

**CITY OF BROADVIEW HEIGHTS  
CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

City Council  
City of Broadview Heights  
9543 Broadview Road  
Broadview Heights, Ohio 44147

We have reviewed the *Independent Auditor's Report* of the City of Broadview Heights, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 15, 2013

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**CITY OF BROADVIEW HEIGHTS  
CUYAHOGA COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

To Members of City Council  
City of Broadview Heights

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund and the Fire Levy Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

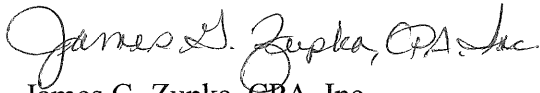
### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, on our consideration of the City of Broadview Heights, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Broadview Heights, Ohio's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

May 31, 2013



**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
*(Unaudited)*

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The discussion and analysis of the City of Broadview Heights's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

***Financial Highlights***

Key financial highlights for 2012 are as follows:

- In total, net position decreased \$.5 million, which represents a 1 percent decrease from 2011. Net position of governmental activities decreased \$.2 million. Net position of business-type activities decreased \$.3 million.
- Total capital assets decreased \$.4 million in 2012. Capital assets of governmental activities decreased \$.2 million and capital assets of business-type activities decreased \$.2 million. Depreciation exceeded acquisitions in 2012.
- Outstanding long term debt decreased from \$8.7 million to \$7.5 million in 2012 due to principal payments. The City issued short term bond anticipation notes for \$1.5 million in 2012 to finance a land purchase and sanitary sewer projects.

***Using this Annual Financial Report***

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

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2012 and how they affected the operations of the City as a whole.

***Reporting the City of Broadview Heights as a Whole***

*Statement of Net Position and the Statement of Activities*

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

**City of Broadview Heights**  
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A question typically asked about the City's finances is "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Reporting the City of Broadview Heights's Most Significant Funds***

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, general bond retirement fund, fire levy fund and the streets capital improvement fund.

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

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

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

**The City of Broadview Heights as a Whole**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011:

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other Assets	\$ 19,183,813	\$ 18,399,324	\$ 997,054	\$ 1,117,943	\$ 20,180,867	\$ 19,517,267
Capital Assets	32,464,516	32,675,549	2,921,823	3,106,968	35,386,339	35,782,517
<i>Total Assets</i>	<u>51,648,329</u>	<u>51,074,873</u>	<u>3,918,877</u>	<u>4,224,911</u>	<u>55,567,206</u>	<u>55,299,784</u>
<b>Liabilities</b>						
Long-Term Liabilities	8,917,538	9,997,410	22,529	20,601	8,940,067	10,018,011
Other Liabilities	6,876,158	5,055,584	135,939	133,142	7,012,097	5,188,726
<i>Total Liabilities</i>	<u>15,793,696</u>	<u>15,052,994</u>	<u>158,468</u>	<u>153,743</u>	<u>15,952,164</u>	<u>15,206,737</u>
<b>Net Assets</b>						
Net Investment in						
Capital Assets	25,231,439	25,047,740	2,921,823	3,106,968	26,525,372 *	27,208,395
Restricted	4,441,618	4,986,450	0	0	4,441,618	4,986,450
Unrestricted	6,181,576	5,987,689	838,586	964,200	8,648,052 *	7,898,202
<i>Total Net Position</i>	<u>\$ 35,854,633</u>	<u>\$ 36,021,879</u>	<u>\$ 3,760,409</u>	<u>\$ 4,071,168</u>	<u>\$ 39,615,042</u>	<u>\$ 40,093,047</u>

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

At year end, capital assets represented 64 percent of total assets. Capital assets include land, intangible, buildings, improvements, furniture and fixtures, machinery and equipment, vehicles, infrastructure and construction in progress. The net investment in capital assets was \$26.5 million at December 31, 2012, with \$25.2 million in governmental activities and \$2.9 million in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$4.4 million or 11 percent, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$8.6 million may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Broadview Heights**  
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Current and other assets in the governmental activities increased \$.8 million mainly due to an increase in taxes receivable from the passage of a 1 mill fire department levy. Capital assets showed a decrease from 2011 due to depreciation exceeding acquisitions in 2012. Long-term liabilities decreased \$1.1 million through principal payments while other liabilities increased \$1.8 million due to short term bond anticipation notes of \$1.5 million.

Current assets in business-type activities decreased \$.1 million with no individually significant item accounting for the change. Capital assets decreased \$.2 million from 2011 from depreciation exceeding asset purchases.

Table 2 shows the changes in net position for fiscal year 2012 and 2011.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 3,794,862	\$ 3,740,614	\$ 1,295,876	\$ 1,244,777	\$ 5,090,738	\$ 4,985,391
Operating Grants	972,822	979,511	0	0	972,822	979,511
Capital Grants	28,091	849,894	0	0	28,091	849,894
<i>General Revenues:</i>						
Property Taxes	3,469,749	3,514,878	0	0	3,469,749	3,514,878
Income Taxes	10,742,176	10,762,777	0	0	10,742,176	10,762,777
Grants and Entitlements	1,202,081	1,307,707	0	0	1,202,081	1,307,707
Investment Earnings	14,347	9,825	656	908	15,003	10,733
Miscellaneous	51,754	197,370	4,591	2,476	56,345	199,846
<i>Total Revenues</i>	<u>20,275,882</u>	<u>21,362,576</u>	<u>1,301,123</u>	<u>1,248,161</u>	<u>21,577,005</u>	<u>22,610,737</u>
<b>Program Expenses</b>						
General Government	5,147,904	5,678,737	0	0	5,147,904	5,678,737
Security of Persons and Property	7,616,958	7,311,500	0	0	7,616,958	7,311,500
Public Health	339,855	288,004	0	0	339,855	288,004
Leisure Time Services	1,190,395	1,191,015	0	0	1,190,395	1,191,015
Community Development	476,282	478,970	0	0	476,282	478,970
Basic Utility Service	945,071	836,375	0	0	945,071	836,375
Transportation	4,128,106	3,164,429	0	0	4,128,106	3,164,429
Interest and Fiscal Charges	342,429	425,037	0	0	342,429	425,037
<i>Enterprise Operations:</i>						
Sewer Maintenance	0	0	1,868,010	1,931,762	1,868,010	1,931,762
<i>Total Program Expenses</i>	<u>20,187,000</u>	<u>19,374,067</u>	<u>1,868,010</u>	<u>1,931,762</u>	<u>22,055,010</u>	<u>21,305,829</u>
<i>Increase (Decrease) in Net Position</i>	88,882	1,988,509	(566,887)	(683,601)	(478,005)	1,304,908
Transfers	(256,128)	0	256,128	0	0	0
<i>Change in Net Position</i>	(167,246)	1,988,509	(310,759)	(683,601)	(478,005)	1,304,908
<i>Net Position Beginning of Year</i>	<u>36,021,879</u>	<u>34,033,370</u>	<u>4,071,168</u>	<u>4,754,769</u>	<u>40,093,047</u>	<u>38,788,139</u>
<i>Net Position End of Year</i>	<u>\$ 35,854,633</u>	<u>\$ 36,021,879</u>	<u>\$ 3,760,409</u>	<u>\$ 4,071,168</u>	<u>\$ 39,615,042</u>	<u>\$ 40,093,047</u>

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
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**Governmental Activities**

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

The 2% income tax is the largest revenue source for the City. Income tax revenues are allocated based on City ordinance. The revenue and expense of collection of the income tax is allocated among the general fund, the fire levy fund, the safety equipment fund, the service equipment fund, the fire equipment fund, the streets capital improvement fund and the storm sewer maintenance fund. Income taxes account for 53% of the total revenue of the governmental activities.

