



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF BROADVIEW HEIGHTS  
CUYAHOGA COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Fire Levy Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 23, 2021

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**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*(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, 2020. 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 2020 are as follows:

- In total, net position increased \$5,616,274. Net position of governmental activities increased \$5,538,253. Net position of business-type activities increased \$78,021.
- Total capital assets increased \$4,590,541 in 2020. Capital assets of governmental activities increased \$4,756,175 and capital assets of business-type activities decreased \$165,634. Capital outlay exceeded depreciation in 2020.
- Outstanding long-term debt increased from \$20,131,072 to \$21,021,203 in 2020 due the issuance of new debt exceeding principal payments in the period.

***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 2020 and how they affected the operations of the City as a whole.

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

***Statement of Net Position and the Statement of Activities***

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

A question typically asked about the City's finances is "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund, the Fire Levy Fund, the General Bond Retirement Fund, and the Route 82 Widening Project Fund.

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

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

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

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*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 2020 compared to 2019:

**Table 1 Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and other assets	\$ 30,027,700	\$ 29,178,805	\$ 1,436,409	\$ 1,293,714	\$ 31,464,109	\$ 30,472,519
Net Pension Asset	72,360	36,645	5,098	2,582	77,458	39,227
Capital assets, net	47,469,611	42,713,436	1,659,052	1,824,686	49,128,663	44,538,122
<b>Total Assets</b>	<b>77,569,671</b>	<b>71,928,886</b>	<b>3,100,559</b>	<b>3,120,982</b>	<b>80,670,230</b>	<b>75,049,868</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	3,254,933	7,525,046	75,412	221,868	3,330,345	7,746,914
OPEB	1,963,236	1,411,921	58,755	28,417	2,021,991	1,440,338
<b>Total Deferred Outflows of Resources</b>	<b>5,218,169</b>	<b>8,936,967</b>	<b>134,167</b>	<b>250,285</b>	<b>5,352,336</b>	<b>9,187,252</b>
<b>LIABILITIES</b>						
Current and other liabilities	2,831,843	5,642,093	24,059	89,663	2,855,902	5,731,756
Long-term liabilities:						
Due within one year	3,890,959	4,967,692	58,326	49,955	3,949,285	5,017,647
Due in more than one year:						
Net Pension Liability	19,810,732	25,529,875	504,891	700,062	20,315,623	26,229,937
Net OPEB Liability	6,911,495	6,491,560	356,336	334,807	7,267,831	6,826,367
Other Amounts	18,667,202	16,727,605	48,208	69,844	18,715,410	16,797,449
<b>Total Liabilities</b>	<b>52,112,231</b>	<b>59,358,825</b>	<b>991,820</b>	<b>1,244,331</b>	<b>53,104,051</b>	<b>60,603,156</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	6,421,171	6,358,109	-	-	6,421,171	6,358,109
Pension	3,328,535	609,539	109,905	91,726	3,438,440	701,265
OPEB	1,589,359	741,089	22,921	3,151	1,612,280	744,240
<b>Total Deferred Inflows of Resources</b>	<b>11,339,065</b>	<b>7,708,737</b>	<b>132,826</b>	<b>94,877</b>	<b>11,471,891</b>	<b>7,803,614</b>
<b>NET POSITION</b>						
Net Investment in						
Capital Assets	25,817,662	21,811,482	1,664,369	1,776,110	27,154,725 <sup>^</sup>	23,184,675
Restricted	4,570,273	5,615,886	-	-	4,570,273	5,615,886
Unrestricted	(11,051,391)	(13,629,077)	445,711	255,949	(10,278,374) <sup>^</sup>	(12,970,211)
<b>Total Net Position</b>	<b>\$ 19,336,544</b>	<b>\$ 13,798,291</b>	<b>\$ 2,110,080</b>	<b>\$ 2,032,059</b>	<b>\$ 21,446,624</b>	<b>\$ 15,830,350</b>

<sup>^</sup> The totals for governmental and business-type activities represent their respective net investment in capital assets and the total of the City reflects all capital assets and debt which includes debt for business-type assets recorded in the governmental activities. See Note 15 for more information.

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pension – an Amendment of GASB Statement 27." The City previously adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government.

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In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

At year end, capital assets represented 61 percent of total assets. Capital assets include land, intangible, buildings, improvements, furniture and fixtures, machinery and equipment, vehicles, infrastructure and construction in progress. 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. The net investment in capital assets was \$25,817,662 in governmental activities and \$1,664,369 in business-type activities. An additional \$327,306 of debt is reflected in the entity-wide net investment in capital assets, for an entity-wide total of \$27,154,725. The difference of \$327,306 is from debt related to certain business-type activities which 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 15). Capital assets increased by 10 percent, mostly due to increases in construction in progress for the ongoing Royalton Road widening project.

Current and other assets were consistent between 2019 and 2020, with a small increase by about 3 percent. Current and other liabilities decreased by 50 percent, mostly due to a decrease in contracts payables. Long-term liabilities due within one year decreased by 21 percent, due to the pay down of bond anticipation notes. Significant variances in deferred outflows of resources, deferred inflows of resources, net pension liability, and net OPEB liability were due to recorded adjustments per GASB Statements 68 and 75.

A portion of the City's net position, \$4,570,273, represents resources that are subject to external restrictions on how they may be used.

The implementation of GASB Statement No. 68 and 75 requires the reader to perform additional calculations to determine the City's total net position at December 31, 2020, without consideration of the net pension and OPEB liabilities. This is an important exercise, as the State Pension Systems (OPERS and OP&F) collect, hold, invest, and distribute pension to our employees, not the City of Broadview Heights. These calculations are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Net Position at December 31, 2020 (with GASB 68 and 75)	\$ 19,336,544	\$ 2,110,080	\$ 21,446,624
GASB 68 and 75 Calculations:			
Add:			
Deferred Inflows related to Pension	3,328,535	109,905	3,438,440
Deferred Inflows related to OPEB	1,589,359	22,921	1,612,280
Net Pension Liability	19,810,732	504,891	20,315,623
Net OPEB Liability	6,911,495	356,336	7,267,831
Less:			
Deferred Outflows related to Pension	(3,254,933)	(75,412)	(3,330,345)
Deferred Outflows related to OPEB	(1,963,236)	(58,755)	(2,021,991)
Net Pension Asset	(72,360)	(5,098)	(77,458)
Total Net Position (without GASB 68 and 75)	<u>\$ 45,686,136</u>	<u>\$ 2,964,868</u>	<u>\$ 48,651,004</u>

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Table 2 shows the changes in net position for fiscal year 2020 and 2019.

**Table 2 Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 2,416,210	\$ 3,780,978	\$ 1,806,766	\$ 1,705,606	\$ 4,222,976	\$ 5,486,584
Operating grants and contributions	2,542,926	1,598,717	-	-	2,542,926	1,598,717
Capital grants and contributions	5,834,805	2,870,258	-	-	5,834,805	2,870,258
<b>Total Program Revenues</b>	<b>10,793,941</b>	<b>8,249,953</b>	<b>1,806,766</b>	<b>1,705,606</b>	<b>12,600,707</b>	<b>9,955,559</b>
General Revenues:						
Property taxes	6,326,174	6,520,894	-	-	6,326,174	6,520,894
Municipal income taxes	13,729,574	13,808,709	-	-	13,729,574	13,808,709
Grants and entitlements	945,341	860,081	-	-	945,341	860,081
Investment income	69,480	279,705	3,768	14,863	73,248	294,568
All other revenues	1,280,960	654,957	32,636	25,275	1,313,596	680,232
<b>Total General Revenues</b>	<b>22,351,529</b>	<b>22,124,346</b>	<b>36,404</b>	<b>40,138</b>	<b>22,387,933</b>	<b>22,164,484</b>
<b>Total Revenues</b>	<b>33,145,470</b>	<b>30,374,299</b>	<b>1,843,170</b>	<b>1,745,744</b>	<b>34,988,640</b>	<b>32,120,043</b>
<b>EXPENSES</b>						
Program Expenses:						
Security of persons and property	10,293,608	2,186,560	-	-	10,293,608	2,186,560
Public health services	391,838	329,709	-	-	391,838	329,709
Leisure time activities	2,474,611	3,472,544	-	-	2,474,611	3,472,544
Community environment	864,160	989,087	-	-	864,160	989,087
Basic utility services	1,092,319	1,071,730	-	-	1,092,319	1,071,730
Transportation	3,423,674	3,563,711	-	-	3,423,674	3,563,711
General government	8,324,907	8,730,539	-	-	8,324,907	8,730,539
Interest and fiscal charges	677,296	553,865	-	-	677,296	553,865
Sanitary sewer	-	-	1,829,953	2,033,545	1,829,953	2,033,545
Sewer capital	-	-	-	33,000	-	33,000
<b>Total Expenses</b>	<b>27,542,413</b>	<b>20,897,745</b>	<b>1,829,953</b>	<b>2,066,545</b>	<b>29,372,366</b>	<b>22,964,290</b>
Increase (Decrease) in Net Position before Transfers	5,603,057	9,476,554	13,217	(320,801)	5,616,274	9,155,753
Transfers	(64,804)	-	64,804	-	-	-
Change in Net Position	5,538,253	9,476,554	78,021	(320,801)	5,616,274	9,155,753
Net Position - Beginning of Year, Restated	13,798,291	4,321,737	2,032,059	2,352,860	15,830,350	6,674,597
<b>Net Position - End of Year</b>	<b>\$ 19,336,544</b>	<b>\$ 13,798,291</b>	<b>\$ 2,110,080</b>	<b>\$ 2,032,059</b>	<b>\$ 21,446,624</b>	<b>\$ 15,830,350</b>

**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, and charges for services.

The 2 percent income tax is the largest revenue source for the City, accounting for 41 percent of the total revenue of the governmental activities. The revenue and expense of collection of the income tax is allocated to the General Fund. Income tax revenue was consistent from 2019 to 2020, with a decrease of less than 1 percent.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
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Other general revenues, including property taxes, grants and entitlements, such as local government funds, and interest, account for 26 percent of governmental activities revenue. Program revenues, which include charges for services and operating and capital grants, account for the remaining 33 percent of total revenues. The City monitors its sources of revenues very closely for fluctuations.

Capital grants increased by \$2,964,547, or 103 percent, due to an increase in intergovernmental revenues and receivables recorded in 2020, mostly from additional grant revenues for the East Royalton Road Widening project. Charges for services decreased by \$1,364,768, or 36 percent, mostly due to decreased recreation center activity as a result of the COVID-19 pandemic. Operating grants increased by \$944,209, or 59 percent, due to CARES Act funding received in 2020. Property tax revenue decreased \$194,720, or 3 percent.

Beginning January 1, 2019, OP&F changed its retiree health care model and no longer offers a self-insured health care plan. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use for reimbursement of health care expenses. As a result of changing models, OP&F management expects that it will be able to provide stipends to participants for the next 15 years. The impact of this change, which greatly reduced 2019 security of persons and property expense, was the most significant factor in the increase of the City's security of persons and property expense by \$8,107,048.

The provisions of GASB Statements 68 and 75 require the City to recognize a pension/OPEB adjustment that increases expenses by \$1,951,141 in 2020 and reduces expenses by \$5,506,367 in 2019. As a result, it is difficult to ascertain the true operational cost of services and the changes in cost of service from year to year. The table below shows the total expenses by function with the GASB Statements 68 and 75 pension and OPEB costs removed.

	Governmental Activities	
	2020	2019
<b>EXPENSES</b>		
Program Expenses:		
Security of Persons and Property	\$ 9,439,901	\$ 9,417,288
Public Health Services	391,838	329,709
Leisure Time Activities	2,287,091	3,068,449
Community Environment	777,548	844,935
Basic Utility Services	1,092,319	1,071,730
Transportation	3,423,674	3,563,711
General Government	7,501,605	7,554,425
Interest and Fiscal Charges	677,296	553,865
<b>Total Expenses</b>	<b>\$ 25,591,272</b>	<b>\$ 26,404,112</b>

Without the effect of pension/OPEB adjustments, expenses of governmental activities decreased by a net \$812,840 in 2020. The most significant changes were a \$781,358 decrease in leisure time activities and a \$140,037 decrease in transportation. The reduction in leisure time activities expense was mostly due to a decrease in recreation center activities as a result of the COVID-19 pandemic. The decrease in transportation expense was due to a decrease in non-capitalized road maintenance projects in 2020.

