5,593</u>	<u>\$ (6,701)</u>	<u>\$ 27,450</u>	<u>\$ 7,232</u>
Total Business-Type Activities	<u>\$ 28,558</u>	<u>\$ 5,593</u>	<u>\$ (6,701)</u>	<u>\$ 27,450</u>	<u>\$ 7,232</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 13 - 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 defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". 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, 2008.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Year	Amount
2009	\$ 11,002
2010	11,002
Total Minimum Lease Payments	22,004
Less Amount Representing Interest	1,234
Present Value of Minimum Lease Payments	\$ 20,770

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.

Note 14 – 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 \$19,720,000 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.

City of Broadview Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 15 – 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 16 – 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 2008, the City contributed \$4,500 for the Southwest Council of 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 27, 2009. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain internal control matters that we reported to the City's management in a separate letter dated October 27, 2009.

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 non-compliance and other matters that we reported to the City's management in a separate letter dated October 27, 2009.

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

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

October 27, 2009

**CITY OF BROADVIEW HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007 - 001	Numerous posting errors were noted in the financial statements and four material adjustments were made.	No	Partially corrected. Item is repeated as a management letter comment



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
DECEMBER 31, 2009**