Other general revenues, including property taxes, grants and entitlements, such as local government funds and interest, account for 23 percent of governmental activities revenue. Program revenues, which include charges for services and operating and capital grants, account for the remaining 24 percent of total revenues. With the combination of these revenues, all expenses in the governmental activities are funded. The City monitors its sources of revenues very closely for fluctuations.

Revenues decreased \$1.1 million from 2011, mostly from a decrease in capital grants. The City received a grant to complete a road project in the prior year and did not have any major construction in 2012.

Expenses increased \$.8 million over 2011. The largest part of this is a \$1.0 million increase in transportation for improvement and repair expenses that do not meet the criteria to be capitalized. The largest program function of the City relates to security of persons and property, which includes the police and fire departments and represents approximately 38 percent of program expenses. The next largest expense was for general government, which represents approximately 26 percent of program expenses in 2012. Security of persons and property expenses increased \$.3 million and general government expenses decreased \$.5 million from 2011.

**Business-Type Activities**

The City's only enterprise fund is the sewer maintenance fund. The revenues are generated primarily from charges for services. In 2012, charges for services of \$1.3 million accounted for nearly 100 percent of the business type revenues. The total expenses were \$1.9 million in 2012. The change in net position for the business-type activities was a decrease of \$.3 million in 2012.

Revenues and expenses remained fairly consistent with prior year. The government activities contributed \$.3 million in capital assets to the business-type activities.

***The City's Funds***

***Governmental Funds***

Information about the City's governmental funds begins on page 14. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$20.8 million and expenditures of \$21.6 million. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

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The general fund's net change in fund balance for fiscal year 2012 was a decrease of \$.2 million. Revenues increased \$.8 million over 2011, partially due to a \$.4 million increase in estate tax revenues. Expenditures increased \$1.2 million mainly due to a land purchase in 2012.

The fund balance of the general bond retirement fund increased by \$62,662. Revenues and expenditures remained fairly consistent with the prior year.

The fire levy fund's net change in fund balance for fiscal year 2012 was a decrease of \$.1 million. Revenues increased less than \$10,000 from 2011 and expenditures for fire department operations increased \$65,692 from 2011.

The change in fund balance for the streets capital improvement fund was an increase of \$.4 million over 2011. There were smaller road improvement projects in 2012 decreasing capital outlay by \$1.2 million.

The fund balance in the other governmental funds decreased by \$.6 million. A decrease in grant revenues from storm sewer and HVAC improvements contributed to this change.

***Proprietary Funds***

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

Unrestricted net position of the sewer maintenance fund at the end of the year amounted to \$.8 million. The total decrease in net position for the fund was \$.3 million. Other factors concerning the finances of this fund have already been addressed in the discussion of the business-type activities.

***General Fund Budgeting Highlights***

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

During the course of 2012, the City amended its general fund budget. All recommendations for appropriation changes come to Council from the City Finance Director. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

For the general fund, the actual budget basis revenue was \$12.2 million, representing a decrease of \$.2 million under the final budget estimate of \$12.4 million. No individually significant revenue source accounted for this difference.

Actual expenditures of \$13.0 million were \$.2 million lower than the final appropriations of \$13.2 million, as cost savings were recognized for general government and security of persons and property throughout the year.

Original appropriations of \$12.4 million were lower than final appropriations by \$.8 million with capital outlay for the land purchase accounting for that difference.

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***Capital Assets and Debt Administration***

**Capital Assets**

At the end of year 2012, the City had \$35.4 million invested in capital assets. A total of \$32.5 of this was for governmental activities and \$2.9 being attributable to business-type activities. Table 3 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 4,437,274	\$ 3,432,579	\$ 0	\$ 0	\$ 4,437,274	\$ 3,432,579
Intangible	22,142	22,142	0	0	22,142	22,142
Construction in Progress	233,232	770,799	5,754	15,775	238,986	786,574
Buildings	4,020,254	4,141,909	351,992	380,413	4,372,246	4,522,322
Improvements	2,672,951	2,780,912	0	0	2,672,951	2,780,912
Machinery and Equipment	548,664	572,406	64,478	65,692	613,142	638,098
Furniture and Fixtures	3,876	4,774	0	0	3,876	4,774
Vehicles	613,785	645,681	0	2,806	613,785	648,487
Traffic Signals	80,883	94,738	0	0	80,883	94,738
Roads	8,951,261	9,903,294	0	0	8,951,261	9,903,294
Water Lines	5,053,236	5,226,173	0	0	5,053,236	5,226,173
Street Signs and Guard Rails	19	38	0	0	19	38
Storm Sewers	5,826,939	5,080,104	0	0	5,826,939	5,080,104
Sanitary Sewers	0	0	2,499,599	2,642,282	2,499,599	2,642,282
<b>Total</b>	<b>\$ 32,464,516</b>	<b>\$ 32,675,549</b>	<b>\$ 2,921,823</b>	<b>\$ 3,106,968</b>	<b>\$ 35,386,339</b>	<b>\$ 35,782,517</b>

The \$.2 million decrease in capital assets of governmental activities and the \$.2 million decrease in capital assets of the business-type activities were attributable to current year depreciation and disposals exceeding additional purchases. See Note 9 for additional information about the capital assets of the City.

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**Debt**

The outstanding long term debt for the City as of December 31, 2012 was \$7.5 million. See Note 13 for additional details. Table 4 summarizes outstanding debt.

**Table 4**  
**Outstanding Debt, at December 31**

	Governmental Activities	
	2012	2011
General Obligation Bonds	\$ 4,046,233	\$ 4,823,164
Unamortized Bond Premium	59,402	0
Special Assessment Bonds	2,087,490	2,255,615
OPWC Loans	130,000	150,000
OWDA Loans	1,012,313	1,201,183
Loan Payable	35,856	107,565
Capital Leases	127,931	144,160
<i>Total</i>	\$ 7,499,225	\$ 8,681,687

***Contacting the City's Finance Department***

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



**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Net Position*  
*December 31, 2012*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 7,000,304	\$ 143,210	\$ 7,143,514
Accounts Receivable	857,991	444,873	1,302,864
Intergovernmental Receivable	824,054	0	824,054
Taxes Receivable	7,434,511	0	7,434,511
Special Assessments Receivable	2,980,764	408,971	3,389,735
Prepaid Items	22,399	0	22,399
Materials and Supplies Inventory	63,790	0	63,790
Non-Depreciable Capital Assets	4,692,648	5,754	4,698,402
Depreciable Capital Assets, Net	27,771,868	2,916,069	30,687,937
<i>Total Assets</i>	<u>51,648,329</u>	<u>3,918,877</u>	<u>55,567,206</u>
<b>Liabilities</b>			
Accounts Payable	448,271	115,477	563,748
Accrued Wages	200,045	8,806	208,851
Contracts Payable	261,783	0	261,783
Retainage Payable	27,466	0	27,466
Intergovernmental Payable	438,749	11,656	450,405
Accrued Interest Payable	38,965	0	38,965
Deferred Revenue	4,003,879	0	4,003,879
Notes Payable	1,457,000	0	1,457,000
Long-Term Liabilities:			
Due Within One Year	1,726,979	5,906	1,732,885
Due in More Than One Year	7,190,559	16,623	7,207,182
<i>Total Liabilities</i>	<u>15,793,696</u>	<u>158,468</u>	<u>15,952,164</u>
<b>Net Position</b>			
Net Investment in Capital Assets	25,231,439	2,921,823	26,525,372
Restricted For:			
Debt Service	3,814,741	0	3,814,741
Capital Outlay	43,743	0	43,743
Security Services	235,365	0	235,365
Road Repair and Improvement	313,909	0	313,909
Other Purposes	33,860	0	33,860
Unrestricted	6,181,576	838,586	8,648,052
<i>Total Net Position</i>	<u>\$ 35,854,633</u>	<u>\$ 3,760,409</u>	<u>\$ 39,615,042</u>