Security of persons and property is the largest program function of the City, which includes the Police and Fire departments and represents approximately 37 percent of program expenses in 2020 and increased by less than 1 percent, before the effect of pension/OPEB adjustments. The next largest expense was for general government, which represents approximately 29 percent of program expenses and decreased by less than 1 percent in 2020.

**CITY OF BROADVIEW HEIGHTS**  
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**Business-Type Activities**

The City's major enterprise fund is the Sanitary Sewer Fund. The revenues are generated primarily from charges for services. In 2020, charges for services of \$1,806,766 accounted for 98 percent of the business-type revenues. The total expenses were \$1,829,953 in 2020. The change in net position for the business-type activities was an increase of \$78,021 in 2020.

Revenues increased \$97,426 in 2020, due to increased residential collections and an increase in accounts receivable. Expenses decreased \$236,592 in 2020, due to a reduction in pension/OPEB expense and contractual services.

***The City's Funds***

**Governmental Funds**

Information about the City's governmental funds begins on page 19. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues and other financing sources of \$41,766,812 and expenditures and other financing uses of \$37,525,492. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The General Fund's net change in fund balance for fiscal year 2020 was an increase of \$2,117,744. Expenditures decreased by \$1,541,778 primarily due to decreases in security of persons and property personnel costs. Revenues decreased by only \$43,979 as revenues were consistent between 2019 and 2020. The remainder of the net change in fund balance was due to transfers out to support other funds in 2020.

The fund balance of the Fire Levy Fund increased by \$3,771. Revenues increased by \$113,387, most due to rebates and refunds received from the Ohio Bureau of Workers' Compensation in 2020. Expenditures increased by \$242,921, or 7 percent, due to an increase in equipment purchases.

The fund balance of the General Bond Retirement Fund decreased by \$1,131,322. Revenues decreased by \$116,292 mostly due a decrease in special assessment revenue. Expenditures increased by \$3,491,380, mostly due to the payment of a one-year bond anticipation note.

The fund balance of the Route 82 Widening Project Fund increased by \$1,032,151. Major revenue and financing sources for 2020 include federal grants and a loan from the Ohio Public Works Commission. Revenues and expenditures increased significantly from the prior year due to increased activity on the project in 2020.

The fund balance in the other governmental funds increased by \$2,218,976. Revenues of these funds increased by \$1,388,811 mostly due to CARES Act funding received in the Coronavirus Relief Fund in 2020. Expenditures increased by \$1,876,466, mostly due to increases in security of persons and property and capital outlay. Security of persons and property increased by \$923,575 mostly due to personnel costs in the Coronavirus Relief Fund. Capital outlay increased by \$1,155,344 mostly due to the inclusion of the Streets Capital Improvement Fund in other governmental funds in 2020. In the prior year, the Streets Capital Improvement Fund was reported as a major fund.



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**Proprietary Funds**

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

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$419,939. The total increase in net position for the Fund was \$76,295. 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 2020, 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 original budget basis revenue and other financing sources was \$19,306,428, which was \$1,475,000 more than the final budget basis revenue of \$17,831,428. Additionally, actual revenues and other financing sources on a budget basis exceeded final budgeted revenues by \$1,059,221. The most significant reason for the difference was that All Other Revenues were greater than budgeted, due to rebates and refunds received from the Ohio Bureau of Workers' Compensation.

Original budgeted expenditures and other financing uses were \$18,388,064, and final budgeted expenditures and other financing uses were \$21,654,089. The main contributor to this increase was an increase in transfers and advances out to provide resources for storm sewer improvements and payroll reserves. Actual expenditures and other financing uses on a budget basis were \$2,985,590 less than final budgeted expenditures, mostly due to general government and security of persons and property expenditures being less than estimated.

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**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
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 (Unaudited)

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of year 2020, the City had \$49,128,663 invested in capital assets. A total of \$47,469,611 of this was for governmental activities and \$1,659,052 was attributable to business-type activities. Table 3 shows fiscal year 2020 balances compared with 2019.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,495,922	\$ 5,688,828	\$ -	\$ -	\$ 5,495,922	\$ 5,688,828
Intangible	22,142	22,142	-	-	22,142	22,142
Construction in progress	13,838,842	6,497,818	-	-	13,838,842	6,497,818
<b>Total Non-Depreciable</b>	<b>19,356,906</b>	<b>12,208,788</b>	<b>-</b>	<b>-</b>	<b>19,356,906</b>	<b>12,208,788</b>
Buildings	3,185,236	3,194,693	125,160	153,612	3,310,396	3,348,305
Improvements	15,027,680	15,970,248	-	-	15,027,680	15,970,248
Machinery and equipment	1,033,947	1,278,697	145,979	189,004	1,179,926	1,467,701
Furniture and fixtures	124,201	149,462	-	-	124,201	149,462
Vehicles	1,772,348	1,811,828	66,380	5,536	1,838,728	1,817,364
Infrastructure:						
Traffic Signals	242,467	265,952	-	-	242,467	265,952
Roads	3,391,479	4,169,843	-	-	3,391,479	4,169,843
Street Signs & Guard Rails	21,470	25,049	-	-	21,470	25,049
Storm Sewers	3,313,877	3,638,876	-	-	3,313,877	3,638,876
Sanitary Sewers	-	-	1,321,533	1,476,534	1,321,533	1,476,534
<b>Total Depreciable,</b>						
<b>Net of Depreciation</b>	<b>28,112,705</b>	<b>30,504,648</b>	<b>1,659,052</b>	<b>1,824,686</b>	<b>29,771,757</b>	<b>32,329,334</b>
<b>Total Capital Assets,</b>						
<b>Net of Depreciation</b>	<b>\$ 47,469,611</b>	<b>\$ 42,713,436</b>	<b>\$ 1,659,052</b>	<b>\$ 1,824,686</b>	<b>\$ 49,128,663</b>	<b>\$ 44,538,122</b>

The \$4,756,175 increase in capital assets of governmental activities was due to current year purchases exceeding depreciation, largely attributed ongoing construction in progress for the East Royalton Road Widening project. The \$165,634 decrease in capital assets of the business-type activities was attributable to current year depreciation exceeding purchases. See Note 10 for additional information about the capital assets of the City.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
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(Unaudited)

**Debt**

The outstanding long-term debt for the City as of December 31, 2020 was \$21,021,203. See Note 15 for additional details. Table 4 summarizes outstanding debt.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 13,599,882	\$ 14,251,840	\$ -	\$ -	\$ 13,599,882	\$ 14,251,840
Unamortized Bond Premium	8,750	10,450	-	-	8,750	10,450
Special Assessment Bonds	1,346,906	1,551,517	-	-	1,346,906	1,551,517
OPWC Loans	3,190,258	103,490	-	-	3,190,258	103,490
OWDA Loans	26,887	79,077	-	-	26,887	79,077
Bond Anticipation Notes	2,250,000	3,250,000	-	-	2,250,000	3,250,000
Unamortized Note Premium	8,515	17,175	-	-	8,515	17,175
Capital Leases	565,322	818,947	24,683	48,576	590,005	867,523
Total Outstanding Debt	\$ 20,996,520	\$ 20,082,496	\$ 24,683	\$ 48,576	\$ 21,021,203	\$ 20,131,072

***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, David Pfaff, 9543 Broadview Road, Bldg 7, Broadview Heights, Ohio 44147, telephone 440-746-3109.

## *Basic Financial Statements*

# CITY OF BROADVIEW HEIGHTS

Cuyahoga County, Ohio

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 15,216,032	\$ 667,170	\$ 15,883,202
Cash and Cash Equivalents:			
In Segregated Accounts	4,340	-	4,340
Materials and Supplies Inventory	143,481	-	143,481
Accounts Receivable	682,035	614,459	1,296,494
Intergovernmental Receivable	2,074,052	-	2,074,052
Prepaid Items	299,088	-	299,088
Municipal Income Taxes Receivable	3,853,464	-	3,853,464
Property Taxes Receivable	6,629,348	-	6,629,348
Special Assessments Receivable	1,125,860	154,780	1,280,640
Net Pension Asset	72,360	5,098	77,458
Nondepreciable Capital Assets	19,356,906	-	19,356,906
Depreciable Capital Assets	28,112,705	1,659,052	29,771,757
<b>Total Assets</b>	77,569,671	3,100,559	80,670,230
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	3,254,933	75,412	3,330,345
OPEB	1,963,236	58,755	2,021,991
<b>Total Deferred Outflows of Resources</b>	5,218,169	134,167	5,352,336
<b>LIABILITIES</b>			
Accounts Payable	233,261	8,570	241,831
Contracts Payable	550,733	-	550,733
Accrued Wages and Benefits	148,624	8,383	157,007
Intergovernmental Payable	156,819	6,766	163,585
Matured Compensated Absences Payable	19,523	-	19,523
Accrued Interest Payable	108,694	340	109,034
Retainage Payable	418,053	-	418,053
Unearned Revenue	196,136	-	196,136
Notes Payable	1,000,000	-	1,000,000
Long-term Liabilities:			
Due Within One Year	3,890,959	58,326	3,949,285
Due In More Than One year:			
Net Pension Liability (See Note 11)	19,810,732	504,891	20,315,623
Net OPEB Liability (See Note 12)	6,911,495	356,336	7,267,831
Other Amounts Due in More Than One Year	18,667,202	48,208	18,715,410
<b>Total Liabilities</b>	52,112,231	991,820	53,104,051
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	6,421,171	-	6,421,171
Pension	3,328,535	109,905	3,438,440
OPEB	1,589,359	22,921	1,612,280
<b>Total Deferred Inflows of Resources</b>	11,339,065	132,826	11,471,891
<b>NET POSITION</b>			
Net Investment in Capital Assets	25,817,662	1,664,369	27,154,725
Restricted for:			
Debt Service	1,313,449	-	1,313,449
Capital Projects	1,798,653	-	1,798,653
Police and Fire	285,788	-	285,788
Streets and Highways	1,161,401	-	1,161,401
Other Purposes	10,982	-	10,982
Unrestricted	(11,051,391)	445,711	(10,278,374)
<b>Total Net Position</b>	\$ 19,336,544	\$ 2,110,080	\$ 21,446,624

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 15.

See accompanying notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County  
*Statement of Activities*  
For the Year Ended December 31, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
Security of Persons and Property	\$ 10,293,608	\$ 390,292	\$ 1,082,905	\$ -	\$ (8,820,411)	\$ -	\$ (8,820,411)
Public Health Services	391,838	-	-	-	(391,838)	-	(391,838)
Leisure Time Activities	2,474,611	583,128	7,131	-	(1,884,352)	-	(1,884,352)
Community Environment	864,160	1,650	-	-	(862,510)	-	(862,510)
Basic Utility Services	1,092,319	-	-	-	(1,092,319)	-	(1,092,319)
Transportation	3,423,674	-	1,304,689	5,779,799	3,660,814	-	3,660,814
General Government	8,324,907	1,441,140	148,201	-	(6,735,566)	-	(6,735,566)
Interest and Fiscal Charges	677,296	-	-	55,006	(622,290)	-	(622,290)
<b>Total Governmental activities</b>	<b>27,542,413</b>	<b>2,416,210</b>	<b>2,542,926</b>	<b>5,834,805</b>	<b>(16,748,472)</b>	<b>-</b>	<b>(16,748,472)</b>
<b>Business-type activities:</b>							
Sanitary Sewer	1,829,953	1,806,766	-	-	-	(23,187)	(23,187)
<b>Total Business-type activities</b>	<b>1,829,953</b>	<b>1,806,766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,187)</b>	<b>(23,187)</b>
<b>Total Primary Government</b>	<b>\$ 29,372,366</b>	<b>\$ 4,222,976</b>	<b>\$ 2,542,926</b>	<b>\$ 5,834,805</b>	<b>(16,748,472)</b>	<b>(23,187)</b>	<b>(16,771,659)</b>
<b>General Revenues:</b>							
Property Taxes levied for:							
General Purposes					1,703,523	-	1,703,523
Debt Service					975,638	-	975,638
Police and Fire					3,647,013	-	3,647,013
Municipal Income Taxes levied for:							
General Purposes					13,729,574	-	13,729,574
Grants & Entitlements not restricted to specific programs					945,341	-	945,341
Investment Income					69,480	3,768	73,248
All Other Revenues					1,280,960	32,636	1,313,596
Transfers					(64,804)	64,804	-
Total General Revenues and Transfers					22,286,725	101,208	22,387,933
Change in Net Position					5,538,253	78,021	5,616,274
Net Position - Beginning of Year					13,798,291	2,032,059	15,830,350
<b>Net Position - End of Year</b>					<b>\$ 19,336,544</b>	<b>\$ 2,110,080</b>	<b>\$ 21,446,624</b>

See accompanying notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**

Cuyahoga County, Ohio

*Balance Sheet*

*Governmental Funds*

*December 31, 2020*

	<u>General Fund</u>	<u>Fire Levy</u>	<u>General Bond Retirement</u>	<u>Route 82 Widening Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 6,914,444	\$ 1,630,819	\$ 601,766	\$ 1,848,629	\$ 4,220,374	\$ 15,216,032
Cash and Cash Equivalents:						
In Segregated Accounts	4,340	-	-	-	-	4,340
Materials and Supplies Inventory	16,661	-	-	-	126,820	143,481
Accounts Receivable	579,229	69,762	-	-	33,044	682,035
Interfund Receivable	1,308,025	-	-	-	-	1,308,025
Intergovernmental Receivable	269,425	179,245	7,804	275,560	1,342,018	2,074,052
Prepaid Items	249,126	40,937	-	-	9,025	299,088
Municipal Income Taxes Receivable	3,853,464	-	-	-	-	3,853,464
Property Taxes Receivable	1,789,723	2,708,670	1,019,001	-	1,111,954	6,629,348
Special Assessments Receivable	11,897	-	1,113,963	-	-	1,125,860
<b>Total Assets</b>	<u>\$ 14,996,334</u>	<u>\$ 4,629,433</u>	<u>\$ 2,742,534</u>	<u>\$ 2,124,189</u>	<u>\$ 6,843,235</u>	<u>\$ 31,335,725</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 127,740	\$ 5,128	\$ -	\$ -	\$ 100,393	\$ 233,261
Accrued Wages and Benefits	100,923	33,605	-	-	14,096	148,624
Contracts Payable	-	-	-	414,709	136,024	550,733
Intergovernmental Payable	103,997	45,474	-	-	7,348	156,819
Matured Compensated Absences Payable	12,859	-	-	-	6,664	19,523
Accrued Interest Payable	-	-	16,667	-	-	16,667
Retainage Payable	-	-	-	93,841	324,212	418,053
Interfund Payable	-	1,308,025	-	-	-	1,308,025
Unearned Revenue	196,136	-	-	-	-	196,136
Notes Payable	-	-	1,000,000	-	-	1,000,000
<b>Total Liabilities</b>	<u>541,655</u>	<u>1,392,232</u>	<u>1,016,667</u>	<u>508,550</u>	<u>588,737</u>	<u>4,047,841</u>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	1,732,009	2,620,899	989,326	-	1,078,937	6,421,171
Unavailable Revenue - Delinquent Property Taxes	57,714	87,771	29,675	-	33,017	208,177
Unavailable Revenue - Income Taxes	2,059,878	-	-	-	-	2,059,878
Unavailable Revenue - Special Assessments	11,897	-	1,113,963	-	-	1,125,860
Unavailable Revenue - Other	218,425	188,254	7,804	-	459,519	874,002
<b>Total Deferred Inflows of Resources</b>	<u>4,079,923</u>	<u>2,896,924</u>	<u>2,140,768</u>	<u>-</u>	<u>1,571,473</u>	<u>10,689,088</u>
<b>Fund Balances:</b>						
Nonspendable	272,466	40,937	-	-	135,845	449,248
Restricted	-	299,340	-	1,615,639	1,090,547	3,005,526
Committed	958,000	-	-	-	3,456,633	4,414,633
Assigned	497,306	-	-	-	-	497,306
Unassigned (Deficits)	8,646,984	-	(414,901)	-	-	8,232,083
<b>Total Fund Balances</b>	<u>10,374,756</u>	<u>340,277</u>	<u>(414,901)</u>	<u>1,615,639</u>	<u>4,683,025</u>	<u>16,598,796</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 14,996,334</u>	<u>\$ 4,629,433</u>	<u>\$ 2,742,534</u>	<u>\$ 2,124,189</u>	<u>\$ 6,843,235</u>	<u>\$ 31,335,725</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, 2020*

**Total Governmental Funds Balance** \$ 16,598,796

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

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds: 47,469,611

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

Delinquent property taxes	\$	208,177	
Municipal income taxes		2,059,878	
Special assessments		1,125,860	
Intergovernmental		844,908	
Charges for services		29,094	
Total			4,267,917

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due. (92,027)

The net pension liability and net OPEB liability are not due and payable in the current period, and the net pension asset is not available for spending in the current period; therefore the asset, liability, and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension		3,254,933	
Deferred Inflows - Pension		(3,328,535)	
Net Pension Asset		72,360	
Net Pension Liability		(19,810,732)	
Deferred Outflows - OPEB		1,963,236	
Deferred Inflows - OPEB		(1,589,359)	
Net OPEB Liability		(6,911,495)	
Total			(26,349,592)

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

General obligation bonds		(13,599,882)	
Special assessment bonds		(1,346,906)	
Unamortized premiums		(17,265)	
Loans Payable		(3,217,145)	
Notes Payable		(2,250,000)	
Capital leases		(565,322)	
Compensated absences		(1,561,641)	
Total			(22,558,161)

**Net Position of Governmental Activities** \$ 19,336,544

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, 2020

	General Fund	Fire Levy	General Bond Retirement	Route 82 Widening Project	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 1,737,616	\$ 2,632,249	\$ 993,184	\$ -	\$ 1,086,329	\$ 6,449,378
Municipal Income Taxes	13,547,704	-	-	-	-	13,547,704
Intergovernmental	750,809	385,471	15,608	4,535,234	4,050,529	9,737,651
Interest	50,943	4,227	-	-	14,310	69,480
Fees, Licenses, and Permits	371,163	-	-	-	825	371,988
Fines and Forfeitures	403,285	-	-	-	12,332	415,617
Rentals	228,195	-	-	-	14,985	243,180
Charges for Services	356,025	369,774	-	-	657,966	1,383,765
Contributions and Donations	6,985	-	-	-	-	6,985
Special Assessments	24,328	-	237,846	-	-	262,174
All Other Revenues	1,111,010	94,869	-	33,881	33,466	1,273,226
<b>Total Revenues</b>	<b>18,588,063</b>	<b>3,486,590</b>	<b>1,246,638</b>	<b>4,569,115</b>	<b>5,870,742</b>	<b>33,761,148</b>
<b>EXPENDITURES</b>						
Security of Persons and Property	4,483,714	2,961,665	-	-	1,633,112	9,078,491
Public Health Services	391,838	-	-	-	-	391,838
Leisure Time Activities	378,532	-	-	-	951,130	1,329,662
Community Environment	654,957	-	-	-	1,795	656,752
Basic Utility Services	1,092,319	-	-	-	-	1,092,319
Transportation	216,617	-	-	-	1,280,317	1,496,934
General Government	6,420,363	-	25,471	-	9,103	6,454,937
Capital Outlay	352,836	529,854	-	6,630,004	1,992,361	9,505,055
Debt Service:						
Principal Retirement	132,035	-	4,165,031	-	121,590	4,418,656
Interest and Fiscal Charges	11,831	-	655,523	-	15,974	683,328
<b>Total Expenditures</b>	<b>14,135,042</b>	<b>3,491,519</b>	<b>4,846,025</b>	<b>6,630,004</b>	<b>6,005,382</b>	<b>35,107,972</b>
Excess of Revenues (Under) Expenditures	4,453,021	(4,929)	(3,599,387)	(2,060,889)	(134,640)	(1,346,824)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Capital Assets	10,859	8,700	-	-	200,000	219,559
Bond Anticipation Notes	-	-	2,250,000	-	-	2,250,000
OPWC Loans Issued	-	-	-	3,093,040	-	3,093,040
Premium on Debt Issuance	-	-	25,545	-	-	25,545
Transfers In	-	-	192,520	-	2,225,000	2,417,520
Transfers Out	(2,346,136)	-	-	-	(71,384)	(2,417,520)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,335,277)</b>	<b>8,700</b>	<b>2,468,065</b>	<b>3,093,040</b>	<b>2,353,616</b>	<b>5,588,144</b>
Net Change in Fund Balances	2,117,744	3,771	(1,131,322)	1,032,151	2,218,976	4,241,320
Fund Balances - Beginning of Year	8,257,012	336,506	716,421	583,488	2,464,049	12,357,476
<b>Fund Balances - End of Year</b>	<b>\$ 10,374,756</b>	<b>\$ 340,277</b>	<b>\$ (414,901)</b>	<b>\$ 1,615,639</b>	<b>\$ 4,683,025</b>	<b>\$ 16,598,796</b>

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, 2020*

**Net Change in Fund Balances-Total Governmental Funds** \$ 4,241,320

*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 capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 7,918,569	
Depreciation	(2,897,394)	
Total		5,021,175

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (265,000)

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

Delinquent property taxes	(123,204)	
Municipal income taxes	181,870	
Special assessments	(183,588)	
Intergovernmental	(388,588)	
Charges for services	(101,854)	
Total		(615,364)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of bond anticipation notes. (5,343,040)

Repayment of various debt principal are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 4,418,656

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension		1,644,598
OPEB		33,692

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net pension asset are reported as pension/OPEB expense in the statement of activities.

Pension		(2,878,849)
OPEB		(750,582)

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	51,160	
Accrued interest on bonds	(29,873)	
Amortization of premiums	10,360	
Total		31,647

**Change in Net Position of Governmental Activities** \$ 5,538,253

See accompanying notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Statement of Revenues, Expenditures, and Changes*  
*in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual*  
**General Fund**  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,712,824	\$ 1,712,824	\$ 1,737,616	\$ 24,792
Municipal Income Taxes	13,956,530	13,606,530	13,502,081	(104,449)
Intergovernmental	504,059	504,059	759,630	255,571
Interest	125,000	125,000	50,868	(74,132)
Fees, Licenses and Permits	355,500	355,500	364,500	9,000
Fines and Forfeitures	406,500	406,500	310,354	(96,146)
Rentals	200,000	200,000	258,695	58,695
Charges for Services	439,815	439,815	367,803	(72,012)
Contributions and Donations	7,000	7,000	6,985	(15)
Special Assessments	29,200	29,200	24,328	(4,872)
All Other Revenues	445,000	445,000	1,496,930	1,051,930
<b>Total Revenues</b>	<u>18,181,428</u>	<u>17,831,428</u>	<u>18,879,790</u>	<u>1,048,362</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,995,668	5,995,668	5,128,355	867,313
Public Health Services	515,438	515,438	423,446	91,992
Leisure Time Activities	911,217	911,217	441,532	469,685
Community Environment	905,811	905,811	678,375	227,436
Basic Utility Services	1,174,085	1,174,085	1,153,750	20,335
Transportation	333,369	333,369	213,225	120,144
General Government	7,919,841	7,919,841	6,998,789	921,052
Debt Service				
Principal Retirement	132,500	132,500	132,441	59
Interest and Fiscal Charges	11,635	11,635	11,425	210
<b>Total Expenditures</b>	<u>17,899,564</u>	<u>17,899,564</u>	<u>15,181,338</u>	<u>2,718,226</u>
Excess of Revenues Over (Under) Expenditures	281,864	(68,136)	3,698,452	3,766,588
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	10,859	10,859
Advances In	1,125,000	-	-	-
Advances Out	-	(1,308,025)	(1,308,025)	-
Transfers Out	(488,500)	(2,446,500)	(2,179,136)	267,364
<b>Total Other Financing Sources (Uses)</b>	<u>636,500</u>	<u>(3,754,525)</u>	<u>(3,476,302)</u>	<u>278,223</u>
Net Change in Fund Balance	918,364	(3,822,661)	222,150	4,044,811
Fund Balance Beginning of Year	4,615,766	4,615,766	4,615,766	-
Prior Year Encumbrances	332,479	332,479	332,479	-
Fund Balance End of Year	<u>\$ 5,866,609</u>	<u>\$ 1,125,584</u>	<u>\$ 5,170,395</u>	<u>\$ 4,044,811</u>