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

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 5,147,904	\$ 2,338,535	\$ 57,168	\$ 3,076	\$ (2,749,125)	\$ 0	\$ (2,749,125)
Security of Persons and Property	7,616,958	462,611	66,595	0	(7,087,752)	0	(7,087,752)
Public Health	339,855	0	0	0	(339,855)	0	(339,855)
Leisure Time Services	1,190,395	840,499	27,146	0	(322,750)	0	(322,750)
Community Development	476,282	3,600	0	0	(472,682)	0	(472,682)
Basic Utility Service	945,071	0	0	0	(945,071)	0	(945,071)
Transportation	4,128,106	149,617	821,913	1,884	(3,154,692)	0	(3,154,692)
Interest and Fiscal Charges	342,429	0	0	23,131	(319,298)	0	(319,298)
<i>Total Governmental Activities</i>	<u>20,187,000</u>	<u>3,794,862</u>	<u>972,822</u>	<u>28,091</u>	<u>(15,391,225)</u>	<u>0</u>	<u>(15,391,225)</u>
<b>Business-Type Activities</b>							
Sewer Maintenance	1,868,010	1,295,876	0	0	0	(572,134)	(572,134)
<i>Total Business-Type Activities</i>	<u>1,868,010</u>	<u>1,295,876</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(572,134)</u>	<u>(572,134)</u>
<i>Total Primary Government</i>	<u>\$ 22,055,010</u>	<u>\$ 5,090,738</u>	<u>\$ 972,822</u>	<u>\$ 28,091</u>	<u>(15,391,225)</u>	<u>(572,134)</u>	<u>(15,963,359)</u>
<b>General Revenues:</b>							
Property Taxes Levied for:							
					1,445,737	0	1,445,737
					1,970,410	0	1,970,410
					53,602	0	53,602
Income Taxes Levied for:							
					8,292,959	0	8,292,959
					1,951,012	0	1,951,012
					498,205	0	498,205
Grants and Entitlements not Restricted to Specific Programs							
					1,202,081	0	1,202,081
					14,347	656	15,003
					51,754	4,591	56,345
<i>Total General Revenues</i>					<u>15,480,107</u>	<u>5,247</u>	<u>15,485,354</u>
Transfers					(256,128)	256,128	0
<i>Total General Revenues and Transfers</i>					<u>(256,128)</u>	<u>256,128</u>	<u>0</u>
<i>Change in Net Position</i>					(167,246)	(310,759)	(478,005)
<i>Net Position Beginning of Year</i>					36,021,879	4,071,168	40,093,047
<i>Net Position End of Year</i>					<u>\$ 35,854,633</u>	<u>\$ 3,760,409</u>	<u>\$ 39,615,042</u>

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2012*

	General	General Bond Retirement	Fire Levy	Streets Capital Improvement	All Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 3,455,118	\$ 863,598	\$ 49,972	\$ 459,224	\$ 2,172,392	\$ 7,000,304
Accounts Receivable	327,756	0	16,165	43,505	470,565	857,991
Intergovernmental Receivable	273,464	3,798	121,528	0	425,264	824,054
Taxes Receivable	4,016,726	54,678	2,372,536	525,542	465,029	7,434,511
Special Assessments Receivable	35,382	2,945,382	0	0	0	2,980,764
Prepaid Items	22,399	0	0	0	0	22,399
Materials and Supplies Inventory	63,790	0	0	0	0	63,790
Advances to Other Funds	0	0	0	0	112,000	112,000
<i>Total Assets</i>	<u>\$ 8,194,635</u>	<u>\$ 3,867,456</u>	<u>\$ 2,560,201</u>	<u>\$ 1,028,271</u>	<u>\$ 3,645,250</u>	<u>\$ 19,295,813</u>
<b>Liabilities</b>						
Accounts Payable	\$ 384,380	\$ 0	\$ 8,172	\$ 0	\$ 55,719	\$ 448,271
Accrued Wages	122,978	0	47,373	0	29,694	200,045
Contracts Payable	0	0	0	17,021	244,762	261,783
Retainage Payable	0	0	0	0	27,466	27,466
Intergovernmental Payable	227,228	0	117,505	0	94,016	438,749
Advances from Other Funds	0	0	0	0	112,000	112,000
Deferred Revenue	2,903,081	3,003,858	2,494,064	262,828	861,051	9,524,882
Accrued Interest Payable	256	0	0	0	626	882
Notes Payable	1,000,000	0	0	0	457,000	1,457,000
<i>Total Liabilities</i>	<u>4,637,923</u>	<u>3,003,858</u>	<u>2,667,114</u>	<u>279,849</u>	<u>1,882,334</u>	<u>12,471,078</u>
<b>Fund Balances</b>						
Nonspendable	86,467	0	0	0	0	86,467
Restricted	0	863,598	0	0	452,294	1,315,892
Committed	0	0	0	748,422	1,899,965	2,648,387
Assigned	568,938	0	0	0	0	568,938
Unassigned	2,901,307	0	(106,913)	0	(589,343)	2,205,051
<i>Total Fund Balances</i>	<u>3,556,712</u>	<u>863,598</u>	<u>(106,913)</u>	<u>748,422</u>	<u>1,762,916</u>	<u>6,824,735</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 8,194,635</u>	<u>\$ 3,867,456</u>	<u>\$ 2,560,201</u>	<u>\$ 1,028,271</u>	<u>\$ 3,645,250</u>	<u>\$ 19,295,813</u>

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*December 31, 2012*

<b>Total Governmental Fund Balances</b>		\$ 6,824,735
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,464,516
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	\$ 145,994	
Income Tax	1,642,679	
Intergovernmental	539,329	
Special Assessments	2,980,764	
Charges for Services	212,237	5,521,003
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(38,083)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(4,046,233)	
Unamortized Bond Premium	(59,402)	
Special Assessment Bonds	(2,087,490)	
Loans Payable	(1,178,169)	
Capital Leases	(127,931)	
Compensated Absences	(1,418,313)	(8,917,538)
Total		
<i>Net Position of Governmental Activities</i>		<b>\$ 35,854,633</b>