See accompanying notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Statement of Revenues, Expenditures, and Changes*  
*in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual*  
**Fire Levy Fund**  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 2,644,000	\$ 2,644,000	\$ 2,632,249	\$ (11,751)
Intergovernmental	302,743	302,743	385,471	82,728
Interest	20,000	20,000	4,227	(15,773)
Charges for Services	350,000	350,000	439,950	89,950
All Other Revenues	85,000	85,000	94,869	9,869
<b>Total Revenues</b>	<u>3,401,743</u>	<u>3,401,743</u>	<u>3,556,766</u>	<u>155,023</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,294,393	5,194,393	4,527,346	667,047
<b>Total Expenditures</b>	<u>5,294,393</u>	<u>5,194,393</u>	<u>4,527,346</u>	<u>667,047</u>
Excess of Revenues Over (Under) Expenditures	(1,892,650)	(1,792,650)	(970,580)	822,070
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	1,308,025	1,308,025	-	(1,308,025)
Advances In	-	-	1,308,025	1,308,025
Transfers In	260,000	190,000	-	(190,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,568,025</u>	<u>1,498,025</u>	<u>1,308,025</u>	<u>(190,000)</u>
Net Change in Fund Balance	(324,625)	(294,625)	337,445	632,070
Fund Balance Beginning of Year	309,096	309,096	309,096	-
Prior Year Encumbrances	18,281	18,281	18,281	-
Fund Balance End of Year	<u>\$ 2,752</u>	<u>\$ 32,752</u>	<u>\$ 664,822</u>	<u>\$ 632,070</u>

See accompanying notes to the basic financial statements.

# CITY OF BROADVIEW HEIGHTS

Cuyahoga County, Ohio  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2020*

	Business-Type Activities		
	Sanitary Sewer Fund	Other Enterprise Fund	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 641,398	\$ 25,772	\$ 667,170
Accounts Receivable	614,459	-	614,459
Special Assessments Receivable	154,780	-	154,780
<i>Total Current Assets</i>	1,410,637	25,772	1,436,409
<b>Noncurrent Assets:</b>			
Net Pension Asset	5,098	-	5,098
Capital Assets:			
Depreciable Assets, Net of Depreciation	1,659,052	-	1,659,052
<i>Total Noncurrent Assets</i>	1,664,150	-	1,664,150
<b>Total Assets</b>	3,074,787	25,772	3,100,559
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	75,412	-	75,412
OPEB	58,755	-	58,755
<b>Total Deferred Outflows of Resources</b>	134,167	-	134,167
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	8,570	-	8,570
Accrued Wages and Benefits	8,383	-	8,383
Intergovernmental Payable	6,766	-	6,766
Accrued Interest Payable	340	-	340
Compensated Absences Payable	33,643	-	33,643
Capital Leases Payable	24,683	-	24,683
<i>Total Current Liabilities</i>	82,385	-	82,385
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	48,208	-	48,208
Net Pension Liability	504,891	-	504,891
Net OPEB Liability	356,336	-	356,336
<i>Total Noncurrent Liabilities</i>	909,435	-	909,435
<b>Total Liabilities</b>	991,820	-	991,820
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	109,905	-	109,905
OPEB	22,921	-	22,921
<b>Total Deferred Inflows of Resources</b>	132,826	-	132,826
<b>NET POSITION</b>			
Investment in Capital Assets	1,664,369	-	1,664,369
Unrestricted	419,939	25,772	445,711
<b>Total Net Position</b>	\$ 2,084,308	\$ 25,772	\$ 2,110,080

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 Funds*  
For the Year Ended December 31, 2020

	<b>Business-Type Activities</b>		
	<b>Sanitary Sewer Fund</b>	<b>Other Enterprise Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,806,766	\$ -	\$ 1,806,766
Miscellaneous	30,910	1,726	32,636
<b>Total Operating Revenues</b>	<u>1,837,676</u>	<u>1,726</u>	<u>1,839,402</u>
<b>OPERATING EXPENSES</b>			
Personal Services	451,423	-	451,423
Fringe Benefits	204,646	-	204,646
Materials and Supplies	3,085	-	3,085
Contractual Services	908,227	-	908,227
Depreciation	230,438	-	230,438
Other	30,858	-	30,858
<b>Total Operating Expense</b>	<u>1,828,677</u>	<u>-</u>	<u>1,828,677</u>
Operating Income (Loss)	<u>8,999</u>	<u>1,726</u>	<u>10,725</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest	3,768	-	3,768
Interest and Fiscal Charges	(1,276)	-	(1,276)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,492</u>	<u>-</u>	<u>2,492</u>
Capital Contributions	<u>64,804</u>	<u>-</u>	<u>64,804</u>
Change in Net Position	76,295	1,726	78,021
Net Position - Beginning of Year	<u>2,008,013</u>	<u>24,046</u>	<u>2,032,059</u>
<b>Net Position - End of Year</b>	<u><u>\$ 2,084,308</u></u>	<u><u>\$ 25,772</u></u>	<u><u>\$ 2,110,080</u></u>

See accompanying notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2020

	<b>Business-Type Activities</b>		
	<b>Sanitary Sewer Fund</b>	<b>Other Enterprise Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Charges for Services	\$ 1,791,780	\$ -	\$ 1,791,780
Cash Received from Other Operating Receipts	30,910	-	30,910
Cash Received from Tap In Fees	-	1,726	1,726
Cash Payments to Employees for Services	(449,556)	-	(449,556)
Cash Payments for Employee Benefits	(219,074)	-	(219,074)
Cash Payments for Goods and Services	(969,132)	-	(969,132)
Other Cash Payments	(29,655)	-	(29,655)
<b>Net Cash Provided by Operating Activities</b>	<b>155,273</b>	<b>1,726</b>	<b>156,999</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal Paid on Debt	(23,893)	-	(23,893)
Interest Paid on Debt	(1,605)	-	(1,605)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(25,498)</b>	<b>-</b>	<b>(25,498)</b>
Net Increase in Cash and Cash Equivalents	133,543	1,726	135,269
Cash and Cash Equivalents - Beginning of Year	507,855	24,046	531,901
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 641,398</b>	<b>\$ 25,772</b>	<b>\$ 667,170</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 8,999	\$ 1,726	\$ 10,725
Adjustments:			
Depreciation	230,438	-	230,438
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(46,759)	-	(46,759)
Special Assessments Receivable	31,773	-	31,773
Prepaid Items	7,560	-	7,560
Net Pension Asset	(2,516)	-	(2,516)
Deferred Outflows of Resources - Pension	146,456	-	146,456
Deferred Outflows of Resources - OPEB	(30,338)	-	(30,338)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	(56,514)	-	(56,514)
Accrued Wages and Benefits	(10,406)	-	(10,406)
Intergovernmental Payable	1,645	-	1,645
Compensated Absences Payable	10,628	-	10,628
Net Pension Liability	(195,171)	-	(195,171)
Net OPEB Liability	21,529	-	21,529
Deferred Inflows of Resources - Pension	18,179	-	18,179
Deferred Inflows of Resources - OPEB	19,770	-	19,770
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 155,273</b>	<b>\$ 1,726</b>	<b>\$ 156,999</b>

**Schedule of Noncash Investing, Capital and Related Financing Activities**

Capital Contributions from General Fund and Service Department Equipment Fund to Sanitary Sewer Fund	\$ 64,804	\$ -	\$ 64,804
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See accompanying notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Statement of Fiduciary Net Position*  
*Custodial Fund*  
*December 31, 2020*

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,107
<b>Total Assets</b>	<u>1,107</u>
<b>NET POSITION</b>	
Restricted For:	
Individuals, Organizations, and Other Governments	1,107
<b>Total Net Position</b>	<u>\$ 1,107</u>

See accompany notes to the basic financial statements.



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Fund*  
 For the Year Ended December 31, 2020

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	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Licenses, Permits, & Fees Distributions for Other Governments	\$ 4,898
<b>Total Additions</b>	4,898
<b>DEDUCTIONS</b>	
Licenses, Permits, & Fees Distributions to Other Governments	4,920
<b>Total Deductions</b>	4,920
Net Decrease in Fiduciary Net Position	(22)
Net Position - Beginning of Year	1,129
<b>Net Position - End of Year</b>	\$ 1,107

See accompany notes to the basic financial statements.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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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 which operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted November 7, 1961. The Mayor and Council are elected. The City provides police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services to the citizens of the City.

**Reporting Entity**

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

**Basis of Presentation**

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

**Government-wide Financial Statements**

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

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-wide Financial Statements** (Continued)

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

**Fund Financial Statements**

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

**Fund Accounting**

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

**Governmental Funds**

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

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

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Governmental Funds** (Continued)

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

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

*Route 82 Widening Project Fund* – The Route 82 Widening Project Fund accounts for capital expenses associated with the construction phase of the Route 82 (East Royalton Road) Widening Project.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

**Proprietary Funds**

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

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

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

The other enterprise fund is used to account for Sanitary Sewer capital improvements.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial 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. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City’s custodial fund accounts for building standards fees collected on behalf of the State of Ohio.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Measurement Focus*

**Government-wide Financial Statements**

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

**Fund Financial Statements**

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**Basis of Accounting**

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenues - Exchange and Non-exchange Transactions** (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 9). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants, fees and rentals.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue, pension and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, special assessments, intergovernmental, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 11 and 12).

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 ordinance, 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 ordinance 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 ordinance 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 2020.

The appropriation ordinance 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

**Lapsing of Appropriations**

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

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Cash and Investments**

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

The City has segregated a portion of cash balances, reported as "Cash and Cash Equivalents in segregated accounts" which are used for the City's Mayor's Court.

During 2020, investments were limited to STAR Ohio and Government Money Market Funds.

The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2020, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2020 amounted to \$50,943 which includes \$19,359 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 "Equity in Pooled Cash and Cash Equivalents".



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 acquisition values as of the date received. The City maintains a capitalization threshold of \$7,500.

The City’s infrastructure consists of street signs and guardrails, storm and sanitary sewers, roads, and traffic signals. 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, intangible assets, and construction in progress are required to be depreciated using a depreciation method (specifically the straight-line method) over the following useful lives:

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

**Interfund Balances**

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

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balance**

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

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

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

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

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

*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.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Position**

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net position reports \$4,570,273 of the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

**Operating Revenues and Expenses**

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

**Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**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.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 2020.

**Estimates**

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

**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES**

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City's 2020 financial statements; however, there was no effect on the beginning net position/fund balance.