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	General	General Bond Retirement	Fire Levy	Streets Capital Improvement	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$ 1,463,681	\$ 54,278	\$ 1,736,902	\$ 0	\$ 238,398	\$ 3,493,259
Income Taxes	7,977,966	0	168,406	1,530,822	618,520	10,295,714
Special Assessments	31,638	536,255	0	0	0	567,893
Charges for Services	543,051	0	295,890	0	1,353,885	2,192,826
Licenses and Permits	720,322	0	0	0	189,703	910,025
Fines and Forfeitures	326,878	0	0	0	174,622	501,500
Intergovernmental	1,109,152	9,553	244,485	235,275	985,040	2,583,505
Interest	14,347	0	1,573	1,884	3,362	21,166
Rent	135,146	0	0	0	35,831	170,977
Contributions and Donations	4,116	0	0	0	6,246	10,362
Other	32,945	932	3,821	940	27,551	66,189
<i>Total Revenues</i>	<u>12,359,242</u>	<u>601,018</u>	<u>2,451,077</u>	<u>1,768,921</u>	<u>3,633,158</u>	<u>20,813,416</u>
<b>Expenditures</b>						
Current:						
General Government	4,229,032	0	0	0	19,157	4,248,189
Security of Persons and Property	4,283,474	0	2,576,185	0	424,872	7,284,531
Public Health	339,855	0	0	0	0	339,855
Leisure Time Services	268,589	0	0	0	759,242	1,027,831
Community Development	381,043	0	0	0	0	381,043
Basic Utility Service	945,071	0	0	0	0	945,071
Transportation	446,071	0	0	0	1,001,045	1,447,116
Capital Outlay	1,000,000	0	0	1,258,283	2,103,972	4,362,255
Debt Service:						
Principal Retirement	410,000	795,634	0	20,000	42,766	1,268,400
Interest and Fiscal Charges	72,058	234,068	0	0	7,718	313,844
Bond Issuance Costs	0	10,176	0	0	0	10,176
<i>Total Expenditures</i>	<u>12,375,193</u>	<u>1,039,878</u>	<u>2,576,185</u>	<u>1,278,283</u>	<u>4,358,772</u>	<u>21,628,311</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(15,951)</u>	<u>(438,860)</u>	<u>(125,108)</u>	<u>490,638</u>	<u>(725,614)</u>	<u>(814,895)</u>
<b>Other Financing Sources (Uses)</b>						
Inception of Capital Lease	0	0	0	0	26,537	26,537
Proceeds from Sale of Capital Assets	0	0	0	0	27,144	27,144
Refunding Bonds Issued	0	1,820,000	0	0	0	1,820,000
Premium on Debt Issuance	0	67,150	0	0	0	67,150
Payment to Refunded Bond Escrow Agent	0	(1,856,682)	0	0	0	(1,856,682)
Insurance Recoveries	11,470	0	1,403	203,005	5,793	221,671
Transfers In	0	471,054	0	0	157,000	628,054
Transfers Out	(157,000)	0	0	(343,460)	(127,594)	(628,054)
<i>Total Other Financing Sources (Uses)</i>	<u>(145,530)</u>	<u>501,522</u>	<u>1,403</u>	<u>(140,455)</u>	<u>88,880</u>	<u>305,820</u>
<i>Net Change in Fund Balance</i>	<u>(161,481)</u>	<u>62,662</u>	<u>(123,705)</u>	<u>350,183</u>	<u>(636,734)</u>	<u>(509,075)</u>
<i>Fund Balance Beginning of Year</i>	<u>3,718,193</u>	<u>800,936</u>	<u>16,792</u>	<u>398,239</u>	<u>2,399,650</u>	<u>7,333,810</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,556,712</u>	<u>\$ 863,598</u>	<u>\$ (106,913)</u>	<u>\$ 748,422</u>	<u>\$ 1,762,916</u>	<u>\$ 6,824,735</u>

See accompanying notes to the basic financial statements.

**City of Broadview Heights  
Cuyahoga County, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2012*

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**Net Change in Fund Balances - Total Governmental Funds** \$ (509,075)

*Amounts reported for governmental activities in the  
statement of activities are different because:*

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

Capital Asset Additions	\$ 2,347,565	
Capital Contributions to the Sewer Maintenance Fund	(256,128)	
Current Year Depreciation	<u>(2,302,470)</u>	(211,033)

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

Property Taxes	(23,510)	
Income Tax	446,462	
Special Assessments	(518,457)	
Intergovernmental	(473,828)	
Charges for Services	<u>31,799</u>	(537,534)

Issuance of long-term debt provides current financial resources to the governmental funds while the repayment of principal of long-term debt consumes the current financial resources and reduces long-term liabilities in the statement of net position.

Inception of Capital Lease	(26,537)	
General Obligation Bonds	776,432	
Special Assessment Bonds	168,623	
Loans Payable	280,579	
Capital Lease	<u>42,766</u>	1,241,863

Issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term assets and liabilities.

Payment to Refund Bond Escrow Agent	1,820,001	
Proceeds of Refunding Bonds	(1,820,000)	
Premium on Refunding Bonds	<u>(67,150)</u>	(67,149)

In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

Accrued Interest Payable	10,524	
Amortization of Premium on Bonds	<u>7,748</u>	18,272

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		<u>(102,590)</u>
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*Change in Net Position of Governmental Activities* \$ (167,246)

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,393,405	\$ 1,481,309	\$ 1,463,681	\$ (17,628)
Income Taxes	7,486,022	7,958,280	7,863,575	(94,705)
Special Assessments	30,119	32,019	31,638	(381)
Charges for Services	517,439	550,082	543,536	(6,546)
Licenses and Permits	682,871	725,950	717,311	(8,639)
Fines and Forfeitures	316,706	336,686	332,679	(4,007)
Intergovernmental	1,063,079	1,130,144	1,116,695	(13,449)
Interest	13,551	14,405	14,234	(171)
Rent	84,576	89,912	88,842	(1,070)
Contributions and Donations	3,918	4,166	4,116	(50)
Other	30,367	32,283	31,899	(384)
<i>Total Revenues</i>	<u>11,622,053</u>	<u>12,355,236</u>	<u>12,208,206</u>	<u>(147,030)</u>
<b>Expenditures</b>				
Current:				
General Government	4,891,692	4,850,040	4,752,734	97,306
Security of Persons and Property	4,436,259	4,338,868	4,249,521	89,347
Public Health	356,631	341,327	340,030	1,297
Leisure Time Services	300,895	304,316	303,358	958
Community Development	395,465	383,935	383,262	673
Basic Utility Service	1,081,444	1,025,244	1,017,355	7,889
Transportation	438,235	517,169	510,796	6,373
Capital Outlay	0	1,000,000	1,000,000	0
Debt Service:				
Principal Retirement	410,000	410,000	410,000	0
Interest and Fiscal Charges	71,802	71,802	71,802	0
<i>Total Expenditures</i>	<u>12,382,423</u>	<u>13,242,701</u>	<u>13,038,858</u>	<u>203,843</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(760,370)</u>	<u>(887,465)</u>	<u>(830,652)</u>	<u>56,813</u>
<b>Other Financing Sources (Uses)</b>				
Note Issued	0	1,000,000	1,000,000	0
Insurance Recoveries	0	11,470	11,470	0
Transfers Out	(7,000)	(157,000)	(157,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(7,000)</u>	<u>854,470</u>	<u>854,470</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(767,370)</u>	<u>(32,995)</u>	<u>23,818</u>	<u>56,813</u>
<i>Fund Balance Beginning of Year</i>	<u>2,678,298</u>	<u>2,678,298</u>	<u>2,678,298</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>310,284</u>	<u>310,284</u>	<u>310,284</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,221,212</u>	<u>\$ 2,955,587</u>	<u>\$ 3,012,400</u>	<u>\$ 56,813</u>

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Levy Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,708,956	\$ 1,744,162	\$ 1,736,902	\$ (7,260)
Income Taxes	200,442	204,572	203,720	(852)
Charges for Services	291,796	297,808	296,568	(1,240)
Intergovernmental	240,551	245,507	244,485	(1,022)
Interest	1,548	1,580	1,573	(7)
Other	3,760	3,837	3,821	(16)
<i>Total Revenues</i>	<u>2,447,053</u>	<u>2,497,466</u>	<u>2,487,069</u>	<u>(10,397)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	<u>2,693,068</u>	<u>2,608,577</u>	<u>2,593,213</u>	<u>15,364</u>
<i>Total Expenditures</i>	<u>2,693,068</u>	<u>2,608,577</u>	<u>2,593,213</u>	<u>15,364</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(246,015)</u>	<u>(111,111)</u>	<u>(106,144)</u>	<u>4,967</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	<u>0</u>	<u>1,403</u>	<u>1,403</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(246,015)	(109,708)	(104,741)	4,967
<i>Fund Balance Beginning of Year</i>	117,254	117,254	117,254	0
Prior Year Encumbrances Appropriated	<u>19,680</u>	<u>19,680</u>	<u>19,680</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (109,081)</u>	<u>\$ 27,226</u>	<u>\$ 32,193</u>	<u>\$ 4,967</u>

See accompanying notes to the basic financial statements.