**NOTE 4: ACCOUNTABILITY**

**Accountability**

Fund balances at December 31, 2020 included the following individual fund deficit:

	<u>Fund Deficit</u>
Major Governmental Funds:	
General Bond Retirement Fund	\$ 414,901

The deficits in the General Bond Retirement Fund resulted from adjustments for accrued liabilities. The General Fund is liable for any deficits in this fund and will provide transfers when cash is required, not when accruals occur.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 5: 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:

Fund Balances	General	Fire Levy	General Bond Retirement	Route 82 Widening Project	Other Governmental Funds	Total
<i>Nonspendable</i>						
Unclaimed Monies	\$ 6,679	\$ -	\$ -	\$ -	\$ -	\$ 6,679
Prepaid Items	249,126	40,937	-	-	9,025	299,088
Inventory	16,661	-	-	-	126,820	143,481
<i>Total Nonspendable</i>	<u>272,466</u>	<u>40,937</u>	<u>-</u>	<u>-</u>	<u>135,845</u>	<u>449,248</u>
<i>Restricted for</i>						
Fire Services	-	299,340	-	-	-	299,340
Park and Recreation Facilities Improvement	-	-	-	-	137,440	137,440
Court Operations and Capital Outlay	-	-	-	-	45,574	45,574
Road Repair and Improvement	-	-	-	-	645,778	645,778
Route 82 Widening Project	-	-	-	1,615,639	-	1,615,639
Law Enforcement	-	-	-	-	261,280	261,280
Other Purposes	-	-	-	-	475	475
<i>Total Restricted</i>	<u>-</u>	<u>299,340</u>	<u>-</u>	<u>1,615,639</u>	<u>1,090,547</u>	<u>3,005,526</u>
<i>Committed to</i>						
Street Improvement	-	-	-	-	1,124,591	1,124,591
Storm Sewer Improvement	-	-	-	-	1,421,571	1,421,571
Recreation	-	-	-	-	771,925	771,925
City Facility Improvement	-	-	-	-	11,621	11,621
Service Department Equipment	-	-	-	-	59,579	59,579
Tree Planting and Maintenance	-	-	-	-	66,746	66,746
Payroll Reserve	958,000	-	-	-	-	958,000
Other Purposes	-	-	-	-	600	600
<i>Total Committed</i>	<u>958,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,456,633</u>	<u>4,414,633</u>
<i>Assigned to</i>						
<i>Purchases on Order:</i>						
Security of Persons and Property	246,195	-	-	-	-	246,195
Public Health Services	24,898	-	-	-	-	24,898
Leisure Time Activities	494	-	-	-	-	494
Community Environment	91	-	-	-	-	91
Basic Utility Services	35,108	-	-	-	-	35,108
Transportation	2,937	-	-	-	-	2,937
General Government	89,005	-	-	-	-	89,005
Capital Outlay	98,578	-	-	-	-	98,578
<i>Total Assigned</i>	<u>497,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,306</u>
<i>Unassigned (Deficit)</i>	<u>8,646,984</u>	<u>-</u>	<u>(414,901)</u>	<u>-</u>	<u>-</u>	<u>8,232,083</u>
<b>Total Fund Balances</b>	<u>\$ 10,374,756</u>	<u>\$ 340,277</u>	<u>\$ (414,901)</u>	<u>\$ 1,615,639</u>	<u>\$ 4,683,025</u>	<u>\$ 16,598,796</u>

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 6: 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, and local governments and municipalities;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus program);

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 6: DEPOSITS AND INVESTMENTS** (Continued)

7. Certain banker's acceptances and commercial paper notes in an amount not to exceed 40 percent of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days and two hundred seventy days, respectively; 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.

**Cash on Hand**

At year end, the City had \$1,276 in undeposited cash on hand which is included on the statement of net position and balance sheet of the City as part of equity in pooled cash and cash equivalents.

**Deposits**

The carrying value of the City's deposits totaled \$3,797,832 and the bank balances of the deposits totaled \$4,389,809. Of the bank balance, \$344,538 was covered by Federal Depository Insurance, \$2,670,797 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the City's name, and \$1,374,474 was uninsured and uncollateralized. The City's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

***Custodial Credit Risk:*** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The City's financial institution had enrolled in OPCS as of December 31, 2020.



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 6: DEPOSITS AND INVESTMENTS** (Continued)

**Investments**

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The following table identifies the City's recurring fair value measurement as of December 31, 2020. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

As of December 31, 2020, the City had the following investments:

<u>Investment</u>	<u>Rating by Standard &amp; Poor's</u>	<u>Level Input</u>	<u>Measurement Value</u>	<u>Investment Maturities (in years) &lt;1</u>	<u>Percentage of Total Investments</u>
Dreyfus Gov't Cash Management Money Market Fund	AAm	1	\$ 135,171	\$ 135,171	1.12%
STAR Ohio	AAm	N/A	11,954,370	11,954,370	98.88%
			<u>\$ 12,089,541</u>	<u>\$ 12,089,541</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.

STAR Ohio 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 STAR Ohio to maintain the highest rating provided by at least one nationally recognized standard rating service.

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

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

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
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 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 7: 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. Unrecorded cash represents amounts received and paid which are not included as revenue/expenditure on the budgetary statements, but are reported on the operating statements prepared using GAAP.
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).
5. A non-cash transfer out is not included on the budgetary statements, but is reported on the operating statements prepared using GAAP.
6. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
7. Encumbrances are treated as expenditures (budget) rather than as a component of fund balance (GAAP).

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

<b>Net Change in Fund Balance</b>		
	General	Fire Levy
GAAP Basis	\$ 2,117,744	\$ 3,771
Revenue Accruals	208,467	61,476
Expenditure Accruals	(411,318)	(69,830)
Unrecorded Cash	15,474	-
Funds Budgeted Separately	(958,030)	-
Transfers Out	1,125,000	-
Advances In	-	1,308,025
Advances Out	(1,308,025)	-
Encumbrances (Budget Basis) outstanding at year end	(567,162)	(965,997)
Budget Basis	\$ 222,150	\$ 337,445

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 8: TRANSFERS AND INTERFUND BALANCES**

**Interfund Transfers**

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

Interfund transfers for the year ended December 31, 2020, consisted of the following:

	Transfers In	Transfers Out
<i>Governmental Activities:</i>		
General	\$ -	\$ 2,346,136
General Bond Retirement	192,520	-
Nonmajor Governmental Funds	2,225,000	71,384
Total Governmental Activities	\$ 2,417,520	\$ 2,417,520

The transfers from the General Fund to the General Bond Retirement Fund and Nonmajor Governmental Funds were to pay debt service and various storm sewer and street improvement projects, and also included the conversion of a prior year advance from the General Fund to the Streets Capital Improvement Fund to a permanent transfer. The transfers out of Nonmajor Governmental Funds to the General Bond Retirement Fund were to pay for storm sewer debt service.

**Interfund Balances**

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

Interfund balances as of December 31, 2020 consisted of the following:

	Receivables	Payables
<i>Governmental Activities:</i>		
General Fund	\$ 1,308,025	\$ -
Fire Levy Fund	-	1,308,025
Total Governmental Activities	\$ 1,308,025	\$ 1,308,025

As of December 31, 2020, interfund receivables and payables to and from other funds are made up of a \$1,308,025 advance to the Fire Levy Fund from the General Fund. Interfund payables and receivables were eliminated on the Statement of Net Position since they were within governmental activities.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

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**NOTE 9: RECEIVABLES**

Receivables at December 31, 2020, consisted of taxes, special assessments, loans, accounts (billings for user charged services), and intergovernmental receivables. All of these receivables are considered fully collectible.

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

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of the 2019 taxes. Property tax payments received during 2020 for tangible personal property, except public utility property, are for prior year unpaid tangible personal property taxes.

Real property taxes (other than public utility property) are levied after October 1 on the assessed value as of prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value, and reappraisal of all property is required every six years with a triennial update. The last reappraisal was completed for tax year 2015 affecting collections beginning 2016.

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

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

The full tax rate for all City operations for the year ended December 31, 2020, was \$12.52 per \$1,000 of assessed valuation.

The assessed values of real property upon which 2020 property tax receipts were based as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Real Property	\$703,494,980	98.26 %
Public Utilities - Personal	<u>12,479,210</u>	<u>1.74</u>
Total	<u><u>\$715,974,190</u></u>	<u><u>100.00 %</u></u>

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

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**NOTE 9: RECEIVABLES** (Continued)

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Broadview Heights. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which became measurable as of December 31, 2020, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**Income Taxes**

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are credited to the General Fund.

**Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

Revenue Description	Amount
Local Government	\$ 154,421
Homestead and Rollback	314,344
Gasoline and Auto Registration tax	583,205
Permissive tax	11,200
Grants	848,584
Miscellaneous	162,298
Total	\$ 2,074,052

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 10: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 5,688,828	\$ 72,094	\$ (265,000)	\$ 5,495,922
Intangible	22,142	-	-	22,142
Construction in Progress	6,497,818	7,341,024	-	13,838,842
<i>Total Capital Assets Not Being Depreciated</i>	<u>12,208,788</u>	<u>7,413,118</u>	<u>(265,000)</u>	<u>19,356,906</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	6,046,516	115,100	-	6,161,616
Improvements	19,633,758	10,710	-	19,644,468
Furniture and Fixtures	211,470	-	-	211,470
Machinery and Equipment	4,295,873	36,953	-	4,332,826
Vehicles	4,780,708	342,688	(598,278)	4,525,118
Infrastructure:				
Traffic Signals	772,842	-	-	772,842
Roads	26,018,614	-	-	26,018,614
Street Signs & Guard Rails	62,494	-	-	62,494
Storm Sewers	13,841,823	-	-	13,841,823
<i>Total Capital Assets Being Depreciated</i>	<u>75,664,098</u>	<u>505,451</u>	<u>(598,278)</u>	<u>75,571,271</u>
Less: Accumulated Depreciation				
Buildings	(2,851,823)	(124,557)	-	(2,976,380)
Improvements	(3,663,510)	(953,278)	-	(4,616,788)
Furniture and Fixtures	(62,008)	(25,261)	-	(87,269)
Machinery and Equipment	(3,017,176)	(281,703)	-	(3,298,879)
Vehicles	(2,968,880)	(382,168)	598,278	(2,752,770)
Infrastructure:				
Traffic Signals	(506,890)	(23,485)	-	(530,375)
Roads	(21,848,771)	(778,364)	-	(22,627,135)
Street Signs & Guard Rails	(37,445)	(3,579)	-	(41,024)
Storm Sewers	(10,202,947)	(324,999)	-	(10,527,946)
Total Accumulated Depreciation	<u>(45,159,450)</u>	<u>(2,897,394) *</u>	<u>598,278</u>	<u>(47,458,566)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>30,504,648</u>	<u>(2,391,943)</u>	<u>-</u>	<u>28,112,705</u>
Total Governmental Activities				
Capital Asset, Net	<u>\$ 42,713,436</u>	<u>\$ 5,021,175</u>	<u>\$ (265,000)</u>	<u>\$ 47,469,611</u>

\* Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 332,230
Leisure Time Activities	923,513
Transportation	808,779
General Government	717,958
Community Environment	114,914
Total Depreciation Expense	<u>\$ 2,897,394</u>

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 10: CAPITAL ASSETS** (Continued)

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<b><u>Business-Type Activities</u></b>				
<i>Capital Assets Being Depreciated</i>				
Buildings	\$ 1,138,104	\$ -	\$ -	\$ 1,138,104
Machinery and Equipment	999,921	-	-	999,921
Vehicles	254,681	64,804	-	319,485
Infrastructure:				
Sanitary Sewers	16,042,963	-	-	16,042,963
<i>Total Capital Assets Being Depreciated</i>	<u>18,435,669</u>	<u>64,804</u>	<u>-</u>	<u>18,500,473</u>
Less: Accumulated Depreciation				
Buildings	(984,492)	(28,452)	-	(1,012,944)
Machinery and Equipment	(810,917)	(43,025)	-	(853,942)
Vehicles	(249,145)	(3,960)	-	(253,105)
Infrastructure:				
Sanitary Sewers	(14,566,429)	(155,001)	-	(14,721,430)
Total Accumulated Depreciation	<u>(16,610,983)</u>	<u>(230,438)</u>	<u>-</u>	<u>(16,841,421)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>1,824,686</u>	<u>(165,634)</u>	<u>-</u>	<u>1,659,052</u>
Total Business-Type Activities				
Capital Asset, Net	<u>\$ 1,824,686</u>	<u>\$ (165,634)</u>	<u>\$ -</u>	<u>\$ 1,659,052</u>

**NOTE 11: DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability/Asset**

The net pension liability/asset reported on the statement of net position represents a liability/asset to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Net Pension Liability/Asset** (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

City employees, other than full-time police and firefighters, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS’ Comprehensive Annual Financial Report referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 62 with 60 months of service credit or Age 57 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member’s pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
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 (Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2020 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2020 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for healthcare with the remainder going to pension.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2020.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
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(Continued)

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**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$669,774 for 2020. Of this amount, \$55,065 is reported as an intergovernmental payable.

**Plan Description – Ohio Police & Fire Pension Fund (OP&F)**

City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Plan Description – Ohio Police & Fire Pension Fund (OP&F)** (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,018,909 for 2020. Of this amount, \$92,515 is reported as an intergovernmental payable.

**Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability/asset for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability/asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.038834%	0.035080%	0.1039665%	0.0870757%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.038808%	0.037146%	0.1031298%	0.0845774%	
Change in Proportionate Share	-0.000026%	0.002066%	-0.0008367%	-0.0024983%	
 Proportionate Share of the Net Pension Liability/(Asset)	\$ 7,670,664	\$ (77,458)	\$ 6,947,374	\$ 5,697,585	\$ 20,238,165
Pension Expense	\$ 1,228,119	\$ 9,077	\$ 850,917	\$ 801,769	\$ 2,889,882

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
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(Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
<b>Deferred Outflows of Resources</b>					
Differences between expected and actual experience	\$ -	\$ -	\$ 262,981	\$ 215,672	\$ 478,653
Changes of assumptions	409,704	7,985	170,539	139,861	728,089
Changes in proportion and differences between City contributions and proportionate share of contributions	44,002	11,880	75,760	303,278	434,920
City contributions subsequent to the measurement date	651,573	18,201	551,585	467,324	1,688,683
Total Deferred Outflows of Resources	<u>\$ 1,105,279</u>	<u>\$ 38,066</u>	<u>\$ 1,060,865</u>	<u>\$ 1,126,135</u>	<u>\$ 3,330,345</u>
<b>Deferred Inflows of Resources</b>					
Net difference between projected and actual earnings on pension plan investments	\$ 1,530,123	\$ 10,045	\$ 335,611	\$ 275,240	\$ 2,151,019
Differences between expected and actual experience	96,985	18,183	358,307	293,846	767,321
Changes in proportion and differences between City contributions and proportionate share of contributions	4,431	9,572	293,564	212,533	520,100
Total Deferred Inflows of Resources	<u>\$ 1,631,539</u>	<u>\$ 37,800</u>	<u>\$ 987,482</u>	<u>\$ 781,619</u>	<u>\$ 3,438,440</u>

\$1,688,683 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
2021	\$ (137,884)	\$ (4,733)	\$ (109,895)	\$ 13,800	\$ (238,712)
2022	(495,751)	(4,548)	(63,518)	50,489	(513,328)
2023	63,364	(1,743)	57,644	125,108	244,373
2024	(607,562)	(5,422)	(328,025)	(275,676)	(1,216,685)
2025	-	(933)	(34,408)	(36,529)	(71,870)
Thereafter	-	(556)	-	-	(556)
Total	<u>\$ (1,177,833)</u>	<u>\$ (17,935)</u>	<u>\$ (478,202)</u>	<u>\$ (122,808)</u>	<u>\$ (1,796,778)</u>

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

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**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions - OPERS** (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was at a gain of 17.23 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	5.61 %

**Discount Rate** – The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
 For the Year Ended December 31, 2020  
 (Continued)

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**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions – OPERS** (Continued)

***Sensitivity of the City’s Proportionate Share of the Net Pension Liability(Asset) to Changes in the Discount Rate*** – The following table presents the City’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	\$ 12,651,408	\$ 7,670,664	\$ 3,193,122
Combined Plan	\$ (46,804)	\$ (77,458)	\$ (99,551)

***Changes Between Measurement Date and Report Date*** – Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions – OP&F** (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below:

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple, 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Mortality rates for active members were based on the RP2014 Total employee and Healthy Annuitant Mortality Tables rolled back to 2006, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions – OP&F** (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Target Allocation	10 year Expected Real Rate of Return **	30 year Expected Real Rate of Return **
Cash and Cash Equivalents	0.00 %	0.10 %	1.00 %
Domestic Equity	16.00	3.90	5.40
International Equity	16.00	4.70	5.80
Core Fixed Income *	23.00	1.10	2.70
U.S. Inflation Linked Bonds *	17.00	0.40	2.50
High Yield Fixed Income	7.00	2.50	4.70
Private Real Estate	12.00	5.40	6.40
Private Markets	8.00	6.10	8.00
Midstream Energy Infrastructure	8.00	5.80	6.60
Private Credit	5.00	4.80	5.50
Real Assets	8.00	6.90	7.40
<b>Total</b>	<b>120.00 %</b>		

Note: Assumptions are geometric

\* levered 2x

\*\* numbers are net of expected inflation

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** – The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
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 (Continued)

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**NOTE 11: DEFINED BENEFIT PENSION PLANS** (Continued)

**Actuarial Assumptions – OP&F** (Continued)

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 17,525,474	\$ 12,644,959	\$ 8,562,892

***Changes Between Measurement Date and Report Date*** – The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of OP&F, including the fair value of OP&F's investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on the OP&F's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 12: DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability**

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
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(Continued)

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**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Net OPEB Liability** (Continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

The 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
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(Continued)

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**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary 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 member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$9,885 for 2020.

**Plan Description – Ohio Police & Fire Pension Fund (OP&F)**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. As a result of this change, it is expected that the solvency of the Health Care Stabilization Fund (HCSF) will be extended allowing OP&F to provide stipends to eligible participants.

OP&F provides access to postretirement 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 Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
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(Continued)

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**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Plan Description – Ohio Police & Fire Pension Fund (OP&F)** (Continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 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 percent of covered payroll for police and fire employer units, 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 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. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2020, the portion of employer contributions allocated to health care was 0.5 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 City's contractually required contribution to OP&F was \$24,458 for 2020.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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Cuyahoga County, Ohio  
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**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.039015%	0.1910422%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.039194%</u>	<u>0.1877072%</u>	
Change in Proportionate Share	<u>0.000179%</u>	<u>-0.0033350%</u>	
Proportionate Share of the Net OPEB			
Liability	\$ 5,413,710	\$ 1,854,121	\$ 7,267,831
OPEB Expense	\$ 601,838	\$ 160,356	\$ 762,194

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 146	\$ -	\$ 146
Changes of assumptions	856,931	1,083,991	1,940,922
Changes in proportion and differences between City contributions and proportionate share of contributions	25,646	20,934	46,580
City contributions subsequent to the measurement date	<u>9,885</u>	<u>24,458</u>	<u>34,343</u>
Total Deferred Outflows of Resources	<u>\$ 892,608</u>	<u>\$ 1,129,383</u>	<u>\$ 2,021,991</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	\$ 275,667	\$ 85,321	\$ 360,988
Differences between expected and actual experience	495,109	199,393	694,502
Changes of assumptions	-	395,142	395,142
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>2,859</u>	<u>158,789</u>	<u>161,648</u>
Total Deferred Inflows of Resources	<u>\$ 773,635</u>	<u>\$ 838,645</u>	<u>\$ 1,612,280</u>

**CITY OF BROADVIEW HEIGHTS**  
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 (Continued)

**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

\$34,343 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 155,207	\$ 43,761	\$ 198,968
2022	71,459	43,759	115,218
2023	218	61,262	61,480
2024	(117,796)	33,669	(84,127)
2025	-	48,525	48,525
Thereafter	-	35,304	35,304
Total	\$ 109,088	\$ 266,280	\$ 375,368

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent, initial 3.25 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age



**CITY OF BROADVIEW HEIGHTS**  
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**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions - OPERS** (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 19.59 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
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 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions - OPERS** (Continued)

The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	4.55 %

**Discount Rate** – A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** – The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	<u>1% Decrease (2.16%)</u>	<u>Current Discount Rate (3.16%)</u>	<u>1% Increase (4.16%)</u>
City's proportionate share of the net OPEB liability	\$ 7,084,707	\$ 5,413,710	\$ 4,075,784

**CITY OF BROADVIEW HEIGHTS**  
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 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions - OPERS** (Continued)

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** – Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,253,956	\$ 5,413,710	\$ 5,571,427

***Changes Between Measurement Date and Report Date*** – Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

**Actuarial Assumptions – OP&F**

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
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 (Continued)

**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions – OP&F** (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

**CITY OF BROADVIEW HEIGHTS**  
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**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions – OP&F** (Continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	10 year Expected Real Rate of Return **	30 year Expected Real Rate of Return **
Cash and Cash Equivalents	0.00 %	0.10 %	1.00 %
Domestic Equity	16.00	3.90	5.40
Non-US Equity	16.00	4.70	5.80
Core Fixed Income *	23.00	1.10	2.70
U.S. Inflation Linked Bonds *	17.00	0.40	2.50
High Yield Fixed Income	7.00	2.50	4.70
Real Estate	12.00	6.90	7.40
Private Markets	8.00	6.10	8.00
Master Limited Partnerships	8.00	5.80	6.60
Private Credit	5.00	4.80	5.50
Real Assets	8.00	6.90	7.40
Total	120.00 %		

Note: Assumptions are geometric  
 \* levered 2x  
 \*\* numbers are net of expected inflation

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**CITY OF BROADVIEW HEIGHTS**  
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 (Continued)

**NOTE 12: DEFINED BENEFIT OPEB PLANS** (Continued)

**Actuarial Assumptions – OP&F** (Continued)

**Discount Rate** – The total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** – Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City’s proportionate share of the net OPEB liability	\$ 2,298,991	\$ 1,854,121	\$ 1,484,466

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** – Net OPEB liability is sensitive to changes in the health care cost trend rate because it is based on a medical benefit that is a flat dollar amount.

**Changes between Measurement Date and Report Date** – Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
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**NOTE 13: 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 six 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, except for the Police Department. In the Police Department, the maximum accumulation is 1,560 hours. If accumulated hours exceed 1,560 at the end of the year, excess hours are paid out at a 50 percent rate to bring the total down to 1,560. Upon retirement or death, employees can be paid the following:

<u>Department</u>	<u>Maximum</u>
Service Department	1/3 of 140 days (373 hours)
Corrections	1/3 of 120 days (320 hours)
Dispatch:	
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)
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	1/3 of 150 days (400 hours)
Level 1 and 2 hired prior to 1/1/96	1/3 of 160 days (427 hours)
Level 1 and 2 hired after to 1/1/96	1/3 of 120 days (320 hours)
Level 3 & 4	1/3 of 120 days (320 hours)

**NOTE 14: SHORT-TERM OBLIGATIONS**

The City's short-term note activity, including the amount outstanding and the interest rate, is as follows:

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
Governmental Activities:				
<i>Bond Anticipation Notes</i>				
East Royalton Road Improvement				
Notes, Series 2019, \$4,500,000, 3.00%	\$ 1,250,000	\$ -	\$ (1,250,000)	\$ -
Street Improvement Bond Anticipation				
Notes, Series 2020, \$3,250,000, 2.50%	-	1,000,000	-	1,000,000
Total Governmental Activities	<u>\$ 1,250,000</u>	<u>\$ 1,000,000</u>	<u>\$ (1,250,000)</u>	<u>\$ 1,000,000</u>

On April 29, 2020, the City issued \$3,250,000 of Street Improvement Notes for an interest rate of 2.50 percent, maturing on April 29, 2021. On April 28, 2021, the City paid down \$1,000,000 of the Notes and issued \$2,250,000 in general obligation bonds.

**CITY OF BROADVIEW HEIGHTS**  
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**NOTE 15: LONG-TERM OBLIGATIONS**

**General Obligation Bonds**

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

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

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
2003 Street Improvement	2023	4.58%	\$ 96,000
2004 Building Improvement	2024	3.00% - 5.00%	300,000
2006 Storm Water	2026	3.75% - 5.00%	1,029,649
2006 Demolition Project	2026	3.75% - 5.00%	621,476
2014 Street Improvement	2024	2.00% - 2.50%	700,000
2016 Park and Recreation Facilities Improvement	2040	2.00% - 5.00%	15,000,000
Total			<u>\$ 17,747,125</u>

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

Year Ending December 31,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 665,541	\$ 414,153	\$ 1,079,694
2022	685,322	393,248	1,078,570
2023	695,322	371,718	1,067,040
2024	701,704	349,482	1,051,186
2025	616,708	327,100	943,808
2026-2030	2,960,285	1,411,143	4,371,428
2031-2035	3,330,000	965,299	4,295,299
2036-2040	3,945,000	402,932	4,347,932
	<u>\$ 13,599,882</u>	<u>\$ 4,635,075</u>	<u>\$ 18,234,957</u>



**CITY OF BROADVIEW HEIGHTS**  
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**NOTE 15: LONG-TERM OBLIGATIONS** (Continued)

**Special Assessment Bonds**

Outstanding special assessment bonds consist of street and utility improvements which are payable from the proceeds of tax assessments against individual property owners. Special assessment bonds currently outstanding are as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
2001 Sewer Improvement	2021	6.10%	\$ 211,000
2003 Street Improvement	2023	4.20%	200,000
2003 Street Improvement	2023	4.20%	800,000
2003 Sewer Improvement	2023	4.58%	304,000
2004 Street Improvement	2024	3.00% - 5.00%	505,000
2006 Sewer Improvement	2026	3.75% - 5.00%	582,448
2006 Sewer Improvement	2026	3.75% - 5.00%	71,427
2014 Sewer Improvement	2034	2.00% - 3.50%	930,000
Total			<u>\$ 3,603,875</u>

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

Year Ending December 31,	Special Assessment Bonds		
	Governmental Activities		
	Principal	Interest	Total
2021	\$ 207,055	\$ 50,063	\$ 257,118
2022	204,678	41,856	246,534
2023	209,678	33,752	243,430
2024	118,296	25,141	143,437
2025	83,296	20,600	103,896
2026-2030	288,903	67,546	356,449
2031-2034	235,000	20,756	255,756
	<u>\$ 1,346,906</u>	<u>\$ 259,714</u>	<u>\$ 1,606,620</u>

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 15: LONG-TERM OBLIGATIONS** (Continued)

**OWDA Loan – Direct Borrowing**

The City entered into a loan agreement with the Ohio Water Development Authority for the purpose of improving and expanding sanitary sewers. The loan is payable from the proceeds of tax assessments against individual property owners.