**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*December 31, 2012*

	Business-Type Activities Enterprise Fund Sewer Maintenance
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 143,210
Accounts Receivable	444,873
Special Assessments Receivable	408,971
<i>Total Current Assets</i>	<i>997,054</i>
<i>Non-Current Assets:</i>	
Non-Depreciable Capital Assets	5,754
Depreciable Capital Assets, Net	2,916,069
<i>Total Non-Current Assets</i>	<i>2,921,823</i>
<i>Total Assets</i>	<i>3,918,877</i>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	115,477
Accrued Wages	8,806
Intergovernmental Payable	11,656
Compensated Absences Payable	5,906
<i>Total Current Liabilities</i>	<i>141,845</i>
<i>Long-Term Liabilities:</i>	
Compensated Absences Payable - Net of Current Portion	16,623
<i>Total Liabilities</i>	<i>158,468</i>
<b>Net Position</b>	
Net Investment in Capital Assets	2,921,823
Unrestricted	838,586
<i>Total Net Position</i>	<i>\$ 3,760,409</i>

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Year Ended December 31, 2012*

	Business-Type Activities Enterprise Fund Sewer Maintenance
<b>Operating Revenues</b>	
Charges for Services	\$ 1,295,876
Other	4,591
<i>Total Operating Revenues</i>	<i>1,300,467</i>
<b>Operating Expenses</b>	
Personal Services	540,691
Contractual Services	759,195
Materials and Supplies	47,689
Depreciation	460,933
Other	59,502
<i>Total Operating Expenses</i>	<i>1,868,010</i>
<i>Operating Income (Loss)</i>	<i>(567,543)</i>
<b>Non-Operating Revenues (Expense)</b>	
Interest	656
<i>Income (Loss) Before Capital Contributions</i>	<i>(566,887)</i>
Capital Contributions	256,128
<i>Change in Net Position</i>	<i>(310,759)</i>
<i>Net Position Beginning of Year</i>	<i>4,071,168</i>
<i>Net Position End of Year</i>	<i>\$ 3,760,409</i>

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Year Ended December 31, 2012

		Business-Type Activities Enterprise Fund Sewer Maintenance
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$	1,329,969
Cash Received from Other Operating Receipts		4,591
Cash Payments to Suppliers for Goods and Services		(47,689)
Cash Payments to Employees for Services and Benefits		(537,836)
Cash Payments for Contractual Services		(757,325)
Other Cash Payments		(59,502)
		(67,792)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of Capital Assets		(19,660)
<b>Cash Flows from Investing Activities</b>		
Interest on Investments		656
<i>Net Increase (Decrease) in Cash and Investments</i>		(86,796)
<i>Cash and Investments Beginning of Year</i>		230,006
<i>Cash and Investments End of Year</i>		\$ 143,210
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Operating Income (Loss)	\$	(567,543)
Adjustments:		
Depreciation		460,933
(Increase) Decrease in Assets:		
Accounts Receivable		2,634
Special Assessments Receivable		31,459
Increase (Decrease) in Liabilities:		
Accounts Payable		1,870
Accrued Wages		3,074
Compensated Absences Payable		1,928
Intergovernmental Payable		(2,147)
<i>Net Cash Provided by (Used For) Operating Activities</i>		\$ (67,792)
<b>Noncash Capital Financing Activities:</b>		
As of December 31, 2012, the sewer maintenance fund received capital assets from governmental activities of \$256,128.		

See accompanying notes to the basic financial statements.

**City of Broadview Heights**  
**Cuyahoga County, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2012*

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<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 572,893
Cash and Investments in Segregated Accounts	<u>53,686</u>
<i>Total Assets</i>	<u><u>\$ 626,579</u></u>
 <b>Liabilities</b>	
Undistributed Monies	<u>\$ 626,579</u>
<i>Total Liabilities</i>	<u><u>\$ 626,579</u></u>

See accompanying notes to the basic financial statements.

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**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Note 1 – Description of the City and Reporting Entity**

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

***Reporting Entity***

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

**Note 2 – Summary of Significant Accounting Policies**

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

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

***Basis of Presentation***

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

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***Government-wide Financial Statements***

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

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

***Fund Financial Statements***

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

***Fund Accounting***

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

***Governmental Funds***

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

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

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

*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.

*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 to which the City is bound to observe constraints imposed upon the use of the resources.

### ***Proprietary Funds***

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

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

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

### ***Fiduciary Funds***

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

### ***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 position.



**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

***Basis of Accounting***

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

***Revenues - Exchange and Non-exchange Transactions***

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, tuition, grants, fees and rentals.

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***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, 2012, but which were levied to finance year 2013 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.

***Budgetary Data***

All funds, except agency funds, are legally required to be budgeted and appropriated, however, only governmental funds are required to be reported. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2012.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***Lapsing of Appropriations***

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

***Cash and Investments***

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

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

During 2012, investments were limited to STAROhio and Federal Farm Credit Bank Notes.

The City has invested funds in STAROhio during the year 2012. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2012.

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amounted to \$14,347, which includes \$6,747 assigned from other City funds.

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

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

***Capital Assets***

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

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

All reported capital assets are depreciated except for land, intangible 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
Intangible	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 position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***Compensated Absences***

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

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

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

***Accrued Liabilities and Long-Term Obligations***

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

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

***Fund Balance***

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

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

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

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

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

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

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

***Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include drug enforcement and education programs.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted balances 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.

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. In 2012, the sewer maintenance enterprise fund received \$256,128 in capital assets transferred from governmental activities.

***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 2012.

***Estimates***

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

***Changes in Accounting Principles***

For the year ended December 31, 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53."

**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the City.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the City.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the City.

**Note 3 – Fund Deficits**

Fund balances at December 31, 2012 included the following individual fund deficits:

	<u>Fund Deficit</u>
Fire Levy Fund	\$ 106,913
Nonmajor Governmental Funds:	
Circle Building Fund	110,553
Valley Parkway Project Fund	73,480
Wallings Road Sewer Project Fund	330,408
Police Pension Fund	74,902

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



**City of Broadview Heights, Ohio**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

**Note 4 – Fund Balance**

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

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

	General Fund	General Bond Retirement Fund	Fire Levy Fund	Streets Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:						
Unclaimed Monies	\$ 278	\$ 0	\$ 0	\$ 0	\$ 0	\$ 278
Prepays	22,399	0	0	0	0	22,399
Inventory	63,790	0	0	0	0	63,790
Total Nonspendable	<u>86,467</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,467</u>
Restricted for:						
Law Enforcement	0	0	0	0	228,197	228,197
Drug and Alcohol Programs/Enforcement	0	0	0	0	33,384	33,384
Road Repair and Improvement	0	0	0	0	146,483	146,483
Court Operations and Capital Outlay	0	0	0	0	43,744	43,744
Bond Retirement	0	863,598	0	0	0	863,598
Other Purposes	0	0	0	0	486	486
Total Restricted	<u>0</u>	<u>863,598</u>	<u>0</u>	<u>0</u>	<u>452,294</u>	<u>1,315,892</u>
Committed to:						
City Facility Improvement	0	0	0	0	381,987	381,987
Fire and Safety Equipment	0	0	0	0	794,197	794,197
Recreation	0	0	0	0	132,946	132,946
Service Department Equipment	0	0	0	0	202,824	202,824
Street Improvement	0	0	0	748,422	0	748,422
Storm Sewer Improvement	0	0	0	0	308,736	308,736
Tree Planting and Maintenance	0	0	0	0	78,675	78,675
Other Purposes	0	0	0	0	600	600
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>748,422</u>	<u>1,899,965</u>	<u>2,648,387</u>
Assigned for:						
Encumbrances						
General Government	99,735	0	0	0	0	99,735
Security of Persons and Property	8,052	0	0	0	0	8,052
Community Development	2,042	0	0	0	0	2,042
Transportation	1,744	0	0	0	0	1,744
Leisure Time Services	31,949	0	0	0	0	31,949
Subsequent Year Appropriations	425,416	0	0	0	0	425,416
Total Assigned	<u>568,938</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>568,938</u>
Unassigned (Deficit)	<u>2,901,307</u>	<u>0</u>	<u>(106,913)</u>	<u>0</u>	<u>(589,343)</u>	<u>2,205,051</u>
Total Fund Balance (Deficit)	<u>\$ 3,556,712</u>	<u>\$ 863,598</u>	<u>\$ (106,913)</u>	<u>\$ 748,422</u>	<u>\$ 1,762,916</u>	<u>\$ 6,824,735</u>

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**Note 5 – Deposits and Investments**

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

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

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

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

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

Interim monies may be invested in the following securities:

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

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investments in securities described in this division are made only through eligible institutions; and

6. The State Treasurer's investment pool (STAR Ohio and STAR Plus program).
7. Certain banker's acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

**Deposits:** The carrying value of the City's deposits totaled \$4,768,674 and the bank balances of the deposits totaled \$4,852,995. Of the bank balance \$2,280,355 was covered by depository insurance; and \$2,572,640 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, (noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC).

Deposits in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 per financial institution through December 31, 2012. Insurance on deposits in noninterest-bearing accounts is unlimited through December 31, 2012. The City has both interest-bearing and noninterest-bearing accounts.

Beginning January 1, 2013, noninterest-bearing accounts will no longer be insured separately from the City's other accounts at the same financial institution. Instead, noninterest-bearing and interest-bearing accounts will collectively be insured up to a coverage limit of \$250,000, at each separate financial institution.

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**Investments**

Investments are reported at fair value. As of December 31, 2012, the City had the following investment:

Rating by Standard & Poor's	Investment	Fair Value	Investment Maturities (in years) 1 - 2	Percentage of Total Investments
N/A	STAR Plus	\$ 1,000,743	\$ 1,000,743	33.35%
AAA	Federal Farm Credit Bank	2,000,150	2,000,150	66.65%
	Totals	<u>\$ 3,000,893</u>	<u>\$ 3,000,893</u>	<u>100.00%</u>

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

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

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

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

**Note 6 – Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget (non-GAAP basis) and actual presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the fire levy fund.

**Net Change in Fund Balance**

	<b>General Fund</b>	<b>Fire Levy Fund</b>
GAAP Basis (as reported)	\$ (161,481)	\$ (123,705)
Adjustments:		
Revenue accruals	848,964	35,992
Expenditure accruals	(223,745)	752
Funds budgeted elsewhere **	2,407	0
Encumbrances	(442,327)	(17,780)
Budget basis	\$ 23,818	\$ (104,741)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund.

**Note 7 – Transfers and Interfund Balances**

***Interfund Transfers***

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

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Interfund transfers for the year ended December 31, 2012, consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>			Total
	General Fund	Streets Capital Improvement	Other Governmental Funds	
General Bond Retirement	\$ 0	\$ 343,460	\$ 127,594	\$ 471,054
Other Governmental Funds	157,000	0	0	157,000
Total	<u>\$ 157,000</u>	<u>\$ 343,460</u>	<u>\$ 127,594</u>	<u>\$ 628,054</u>

The transfers from the streets capital improvement fund and other governmental funds to the general bond retirement fund were to pay for the debt issues for storm sewer, Broadview Center renovations and various street improvement projects. The general fund transferred to other governmental funds to cover expenditures.

In 2012, internal transfers between entity-wide activities included a transfer of assets from the governmental activities to the business-type activities in the amount of \$256,128.

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

***Advances from/to Other Funds***

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

As of December 31, 2012, the advances to and from other funds balance is made up of a loan made to the circle building fund for \$112,000 that the safety equipment fund does not expect to collect until sometime in the future.

**Note 8 – Receivables**

Receivables at December 31, 2012, consisted of taxes, special assessments, accounts (billings for user charged services), and intergovernmental receivables. All of these receivables are considered fully collectible.

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

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***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of the 2011 taxes.

2012 real property taxes were levied after October 1, 2012 on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The full tax rate for all City operations for the year ended December 31, 2012, was \$10.40 per \$1,000 of assessed valuation. The assessed values of real property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 620,119,540
Public Utilities - Personal	<u>7,585,180</u>
Total	<u>\$ 627,704,720</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

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The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Broadview Heights. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility real and tangible personal property taxes, and outstanding delinquencies which became measurable as of December 31, 2012, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2012 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

***Income Taxes***

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures for 2012, are credited to the following funds: 77.2% to the general fund, 2.0% to the fire levy special revenue fund, 15.0% to the streets capital improvement fund and 5.8% to other governmental funds.

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	Amount
<b>Governmental Activities:</b>	
Local Government	\$ 30,263
Gasoline and Excise Tax	399,041
Permissive Tax	10,401
Estate Tax	46,486
Homestead/Rollback	239,882
Other	97,981
 Total	 \$ 824,054



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***Taxes Receivable***

A summary of taxes receivable follows:

	<u>Amount</u>
<b>Governmental Activities:</b>	
Real Estate Tax	\$ 4,149,873
Municipal Income Tax	<u>3,284,638</u>
 Total	 <u><u>\$ 7,434,511</u></u>

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**City of Broadview Heights, Ohio**  
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**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 3,432,579	\$ 1,004,695	\$ 0	\$ 4,437,274
Intangible	22,142	0	0	22,142
Construction in Progress	770,799	989,239	(1,526,806)	233,232
Total Capital Assets, not being depreciated	<u>4,225,520</u>	<u>1,993,934</u>	<u>(1,526,806)</u>	<u>4,692,648</u>
<i>Capital Assets, being depreciated:</i>				
Buildings	6,062,575	0	(50,000)	6,012,575
Improvements	3,954,841	78,945	0	4,033,786
Furniture & Fixtures	34,642	0	0	34,642
Machinery & Equipment	2,134,829	142,799	0	2,277,628
Vehicles	3,129,313	210,832	(28,975)	3,311,170
Infrastructure				
Traffic Signals	443,207	0	0	443,207
Roads	24,155,790	0	0	24,155,790
Waterlines	10,715,637	0	0	10,715,637
Street Signs & Guard Rails	26,710	0	0	26,710
Storm Sewers	11,989,786	1,191,733	0	13,181,519
Total Capital Assets, being depreciated	<u>62,647,330</u>	<u>1,624,309</u>	<u>(78,975)</u>	<u>64,192,664</u>
Less Accumulated Depreciation:				
Buildings	(1,920,666)	(121,655)	50,000	(1,992,321)
Improvements	(1,173,929)	(186,906)	0	(1,360,835)
Furniture & Fixtures	(29,868)	(898)	0	(30,766)
Machinery & Equipment	(1,562,423)	(166,541)	0	(1,728,964)
Vehicles	(2,483,632)	(242,728)	28,975	(2,697,385)
Infrastructure				
Traffic Signals	(348,469)	(13,855)	0	(362,324)
Roads	(14,252,496)	(952,033)	0	(15,204,529)
Waterlines	(5,489,464)	(172,937)	0	(5,662,401)
Street Signs & Guard Rails	(26,672)	(19)	0	(26,691)
Storm Sewers	(6,909,682)	(444,898)	0	(7,354,580)
Total Accumulated Depreciation	<u>(34,197,301)</u>	<u>(2,302,470)</u>	<u>78,975</u>	<u>(36,420,796)</u>
Total Capital Assets being depreciated, net	<u>28,450,029</u>	<u>(678,161)</u>	<u>0</u>	<u>27,771,868</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,675,549</u>	<u>\$ 1,315,773</u>	<u>\$ (1,526,806)</u>	<u>\$ 32,464,516</u>