The City’s direct borrowings from OWDA contain a provision that in an event of default, the amount of such default shall bear interest at the default rate from the due date until the date of the payment. In addition to the interest, a late charge of one percent on the amount of each default shall also be paid to OWDA by the City from the pledged revenues for failure to make the payment.

The OWDA loan currently outstanding is as follows:

Purpose	Maturity Date	Interest Rates	Original Amount
Governmental Activities			
1999 Sanitary Sewer Project	2021	4.02%	\$ 719,567
Total			<u>\$ 719,567</u>

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

Year Ending December 31,	OWDA Loan		
	Governmental Activities		
	Principal	Interest	Total
2021	\$ 26,887	\$ 403	\$ 27,290

**OPWC Loans – Direct Borrowings**

OPWC approved a loan to the City to finance the Royalton Road Widening Corridor Improvements Project. OPWC has committed up to \$3,648,239 at a participation rate of 25 percent. As of December 31, 2020, the City had been reimbursed \$3,093,040 for project expenditures. No amortization schedule is available, as debt service payments will commence once the project has been completed.

The City’s total direct borrowings from OPWC in the amount of \$3,093,040 contain a provision that in the event of default, the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from the portion of the local government fund that would otherwise be remitted to the City.

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
 For the Year Ended December 31, 2020  
 (Continued)

**NOTE 15: LONG-TERM OBLIGATIONS** (Continued)

**OPWC Loans – Direct Borrowings** (Continued)

The Ohio Public Works Commission (OPWC) approved a loan to the City of North Royalton to finance the Sprague Road Resurfacing Project. OPWC has committed up to \$464,600 at a zero percent interest rate for twenty years. The City, City of North Royalton, and City of Parma have an agreement to share the debt service requirements of the OPWC loan. The City of North Royalton will pay 100 percent of the debt service requirements; the City will reimburse the City of North Royalton 27 percent of the annual debt service requirement, and the City of Parma will reimburse the City of North Royalton 50 percent of the annual debt service requirement.

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

Year Ending December 31,	OPWC Loan	
	Governmental Activities	
	Principal	
2021	\$	6,272
2022		6,272
2023		6,272
2024		6,272
2025		6,272
2026-2030		31,361
2031-2035		31,361
2036		3,136
	\$	97,218

**Bond Anticipation Notes**

On April 29, 2020, the City issued \$3,250,000 of Street Improvement Notes for an interest rate of 2.50 percent, maturing on April 29, 2021. On April 28, 2021 the City paid down \$1,000,000 of the Notes and issued \$2,250,000 in general obligation bonds.

**Other**

Compensated absences will be paid from the fund from which the person is paid. This is generally from the General Fund, the Fire Levy Fund, the Street Maintenance Fund, the Repair Fund, the Recreation Fund, and the Sanitary Sewer Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund, the Fire Levy Fund, the Recreation Fund, the Police Pension Fund, and the Sanitary Sewer Fund. See Note 11 and 12 for additional information related to the net pension liability and net OPEB liability. The capitalized leases will be paid from the General Fund, the Recreation Fund, and the Storm Center Fund. See Note 16 for further information regarding Capitalized Leases.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 15: LONG-TERM OBLIGATIONS** (Continued)

**Changes in Long Term Liabilities**

Long term liability activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
<i>Governmental Activities:</i>					
<i>General Obligation Bonds</i>					
Sewer Improvements (2003) 4.58 % through 2023	\$ 26,400	\$ -	\$ (6,000)	\$ 20,400	* \$ 6,000
Building Improvements (2004) 3.00% - 5.00% through 2024	100,000	-	(20,000)	80,000	20,000
Storm Water (2006) 3.75% - 5.00% through 2026	408,734	-	(53,604)	355,130	55,838
Demolition Project (2006) 3.75% - 5.00% through 2026	246,706	-	(32,354)	214,352	33,703
Various Purpose Bonds (2014) 2.00% - 2.50% through 2024	365,000	-	(70,000)	295,000	70,000
Unamortized Bond Premium	6,846	-	(1,455)	5,391	-
Park and Recreation Facilities Improvement Bonds (2016) 2.00% - 5.00% through 2040	<u>13,105,000</u>	<u>-</u>	<u>(470,000)</u>	<u>12,635,000</u>	<u>480,000</u>
Total General Obligation Bonds	<u>14,258,686</u>	<u>-</u>	<u>(653,413)</u>	<u>13,605,273</u>	<u>665,541</u>
<i>Special Assessment Bonds With City Commitment</i>					
Sewer Improvement (2001) 6.1% through 2021	33,328	-	(16,569)	16,759	* 17,596
Street Improvement (2003) 4.20% through 2023	210,000	-	(50,000)	160,000	50,000
Street Improvement (2003) 4.20% through 2023	50,000	-	(10,000)	40,000	10,000
Sewer Improvements (2003) 4.58% through 2023	83,600	-	(19,000)	64,600	* 19,000
Street Improvement (2004) 3.00% - 5.00% through 2024	160,000	-	(30,000)	130,000	30,000
Sewer Improvements (2006) 3.75% - 5.00% through 2026	231,240	-	(30,323)	200,917	* 31,586
Sewer Improvements (2006) 3.75% - 5.00% through 2026	28,349	-	(3,719)	24,630	* 3,873
Sewer Improvements (2014) 2.00% - 3.50% through 2034	75,000	-	(5,000)	70,000	5,000
Sewer Improvements (2014) 2.00% - 3.50% through 2034	250,000	-	(15,000)	235,000	15,000
Sewer Improvements (2014) 2.00% - 3.50% through 2034	430,000	-	(25,000)	405,000	25,000
Unamortized Bond Premium	3,604	-	(245)	3,359	-
Total Special Assessments Bonds	<u>1,555,121</u>	<u>-</u>	<u>(204,856)</u>	<u>1,350,265</u>	<u>207,055</u>

continued

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 15: LONG-TERM OBLIGATIONS** (Continued)

**Changes in Long Term Liabilities** (Continued)

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
<i>Direct Borrowings</i>					
OWDA Loans -Interest rates vary from 4.02% to 4.35%, due through 2021	\$ 79,077	\$ -	\$ (52,190)	\$ 26,887	\$ 26,887
OPWC Loan, 0% interest	-	3,093,040	-	3,093,040	-
City of North Royalton OPWC Loan 0%, due 2035	103,490	-	(6,272)	97,218	6,272
<i>Bond Anticipation Notes</i>					
East Royalton Road Improvement Notes, Series 2019, \$4,500,000, 3.00%	3,250,000	-	(3,250,000)	-	-
Unamortized Note Premium	17,175	-	(17,175)	-	-
Street Improvement Bond Anticipation Notes, Series 2020, \$3,250,000, 2.50%	-	2,250,000	-	2,250,000	2,250,000
Unamortized Note Premium	-	25,545	(17,030)	8,515	-
Capital Leases	818,947	-	(253,625)	565,322	198,757
Compensated Absences	1,612,801	497,876	(549,036)	1,561,641	536,447
Net Pension Liability:					
OPERS	9,935,783	-	(2,770,010)	7,165,773	-
OP&F	15,594,092	-	(2,949,133)	12,644,959	-
Total Net Pension Liability	<u>25,529,875</u>	<u>-</u>	<u>(5,719,143)</u>	<u>19,810,732</u>	<u>-</u>
Net OPEB Liability:					
OPERS	4,751,828	305,546	-	5,057,374	-
OP&F	1,739,732	114,389	-	1,854,121	-
Total Net OPEB Liability	<u>6,491,560</u>	<u>419,935</u>	<u>-</u>	<u>6,911,495</u>	<u>-</u>
Total Governmental Activities	<u>\$ 53,716,732</u>	<u>\$ 6,286,396</u>	<u>\$ (10,722,740)</u>	<u>\$ 49,280,388</u>	<u>\$ 3,890,959</u>
Business-Type Activities:					
Capital Leases	\$ 48,576	\$ -	\$ (23,893)	\$ 24,683	\$ 24,683
Compensated Absences	71,223	36,690	(26,062)	81,851	33,643
Net Pension Liability - OPERS	700,062	-	(195,171)	504,891	-
Net OPEB Liability - OPERS	334,807	21,529	-	356,336	-
Total Business-Type Activities	<u>\$ 1,154,668</u>	<u>\$ 58,219</u>	<u>\$ (245,126)</u>	<u>\$ 967,761</u>	<u>\$ 58,326</u>

\* These debt issues are recorded in governmental funds to finance assets of the business-type activities. See notation on page 17 for a further description of the presentation on the statement of net position.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**NOTE 16: CAPITALIZED LEASES**

The City has entered into capital lease obligations related to equipment and vehicles which are leased under long-term agreements and collateralized. These leases meet the criteria of a capital lease as defined under generally accepted accounting standards. The assets of such agreements are recorded in the Governmental Activities and Business-Type Activities as shown on the Statement of Net Position.

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, 2020.

Year	Governmental Activities	Business-Type Activities
2021	\$ 218,418	\$ 25,498
2022	192,921	-
2023	192,920	-
Total Minimum Lease Payments	604,259	25,498
Less Amount Representing Interest	(38,937)	(815)
Present Value of Minimum Lease Payments	\$ 565,322	\$ 24,683

The assets being acquired have been capitalized in the governmental and business-type activities in the amount of \$1,057,548 and \$162,247, respectively, which is the present value of the minimum lease payments at the inception of each lease, less unspent proceeds.

In the event of a default on the City's vector truck lease, the lessor may declare all rental payments due the current year immediately due and payable; request the City to promptly return the leased equipment at the City's expense or repossess the equipment; or sell or lease the equipment or sublease it, holding the City liable for all payments due to the end of the then-current fiscal year, and apply proceeds to a) costs and expenses arising from the lease default, b) payment of the purchase option price, c) payment of any rental payments due.

In the event of a default on the City's fitness equipment lease or salt truck lease, the lessor may declare due and payable the present value of any and all amounts due under the lease, plus all payments due through the end of the fiscal year discounted at the higher of 1.5% or the lowest rate allowed by law; require the City to immediately return the equipment or repossess the equipment; and the City must pay all costs incurred.

**NOTE 17: 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.

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.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 17: RISK MANAGEMENT** (Continued)

**Medical**

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

**Workers' Compensation**

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

**NOTE 18: 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 19: JOINTLY GOVERNED ORGANIZATIONS**

**Southwest Council of Governments**

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions, and regional development. The Council's Board is comprised of one member from each of the participating cities. 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. The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZMAT"), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2020, the City of Broadview Heights contributed \$22,500 to the Council. Financial information may be obtained by writing to the Finance Director of the City of Berea, at 11 Berea Commons, Berea, Ohio 44017.