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	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$ 15,775	\$ 5,782	\$ (15,803)	\$ 5,754
Total Capital Assets, not being depreciated	<u>15,775</u>	<u>5,782</u>	<u>(15,803)</u>	<u>5,754</u>
<i>Capital Assets, being depreciated:</i>				
Buildings	1,136,841	0	0	1,136,841
Machinery & Equipment	626,185	13,878	0	640,063
Vehicles	239,681	0	0	239,681
Infrastructure				
Sanitary Sewers	<u>14,774,012</u>	<u>271,931</u>	<u>0</u>	<u>15,045,943</u>
Total Capital Assets, being depreciated	<u>16,776,719</u>	<u>285,809</u>	<u>0</u>	<u>17,062,528</u>
Less Accumulated Depreciation:				
Buildings	(756,428)	(28,421)	0	(784,849)
Machinery & Equipment	(560,493)	(15,092)	0	(575,585)
Vehicles	(236,875)	(2,806)	0	(239,681)
Infrastructure				
Sanitary Sewers	<u>(12,131,730)</u>	<u>(414,614)</u>	<u>0</u>	<u>(12,546,344)</u>
Total Accumulated Depreciation	<u>(13,685,526)</u>	<u>(460,933)</u>	<u>0</u>	<u>(14,146,459)</u>
Total Capital Assets being depreciated, net	<u>3,091,193</u>	<u>(175,124)</u>	<u>0</u>	<u>2,916,069</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,106,968</u>	<u>\$ (169,342)</u>	<u>\$ (15,803)</u>	<u>\$ 2,921,823</u>

Depreciation was charged as follows:

<i>Governmental Funds:</i>	
General Government	\$ 901,190
Security of Persons and Property	242,838
Community Development	96,578
Leisure Time Activities	80,938
Transportation	<u>980,926</u>
	<u>\$ 2,302,470</u>
 <i>Proprietary Funds:</i>	
Sewer Maintenance	<u>\$ 460,933</u>

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**Note 10 – Defined Benefit Pension Plans**

***Ohio Public Employee Retirement System***

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2012, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010, were \$434,904, \$330,679, and \$369,932, respectively. For 2012, 92 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the member-directed plan for 2012 were \$31,220 made by the City and \$22,300 made by the plan members.

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***Ohio Police and Firemen's Disability and Pension Fund***

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

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$282,416 and \$219,043 for the year ended December 31, 2012, \$271,519 and \$220,877 for the year ended December 31, 2011, and \$278,399 and \$226,665 for the year ended December 31, 2010, respectively. 76 percent for police and 76 percent for firefighters has been contributed for 2012. The full amount has been contributed for 2011 and 2010.

***Social Security System***

As of December 31, 2012, none of the Council members have elected to be covered by Social Security rather than OPERS. The Council's liability is 6.2 percent of wages paid.

**Note 11 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

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The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$185,072, \$258,629 and \$221,774, respectively. For 2012, 92 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

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

***Ohio Police and Firemen's Disability and Pension Fund***

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

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OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent 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 is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$149,514 and \$85,712 for the year ended December 31, 2012, \$143,745 and \$86,430 for the year ended December 31, 2011, and \$147,387 and \$88,695 for the year ended December 31, 2010. 76 percent has been contributed for police and 76 percent has been contributed for firefighters for 2012. The full amount has been contributed for 2011 and 2010.

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**Note 12 – Compensated Absences**

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

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

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

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

**Note 13 – Long Term Obligations**

***General Obligation Bonds***

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

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



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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
1999 Various Improvement	2019	4.50% to 5.65%	2,850,000
2000 Broadview Center Improvement	2013	4.60%	1,550,000
2003 Service Building	2013	4.20%	1,260,000
2003 Street Improvement	2023	4.58%	96,000
2004 Building Improvement	2024	3.00% - 5.00%	300,000
2006 Street Improvement	2026	3.75% - 5.00%	1,029,649
2006 Demolition Project	2026	3.75% - 5.00%	621,476
2007 Energy Improvement Project	2017	4.0% - 4.25%	1,700,000
2012 Various Improvement Refunding	2019	1.30% - 2.00%	<u>1,490,000</u>
Total			<u>\$ 10,907,709</u>

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

Year Ending December 31,	General Obligation Bonds		
	Governmental Activities		
	Principal	Interest	Total
2013	\$ 752,514	\$ 143,274	\$ 895,788
2014	458,595	114,878	573,473
2015	468,595	99,672	568,267
2016	482,177	84,137	566,314
2017	497,177	68,125	565,302
2018 - 2022	953,158	181,079	1,134,237
2023 - 2026	<u>434,017</u>	<u>45,842</u>	<u>479,859</u>
Total	<u>\$ 4,046,233</u>	<u>\$ 737,007</u>	<u>\$ 4,783,240</u>

In February, 2012, the City issued \$1,820,000 refunded general obligation bonds. The proceeds of the bonds were used to refund \$1,490,999 of the City's outstanding municipal complex improvement bonds and \$329,502 of the sewer improvement special assessment bonds, Series 1999. The bonds were issued for an 8 year period with final maturity at December 1, 2019. At the date of the refunding, \$1,856,682 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of December 31, 2012, \$1,635,000 of these bonds are considered defeased.

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

***Special Assessment Bonds***

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

Special assessment bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
1994 Sewer Improvement	2014	5.50%	112,000
1995 Sewer Improvement	2015	6.38%	37,735
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
2012 Sewer Improvement Refunding	2019	1.30% - 2.00%	330,000
Total			<u>\$ 3,783,610</u>

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

**City of Broadview Heights, Ohio**  
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Year Ending December 31,	Special Assessment Bonds		
	Governmental Activities		
	Principal	Interest	Total
2013	\$ 174,866	\$ 85,457	\$ 260,323
2014	181,959	79,195	261,154
2015	176,675	72,347	249,022
2016	175,853	65,713	241,566
2017	186,659	59,145	245,804
2018 - 2022	875,466	181,783	1,057,249
2023 - 2026	316,012	26,226	342,238
Total	<u>\$ 2,087,490</u>	<u>\$ 569,866</u>	<u>\$ 2,657,356</u>

***OWDA Loans***

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

OWDA loans currently outstanding are as follows:

Purpose	Maturity Date	Interest Rate	Original Amount
<b>Governmental Activities</b>			
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%	<u>719,567</u>
Total			<u>\$ 3,409,724</u>

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

Year Ending December 31,	OWDA Loans		
	Governmental Activities		
	Principal	Interest	Total
2013	\$ 196,751	\$ 39,440	\$ 236,191
2014	204,964	31,230	236,194
2015	151,561	22,656	174,217
2016	94,579	17,677	112,256
2017	98,463	13,793	112,256
2018 - 2021	265,995	19,155	285,150
Total	<u>\$ 1,012,313</u>	<u>\$ 143,951</u>	<u>\$ 1,156,264</u>

***Loans Payable***

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

In 2008, the City obtained a loan with the Ohio Public Works Commission (OPWC) for road improvements in the amount of \$200,000 at 0% interest to be repaid over 10 years with payments beginning in 2009.