**Regional Income Tax Agency**

In 1971, thirty-eight municipalities joined together to organize a Regional Council of Governments (RCOG) to administer tax collection and enforcement concerns facing the cities and villages. The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for more than 300 municipalities throughout the State of Ohio. The City is a member of RCOG. Information may be obtained by writing to RITA, 10107 Brecksville Road, Brecksville, Ohio, 44141.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

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**NOTE 19: JOINTLY GOVERNED ORGANIZATIONS** (Continued)

**Northeast Ohio Public Energy Council**

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 240 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eleven-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information should be directed to NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

**Cuyahoga Valley Council of Governments**

The City participates in the Cuyahoga Valley Council of Governments (the Council). The Council was formed to share jail and community services, foster municipal service, and coordinate action among its members in matters relating to public safety dispatch operations. The Council may also, at its discretion, promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies. The Council is controlled by an executive Board which is composed of a President, Vice President, Secretary and Fiscal Officer, who serves as Treasurer. The elected officers shall server for a period of two years. Each member's control over the operation of the Council is limited to its representation on the Board. In 2020, the City made no contributions. Complete financial statements can be obtained from the Cuyahoga Valley Council of Governments, Cuyahoga County, Ohio.

**Chagrin Valley Dispatch Council**

The City is a member of the Chagrin Valley Dispatch Council (CVDC). The CVDC was formed by the Council to foster cooperation through the sharing of operations of a central dispatch center for safety forces of the participating entities. The CVDC is comprised of over 30 communities.

The CVDC is provided with legislative oversight by the Mayors and City Managers of the various communities. The Administrative consists of the chiefs of police and fire of each member municipality. The Administrative Board oversees and manages the operation of the program. The degree of control exercised by a participating government is limited to its representation on the Administrative Board. The City made no contributions to the CVDC during 2020. Financial information can be obtained by contacting Vic Nogalo, Administrator, 9018 Brecksville Road, Brecksville, Ohio 44141.



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*  
 (Continued)

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**NOTE 20: RELATED ORGANIZATION**

The Community Improvement Corporation (CIC) of Broadview Heights was formed to promote and assist in economic development with the City. City Council created the CIC in 1981 and appointed the initial CIC Board members. The CIC does not represent a potential financial benefit for or burden on the City.

**NOTE 21: 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	\$ 497,306
Fire Levy Fund	964,737
Nonmajor Governmental Funds	1,630,362
	\$ 3,092,405

**NOTE 22: COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plan in which the City participates fluctuate with market conditions, and due to market volatility, the amounts of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 23: SUBSEQUENT EVENTS**

On April 28, 2021, the City issued the following debt:

- \$12,635,000 of general obligation bonds for the purpose of refunding the City's outstanding Park and Recreation Facilities Improvement Bonds, Series 2016;
- \$460,000 of general obligation bonds to provide funds to pay for costs of improvements on Broadview Road and Oakes Road;
- \$2,250,000 of general obligation bonds to provide funds to pay costs of improving East Royalton Road; and
- \$1,310,000 of general obligation bonds to provide funds to pay costs of acquiring fire apparatus and equipment.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)*  
*Ohio Public Employees Retirement System*  
*Last Seven Years (1)*

<b>Traditional Plan</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.038808%	0.038834%	0.038009%	0.039508%	0.038146%	0.037103%	0.037103%
City's Proportionate Share of the Net Pension Liability	\$7,670,664	\$10,635,845	\$5,962,875	\$8,971,595	\$6,607,368	\$4,475,036	\$4,373,960
City's Covered Payroll	\$5,460,607	\$5,245,271	\$5,022,877	\$5,108,183	\$4,746,658	\$4,563,900	\$4,449,808
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.47%	202.77%	118.71%	175.63%	139.20%	98.05%	98.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension (Asset)	0.037146%	0.035080%	0.051662%	0.037551%	0.030680%	0.035531%	0.035531%
City's Proportionate Share of the Net Pension (Asset)	(\$77,458)	(\$39,227)	(\$70,329)	(\$20,900)	(\$14,930)	(\$13,680)	(\$3,728)
City's Covered Payroll	\$165,357	\$150,036	\$211,577	\$146,167	\$111,642	\$130,858	\$112,323
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	46.84%	26.15%	33.24%	14.30%	13.37%	10.45%	3.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Seven Years (1)*

<b>Police</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.1031298%	0.1039670%	0.1084030%	0.1108237%	0.1067515%	0.1072636%	0.1072636%
City's Proportionate Share of the Net Pension Liability	\$6,947,374	\$8,486,416	\$6,653,179	\$7,019,463	\$6,867,398	\$5,693,674	\$5,224,074
City's Covered Payroll	\$2,742,663	\$2,612,142	\$2,534,863	\$2,605,395	\$2,475,342	\$2,371,479	\$2,417,546
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	253.31%	324.88%	262.47%	269.42%	277.43%	240.09%	216.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%
<b>Fire</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's Proportion of the Net Pension Liability	0.0845774%	0.0870760%	0.0820808%	0.0844094%	0.0780059%	0.0782230%	0.0782230%
City's Proportionate Share of the Net Pension Liability	\$5,697,585	\$7,107,676	\$5,037,671	\$5,346,408	\$5,018,171	\$4,152,166	\$3,809,705
City's Covered Payroll	\$1,827,626	\$1,777,553	\$1,529,719	\$1,624,723	\$1,472,494	\$1,695,566	\$1,398,571
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	311.75%	399.86%	329.32%	329.07%	340.79%	244.88%	272.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Contributions - Pension*  
*Ohio Public Employees Retirement System*  
*Last Eight Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>								
Traditional Plan	651,573	764,485	734,338	652,974	612,982	569,599	547,668	578,475
Combined Plan	18,201	23,150	21,005	27,505	17,540	13,397	15,703	14,602
Total Required Contributions	\$669,774	\$787,635	\$755,343	\$680,479	\$630,522	\$582,996	\$563,371	\$593,077
Contributions in Relation to the Contractually Required Contribution	(\$669,774)	(\$787,635)	(\$755,343)	(\$680,479)	(\$630,522)	(\$582,996)	(\$563,371)	(\$593,077)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll								
Traditional Plan	\$4,654,093	\$5,460,607	\$5,245,271	\$5,022,877	\$5,108,183	\$4,746,658	\$4,563,900	\$4,449,808
Combined Plan	\$130,007	\$165,357	\$150,036	\$211,577	\$146,167	\$111,642	\$130,858	\$112,323
<u>Pension Contributions as a Percentage of Covered Payroll</u>								
Traditional Plan	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Contributions - Pension*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Contractually Required Contributions</u>										
Police	\$551,585	\$521,106	\$496,307	\$481,624	\$495,025	\$470,315	\$450,581	\$380,280	\$282,416	\$271,519
Fire	\$467,324	\$429,492	\$417,725	\$359,484	\$381,810	\$346,036	\$398,458	\$282,931	\$219,043	\$220,877
Total Required Contributions	\$1,018,909	\$950,598	\$914,032	\$841,108	\$876,835	\$816,351	\$849,039	\$663,211	\$501,459	\$492,396
Contributions in Relation to the Contractually Required Contribution	(\$1,018,909)	(\$950,598)	(\$914,032)	(\$841,108)	(\$876,835)	(\$816,351)	(\$849,039)	(\$663,211)	(\$501,459)	(\$492,396)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll										
Police	\$2,903,079	\$2,742,663	\$2,612,142	\$2,534,863	\$2,605,395	\$2,475,342	\$2,371,479	\$2,417,546	\$2,215,027	\$2,129,561
Fire	\$1,988,613	\$1,827,626	\$1,777,553	\$1,529,719	\$1,624,723	\$1,472,494	\$1,695,566	\$1,398,571	\$1,269,814	\$1,280,446
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	[1]	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	[1]	17.25%	17.25%

[1] – The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively.

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability*  
*Ohio Public Employees Retirement System*  
*Last Four Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.039194%	0.039015%	0.038740%	0.039710%
City's Proportionate Share of the Net OPEB Liability	\$ 5,413,710	\$ 5,086,635	\$ 4,206,879	\$ 4,010,845
City's Covered Payroll	\$ 5,922,300	\$ 5,658,997	\$ 5,486,799	\$ 5,487,561
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.41%	89.89%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year.

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Four Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.187707%	0.191042%	0.190484%	0.195230%
City's Proportionate Share of the Net OPEB Liability	\$ 1,854,121	\$ 1,739,732	\$ 10,792,545	\$ 9,267,129
City's Covered Payroll	\$ 4,570,289	\$ 4,389,695	\$ 4,064,582	\$ 4,230,118
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.57%	39.63%	265.53%	219.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year.

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Contributions - OPEB*  
*Ohio Public Employees Retirement System*  
*Last Six Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 9,885	\$ 11,853	\$ 10,547	\$ 62,438	\$ 114,435	\$ 97,185
Contributions in Relation to the Contractually Required Contribution	<u>(9,885)</u>	<u>(11,853)</u>	<u>(10,547)</u>	<u>(62,438)</u>	<u>(114,435)</u>	<u>(97,185)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 5,031,223	\$ 5,922,300	\$ 5,658,997	\$ 5,486,799	\$ 5,487,561	\$ 5,097,678
Contributions as a Percentage of Covered Payroll	0.20%	0.20%	0.19%	1.14%	2.09%	1.91%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information



**CITY OF BROADVIEW HEIGHTS**  
 Cuyahoga County, Ohio  
*Required Supplementary Information*  
*Schedule of the City's Contributions - OPEB*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 24,458	\$ 22,851	\$ 21,949	\$ 20,323	\$ 21,430	\$ 19,602	\$ 20,492	\$ 122,102	\$ 235,226	\$ 230,175
Contributions in Relation to the Contractually Required Contribution	<u>(24,458)</u>	<u>(22,851)</u>	<u>(21,949)</u>	<u>(20,323)</u>	<u>(21,430)</u>	<u>(19,602)</u>	<u>(20,492)</u>	<u>(122,102)</u>	<u>(235,226)</u>	<u>(230,175)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 4,891,692	\$ 4,570,289	\$ 4,389,695	\$ 4,064,582	\$ 4,230,118	\$ 3,947,836	\$ 4,067,045	\$ 3,816,117	\$ 3,484,841	\$ 3,410,007
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

See accompanying notes to the required supplementary information

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2020*

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**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2020.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2020.

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%.

**CITY OF BROADVIEW HEIGHTS**  
Cuyahoga County, Ohio  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2020*  
(continued)

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**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2020.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2020, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018 and 2020. For 2019, see below regarding changes to stipend-based model.

*Changes in assumptions:* For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56.

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CITY OF BROADVIEW HEIGHTS  
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Direct Program</i>			
Equitable Sharing Program	16.922		\$4,425
<b>Total U.S. Department of Justice</b>			<b>4,425</b>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
<i>Passed Through State of Ohio, Office of Budget and Management</i>			
Coronavirus Relief Fund	21.019		1,046,970
<b>Total U.S. Department of Treasury</b>			<b>1,046,970</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Direct Program</i>			
COVID-19 Provider Relief Fund	93.498		11,613
<b>Total U.S. Department of Health and Human Services</b>			<b>11,613</b>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed Through the Federal Emergency Management Agency</i>			
COVID-19 Assistance to Fire Fighters Grant	97.044		3,524
<b>Total Department of Homeland Security</b>			<b>3,524</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	PID 96947	2,916,932
		PID 96947	566,234
		PID 106826	82,892
		PID 110487	46,843
		PID 106239	348,508
Total Highway Planning and Construction Cluster			3,961,409
<i>Passed through University Hospitals Cleveland</i>			
National Priority Safety Programs	20.616		1,499
<b>Total U.S. Department of Transportation</b>			<b>3,962,908</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$5,029,440</b>

*The accompanying notes are an integral part of this schedule.*

**CITY OF BROADVIEW HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Broadview Heights (the City) under programs of the federal government for the year December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Broadview Heights, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 23, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 23, 2021



# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the City Council:

### ***Report on Compliance for each Major Federal Program***

We have audited the City of Broadview Heights' (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the City of Broadview Height's major federal programs for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

### ***Management's Responsibility***

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on each Major Federal Program***

In our opinion, the City of Broadview Heights complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2020.

***Report on Internal Control Over Compliance***

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 23, 2021

**CITY OF BROADVIEW HEIGHTS  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Program's Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<ul style="list-style-type: none"> <li>• Coronavirus Relief Fund, CFDA 20.019</li> <li>• Highway Planning and Construction, CFDA 20.205</li> </ul>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BROADVIEW HEIGHTS**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/12/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)