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

Year Ending December 31,	Governmental Activities	
	Principal	
	Brownfield Cleanup Revolving Loan	OPWC Loan
2013	\$ 35,856	\$ 20,000
2014	0	20,000
2015	0	20,000
2016	0	20,000
2017	0	20,000
2018 - 2019	0	30,000
Total	<u>\$ 35,856</u>	<u>\$ 130,000</u>

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***Changes in Long Term Liabilities***

Long term liability activity for the year ended December 31, 2012 was as follows:

	Balance 12/31/2011	Additions	Reductions	Refunding	Balance 12/31/2012	Due Within One Year
<i>General Obligation Bonds</i>						
Sidewalk Improvements (1977)						
5.250%	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 2,500	\$ 2,500
Broadview Center Improvement (2000)						
4.6% through 2013	370,000	0	(180,000)	0	190,000	190,000
Various Purpose (1999)						
4.50% - 5.65% through 2019	1,490,499	0	0	(1,490,499)	0	0
Service Building (2003)						
4.20% through 2013	275,000	0	(135,000)	0	140,000	140,000
Sewer Improvements (2003)						
4.58% through 2023	67,200	0	(4,800)	0	62,400 *	4,800
Building Improvements (2004)						
3.00% - 5.00% through 2024	220,000	0	(15,000)	0	205,000	15,000
Street Improvements (2006)						
3.75% - 5.00% through 2026	806,299	0	(44,670)	0	761,629	46,904
Demolition Project (2006)						
3.75% - 5.00% through 2026	486,666	0	(26,962)	0	459,704	28,310
Energy Improvement Project (2007)						
4.00% - 4.25% through 2017	1,105,000	0	(200,000)	0	905,000	150,000
Municipal Complex Refunding Bonds (2012)						
1.30% - 2.00% through 2019	0	1,490,000	(170,000)	0	1,320,000	175,000
Unamortized Bond Premium	0	67,150	(7,748)	0	59,402	7,933
<b>Total General Obligation Bonds</b>	<b>4,823,164</b>	<b>1,557,150</b>	<b>(784,180)</b>	<b>(1,490,499)</b>	<b>4,105,635</b>	<b>760,447</b>

*(continued)*

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	Balance 12/31/2011	Additions	Reductions	Refunding	Balance 12/31/2012	Due Within One Year
<i>Special Assessment Bonds With City Commitment</i>						
Sewer Improvement (1994) 5.500% through 2014	\$ 18,000	\$ 0	\$ (6,000)	\$ 0	\$ 12,000 *	\$ 6,000
Sewer Improvement (1995) 6.383% through 2015	12,000	0	(3,000)	0	9,000	3,000
Various Purpose (1999) 4.50% - 5.65% through 2019	329,502	0	0	(329,502)	0	0
Sewer Improvement (2001) 6.1% through 2021	136,278	0	(11,084)	0	125,194 *	10,880
Street Improvement (2003) 4.20% through 2023	540,000	0	(35,000)	0	505,000	40,000
Street Improvement (2003) 4.20% through 2023	130,000	0	(10,000)	0	120,000	10,000
Sewer Improvement (2003) 4.58% through 2023	212,800	0	(15,200)	0	197,600 *	15,200
Street Improvement (2004) 3.00% - 5.00% through 2024	365,000	0	(20,000)	0	345,000	20,000
Sewer Improvement (2006) 3.75% - 5.00% through 2026	456,103	0	(25,239)	0	430,864 *	26,532
Sewer Improvement (2006) 3.75% - 5.00% through 2026	55,932	0	(3,100)	0	52,832 *	3,254
Sewer Improvement Refunding (2012) 1.30% - 2.00% through 2019	0	330,000	(40,000)	0	290,000 *	40,000
<b>Total Special Assessment Bonds</b>	<b>2,255,615</b>	<b>330,000</b>	<b>(168,623)</b>	<b>(329,502)</b>	<b>2,087,490</b>	<b>174,866</b>
<i>OWDA Loans</i>						
Interest rates vary from 4.04% to 9.78%, due through 2021	1,201,183	0	(188,870)	0	1,012,313	196,751
<i>OPWC Loan</i>						
0% due 2019	150,000	0	(20,000)	0	130,000	20,000
<i>Brownfields Cleanup Revolving Loan</i>						
0% due 2013	107,565	0	(71,709)	0	35,856	35,856
Capital Leases	144,160	26,537	(42,766)	0	127,931	43,620
Compensated Absences	1,315,723	576,413	(473,823)	0	1,418,313	495,439
<b>Total Governmental Activities</b>	<b>\$ 9,997,410</b>	<b>\$ 2,490,100</b>	<b>\$(1,749,971)</b>	<b>\$(1,820,001)</b>	<b>\$ 8,917,538</b>	<b>\$ 1,726,979</b>
<i>Business-Type Activities</i>						
Compensated Absences	\$ 20,601	\$ 7,064	\$ (5,136)	\$ 0	\$ 22,529	\$ 5,906
<b>Total Business-Type Activities</b>	<b>\$ 20,601</b>	<b>\$ 7,064</b>	<b>\$ (5,136)</b>	<b>\$ 0</b>	<b>\$ 22,529</b>	<b>\$ 5,906</b>

\* These debt issues are recorded in governmental funds to finance assets of the business-type activities. See notation on page 12 for a further description of the presentation on the statement of net position.

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

**Note 14 – Bond Anticipation Notes**

In October 2012, the City issued bond anticipation notes in the amount of \$457,000 at 1.0 percent maturing on October 11, 2013 to fund sanitary sewer projects. In December 2012, the City issued bond anticipation notes in the amount of \$1.0 million at .849 percent maturing on December 19, 2013 to purchase land. The notes will be paid by the bond retirement fund.

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012
2012 Bond Anticipation Note .849% due December, 2013	\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000
2012 Bond Anticipation Note 1.0% due October, 2013	0	457,000	0	457,000
	\$ 0	\$ 1,457,000	\$ 0	\$ 1,457,000

**Note 15 - Capitalized Leases**

Capital lease obligations relate to equipment and a vehicle which are leased under a long-term agreements. These leases meet the criteria of a capital lease as defined under generally accepted accounting standards. Capital lease payments in the governmental funds will be reclassified and reflected as debt service in the basic financial statements for the recreation and safety department equipment funds. These expenditures will be 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, 2012.

Year	Amount
2013	\$ 49,858
2014	49,858
2015	40,297
Total Minimum Lease Payments	140,013
Less Amount Representing Interest	12,082
Present Value of Minimum Lease Payments	\$ 127,931

The assets being acquired have been capitalized in the governmental activities in the amount of \$170,697, which is the present value of the minimum lease payments at the inception of each lease.

**City of Broadview Heights, Ohio**  
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**Note 16 – Risk Management**

***Property and Liability***

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

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

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

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

***Medical***

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

***Worker's Compensation***

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

**Note 17 – Contingencies**

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

**Note 18 – Jointly Governed Organization**

The Southwest Council of Governments (the Council) helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions, and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board. In 2012, the City contributed \$10,000 for the Southwest Council of Governments annual dues. The City contributed \$5,000 in additional funds for the Southwest Emergency Response Team annual dues.



**City of Broadview Heights, Ohio**  
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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.

**Note 19 - Commitments**

***A. Contractual Commitments***

As of December 31, 2012, the City had contractual commitments for the following:

	Contractual Commitment	Expended	Balance 12/31/12
Storm Sewer Projects	\$ 160,164	\$ 12,157	\$ 148,007
Sanitary Sewer Projects	102,000	71,890	30,110
Windows/HVAC Upgrades	194,550	154,939	39,611
Road Maintenance Program	1,127,312	426,473	700,839
	\$ 1,584,026	\$ 665,459	\$ 918,567

***B. Other Commitments***

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

Fund	Amount
General Fund	\$ 143,522
Fire Levy Fund	9,608
Streets Capital Improvement Fund	8,863
Nonmajor Governmental Funds	267,149
	\$ 429,142

**JAMES G. ZUPKA, C.P.A., INC.**

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*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

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

To Members of City Council  
City of Broadview Heights

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Broadview Heights, Ohio's basic financial statements, and have issued our report thereon dated May 31, 2013, wherein we noted that the City adopted the provisions of new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources and Net Position*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Broadview Heights, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Broadview Heights, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Broadview Heights, Ohio's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Broadview Heights, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Broadview Heights, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Broadview Heights, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

May 31, 2013

**CITY OF BROADVIEW HEIGHTS  
 CUYAHOGA COUNTY, OHIO  
 SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain.</b>
2011-001	Proper Recording in the Financial Statements	No	Partially corrected. Issued a Management Comment

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



# Dave Yost • Auditor of State

**CITY OF BROADVIEW HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 27, 2013**